



August 22, 2011

**FLOATEL INTERNATIONAL LTD.  
("Floatel" or "the Company")**

Dear Floatel Shareholder:

A special general meeting of the shareholders of the Company (the "SGM") will be held on 5 September 2011 at Canon's Court, 22 Victoria Street Hamilton Bermuda at 3:30 pm (CET).

At the SGM, you will be asked to consider and vote upon three resolutions relating to the amalgamation of the Company with Aqua Pellentesque Ltd. (the "Amalgamation").

Amalgamation is a process under the Companies Act 1981 of Bermuda (the "Act") whereby two companies combine to form one continuing company. In this case, it is proposed the Company will amalgamate with Aqua Pellentesque Ltd. ("Aqua"), an exempted company incorporated in Bermuda whose shareholders are Wideluck Enterprises Limited and Jonathan Fairbanks, who are shareholders of the Company and have the support of certain other shareholders of the Company (the "Shareholder Consortium").

As a result of the Amalgamation, if approved: (1) all Floatel shareholders, apart from those shareholders holding Excluded Shares (as defined in the Amalgamation Agreement, annexed hereto) will receive NOK 19.50 in cash in exchange for their shares in Floatel being cancelled; (2) all of the shares in Floatel (excluding the Excluded Shares) will be cancelled; (3) Floatel and Aqua will continue to exist as constituent parts of an amalgamated company, as one legal entity; (4) the Excluded Shares will be converted into shares of the amalgamated company; (5) the shares of Aqua (the "Aqua Shares") will be converted into shares of the amalgamated company; and (6) the holders of the converted Excluded Shares and the converted Aqua Shares will be the shareholders of the amalgamated company. Conditional upon completion of the Amalgamation, the Company intends to de-list from the Oslo Børs (the "De-Listing").

To aid you in your decision-making, we are required by the Act to inform you that the shareholders who vote against the Amalgamation may apply to the Supreme Court of Bermuda (the "Court") within one month of this notice to have the fair value of his or her

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**Mailing Address & Reg office**

Floatel International Ltd  
Canon's Court  
22 Victoria Street  
Hamilton HM12,  
Bermuda

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shares appraised by the Court. If you wish to dissent to the Amalgamation, we recommend that you request that DnB NOR Bank ASA as the Company's Registrar for the Norwegian Central Securities Register withdraw your shares from the Norwegian Central Securities Register in order that you may apply to the Court directly. Please also notify us by contacting the Secretary of the Company, Deborah Hendrickson-Perinchief, by email at [dhendrickson@applebyglobal.com](mailto:dhendrickson@applebyglobal.com) or by fax at +1 441 298 3302. The Company will not object to any application by any shareholder to have the fair value of his or her shares appraised by the Court on the basis that the shareholder holds such shares as a beneficial shareholder only. The Company has determined that the fair value of the issued shares of the Company is NOK 19.50. This represents a premium of 18.9% to the three month volume weighted average share price of Floatel ending on 3 August 2011 and a 29.1% premium to the closing share price on 3 August 2011, the last day with any significant trade prior to the announcement of the entering into of the heads of agreement regarding the Amalgamation between the Company and Aqua (five shares were transferred on 5 August 2011). First Securities AS and Arctic Securities ASA are acting as financial advisors to Floatel in connection with the Amalgamation and have provided fairness opinions to Floatel's board of directors (represented by the independent directors) (the "**Board**") in relation to the Amalgamation.

The Amalgamation Agreement is unconditional with respect to financing of the cash consideration, regulatory approvals and due diligence. The completion of the Amalgamation is *inter alia* subject to the; (a) the approval of the Amalgamation and the adoption of the Amalgamation Agreement by the affirmative vote of a majority of the votes cast at the SGM (the "**Required Floatel Vote**") and (b) the Board shall not have withdrawn its recommendation that the shareholders of Floatel vote in favour of matters constituting the Required Floatel Vote due to a superior offer. Completion of the Amalgamation is expected to take place shortly after the SGM has been held. The Shareholder Consortium, who collectively are holders of approximately 51.01% of the Floatel common shares have entered into a voting agreement with respect to the approval of the Amalgamation at the SGM.

We are required to send with the Notice of SGM, a copy of the proposed Amalgamation Agreement, which is attached as an Annex hereto. Additionally, Oslo Børs rules require us to inform you that Floatel International Ltd. has an authorised and issued share capital of US\$ 1,933,305.78 divided into 96,665,289 shares each with a par value of US\$ 0.02. Each share entitles its holder to one vote at the SGM.

To accomplish the Amalgamation and De-Listing, three resolutions must be passed by the shareholders. The required majority to pass each resolution is a simple majority of those

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22 Victoria Street  
Hamilton HM12,  
Bermuda

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shareholders voting at the SGM. The first resolution (the “**Amalgamation Resolution**”) authorises the amalgamation of the Company with Aqua as permitted by the Act. The second resolution (the “**Amalgamation Agreement Resolution**”) approves the form of Amalgamation Agreement (as required by the Act). The third resolution authorises the Company to apply for De-Listing, if the Amalgamation Resolution is passed.

After careful consideration, the Board have unanimously determined that the Amalgamation is in the best interests of the Company and its shareholders and has unanimously approved the Amalgamation. At any time prior to obtaining the Required Floatel Vote, the Board may withhold, withdraw, qualify or modify (or publicly announce that the Board has resolved to take any such action) its recommendation, if and to the extent a third party has made an offer for all Floatel shares or an offer which includes all vessels owned by Floatel, in both cases which is determined by the Board in good faith, after consultation with its financial advisors, to be more favourable to Floatel shareholders than the Amalgamation (a “**Superior Offer**”), provided that such Superior Offer is not matched or improved by Aqua or the Shareholder Consortium within three business days of being provided with notice thereof.

The Board unanimously recommends that you vote “**FOR**” the (i) Amalgamation Resolution, (ii) the Amalgamation Agreement Resolution and (iii) the De-Listing Resolution at the SGM.

To vote your common shares, you may use the enclosed proxyform. On behalf of the Board, I urge you to complete, sign, date and return the enclosed proxy form as soon as possible.

Thank you for your support of Floatel.

Sincerely,

**Geir Sandvik**  
Chairman

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Canon's Court  
22 Victoria Street  
Hamilton HM12,  
Bermuda

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**NOTICE OF SPECIAL GENERAL MEETING**  
**Floatel International Ltd.**

**NOTICE** is hereby given that a Special General Meeting of Floatel International Ltd. (the "**Company**") will be held at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda on 5 September 2011 at 3.30 pm CET for the transaction of the following business:

**A. Notifications**

1. To notify the shareholders of the Company as required by Section 106(2) of the Companies Act, 1981 of Bermuda (the "**Act**") that the Company has determined the fair value of the issued shares of the Company to be NOK 19.50 per common share.
2. To notify the shareholders of the Company as required by Section 106(2) of the Act that a shareholder who dissents to the Amalgamation (as defined below) in accordance with the Act may apply to the Supreme Court of Bermuda (the "**Court**") to have the fair value of his or her shares as appraised by the Court.
3. To notify the shareholders of the Company (with respect to the proposed de-listing of shares from Oslo Børs), that Floatel International Ltd. has an authorised and issued share capital of US\$ 1,933,305.78 divided into 96,665,289 shares each with a par value of US\$ 0.02. Each share entitles its holder to one vote at the general meeting.

**B. Approve Amalgamation and De-Listing of Shares**

To consider and, if thought fit, to pass the following resolutions, each of which will be proposed as resolutions requiring approval by a majority of votes cast:

1. That the amalgamation of the Company with Aqua Pellentesque Ltd. pursuant to section 104 of the Act (the "**Amalgamation**") be and is hereby approved.
2. That, pursuant to Section 106 of the Act, the amalgamation agreement tabled at the meeting (the "**Amalgamation Agreement**") be and is hereby approved and the Company be and is hereby authorized to perform all obligations, acts and things in connection with the Amalgamation Agreement.
3. That the Company apply for delisting of its shares from Oslo Børs in accordance with the Stock Exchange Continuing Obligations section 15.1(4), such delisting to be conditional upon the completion of the Amalgamation, and that the Board of Directors (represented by the independent directors) and management of the Company be authorized to initiate and complete the delisting process, including preparation of the application for delisting.

**BY ORDER OF THE BOARD**

Secretary

Date: 22 August 2011

Registered Office: Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda

**DATED 21 August 2011**

**FLOATEL INTERNATIONAL LTD.**

and

**AQUA PELLENTESQUE LTD.**

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**AMALGAMATION AGREEMENT**

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**APPLEBY (BERMUDA) LIMITED**

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda



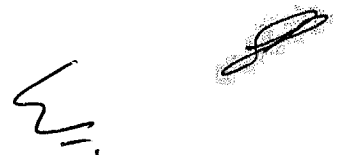
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This **AMALGAMATION AGREEMENT** is made this 21 August 2011  
**BETWEEN:**

- (1) **FLOATEL INTERNATIONAL LTD.**, an exempted limited liability company incorporated under the laws of Bermuda with registered number 38902 and having its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda (hereinafter called "**Floatel**"); and
- (2) **AQUA PELLENESQUE LTD.**, an exempted limited liability company incorporated under the laws of Bermuda with registered number 45650 and having its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (hereinafter called "**Aqua**").

**WHEREAS:**

1. Floatel (represented by its independent directors) and Aqua entered into a heads of agreement on 8 August 2011 (the "**Heads of Agreement**") proposing to amalgamate Floatel with Aqua upon the terms and subject to the conditions set forth in the Heads of Agreement;
2. In accordance with the terms of the Heads of Agreement the board of directors of Floatel (represented by its independent directors) has adopted this Amalgamation Agreement and authorised and approved the amalgamation of Floatel with Aqua upon the terms and subject to the conditions set forth in the Agreement and Plan of Amalgamation dated 21 August 2011 (the "**Plan of Amalgamation**") and deems it fair to, advisable to and in the best interests of Floatel and its shareholders to enter this Amalgamation Agreement;
3. The Plan of Amalgamation is intended to substitute and supersede the Heads of Agreement;

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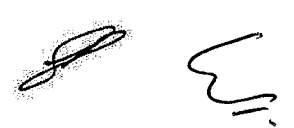
4. Floatel, acting pursuant to Section 106 of the Companies Act 1981, will call a special general meeting of its shareholders to be held on or about 5 September 2011 at which resolutions are to be passed approving this Amalgamation Agreement;

Aqua, acting pursuant to Section 106 of the Companies Act 1981, will call a special general meeting of its shareholders to be held prior to the special general meeting of Floatel at which resolutions are to be passed by Aqua's shareholders approving this Amalgamation Agreement or procure written resolutions of Aqua's shareholders dated on or about 4 September 2011 approving this Amalgamation Agreement;

4. Each of Floatel and Aqua have made full disclosure to the other of all their respective assets and liabilities; and
5. Floatel has an authorised and issued share capital of US\$1,933,305.78 consisting of 96,665,289 ordinary shares having a par value of US\$0.02, all of which are fully paid.




**NOW THEREFORE THE PARTIES HAVE AGREED AS FOLLOWS:**

- (1) In this Agreement:
  - (a) **"Amalgamating Companies"** means Floatel and Aqua, the parties hereto;
  - (b) **"Amalgamated Company"** means the continuing company from the amalgamation of the Amalgamating Companies;
  - (c) **"Amalgamation Agreement"** or **"Agreement"** means this Amalgamation Agreement;
  - (d) **"the Act"** means the Companies Act 1981, as amended;
  - (e) **"the Effective Date"** means the date of the Amalgamation as shown on the Certificate of Amalgamation issued pursuant to the Act, which date is deemed to be the Effective Date of the Amalgamation;

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- (f) **“the Excluded Shares”** means Floatel Common Shares (as defined herein) that are owned by the Shareholder Group, Floatel and any direct or indirect subsidiary of Floatel (not held on behalf of, or as security for obligations owed by third parties); and
- (g) **“the Shareholder Group”** has the meaning as defined in the Plan of Amalgamation.
- (2) Each of the Amalgamating Companies does hereby agree to amalgamate, as of the Effective Date, under the provisions of the Act and to continue as one company under the terms and conditions hereinafter set out (the **“Amalgamation”**).
- (3) The name of the Amalgamated Company shall be **“Floatel International Ltd.”** (that is, the present name of Floatel) and the registered office of the Amalgamated Company shall be Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (4) The Amalgamated Company shall be governed by the Memorandum of Association of Floatel to the extent that such memorandum of association is not inconsistent with this Agreement.
- (5) The bye-laws of the Amalgamated Company (the **“Bye-Laws”**) shall, to the extent that they are not inconsistent with this Agreement, be the bye-laws of Floatel, until repealed, amended or altered.
- (6) Subject to the Bye-Laws, the first board of directors of the Amalgamated Company (the **“Board”**) shall consist of the persons whose names and addresses are set out in Schedule A, attached hereto, who shall hold office until the first annual meeting of the Amalgamated Company or until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with applicable law and the Bye-Laws.




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- (7) The management and supervision of the business and affairs of the Amalgamated Company shall be under the control of the Board from time to time subject to the provisions of the Act and the Bye-Laws.
- (8) The Amalgamated Company shall have an authorised share capital of US\$2,500,000 divided into 125,000,000 common shares having a par value of US\$0.02 each, having all the rights, conditions, restrictions and limitations set out in the Bye-Laws.
- (9) Upon the Amalgamation, each share of Aqua issued and outstanding at the Effective Date shall be converted into one validly issued and fully paid common share of par value US\$0.02 in the Amalgamated Company.
- (10) Upon the Amalgamation, each issued and outstanding Floatel common share of par value US\$0.02 per share (the “**Floatel Common Shares**”) as at the Effective Date, other than the Excluded Shares, shall be cancelled in exchange for the right to receive NOK 19.50 in cash or the right to receive fair value for each such share in accordance with Section 106(6) of the Act (the “**Amalgamation Consideration**”).
- (11) Upon the Amalgamation, each Excluded Share shall be converted into one validly issued and fully paid common share of par value US\$0.02 in the Amalgamated Company.
- (12) At or prior to the Effective Date, Aqua or the Amalgamated Company as applicable shall, to the extent required, mail, to each shareholder of Floatel other than holders of Excluded Shares as registered in the Norwegian Centralized Securities Register (“**VPS**”), (i) a letter of transmittal (which shall be in such form and have such other provisions as Floatel and Aqua may reasonably specify) and (ii) where applicable, instructions for use in effecting the cancellation of Floatel Common Shares (except for the Excluded Shares) by DnB NOR Bank ASA (the “**VPS Registrar**”), to the extent available and in issue, in exchange for the Amalgamation Consideration.
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After the Effective Date but in any event during the same day, upon cancellation of title to the Floatel Common Shares (except for the Excluded Shares) previously held by the VPS Registrar on behalf of a beneficial shareholder of Floatel in accordance with section 2.2 of the Plan of Amalgamation and such other documents as Aqua or the Amalgamated Company may reasonably require, a holder of Floatel Common Shares as registered in the VPS shall be entitled to receive in exchange therefore cash that such shareholder has the right to receive pursuant to this Agreement and the Agreement and Plan of Amalgamation.

Aqua shall deliver cash payment of the Amalgamation Consideration initially to the VPS Registrar (unless otherwise agreed between Aqua and Floatel), and the VPS Registrar shall be instructed to distribute the cash payment to the beneficial shareholders of Floatel Common shares as registered in the VPS (excluding the Excluded Shares). For the avoidance of doubt, Aqua shall irrevocably and unconditionally pay the Amalgamation Consideration to the VPS Registrar against simultaneous cancellation of title to the Floatel Common Shares (excluding the Excluded Shares) previously held by the VPS Registrar on behalf of a beneficial shareholder of Floatel.

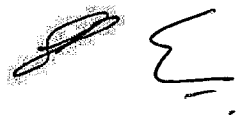
- (13) The Amalgamated Company shall possess all the property, assets, rights and privileges and shall be subject to all the contracts, liabilities, debts and obligations of the Amalgamating Companies.
- (14) All the rights of creditors against the property, assets, rights and privileges of the Amalgamating Companies and all liens upon their property, rights and assets shall be unimpaired by such Amalgamation and all debts, contracts, liabilities and duties of the Amalgamating Companies shall henceforth attach to and may be enforced against the Amalgamated Company.

- (15) No action or proceeding by or against the Amalgamating Companies shall abate or be affected by such Amalgamation but, for the purposes of such action or proceeding, the name of the Amalgamated Company shall be substituted in such action or proceeding in place of Floatel and Aqua.
- (16) Floatel and Aqua agree to execute and do all such acts, deeds and things as shall or may be necessary to give effect to their respective undertakings pursuant to this Agreement.
- (17) The terms and conditions of this Agreement and the rights of the parties hereunder shall be governed by and construed in all respects in accordance with the laws of Bermuda. The parties to this Agreement hereby irrevocably agree that the courts of Bermuda shall have exclusive jurisdiction in respect of any dispute, suit, action, arbitration or proceedings ("**Proceedings**") which may arise out of or in connection with this Agreement and waive any objection to Proceedings in the courts of Bermuda on the grounds of venue or on the basis that the Proceedings have been brought in an inconvenient forum.



**SCHEDULE A**  
**BOARD OF DIRECTORS OF AMALGAMATED COMPANY**

<u>NAME</u>	<u>ADDRESS</u>
Edmund Mah Soot Kiang	50 Gul Road Singapore 629351
Chow Yew Yuen	51 Pioneer Sector 1 Singapore 628437
Lai Ching Chuan	HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Jonathan Fairbanks	2000 West Loop South, Suite 2110 Houston, TX 77027 United States of America
Todd Overbergen	10000 Memorial Drive Suite 500 Houston, Texas 77024



IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto under their respective seals as witnessed by the signatures of their proper officers.

SIGNED for and on behalf of )  
FLOATEL INTERNATIONAL LTD. )  
acting by its authorised signatories )

Authorised Signatory

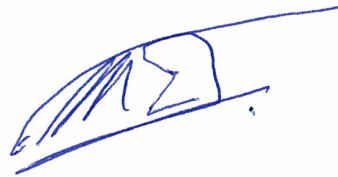


Authorised Signatory

Chairman

SIGNED for and on behalf of )  
AQUA PELLENTESSQUE LTD. )  
acting by its authorised signatories )

Authorised Signatory



Authorised Signatory

Director