



SHAREHOLDERS' CIRCULAR

Explanation Rights Offering

in connection with agenda item 8 of the agenda for the annual general meeting of shareholders of SBM Offshore N.V. to be held on 2 April 2013 at 2.30 p.m. at the Hilton Hotel, Weena 10, 3012 CM Rotterdam

**SBM Offshore N.V.
12 March 2013**

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1. INTRODUCTION

1.1 Purpose of this shareholders' circular

This shareholders' circular has been prepared by SBM Offshore to provide certain additional information to its shareholders and other persons entitled to vote at its annual general meeting of shareholders on 2 April 2013 on the proposed 10% rights offering in which SBM Offshore will grant Rights to existing holders of Ordinary Shares, the exercise of which entitles Eligible Persons to subscribe for the Offer Shares at the issue price (the **Rights Offering**). This shareholders' circular provides further details of the Rights Offering in connection with item 8 on the agenda for the annual general meeting of shareholders.

Defined capitalised terms in this shareholders' circular have the meaning as set out in the annex.

This shareholders' circular is available at www.sbmoffshore.com.

1.2 Annual general meeting of shareholders

The annual general meeting of shareholders will be held at the Hilton Hotel in Rotterdam on 2 April 2013 at 2.30 p.m. Notice of the annual general meeting was given on 19 February 2013.

1.3 Recommendation

The Management Board and the Supervisory Board believe that the Rights Offering is in the best interests of SBM Offshore, its shareholders and other stakeholders and is at a fair issue price. Accordingly, the Management Board and the Supervisory Board recommend that shareholders vote in favour of the proposals with respect to agenda item 8 at the forthcoming annual general meeting.

The Rights Offering will be fully underwritten by HAL.

SBM Offshore aims to complete the Rights Offering, subject to the approval of the general meeting, before the end of April 2013.

2. BACKGROUND

2.1 Events leading up to the Offering

On 5 January 2007, Talisman and a Group Company entered into several agreements for the engineering, procurement, construction, installation, commissioning and lease of a mobile offshore production unit (**MOPU**) with oil storage capacity (**MOPUstor**) for the re-development of the Yme field. The field is located approximately 100 kilometers off the coast of Norway in 93 meters of water.

On 26 June 2011, the MOPUstor was installed at the Yme field. This was the start of the commissioning activities, including remaining construction works offshore, to complete and prepare the facilities for the start of production. The Group incurred additional costs due to re-measurement of on-site works (part of which had been completed onshore, with the remainder completed offshore at higher cost). Adverse weather conditions and an increase

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in the work scope offshore, among other things, resulted in the progress of the work offshore and commissioning of the platform for start-up of the system being significantly slower during the winter period than anticipated.

On 12 July 2012, Talisman, as operator of the field, ordered the immediate demobilisation of the MOPUstor for safety reasons, following the discovery of cracks in the grouting around the legs of the platform. The Group repeatedly confirmed the safety of the MOPUstor. Since that date the platform has remained unattended. Following the demanning of the platform, SBM Offshore and Talisman have been involved in intensive discussions in order to arrive at a joint decision on the way forward. A plan for the repair of the grouting was presented to the Norwegian regulator in October 2012.

On 20 December 2012, SBM Offshore announced that, despite committed effort on both sides, no agreement had yet been reached on the completion of the project and that, in SBM Offshore's view, the balance of expectations was that the MOPU would be decommissioned. As a consequence, the book value of the platform was reduced to nil through an impairment of US\$ 398 million and an additional provision for decommissioning and settlement in an amount of US\$ 200 million was recognised.

These impairment and settlement charges resulted in a scenario in which banking covenants related to the solvency ratio could have been breached at 31 December 2012. In order to ensure that the banking covenants were met, SBM Offshore raised US\$ 193 million by issuing 17,111,757 new Ordinary Shares (the **Private Placement Shares**) at an issue price of EUR 8.50 for each Ordinary Share in a private placement to HAL on 20 December 2012. HAL furthermore agreed to pay an additional amount by way of a share premium contribution (*agiostorting*) on these shares if the Group reached a settlement with Talisman on or before 11 March 2013.

The Group furthermore announced its intention to raise additional equity by means of the Rights Offering, subject to the Group reaching a settlement with Talisman on or before 11 March 2013.

Settlement

On 11 March 2013, the Group and Talisman signed a settlement agreement pursuant to which all agreements and the disputes related thereto, including pending arbitration, between the parties have been terminated. The Group and Talisman have agreed to discontinue the completion of the MOPUstor on the Yme field and to decommission and scrap the MOPU. The Group has paid Talisman an amount of US\$ 470 million towards decommissioning and settlement of the arbitration. Talisman as the operator of the field will be responsible to do the decommissioning work. The Group will take over the MOPU when it exits the 500 meter zone where the platform currently is located and be responsible for transporting it to a yard where the MOPU will be scrapped. During decommissioning ownership of the MOPUstor shall remain with the Group. Upon handover by Talisman of the MOPU to the Group, the ownership of the caisson and the tank will transfer to Talisman. Insurance is in place to cover the primary risks of the MOPUstor during the decommissioning stage. Should the MOPU not be decommissioned by 31 December 2016, the Group and Talisman will share the responsibility for any risks that are not covered by insurance on a 50-50 basis until the decommissioning has taken place.

As a result of this settlement, HAL will pay an additional amount of US\$ 27 million to the Company by way of a share premium contribution (*agiostorting*) on the Private Placement

Shares, resulting in an adjusted issue price of US\$ 12.894 per Private Placement Share.

3. PROPOSALS SUBMITTED TO THE ANNUAL GENERAL MEETING

Shareholders will be asked to vote in favour of the following proposals at the annual general meeting of shareholders:

- (a) designation of the Management Board as the corporate body authorised, 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 SBM Offshore's articles of association in connection with the proposed Rights Offering; and
- (b) designation of the Management Board as the corporate body authorised, subject to the approval of the Supervisory Board, to restrict or to exclude pre-emption rights as provided for in article 6 of SBM Offshore's articles of association in connection with the proposed Rights Offering.

Both designations under (a) and (b) are requested for a period of 9 months, starting on 2 April 2013.

The eligibility of a shareholder depends on whether or not legal restrictions apply that preclude the shareholder from participating in the Rights Offering. Some shareholders may be restricted by law to exercise any of their Rights, sell or purchase any Rights and to subscribe for the Rights Offering. Therefore, the attribution of Rights and the issue of the Offer Shares shall occur by way of first excluding the statutory pre-emption rights of the present shareholders. SBM Offshore then grants rights to subscribe for Ordinary Shares to shareholders at the date of record which may only be exercised by Eligible Persons.

The proposals to the general meeting of shareholders are inter-conditional. The validity of the resolution relating to the designation of the Management Board as authorised to issue Ordinary Shares respectively to grant rights to subscribe for Ordinary Shares in connection with the Rights Offering is conditional on the adoption of the resolution relating to the designation of the management board as authorised to restrict or exclude the pre-emption rights upon the issue of Ordinary Shares respectively the grant of rights to subscribe for Ordinary Shares in connection with the Rights Offering.

In accordance with SBM Offshore's articles of association, the adoption of the proposal for the designations as referred to above under (a) and (b) requires that an absolute majority of the votes at the general meeting is cast in its favour, but with respect to (b) a majority of at least two-thirds of the votes cast is required if less than one half of the issued share capital is present or represented at the general meeting.

The full text of the articles of association of SBM Offshore may be found on SBM Offshore's website at www.sbmoffshore.com.

At the date of this shareholders' circular SBM Offshore's issued share capital amounts to 189,142,215 Ordinary Shares. No preference shares have been issued. All Ordinary Shares are fully paid up.

4. CERTAIN INFORMATION ON THE RIGHTS OFFERING

4.1 Rights Offering

SBM Offshore intends to offer Offer Shares representing 10% of the issued share capital by granting Rights to existing holders of Ordinary Shares, as at a record date still to be determined, that are commensurate to their shareholding at such record date, the exercise of which entitles Eligible Persons to subscribe for the Offer Shares. SBM Offshore intends to allow for trading of Rights on Euronext Amsterdam during the subscription period (barring unforeseen circumstances). The exact number of Offer Shares to be offered will be determined immediately prior to the launch of the Rights Offering and published through a press release and the Prospectus.

The issue price in the Rights Offering will be the EUR equivalent of US\$ 12.894, calculated on the basis of the US\$/EUR exchange rate at the close of business on 28 March 2013 using the US\$/EUR reference rate as published by the European Central Bank on its website (the **Issue Price**).

HAL has irrevocably committed to (i) exercise all Rights granted to it in the Offering by the Company and (ii) subscribe for all Offer Shares that were issuable upon the exercise of Rights but that have not been validly subscribed for during the Exercise Period and any and all Offer Shares taken up but not paid for within three (3) trading days of the date for issuance of, payment for and delivery of the Offer Shares (the **Remaining Offer Shares**), in each case against payment of the Issue Price for each Offer Share. There will be no rump offering in respect of the Remaining Offer Shares, as HAL will subscribe for all Remaining Offer Shares.

4.2 Rights and dilution

An Eligible Person has three options in relation to the attributed Rights:

- (a) exercising some or all of his or her Rights, which means subscribing to Ordinary Shares against the Issue Price;
- (b) selling some or all of his or her Rights on Euronext Amsterdam during the Exercise Period; or
- (c) not exercising or selling any Rights, in which case Eligible Persons will not be entitled to any form of payment or indemnity for any unexercised Rights.

Shareholders who do not, or are not permitted to, exercise any of their Rights granted under the Offering will suffer an immediate dilution.

After expiry of the Exercise Period there will not be a rump offering as HAL will fully underwrite the Offering and will subscribe for all Remaining Offer Shares (if any) at the Issue Price for each Remaining Offer Share.

4.3 Use of proceeds

The Group will use the net proceeds of the Rights Offering to address the financial impact of the settlement reached with Talisman. Any remaining net proceeds of the Rights Offering will be used for general corporate purposes.

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4.4 Prospectus

In connection with the Rights Offering, a Prospectus will be prepared on the basis of and in accordance with the applicable legislation. This shareholders' circular does not constitute a prospectus or an offer of securities of any kind. This shareholders' circular is only for information purposes. Any offer to acquire securities pursuant to the Rights Offering will be made, and any investor should make his investment, solely on the basis of information that will be contained in the Prospectus to be made generally available in the Netherlands in connection with the Rights Offering. If the Rights Offering proceeds, the Prospectus will, subject to applicable securities laws, be available free of charge on SBM Offshore's website www.sbmoffshore.com and through the website of the AFM at www.afm.nl.

This shareholder's circular is not an offer of securities for sale in the United States. The securities to which this shareholder's circular relates have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States absent registration or an exemption from, or transaction not subject to, the registration requirements under the US Securities Act. There will be no public offering of the securities in the United States.

IMPORTANT INFORMATION

This shareholders' circular does not constitute an offer to sell, or a solicitation of an offer to purchase or a recommendation to purchase any securities to, or from, any person in any jurisdiction, including the United States.

This shareholders' circular is intended solely for shareholders to inform them on the Rights Offering and the proposals submitted to the general meeting of shareholders.

The information included in this shareholders' circular reflects the situation as of the date of this shareholders' circular. SBM Offshore will not and does not undertake to update this information to reflect events or circumstances after the date of this shareholders' circular except as may be required by applicable securities laws.

SBM Offshore is exclusively responsible for the accuracy and completeness of the information contained in this shareholders' circular and its unofficial Dutch translation. In the event of any differences, whether or not in interpretation, between this shareholders' circular and the Dutch translation thereof, this English language shareholders' circular will prevail.

In connection with the Rights Offering, a prospectus will be prepared in accordance with Article 5:9 of the Financial Markets Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder, subject to the approval of AFM. This shareholders' circular does not serve as prospectus in relation to the Rights Offering.

If the Rights Offering proceeds, the Prospectus will, subject to applicable securities laws, be available free of charge on SBM Offshore's website www.sbmoffshore.com and through the website of the AFM at www.afm.nl.

Potential investors are expressly advised that an investment in the Rights and the Offer

Shares entails certain risks and that they should therefore carefully review the entire contents of the Prospectus. Furthermore, before making an investment decision with respect to any of the Rights or the Offer Shares, potential investors should consult their stockbroker, intermediary, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Rights or the Offer Shares and consider such an investment decision in light of the potential investor's personal circumstances. The contents of the Prospectus may differ from the contents of this shareholders' circular. Any investment decision in relation to the Rights Offering should be based exclusively on the Prospectus and not on this shareholders' circular.

The distribution of this shareholders' circular into or in jurisdictions other than the Netherlands may be restricted by law. SBM Offshore requires persons into whose possession this shareholders' circular comes to inform themselves of, and observe, such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. SBM Offshore does not accept any legal responsibility for any violation by any persons of any of such restrictions or legislation.

This shareholders' circular is not being made available to shareholders with registered addresses in, or who are resident or located in, the United States, Canada, Japan or Australia. Accordingly, this document and any accompanying documents must not be distributed, forwarded or transmitted, nor may any of their content be disclosed, directly or indirectly, in whole or in part, in or into the United States, Canada, Japan or Australia. Failure by any person receiving this shareholders' circular (including, without limitation, agents, custodians, nominees and trustees) to observe these restrictions may result in a violation of securities laws in such jurisdictions. Any persons (including, without limitation, custodians, nominees and

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trustees) who would or otherwise intend to, or may have a contractual or other legal obligation to, forward this shareholders' circular or any accompanying documents to the United States, Canada, Japan or Australia should seek appropriate advice before taking action.

The Rights and the Offer Shares have furthermore not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and may not be offered, granted, issued, sold, taken up, delivered, renounced or transferred in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state or other jurisdiction of the United States. In addition, until 40 days following the commencement of the Offering, an offer or sale of the Rights and the Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act.

No person is authorised to give any information or make any representation not contained in this shareholders' circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of SBM Offshore.

This shareholders' circular is governed by Dutch law and must be read and interpreted in accordance therewith. Any dispute arising in connection with this document will be subject to the exclusive jurisdiction of the competent court in Rotterdam, the Netherlands.

SBM Offshore reserves the right to amend this shareholders' circular. Should SBM Offshore do so, it will make such amendment available through its website (www.sbmoffshore.com).

Forward-looking statements

This shareholders' circular contains certain forward-looking statements that are not historical facts. These forward-looking statements are based on the SBM Offshore's beliefs and projections and on information currently available to SBM Offshore. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the SBM Offshore's control and all of which are based on the SBM Offshore's current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "anticipates", "annualised", "goal", "target" or "aim" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risks and uncertainties.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. SBM Offshore undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing SBM Offshore and its Group Companies. Such risks and uncertainties are discussed in the Prospectus.

Furthermore, SBM Offshore reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Rights in the Rights Offering, which appears to SBM Offshore to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction or if SBM Offshore believes that the same may violate or be inconsistent with applicable legal or regulatory requirements, the

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procedures and terms set out in the Prospectus or in breach of the representations and warranties to be made by an accepting holder, as described therein.

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ANNEX 1

DEFINITIONS

AFM	The Dutch Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>)
Eligible Person	Any person who is not: a shareholder or other person residing in a jurisdiction outside the Netherlands wherein the Rights and the Offer Shares may be offered, but to whom certain restrictions apply, as set out in the Prospectus, as a result of which he cannot lawfully participate in the Rights Offering
Euronext Amsterdam	NYSE Euronext in Amsterdam
Exercise Period	The period during which the Eligible Persons may validly exercise their Rights and subscribe for Offer Shares
Group	SBM Offshore and its Group Companies
Group Company	A legal entity as referred to in Section 24b, Book 2, Dutch Civil Code
HAL	HAL Investments B.V.
Issue Price	has the meaning ascribed to it in paragraph 4.1 of this shareholder circular
Management Board	The management board of SBM Offshore
MOPUstor	has the meaning ascribed to it in paragraph 2.1 of this shareholder circular
Offer Shares	The newly-to-be-issued ordinary shares in the capital of SBM Offshore with a nominal value of EUR 0.25 each, in connection with the Rights Offering
Ordinary Shares	Ordinary shares in the capital of SBM Offshore with a nominal value of EUR 0.25 each
Private Placement Shares	has the meaning ascribed to it in paragraph 2.1 of this shareholder circular
Remaining Offer Shares	has the meaning ascribed to it in paragraph 4.1 of this shareholder circular

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Rights Offering	has the meaning ascribed to it in paragraph 1.1 of this shareholder circular
Prospectus	The prospectus which will be published in connection with the Rights Offering
Rights	The transferable subscription rights granted under the Rights Offering to those holders of Ordinary Shares that are shareholders at the date of record, which will entitle Eligible Persons to subscribe for Offer Shares
SBM Offshore	SBM Offshore N.V.
Talisman	Talisman Energy Norge AS and any of its associates
Supervisory Board	The supervisory board of SBM Offshore
US Securities Act	US Securities Act of 1933, as amended

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