



Prosafe

NOTICE OF EXTRAORDINARY GENERAL MEETING OF PROSAFE ASA

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Prosafe ASA will be held on

22 December 2006 at 1:00 p.m. at the company's premises in Nedre Holmegt. 30 – 34 in the municipality of Stavanger, Norway.

The meeting will be opened by the Chairman of the Board of Directors.

Agenda:

1. Election of the Chair of the meeting
2. Adoption of the notice of meeting and its proposed Agenda
3. Election of one person to co-sign the Minutes together with the Chair of the Meeting
4. Distribution of interim dividend
5. Share split

The Articles of Association section 4 is proposed amended as follows:

"The company's share capital is NOK 459,873,580, divided into 229,936,790 shares each with a par value of NOK 2. The company's shares shall be registered in the Norwegian Central Securities Depository.

Dividends will be distributed to shareholders registered as such on the day the dividend is determined, unless the General Meeting decides otherwise when determining the dividend."

6. Conversion to SE company

The Articles of Association section 1 is proposed amended as follows:

"The company's name is Prosafe SE.

The company is an SE-company (Societas Europaea) governed by the Act on European companies dated April 2005 no 14."

The Articles of Association section 5 is proposed amended as follows:

"The company's management is organised according to the one-tier system and shall have an administration organ (board of directors).

The company's board of directors will consist of five members. All directors are appointed by the general meeting and shall serve for a period of two years.

The company will have an election committee comprising three members and one alternate, of whom one member will be appointed by the board of directors and the other two members plus the alternate will be elected by the general meeting, all to serve for a period of two years. When directors elected by the shareholders are to be elected, the election committee will meet and submit its recommendations to the general meeting. As far as possible, the election committee's recommendations will be sent to shareholders together with the notice of the general meeting.

The chairman of the board of directors can sign alone on behalf of the company, or the president and CEO can sign jointly with one director. The board of directors may grant powers of attorney."

The Articles of Association section 7 is proposed amended as follows:

"Prevailing Norwegian legislation on SE-companies will otherwise apply."

* * * * *

Please find enclosed the Board of Directors' proposed resolutions with regard to items no. 4, 5 and 6 on the Agenda.

Shareholders who wish to attend the Extraordinary General Meeting are requested to complete and return the enclosed attendance slip to arrive no later than 4.00 p.m. on 20 December 2006.

Stavanger, 4 December 2006

The Board of Directors of Prosafe ASA

The Board of Directors' proposed resolutions with regard to items no 4, 5 and 6 on the Agenda of the Extraordinary General Meeting of Prosafe ASA 22 December 2006:

4. Distribution of interim dividend

The financial position of the company has improved after the Annual General Meeting, and the Board of Directors therefore proposes that a distribution of interim dividend in the amount of NOK 919,747,160 be made. This represents a dividend per share (prior to the share split proposed in item 5) of NOK 20.

The company's 2005 financial statements and annual report were approved by the Annual General Meeting on 3 May 2006. The financial statements show that the company after the deductions described in the Public Liability Companies Act section 8-1 (1) will have financial basis for the proposed distribution.

After the proposed distribution, the company will still have a book equity exceeding 10 % of the balance sheet total. Consequently, the distribution of interim dividend can be made without regards to the procedures applying for reduction of capital, cf. Public Liability Companies Act section 8-1 (2).

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

1. *An interim distribution of dividend in the amount of NOK 20 per share, NOK 919,747,160 in total, shall be made.*
2. *The dividend will be distributed to registered shareholders as of Oslo Børs' closing hour 22 December 2006.*
3. *The distribution shall be made within 31 January 2007.*

5. Share split

In order to enhance the liquidity of the Prosafe share, the Board of Directors proposes that the General Meeting resolves a split of shares in a 1:5 ratio, so that each share owned shall be replaced by five new shares. Consequently, the par value the shares will be reduced from NOK 10 to NOK 2. Any Power of Attorney granted the Board of Directors shall be amended accordingly. The split shall be made on Oslo Børs' closing hour 22 December 2006. Thus, the split will take effect as of 29 December 2006.

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

1. *The shares are split in a 1:5 ratio, so that each share owned in Prosafe ASA shall be replaced by five new shares. The split shall be made by means of a reduction of the par value of the shares from NOK 10 to NOK 2 and a corresponding increase of the total number of shares.*
2. *The split of shares shall be effective as of Oslo Børs' closing hour 22 December 2006.*
3. *Any Power of Attorney granted the Board of Directors by the General Meeting shall be amended in order to reflect the new number of shares issued.*

4. *The Articles of Association section 4 shall be amended as follows:*

"The company's share capital is NOK 459,873,580, divided into 229,936,790 shares each with a par value of NOK 2. The company's shares shall be registered in the Norwegian Central Securities Depository.

Dividends will be distributed to shareholders registered as such on the day the dividend is determined, unless the General Meeting decides otherwise when determining the dividend."

6. Conversion to SE company

On 17 November 2006, the Board of Directors resolved to initiate a process to convert Prosafe ASA to a European company, a so-called SE company. The rationale underlying the proposal is outlined in item IV of the enclosed draft terms of conversion, cf. item IV of the enclosed report prepared the Board of Directors to the General Meeting. The Board of Directors' proposal for revised Articles of Association as well as the current Articles of Association and a statement from the company's auditor are enclosed the draft terms of conversion.

Please note that the enclosed proposal for amended Articles of Association also includes the proposal for share split, and that §4 in this enclosure deviates from the proposed amended Articles of Association which are enclosed to the Draft terms of conversion.

The Board of Directors proposes that the General Meeting adopts such resolution as proposed in item VIII of the draft terms of conversion:

1. *The draft terms of conversion for Prosafe ASA dated 17 November 2006 are approved.*
2. *As a consequence of the conversion the company's Articles of Association sections 1, 5 and 7 shall have the following wording as from the date when the conversion is registered in the Norwegian Register of Business Enterprises:*

§ 1

The company's name is Prosafe SE.

The company is an SE-company (Societas Europaea) governed by the Act on European companies dated April 2005 no 14.

§ 5

The company's management is organised according to the one-tier system and shall have an administration organ (board of directors).

The company's board of directors will consist of five members. All directors are appointed by the general meeting and shall serve for a period of two years.

The company will have an election committee comprising three members and one alternate, of whom one member will be appointed by the board of directors and the other two members plus the alternate will be elected by the general meeting, all to serve for a period of two years. When directors elected by the shareholders are to be elected, the election committee will meet and

submit its recommendations to the general meeting. As far as possible, the election committee's recommendations will be sent to shareholders together with the notice of the general meeting.

The chairman of the board of directors can sign alone on behalf of the company, or the president and CEO can sign jointly with one director. The board of directors may grant powers of attorney.

§ 7

Prevailing Norwegian legislation on SE-companies will otherwise apply.

Enclosures:

- Copy of the report prepared by the Board of Directors
- Copy of the draft terms of conversion

Office translation

DRAFT TERMS OF CONVERSION - PROSAFE ASA



I INTRODUCTION

The Board of Directors of Prosafe ASA resolved in a board meeting 17 November 2006 to propose to the company's General Meeting that Prosafe ASA, registration number 977 356 059, with registered place of business in Stavanger municipality, is converted to a European public limited liability company (Societas Europea, hereinafter referred to as "SE-company") in accordance with the Act on European Companies by implementing the EEA-agreement exhibit XII no. 10a (counsel regulation (EU) no. 2157/2001).

The above mentioned act and regulation will in the following be referred to as the "SE-Act" and the "SE-regulation".

Under the SE-Act section 6, cf. the SE-regulation Article 37, the Board of Directors of a public limited company that wish to propose a conversion of the company to an SE-company shall prepare draft terms of conversion. The Board of Directors of Prosafe ASA has therefore prepared and resolved these draft terms for the conversion of Prosafe ASA from a public limited company to an SE-company.

II THE CONDITIONS FOR CONVERSION

Under the SE-regulation Article 2 no. 4 a Norwegian public limited company may be converted to an SE-company provided the public limited company for at least two years has had a subsidiary which is governed by the regulations of another EEA memberstate. Prosafe ASA has owned 100 % of the shares of Prosafe (UK) Holdings Limited, which is a private limited company domiciled in the United Kingdom, for more than two years.

It is the opinion of the Board of Directors that Prosafe ASA fulfils the conditions for conversion to an SE-company.

III THE CHARACTERISTICS OF THE SE-COMPANY

The SE-company is a separate type of company in line with a public limited company. However, the SE-company is governed by the SE-Act and not by the Public Limited Companies Act. Even though the SE-Act has specific provisions for SE-companies, there are both general and specific references in the SE-Act and the SE-regulation to the Public Limited Companies Act. The business of an SE-company with its principal place of business in Norway will be governed by Norwegian law to the same extent as a public limited company.

In practice, the legal framework for Prosafe ASA will, both in respect of corporate law and the regulations governing the business of the company, mostly remain the same after the conversion as before.

IV THE RATIONALE OF THE CONVERSION

The purpose of the conversion is a desire to obtain the SE-company's flexibility regarding localisation. In this respect emphasis has been put on the following aspects.

The company's subsidiaries abroad have business within two areas of operation: Accommodation and service-rigs and floating production. Following the sale of Prosafe Drilling Services AS in 2005 and the relocation of the company's accommodation/service-rigs to Singapore in 2006 the group has limited operative business in Norway.

Prosafe ASA is therefore a pure holding company for companies that are domiciled in and run business in other countries. The international character of the group is underlined by the fact that, for the time being, approximately 3/4 of Prosafe ASA's shareholders are domiciled outside Norway.

A conversion will therefore be a correct strategic decision to the benefit of both the company and its shareholders.

V THE CONSEQUENCES OF THE CONVERSION FOR THE SHAREHOLDERS

The shareholders' rights and obligations after the conversion of Prosafe ASA to an SE-company will remain unchanged compared to today's situation.

The SE-regulation Article 53 states that, with the exceptions that follow from the SE-regulation, the Public Limited Companies Act will apply to the organization and conduct of the General Meeting.

The conversion will have no effect on the listing of the company's shares on Oslo Stock Exchange, and the conversion does not lead to any changes in respect of the negotiability of the shares in the company. There will be no obligation to issue a prospectus as a result of the conversion.

VI THE CONSEQUENCES OF THE CONVERSION FOR THE EMPLOYEES

The conversion to an SE-company will have no legal consequences for the conditions of employment in Prosafe ASA or the other group companies, cf. SE-regulation Article 37 no 9 from which we quote the following:

The rights and obligations of the company to be converted on terms and conditions of employment arising from national law, practice and individual employment contracts or employment relationships and existing at the date of the registration shall, by reason of such registration be transferred to the SE.

However, as a result of the conversion, the regulations of the Public Limited Companies Act on the influence of the employees (right to representation and right to information and

discussions in international issues) do not apply. In connection with the conversion any such rights will have to be included in an agreement with the company or, alternatively, the standard regulations of the SE-regulation (2001/86/EF) on the employees' influence in European companies apply. Prior to the registration of Prosafe SE there will be negotiations between Prosafe ASA and a special negotiation body elected by the employees of Prosafe ASA and the employees of the subsidiaries within the EEA. The purpose of these negotiations is to enter into an agreement as mentioned above.

VII THE IMPLEMENTATION AND THE CONSEQUENCES OF THE CONVERSION

1. Description of the conversion

1.1 From public limited company to an SE-company

At the conversion Prosafe ASA changes name to Prosafe SE. The conversion means that the company becomes an SE-company governed by the SE-Act. The conversion does not mean that Prosafe ASA is dissolved or that a new legal entity is formed. The company will remain the same legal entity as today. This means that the company remains a Norwegian company, registered in Norway and governed by Norwegian law. The conversion will have no consequences for Prosafe ASA's subsidiaries pertaining to company law.

1.2 Capital

An SE-company may use Euro to express its capital, but companies domiciled in Norway may express the company's capital in local currency. It will therefore be proposed that Prosafe SE's capital shall be expressed in Norwegian crowns.

The capital will remain the same as today, NOK 459,873,580. Therefore the conversion does not result in a change in the company's capital. The share capital is divided on 45,987,358 shares each of par value NOK 10.

The company's auditor, Ernst & Young, has confirmed that the company has net assets at least equivalent to its capital plus those reserves which must not be distributed under the law or the Statutes.

1.3 Organization

The SE-company's supreme organ is the General Meeting. The SE-company will be organized according to the one-tier system, as described in more detail in the SE-regulation Article 43 to 53. This means that the company will be governed by an administrative organ which will have the same function as the Board of Directors in a public limited company. The regulations in chapter 6 of the Public Limited Companies Act will apply *mutatis mutandis* on the administration organ. It will therefore be proposed that the administration organ is named Board of Directors in the articles of association for Prosafe SE. The members of the Board of Directors are elected by the General Meeting. The conversion itself does not require that a new Board of Director is elected, and therefore the present board members will continue to serve as board members in Prosafe SE.

The company's managing director will continue to be Arne Austreid.

1.4 Place of business

The company's place of business and head quarters will remain in Stavanger municipality.

2. The time of conversion

The company will be an SE-company from the date the resolution on conversion is registered in the Register of Business Enterprises, which is expected to be primo January 2007.

VIII CORPORATE RESOLUTIONS, REGISTRATION

1. Corporate resolutions

Prosafe ASA's General Meeting will have to resolve the conversion to an SE-company with the same majority that is required for amending the articles of association. The General Meeting shall also approve the SE-company's articles of association. Prosafe ASA shall call for a General Meeting to deal with the conversion one month after this plan has been published according to the SE-act. The call for the General Meeting will be made in the ordinary manner. A copy of the conversion and the Board of Directors' report about the conversion to the General Meeting shall be attached to the call for the General Meeting.

It will be proposed that the General Meeting of Prosafe ASA adopts the following resolutions:

- 1. The draft terms of conversion for Prosafe ASA dated 17 November 2006 are approved.*
- 2. As a consequence of the conversion §§1, 5 and 7 of the company's article of association shall have the following wording from the date the conversion is registered in the Register of Business Enterprises:*

§ 1

The company's name is Prosafe SE.

The company is an SE-company (societas europea) governed by the Act on European companies dated 1 April 2005 no 14.

§ 5

The company's management is organised according to the one-tier system and shall have an administration organ (board of directors).

The company's board of directors will consist of five members. All directors will serve for a period of two years.

The company will have an election committee comprising three members and one alternate, of whom one member will be appointed by the board of directors and the other two members plus the alternate will be elected by the general meeting, all to serve for a period of two years. When directors elected by the shareholders are to be elected, the election committee will meet and submit its recommendations to the general meeting. As far as possible, the election committee's recommendations will be sent to shareholders together with the notice of the general meeting.

The chairman of the board of directors can sign alone on behalf of the company, or the president and CEO can sign jointly with one director. The board of directors may grant powers of attorney.

§ 7

Prevailing Norwegian legislation on SE-companies will otherwise apply.

2. Registration and publication

Immediately after the adoption by the General Meeting of the draft terms of conversion the Board of Directors of Prosafe ASA will send a notice of the resolution on conversion to the Register of Business Enterprises. If the Register of Business Enterprises has not been notified within 3 months after the resolution of the General Meeting the resolution will no longer be binding. Nor will the resolution be binding when registration in the Register of Business Enterprises is denied due to reasons that cannot be corrected.

When the Register of Business Enterprises has approved and registered the conversion the Register of Business Enterprises will publish the registration of Prosafe SE in the Official Journal of the European Communities according to the rules in the SE-regulation Article 13 and 14. Within one month from the publication the Register of Business Enterprises will send the same information to the Office for Official Publications of the European Communities.

V CONDITIONS FOR CONVERSION

It is a condition for the implementation of the conversion that all legal requirements for the implementation are met and that all permissions and approvals required for conversion are present.

VI AMENDMENTS

The Board of Directors of Prosafe ASA may adopt adjustments and minor amendments to these draft terms of conversion if such are required or desirable.

VII ENCLOSURES

These draft terms of conversion have the following enclosures:

1. The auditor's expert statement
2. Existing articles of association for Prosafe ASA
3. Proposed articles of association for Prosafe SE

Stavanger, 17 November 2006

Reidar Lund
(styrets leder)

Christian Brinch

Anne Grethe Dalane

Ronny Johan Langeland

Gunn Elin Nicolaisen

Unofficial translation

■ Statsautoriserte revisorer

Ernst & Young AS
Vassboinen 11
Postboks 8015
NO-4068 Stavanger

■ Foretaksregisteret:

NO 976 389 387 MVA
Tel. +47 51 70 66 00
Fax +47 51 70 66 01
www.ey.no

Medlemmer av Den norske Revisorforening

To the Board of Directors of
Prosafe ASA

Statement on conversion from ASA to a European limited company according to the Law concerning European Companies when accomplishing the EEA Agreement attachment XII no. 10a (SE regulation)

The Board of Directors in Prosafe ASA has decided to propose to the company's shareholders' meeting that Prosafe ASA is converted to a European limited company according to the SE regulation. The conversion will take place by transfer at net book values

We confirm that the assets and liabilities presented at the time of conversion may be disclosed in the balance sheet at a total net value at least equivalent to the nominal value of the company's share capital of NOK 459.873.580 as well as other undistributable equity.

Stavanger, November 17, 2006
ERNST & YOUNG AS

Nicolai Homme
State Authorized Public Accountant (Norway)
(sign.)

■ Arendal, Bergen, Bø, Drammen, Fosnavåg, Fredrikstad, Holmestrand, Horten, Honefoss, Kongsberg, Kragerø, Kristiansand, Larvik, Levanger, Lillehammer, Moss, Måloy, Notodden, Oslo, Otta, Porsgrunn/Skien, Sandefjord, Sorland, Stavanger, Steinkjer, Tromsø, Trondheim, Tonsberg, Vikersund, Ålesund

**Articles of association for Prosafe ASA
(23 August 2006)**

Article 1

The company's name is Prosafe ASA. The company is a public limited company.

Article 2

The company's registered office is in Stavanger local authority.

Article 3

The company's object is to conduct exploration for, drilling for and production of petroleum deposits and other natural resources on land or from fixed or mobile installations offshore, and to own, lease and operate the equipment deemed to be requisite and desirable in that connection, including mobile drilling rigs and vessels, etc, to provide related services and consultancy, engineering and fabrication services, and to deliver products and services in connection with its own business or that of others, including participation in other companies as a shareholder or in another manner.

Article 4

The company's share capital is NOK 459 873 580, divided into 45 987 358 shares with a par value of NOK 10. The company's shares will be registered in the Norwegian Central Securities Depository.

Dividends will be distributed to shareholders registered as such on the day the dividend is determined, unless the general meeting decides otherwise when determining the dividend.

Article 5

The company's board of directors will consist of five members. All directors will serve for a period of two years.

The company will have an election committee comprising three members and one alternate, of whom one member will be appointed by the board of directors and the other two members plus the alternate will be elected by the general meeting, all to serve for a period of two years. When directors elected by the shareholders are to be elected, the election committee will meet and submit its recommendations to the general meeting. As far as possible, the election committee's recommendations will be sent to shareholders together with the notice of the general meeting.

The chairman of the board of directors can sign alone on behalf of the company, or the president and CEO can sign jointly with one director. The board of directors may grant powers of attorney.

Article 6

The annual general meeting will be held each year before 30 June, with the following items on the agenda:

1. Adoption of the profit and loss account and the balance sheet.
2. Allocation of the net profit or coverage of the net loss, including determination of dividend.
3. Election of directors.
4. Other matters included in the notice which require a decision by the general meeting pursuant to Norwegian legislation or statutory regulations or to these articles of association.

The notice of a general meeting must be in writing and distributed no later than two (2) weeks before the meeting is due to be held. Shareholders who wish to attend the general meeting must notify the company of their intention to attend before the deadline stipulated in the notice.

Article 7

Prevailing Norwegian company legislation will otherwise apply.

Articles of association for Prosafe SE
(insert date of registration)

Article 1

The company's name is Prosafe SE.

The company is an SE-company (societas europaea) governed by the Act on European companies dated April 2005 no 14.

Article 2

The company's registered office is in Stavanger local authority.

Article 3

The company's object is to conduct exploration for, drilling for and production of petroleum deposits and other natural resources on land or from fixed or mobile installations offshore, and to own, lease and operate the equipment deemed to be requisite and desirable in that connection, including mobile drilling rigs and vessels, etc, to provide related services and consultancy, engineering and fabrication services, and to deliver products and services in connection with its own business or that of others, including participation in other companies as a shareholder or in another manner.

Article 4

The company's share capital is NOK 459 873 580, divided into 229 936 790 shares with a par value of NOK 2,-. The company's shares will be registered in the Norwegian Central Securities Depository.

Dividends will be distributed to shareholders registered as such on the day the dividend is determined, unless the general meeting decides otherwise when determining the dividend.

Article 5

The company's management is organised according to the one-tier system and shall have an administration organ (board of directors).

The company's board of directors will consist of five members. All directors will serve for a period of two years.

The company will have an election committee comprising three members and one alternate, of whom one member will be appointed by the board of directors and the other two members plus the alternate will be elected by the general meeting, all to serve for a period of two years. When directors elected by the shareholders are to be elected, the election committee will meet and submit its recommendations to the general meeting. As far as possible, the election committee's recommendations will be sent to shareholders together with the notice of the general meeting.

The chairman of the board of directors can sign alone on behalf of the company, or the president and CEO can sign jointly with one director. The board of directors may grant powers of attorney.

Article 6

The annual general meeting will be held each year before 30 June, with the following items on the agenda:

1. Adoption of the profit and loss account and the balance sheet.
2. Allocation of the net profit or coverage of the net loss, including determination of dividend.
3. Election of directors.
4. Other matters included in the notice which require a decision by the general meeting pursuant to Norwegian legislation or statutory regulations or to these articles of association.

The notice of a general meeting must be in writing and distributed no later than two (2) weeks before the meeting is due to be held. Shareholders who wish to attend the general meeting must notify the company of their intention to attend before the deadline stipulated in the notice.

Article 7

Prevailing Norwegian legislation on SE-companies will otherwise apply.

Office translation

**THE BOARD OF DIRECTORS' REPORT TO THE
GENERAL MEETING OF PROSAFE ASA
REGARDING THE CONVERSION TO SE-COMPANY**



OFFICE TRANSLATION

I INTRODUCTION

The Board of Directors of Prosafe ASA proposes in a draft terms of conversion dated 17 November 2006 that Prosafe ASA is converted to a European public limited liability company (Societas Europaea, hereinafter referred to as "SE-company") in accordance with the Act on European Companies by implementing the EEA-agreement exhibit XII no. 10a (counsel regulation (EU) no. 2157/2001). The afore-mentioned act and regulation will in the following be referred to as the "SE-Act" and the "SE-regulation".

Under the SE-Act section 6, cf. the SE-regulation Article 37, the Board of Directors shall prepare a report regarding the conversion. The Board of Directors's report shall be enclosed the call for the general meeting and shall, together with the draft terms of conversion with enclosures, give the shareholders sufficient information to consider the proposed conversion.

The board of Directors recommends the conversion to the shareholders. The Board of Directors is of the opinion that the conversion will be advantageous to the company's shareholders.

II THE CONDITIONS FOR CONVERSION

Under the SE-regulation Article 2 no. 4 a Norwegian public limited company may be converted to an SE-company provided the public limited company for at least two years has had a subsidiary which is governed by the regulations of another EEA memberstate. Prosafe ASA has owned 100 % of the shares of Prosafe (UK) Holdings Limited, which is a private limited company domiciled in the United Kingdom, for more than two years.

It is the opinion of the Board of Directors that Prosafe ASA fulfils the conditions for conversion to an SE-company.

III THE CHARACTERISTICS OF THE SE-COMPANY

The SE-company is a separate type of company in line with a public limited company. However, the SE-company is governed by the SE-Act and not by the Public Limited Companies Act. Even though the SE-Act has specific provisions for SE-companies, there are both general and specific references in the SE-Act and the SE-regulation to the Public Limited Companies Act.

The business of an SE-company with its principal place of business in Norway will be governed by Norwegian law to the same extent as a public limited company.

In practice, the legal framework for Prosafe ASA will, both in respect of corporate law and the regulations governing the business of the company, mostly remain the same after the conversion as before, cf. the SE-Act Section 2 from which we quote the following:

For a European company with registered office in Norway, the rules of the Public Limited Companies Act apply mutatis mutandis, and as far as nothing else follows from the SE-regulation, articles of Association given in accordance with the SE-

regulation or this Act. Other rules given in or pursuant to law applicable to public limited companies in general or that apply to the business of the company apply to SE-companies correspondingly. A legal requirement stating that the business must be organised as a public limited company does not prevent organising as a european company.

.....

It follows from the SE-Act that an SE-company inter alia may merge with other SE-companies and transfer its registered office to another EEA member state. A possible transfer may take place without dissolving Prosafe SE, but a transfer cannot be resolved before Prosafe ASA is registered as an SE-company. A resolution on transfer requires 2/3 majority of the votes in the general meeting of Prosafe SE.

IV THE RATIONALE OF THE CONVERSION

The purpose of the conversion is a desire to obtain the SE-company's flexibility regarding localisation. In this respect emphasis has been put on the following aspects.

The company's subsidiaries abroad have business within two areas of operation: Accommodation and service-rigs and floating production. Following the sale of Prosafe Drilling Services AS in 2005 and the relocation of the company's accommodation/service-rigs to Singapore in 2006 the group has limited operative business in Norway.

Prosafe ASA is therefore a pure holding company for companies that are domiciled in and run business in other countries. The international character of the group is underlined by the fact that, for the time being, approximately 3/4 of Prosafe ASA's shareholders are domiciled outside Norway.

A conversion will therefore be a correct strategic decision to the benefit of both the company and its shareholders.

V THE CONSEQUENCES OF THE CONVERSION FOR THE SHAREHOLDERS

The shareholders' rights and obligations after the conversion of Prosafe ASA to an SE-company will remain unchanged compared to today's situation.

The shareholder is still only responsible for the capital invested in connection with the share purchase.

The shareholders will still exercise their rights through the general meeting where they vote according to their respective share of the capital. The SE-regulation Article 53 states that, with the exceptions that follow from the SE-regulation, the Public Limited Companies Act will apply to the organization and conduct of the General Meeting.

The conversion will have no effect on the listing of the company's shares on Oslo Stock Exchange, and the conversion does not lead to any changes in respect of the negotiability of the shares in the company. There will be no obligation to issue a prospectus as a result of the conversion.

VI THE CONSEQUENCES OF THE CONVERSION FOR THE EMPLOYEES

The conversion to an SE-company will have no legal consequences for the conditions of employment in Prosafe ASA or the other group companies, cf. SE-regulation Article 37 no 9 from which we quote the following:

The rights and obligations of the company to be converted on terms and conditions of employment arising from national law, practice and individual employment contracts or employment relationships and existing at the date of the registration shall, by reason of such registration be transferred to the SE.

However, as a result of the conversion, the regulations of the Public Limited Companies Act on the influence of the employees (right to representation) do not apply. In connection with the conversion any such rights will have to be included in an agreement with the company or, alternatively, the standard regulations of the SE-regulation (2001/86/EF) on the employees' influence in European companies apply. In connection with conversion to SE-company there shall be negotiations between the company in question and a special negotiation body elected by the employees in the group within the EEA-area. The purpose of these negotiations is to enter into an agreement as mentioned above.

All employees in the group companies within the EEA area have received an information memo about the above-mentioned. 28 and 29 November 2006 information meetings, to which all the group's employees within the EEA area were invited, were held in Aberdeen and Stavanger respectively. During these meetings the employees received more information about the process, hereunder the procedures for establishing the special negotiation body and how the negotiations are to be carried out. It was also possible to ask questions.

The election of employees to the special negotiation body will take place 18 December 2006 for employees in Prosafe ASA and 19 to 20 December 2006 for employees in Consafe Offshore AB and Prosafe Offshore Ltd. The composition of the special negotiation body will therefore be known 20 December 2006, and a start-up meeting for the special negotiation body is scheduled the same date. Real negotiations are expected to start first week of January 2006 with an ambition to reach a final agreement as soon as possible thereafter.

VII THE IMPLEMENTATION AND THE CONSEQUENCES OF THE CONVERSION

1. Description of the conversion

1.1 *From public limited company to an SE-company*

At the conversion Prosafe ASA changes name to Prosafe SE. The conversion means that the company becomes an SE-company governed by the SE-Act. The conversion does not mean that Prosafe ASA is dissolved or that a new legal entity is formed. The company will remain the same legal entity as today. This means that the company remains a Norwegian company, registered in Norway and governed by Norwegian law. The conversion will have no consequences for Prosafe ASA's subsidiaries pertaining to company law.

1.2 *Capital*

An SE-company may use Euro to express its capital, but companies domiciled in Norway may express the company's capital in local currency. It will therefore be proposed that Prosafe SE's capital shall be expressed in Norwegian crowns.

The capital will remain the same as today, NOK 459,873,580. Therefore the conversion does not result in a change in the company's capital. The share capital is divided on 45,987,358 shares each of par value NOK 10.

The company's auditor, Ernst & Young, has confirmed that the company has net assets at least equivalent to its capital plus those reserves which must not be distributed under the law or the Statutes.

1.3 *Organization*

The SE-company's supreme organ is the General Meeting. The SE-company will be organized according to the one-tier system, as described in more detail in the SE-regulation Article 43 to 53. This means that the company will be governed by an administrative organ which will have the same function as the Board of Directors in a public limited company. The regulations in chapter 6 of the Public Limited Companies Act will apply mutatis mutandis on the administration organ. It will therefore be proposed that the administration organ is named Board of Directors in the articles of association for Prosafe SE. The members of the Board of Directors are elected by the General Meeting. The conversion itself does not require that a new Board of Director is elected, and therefore the present board members will continue to serve as board members in Prosafe SE.

The company's managing director will continue to be Arne Austreid.

1.4 *Place of business*

The company's place of business and head quarters will remain in Stavanger municipality.

2. The time of conversion

The company will be an SE-company from the date the resolution on conversion is registered in the Register of Business Enterprises, which is expected to be January/February 2007.

VIII CORPORATE RESOLUTIONS, REGISTRATION

1. Corporate resolutions

Prosafe ASA's General Meeting will have to resolve the conversion to an SE-company with the same majority that is required for amending the articles of association. The General Meeting shall also approve the SE-company's articles of association. Prosafe ASA shall have a General Meeting to deal with the conversion one month after this plan has been published according to the SE-Act.

It is proposed that the General Meeting of Prosafe ASA adopts the following resolutions:

1. *The draft terms of conversion for Prosafe ASA dated 17 November 2006 are approved.*
2. *As a consequence of the conversion §§1, 5 and 7 of the company's article of association shall have the following wording from the date the conversion is registered in the Register of Business Enterprises:*

§ 1

The company's name is Prosafe SE.

The company is an SE-company (societas europaea) governed by the Act on European companies dated 1 April 2005 no 14.

§ 5

The company's management is organised according to the one-tier system and shall have an administration organ (board of directors).

The company's board of directors will consist of five members. All directors will serve for a period of two years.

The company will have an election committee comprising three members and one alternate, of whom one member will be appointed by the board of directors and the other two members plus the alternate will be elected by the general meeting, all to serve for a period of two years. When directors elected by the shareholders are to be elected, the election committee will meet and submit its recommendations to the general meeting. As far as possible, the election committee's recommendations will be sent to shareholders together with the notice of the general meeting.

The chairman of the board of directors can sign alone on behalf of the company, or the president and CEO can sign jointly with one director. The board of directors may grant powers of attorney.

§ 7

Prevailing Norwegian legislation on SE-companies will otherwise apply.

2. Registration and publication

Immediately after the adoption by the General Meeting of the draft terms of conversion and an agreement as described in VI above has been entered into the Board of Directors of Prosafe ASA will send a notice of the resolution on conversion to the Register of Business Enterprises. If the Register of Business Enterprises has not been notified within 3 months after the resolution of the General Meeting the resolution will no longer be binding. Nor will the resolution be binding when registration in the Register of Business Enterprises is denied due to reasons that cannot be corrected.

When the Register of Business Enterprises has approved and registered the conversion the Register of Business Enterprises will publish the registration of Prosafe SE in the Official Journal of the European Communities according to the rules in the SE-regulation Article 13 and 14. Within one month from the publication the Register of Business Enterprises will send the same information to the Office for Official Publications of the European Communities.

Stavanger, 4 December 2006

Reidar Lund
(chairman)

Christian Brinch

Anne Grethe Dalane

Ronny Johan Langeland

Gunn Elin Nicolaisen

Prosafe ASA

If you plan to attend the extraordinary general meeting, please send this notification to Prosafe ASA, Attn: Wenche Rommetvedt Fjose, P.O. Box 559 Sentrum, 4003 Stavanger, Norway no later than 20 December 2006 (Telefax no. +47 51 64 25 01).

NOTICE OF ATTENDANCE AT THE EXTRAORDINARY GENERAL MEETING

The undersigned shareholder in Prosafe ASA will attend the extraordinary general meeting on Friday 22 December 2006, at 13:00 hours at the company's premises at Nedre Holmeget. 30 - 34, Stavanger, Norway

I will vote for the following shares:

Own shares: shares

Other shares according to the enclosed power of attorney: shares

Total: shares

.....
(place and date)

.....
(signature)

.....
(name, typed)

.....
(address, typed)

The statement must be dated and signed

Prosafe ASA

If you are unable to attend the extraordinary general meeting, this authorisation can be used to appoint a representative by sending it to Prosafe no later than 20 December 2006.

POWER OF ATTORNEY

The undersigned owner of shares in Prosafe ASA hereby authorises: or (name)

Mr. Reidar Lund, chair of the board

to meet and vote on my behalf at the extraordinary general meeting on Friday 22 December 2006.

.....
(place and date)

.....
(signature)

.....
(name, typed)

.....
(address, typed)

The statement must be dated and signed