



I.M. SKAUGEN
A Marine Transportation Service Company

Securities Note

FRN I.M. Skaugen ASA
Open Bond Issue 19.06.2006-19.06.2009
with Call Option

I.M. Skaugen ASA

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APPENDIX

LOAN AGREEMENT

1. RISK FACTORS

The Loan may not be a suitable investment for all investors

Each potential investor in the Loan must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Loan, the merits and risks of investing in the Loan and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Loan and the impact the Loan will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Loan;
- (iv) understand thoroughly the terms of the Loan and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Loan is a complex financial instrument. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Loan unless it has the expertise (either alone or with a financial adviser) to evaluate how the Loan will perform under changing conditions, the resulting effects on the value of the Loan and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the market

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk and interest rate risk.

The secondary market generally

The Loan may have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell the Loan easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal, any premium and interest on each Loan in a currency or currencies as specified in the terms of that Loan. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the currency specified in the terms of the Loan.

Interest rate risks

Investment in Loan bearing interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the Loan.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- (i) the Loan are legal investments for it;
- (ii) the Loan can be used as collateral for various types of borrowing and;
- (iii) other restrictions apply to its purchase or pledge of the Loan. Potential investors that are financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Loan under any applicable risk-based capital or similar rules.

2. PERSONS RESPONSIBLE

- 2.1 Responsible for the information given in this document, is a legal entity, not natural person.
I.M. Skaugen ASA , Karenslyst Allé 8 B, 0277 Oslo, Norway
- 2.2 I.M. Skaugen ASA declare that those responsible for this securities note, have taken all reasonable care to ensure that such is the case, the information contained in this securities note is to the best of their knowledge, in accordance with facts and contains no omission likely to affect its import.

Oslo 30 June 2006
I.M. Skaugen ASA

Bente FLB

3. KEY INFORMATION

There are no material interest by the legal persons involved in this issue

4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

- 4.1 The Borrower has resolved to issue a series of bonds at a maximum amount of USD 200,000,000 (US dollars two hundred million), herein referred to as "the Loan". The Loan may comprise one or more tranches issued on different issue dates. The first tranche will be in the amount of USD 100,000,000 (US dollars one hundred million).
- 4.2 FRN I.M. Skaugen ASA Open Bond Issue 2006/2009 with Call Option, herein referred to as "the Loan". ISIN: NO001031945.2
- 4.3 This Loan has been created under accordance to Norwegian law.
- 4.4 The Loan is VPS Notes issued in uncertificated book entry form. Depository agent is The Norwegian Central Depository (VPS), Biskop Gunnerius gate 14A, Pb. 4, 0051 Oslo, Norway.
- 4.5 Currency of the Loan : USD
- 4.6 The obligations of the Borrower under this Loan Agreement will not be secured by any mortgage, pledge or other Security. The Loan shall rankparipassu with other existing senior debt of the Borrower and shall rank ahead of subordinated capital.
- 4.7 The Loan is an open issue, from and including Issue Date and will be closed no later than 5 Banking Days prior to 19 June 2009.

The Borrower may redeem the Loan wholly or partially on the Interest Payment Date in June 2007 at price of 102 per cent of par value plus accrued interest.

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4.8 Interest and interest calculations

Interest accrues from and including Issue Date based on LIBOR plus 1,80 percentage points. LIBOR is set on the first Interest Determination Date. Should LIBOR not be available, the interest rate will be set based on LIBOR Reference Banks plus 1.80 percentage points. The new interest rate and the next interest term/period will be notified the Bondholders in writing through the Securities Depository. The Trustee and Oslo Børs shall also be notified immediately.

The interest on the Loan is reset with effect from each Interest Payment Date. The new interest is set on the Interest Determination Date based on LIBOR plus 1.80 percentage points. Claims for interest and principal shall be limited in time pursuant to the Norwegian Act relating to the Limitation Period for Claims of May 18, 1979 nr. 18.

LIBOR: the interest rate rounded off to five decimal places for a 3 - three - months period that is quoted on Reuters Screen LIBOR01 page as of 11.00 a.m. London time on the Interest Determination Date.

Should the contents of the Reuters Screen LIBOR01 page be changed such that, in the opinion of the Loan Trustee and the Borrower, the interest rates shown no longer represent the same kind of interest rates as when the Loan was disbursed, or the relevant page is removed from the Reuters Screen, another news page shall be used. This page may be another Reuters Screen's page or, possibly, that of another electronic news agency, if it, in the opinion of the Loan Trustee, specifies the same kind of interest rates as Reuters Screen LIBOR01 page did on the disbursement of the loan. Any disagreement of opinion between the Borrower and the Loan Trustee concerning the use of a new page must be treated as described in sub-clause 9.3 of the Loan Agreement.

Reference Banks: interest rate determined on the basis of the interest on deposits in U.S. Dollars in the inter-bank market in London, quoted by four large authorised exchange banks

in the London market at approximately 11.00 a.m. London time on the Interest Determination Date in London, for a 3 - three - months period, starting on the Interest Payment Date and applicable to a comparable amount. The Loan Trustee will ask the head office of each of the banks for a quotation on such interest. If two or more quotations are given, the interest rate will be set at the arithmetic mean of the quotations. If less than two quotations are given, the interest rate will be set to the arithmetic mean of the rates that banks selected by the Loan Trustee quote at approximately 11.00 a.m. London time on the Interest Determination Date for deposits in U.S. Dollars to leading European banks for a 3 - three - months period starting on the Interest Payment Date and applicable to a comparable amount. An interest rate determined by calculation of the arithmetic mean shall be rounded off to five decimal places.

When the interest is set for the first time and on subsequent interest resets, the next Interest Payment Date and the actual number of calendar days up to that date must be notified to the Bondholders in writing via Securities Depository. This communication must also include the interest rate applicable up to the next Interest Payment Date. The Loan Trustee and the Exchange shall be notified of the new interest rate immediately.

The interest is paid in arrears on each Interest Payment Date, the first Interest Payment Date falling in September 2006.

Interest Payment Date : 19 March, 19 June, 19 September and 19 December each year. If the Interest Payment Date is not a Banking Day the Interest Payment Date shall be postponed to the next Banking Day. However if the Interest Payment Day falls in the following calendar month the Interest Payment Day is moved to the first Banking Day preceding the original date.

The interest is calculated on the basis of the actual number of elapsed calendar days from and including the payment date to the following interest reset date, and subsequently from each interest reset date to the next or the maturity date. The number days are divided by 360.

In the event that the interest rate is set in accordance with quotes from LIBOR Reference Banks, the Borrower or Bondholders who represent at least 1/10th of the Outstanding Loan may appeal against the interest rate. Such an appeal must be presented in writing to the Loan Trustee within 20 Banking days of the Bondholders being informed of the interest rate. The appeal will be dealt with by a committee comprising three members, of which one representative is nominated by the Borrower and one representative is nominated by the Loan Trustee, and a chairman agreed by the representatives of the two parties. If the parties cannot agree on a chairman, this person will be nominated by the Lord Chief Justice of the City of Oslo Magistrates Court. The decision of the committee is final.

Bondholders and the Exchange (if applicable) shall receive written notice from the Securities Depository that an appeal has been made against the procedure for setting the interest rate.

Norsk Tillitsmann is calculation agent

Claims for interest and principal shall be limited in time pursuant to the Norwegian Act relating to the Limitation Period for Claims of May 18, 1979 nr. 18. 10 years after Maturity Date.

- 4.9 The Loan will run without instalments and mature in whole on 19 June 2009, at par value (100%) unless the borrower has used its right to redeem the bonds in accordance with this clause: The Borrower may redeem the Loan wholly or partially on the Interest Payment Date in June 2007 at price of 102 per cent of par value plus accrued interest.
- 4.10 Yield is depending on the market. 3 months USD LIBOR + 1,80 %. The coupon for the first interest period ending on 19. September 2006 is 5,39563%.
- 4.11 Norsk Tillitsmann ASA, Postboks 1470 Vika, 0116 Oslo, Norway is the organisation that represent the investors, and they give access to the contract relating to these forms at <http://www.stamdata.no/> or by phone : +22 87 94 00.
- 4.12 The board of directors have approved raising the loan on 23. May 2006
Oslo Børs will approve relevant documents prior to listing
- 4.13 Issue Date 19. June 2006

4.14 There are no restrictions on the free transferability of the securities.

5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

5.1 The Loan will be applied for listing on Oslo Børs

5.2 Paying agent is Nordea Bank Norge ASA, Middelthunsgate 17, P.O.Box 1166 Sentrum, 0107 Oslo, Norway

6. EXPENSE OF THE ADMISSION TO TRADING

Listing on Oslo Stock Exchange	28 858 NOK
Prospect fee to Oslo Stock Exchange	50 000 NOK

7. ADDITIONAL INFORMATION

Nordea Markets, Middelthunsgate 17, 0368 Oslo, Norway, is arranger of the Loan, and have assist the Issuer with documentation and listing of the Loan.