

Press release I.M. Skaugen

Date: 8 / 7 -99

Meeting set: 15.00

Recommendation from the Board of Directors to the shareholders regarding the offer from Navigazione Montanaris S.p.A

The following resolution has come to a decision from a unanimously Board of Directors at a extraordinary Board Meeting.:

"In the opinion of the Board of Directors, the offer from Navigazione Montanari does not reflect the value of the underlying assets in I.M. Skaugen and the company's potential for further value creation. Thus the Board of Directors do not recommend the company's shareholders to accept the offer. This recommendation is based on written evaluations of the offer by Handelsbanken Markets and DnB Markets, which have been obtained on the initiative of the company. None of the board members or key management personnel who own shares directly or indirectly through companies that they control in full or in part, including by proxy, will accept the offer. It has not been practically possible to obtain the views of the company's employees with respect to the offer that has been made."

For further information kindly contact Morits Skaugen Jr, Terje Ørehagen or Erik A. Lind on phone +47 23 12 04 00. Information will also be found on I. M. Skaugen homepage, <http://www.skaugen.com/>, within noon Friday the 9th of July 99.

To the shareholders of I.M. Skaugen ASA, Oslo, 8 July 1999

Statement from the Board of Directors of I.M. Skaugen ASA

On 5 July 1999 the shareholders of I.M. Skaugen ASA ("I.M. Skaugen") received an offer from Navigazione Montanari S.p.A, Italy, ("Navigazione Montanari") to buy all the shares in I.M. Skaugen at a price of NOK 60 per share.

The Board of Directors of I.M. Skaugen have not invited or encouraged Navigazione Montanari to make such an offer, and the company's Board of Directors were not notified that such an offer would be made. Pursuant to section 4-16 of the Securities Trading Act the company's Board of Directors is obligated to issue a statement regarding this offer. The Board of Directors of I.M. Skaugen have obtained written evaluations from two independent financial houses, Handelsbanken Markets and DnB Markets. Their recommendations have been enclosed and the relevant background material is available at the company's office.

The employees of the I.M. Skaugen group are primarily attached to the subsidiaries of the group. A clear majority of the group's employees reside in countries outside of Europe, and thus there is no common body that represents the employees. The employees do also not have any elected representative on the company's Board of Directors. It has therefore not been practically possible to obtain the views of the company's employees with respect to the offer that has been made as required in section 4-16 of the Securities Trading Act.

On the basis of an overall evaluation, the Board of Directors of I.M. Skaugen have adopted the following recommendation:

"In the opinion of the Board of Directors, the offer from Navigazione Montanari does not reflect the value of the underlying assets in I.M. Skaugen and the company's potential for further value creation. Thus the Board of Directors do not recommend the company's shareholders to accept the offer. This recommendation is based on written evaluations of the offer by Handelsbanken Markets and DnB Markets, which have been obtained on the initiative of the company. None of the board members or key management personnel who own shares directly or indirectly through companies that they control in full or in part, including by proxy, will accept the offer. It has not been practically possible to obtain the views of the company's employees with respect to the offer that has been made."

This recommendation is unanimous and thus none of the board members will be accepting the offer for shares they own directly or indirectly through companies that are controlled in full or in part by the board members or by proxy. 54% of the company's shares are controlled in this connection by representatives of the company's Board of Directors or key management personnel, and these will reject the offer. A condition of the offer was an acceptance of minimum 50.1% of the company's shares.

Grounds for the recommendation:

I.M. Skaugen's activities can be divided primarily into three different business areas: Transport of petrochemical gases (Norwegian Gas Carriers Ltd., hereinafter called NGC), lightering of oil in US coastal waters (Skaugen PetroTrans Inc., hereinafter called SPT), and what is collectively called the "China activities", which consists in turn of three parts: Recruitment and training of crews, transport of LPG by specially designed units on the Yangtze River (TNGC), and transportation of chemicals in Asia (Princess Carriers).

NGC – Gas activities

Transportation of petrochemical gases with vessels measuring from 6000 to 9000 cubic metres is the company's largest business area measured by the amount of capital that is tied up.

The transportation of gas is a cyclical activity in the same manner as other types of international shipping. A cycle for NGC's gas activities lasts on the average between 6 and 7 years. The most recent market low was in 1993 and high was in 1995. In recent years, the rates in the gas market have been historically low, and this has had impact on the company's earnings. NGC has worked diligently to reduce its operating costs, and today the company is one of the most cost-effective companies in the gas segment.

With the efforts that have been made on the cost side of NGC and in connection with the development of SPT, the company is about to realise its goal that I.M. Skaugen shall not lose money during an economic downturn, laying thus the foundation for good earnings with even a slight increase in the freight rates for gas carriers.

The NGC fleet's (Norgas Average) estimated breakeven level, which is the revenue we need in order to cover our total operating, management and depreciation expenses (not including, however, NGC's share of the Group's financial expenses), has been reduced through our many measures in recent years from approximately USD 375.000 per month per vessel in 1992 to an estimated current level of USD 250.000 per month. This corresponds to an estimated annual saving of USD 19 million through lower costs for our 14 vessels. We are pleased to note that these many measures have been successful and that we have achieved these results at the same time as the operational regularity of our vessels and our service to our customers have been improved. During this same period our vessels have grown 6 years older without this affecting our attitude that we can still achieve reductions through measures to improve efficiency and the internationalisation of our operating concept. The Board has a clear goal that NGC shall at all times be a leading company with regard to costs and service within its segment, and we believe, based on the results we have achieved, that we can reach this goal.

The Board of Directors has commissioned external financial advisors to perform valuations of the company. These show that the discounted future cash flow from the gas segment gives a value per share that far exceeds the values that are derived when the current estimates of vessel values from independent shipbrokers are used. These valuations from the external financial advisors are based on what we consider to be a conservative scenario, where the average future rate may be slightly less than the average rate achieved over the last ten years. The Board of Directors is of the opinion that there are a number of factors indicating an imminent upturn on the gas market. There are for example signs of better times in the Asian economy and a growing demand for ethylene. The Board of Directors is convinced that the combination of an expected improvement in the gas rates and the company's cost-effective operations will give the shareholders a better return over time than in recent years and since the last economic turnaround.

The Board of Directors of I.M. Skaugen is of the opinion that more can be achieved on both the income and cost side by a consolidation in the gas market. The company will therefore continue to actively seek appropriate forms of co-operation within this segment, and keep the door open to other solutions that can safeguard the value of the shareholders' assets. A good solution for the shareholders must be a solution that will provide the shareholders of I.M. Skaugen with a reasonable share of the synergistic gains that can be realised through an industrially correct consolidation.

SPT – Lightering activities

SPT is currently responsible for approximately 68% of I.M. Skaugen's turnover and satisfies our internal profitability requirements. The lightering activities carried out outside US coastal waters are marked by a high level of service to customers maintained by the competence of the organisation. A high entrance barrier due to the strict requirements with respect to safety and know-how and thus a dedicated effort to

operate without accidents has resulted in the lightering activities have showed better earnings than traditional tanker activities over time. The company has since being founded handled a total of 3.3 billion barrels of oil to US ports. The company has not experienced any accidents or accidental discharges of any significance, and this has contributed to the company's excellent market position in this segment.

SPT has implemented a successful cultivation of the software element. Moreover, its use of chartered-in tonnage has reduced the amount of capital tied up, reduced risks, and made the company less vulnerable to fluctuations in the tanker values.

SPT operated an average of 8.4 Aframax vessels during the first half of 1999 and posted earnings before interest, taxes and depreciation (EBITDA) of USD 7 million. The average annual earnings on an EBITDA basis has been around USD 8 million the last three years (incl. the forecast for all of 1999). Even with a gradual decline to this level a value of USD 40 million for SPT alone is justifiable. A value of around USD 40 million for SPT alone corresponds to NOK 48 per share in IMS.

China activities

The Board of Directors considers the investments in Asia to be interesting. We are in particular expecting a great deal from the transport of gas by specially designed barges on the Yangtze River. This activity has been developed through a joint venture with local partners, and I.M. Skaugen owns half of the operating company, TNGC. Cooperation with Chinese partners has given us access to both local and national decision-makers, which is considered to be decisive for success in the Chinese market.

The market potential for this type of operation in China is enormous. We can mention that our transportation of gas on the Yangtze River covers an area that includes five provinces with a population of more than 280 million people, all of whom are potential users of gas for heating, cooking and lighting. Moreover, there are significant industrial activities in the area. Today the most important energy carrier in the area is brown coal. We are relying on a gradual development of the infrastructure in the area so that it will be easy for individual consumers to change over from brown coal to the far cleaner and more environmentally friendly gas alternative.

The Board of Directors of I.M. Skaugen regard the investments in China as a long-term investment with a substantial potential, but we do not expect any return on the capital in the short term.

Conclusion

In the opinion of the Board of Directors of I.M. Skaugen the offer of NOK 60 per share from Navigazione Montanari does not reflect the value of the company's underlying assets nor its increase in value potential. The book value of our fixed assets in all our activities alone gives a price of NOK 86 per share. Our internal analyses, based on the discounted estimated cash flow, show that the value of each share range between NOK 96 and NOK 165. Our view is supported by the value estimates from Handelsbanken Markets and DnB Markets. We find, however, that we should point out that we do not believe that these values will always be fully reflected in the share price on the Oslo Stock Exchange in the short to medium term. We are, however, convinced that the shareholders can receive a very good return on their investment instead of a sale of the company at NOK 60 per share if the company continues its strategy and focus on service and cost-effectiveness in the gas transport and lightering segments.

The Board of Directors will seek to promote and safeguard the value of the shareholders' assets and will not exclude any alternatives in this connection. The alternatives that are put forward must, however, reflect the value of the underlying assets in a reasonable manner, and they must give the shareholders of I.M. Skaugen a fair share of the synergies that can be realised through a sensible and industrially oriented consolidation.

Yours sincerely
I.M. Skaugen ASA
Board of Directors