



**SIEM INDUSTRIES INC.**  
c/o SIEM DRILLING LTD., P.O. BOX HM 429  
HAMILTON, HM BX, BERMUDA  
TELEPHONE NO.: +1.441.293.2058  
TELEFAX NO.: +1.441.293.3231

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD AT 4:30 P.M., FRIDAY, JULY 11, 2003**

To the Shareholders of SIEM INDUSTRIES INC.:

Please take notice that the Annual General Meeting of Shareholders of Siem Industries Inc. (the "Company") will be held at 4:30 p.m. local time on Friday, July 11, 2003, at the offices of Queensgate Bank & Trust Company Ltd., Harbour Place, 5<sup>th</sup> Floor, 103 South Church Street, George Town, Grand Cayman, Cayman Islands, BWI. The purpose of the meeting will be to:

1. Elect two directors for the terms ending in 2006 and one director for the term ending 2005;
2. Approve appointment of PricewaterhouseCoopers LLP as auditors for the Company for the fiscal period ending December 31, 2003;
3. Transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on June 20, 2003 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual General Meeting and any adjournments thereof.

If you do not plan to attend the meeting, we request that shareholders complete, date, sign and deliver the enclosed form of proxy either: (1) by telefax to either of the Company's Secretary at telefax no. +1.713.224.1165 or to the Company's President at telefax no. +1.441.293.3231 or (2) by mail to either of the Company's President at Siem Drilling Ltd., P.O. Box HM429, Hamilton, HM BX, Bermuda or to the Company's Registrar at American Stock Transfer & Trust Company, 59 Maiden Lane, Plaza Level, New York, New York 10273-0923.

By order of the Board of Directors of  
SIEM INDUSTRIES INC.

/s/ Michael Delouche

Michael Delouche, Secretary

PLEASE COMPLETE, SIGN, DATE AND MAIL OR TELEFAX THE ENCLOSED PROXY

**SIEM INDUSTRIES INC.**  
c/o SIEM DRILLING LTD., P.O. BOX HM 429, HAMILTON, HM BX, BERMUDA

**PROXY STATEMENT**

ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD FRIDAY, JULY 11, 2003

GENERAL

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Siem Industries Inc., a Cayman Islands corporation (the "Company"), of proxies for the Annual General Meeting of Shareholders of the Company to be held at 4:30 p.m., Friday, July 11, 2003 (the "Annual Meeting") and at any adjournments thereof. This proxy statement and the enclosed form of proxy are first being mailed to shareholders on or about June 24, 2003. As of the date of record, June 20, 2003, the Company had 16,796,644 shares of common stock issued and outstanding and each share is entitled to one vote.

PROXIES

Properly completed and signed proxies that are received prior to the Annual Meeting will be voted in accordance with the instructions of the persons executing the proxy. In the absence of such instructions, the proxies will be voted "FOR" the election of the Board of Directors' nominees as directors and "FOR" approval of the appointment of PricewaterhouseCoopers as auditors for the Company for fiscal year 2003.

Any shareholder signing and returning a proxy may revoke it at any time prior to its being voted by filing a written revocation with the Secretary of the Company, by filing a duly executed proxy bearing a later date or by voting in person at the meeting.

Management knows of no business that will be presented to the meeting other than as set forth in the proxy statement. If any other matter properly comes before the meeting, the persons named as proxies will vote on such matter in their discretion.

SHARE OWNERSHIP

The following table sets forth certain information, as of June 20, 2003, with respect to the only persons known to the Company who owned beneficially more than ten percent of the Company's common shares, US\$0.25 par value per share (Common Shares), its only outstanding equity securities, and the Common Shares owned by officers and directors of the Company, as a group:

<i>Name of Beneficial Owners or Identity of Group</i>	<i>Shares Beneficially Owned</i>	<i>Percentage of Common Shares</i>
Sero Trust (1)	8,852,688	52.7%
Storebrand Livforsikring AS (2)	2,214,500	13.2%
Officers and Directors as a Group (3)	935,192	5.6%

(1) *The Sero Trust, whose potential beneficiaries include the mother and certain of the brothers of Mr. Kristian Siem, Chairman and Chief Executive Officer of the Company, is the owner of Elderberry Holdings Limited.*

(2) *Storebrand acquired its ownership interest in the early 1990's through private placements.*

(3) *Mr. Siem personally owns 928,992 Common Shares, or approximately 5.5%. The Ores Trust owns 1,327,432 Common Shares, or approximately 7.9% of the Common Shares. Mr. Siem and his wife and children are potential beneficiaries of the trust. Mr. Siem and the trustee for the Ores Trust hold separate voting and dispositive powers over their respective holdings.*

PROPOSAL 1. ELECTION OF DIRECTORS

The Company's Board of Directors is divided into three classes. Each Director holds office for a three-year term and until a successor has been elected and qualified. Of the five current Directors, two Directors will have their terms expiring at the Annual General Meeting and are nominated for re-election to the Board for terms ending in 2006. In addition, a third individual has been nominated for the class term ending 2005. If any of the nominees becomes unavailable for election, the persons named as proxies shall have the right to

cast votes in their discretion for substitute nominees. The Company has no reason to believe that its nominees will not be unavailable.

<i>Nominees</i>	<i>Age</i>	<i>Director Since</i>	<i>Term Expiring</i>	<i>Principal Occupation or Employment</i>
M.D. Moross	72	1995	2003	Private investor and the father-in-law of Kristian Siem.
Rune Holen	40	2000	2003	Partner in Storebrand Alternative Investments ASA and director on the Boards of Alliance Venture I.P. and Industrifinans SMB III ASA.
Michael Delouche	46	—	—	Controller of the Company since 1991, Secretary since 1993 and Vice-President since 2002.

<i>Directors Continuing In Office</i>	<i>Age</i>	<i>Director Since</i>	<i>Term Expiring</i>	<i>Principal Occupation or Employment</i>
Kristian Siem	54	1982	2004	Chairman and Chief Executive Officer of the Company, Chairman of STAR Reefers Inc., DSND Inc., Subsea 7 Inc. and Four Seasons Capital AB and a director on the Boards of Transocean Inc., Firmament AS and North Atlantic Small Companies Investment Trust plc.
Barry W. Ridings	51	1993	2004	Managing Director of Lazard Frères & Co. and a director on the Board of New Valley Corporation.
Frank Capstick	74	1997	2005	President of the Company since 1990.

#### COMMITTEES OF THE BOARD

The Audit Committee, with Messrs. Siem and Ridings as members, reviews the relationship of the Company with its independent auditors and the details of its bookkeeping and finances. The Compensation Committee, with Messrs. Ridings and Moross as members, reviews and establishes the compensation program, of whatever form, for officers, directors and employees of the Company.

#### PROPOSAL 2. APPROVAL OF APPOINTMENT OF AUDITORS

The Board of Directors proposes that the shareholders approve its appointment of PricewaterhouseCoopers as auditors of the Company for the reporting year ending December 31, 2003. Representatives of PricewaterhouseCoopers are expected to be present at the Annual Meeting. They will have an opportunity to address the meeting if they so desire and are expected to be available to respond to appropriate questions.

#### EXECUTIVE OFFICERS

The executive officers are appointed by and serve at the pleasure of the Board of Directors. The normal procedure is for the Board of Directors to convene a meeting immediately following the Annual General Meeting of Shareholders at which time the appointments to the individual offices are proposed and confirmed.

<i>Name</i>	<i>Office</i>	<i>Officer Since</i>
Kristian Siem	Chief Executive Officer	1988
Frank Capstick	President	1990
Michael Delouche	Vice-President, Controller and Secretary	1991

#### COMPENSATION OF DIRECTORS AND OFFICERS

Messrs. Ridings and Holen each receive a director's fee of \$12,000 per annum and reimbursements of expenses incurred on behalf of the Company; Mr. Moross waived his director's fee but receives reimbursements of expenses incurred on behalf of the Company. Specific agreements for the services of certain other directors and officers are as follows:

- (1) A management services agreement (the "MSA") between the Company and Mr. Siem commenced January 1, 2000. The MSA provides for Mr. Siem's employment and devotion of a minimum 50% of his professional time, skill and labor to perform his duties for and promote the interests of Siem

Industries. The compensation consists of a base compensation in the amount of \$300,000 plus additional compensation equal to 5% of the audited net income for each year. The fees payable under the MSA were \$2,931,000, \$300,000 and \$4,299,000 for fiscal years 2002, 2001 and 2000.

- (2) Mr. Delouche is seconded to the Company under a separate management services agreement which provides for reimbursement for certain expenses incurred by him. The reimbursements for fiscal years 2002, 2001 and 2000 were approximately \$172,000, \$199,000 and \$198,000, respectively.

Performance units have been awarded in accordance with the Company's 1987 Performance Unit Plan (the "Plan"), as amended, by the Compensation Committee of the Board of Directors. The Plan provides that performance units shall be granted at a value no less than 110% of the average closing price of the Company's Common Shares for the 20 trading days prior to the date of the award. The aggregate sum of the performance unit value, which is determined by multiplying the number of performance units by the value per performance unit, is credited to the individual's performance unit account on the date of the award. Grants of awards vest 20% per year in five-year award periods; however, all rights to the performance unit account are forfeited if the individual's employment ceases before the end of the award period with certain reasonable exceptions including the death, total disability or retirement after age 60 of the individual.

Under the Plan, the amount of payment to the individual after the end of the award period is equal to the number of vested performance units multiplied by the difference between the closing price of the Company's Common Shares on the date of payment and the value of the performance units awarded. At the Company's option, the payment can be made in either cash or Company Common Shares.

The term of the Plan is the earlier of the vesting of an aggregate 1,600,000 performance units by the participants or January 2007.

The following table summarizes the performance unit awards which have been granted and are currently outstanding:

PERFORMANCE UNITS

<i>Name</i>	<i>No. of Performance Units Awarded and Outstanding</i>	
	<i>Granted May 1995 at \$3.00 per Unit</i>	<i>Granted May 1996 at \$5.50 per Unit</i>
Kristian Siem	400,000	60,000
M.D. Moross	—	28,000
Barry W. Ridings	28,000	—
Michael Delouche	40,000	20,000

A total of 274,200 of the Performance Units originally granted in 1995 and 1996 have been forfeited.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company receives management, consulting and advisory services from certain individuals who are seconded to the Company under the MSA and a separate management agreement as previously noted.

The Company's Chairman holds an option to purchase the property housing the offices of Siem Offshore, a wholly-owned subsidiary, which is located in Oslo, Norway. The option provides for a one-year period commencing on the date that Mr. Siem is no longer an officer or director with the Company or any of its subsidiaries during which time he can purchase the property at the price paid by Siem Offshore. This option is subject to review by the Compensation Committee.

ADDITIONAL INFORMATION

OFFICE

The Company's registered office is located at c/o Maples and Calder, South Church Street, Grand Cayman, Cayman Islands, British West Indies. The mailing address of the Company's principal executive office is c/o Siem Drilling Ltd., P.O. Box HM429, Hamilton, HM BX, Bermuda, telephone no. +1.441.293.2058 and telefax no. +1.441.293.3231. Siem Drilling Ltd.'s registered office is located at Reid House, Church Street, Hamilton, HM-12, Bermuda where it occupies space and receives certain support services. Siem Offshore AS owns its office facility which is located at Jerpefaret 12, Voksenlia, N-0788 Oslo, Norway, telephone no. +47.22.14.14.77 and telefax no. +47.22.49.45.47.

The Company's principal office will move to George Town, Grand Cayman, Cayman Islands in July 2003. Please visit the Company's website at [www.siemindustries.com](http://www.siemindustries.com) for updated information concerning address and contact details.

*MEETINGS*

For the year ended December 31, 2002, the Board of Directors conducted 7 regular meetings.

*EXPENSES OF SOLICITATION*

The cost of soliciting proxies, including reimbursement of expenses incurred by brokers, custodians, nominees and fiduciaries who may mail solicitation material to their principals, will be borne by the Company. The solicitation is being made by use of the mails, but also may be made by telephone and personal contact by employees of the Company.

*ANNUAL REPORT*

The Annual Report of the Company for the year ended December 31, 2002 is enclosed.

Selected financial data for the fiscal years ended December 31, 2002, 2001, 2000, 1999, and 1998, Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal years ended December 31, 2002, 2001 and 2000 and the Consolidated Financial Statements of the Company, all of which are included in the Annual Report of the Company, are incorporated herein by reference.

*SHAREHOLDER PROPOSALS FOR MEETING OF SHAREHOLDERS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003*

Shareholders may present proposals for inclusion in the Company's proxy statement and for consideration at the next Annual General Meeting of Shareholders by submitting their proposals to the Company in a proper form and timely manner. In order to be considered for the meeting following the conclusion of fiscal year 2003, shareholder proposals must be received by the Company at its Cayman Islands office by March 26, 2004.

If you do not plan to attend the meeting, we request that shareholders complete, date, sign and deliver the enclosed form of proxy either: (1) by telefax to either of the Company's Secretary at telefax no. +1.713.224.1165 or to the Company's President at telefax no. +1.441.293.3231 or (2) by mail to either of the Company's President at Siem Drilling Ltd., P.O. Box HM429, Hamilton, HM BX, Bermuda or to the Company's Registrar at American Stock Transfer & Trust Company, 59 Maiden Lane, Plaza Level, New York, New York 10273-0923.

By order of the Board of Directors,

/s/ Michael Delouche

Michael Delouche, Secretary



# **SIEM INDUSTRIES**

## SUBSIDIARIES AND AFFILIATES

DSND Inc.  
STAR Reefers Inc.  
Siem Thoen Car Carriers Inc.  
Siem Acquisition and Reorganisation Fund, Inc.  
Siem Drilling Ltd.  
Four Seasons Capital AB  
Siem Offshore AS  
Aston Financial International Ltd.  
Aston Financial Ltd.  
Hopemount Shipping Co. Ltd.  
Siem Oceanic Limited  
Norex Drillco AS  
DSND Bygg AS  
KS Containership

## DIRECTORS

Kristian Siem, Chairman  
M.D. Moross  
Barry W. Ridings  
Rune Holen  
Frank Capstick

## REGISTERED OFFICE

Siem Industries Inc.  
c/o Maples and Calder  
South Church Street  
Grand Cayman, Cayman Islands  
British West Indies

## EXECUTIVE OFFICE

Siem Industries Inc.  
c/o Siem Drilling Ltd., P.O. Box HM429  
Hamilton, HM BX, Bermuda  
Telephone: +1.441.293.2058  
Telefax: +1.441.293.3231

## OFFICE

Siem Offshore AS  
Jerpfareet 12, Voksenlia  
N-0788 Oslo, Norway  
Telephone: +47.22.14.14.77  
Telefax: +47.22.49.45.47

## SIEM INDUSTRIES INC. HOME PAGE

[www.siemindustries.com](http://www.siemindustries.com)

Annual Report: Shareholders may obtain additional copies without charge. Please refer to the Company's Home Page for contact information.