I.M. SKAUGEN

NEWS UPDATE 25 APRIL 2001, 1430 HRS

SKA - Preliminary agreement for another 2 new LPG/ethylene carriers for NGC.

I.M. Skaugen ASA, Oslo (IMS) and GATX Capital Corp. of USA has established another 50/50 joint venture and, on this basis we have entered into a preliminary agreement with the Zhonghua Shipyard in Shanghai, China, for an order of 2 more ethylene LPG vessels. The previous order for 4 vessels of 8,400 cbm size ethylene LPG gas carriers are at the same yard, and the new order is part of the option agreement program that we have with the shipyard. The agreement for 2 vessels is subject to our formal declaration of the option as well as miscellaneous customary issues regarding the shipbuilding contract. We plan to clear all these and make the contract with the shipyard firm by June this year.

The 2 new vessels are of 10,000 cbm size and have about 20 % more cargo carrying capacity than our previous order for 4 vessels made in August 2000. With a contract price of USD 21.5 million per vessel the delivered cost is only about 2.7 % higher than the 8,400 cbm vessels ordered last year.

IM Skaugen will issue a maximum of NOK 124 million convertible bond in the Norwegian bond market to provide part of the risk capital for the project. This will be arranged through Pareto Securities ASA which has put together a guarantee consortium for the amount of NOK 124 million on April 25, 2001. As per the partnership agreement with GATX Capital have joined the project and on same basic terms as they did with the four 8,400 cbm vessels ordered at the same yard last year.

The weighted average cash cost of capital for this project, inclusive of all the related risk capital is estimated by us to be approx. 7.2%.

Strengthens NGC's position as 2nd largest ethylene carrier in the world

This project to build 2 more ethylene carriers is in line with the IMS strategy to strengthen NGC's position as the largest owner of ethylene carriers in the world and the second largest operator of such tonnage. Our strategy of being both the cost and service leaders of the trade is strengthened by this order to build in China. It is also a key part of our long-term objective to renew the NGC gas fleet.

Contract is part of NGC's fleet renewal process

NGC capacity increases by about 54%.

The remaining Option vessels are at the same price and terms as the previous firm vessels

All the 6 new vessels will have a combined capacity of about 54,000 cbm and the projects will increase our size by about 54%. The NGC fleet which currently consists of 14 gas carriers (13 with ethylene capacity) has about 100,000 cbm capacity. All the 6 new vessels will all be delivered during the year 2002 and 2003 and the total investment in these vessels will be about USD 134 mill. The total building program announced during the summer of 2000 was for 10 vessels and with this project we have 4 remaining option vessels to consider. The first of these option vessels will have to be reviewed by us by February 2002.

More earning capacity this time, but at basically same cost for the vessels

The contract price for these new vessels are about USD 21.5 mill each; and the total delivered costs (incl. of all pre delivery cost such as supervision and financing cost during construction) of each of the new 2 vessels will be about USD 22.8 mill. At a delivered cost with a modest 2.7% over and above the expected delivered cost of the 8,400 cbm vessels, but with about 20% more earning capacity compared to them; we are capitalizing on the unique design and the competitive and flexible agreement with the yard that was the basis for the new building program.

Increased earnings capacity and efficiencies compared to the "Norgas Average" vessels

NGC EBIT B/E will be further reduced due to acquisition cost being low

All the new vessels are similar in design and they will all be larger and more efficient compared to the "Norgas Average" vessel (7,121 cbm). As such have an increased earnings capacity and they are also expected to further reduce NGC's EBIT B/E* level from this years level of USD 232' per vessel per month. This is mainly due to the low acquisition cost, improved utilization of our shore side resources and the operating efficiencies of the new units. The most relevant key earnings figures on a per share basis for IMS will improve under both the internal "Base case" and our "Low case" earnings forecast with the new projects despite the possible increase in share capital due to the convertible loan program. Weighted average cash cost of capital for this project, inclusive of all the related risk capital, but excl. the possible dilution cost for the IMS equity is estimated by us to be approx. 7.2%.

**) EBIT Break-even: The earnings we need per vessel/month to cover all costs incl. depreciation, but excluding interest and taxes.*

Convertible NOK bond financing secured to strengthen the IMS balance sheet further

All risk capital financing has been secured - and we will also have GATX as a partner

In order to strengthen our balance sheet and financial resources, with this new project, we have secured the access to funds through a convertible bond program in Norway. Pareto Securities of Oslo - http://www.pareto.no/, has arranged a syndicate that guarantees the ability of placing such bonds in the market in June 2001. The bond program that now has been guaranteed is for a 7-year term, 11% coupon in NOK during the conversion period of 5 years and the conversion price to IMS shares will be fixed in June 2001. The conversion price is agreed to be 30% above the weighted average share price during the relevant period. The bond program is for a min. of about USD 10 mill and max. of about USD 14 mill and the final amount is yet to be decided. The potential increase in share capital as a result of this is anticipated to range from a minimum of about 1 mill shares (17% increase) to a maximum of 1,3 mill shares (22% increase). While the guarantee syndicate that now has been secured by Pareto on April 25th is for the maximum amount of NOK 124 mill or about USD 14 mill. IMS presently has 5.871.597 mill shares outstanding. A general meeting of IMS shareholders will review such a program on May 30th 2001.There is no need to issue new equity in the stock market as a result of this order by IMS.

IMS has discussed the project with several financial partners for the senior debt. and we will work in the coming few weeks to finalize all these related financing issues and the yard contract with its many related details by June 2001.

GATX Corporation is among the 15 largest logistics providers in the world

When we made the contract for the 4 x 8.400 cbm vessels in august 2000, we agreed for GATX Capital Corporation (http://www.gatxcapital.com/) to have the ability to participate with 50% in all such new building ventures that IMS initiates. GATX (http://www.gatx.com/) is a unique and specialized finance and leasing company. They manage more than 10 billion dollars worth of assets world wide. GATX has interest covering amongst others 150,000 rail cars and 400 commercial aircrafts world wide; and they now have diversified into a marine portfolio by leveraging 20 years of experience in Great Lakes Shipping.

This is another sign that the China strategy is paying off for IMS

On the basis of the strategy for our China Activities and our experience in China, we have determined that certain Chinese yards are very competitive in the world - on both the price and quality of construction for such gas carriers. Our experience and local expertise in China have been important advantages in securing the project. The Zhonghua yard was chosen by us due to its "on time" and "on specification" delivery performance record. We have gained further experience with this yard and its management during the last year, and the fact that it is now part of the well reputed and enlarged Hudong group is even more

The shipyard is amongst the largest in China – well experienced and good track record for on time delivery

convincing. Hudong – Zhonghua is now China's largest shipbuilding base and has been created in Shanghai with the recent merger of the existing Hudong and Zhonghua shipyards. The combined Hudong-Zhonghua Shipyard Group, with total assets of about 6.5 billion Yuan ($786 million), reportedly accounts for about 20% of the mainland's current ship production capacity, and makes about 60% of its marine diesel engines. The group has delivered many gas vessels in the past and presently has 4 such vessels on order.

The best alternative for achieving the IMS strategy was the present newbuilding project - and in cooperation with GATX

IMS has over the recent years negotiated and explored several acquisition possibilities in the second-hand market without finding the ideal candidates at the right price and terms for such vessels. We have examined more than 20 alternatives before we started investigating various new building alternatives and developing a state of the art design.

New building prices have declined about 35% over the last 5 years and are today more attractive than most second hand alternatives available

New building prices for such vessels over the last 5 years declined about 35%, and it is believed that this declining trend has now halted and that prices may increase somewhat - as we have seen this new trend for most other types of tonnage built in Asia.

The Order book is considered modest and will increase at about 3% annually for the next 3 years

The new building order book in this segment (semi refrigerated LPG fleet from 4,000 up to 22,000 cbm) stands currently at 25 units excl. of options, which amounts to 11.2% of the present fleet. This corresponds to about 1% increase in the fleet for delivery in 2001, 4.3% for 2002, 4,8% for 2003 and 1.2% for 2004. All these figures exclude the 4 IMS options for further new buildings. These figures are assuming no-scrapping of any such vessels. 4 vessels equal to about 1% of capacity were retired or scrapped in 2000. Scrapping of such vessels are expected to remain at this low level. The long term trend line in demand has been around 4-5% for these products and a growth in the fleet at a higher level is considered negative for the utilization and thus profitability of vessels owners.

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