



STATEMENT REGARDING STIPULATION OF WAGES AND OTHER REMUNERATION FOR MANAGING DIRECTOR AND OTHER LEADING EMPLOYEES

1. About the statement

In compliance with the recommendation by NUES (Norwegian Corporate Governance Board)) the Board of Directors of BW Offshore Limited (“BWO” or “Company”) has prepared a statement regarding stipulation of wages and other remuneration for the Chief Executive Officer (“CEO”) and other executive personnel.

The statement includes guidelines for the stipulation of wages and other types of remuneration and also indicates the Company’s main principles for its executive personnel wage policy. BWO defines the persons in the positions of CEO, Chief Financial Officer (“CFO”), and Executive Vice Presidents (“EVP’s”) as leading employees.

2. Guidelines for remuneration and other benefits in 2010

2.1 The main principles for the Company’s remuneration policy

The main principles for the Company’s executive personnel wage policy is that the basic wage shall promote value creation in the Company and contribute to the mutual interests between the owners of the Company and the executive personnel. The basic wage shall not be of a kind or size that may damage the Company’s reputation.

BWO is dependent on being able to offer wages that recruit the most able leaders. It is the Board’s policy to employ the most competent leaders by offering satisfactory wages that are also competitive in the international market.

The Board of Directors has established a nomination and compensation committee with a mandate to act as preparatory body for the Board of Directors with respect to the remuneration of the Company’s CEO and other senior executives, and to prepare matters for which the Board of Directors maintains responsibility and decision authority.

2.2 Determination of salary

The Company’s policy is that the executive personnel wages primarily shall be a fixed monthly salary which reflects the position and experience of each individual.

The basic salary for the executive personnel consists of a fixed wage stipulated individually. The fixed salary shall be determined based on the following criteria:

- Experience and competence
- Size of the company
- The competitive market situation



Other target figures may apply depending on the main activities of the enterprise. Variable compensation shall normally not exceed the fixed salary.

The CEO's remuneration is determined by the Board of Directors. The salary adjustments for the other leading employees shall be determined by the CEO with subsequent reporting to the Board of Directors.

Determination of pay for executive employees shall be according to the principles that apply for the other employees with respect to limits for annual adjustment of pay, time of adjustment and a total wage compensation consisting of a fixed and variable pay.

2.3 Benefits

The Company grants benefits such as telecommunication and similar based on need. Moreover, a company car might be considered based on need as part of the overall remuneration.

2.4 Bonus schemes and similar variable compensation

BWO has a general bonus plan for all employees. There is a separate long term bonus program for leading employees.

2.5 Pension

In principal the pension plans for the executive personnel shall be the same as those generally established for the employees in the Company. Early retirement pension agreements may be made for the executive personnel with a mutual right to demand retirement from the age of 60 for the CEO.

2.6 Severance pay

Agreements for severance pay upon termination agreements will be considered in conjunction with confidentiality and non-competition clauses in each individual's employment contract to ensure that only limitations in the individual's opportunity to obtain new employment are being compensated. Severance pay agreements include deductions for incomes received from other sources.

2.7 Other variable elements

There are no variable elements in the Company's remuneration of leading employees apart from the bonus arrangement.

3. The processing of the statement

This statement was resolved by a meeting of the Board of Directors on 26 March 2010. The statement is issued with the summons of the Company's general meeting and the annual accounts.