

NEWS RELEASE

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FloaTEC, LLC Sees Significant Growth Potential in Deepwater

FloaTEC, LLC (FloaTEC), the J Ray McDermott (JRM) / Keppel FELS (KFELS) joint venture targeting the deepwater floating production systems (FPS) market, recently marked the completion of its initial 12-month organizational and technology development plan.

FloaTEC has been very successful in attracting an experienced team of core leadership and functional heads. The company currently employs 26 people and is well prepared to capitalize on the booming deepwater market opportunities for Spar, TLP and Semi solutions expected in 2007 and beyond.

Some notable achievements from the initial 12-month plan include:

- Core Executive Management and Technical Teams put in place
- Implemented Technology Development Plan
- Commissioned sizing tools and procedures for its unique portfolio of TLP, Spar and Semi hulls
- Successfully executed Front End Studies totaling over 40,000 manhours
- Developed Spar Delivery Models ex-Far East and ex-Gulf of Mexico
- Filed for 5 new patents
 - *Ring Spar, Modular Integrated Semi, Strake Design, Riser Tensioner, Spar Hard Tank/Truss Mating*
- Established FloaTEC brand equity and name recognition
- Signed Master Service Agreements with several targeted key customers
- Moved into new offices; created stand-alone identity, while benefiting from access to JV parent companies' resources and set-up

FloaTEC's vision – "Be the global leader in floating production systems, providing value through our proven and innovative solutions – from concept to delivery!" - will take on even more focus in the coming year.

FloaTEC in Technology for 2007...the vision is clear:

- To acts as the primary custodian and repository of JRM's and KFELS' deepwater technology – intellectual property, tools, and expertise
- To optimize development scenarios based on fit-for purpose solutions - Spar, TLP, Semi and associated riser systems
- To manage R&D of innovative technologies to enhance and extend the JV Parent's effectiveness in the market
- To be the gateway to the combined resources of JRM and KFELS in offering full scope solutions

FloaTEC in Execution for 2007...the vision is clear:

- To act as an extension and integrator of JRM and KFELS resources and capacities, creating value for clients by assuming the management role of program and project interfaces
- To integrate with JV parents' organizations, through well-defined management systems and procedures, achieving organizational capability to execute projects

FloaTEC will develop delivery models that will ensure successful award of key projects and optimized execution and delivery models using its own and JV Parent capacities and resources.

To facilitate this FloaTEC will:

- Further develop ex-Gulf of Mexico Delivery Model for Spar, ETLP and Semi deliveries
- Establish bridging documents between projects and JV Parent's processes to achieve optimum execution between engineering and fabrication

About FloaTEC, LLC

FloaTEC, LLC (FloaTEC) is a 50:50 joint venture company created by **J. Ray McDermott** and **Keppel FELS** to design, build and deliver deepwater floating production systems (FPS). FloaTEC is the only company to offer a full complement of FPS solutions for its clients – encompassing Spar, Semi, and TLP technology solutions.

FloaTEC's mandate is to create value in the deepwater market by acting as an extension and integrator of its JV Parent's resources and capacities, creating value for clients by assuming the management role of program and project interfaces. FloaTEC integrates with its Parents' organizations through well-defined management systems and procedures to achieve organizational capability to execute projects.

FloaTEC provides unbiased and concept-neutral engineering to support early decision making. Whether the field development dictates a TLP, Spar or Semi FPS solution, FloaTEC can take an unbiased look at what works best. FloaTEC has built an industry recognized capability regarding the technology related to its products. The highly efficient tools and procedures for design and analysis of hulls, risers and moorings produce efficient fit-for-purpose floating system designs with optimum performance. The tools can assess the individual components, combinations of components or the fully integrated system.

After the facility selection process is complete, FloaTEC can transition a project seamlessly from Front-End Engineering Design (FEED) to actual EPC Project Execution and Delivery. Through execution of technical feasibility studies, conceptual design and FEED, FloaTEC's objective is to ultimately capture EPC contracts and create pull through opportunities for its parents through a structured approach of developing a winning execution and contracting strategy, fully aligned with our client's goals and values. FloaTEC has the distinct advantage of having its parents' respective fabrication and shipyard facilities at its disposal, enabling FloaTEC to optimize execution planning and strategy. FloaTEC is unique in that it represents a partnership that enables the fabrication of any hull form to be executed in multiple locations.

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