

Meeting Statement in relation to 2024 Atos SE Credit Derivatives Draft Auction Settlement Terms

The purpose of this Meeting Statement is to note certain matters relating to the Auction and settlement of Representative Auction-Settled Transactions (**RASTs**) in respect of Atos SE. The DC is continuing to evaluate these points and is deferring the date of the Auction in order to provide additional time to finalise the Auction Settlement Terms. The revised Auction Date will be confirmed by the DC in due course, but the DC presently intends to hold the Auction in October 2024.

The announcement of the deferral of the Auction does **not** constitute either an Auction Cancellation Date or a No Auction Announcement Date.

Eligible Market Participants should ensure that they carefully review the proposed Auction Settlement Terms (and any revisions in any subsequent version and the final version) and should consult their own legal and other advisors. This Meeting Statement is a summary of certain provisions and issues only and is no substitute for reading the relevant contractual and other provisions of the draft Auction Settlement Terms and any RASTs. A number of features of the Auction Settlement Terms are subject to further consideration.

Eligible Market Participants should send any feedback on any of the matters raised in this Meeting Statement to the DC Secretary by no later than 5:00 p.m. London time on Wednesday 25 September 2024.

Part 1 – Certain Issues

1. Identity of Deliverable Obligations

The Final List of Deliverable Obligations includes the Term Loan and the RCF.

Under the terms of the RCF, a lender may transfer any of its rights and obligations to another bank or financial institution, provided that the amount transferred to a new lender is at least €10,000,000 (or its equivalent in other currencies) or, if less the whole of the existing lender's commitments.

Under the terms of the Term Loan, a lender may transfer any of its rights and/or obligations to another bank or financial institution or to a fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets, provided that the amount transferred to a new lender is at least €10,000,000 (or its equivalent in other currencies), if applicable, taking into account any amount contemporaneously transferred by an affiliate or a related fund of that existing lender to that new lender or, if less, the whole of the existing lender's commitments.

Each of the RCF and Term Loan also include consent requirements in relation to the Reference Entity and proposed transfers.

In summary, an Eligible Market Participant that wishes to participate in the Auction is required to represent that either:

- (1) such Eligible Market Participant is not subject to any requirement that would make it impossible or illegal for such entity to Deliver or accept Delivery of any of the Deliverable Obligations; or
- (2) such Eligible Market Participant will procure a designee for whom it is not impossible or illegal to Deliver or accept Delivery of any of the relevant Deliverable Obligations.

Eligible Market Participants must consider the impact of the presence of the Term Loan and RCF on the Final List on their ability to participate in the Auction (taking into account, without limitation, the transfer provisions

of such Term Loan and RCF, the ability of such Eligible Market Participant to hold Loans under their constitution and any applicable investment policies and restrictions, and law and regulation applicable to both the Loans and such Eligible Market Participant).

The other party to a Representative Auction-Settled Transaction must consent to the identity of the designee provided that such consent will be deemed given if the designee is a Participating Bidder for whom it is not impossible or illegal to Deliver or accept Delivery of the relevant Deliverable Obligations. If an Eligible Market Participant intends to use a designee, such approach should be discussed with the Participating Bidder with whom such Eligible Market Participant will submit Customer Physical Settlement Requests or Customer Limit Order Submissions as soon as possible.

2. Minimum transfer amount of Term Loan and RCF and Cash Settlement

Both the Term Loan and RCF are transferable in amounts of EUR10m, or if lower, the entire of the Commitment of the relevant Lender. This means that in many cases, the notional amount of the RAST will be less than the minimum transfer amount of the Term Loan or the RCF. The DC is considering the consequences of this further, including the impact on settlement of the Representative Auction-Settled Transactions.

Under the draft Auction Settlement Terms, delivery is to be effected by delivery directly of the relevant loan. However, if an Eligible Market Participant (acting as Seller) has identified the Buyer or the Buyer's Affiliate as such Eligible Market Participant's nominee for receiving Deliverable Obligations, then Buyer may deliver to Seller in accordance with the arrangements put in place when Buyer or its Affiliate accepted the role of nominee (which may include a sub-participation).

3. Transfer process in respect of Term Loan and RCF

An Eligible Market Participant cannot require a Participating Bidder to adhere to any lock up agreement or receive "locked-up debt". Therefore, Eligible Market Participants that sell any of the Deliverable Obligations will need to ensure that they will be able to satisfy their Delivery obligations by transferring debt that is not subject to any lock-up arrangement, taking into account the terms of any lock-up arrangement they may have entered into.

Delivery of the Term Loan and the RCF will be effected in accordance with the terms such instruments. No LMA Secondary Debt Trading Documentation is required to be entered into in addition to the RAST.

4. The RCF

Based on information received from the Reference Entity and from the safeguard plan published by the Reference Entity on its website¹, the RCF is presently fully drawn in EUR by the Reference Entity directly.

Therefore, there is presently no mismatch between the Relevant Currency of the Auction (EUR) and the currency of any of the Deliverable Obligations. The safeguard plan notes that the Reference Entity is currently prohibited from paying the debts affected by the safeguard plan (including the RCF).²

If the Reference Entity were to repay and reborrow in USD, then any required currency conversion for the purposes of settling Representative Auction-Settled Transactions will be effected by reference to the FX rate used for converting the EUR commitment under the RCF into USD in connection with the relevant drawing.

Given the RCF is currently fully drawn in EUR and the broader factual context, the DC has proposed that no indemnity is required under Section 11.2(b) of the 2014 Definitions. This is because it is important for the chain of settlement that the position with regard to any requirement for an indemnity is clear to all market

¹ See page 27 of the English translation of the plan (available at: <https://atos.net/content/investors-documents/financial-restructuring/atos-se-draft-accelerated-safeguard-plan.pdf>)

² See page 45 of the English translation of the plan.

participants under the draft Auction Settlement Terms. In light of the chain of settlement of RASTs, this will remain the case even if the Reference Entity were to exit the safeguard process with the RCF still outstanding and then repay some of the RCF prior to its Delivery.

5. Proposed Physical Settlement Period

Under the draft Auction Settlement Terms, the current timeline is as follows. This may be revised given the postponement of the Auction.

The Notice of Physical Settlement Date is the Business Day immediately following the Auction.

The Final Notice of Physical Settlement Date (being the deadline by which Sellers must serve Notices of Physical Settlement if the Buyer fails to do so) is the fifth calendar day after the Notice of Physical Settlement Date.

The end of the proposed Physical Settlement Period is the specified number of Business Days after the Final Notice of Physical Settlement Date:

- 15 Business Days in respect of a Customer Buy RAST (i.e. where the Eligible Market Participant is delivering Deliverable Obligations)
- 20 Business Days in respect of a Direct RAST (i.e. between two Participating Bidders)
- 25 Business Days in respect of a Customer Sell RAST (i.e. where the Participating Bidder is delivering Deliverable Obligations to an Eligible Market Participant)

Part 2 – Cash Settlement of RASTs

Since the Quotation Amount Increment (being the increments in which any Physical Settlement Request or Limit Order must be made) and the Minimum Rounding Amount are [EUR100,000], there are a number of situations where a RAST could be formed pursuant to an Auction and Buyer would be unable to Deliver the RCF / Term Loan to Seller due to the minimum transfer amount provisions (for example, a Physical Settlement Sell Request of €100,000 forming a RAST with a notional of €100,000 cannot practically be settled with a Loan since Buyer is not compensated for any amount of the Loan that is Delivered in excess of the notional of the RAST). Even if the RAST notional is greater than €10,000,000, Cash Settlement may still apply if the Loan cannot be Delivered for other reasons (such as a failure to secure consent).

As noted above, the DC is further considering how to address failed settlement of the Term Loan and RCF (including due to the minimum transfer amount) and the impact on a chain of Representative Auction-Settled Transactions. For example, it is possible that some legs of the chain of settlement may be capable of settlement because the initial holder holds an amount that is less than €10m and is able to transfer such amount in full but a recipient has another holding and is unable to onward transfer an amount that is less than €10m. Accordingly, the Cash Settlement mechanics described below are subject to further review. Other potential modifications may, without limitation, include (i) an obligation to attempt settlement of loans by way of sub-participation before falling back to Cash Settlement, (ii) allowing for delivery of loans only where RASTs (or chains of RASTs) are at least €10,000,000, and (iii) as highlighted in the Draft Auction Settlement Terms, restricting the ability of Buyers to replace a Bond with a Loan when amending a Notice of Physical Settlement. No decision has been made on whether any such adjustments may be made.

Market participants should consider all of the risks involved in placing Physical Settlement Requests or Limit Orders in the Auction and should ensure that they are aware of the circumstances where the Cash Settlement provisions may operate, including in an economically disadvantageous manner.

This summary primarily relates to Section 9.1 (*Partial Cash Settlement of a Deliverable Obligation Due to Impossibility or Illegality; Partial Cash Settlement of a Deliverable Obligation which is a Loan Due to no Delivery*) and Section 9.6 (*Partial Cash Settlement Terms*) of the Definitions, as amended in the definition of RAST in the draft Auction Settlement Terms. Note that a further fallback will also apply under Section 9.8 (*Alternative Procedures relating to Loans Not Delivered*). This does not purport to set out all of the details of the process and is a high-level summary only.

Eligible Market Participants should ensure that they carefully review the Cash Settlement mechanics of the proposed Auction Settlement Terms (and any revisions or alternative provisions reflected in the final version) and should consult their own legal and other advisors.

Cash Settlement mechanics in the Credit Derivatives Auction Settlement Terms

- If a party to a RAST is unable to successfully Deliver a Loan within the specified timeframe to the other party, a dealer poll may be held to determine the value of the relevant Loan. The Auction Settlement Terms includes certain provisions relating to chains of RASTs (referred to as Direct RASTs and Related RASTs). Given the current staggered Physical Settlement Period, the DC is considering updating the Auction Settlement Terms to provide that as soon as any RAST in the chain has triggered Cash Settlement, the entire chain will be cash settled (even though the Physical Settlement Period may still be running on subsequent sections of the chain). Similarly, the draft Auction Settlement Terms presently only applies Cash Settlement after the end of the Physical Settlement Period – this may be adjusted such that Cash Settlement applies immediately if the relevant Loan cannot be delivered due to the minimum transfer amount provisions. Any decision on this will be reflected in the next draft of the Auction Settlement Terms.
- Under the Cash Settlement process set out in Section 9.6 of the 2014 Definitions as modified by the draft Auction Settlement Terms, Full Quotations are sought in respect of an amount of such Loan equal to the

greater of (a) the Outstanding Amount (i.e. the outstanding principal balance of the Loan specified in the Notice of Physical Settlement) and (b) any applicable minimum transfer amount under the terms of the relevant Loan (i.e. €10m unless the entire holding of the Buyer in such Loan is less than €10m).

- Cash Settlement will only occur if the Relevant Buyer enters into an arms-length binding contract to sell the relevant amount of the Loan using a firm Full Quotation from a Dealer (including the Seller (or, in respect of a settlement chain, an ultimate Seller at the end of the relevant chain of RASTs)) providing such Full Quotation. Note that such sale need not be at the highest quotation but such highest quotation will be used for determining the Cash Settlement Amount.
- Under Section 9.6 of the 2014 Definitions as modified by the draft Auction Settlement Terms, Seller (or, in respect of a settlement chain, the ultimate Seller(s) at the end of the relevant chain of RASTs) is treated as a Dealer and is permitted to provide a Full Quotation and is given a "last-look" in order to be the final party to provide a Full Quotation. This means that such a Seller who wishes to purchase the Loan will have an opportunity to do so by providing the highest Full Quotation. However, note that the Buyer is permitted to sell to any of the persons providing a Quotation and is not required to only sell to the person providing the highest Full Quotation. Note that the Cash Settlement Amount will be determined by reference to the size of the relevant RAST whereas the actual sale will be by reference to an amount that can be transferred. The actual sale and purchase needs to be documented separately.
- Section 9.8 (*Alternative Procedures relating to Loans Not Delivered*) may apply as a further fallback. In summary:
 - (i) provided that Buyer is the person who served the Notice of Physical Settlement, Buyer is permitted certify that its failure to Deliver is due to a failure to obtain consent and Buyer may then deliver any Bond or Assignable Loan on the Final List – note this is only relevant where the failure was due to a requirement for consent (hence the fallback to being required to deliver an Assignable Loan); and
 - (ii) Seller may also require Buyer to Deliver any Bond or Assignable Loan provided that Seller identifies a holder of such instrument willing to sell it to Buyer (note that this can be at a price higher than the Auction Final Price) and no consent requirements then apply to such instrument's on-delivery.

The Quotation Process and the last-look mechanic

- Note that market participants submitting a Physical Settlement Sell Request or Limit Offer could be matched with more than one counterparty under the Auction process, thereby forming multiple RASTs with different Sellers (or, in respect of a settlement chain, a different ultimate Seller or different ultimate Sellers at the end of each such chain of RASTs).
- As noted above, the quotation process is set out in Section 9.6 (*Partial Cash Settlement*) as modified by the Auction Settlement Terms. Quotations must be sought from (I) five or more Dealers which must, at a minimum, include each Seller under a Related RAST or the Direct RAST (if any) which, in each case, is not a Loan Settled Transaction provided that in the case of a Seller under a Customer Sell RAST which is a Related RAST, such Seller may designate another party to participate in the quotation process as a Dealer in its place (and each such entity is deemed to be a Dealer) and (II) any other additional person from whom the Buyer wishes to obtain Quotations (and each such entity is also deemed to be a Dealer) (i.e. this enables the Buyer to bring in any other RASTs it is also party to).
- This means that in a situation where Buyer's exposure of €10,000,000 has been split into two separate RASTs (whether directly under the RASTs Buyer is party to or at the end of a chain of RASTs), for example, one with a notional amount of €4,000,000 and one with a notional amount of €6,000,000, the outcome under the draft Auction Settlement Terms would be that Buyer would continue to alternate between each Seller under the last look mechanic (or, in respect of a settlement chain, the ultimate Seller at the end of each relevant chain of RASTs), offering them each a last look, until one refused the option.

Both RASTs, or each RAST in the chain, as applicable, would then be settled at the same Cash Settlement Amount that results from the Full Quotation provided by whichever of the two Sellers provides the highest Full Quotation.

- If the Buyer does not make use of this provision, then Buyer may only be able to cash settle one RAST (by entry into a binding commitment to sell €10,000,000 of the RCF / Term Loan to a Dealer) and the other RAST would fall back to Section 9.8 (*Alternative Procedures relating to Loans Not Delivered*) (which would require Delivery of another Deliverable Obligation). Note that Sellers may face competition with respect to their last-look and this may also affect the price of such last look.
- The Cash Settlement mechanics may affect the ability of Seller (or, in respect of a settlement chain, the ultimate Seller at the end of the relevant chain of RASTs) to take advantage of its last-look, because to the extent that the amount of the Loan in respect of which Full Quotations are sought in the dealer poll exceeds the RAST notional, Seller will not recoup all of the amounts paid by Seller to purchase the Loan through the corresponding reduction of the Cash Settlement Amount payable by Seller. Seller should consider the economic effect of having to purchase an amount of the Loan in excess of the RAST notional at the Full Quotation given pursuant to its last-look (e.g. if such Full Quotation is above the market value of the relevant Loan).

Examples

Set out below are some examples to show how the provisions relating to the Cash Settlement of Loans in the draft Auction Settlement Terms would operate in practice. Assume for the purposes of each of the examples below that the Auction Final Price = 80%. These have been simplified for clarity – the actual position may be more complex given the chains of RASTs.

Example One:

Buyer holds less than €10,000,000 of the RCF / Term Loan (e.g. €4,000,000) and submits a Physical Settlement Sell Request or a Limit Offer for a notional amount of €4,000,000 specifying the RCF / Term Loan as the Deliverable Obligation.

- As the minimum transfer amount under the RCF / Term Loan is the lesser of €10,000,000 and the relevant lender's holding and the Seller is able to take delivery of the RCF/Term Loan, Buyer is able to Deliver €4,000,000 of the RCF / Term Loan to Seller.

Example Two:

Buyer holds €10,000,000 of the RCF / Term Loan and submits a Physical Settlement Sell Request or a Limit Offer for a notional amount equal to €4,000,000 specifying the RCF / Term Loan as the Deliverable Obligation

- As the minimum transfer amount under the RCF / Term Loan is the lesser of €10,000,000 and the relevant lender's holding, Buyer will not be able to Deliver €4,000,000 of the RCF / Term Loan to Seller, since here Buyer's holding is equal to €10,000,000 and therefore the smallest amount of the RCF / Term Loan that Buyer can transfer is €10,000,000.
- Unless Buyer is prepared to overdeliver, the fallback to Cash Settlement will apply and the amount of the Loan in respect of which Full Quotations would be sought in the dealer poll would be €10,000,000.
 - Assume the highest Full Quotation is 70%. Seller would pay 10% by way of Cash Settlement Amount (since the Auction Final Price is 80%) and, if Seller was the party with whom Buyer entered into a binding agreement to sell the RCF / Term Loan, 70% for the RCF / Term Loan.

- If Buyer did not enter into a binding agreement to sell €10,000,000 of the RCF / Term Loan to one of the Dealers providing a Full Quotation (including Seller), Section 9.8 would apply.

Example Three:

Buyer holds €10,000,000 of the RCF / Term Loan and submits a Physical Settlement Sell Request or a Limit Offer for a notional amount of €10,000,000 specifying the RCF / Term Loan as the Deliverable Obligation.

Buyer is paired with two separate counterparties in the Auction, forming RAST 1 with a notional amount of €4,000,000 with Seller A and RAST 2 with a notional amount of €6,000,000 with Seller B.

- As the minimum transfer amount under the RCF / Term Loan is the lesser of €10,000,000 and the relevant lender's holding, Buyer is unable to Deliver the RCF / Term Loan into either of the RASTs (unless Buyer is prepared to overdeliver).
- The fallback to Cash Settlement will apply and the amount of the Loan in respect of which Full Quotations would be sought in the dealer poll would be €10,000,000. Buyer nominates both Sellers.
- Seller A and Seller B could each provide Full Quotations and Buyer would continue to give each a last look until either declined to provide a further Full Quotation.
- If the highest Full Quotation is 70%, provided by Seller A, and Buyer enters into a binding agreement to sell €10,000,000 of the RCF / Term Loan to Seller A, Seller A would pay 10% by way of Cash Settlement Amount and 70% for the RCF / Term Loan. Seller B would be required to pay 10% by way of Cash Settlement Amount.
- If Buyer did not enter into a binding agreement to sell €10,000,000 of the RCF / Term Loan to a Dealer (including either Seller) providing a Full Quotation, both RAST 1 and RAST 2 would be subject to Section 9.8 (*Alternative Procedures relating to Loans Not Delivered*).