

IMS teams up with Teekay for its Lightering Business

I.M. Skaugen ASA (OSE: IMSK) today announced that it intends to create a joint venture with Teekay Shipping Corporation (NYSE:TK) to expand its lightering business. The Boards of Directors of both companies have approved a Memorandum of Understanding that is subject to due diligence and other standard closing conditions. Under the intended structure, Teekay will buy 50% of Skaugen's wholly owned subsidiary, Skaugen PetroTrans (SPT), the company engaged in the lightering business. The transaction is expected to be effective from October 1, 2003. The price for the 50% interest in SPT will comprise of a cash payment upon commencement plus a cash "earn-out" element based on cash flow generated over the next five years. Further details will be made available after October 1st 2003.

SPT will continue to operate as an autonomous entity under the Joint Venture agreement with its own management and Board of Directors, but with the additional benefit of the backing of Teekay, the world's largest owner and operator of mid-sized tankers. SPT is the largest company in the specialized business of ship to ship transfers of crude oil and currently handles about 1.4 million barrels of oil a day, which equates to about 14% of the US oil imports.