

Report and recommendation
from
the Nomination Committee
to the 2010 annual shareholders meeting of
Prosafe Production Limited

The nomination committee (the “**Committee**”) of Prosafe Production Limited (the “**Company**”) hereby renders its report and recommendation to the Company’s shareholders prior to the 2010 annual shareholders meeting.

1. The Board

The Company’s board of directors (the “**Board**”) is currently composed of Reidar Lund (chairman), Christian Brinch, Arne Austreid, Ronny Johan Langeland, Michael Raymond Parker and Chrysantos Mardapittas (the “**Directors**”). All Directors were elected for a two year term when the Company was established in 2008. According to Section 53 of the Articles of Association of the Company, all directors will serve for a period of two years unless the general meeting decides that the directors shall serve for a specific period shorter than two years. Accordingly, the Board is up for election.

Mr Reidar Lund has informed the Committee, that he wishes to retire from the Board.

2. The Committee’s work and views

The Committee has held discussions with the Directors and with the CEO of the Company to review and assess the composition of the Board, its supervision of the operations of the Company, and the co-operative relationships within the Board and towards the management of the Company. The Committee has had access to the Board’s internal evaluation of its operations as recommended by the Corporate Governance Guidelines. The Committee has also been in dialogue with several major shareholders prior to rendering this report. In March, the Committee posted a notice on the Company’s website with an invitation to shareholders to present views and proposals in respect of the upcoming election.

The major shareholder in the Company, entities related to BW Offshore, has proposed that certain changes to the Board be implemented, and in connection therewith proposed three candidates for election. The three candidates are presented as being independent of BW Offshore and its major shareholder, and it has been emphasised that the candidates would perform their duties as directors in a wholly independent fashion in accordance with applicable laws and regulations and fiduciary duties to the Company. The Committee has no reason to question the facts as presented or the integrity of the proposed candidates. The Committee also holds the basic view, that major shareholders are entitled to – and should - exert influence and ownership power, and as such contribute to the composition of the board.

The foregoing notwithstanding, the Committee has, following in-depth deliberations, nevertheless concluded that in the current circumstances it is probably in the best interest of the Company and the shareholders at large that the board be composed of individuals who do not have ties of any nature to the major shareholder (be it actual, perceived or potential - by professional relationship, nomination or otherwise).

The reason for this restrictive approach, is that the Company and BW Offshore are head-on competitors in a fiercely competitive market. In addition to current and future projects and market opportunities, other sensitive issues relating to financing arrangements, potential consolidation measures and strategic moves suggest that it is particularly important that the Company and its Directors are free in all respects from any potential – even if unfounded – notion or question as to conflict of interest. A similar view has been voiced by some shareholders in dialogue with Committee members. The Committee acknowledges that this assessment may be subject to discussion, and it is the prerogative of the shareholders to support or reject the Committee's recommendation by voting their shares in the upcoming shareholders' meeting.

3. Recommendation

Based on the above, the Committee is pleased to propose that the following persons be elected to the Board:

- Ronny Johan Langeland
- Christian Brinch
- Arne Austreid
- Michael Raymond Parker
- Carine Smith Ihenacho
- Christakis Klerides

In accordance with Section 74 of the Articles of Association, the Committee proposes that Ronny Johan Langeland be elected as chairman of the board.

In order to facilitate a sensible, future rotation among directors, it is proposed that Mr Langeland, Mr Austreid, Ms Smith Ihenacho and Mr Klerides be elected for a two year term, while Mr Parker and Mr Brinch be elected for a term of one year.

By way of professional background, Mr Langeland, Mr Brinch, Mr Austreid and Mr Parker are current Directors, and their background is well known and detailed, *inter alia*, in the Company's annual report.

Carine Smith Ihenacho (born 1963) is a Norwegian citizen, resident in London. She is a candidata juris from the University of Oslo (1988), with a Masters of Law (LL.M.) from Harvard Law School (1989). She is admitted to the Norwegian Bar. She has an extensive legal and commercial background from positions such as Legal Counsel Kværner ASA, Attorney in the law firm Bugge, Arentz-Hansen & Rasmussen, Oslo, Legal Counsel Norsk Hydro (Singapore/London/Oslo), Finance and Business Support Manager in Hydrogas Ltd (London), Legal Counsel Norsk Hydro (Oslo/London), Senior Counsel in the European Bank for Reconstruction and Development (EBRD) (London), and General Counsel and Senior Vice President with Aibel Group Ltd. (London). Effective as of 1 May 2010, she joins the legal department of Statoil

(London), with renewable energy and M&A as areas of responsibility. Carine Smith Ihenacho currently is a Non-Executive Director of RomReal Ltd. (listed on the Oslo Stock Exchange), a Non-Executive Director of A. Wilhelmsen AS (Oslo), and a Non-Executive Alternate Director of Schibsted ASA (listed on the Oslo Stock Exchange).

Christakis Klerides (born 1952) is a Cyprus national, resident in Nicosia, Cyprus. He is a fellow of the Chartered Association of Certified Accountants of the United Kingdom, and a member of the Institute of Certified Public Accountants of Cyprus. Mr Klerides was involved in the accounting and auditing profession in the UK and Greece before returning to Cyprus in 1977. He has been a partner with KPMG, and from 1999 to 2003 served as Minister of Finance in Cyprus. He is currently chairman of CMK Eurofinance Consultants, a business consultancy involved in shipping, investments, oil and gas. Mr Klerides has a distinguished career in several international associations, including as governor for Cyprus of the International Monetary Fund (1999 – 2003) as governor for Cyprus of the European Board for Reconstruction and Development (1999 – 2003).

The Committee believes that the Board as suggested will possess a variety and depth of competencies and experience which makes it particularly well suited to address the opportunities and challenges ahead. The international legal and financing capabilities of Ms Smith Ihenacho, and the accounting skills and general experience in business and society at large of Mr. Klerides, will add new and relevant dimensions to the Board and supplement its broad industry and business acumen.

4. Board remuneration

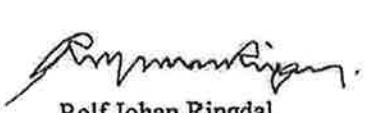
The remuneration for 2009 was approved in the shareholders meeting held on 13 May 2009, and fixed at € 69,000 for the chairman, and € 53,000 for the members. For the period commencing 11 May 2010 up to the annual shareholders' meeting in 2011, the Committee (exclusive of Mr. Austreid, who declared himself conflicted on this issue) proposes a slight increase to reflect expected work load and market practice, so that the chairman be remunerated € 80,000 and the members € 55,000 for that period.

5. The Nomination Committee – composition and remuneration

The Committee was established in accordance with the requirements of Section 54 of the Articles of Association in May 2009, and the members were elected for a period of two years. Accordingly, the Committee does not stand for election.

The Committee has held several meetings internally and with external, third parties in a time-consuming process. Based on time spent, it is proposed that the Committee members are remunerated as follows: Each of Thomas Raaschou and Arne Austreid € 4,000, Rolf Johan Ringdal € 9,500.

22 April 2010


Rolf Johan Ringdal


Arne Austreid


Thomas Raaschou