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Pareto Securities Oil & Offshore Conference



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Prosafe Production - in brief

- One of the world's leading FPSO contractors
- Fleet of 11 units
 - Eight FPSOs
 - Two FSOs
 - One VLCC conversion candidate
- 25 years of track-record in converting and operating FPSOs and related technology
- Excellent operational uptime
- Good Health, Environment and Safety records
- Proprietary technology
- Approx. 1,000 employees worldwide



Summary Q2 10

- EBITDA of USD 59.7 million
- Robust operational performance
- Improved market balance
- Board recommends not to accept offer from BWO
 - Process of exploring strategic alternatives – including by actively pursuing other buyers - continues



Financial results

Operations

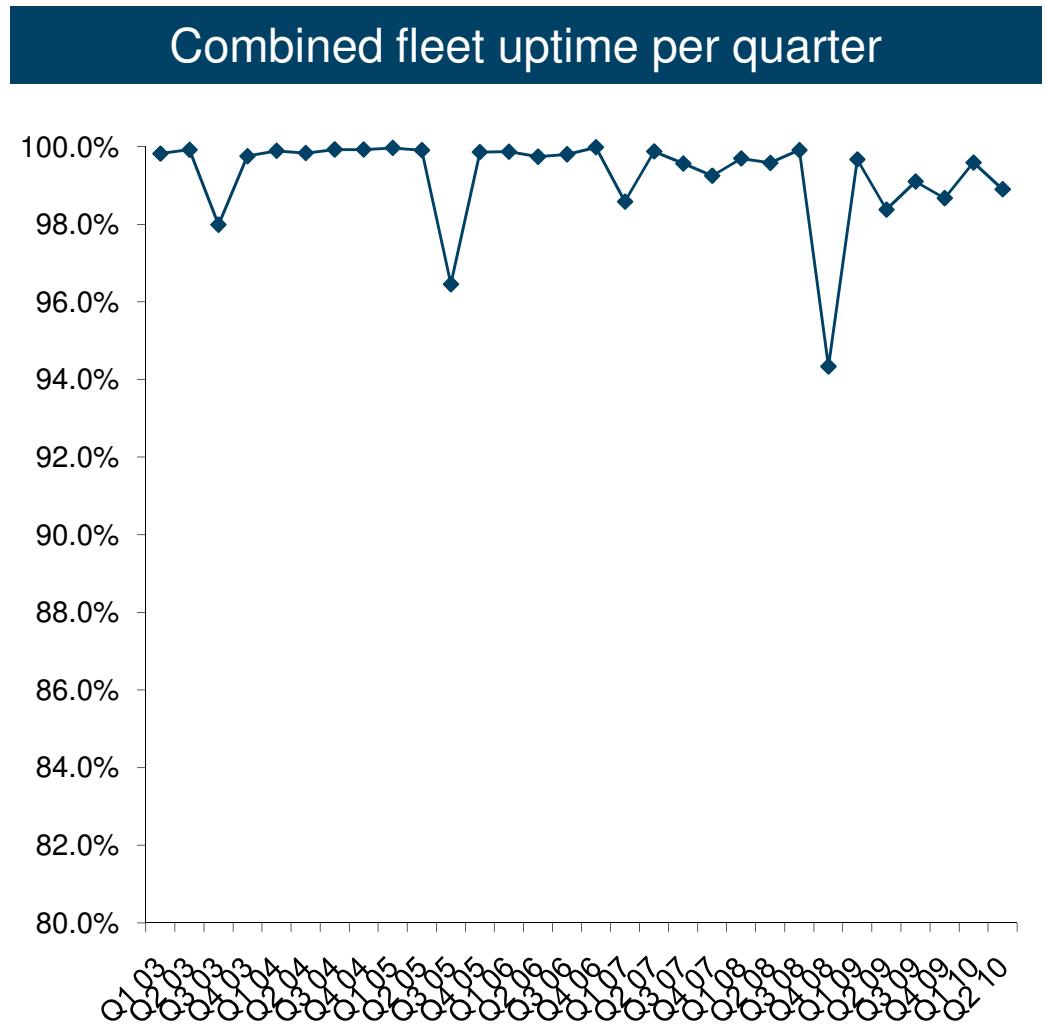
Market outlook

BWO offer

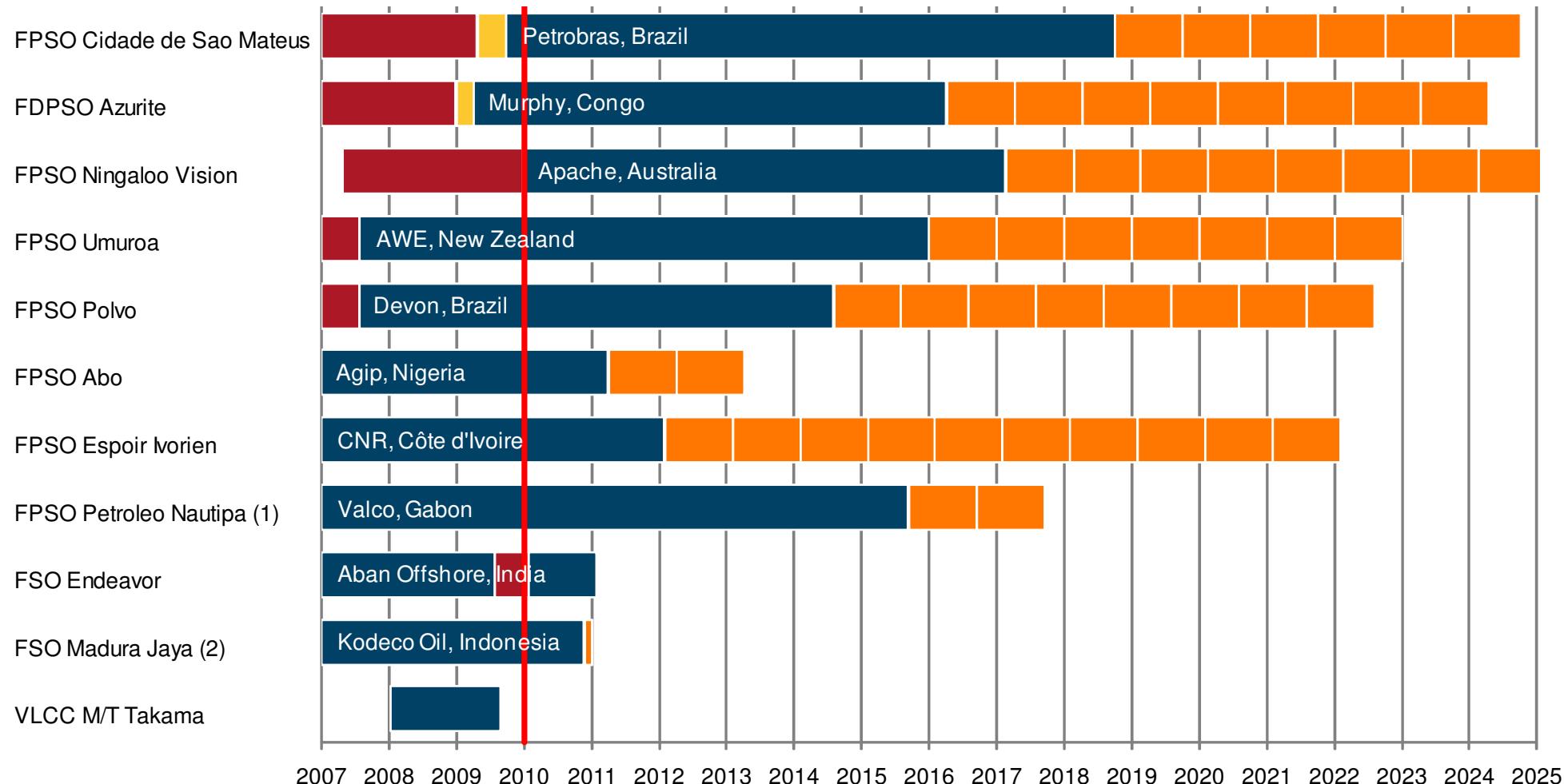
Solid operational performance

- Strong uptime delivered to clients over time
- All new units operating according to plan
- Robust HSE performance

World class operations



Contract status



1. 50% ownership. Fred. Olsen Production holds remaining 50%

2. 50% ownership. Equinox holds remaining 50%

 Conversion/yard stay  Availability dayrate

 Firm contract

 Option

Proposed changes to lease accounting

- New model on accounting for leases proposed in an Exposure Draft issued 17 August 2010 by IASB/FASB
- Operational leases to be booked as financial leases
- Limited impact on Prosafe Production's balance sheet
 - But clients will most likely have to recognize operational leases on their balance sheets
- Can have implications for the structure of the FPSO market in the long-term



Financial results

Operations

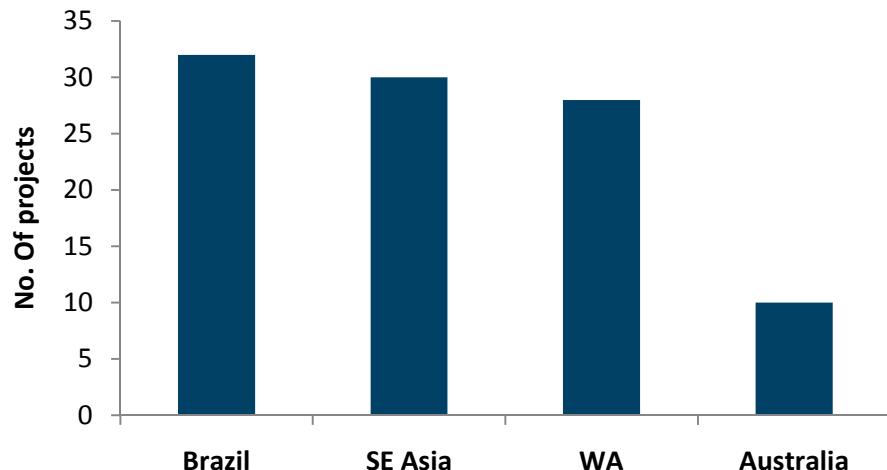
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BWO offer

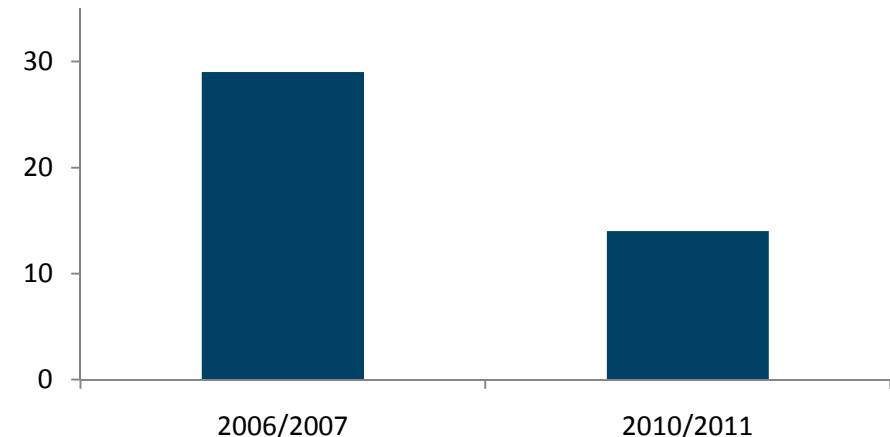
Improved market balance

- 15-20 FPSO contract awards expected annually next five years years
- Execution capacity on supply side significantly reduced in last few years
- Improved market balance
- Substantial part of market is in challenging areas:
 - High local content requirements
 - Lack of infrastructure

Possible projects next five years by region

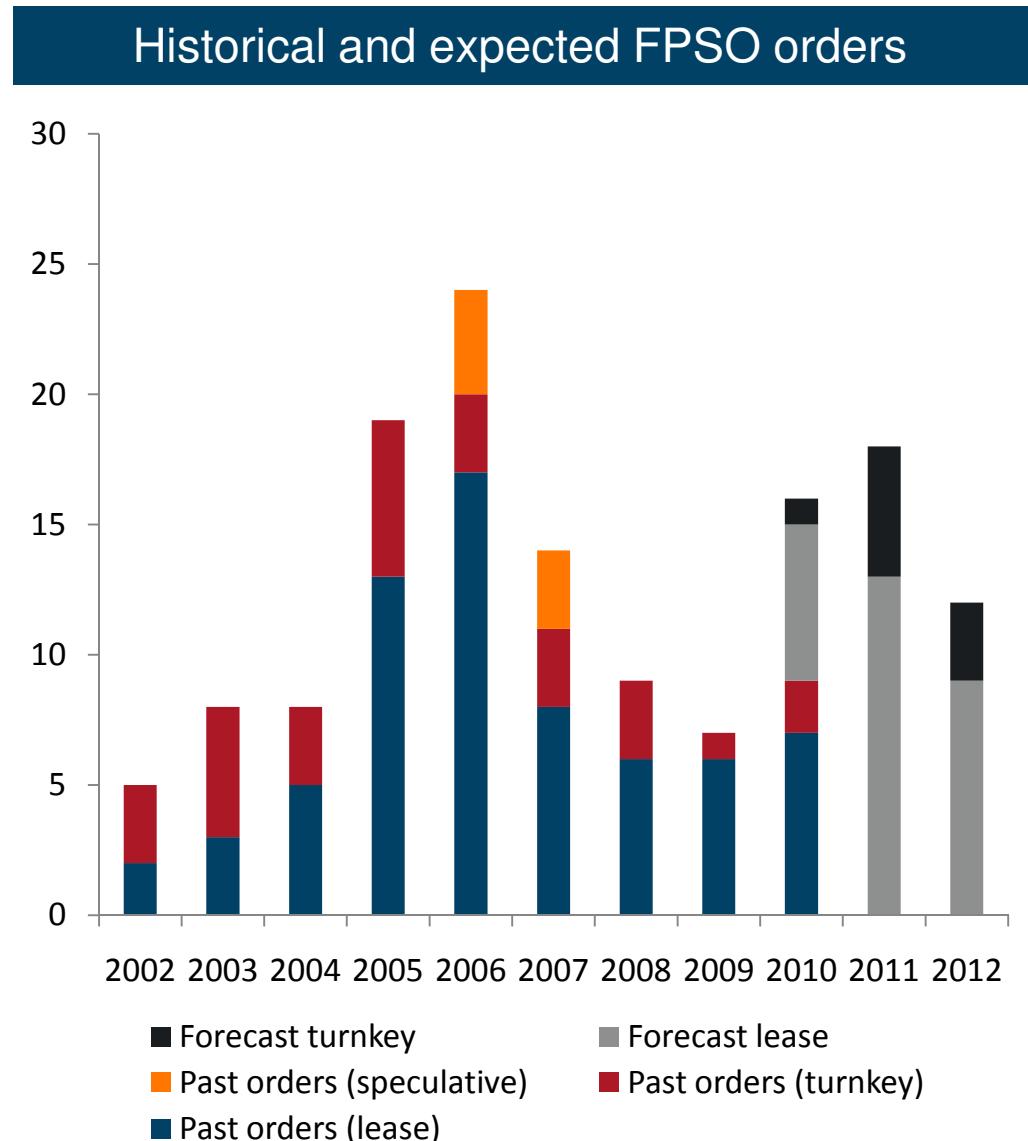


No of players actively pursuing projects



Positive short-term outlook

- Possible FPSO lease contracts next 12 months:
 - Australia: 2
 - Brazil: 7
 - WA: 3
 - SE Asia: 6
- Prosafe Production is well positioned in key regions
- Few redeployment candidates available will favor new conversions



Source: Fearnley Offshore

Financial results

Operations

Market outlook

BWO offer

BWO offer

Board recommends to reject



- BWO announced intention to put forward an offer of all outstanding shares in Prosafe Production on 21 June
- The offer was formally put forward on 27 July – offer period lasts to 25 August
- Relevant offer price: 1.2 BWO share + NOK 2.00 in cash per PROD share
- Board of Directors recommends shareholders not to accept the offer as it does not reflect underlying values
- Process of exploring strategic alternatives continues
 - Including actively pursuing alternative bidders to present an alternative offer

BWO offer – valuation



- Offer worth NOK 11.0 per share as of 31 August
 - PROD share price at NOK 12.9
- Financial analysts' price targets in range of NOK 16-19*
- BWO has valued its ownership in Prosafe Production at USD 185m in the balance sheet – corresponding to about NOK 19 per share
 - Based on DCF valuation (according to Annual Report 2009)
- VWAP share price (prior to offer):
 - 1 month: NOK 13.5 (offer discount 19%)
 - 3 months: NOK 14.2 (offer discount 23%)
 - 12 months: NOK 12.9 (offer discount 15%)

* Reports published after release of Q210 figures on 16 Aug. according to Factset

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- Robust operational performance
- Improved market balance
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