



For immediate release:

BWO/APL/APLC - BW Offshore Limited and APL ASA to join forces

(Bermuda and Arendal, February 21, 2007) The Boards of Directors of APL ASA (“APL”) and BW Offshore Limited (“BW Offshore”) have agreed to recommend to their shareholders a combination of the two companies, creating a major force in the global FPSO market with a strong platform for future growth.

The new company will have a strong market position, bringing together leading track records and project execution capabilities with a strong technology edge. The joint resources in engineering, operations, business development and client relationships will create a highly effective combination. As an example, in the promising growth area of the Gulf of Mexico, APL’s turret technology and BW Offshore’s recent track record in developing the first FPSO for the region will create a winning team for future projects there.

“By combining forces, we are creating a strong international FPSO company with a very capable Norwegian-based management that is well positioned to capture the growth opportunity we see in the market. The winners in the booming FPSO market will be those who can demonstrate a strong track-record, execution capacity and a technological edge. We are very enthusiastic about what our two companies can become by joining forces,” say William A. Smith and Andreas Sohlen-Pao, Chairman and Vice Chairman of the Board of Directors of APL and BW Offshore respectively, in a joint statement.

For practical purposes, BW Offshore will be the acquiring entity. The combination will be executed as a voluntary offer in which APL shareholders are offered a choice between cash settlement based on a price of NOK 85.00 per APL share or 3.0249 BW Offshore shares per APL share. The offer will in aggregate be limited to maximum 40 percent cash settlement. This means that if cash settlement is chosen for more than 40 percent of the accepted shares, a pro rata adjustment will be made so that the settlement in sum consists of 40 percent cash and 60 percent BW Offshore shares. Notwithstanding the foregoing shareholders holding 1,000 shares or less is entitled to take all cash for their shares. If cash settlement is chosen for less than 40 percent of the accepted shares all shareholders choosing the cash alternative will receive full cash settlement. If all APL shareholders accept the exchange offer with settlement in BW Offshore shares, then APL’s shareholders will hold approx. 31 percent and BW Offshore’s shareholders will hold approx. 69 percent of the combined company. The offer is subject to regulatory and other customary approvals, as well as, to BW Offshore



receiving valid and unconditional acceptances of the offer from shareholders representing more than 90% of the shares. The offer document will be distributed to the APL shareholders as soon as practically possible after approval by Oslo Børs.

APL will remain as a separate brand name and APL will be a subsidiary of BW Offshore following a combination. APL will continue to serve a wide range of clients' turret and mooring requirements, in addition to developing its other business areas.

"It has been APL's long-term goal to broaden its product offering in the oilfield services market. With this transaction we are taking a major step forward in that ambition. By tapping into BW Offshore's track-record, operational skills and financial resources we will be able to create more value for our shareholders," says APL CEO Carl Arnet in a statement.

BW Offshore CEO Svein Moxnes Harfjeld adds: "APL's technological edge and engineering capacity makes the company a very attractive partner for us. BW Offshore has had a strong and long-standing client relationship with APL and we know what the company can deliver. Together with APL we will have an highly attractive service offering to our clients".

The Boards have agreed that BW Offshore will call an EGM and propose to elect a new Board that includes i.a. Dr. Helmut Sohmen, William A. Smith and Andreas Sohmen-Pao. The current corporate management of BW Offshore will be strengthened by Carl Arnet continuing as CEO of APL while also being appointed Deputy CEO of the combined entity with overall responsibility for technology and business development.

BW Offshore controls 4,415,000 shares in APL, representing 10.1% of APL's outstanding shares. BW Offshore has received pre-acceptances from the following primary insiders in APL:

- Carl Arnet, CEO of APL 1,940,524
- Knut Sæthre, CFO of APL 76,344
- Tor Bergstrøm, Board member of APL 1,200
- Svein Eggen, Board member of APL 33,600
- Jan Knut Fiskaa, Board member of APL 6,000
- Steinar Slaatelia, Board member of APL 4,000

A joint press conference and analyst presentation will be held today at 14.30 CET at Hotel Continental in Oslo.



For further information, please contact:

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Background information:

BW Offshore Limited

BW Offshore is one of the world's leading FPSO contractors. BW Offshore is publicly listed and part of the BW Group, one of the world's largest maritime groups. Our operational head office is in Oslo, Norway. We have assets operating in Nigeria, Mauritania and Russia, and we have recently entered into Mexico as well as set up a strategic cooperation in Malaysia.

BW Offshore is a dependable contractor for long-term lease arrangements as well as a provider of shorter-term solutions. A philosophy combining modularisation, standardisation and flexibility by design with hands-on project management ensures that a variety of customer needs are met. We offer versatile solutions for mid to large scale projects, both for oil and gas. We work with numerous reputable sub-contractors and suppliers as well as conversion yards. The Company is listed on the Oslo Stock Exchange with ticker code BWO.

For more information, please visit www.bwoffshore.com

APL ASA

Advanced Production and Loading (APL) is market leader in the development, production and sale of advanced oil and gas offshore production systems that focus on ship-based storage and transportation of hydrocarbons. APL was established in 1993 in order to develop and commercialize the loading and production systems Submerged Turret Loading (STL) and Submerged Turret Production (STP). APL's technology has been selected as a mooring solution for production vessels, storage vessels and oil tankers in a wide range of field developments in the North Sea, Africa, Asia, Russia and the USA. Installation of the world's first offshore discharge terminal for LNG vessels based on APL's STL technology was recently completed offshore Louisiana in the US sector of the Gulf of Mexico. APL is headquartered in Arendal, Norway and has operations in Houston, Kuala Lumpur, Singapore, Shanghai, Paris and Rio de Janeiro. APL has approximately 250 employees. The Company is listed on the Oslo Stock Exchange with ticker code APL.

For more information, please visit: www.apl.no