



MINUTES

**of the Annual General Meeting of Shareholders of SBM Offshore N.V. ("SBM" or the "Company"),
held at Congrescentrum De Doelen in Rotterdam at 2.30pm on 16 May 2012**

A total of 89,956,218 ordinary shares were present or represented at the meeting. Out of a total of 171,503,723 issued ordinary shares, this represented 52.47% of the total issued share capital.

1 Opening

The Chairman opened the meeting and welcomed all those present.

The Chairman also welcomed all the shareholders or their representatives who did not speak Dutch. He informed that most of the meeting would be conducted in Dutch, with the exception of a report of the Management Board by the CEO, Mr. Chabas, which would be handled in English. He furthermore informed the meeting that questions could be asked in English and would be answered in either Dutch or English depending on the member of the Board of Management or the Supervisory Board answering such question. Simultaneous translation facilities were available, enabling everyone to follow the meeting in either Dutch or English. The Chairman, from this point on, continued the meeting in Dutch.

The Chairman said that, as chairman of the Supervisory Board, he was pleased to chair this annual meeting of SBM. He stated that seated at the table were: the members of the Management Board, the other members of the Board of Management, the members of the Supervisory Board and the secretary of the Company, Mr. Verwilghen, who would also act as secretary for the meeting. Furthermore, he announced that the minutes of the meeting would be taken by Mr. Van Olfen, civil-law notary at De Brauw Blackstone Westbroek.

The Chairman stated, for the record, that the meeting would be recorded on audiotape for the purpose of the minutes and that simultaneous translation from and into English would be available.

In accordance with the resolution of the Annual General Meeting of Shareholders, the Company has adopted English as the only official language for external communication. This means that the complete annual report was published in English on the Company's website. An abridged printed version was also available. As much as possible, the language used at this Annual General Meeting of Shareholders would be Dutch. The Company's CEO would give his speech in English. Questions asked to the members of the Board of Management would be answered in English with simultaneous translation into Dutch. The Chairman indicated that, as was the case last year, electronic voting facilities would be used for the items on the agenda on which votes would be held and that the operation of these would be explained before the voting took place.

The Chairman announced that the invitation and the agenda with annexes for the meeting of 28 March 2012 had been published on Securities Info and on the Company's website. The agenda with annexes, including the annual report with the 2011 financial statements, were available for inspection and could be obtained at no cost from the office of the Company and the office of The Royal Bank of Scotland in Amsterdam and would be sent to shareholders who so requested at no cost. The documents were also available via the Company's website.

The Chairman indicated that no requests had been received to place additional items on the agenda from shareholders holding more than 1% of the ordinary shares or from shareholders representing a value of at least EUR 50,000,000 in ordinary shares.

The Chairman announced, in connection with the registration date, that shareholders could participate in the meeting if they were registered as shareholders on 18 April 2012 without transfer of their shares having to be restricted until after the end of the meeting. Shareholders had been able to register for the meeting until 9 May 2012 at the latest.

The Chairman announced that, in accordance with the Corporate Governance Code (the "**Code**"), a draft version of the minutes of the previous AGM were placed on the Company's website within three months of the AGM and participants had been invited to make known any remarks they might have within a period of three months. Since this period had passed without any remarks being received, the minutes were adopted. The minutes of the AGM were, as adopted, placed on the website. A copy had been sent to the shareholders who had so requested and copies were also available in the reception area. The same procedure had been followed for the EGM of 14 December 2011.

The Chairman observed that the statutory provisions and the provisions of the articles of association had been complied with and that this annual meeting was authorised to adopt legally valid resolutions in relation to all proposals on the agenda. He announced that on the registration date the total issued capital of the Company was EUR 42,875,930.75, divided into 171,503,723 ordinary shares with the same number of votes.

The Chairman stated that 2011 had been an "annus horribilis" for SBM, a year in which as a result of serious delays in the completion of two MOPU projects the Management Board found itself obliged to make substantial impairments, which meant that 2011 was concluded with a net loss of USD 440,000,000. The Supervisory Board did not sit back and watch this happen, but during its regular meetings and more particularly during its extraordinary meetings and its many telephone conferences, it had issued advice and enhanced its supervision of the way the Management Board dealt with the problems with the MOPU projects, including the proposed strategy, the solutions and the management of the legal proceedings. A necessary but logical conclusion was that radical changes would have to be made to the management of the Company as a result of which in joint consultation it was decided that Mr. Mace and later also Mr. Miles would not be proposed as candidates for a second term of office as CEO and CFO respectively. At the EGM of 14 December 2011 Mr. Chabas was appointed a member of the Management Board and CEO. On 27 June 2012 an EGM will be held at which Mr. Hepkema and Mr. Van Rossum will be proposed as members of the Management Board for the positions of Chief Governance and Compliance Officer and Chief Financial Officer respectively.

The Chairman drew attention to the following points to allow the meeting to run efficiently:

1. There will be an opportunity to ask questions after the explanation of each item on the agenda. Just as in previous years, the Chairman asked the representatives of the Dutch Investors' Association (*Vereniging van Effectenbezitters*, VEB), Eumedion, VBDO and other organisations representing the interests of securities holders to limit the number of questions per intervention so as to give the other shareholders a chance to take the floor.
2. The Chairman asked those who wished to ask questions to make this very clear and, after having been given the floor, to make use of the microphones set up for this purpose. For the

minutes it is important to clearly state name and place of residence and, where necessary, the organisation the speaker represents.

3. Lastly, the Chairman asked that mobile telephones be turned off.

Mr. Van de Roemer mentioned that the procedure convening the AGM had somehow gone wrong and that he only heard about it at the last minute. He sent an electronic message to the Company, asking it to send him the documents, but he received no reply. He said he hoped that he would receive a prompt reply next time and made the suggestion of sending an email alert when a message from SBM will be sent. **The Chairman** thanked Mr. Van de Roemer for his remark. He apologised for the fact that he had received no reply, which he found unacceptable. He said it would be investigated.

2 Report of the Management Board for the financial year 2011 (information)

The Chairman brought the report of the Management Board for 2011 (pages 50 and following of the annual report) up for discussion and asked Mr. Chabas, chairman of the Management Board, to give a more detailed explanation of the report.

Mr. Chabas: "Thank you. Mr. Chairman, thank you very much. Good afternoon ladies and gentlemen. I have now spent just over one year with the Company, firstly as Chief Operating Officer and now as Chief Executive Officer since January. To lead SBM is one of the most exciting jobs in the industry. It is a pleasure to share with you my assessment of this business, its performance over the past year as well as our future prospects. I will start by outlining the financial and operational highlights for 2011 and share with you our view of the market situation. I shall then update you on three vital areas of strategic change through which we are looking to achieve material improvement in performance and measurable reduction of risk in our Company. Finally, I will conclude with our objectives and our outlook for 2012. So let's start with our financial and operating highlights.

Financial and Operating Highlights

2011 was a challenging year for SBM. Our bottom line performance was severely impacted by the legacy projects Yme and Deep Panuke, and associated provisions. Looking at performance in more detail, SBM achieved a 3.3% increase in turnover between 2010 and 2011, slightly above USD 3,100,000,000. Group EBITDA increased by 14.1% to 813,000,000 in the period. However, EBIT has been materially impacted by impairments and deferrals, of 978,000,000; 857,000,000 were impairments related to the issues on the Yme and Deep Panuke projects. In addition to the 450,000,000 provision announced in July, continued challenges offshore have required a further impairment of 407,000,000, which we announced in March. Consequently, we reported an operating loss of 341,000,000 for 2011 compared to a positive EBIT, 387,000,000 in 2010. SBM's net loss totalled 441,000,000 for the year.

In view of the reported losses in the year, we have proposed not to pay a dividend for 2011.

Resolution of these legacy project difficulties is an absolute priority for us. We intend to complete those projects and withdraw from such non-core activities as swiftly and efficiently as possible. On Yme, we are in active discussion with our client and within six months we expect to develop a completion schedule. At Deep Panuke, we are further forward in resolving the challenge and anticipate first gas production this summer followed by system acceptance before the year-end.



Despite these setbacks, we should not neglect some excellent operational highlights in 2011.

2011 was a record year for order intake. Our new orders have almost doubled, with the year-end backlog reaching almost USD 17,000,000,000, with 3,800,000,000 set for execution in 2012.

Our project wins includes the letter of intent for a 20-year lease contract for the FPSO Cidade de Ilhabela in Brazil, a supply contract of an FPSO to OSX in Brazil and a relocation contract for 12 years of FPSO Xikomba in Angola for ENI. We have brought two big projects to completion: the FPSO Okha and FPSO Aseng, which was actually delivered two months early. We delivered also our final drilling rig, closing this chapter of diversification.

Regarding our financing capacity, finance plans are progressing to arrange loan facilities for three FPSO lease projects currently under production.

Let me turn to the wider sector backdrop. The year 2011 saw sustained recovery in the number of orders awarded in the FPSO sector. Despite the prevailing economic uncertainty, our clients remain confident of a long-term stable outlook for the upstream industry. Exploration and production budgets, designed to replace and increase production, continue to rise, especially offshore. The increasing size and complexity of FPSOs continue to underpin demand for the Company's technical expertise, while a strong Turnkey Services backlog gives us further confidence in this segment's prospects for 2012.

We have many opportunities ahead of us. Looking at the current distribution of FPSO projects over the coming three years, there is globally a total of 57 projects, 24 of which are developments we shall choose to focus on. We have a good mix between lease and sale prospects, with a strong focus on established regions, such as Brazil and Western Africa. There are also several interesting projects developing in the Gulf of Mexico and in the North Sea. Let's go to strategic change.

Strategic Change

2011 was a year of significant strategic change for SBM, a process that has continued into 2012. This change has manifested itself in three ways: a strategic re-focus on core markets, organizational change including financial risk management and a wide-ranging review of compliance and business conduct. All are designed to improve performance and reduce risk throughout the Company.

The most obvious changes to the outside world since the turn of the year have been with personnel and this reflects the change ongoing within the Company. We created a new Management Board position for Governance and Compliance, to which we have appointed Mr. Sietze Hepkema. We have nominated Mr. Peter van Rossum as our new CFO, pending final approval at the EGM on 27 June. Mr. Van Rossum is also in the room. I would also highlight we have appointed Mr. Jean-Philippe Laurès as our Chief Operating Officer, Oliver Kassam as our new Sales Group Director and Mr. Erik van Kuijk was appointed to the vital group role of Health Safety Security & Environment director.

Let me now turn to the Company's strategic refocus on its core market. It's rather easy. We have one focus, one purpose, one market segment. In concept, one core product: the FPSO. SBM exists to develop complete offshore floating production and storage solutions for the global energy industry. We will focus on FPSOs and their associated products and services, and nothing else. FPSOs are the product at which we excel, and the record order book reflects this realignment on our core competence in the offshore market. Properly managed, this is a business with strong margins addressing a high growth segment where technological leadership is a significant differentiator. No one has our track record or depth of experience.



But it is imperative that we retain this track record. All of the changes outlined will contribute to assure our clients that they can depend utterly on us in the quality and reliability of our delivery, on depth and dedication of our capabilities, the accuracy of our costs estimates and the securing of our financing. Of course to prosper we must have the right risk and reward balance in this segment. This has been a challenge in recent years, but we believe that demand will be strong enough to concentrate on contracts with a satisfactory balance, particularly if clients have the reassurances I have outlined above.

With regard to our FLNG strategy, we will dedicate our offshore expertise to large and medium size units. SBM will selectively target edge technology products for the large size units and the complete vessel and equipment in the medium size category. Currently, we are actively engaged in five FPSO projects, including two relocations. We are also working on three turrets of which one is related to FLNG. Except for the Yme and Deep Panuke MOPU-projects, our backlog is now exclusively composed of FPSOs and/or their associated products, all of which have the potential to yield good margins.

Regarding our portfolio of lease and operate activity; the average duration of our lease contracts is 11 years without option, and 16 years if we were to include the options.

Let me turn now to the significant changes we have made at operating level. The challenges encountered on Yme and Deep Panuke project have paved the way to a more thorough understanding of our business objectives, leading us to reassess our approach to project selection and initiate wider organizational changes. In practical terms, this means that we have formalized new processes by which teams and individuals are first deemed responsible then held accountable for delivery of a project. We have identified seven execution centres, each with a dedicated portfolio of projects. Control has been allocated at the operating level to each individual managing director, with absolute lines of accountability. These changes provide the organization with a new senior management structure, ensuring absolute transparency and accountability. It has also provided for an overhaul of our tendering processes. And, at the same time, we have adopted new financial risk management measures better to address the scale and complexity of modern offshore projects.

The Company's values and brand have been developed to reflect its new organizational structure and promote a one-company culture, focused on future success. Our three core values are: team-energy, success and ambition.

Now let me turn to governance and compliance. As you will appreciate, we are under strict legal guidelines on this topic since we have initiated an internal investigation. If I may, I'm going to make some points which will need to suffice for all questions on this topic. In 2011, SBM's Management Board launched a review of the Company's compliance procedures, including our anti-corruption guidelines, and their implementation. Earlier this year, we became aware of certain sales practices which, as we have said, may have been improper. We did not conclude that they were unlawful, but we knew immediately that the right thing to do was to investigate. We moved swiftly and immediately appointed third party investigators namely, Paul Hastings and De Brauw Blackstone Westbroek and the accounting firm PWC. Our advisors confirmed that this was the correct decision. We took the step which they recommended we had to take and are customary in these circumstances. Our advisor was satisfied with the speed and extent of the measures we took. We also had our compliance program reviewed by external advisors. I am pleased to say that this was a positive review. One or two suggestions were made for improvement, which we meanwhile have implemented. Again, the advisers have confirmed that what we have is what we should have.



I'm afraid I cannot give you a time scale for conclusion of this investigation nor can I say anymore pending its outcome.

What I can reassure you, is that we have discussed at Board level, during 2011 the need for a modern business to have a board director tasked with oversight of governance and compliance. In April, we announced the creation of this Management Board position for governance & compliance and the appointment of Mr. Hepkema to this role. The creation of this position, and the appointment of a world-class legal expert in governance, is a vital sign to all our partners and customers of our determination to uphold the highest standards of governance and compliance. Mr. Hepkema has already joined the Company. We are all very pleased to have him working alongside, and I know he will be instrumental in SBM maintaining the highest standards of governance, in the future.

SBM Offshore involvement in corporate social responsibility has been rewarded in 2011 by the Company's admission to the Dow Jones Sustainability Index World. This index only includes five oil services companies of which SBM is one.

Objectives

Now let me conclude by the objective and the outlook for the year. I would like to share with you the objectives we have defined in recent months. We did a survey in 2011 to better know our relationship with our stakeholders and define our way going forward. We also focused on publicly available consultant reports and I would like to share some of their findings today with you. They talk about our strengths being: strong engineering capability, good at converting FPSOs, comprehensive operating policies and procedures. Our weaknesses focus on risks and costs associated with new technologies.

We have defined new promises to our stakeholders. For our clients, our driving ambition is to be the trusted partner of choice in the development of complete offshore floating solutions for the world's energy companies. To our shareholders, our promise is that our expertise and technological know-how create significant value. We want to develop our strengths and I have drawn a roadmap to 2015 highlighting three core objectives to meet our promises. The Company objectives are: work as one, perform and shape the future.

Finally, let me share with you our financial outlook for 2012. We forecast a turnover in the region of USD 4,000,000,000 at the year-end. The turnkey systems EBIT margin is expected to be around 10% and turnkey services EBIT margin in the 15%-20% range. We forecast an underlying level for the lease and operate EBIT margin in-line with 2011 and that the net financing costs will be close to twice the level of 2011.

Conclusion

In conclusion, I am excited and confident about the portfolio of projects that SBM is currently undertaking. We need to work hard to leave the legacy projects behind us. We are looking ahead and we see buoyant market conditions in offshore oil and gas with excellent opportunities for SBM to continue to lead the industry in developing the FPSO market. This concludes my report."

The Chairman thanked Mr. Chabas for the explanation and asked which of the shareholders wished to speak.

Mr. Van de Roemer suggested that Mr. Hepkema's salary should be paid by the Management Board and the Supervisory Directors, because his appointment would have been unnecessary if they had paid proper attention. **The Chairman** replied that Mr. Hepkema had not yet been appointed; there will be an EGM on 27 June. He said that this topic had already been mentioned and that it was discussed immediately because Mr. Hepkema had already started providing his services to SBM. On the other hand, a press release had been placed on the website stating that an EGM would be held on 27 June. **Mr. Van de Roemer** asked that this point be considered because, as a shareholder, lost money as no dividend would be paid. **Mr. Lemmers (VEB)** said he thought it was a correct point. What could be done, and which is not part of the remuneration policy, is to have the welcome bonus paid by the Supervisory Board. He said that it was quite correct that this would not be a point of consideration today, but he suggested that it should be discussed at the EGM. **The Chairman** said he did not think that it would be dealt with in this way. The Chairman did not think that this would be of much help to SBM.

Mr. Jorna (VEB) said that the construction of MOPUs in shallow water, for which SBM has had to write off more than one billion over the years, had turned out to be a "prodigious blunder". In 2011 and early 2012 SBM confirmed a tradition of many years of being unable to control its projects. Many impairments had been taken in the past, he said; right now this involves two projects (Yme and Deep Panuke), but there are other smaller projects as well that are problematic. He called it the order of the day at SBM despite the fact that the Company does very well in its market and with its products. Mr. Jorna asked (first question) whether the last impairment of USD 417,000,000 meant that this was the end to the pain. He said that SBM will speak with Talisman about how SBM is going to complete the project in the coming months, but that the media are saying that it will not be mid-2012, but mid-2013. Another year's delay. In connection with this, Mr. Jorna asked (second question) why the completion phase takes so long and why it was decided to complete construction offshore and not in the port. Just arranging accommodation for staff entails gigantic costs, he said. He also mentioned that there had been new complaints; after the welding joints, the customer has now also indicated that the platform will not withstand extremely strong waves. The shock resistance and fire safety of the platform allegedly left a great deal to be desired. Mr. Jorna also said that SBM has reported that processes have been improved, that SBM is on top of it, that the Supervisory Board is doing what it can and that a Technical and Commercial Committee has been created specifically to stay connected to the process control and engineering. He asked why it nevertheless could go so wrong. The Technical and Commercial Committee had met four times plus a conference call, but it seemed to him that if you know a project is in dire straits, as the Supervisory Board you take charge and show proactive leadership. In that context he asked (third question) who - the Technical and Commercial Committee - had decided to complete the construction offshore. Mr. Jorna also mentioned that shareholders are kept going by the fact that SBM will litigate to try to recover some part of the write-offs, but that the first judgment delivered by the court was negative for SBM. Mr. Jorna (fourth question) asked after the reason, or the grounds given by the court.

Mr. Jorna then said that Mr. Chabas wants to go back to the roots and only wants to carry out FPSO projects. He is pleased with this because it is something SBM is very good at (both the engineering and the profit-earning capacity). Mr. Jorna asked (fifth question) whether this means that the entire gas project, FLNG, will be terminated. He read that impairments of more than USD 30,000,000 had been taken on the development costs. Is the designer of the MOPU, GustoMSC, now up for sale? Mr. Jorna then referred to the idea of generating power from waves and temperature differences in the ocean. He asked (sixth question) whether this will also be discontinued and whether it will lead to additional impairment payments. He also mentioned that he was concerned about the Shtokman project in the Barents Sea. SBM already

has trouble with towing and working in extreme weather and working in a foreign culture and now with Russian legislation this looks like an additional difficulty. So he wanted to know (seventh question) how SBM planned to control that project in the future. As his final point, Mr. Jorna mentioned that the order book shows strong growth. He complimented SBM on this. On the other hand, he only saw turnover growing slowly – every year around USD 3,000,000,000 and now it has grown a bit to USD 4,000,000,000 – but the market places 10 to 15 orders each year. SBM has a market share of 20%-25%. If SBM does well, then it lands two orders every year, but it can only build two. Mr. Jorna asked (eighth question) whether SBM is reaching its limits as to production capacity or whether there are possibilities of cranking up production.

The Chairman said that Mr. Chabas would answer the first questions and that after that Mr. Ehret would talk about the Technical and Commercial Committee. **Mr. Chabas** indicated in relation to the first and second question that he wanted to get a few points straight on the Yme project. He indicated that, as at the day of the meeting, the platform is a safe working platform. SBM is working offshore from the platform, but one important point that shareholders need to remember - it is a lesson learned for SBM going forward - is the nature of the contract that SBM has on the Yme project. SBM owns the platform but the client is operating it and is in charge of the relations with the regulator in Norway. This means that there are a huge amount of interfaces between SBM and the client. In order to finalize the product and to start production SBM and Talisman need to be fully aligned. This takes a lot of time, much longer than anticipated at the beginning of the year. Mr. Chabas indicated that he had hoped that he could give the shareholders more news about how SBM would complete this project, but that is not in SBM's hands. It is the interface between SBM and Talisman that needs to be addressed. He noted that in the future SBM would not do any project whereby it owns and someone else operates the platform or the FPSO. That is a lesson learned which SBM would apply in all its future contracts. Mr. Chabas furthermore remarked that SBM is spending a lot of time helping the client in fulfilling its obligation vis-à-vis the Norwegian authorities. He recognized that this is not the way things have been portrayed in the press, but that this is the nature of the existing contract SBM has with Talisman. All of this is to say that SBM has never committed to any dates in the delivery of this project, because SBM cannot commit itself to any date until there is full alignment with Talisman. The expectation is that SBM and Talisman would be able to come with a joint planning in the coming six months. He furthermore noted that the question why SBM has gone offshore, is linked to the nature of the contract. A lot of operating decisions were made jointly by SBM, as contractor and Talisman, as a client. So, some decisions like going offshore were not only made by SBM. **Mr. Jorna** asked why this has been done offshore. **Mr. Chabas** referred to the structure of the contract. The contract is structured with a contractor owning the platform and Talisman operating the platform and being in contact with the Norwegian authorities. All decisions to develop the platform need to be made jointly. In relation to the fifth question Mr. Chabas replied that large FLNG projects are of such magnitude that SBM with its current structure cannot handle them. When you bid a large FLNG project it has a value of USD 3,000,000,000 to USD 4,000,000,000. He indicated that it would not be acceptable for the balance sheet and the size of the Company to take such project as the main contractor. The strategy of SBM regarding the FLNG activity is extremely clear; SBM wants to provide some state of the art equipment and systems to the oil companies who are the main contractors for those large FLNG projects. SBM does not want to get into competition with the client, and that's what SBM would do if it were the main contractor on the FLNG project. SBM wants to help and provide the client with equipment, such as turrets, which would bring the client a lot of value and which are within SBM's comfort zone and whereby SBM could demonstrate its lead in the industry. For the smaller FLNG projects in the range of USD 1,000,000,000 to USD 1,500,000,000, SBM wants to be a main contractor like it has been in the FPSO market. Those projects would be coming in the next five to ten years. SBM is investing in developing a solution for that.

Mr. Chabas answered on the sixth question that the renewable energy activity has been in SBM for some time and that it is not an activity that has a significant financial impact. It had some potential going forward over a period of ten to twenty years. The question is what to do with the renewable energy activity? SBM has developed some technology and has some patents. The question is how quickly those could be brought to market, how quickly this could bring value to the Company and what would be the best course of action going forward on the renewable energy market. SBM is investigating this and a decision can be expected at the end of the year. Mr. Chabas remarked in relation to the eighth question that the order book of almost USD 16,000,000,000 - USD 17,000,000,000 reflects that SBM has in its fleet an average length of contracts for FPSOs of eleven years, which is quite remarkable. It is the longest one in the industry and gives a long visibility. In addition thereto, taking into account the options, SBM has a potential portfolio of activity of sixteen years. He noted that the offshore industry is growing and that if SBM wants to handle more projects and grow, it needs to expand some of its engineering capabilities. That was the purpose of SBM's reorganization into seven execution centres with full accountability and responsibility. The next step is to grow some of these execution centres. As an example, SBM is growing its Malaysian base which it started operating five or six years ago and is today roughly of the size of a medium execution centre with the intention to grow it to a large size execution centre. Mr. Chabas answered on the seventh question that it is a project that is under tendering at this stage and that SBM is not yet involved.

In relation to the fourth question, **the Chairman** said that SBM has a two-tier board. The Supervisory Board is not an executive board, but if there are difficulties, it is normal for the Supervisory Board to become more closely involved. There is a certain delay before the Supervisory Board starts to take action in matters that could actually be called executive work. This grey zone is not easy. The Supervisory Board is pleased that a Technical and Commercial Committee has been set up. It was not done in connection with the Yme project, but dates from before that. The Chairman asked Mr. Ehret, chairman of the Technical and Commercial Committee, to discuss Mr. Jorna's question. However, he did remark that the Technical and Commercial Committee is not an executive board whereby the Supervisory Directors are directly accountable. **Mr. Jorna** said that he did not share the Chairman's opinion. The Supervisory Board, as the highest monitoring body, must play the role of supervisor in a two-tier construction as well. But significant write-offs have still been made for these two projects perhaps four or five times and it would have been desirable for the Supervisory Board and the Technical and Commercial Committee together to shoulder responsibility and not just stand behind the Management Board, but to step up and stand beside it, in the decision making as well. The Supervisory Board acted adequately, but always reactively. Mr. Jorna asked (ninth question) why the Supervisory Board had not chosen to stand beside the Management Board, prior to and certainly in these extraordinary circumstances. **The Chairman** replied to the ninth question that, in a two-tier structure such as at SBM, it is not the role of the Supervisory Board to take on executive work in advance. At the same time, when things are not operating as they should, it is the responsibility of the Supervisory Board to become involved. It has been acknowledged that SBM has huge problems. The Supervisory Board has communicated openly about this. But it continues to be an issue for the executive board. The Supervisory Board helped, and thinks that it did this well. The Chairman then asked Mr. Ehret, chairman of the Technical and Commercial Committee, to explain how this Committee works. **Mr. Ehret** remarked on the third question that the Technical and Commercial Committee does meet in person, not by telephone, at least four times a year and often more. Importantly, the Technical and Commercial Committee, like any other committee, could only function on the basis of what it is being shown and reported. In relation to the issue, like Yme and Deep Panuke, shareholders have to understand that the problems of these projects originated long before the Technical and Commercial Committee was formed. These are long running projects where

problems originated long time ago. The complexity of these problems, which is a combination of contractual, commercial, planning and technical matters, is such that it is not feasible for any committee, if it is only being presented with what management at the time thinks is right to do more than to probe and to check and to challenge, and that is what the Technical and Commercial Committee has done. Mr. Ehret furthermore answered that the Technical and Commercial Committee has spent a lot of time trying to anticipate and develop a line of questioning and probing that forces management to come back with better information next time. The day before the AGM there was a meeting of the Technical and Commercial Committee which lasted five hours. It was prepared very well and the Technical and Commercial Committee spent a long time in the previous weeks gathering information outside of the formal relationship in order to be able to challenge and crosscheck what was being presented. One cannot expect the Supervisory Board or any of its committees to actually run the Company. Mr. Ehret indicated that all he could do was to assure that the members of the Supervisory Board have not only been working diligently on the problem areas, but also that whenever the Supervisory Board members were being given the appropriate information they acted upon it. The Supervisory Board is spending a lot of time and a lot of effort in helping management to come up with the proper tools to anticipate and not only come to the Supervisory Board when things are already so bad that there is not much the Supervisory Board could do. **Mr. Jorna** asked Mr. Ehret to provide some examples of the matters that were suggested to the Management Board. **Mr. Ehret** answered that, without going into details for confidentiality reasons, it was suggested that the Company should equip itself with a project management manual, which the Company does not have. In case of SBM the project management positions are occupied by engineers who have moved up and who are very good engineers, but project management of particularly big and complex projects is a different ballgame. These people have to be helped in learning the various talents and skills necessary to manage large projects. The Company does not have a sort of educational body that provides the people, as they move up, with that type of knowledge. The Supervisory Board has suggested to hire some external help, which the Board of Management has done, to build up with management the sort of tool that can be used inside the Company to have better and more consistent project management tools and methods. When a project is presented, it is comparable to other projects and is understandable. Mr. Ehret furthermore indicated that the Supervisory Board asked, and that the Company was transparent with this, to have sight of the internal project reviews (documents which are being prepared at several intervals during the life of a project internally by a peer group reviewing another project) in order to be able to challenge what is being presented at the Board meetings. The Supervisory Board engaged external help to review the rig projects and challenge the schedules which were presented. He remarked that that were just a few examples, but that he could go on. The Company has grown and the size of the individual projects has grown massively and in a very short period of time. Although the Company has excellent engineers and technology, there has been a lack of professionalism in the project management function to accompany the performance of the Company in that growth period. The Supervisory Board is assisting management to catch up. It recommended certain people to be hired from outside the company, people the Supervisory Board knows and can recommend; people who have experience.

Mr. Van der Stroom said that more and more value is currently attributed to topics such as compliance, good governance, financial risk control. In relation to these topics, SBM is overtaken by events (first remark) and Mr. Hepkema should have been appointed much earlier. He observed (second remark) that part of the problem at SBM is internal problems in defining the tasks of the Management Board and the Supervisory Board. He said that the two-tier system needed to be clear. In addition (first question) Mr. Van der Stroom asked how SBM would feel if a large oil company were to take a share of, say, 10% in SBM. **The Chairman** replied in relation to the second remark that it is a grey area. The monitoring of the Supervisory Board will

focus less on things that are going well or apparently going well and will focus more on things that have gone wrong. Between these two is a grey area. It is not the case that with a little more effort it would be possible to give black-and-white answers. In relation to the first remark on compliance the Chairman said that nowadays everyone talks about risk management. Compliance is more important than it was ten years ago. These are positive changes. The Supervisory Board involves itself with this - perhaps not always with absolute success - because these are important elements to which the Supervisory Board has a strong commitment. He then gave the floor to Mr. Chabas. **Mr. Chabas** remarked in relation to the first remark that the Company has a compliance program in place, which was reviewed and re-audited. The general feedback from the external advisers is that the compliance program is satisfactory and needs to be given more profile. More steps must be taken, but a lot of things were done. Regarding the first question, Mr. Chabas answered that SBM is a publicly traded company, in which people are taking big shares and getting out every day. If an oil company were to take 10% of the shares, it would really depend on what their intent would be. If their intent would be to be able to secure some access without impacting SBM in its way of doing business, it would be all right. If the intent is different, management would have to discuss this matter when and if this occurs.

Mr. Dirkzwager said that SBM's order book of USD 16,000,000,000 is impressive. He asked if management could say something about the profits SBM thinks it will obtain in the coming period. **Mr. Chabas** answered that it is expected that the order portfolio would yield a normal level of margin. The volume of activity which is ahead of SBM and the opportunity to tender and to be successful on projects would happen if SBM achieves and rebalances the level of risk and reward in the industry. SBM is an extraordinary capital-intensive industry, with a lot of risk. This is not only for SBM, but for the industry at large. If clients want the industry to be able to help them going forward, they need to have contractors who are making money and provide a good return. SBM has the opportunity with the growing market to stamp its mark and say this is the type of risk and reward balance the Company needs to have and to work more in partnership with its clients in order to do so. That is what SBM intends. It would take a few months or years in order to get to a level of risk and reward balance that SBM wants to have, but it is definitely an area where SBM should take the lead and it is going to take the lead.

Mr. Tiemstra asked (first question) for the slides to be presented in both English and Dutch next time. Since the slides were available only in English at the meeting, he asked if it would be possible to issue the report in a simple brochure in Dutch after the meeting. **The Chairman** replied to the first question that management makes efforts to ensure that the meeting is held partly in Dutch. He pointed out that many other Dutch companies hold their meetings entirely in English. At the start of the meeting, the Chairman had announced that the speech of Mr. Chabas would be given in English, with a translation into Dutch. He said that the question about bilingual slides would be considered. Management will probably do it. **Mr. Tiemstra** then asked (second question) if Norske Veritas had been involved in the construction or the control of the projects, because this is essential. **Mr. Chabas** answered that indeed some independent body, like bureau Veritas, was involved in the project like in any other project.

Mr. Lemmers (VEB) wondered, regarding the integrity problems Mr. Chabas mentioned, how management found this out. He asked whether there was a whistle-blower, a good working system on internal governance or Mr. Ehret's manuals. Or did management find it out because there was some way of reporting or were these people making a lot of money which SBM did not see it in its account. **Mr. Chabas** answered that no details were given. What was said is that management came across some sales practices that might have been improper. It became aware and based on that an investigation was initiated. For a

variety of reasons Mr. Chabas would like to leave it with this. It is associated with the legal status and therefore he could not expand on that. **Mr. Lemmers** remarked that he was curious and that he wasn't asking about the investigation itself, which he would see when it is there. He asked if SBM sees this kind of problems when they arise too late, when the problem is already there. **Mr. Chabas** answered that SBM is spending a lot of time to control its activity, to review its projects and to understand what is happening, to ask questions, to monitor its risks and as part of the normal reviewing of business management it comes across a lot of elements by probing, pushing people and trying to understand. **Mr. Lemmers** asked Mr. Ehret whether finding out these sorts of improprieties by the Company itself is helping his task in the Technical and Commercial Committee. **Mr. Ehret** answered that this is not the remit of the Technical and Commercial Committee. The Technical and Commercial Committee is reviewing tenders in terms to see whether they are safely priced, whether the risks are taken into account or whether the technical solutions are properly worked out. The Technical and Commercial Committee also reviews projects. It is not the role of the Technical and Commercial Committee to go into compliance considerations. **Mr. Lemmers** asked whether the Technical and Commercial Committee is looking at commercial aspects and at projects it is also looking at the process of reaching a tender, such as writing a tender or coming to the possibility to maybe give out the tender. **Mr. Ehret** answered that the tender is basically a construction that takes into account technical, schedule and contractual elements into building a cost, adding an amount for risk, adding an amount for contingency, adding an amount for tax and adding an amount for profit. If there is improper commercial behaviour within a company, that is not something that appears in a tender or would appear at the level at which the Technical and Commercial Committee is operating. Mr. Ehret further remarked that, as Mr. Chabas said, there may have been improper behaviour, but that the Technical and Commercial Committee was not aware of it. If there had been improper behaviour it would never show in a formal presentation of a tender to the Technical and Commercial Committee. The Technical and Commercial Committee could not do anything about that.

The Chairman remarked that the discussion is getting too far. The Supervisory Board has a certain level of expertise, which it tries to bring to bear by probing. It would be wrong to understand that the Supervisory Board is there like an executive board. The Supervisory Board is not awarding tenders, doing the tenders or talking to clients. **Mr. Lemmers** remarked that he agrees with the Chairman, but that SBM faces problems over and over again. The Supervisory Board is trying to get control. The instruction to make a manual is a direct instruction. According to Dutch company law the Supervisory Board has to take into consideration the total value of the Company, not only the business, the people, the profit, but the total. Mr. Lemmers asked how the Supervisory Board manages the risk and what happened that the Supervisory Board saw a possible improper action. If a Company says that it's a possible improper action and issues a press release, experience over the years has taught that there will be a problem later on. Mr. Ehret said that some crosschecking on information was done. The Technical and Commercial Committee is getting the information from the management. Mr. Lemmers asked how the Technical and Commercial Committee is doing that. Does the Technical and Commercial Committee go to plants, projects or the building and asks the secretary of Mr. Chabas to show some new reports. **Mr. Ehret** answered that there are Independent Project Reviews that are being conducted at regular intervals. The Supervisory Board know they exist; they are not hidden. He would go to the Company secretary, Mr. Verwilghen, quite officially, and ask him to collect the reports and provide them a week or two ahead of the Technical and Commercial Committee meeting. There has been no resistance in giving them. Another example is that the Supervisory Board decided a few months back, that each of the Supervisory Board members would provide some personal coaching to a member of the Board of Management in this difficult period. He himself is trying for example, together with Mr. Deckers, to help Mr. Laurès, the Chief Operating Officer. They speak to him regularly

informally both by telephone and by meeting with him outside of Technical and Commercial Committee meetings or Board Meetings. **Mr. Lemmers** thanked Mr. Ehret for the answers and remarked that this gives some more clarity.

Mr. Lemmers asked for some more explanation on the forecast made by Mr. Chabas that the net finance cost will double in 2012. **Mr. Miles** answered that net financing costs are indeed increasing and that this is a function of the new FPSOs coming into the operation fleet and in particular the FPSO Aseng which started operations in November 2011, which hence will be operating for a full year. The debt is quite significant on that asset and the interest on that debt will be going through the profit and loss account.

3 Report of the Supervisory Board and its sub-committees for the financial year 2011 (information)

The Chairman said that, as is stated in the letter from the Supervisory Board in the annual report (page 24 and further), in the past year the Supervisory Board met in a number of formal scheduled meetings, a number of ad hoc meetings, held telephone conferences and following regular informal consultations, to exercise supervision over the developments within SBM and the activities of group companies in the past year. The various topics that came up in 2011 at the meetings of the Supervisory Board with the Management Board are mentioned in detail on page 26 of the annual report. As the most important, the Chairman cited the adoption of the annual report and the 2011 financial statements, the operating plan or budget for 2012, the 2012-2016 strategic plan and the discussion of progress in major projects and investments. The Supervisory Board specifically decided to enhance its monitoring of two MOPU projects that were under construction: the MOPUstor for the Yme oil field in Norway and the MOPU platform for the Deep Panuke gas field in Canada. As a result of the change in the expected completion dates of these two projects and partly as a result of the sudden and unexpected change in attitude on the part of the customer of the Yme project, it had to be decided to take substantial losses which were reported in press releases of 28 July 2011, 23 January 2012 and at the announcement of the annual results for 2011 on 2 March 2012. Legal disputes are pending in relation to both of these projects.

As a result of these developments it was decided in joint consultation that Mr. Mace, CEO and later Mr. Miles, CFO would not be proposed for a second four-year term of office. In an Extraordinary General Meeting of Shareholders held on 14 December 2011 Mr. Chabas was proposed and appointed as new CEO.

The Supervisory Board is assisted in its work by three committees: (i) the Audit Committee, (ii) the Appointment and Remuneration Committee and (iii) the Technical and Commercial Committee. They dealt with the topics assigned to them in detail and made recommendations which the Supervisory Board took into account in its decision making. The Audit Committee is composed of Mr. Cremers as chairman and Mr. Deckers. The Chairman has also been a member of this committee since 2011. The activities of the committee are described in detail on page 29 of the annual report. The most prominent matters that came up were the evaluation of the financial risks related to the so-called legacy projects, specifically the third drilling platform, completed in the course of 2011, and the aforementioned MOPU projects. The reports of the Management Board on the difficulties encountered in the completion of these projects and the repercussions this had on the Company's financial results were discussed by this committee at great length and in detail. The risks inherent in the Company's financing, proposals to diversify the sources of funding and the risks in relation to banks and countries with which the Company works or where it is active were

extensively discussed in this year of great financial uncertainty. The Appointment and Remuneration Committee is composed of Mr. Gugen as chairman and the Chairman for remuneration issues, and by the Chairman as chairman and Mr. Gugen for selection and appointment matters. The activities of this committee are stated in detail on page 30 of the annual report. In relation to remuneration issues, in the course of 2010 this committee started on a review of the remuneration policy and the new remuneration policy was presented and approved at last years AGM. In relation to selection and appointment matters, Ms. Rethy was proposed as a new Supervisory Director and later in the year Mr. Chabas, who was COO, was proposed and appointed as new CEO of the Company as of 1 January 2012. The Chairman said that the shareholders had perhaps seen that the agenda had been published for an Extraordinary General Meeting of Shareholders which will be held at 2.30pm on 27 June 2012. At this EGM Mr. Hepkema will be proposed as a new member of the Management Board and Chief Governance and Compliance Officer and Mr. Van Rossum as a new member of the Management Board and Chief Financial Officer of the Company. The final item on the agenda of the EGM will be a proposal to amend the remuneration policy. Since mid-2010 there has been a Technical and Commercial Committee chaired by Mr. Ehret and with Mr. Van Gelder and Ms. Rethy as its members. A detailed description of the activities of this committee can be found on page 31 of the annual report. This committee discussed at length the reports of the Management Board on the difficulties encountered with the legacy projects and looked into the risks and the proposed actions in depth. In addition to this enhanced supervision of the legacy projects, the committee was also regularly informed by the project management on progress of the new projects under construction. This committee also monitors the Health, Safety, Security and Environment policy. The Company scores well on environmental aspects. There is clearly room for improvement in its performance on safety, and the committee observed with satisfaction that a new and experienced group HSSE director was appointed in early 2012 who made an extensive presentation to the committee on causes, actions to be taken and a clear-cut long-term strategic plan. Lastly, this year time was also set aside for an evaluation of the board's own performance both in its most important committees and at the level of the Supervisory Board itself.

Mr. Jorna thanked the Chairman for his explanation and said he had read the report with interest. In view of what had happened, he had looked for the Supervisory Boards self-evaluation. He observed that there was nothing on this in the report except the fact that a self-evaluation had been held. He asked (first question) for the results of this evaluation to be shared with the shareholders. Mr. Jorna said that it was fairly unusual to read that the conclusions of the self-evaluation had been discussed with the CEO and that management had been asked their opinion of the performance of the Supervisory Board. He indicated (second question) that shareholders are very interested in hearing what management had to say about the Supervisory Board. In addition, Mr. Jorna was surprised that the impairment was linked to Mr. Miles not being reappointed. He said that in his opinion, the first was responsible for operations and the latter was the "accountant". How can an accountant be blamed for the fact that operations went so wrong (third question)? **The Chairman** replied that the self-evaluation of the Supervisory Board was carried out and extensively discussed on the basis of a formal questionnaire. Each member answered the questions separately and the answers were sent to the Company secretary. The answers were anonymous and Mr. Verwilghen classified them into categories and sent them to all members of the Supervisory Board. In addition Mr. Chabas was asked to discuss this with his management team and to hear their remarks on their collaboration. One of the main elements is how far the Supervisory Board involves itself with the business of the Company: was this found to lean too far to the executive side or not. If things are not going as they should, the Supervisory Board is often told that the supervisory directors involved themselves too much with matters that are not at all executive and that supervisory directors should determine the framework for supervision. He assured the shareholders that it had not consisted of "back-patting", but that it had been done very seriously and in great depth.

Mr. Jorna was amazed to see that Mr. Van Gelder was not present at the meeting and observed that the Chairman had not yet excused his absence. Mr. Jorna asked whether Mr. Van Gelder had other urgent duties to attend to or whether he was ill. The Chairman replied that he should have mentioned that Mr. Van Gelder had been ill for a couple of weeks. Although it was a serious illness, he is improving now. He will not be back full-time until after the month of June. Mr. Jorna wished Mr. Van Gelder a speedy recovery, on behalf of the General Meeting of Shareholders as well, and expressed his hope that Mr. Van Gelder would be back soon. Mr. Jorna asked whether the general conclusion was that the Supervisory Board was satisfied with its own performance. The Chairman replied to this question in the affirmative. Much effort was put into this matter and the conclusion was not that everything went well, but the question whether the Supervisory Board responded properly. He pointed out a well-known sentence from management books that good management does not mean whether things go wrong or not, but how management responds when things do go wrong. If Mr. Jorna had asked him if there was nothing the Supervisory Board could have done two years ago, then he would have answered that there were things about which with hindsight the Supervisory Board could have done differently. But if the question is whether the Supervisory Board responded as it should in terms of communication, involvement and actual work, the feeling of the Supervisory Board is that this went reasonably well.

The Chairman then answered Mr. Jorna's third question, saying that the decision not to re-appoint Mr. Miles was agreed in a meeting between Mr. Miles and the Supervisory Board. Mr. Miles wanted to take a new direction. There had not been a falling-out nor had the Supervisory Board wished to remove Mr. Miles. The Chairman asked Mr. Miles to give a reply of his own. Mr. Miles thanked the Chairman and answered that he and the Supervisory Board indeed jointly came to an agreement that he would not stand for re-election. Without saying who is to blame or anything like that, one of the key points is credibility to the outside world. Mr. Miles remarked that certainly Mr. Mace and himself had defended a certain position for some period of time, which in the end turned out to be wrong. He felt that is a major point and the Company needs a credible face to explain to the analysts and the shareholders what management expects in terms of financial guidance.

Lastly, Mr. Jorna asked that attention be paid to the correct years in writing a report. There are two disturbing errors of years shown incorrectly in the annual report, one of which is the remark that the Supervisory Board already held a meeting in July 2012.

4 Annual Accounts 2011: adoption of the Annual Accounts (*resolution*)

The Chairman said that the accounting principles for drawing up the annual financial statements, the consolidated statement of assets and liabilities and the statement of income and expenditure, the consolidated cash flow, the notes to the consolidated financial statements and the other information are stated in the 2011 annual report (pages 127 to 214). The 2011 financial statements were audited by KPMG Accountants N.V., the Company's auditor. The unqualified auditor's report could be found on pages 212 and 213 of the annual report. A copy of the annual report signed by the Supervisory Board, the Management Board and the external auditor was available in the meeting room and can be obtained from the Company secretary. The annual accounts were approved by the Supervisory Board in accordance with article 28 of the Company's Articles of Association and were then submitted to the meeting for adoption.

Mr. Lemmers (VEB) remarked that, looking at the annual accounts (page 141 through 143) SBM has a hedge problem of USD 286,000,000. He indicated that this is a huge amount, even more than Air



France/KLM has and they use currency much more than SBM. This is coming directly in equity and not in the profit and loss account and it is hurting shareholders directly. Mr. Lemmers asked where that came from and what happened. He asked whether it was mismanagement or that it was just poorly picked. **Mr. Miles** answered that the amount is the direct result of SBM's policy of hedging both foreign exchange exposure and interest rate exposure. SBM considers that it would not be for SBM to take those risks. If shareholders want to take those risks they take them with somebody else. So the policy of SBM is to hedge known exposures on foreign exchange and interest rate exposures. SBM has a large portfolio, because in a lot of its projects SBM is spending GBP, EUR, USD, SGD and BRL, which currencies SBM buys forward to be sure that it can lock in a project result. Those hedge contracts sit there for a period of time and have to be revalued at each balance sheet date. The revaluation of those hedge contracts generates a movement directly in equity. Mr. Miles remarked that in his opinion it is better that it remains in equity and not through the profit and loss account, which would have an impact on dividend. The policy is a good policy to minimize the fluctuations or possible variations of a project's result due to factors outside SBM's control. Nothing went wrong; it was a direct result of interest rates decreasing and exchange rate movements. The swing was huge in 2011. In the first quarter of 2012, however, a large part of that swing was reversed. The hedge amount should not detract from the fact that the job of management in terms of financial control is to minimize the fluctuations from factors outside its control and that is through hedging. **Mr. Lemmers** asked if management would continue with hedging and would try to swap different interest rates with different currencies to maintain a minimized risk and minimized outflow of capital. **Mr. Miles** answered that SBM buys currencies forward, the currencies that it would have to spend to pay certain suppliers. It hedges the interest rate exposure, because loans are usually floating rate loans (variable interest rate plus a margin). SBM basically swaps that floating rate part for a fixed rate with a bank or a syndicate of banks and the value of that contract rises and falls with time. **Mr. Lemmers** remarked that he saw USD 116,000,000 short cash flow contracts (page 186 of the annual report). He asked whether that figure relates to hedging or something else. **Mr. Miles** answered that it relates to the statement of the value of the derivative contracts. It is the part related to exchange rates. The liabilities - the losses on those contracts - increased by a large amount. **Mr. Lemmers** asked whether this is a double problem. **Mr. Miles** indicated that it is not a double problem. It is a reflection shown in equity; it's the other side of the balance sheet entry.

Mr. Boom said that SBM had suffered a considerable loss, but that note 13 to deferred tax assets states: "*The Company has not available tax losses that are not valued for tax purposes.*" He asked why, despite the huge loss, SBM apparently did not have a tax loss. **Mr. Miles** answered that the losses on the two contracts are impairment charges that relate to assets owned by companies which are in a very low tax environment. When there is a loss there is no tax credit to be obtained. On the other contract there may indeed be a tax credit to be obtained, but that would only be in ten years' time towards the later stages of the contract of the lease and hence SBM cannot with sufficient probability say that it will recover that tax credit. Therefore SBM has not recognized any tax credit on either of the two losses. **Mr. Boom** asked whether there were tax credits. **Mr. Miles** indicated that there might be a tax credit on one of the projects, but that it is far in the future and could not be taken credit for today. **Mr. Boom** states that the amount was not mentioned. **Mr. Miles** indicated that the tax credit was not mentioned, because management doesn't feel that it is material and could be recognized. If it was material, SBM would have disclosed it.

Mr. Jorna (VEB) asked whether the auditor shared the opinion that it was not material. **Mr. Cremers** replied that if SBM makes a profit on a project on which there is no tax, if it makes a loss on that same project, there is no loss that SBM could report on the statement of assets and liabilities to be used against profits in the future. In relation to the possible tax credit mentioned by Mr. Miles, it is important to know when SBM

can use it. If such a tax credit could be used next year, then the Management Board would put it on the statement of assets and liabilities now and value it now. According to the calculations, this can only be done around 10 years from now and a good deal can happen in a period of 10 years. The principle of caution states that SBM must not count itself rich, because then SBM would have a lower loss. This was discussed in the Audit Committee and it has the full endorsement of the external auditor. **Mr. Jorna** asked if he should regard this as a sort of profit warning in the sense that SBM does not make enough profit next year and can compensate this loss two or three years from now. **Mr. Cremers** answered that this is not the case. SBM's effective tax rate is very low, much lower than 25% as for other companies. This is because there are some countries where SBM pays 25%, while for some projects it is 0%. Mr. Cremers asked Mr. Miles how high SBM's effective tax rate is. **Mr. Miles** answered that it depends year-by-year, but that it is roughly of the order of 10%.

Mr. Jorna said that the gearing ratio (ratio between net debt and net equity) is a source of concern to him. A great many developments have contributed to a decline in equity, while on the other hand net debt is increasing in view of growth developments. Mr. Jorna observed that SBM makes all possible efforts to keep its debt down to under USD 2,000,000,000, but that the gearing ratio of 142% at the end of 2011 is nearing the ceiling of 150% as defined by SBM. Mr. Jorna asked (first question) what measures management is considering if SBM should exceed the limit of 150% and whether this would result in a share emission to reinforce equity or whether there are other ways of strengthening equity. Mr. Jorna also asked (second question) why the margin on the turnkey projects is rising considerably compared to past performance. He had heard that a joint venture is being set up in which SBM will take part. The ship would be sold to the joint venture via a turnkey project. The joint venture would then lease it to the user at the lower lease rates. With a simple reasoning, this seemed to him to be just shifting funds around, but he supposes that there is a good, clever trick behind it. **Mr. Miles** answered to the first question that SBM stated in the annual report not a cap, but a comfort zone or target zone of up to 150%. He remarked that shareholders might have seen in the first quarter trading update that due to the profit made in the first quarter of 2011 and the improvements in the value of the hedge contracts, that in fact the gearing level has come back down to 126%. There was quite a swing already in the first part of this year. In fact, if one would exclude the hedging contract negative values the underlying gearing ratio based on the actual business would have been 117%. Going forward the capital structure of the Company will be driven by the business opportunities of SBM depending on whether these would be sales contracts or lease contracts. It is really going to be driven by the type of projects that SBM is successful in securing. Mr. Miles answered to the second question that SBM guided the average margin on turnkey business to increase and that it is due to a specific accounting treatment of leases, but not necessarily because of joint ventures. It is because of a technical difference between operating leases, which tend to be shorter leases, and finance leases, the terms of which are such that it is considered to be a sale of an asset with a financing package attached to it (i.e. SBM finances its client to buy an asset). The accounting rules for those leases mean that part of the lease return, which is earned over a number of years in the future, is recognized during the construction phase. That means SBM brings forward into that two-year construction phase returns that are going to be earned in future years.

The Chairman mentioned that electronic voting facilities would be used and gave an explanation of the voting procedure.

The Chairman established that the proposal to adopt the Annual Accounts had been adopted with **88,090,734 votes in favour, 67,091 votes against and 1,792,562 abstentions.**

5 Discharge:

5.1 Discharge of the Managing Directors from liability for their management during 2011 (resolution)

The Chairman asked the meeting to discharge the Managing Directors from liability for their management during 2011, in accordance with the Company's Articles of Association. Although the Company suffered a loss in 2011, the Supervisory Board believes that it is appropriate to grant discharge. The net loss in 2011 results from the impairment charges that primarily related to contracts concluded in 2007 and that as a consequence of a number of developments, were taken in 2011 and early 2012. The Management Board took appropriate action without delay, as soon as these developments were known, and informed the markets transparently and timely by means of specific press releases (28 July 2011 and 11 and 24 January 2012) and in the press releases on the half-year results and the trading update for the third quarter.

Mr. Jorna thanked the Chairman and explained that with a view to what took place in 2011, the VEB would not grant discharge to the Management Board. The VEB is of the opinion that, in view of the repeated impairments taken, the VEB cannot grant discharge. The VEB will therefore vote against this proposal.

The Chairman established that the proposal to discharge the Managing Directors from liability for their management during 2011 had been adopted with 88,400,124 votes in favour, 1,503,821 votes against and 46,120 abstentions.

5.2 Discharge of the Supervisory Directors for their supervision during 2011 (resolution)

The Chairman asked the meeting to discharge the Supervisory Directors from liability for their supervision during 2011, in accordance with the Company's Articles of Association. Although the Company suffered a loss in 2011, the Supervisory Board believes that it is appropriate to grant discharge. The Supervisory Board exercised its supervision directly or through the Audit Committee and the Technical and Commercial Committee. In addition to the regularly scheduled meetings, a number of additional meetings and telephone conferences were held that were focused on current developments.

Mr. Jorna said that the VEB was of the opinion that there had been more than ample opportunities for the Supervisory Board, after the first two impairments were taken, to help prevent the other write-offs and to take appropriate measures so that the shareholders would not be left with these huge losses. The VEB was of the opinion that the Supervisory Board failed in this respect and it would therefore vote against the proposal.

Mr. Tiemstra asked what the results of the measures taken by the Supervisory Board for 2012 will be. He said that in his speech, Mr. Chabas gave a very broad prognosis for the period up to 2016, but that he is mainly interested in learning whether the result in 2012 will be positive or negative. **The Chairman** said that the meeting had already extensively discussed the measures that were taken. On the one hand the Supervisory Board became more closely involved and the aim is to reduce this involvement when results

improve. SBM has a young management team and measures have been taken in relation to the reorganisation. The Chairman said that in this context he thinks it is a good idea that SBM has a new logo, because it shows that SBM has entered a new period. The Supervisory Board is confident that the measures that have been taken – greater involvement of Supervisory Board with the Board of Management and the approach adopted – will yield results, but that this must be discussed at a later time. He asked Mr. Chabas to speak about the results. **Mr. Chabas** remarked that he gave some guidance for 2012 towards the end of his presentation, which was extremely specific in terms of turnover, margins for the different business lines and the underlying margins in terms of debt level and interest payment. He indicated that clear guidelines were given to both the financial community and all of SBM's shareholders. **Mr. Tiemstra** said that he had not seen a budget for 2012. **Mr. Chabas** then reiterated the guidance, which was also given in the press release issued. Turnover in the region of USD 4,000,000,000; turnkey system EBIT margin close to 10%; turnkey services EBIT margin 15%-20% range and underlying lease and operate EBIT margin in line with 2011. Net financing costs in the income segment would be close to twice the level of 2011 due to operating fleet growth. **Mr. Tiemstra** asked whether a positive result could be expected. **The Chairman** said that if SBM achieves the results named, this will mean a positive result. **Mr. Cremers** said that he understands very well why Mr. Tiemstra would like some more guidance. In today's world, however, there are a great many uncertainties. There are companies that give no guidance at all because they feel the world is too uncertain. SBM has continued to give guidance despite the difficult year of 2011. He said that he thinks that there is little point in trying to obtain more guidance than what has been given, since it will not be done. It is not in the Company's interests.

The Chairman established that the proposal to discharge the Supervisory Directors for their supervision during 2011 had been adopted with 88,402,459 votes in favour, 1,373,901 votes against and 46,179 abstentions.

6 Corporate Governance: summary of the Corporate Governance policy (*information*)

The Chairman referred to (i) the corporate governance chapter in the 2011 annual report (pages 68 to 80) with an explanation on the corporate governance policy based on the Best Practices of the Code and (ii) chapter 3.6 (pages 81 to 93), covering risk management and describing the most important risks in the structure of internal and external assurance (the diagram on 93 shows this very clearly). By devoting attention to risk descriptions and risk management and by describing the evaluation process of the external auditor, the Supervisory Board had fleshed out the priorities stated in the letter from Eumedion.

Since Mr. Gelder has stepped down as CEO of Heijmans and since the amendment of the Articles of Association which was approved by last year's AGM, the Company is fully compliant with the Best Practices of the Code. The proposed appointment of Mr. Hepkema as a member of the Management Board would lead to one instance of non-compliance, because Mr. Hepkema was recently appointed chairman of the Supervisory Board of Wavin N.V., after Mexichem confirmed its public offer. Mexichem has said that it intends to seek a delisting, which means that this non-compliance will be temporary. The Supervisory Board is of the opinion that this formal non-compliance does not outweigh the interest of the Company in appointing Mr. Hepkema to the Management Board.

Ms. Lindeman (MN Services, Robeco, etc.) referred to page 79 of the annual report where reference is made to the response period. She said that it is not up to SBM to require compliance with this rule and to make a statement about it. The shareholders represented by Ms. Lindeman therefore cannot promise that

they will apply this period of 180 days. She asked SBM to delete or amend this passage in the annual report. **The Chairman** said he would investigate this point.

7 Appointment of accountant: re-appointment of KPMG Accountants N.V. as external auditor (resolution)

The Chairman asked the representatives of KPMG to leave the room. **Mr. Jorna** said that he had a question for the auditor and asked whether the auditor could remain in the room.

The Chairman said that there had been much attention in 2011 to an evaluation of the performance of the external auditor. The process of this evaluation is briefly described in the annual report (page 78). The KPMG client care manager, who holds an independent position within KPMG, held a number of interviews with the members of the Supervisory Board and the Management Board. The conclusions from these interviews were positive and a report was made to the Audit Committee. On the recommendation of the Audit Committee it was proposed to re-appoint KPMG Accountants N.V. as external auditor of the Company for a period expiring at the end of the financial year 2013. KPMG Accountants N.V. is represented in this engagement by Mr. Smorenburg, as the responsible partner, and Mr. Verhoef.

Mr. Jorna (VEB) said that the NBA (The Netherlands Institute of Chartered Accountants) finds it very important that society at large regains confidence in accountants and auditors. A number of accounting firms are under heavy criticism because of the unsatisfactory performance of their audit function and the way they carry out audits at listed companies. The NBA took this seriously and developed standard letters that auditors can use when they accept an engagement. In the standard letter the auditor asks the Supervisory Board, as its instructing party, whether the auditor can be fully open about his findings and reports toward society at large, which includes the General Meeting of Shareholders. Mr. Jorna said that he would like the management letter and everything the auditor reports in it to the Supervisory Board to be shared with shareholders. He asked the auditor whether he had submitted the NBA's standard letter to the Supervisory Board and whether the Supervisory Board had accepted it, and whether the Supervisory Board had given the auditor the requested room to operate. If this was not the case, why had the auditor not used the standard letter of his professional organisation and was this policy due to SBM or was it a general policy at KPMG. **The Chairman** asked Mr. Cremers to reply to this. **Mr. Cremers** said that he was not aware of any such licence being granted. The position of the Company is not to publish the management letter in all its detail on the website. He said he felt it was the responsibility of the Management Board and the Supervisory Board, and in the preparatory phase, the Audit Committee, to use due care in this respect. The shareholders can be confident that the Supervisory Directors take their duties very seriously. Things are not kept secret because things have happened that do not pass muster. All the Supervisory Directors watch over this together and act with integrity. The point is that the letter contains commercial information and information about legal proceedings the Company is conducting and it is not desirable that competitors and clients use it for their own purposes. If this were the case, the audit reports would become quite noncommittal. Mr. Cremers said that he agreed with Mr. Jorna that not only the social position of banks, which is the subject of debate, but that of accountants/auditors is essential for confidence in business. He said he saw the role of the auditor as a triangle, with the Management Board on one corner, the Supervisory Board and the Audit Committee on another corner and the auditor on the third corner. The Supervisory Board takes a completely open approach with the auditor and reports all matters to him at an early stage. The Supervisory Board expects the auditor to come back to it with comments at an early stage as well. The auditor attends all meetings of the Audit Committee. There are companies where the auditor is

not present at all meetings of audit committees. Mr. Cremers thinks this is definitely objectionable; he thinks that the Audit Committee should be completely open with the auditor. **Mr. Jorna** said that this was indeed how it ought to be and that fortunately this was the case in many companies. He mentioned that there have been some "accidents", with an entire accounting firm being declared insolvent on account of the liability it had to accept. Several disciplinary cases and proceedings are pending against accounting firms for their failure to perform properly. He asked whether the standard letter had been submitted or whether it was felt to be a dead end. And he asked whether this was a finding of the auditor or of KPMG. **Mr. Cremers** answered that the decision to share one of the two reports, both reports, or the management letter with the outside world is not the auditor's to make, but is up to the company. **Mr. Jorna** asked whether the auditor had asked for greater freedom, perhaps privately. **Mr. Cremers** replied that the auditor had not asked for this freedom. He did not ask the Audit Committee or the Supervisory Directors to put his report on SBM's website. The matter did not come up. **Mr. Smorenburg (KPMG)** said that he had attended all five meetings of the Audit Committee, at which all matters were discussed in complete openness. There is always one session without the Management Board. This year publicity in general was discussed, in the sense that we know that Eumedion and VEB are asking questions about the management letter and what is the company's standpoint in this respect? Mr. Smorenburg also said that, as Mr. Cremers had indicated earlier, it was basically up to the Company to decide on this. **Mr. Jorna** asked whether KPMG had given feedback to the NBA on this. **Mr. Smorenburg** replied that regular consultations are undoubtedly held between the accounting firms and the NBA, but that he does not know exactly what is discussed at such meetings. In fact it is up to the company to take a decision on this and this Company took its decision.

Mr. Jorna (VEB) said that it was quite significant that SBM had to take impairment charges again and again for all kinds of reasons. He asked the auditor whether he can decide to approve or not approve impairment on the basis of the information furnished to him by the Company. Does the auditor have the impression that all foreseeable risks or valuations that ought to lead to an impairment have been taken. **Mr. Cremers** said that the auditor definitely issued an unqualified report. **Mr. Smorenburg (KPMG)** said he wished to make three remarks about how an audit operates. The Management Board draws up the financial statements with due observance of the statutory regulations and the IFRS rules. It is the auditor's responsibility to issue an audit certificate to the financial statements as a whole, stating that they give a true and fair view. The auditor performs many auditing duties, monitoring procedures, and on 1 March the audit opinion was issued stating that the financial statements as they have been presented give a true and fair view. To arrive at this point, the auditor must carry out several procedures. Of course an auditor also delves into the impairment; it is a standard process within an audit. An auditor deals on the one hand with hard facts, such as the balance on a bank account and on the other hand with estimates such as the estimate of what a project will yield or what an impairment ultimately is. This is basically a judgement call on the part of the Management Board that is challenged by the auditor. The auditor assesses the various assumptions and the financial substantiation and uses project reviews, technical experts, legal input for this purpose. Ultimately the auditor comes to the conclusion that the financial statements in which the impairment is reported give a true and fair view. For a concrete answer to Mr. Jorna's question, Mr. Smorenburg referred to the financial statements and the various notes. They contain an explicit passage about the reason behind the impairments, but also say that some uncertainties remain. Mr. Chabas also made this clear in his opening presentation. Mr. Smorenburg said that the uncertainty in offshore projects cannot be removed with a snap of the fingers, but that he can ensure that it is reported properly in the annual financial statements and that the notes are in accordance with the rules. **Mr. Jorna** went on to say that he had read about a company where the audit opinion very explicitly stipulated – and there was good reason for this – that all valuations were based on the estimates of the management board and the supervisory board of the company itself.

Estimates can be made however you want. That is the starting point, and depending on the accuracy with which estimates are made, KPMG will find grounds on which to state that the estimates are correct. Estimates can be aggressive or defensive or somewhere in between. Mr. Jorna asked what type of estimates SBM makes. **Mr. Smorenburg** replied that the estimates are assessed in order to decide whether those estimates, with all the information known at that point, are reasonable. The question is not whether they are correct, but whether they are reasonable and whether the uncertainties have been properly explained. This ultimately leads to the opinion on the financial statements: that the financial statements as a whole give a true and fair view. That was the opinion given.

Ms. Lindeman (MN Services, Robeco, etc.) asked how long KPMG has been SBM's external auditor. **Mr. Miles** remarked that he was not sure of the exact number of years, but that it was certainly for as long as he had been in the Company, which is 18 years. **Ms. Lindeman** asked whether SBM was looking at other accountant firms, because next year there needs to be another appointment of the accountant. **Mr. Miles** indicated that he could not talk about the future. This year SBM conducted a major exercise in reviewing the performance of the external auditor, which led to the proposal to re-appoint KPMG for a year. **Mr. Cremers** said that Minister Plasterk had made a proposal, which had been adopted by the Dutch Parliament's Second Chamber, dividing the work of accounting firms into accounting and advisory work on the one hand and on the other hand making rotation of the auditor compulsory. The proposal has now been submitted to the First Chamber, which has put questions to the Council of State. It is his understanding that the First Chamber has not put aside any proposals of the caretaker cabinet and that it still plans to discuss this proposal. The outcome is still awaited. If the proposal is accepted, all large companies will be obliged to invite tenders, and the current auditor will not be allowed to bid. There are four large accounting firms in the Netherlands, so that the other three will have to bid. This will also be the case for SBM, possibly in 2013. It is not yet known what kind of grace period there will be. If it goes through, SBM would prefer not to wait until the very last minute to implement it, because by that time all the decisions have been made. All good lead partners at the accounting firms may well have their hands full by then and SBM wants to have a good lead and engagement partner. **Ms. Lindeman** asked how SBM would handle the division into advisory and audit services, because SBM receives not only audit services from KPMG but also advisory services. **Mr. Cremers** replied that they would wait and see. The relationship between advisory and audit services is a topic that enjoys public interest. SBM is not excessive in this sense compared to other companies. There too, SBM will comply with the law when the law is passed.

The Chairman established that the proposal to re-appoint KPMG Accountants N.V. as external auditor of the Company had been adopted with 88,445,785 votes in favour, 1,104,845 votes against and 398,148 abstentions.

8 Authorisation to issue ordinary shares and to restrict or to exclude pre-emption rights:

8.1 Designation of the Management Board as the corporate body authorized – subject to the approval of the Supervisory Board – to issue ordinary shares and to grant rights to subscribe for ordinary shares as provided for in article 4 of the Company's Articles of Association for a period of 18 months (resolution)

The Chairman explained to the meeting that in accordance with article 4 of the Company's Articles of Association, the meeting was being asked to designate the Management Board as the corporate body authorized, subject to the approval of the Supervisory Board, to issue ordinary shares and to grant rights to

subscribe for ordinary shares. The authorisation is limited to 10% of the outstanding ordinary shares at the time of the authorisation, which percentage will be increased to 20% in the event of merger or acquisition. This designation is asked in part to allow the Management Board to respond in good time and flexibly in relation to the funding of the Company. The duration of the requested designation is 18 months, in conformance with the present Corporate Governance practice, commencing after approval of the proposed resolution. The designation as granted by the Annual General Meeting of Shareholders in 2011 will thus end.

The Chairman established that the proposal to designate the Management Board as the corporate body authorized – subject to the approval of the Supervisory Board – to issue ordinary shares and to grant rights to subscribe for ordinary shares as provided for in article 4 of the Company's Articles of Association for a period of 18 months, had been adopted with 84,271,643 votes in favour, 5,676,659 votes against and 500 abstentions.

8.2 Designation of the Management Board as the corporate body authorized – subject to the approval of the Supervisory Board – to restrict or to exclude pre-emption rights as provided in article 6 of the Company's Articles of Association for a period of 18 months (resolution)

The Chairman explained to the meeting that in accordance with article 6 of the Company's Articles of Association, the meeting was being asked to designate the Management Board as the corporate body authorized, subject to the approval of the Supervisory Board, to restrict or to exclude pre-emption rights in share issues or granting rights to subscribe for shares, in conformity with section 2:96 of the Dutch Civil Code. In accordance with the proposal under 8.1, the designation is limited to a period of 18 months, commencing after the adoption of the proposed resolution. The designation as granted by the Annual General Meeting of Shareholders in 2011 will thus end.

The Chairman established that the proposal to designate the Management Board as the corporate body authorized – subject to the approval of the Supervisory Board – to restrict or to exclude pre-emption rights as provided in article 6 of the Company's Articles of Association for a period of 18 months, had been adopted with 70,775,369 votes in favour, 19,159,691 votes against and 11,522 abstentions.

9 Authorisation to repurchase ordinary shares: authorisation of the Management Board – subject to the approval of the Supervisory Board – to repurchase the Company's own ordinary shares as specified in article 7 of the Company's Articles of Association for a period of 18 months (resolution)

The Chairman explained to the meeting that in accordance with article 7 of the Company's Articles of Association, the meeting was being asked to authorise the Management Board, subject to the approval of the Supervisory Board and without prejudice to the provisions of section 2:98 of the Dutch Civil Code, to repurchase ordinary shares representing no more than 10% of the issued share capital of the Company. Authorisation was being asked for the repurchase of ordinary shares for a price per ordinary share that is between the nominal value of the ordinary shares and 110% of the average price of the ordinary shares on the stock exchanges held by NYSE Euronext Amsterdam N.V. during the five trading days prior to the

repurchase. This authorisation to repurchase shares gives the Management Board, subject to the approval of the Supervisory Board, the flexibility to comply with share-related remuneration plans or otherwise. The duration of the requested authorisation is 18 months, commencing after adoption of the proposed resolution. The authorisation as granted by the Annual General Meeting of Shareholders in 2011 will thus end.

The Chairman established that the proposal to authorise the Management Board – subject to the approval of the Supervisory Board – to repurchase the Company's own ordinary shares as specified in article 7 of the Company's Articles of Association for a period of 18 months had been adopted with 83,023,830 votes in favour, 6,883,965 votes against and 38,279 abstentions.

10 Composition of the Supervisory Board:

10.1 Re-appointment of Mr. F.G.H. Deckers as a member of the Supervisory Board (*resolution*)

The Chairman stated that Mr. Deckers is stepping down at this Annual General Meeting of Shareholders after expiry of his first four-year term as a member of the Supervisory Board. Mr. Deckers has indicated he is willing to stand for re-election. It is proposed to re-appoint Mr. Deckers for a second four-year term as Supervisory Director of the Company. If this meeting decides to re-appoint Mr. Deckers, the Supervisory Board will also re-appoint Mr. Deckers as a member of the Audit Committee.

Mr. Jorna (VEB) said that, in view of its position on whether or not to grant discharge, the Chairman could expect that the VEB would vote against the re-appointment of both Supervisory Directors. However, he said that the VEB knew both men as very good supervisory directors and would find it a loss for SBM if the VEB voted against this and the example was followed by the other shareholders. The VEB will abstain from voting, because the VEB wants to give the two men a chance to help shareholders forget the year 2011.

The Chairman established that the proposal to re-appoint Mr. F.G.H. Deckers as a member of the Supervisory Board had been adopted with 89,661,734 votes in favour, 113,468 votes against and 171,711 abstentions.

10.2 Re-appointment of Mr. T.M.E. Ehret as a member of the Supervisory Board (*resolution*)

The Chairman said that Mr. Ehret is stepping down at this Annual General Meeting of Shareholders after the expiry of his first four-year term as a member of the Supervisory Board. Mr. Ehret has indicated that he is willing to stand for re-election. It is proposed to re-appoint Mr. Ehret for a second four-year term as Supervisory Director of the Company. If this meeting decides to re-appoint Mr. Ehret, the Supervisory Board will also re-appoint Mr. Ehret as chairman of the Technical and Commercial Committee.

The Chairman established that the proposal to re-appoint Mr. T.M.E. Ehret as a member of the Supervisory Board had been adopted with 88,220,359 votes in favour, 112,368 votes against and 173,015 abstentions.

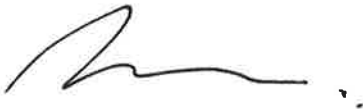
11 Communications and questions

The Chairman asked whether shareholders wished to take the floor to discuss other business.

Mr. Van de Roemer asked whether the Company's office in Beijing is staffed with its own employees or people of a different nationality. Mr. Chabas answered that the Company has one employee of Singaporean nationality at its commercial office in Beijing. The Company is looking at how to take this forward.

12 Closing

The Chairman established that there were no further questions. He thanked those present for coming and declared the meeting closed.



H.C. Rothermund
Chairman



B. Verwilghen
Secretary