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Bergen and Oslo, 25 November 2010

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Foretaksregisteret  
NO 947 360 779 MVA

## Standardized notification – NYK Logistics Holding (Europe) B.V. acquisition of joint control in Knutsen Offshore Tankers ASA.

### 1 NOTIFYING PARTIES

#### 1.1 TS Shipping Invest AS

Name: TS Shipping Invest AS  
Address: Smedasundet 40, P.O. Box 2017, NO-5504 Haugesund  
Entr. reg. No: 975 883 914

*Representative:*

Wikborg Rein/Jonn Ola Sørensen  
P.O. Box 1233 Sentrum, 5811 Bergen, Norway  
Telephone: +47 55 21 52 80  
Email: [jos@wr.no](mailto:jos@wr.no)

#### 1.2 NYK Logistics Holding (Europe) B.V.

Name: NYK Logistics Holding (Europe) B.V.  
Address: Strawinskylaan 3105 7E ETAGE, 1077ZX, Amsterdam, the Netherlands  
Entr. reg. No: Under registration

*Representative:*

Wiersholm/Kari Lunde and Sverre Sandvik  
P.O. Box 1400 Vika, 0115 Oslo, Norway  
Telephone: +47 21 02 10 00  
Email: [klu@wiersholm.no](mailto:klu@wiersholm.no)

## 2 OTHER UNDERTAKINGS CONCERNED

### 2.1 Knutsen Offshore Tankers

Name: Knutsen Offshore Tankers ASA  
Address: Smedasundet 40, P.O. Box 2017, NO-5504 Haugesund  
Entr. reg. No.: 995 221 713

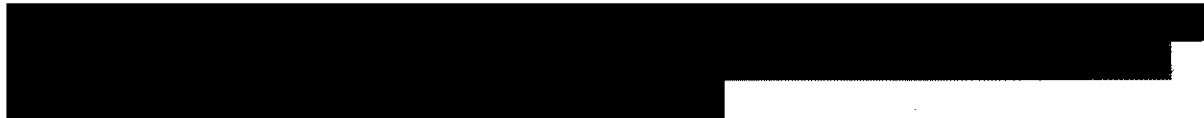
*Representative:*

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## 3 NATURE OF THE CONCENTRATION

TS Shipping Invest AS ("TSSI") currently holds 100% of the shares in Knutsen Offshore Tankers ASA ("KOT").

NYK Logistics Holding (Europe) B.V. ("NYK") will subscribe for new shares in KOT, amounting to 50 % of the total amount of shares in KOT after the issue of the new shares. The other 50 % of the shares will continue to be held by TSSI.



The transaction will lead to a change in the name and status of KOT from "Knutsen Offshore Tankers ASA" to "Knutsen NYK Offshore Tankers AS".



## 4 STRUCTURE AND AREAS OF ACTIVITIES OF THE UNDERTAKINGS CONCERNED

### 4.1 NYK Logistics Holding (Europe) B.V.

NYK Logistics Holding (Europe) B.V is a single purpose company owned by the Japanese based NYK Group, which is a global logistics enterprise founded in 1885.

The NYK Group is centered on various forms of marine transport, such as global logistics business and bulk energy transportation, in addition to other related businesses. In total, the NYK Group operates a fleet of ca. 800 vessels.

A full overview of the consolidated subsidiaries of the NYK Group can be found at pages 106 to 110 of the NYK annual report for 2010 (ref. Section 8 below).

The NYK Group operates world-wide with distribution centers in 33 countries and local subsidiaries. The NYK Group currently employs approximately 55 000 employees on a world-wide basis.

The main business areas of the NYK Group are divided in the following service categories:

Liner trade: Services comprising world-wide container transport services, including the transportation of food, electrical appliances, and conventional cargo transport services. The container transport services are carried out by NYK itself, the wholly owned subsidiaries NYK Container Line and T.S.K Line, while the conventional cargo services are carried out by NYK- Hinode Line.

Bulk shipping: Comprising all global marine transportation businesses other than the liner trade business, including:

- (i) car transportation by the NYK Group's fleet of about 100 car carriers,
- (ii) dry bulk transportation, including the transportation of iron ore, coal, and woodchips by various types of vessels designed for specific cargo characteristics, including Capesize, Panamax, Handy size bulk carriers and woodchip carriers,
- (iii) transportation of petroleum products, including crude oil transported by very large crude carriers ("VLCC's") or Aframax tankers, chemical products, inorganic chemicals, animal and plant oil and methanol that are transported by chemical tankers, in addition to the transportation of Liquefied Petroleum Gas ("LPG") and ammonia transported by LPG tankers,
- (iv) Liquefied Natural Gas ("LNG") transportation by LNG carriers and,
- (v) offshore, which includes the operation of an oceanographic research vessel and a deep-sea drilling vessel which is available world-wide.

Logistics: This business area offered by the wholly owned subsidiary Yusen Logistics and other subsidiaries covers fully integrated logistics solutions tailored to the specific needs of customers. The services offered include warehousing and distribution, freight forwarding, international network solutions, supply chain consulting, and IT solutions. The NYK Group's logistic segment has bases in each region of the world and operates 308 distribution centers world-wide.

Terminal and harbor transport: Comprising the operation of 15 terminals in Japan and other countries and stevedoring services for containerships, car carriers, and cruise ships at terminals in Japan, Asia, North America, Europe, and Australia.

Cruise: Comprising two large luxury-class class cruise ships operated by the wholly owned US subsidiary Crystal Cruises Inc and one cruise ship owned by the NYK Group subsidiary NYK Cruises, which offer cruise services in Japan and around the world.

Air cargo: Comprising international air cargo transportation business through the wholly owned subsidiary Nippon Cargo Airlines Co. Ltd. ("NCA"). NCA currently operates eight aircraft and its services currently center on Japan-based operations.

Real estate: Comprising real estate ownership and management of commercial and residential Japanese buildings of the NYK Group's real property assets by the wholly owned subsidiary Yusen Real Estate Corporation.

Offshore and other services: Comprising the operation of a drillship and research and development activities relating to transportation systems. One of NYK's subsidiaries operates a scientific drillship, CHIKYU, which is owned by Japanese government. Currently this is the only drillship operated by NYK.

## 4.2 TS Shipping Invest AS

The TSSI Group's main business area is specialised offshore shuttle tankers, which are owned and operated by KOT, to be further described under Section 4.3 below.

Additional business areas of the TSSI Group are related to some product-/chemical tankers and LNG carriers (detailed below). The product-/chemical tankers and the LNG carriers are managed by TSSI's subsidiary Knutsen OAS Shipping AS ("KOAS") and other management companies in the TSSI Group.

The TSSI Group and most of its subsidiaries operates out of the offices of KOAS in Haugesund. Subsidiaries of TSSI also hold offices in Madrid, Spain and Abredeen, UK. The global onshore staff in the TSSI Group is currently about 100. In addition KOAS globally employs 1.560 marine officers and crew. TSSI has no direct employees.

TSSI is a wholly owned subsidiary of Seglem Holding AS, which is a holding company owned by Mr Trygve Seglem. The complete structure of companies owned by Mr Trygve Seglem, including subsidiaries and percentage ownership is described in the attached organisation chart, cf. **Annex 1**. As can be seen by the organisation chart, Trygve Seglem owns, in addition to Seglem Holding AS and its subsidiaries, Seglem Eiendom AS, which possesses some real estate in the area Haugalandet. Furthermore, Seglem Eiendom AS wholly owns TS Industri Invest AS, which currently has no activity.

TSSI's wholly owned subsidiary, Knutsen Kyst LNG AS, owns one LNG carrier, Pioneer Knutsen. Pioneer Knutsen has a capacity of 1.100m<sup>3</sup> and will continue to operate along the Norwegian coast on a time charter with Gasnor AS for the next 5 years.

As can be seen from the attached organisation chart, cf. **Annex 1** page 4, TSSI further has a minority share in 7 single purpose companies and a 50 % share in one single purpose company that own one LNG carrier each, of which one is to be delivered in November this year. All are on long-term contracts with Spanish charterers.

The TSSI Group's fleet of product-/chemical tankers consists of 13 vessels. The vessels are operated on different types of contracts for different time periods; some on long time charters whilst others in the spot market. For the time being, 4 are not under contract. The market for product-/chemical tankers is international by its nature, with a large number of big competitors, and where TSSI Group is a minor player.

The TSSI Group is also involved in research and development of a system for cleaner oil fume emission (VOC) from offshore crude oil loading named KVOC, which is already out on the market. It also researches on a new ship concept, PNG (Pressurised Natural Gas), and a Ballast Water treatment concept.

### 4.3 Knutsen Offshore Tankers ASA

Knutsen Offshore Tankers ASA, headquartered in Haugesund, Norway, provides crude oil shuttle tanker services. KOT was established in February 2010 to acquire the offshore tanker business owned by TSSI, and this acquisition and the establishment of the new company was completed in April 2010.

The ownership structure of KOT and subsidiaries is explained in the attached organisation chart, cf. **Annex 1**, page 7.

KOT owns a fleet of 13 shuttle tankers and is controlling 5 shuttle tankers on bareboat-charter with purchase options. In addition 3 shuttle tankers are currently under construction for delivery in 2010 and 2011, and two tankers are in the process of being converted to shuttle tankers. KOT has two product tankers due for conversion to shuttle tanker within 2011, while in the meantime are operating as product tankers. The vessels include three different sizes; Suezmax tankers, Aframax tankers and Handysize tankers.

Shuttle tankers are oil tankers specially designed to perform offshore loading of crude oil or condensate from different offshore loading systems. The vessels are equipped with special bow loading systems or submerged turret loading system to be compatible with the systems installed on the different offshore fields. The shuttle tankers are also equipped with dynamic positioning system. The shuttle tanker market is therefore a small and specialized segment of the tanker market.

The market for shuttle tankers is determined by the areas where the weather-/seabed conditions require or favour shuttle tankers in addition to or instead of pipelines which are the only substitute. Shuttle tankers are dedicated to specific charter contracts, operated through an in-house pool arrangement servicing various Contracts of Affreightment or are employed in the spot market.

As of September 2010, the world shuttle tanker fleet consisted of 67 vessels, of which 9 are currently not trading, and are not expected to return to such operation in the future, making KOT's market share 31 % of currently active shuttle tankers. Teekay Offshore Partners L.P is the largest company in the shuttle tanker market measured by number of vessels. Petrobras, through its subsidiary Transpetro, is number three. Other owners are involved in the shuttle tanker market, the majority of which have chartered vessels out on long term contracts.

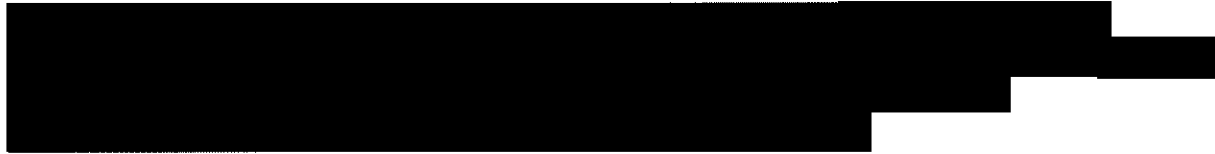
Furthermore, KOT has an offshore service operation, providing other services than shuttle tankers. Currently, this operation consists of two vessels operating as floating storage units. In addition, two smaller tankers are planned converted to service/support vessels for the offshore oil industry, but for the time being NYK is not active on either of these markets.

## 5 TURNOVER AND OPERATING PROFIT IN 2009

	Turnover	Operating profit (MNOK)
Knutsen Offshore Tankers ASA <sup>1</sup>	MNOK 1,476	194
TS Shipping Invest AS	MNOK 2,290	(loss) 853
The NYK Group	See confidential Annex 2	NYK does not have separate reports of operating profit from sales to customers in Norway

## 6 AFFECTED MARKETS

The concentration; NYK's acquisition of 50 % of KOT, will only lead to the NYK Group entering the market for shuttle tankers, and TSSI to reduce its presence correspondingly. The NYK Group is not in the shuttle tankers business prior to the transaction, and the Aframax tankers operated by the NYK Group cannot be used as a shuttle tanker. Furthermore, the NYK Group operates Aframax tankers in Asia while KOT operates shuttle tankers of such size in the North Sea. Consequently, there is no overlap between the notifying parties and the shuttle tanker business of KOT.



Both the NYK Group and TSSI are active in the LNG carrier business and in the international product/chemical/LPG tanker market. However, TSSI has only minority holdings in companies owning LNG carriers (except for in one company, cf. Section 4.2 above), and under any circumstances the LNG fleet in which TSSI has ownership of is just a negligible part of the international LNG carrier market<sup>2</sup>. Furthermore, the undertakings concerned have a negligible part of the international product-/chemical/LPG tanker market, when comparing the number of vessels of TSSI (13 tankers, cf. Section 4.2), the NYK Group [see Confidential Annex 2] and KOT (2 product tankers that are planned converted to shuttle tankers in 2011, cf. Section 4.3) with the international product/chemical/LPG tanker fleet<sup>3</sup>.

<sup>1</sup> KOT was established in 2010, and the amount is therefore based on the turnover of the offshore tanker business of TSSI in 2009. The amounts are converted from USD 248,9 million / 32,7 million. Rate used: 1USD = 5,9335 NOK. The turnover figures for KOT and TSSI does not reflect that they also have activities abroad, to where some of the turnover should be allocated based on competition law principles.

<sup>2</sup> The total LNG carrier fleet comprised 213 ships in 2006, with an order book of 136 ships to be delivered in the period 2006-2008, cf. "Legal and economic analysis of tramp maritime services", a report by Fearnley Consultants AS ("the Fearnley Report"), on page 198. Available at: [http://ec.europa.eu/competition/sectors/transport/reports/tramp\\_report.pdf](http://ec.europa.eu/competition/sectors/transport/reports/tramp_report.pdf).

<sup>3</sup> According to the Fearnley Report page 194 - 196 the chemical tanker fleet above 5,000 dwt consists of almost 1,900 vessels (in 2006) and the order book for 2007 - 2010 comprises 316 product/chemical tankers.

## 7 COMPETITORS, CUSTOMERS AND SUPPLIERS

As the notifying parties have no overlap with the shuttle tanker business of KOT, we do not include names of competitors, customers and suppliers in that respect, cf. Section 18 (e) of the Norwegian Competition Act.

List of NYK Group's five most important competitors, customers and suppliers within the LNG carrier business and within the product-/chemical/LPG tanker business respectively, is provided in Confidential **Annex 2**. Please note that this Annex is to be treated as confidential also inter partes.

List of TSSI's five most important competitors, customers and suppliers within the LNG carrier business and within the product-/chemical tanker business respectively, is provided in Confidential **Annex 3**. Please note that this Annex is to be treated as confidential also inter partes. The list of TSSI's five most important competitors, customers and suppliers within the product/chemical tankers business is identical for the two product tankers of KOT that are planned converted to shuttle tankers in 2011 (cf. Section 4.2), should the Competition Authority not yet assess them as a part of the shuttle tanker market.

## 8 ANNUAL REPORTS AND ANNUAL ACCOUNTS

The annual report for TS Shipping Invest AS is available in the Brønnøysund Register Centre. As KOT was established in 2010, no annual report for KOT exists. Financial Report for Knutsen Offshore Tankers for 1<sup>st</sup> quarter 2010 is available at <http://knutsenoffshoretankers.com>. Please find the consolidated annual report of the NYK Group for 2010 at <http://www.nyk.com/english/ir/library/annual/pdf/2010.pdf>.

## 9 PUBLIC ACCESS

The notification does contain information which is to be considered as business secrets. A proposal for a public notification will be submitted to the Competition Authority.

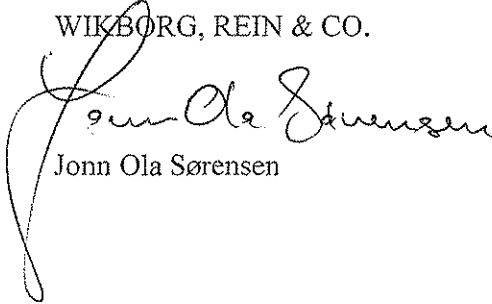
Please note that the Annexes 2 and 3 contain business secrets and that these annexes are confidential also inter partes.

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Jonn Ola Sørensen and Kari Lunde can be contacted should the Competition Authority have need of more information regarding this matter. We also please ask you to contact us should any third party require access to the notification.

Yours sincerely,

WIKBORG, REIN & CO.

  
Jonn Ola Sørensen

WIERSHOLM

  
Kari Lunde

- Annex 1: Organisation chart for Mr Trygve Seglem including TSSI and KOT.
- Annex 2: NYK Group's turnover in Norway, the NYK Group's fleet of relevant vessels and the NYK Group's five most important competitors, customers and suppliers within the LNG carrier business and within the product-/chemical/LPG tanker business respectively (confidential).
- Annex 3: List of TSSI's five most important competitors, customers and suppliers within the LNG carrier business and within the product-/chemical tanker business respectively (confidential).