FORM 20-F

Annual and transition report of foreign private issuers pursuant to sections 13 or 15(d)

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As filed with the Securities and Exchange Commission on May 31, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended November 30, 2005

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 000-16977

STOLT-NIELSEN S.A.

(Exact name of Registrant as specified in its charter)

LUXEMBOURG

(Jurisdiction of incorporation or organization)

c/o STOLT-NIELSEN LIMITED

Aldwych House

71-91 Aldwych

London WC2B 4HN, England

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common Shares, no par value

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer' s classes of capital or common stock as of the close of the period covered by the annual report:

Common Shares, no par value	64,127,914
Founder' s Shares, no par value	16,031,978

Indicate by check-mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

If this report is an annual report or transition report, indicate by check-mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all Reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such Reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☒

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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INTRODUCTION

Stolt-Nielsen S.A. is a Luxembourg registered company. In this annual report on Form 20-F (the "Report"), the terms "we," "us," "our," "SNSA," and "Stolt-Nielsen" refer to Stolt-Nielsen S.A. and, unless the context otherwise requires, our consolidated subsidiaries. References in this Report to "SNTG" refer to Stolt-Nielsen Transportation Group Ltd., a Bermuda corporation and a wholly owned subsidiary of Stolt-Nielsen S.A. References to "SSF" or "Stolt Sea Farm" refer to Stolt Sea Farm Holdings plc, an English company and wholly owned subsidiary of Stolt-Nielsen S.A. and, unless the context otherwise requires, its consolidated subsidiaries. References to "SOSA" or "Stolt Offshore" refer to Stolt Offshore S.A., a Luxembourg company and, unless the context otherwise requires, its consolidated subsidiaries. On April 10, 2006, Stolt Offshore S.A. changed its name to Acergy S.A. During fiscal year 2003, SOSA was a consolidated subsidiary of Stolt-Nielsen. As of February 19, 2004, SOSA was deconsolidated from Stolt-Nielsen and as of January 13, 2005, we sold our remaining ownership interest in SOSA. For additional information on the deconsolidation of SOSA, please see Item 4. "Information on the Company−Business Overview" and Item 5. "Operating and Financial Review and Prospects−Management Overview." During fiscal year 2004, SSF was a consolidated subsidiary of Stolt-Nielsen. On April 29, 2005, we completed a joint venture with Nutreco Holdings N.V. ("Nutreco") consisting of most of SSF' s operations and the fish farming and sales business of Nutreco. The joint venture was called Marine Harvest N.V. ("Marine Harvest"), a worldwide fish farming, processing and sales business. We contributed most of the operations of SSF into the Marine Harvest joint venture, retaining SSF' s turbot and sole operations in Europe and Southern bluefin tuna ranching operations in Australia. We currently own 25% of the shares of Marine Harvest and Nutreco owns the remaining 75%. When used in this Report with reference to the period after April 29, 2005, SSF means the remaining turbot, sole and Southern bluefin tuna businesses. We began accounting for our 25% share of Marine Harvest under the equity method of accounting beginning in May 2005. On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. Although the transaction has not yet closed and remains subject to approval from regulatory and competition authorities, on March 29, 2006 we received prepayment of Euro ("EUR") 293.8 million (approximately $352.5 million at the then current exchange rate) representing our full share of the proceeds of the sale. The results of our 25% ownership interest in Marine Harvest will be included in SNSA' s consolidated results until the transaction is completed. On receipt of the necessary approvals, we will recognize a gain on sale estimated to be $65 million. All risks and responsibilities of obtaining regulatory and competition authority approvals rest with the buyer. For additional information on the contribution of our net assets to and sale of our ownership interest in Marine Harvest, please see Item 4. "Information on the Company−General," and Item 5. "Operating and Financial Review and Prospects−Description of our Business." Please also see Note 2 to the Consolidated Financial Statements, included in Item 18 of this Report.

References to our activities by years refer to our fiscal years ending November 30.

Our common shares, no par value ("Common Shares") are listed in Norway on the Oslo Børs under the ticker symbol "SNI" and trade in the form of American Depositary Shares ("ADSs") (each ADS representing one Common Share) in the United States of America ("U.S.") on the Nasdaq National Market ("Nasdaq") under the ticker symbol "SNSA."

On March 7, 2001, we reclassified our non-voting Class B Shares as Common Shares on a one-for-one basis. On that date, trading in the Class B Shares on Nasdaq and on the Oslo Børs ceased. As a result, the Common Shares are our only publicly traded security. References to Class B Shares means Class B Shares up until March 7, 2001, and thereafter means Common Shares. The reclassification did not change the underlying economic interests of existing shareholders or the number of shares used for earnings per share calculations.

As of May 30, 2006, 66,004,727 Common Shares and 16,501,181 Founder' s Shares had been issued. Of such shares, 4,593,500 Common Shares and 1,148,375 Founder' s Shares were held by us and therefore considered Treasury shares. Accordingly, as of May 30, 2006, 61,411,227 Common Shares and 15,352,806 Founder' s Shares were outstanding.

BASIS OF PRESENTATION

The consolidated financial statements, including the notes thereto (the "Consolidated Financial Statements"), included or incorporated in this Report have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"). Except as otherwise stated, all monetary amounts in this Report are presented in U.S. dollars ("$"). Amounts in other currencies have been translated into U.S. dollars. The translated amounts have been made using rates provided by Bloomberg at the end of each reporting period. For November 30, 2005, the conversion rates are as follows: $1.00 = 6.75 Norwegian kroner; 1.00 British pound = $1.72; 1.00 Euro = $1.18; and $1.00 = 119.55

Japanese yen. For April 25, 2006, the conversion rates are as follows: $1.00 = 6.31 Norwegian kroner; 1.00 British pound = $1.79; 1.00 Euro = $1.24, and $1.00 = 114.80 Japanese yen.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this Report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 of the United States. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "will," "should," "seek," and similar expressions. We intend that these statements be covered by the safe harbor created under those laws. These statements include, but are not limited to:

- statements about the factors that affect our financial condition, cash flows and results of operations;
- statements in the section entitled "Strategic Outlook" in Item 5 of this Report;
- statements regarding our ability to satisfy our working capital, liquidity and capital expenditure requirements;
- expectations regarding the effects of costs in connection with pending and future legal and regulatory proceedings;
- expectations regarding the effects of and our ability to comply with existing and proposed legal and regulatory requirements applicable to us;
- expectations regarding developments in, and the outcome of, litigation proceedings and investigations;
- statements regarding our ability to obtain all permits, licenses and certificates necessary to conduct operations;
- expectations regarding the application for, costs associated with and timing of obtaining security certification for SNTG' s fleet of ships and terminals;
- expectations regarding the construction schedule of SNTG' s terminal operations and ship newbuildings;
- expectations regarding demand for parcel tankers;
- statements regarding the timing and impact of the divestment of our ownership interest in Marine Harvest; and
- expectations regarding capital expenditures.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from predicted future results expressed or implied by the forward-looking

statements. Important factors that could cause actual results to differ materially from the information set forth in any forward-looking statements include, but are not limited to:

- the cyclical and volatile nature of our parcel tanker operations, including historically high rates for parcel tanker shipments which may decrease;
- uncertainties inherent in operating internationally, including economic and political instability, boycotts or embargoes, labor unrest, changes in foreign governmental regulations, corruption and currency fluctuations;
- changes in spot rates for bulk liquid transportation services may cause our revenues to fluctuate significantly and impact our contracts of affreightment;
- fluctuations in the cost and availability of raw materials, including bunker fuel;
- acts of terrorism;
- changes in, or our failure to comply with, applicable laws and regulations, including our ability to receive or renew applicable permits or licenses;
- the construction schedule for additional capacity to SNTG' s terminals and ships;
- the continued availability of certain U.S. tax exemptions;
- unforeseen downturns in business and/or other negative events, including negative publicity;
- operating hazards, including marine disasters, oil spills or leaks, adverse weather conditions and other natural conditions such as pollution and disease in the marine environment that may impact our aquaculture business;
- the effects of disease and other natural conditions on our fish harvests;

- the outcome of pending and future legal proceedings involving governmental authorities and third parties, including antitrust proceedings and securities lawsuits;
- the effect of changes in accounting policy;
- the impact of floating interest rates on our debt service costs;
- the loss of, or deterioration of our relationship with, any significant customers; and
- the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

Many of these factors are beyond our ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained in this Report, which only speak as of the date of this Report. We do not undertake any obligation to release publicly any revisions of the forward-looking statements to reflect events or circumstances after the date of this Report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws and regulations.

For additional information on these forward-looking statements and the factors that could cause actual results to differ materially from the expectations contained herein, please see Item 3. "Key Information–Risk Factors."

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

Selected Consolidated Financial Data

The selected consolidated financial data as of November 30, 2005 and 2004 and for each of the years in the three-year period ended November 30, 2005 set forth below have been derived from our audited Consolidated Financial Statements included in Item 18 of this Report. The selected consolidated financial data as of November 30, 2003, 2002 and 2001 and for each of the years in the two-year period ended November 30, 2002 set forth below have been derived from our audited Consolidated Financial Statements for the respective years, which are not included herein.

The selected consolidated financial data set forth below should be read in conjunction with our Consolidated Financial Statements and Notes thereto, included in Item 18 of this Report.

	For the years ended November 30,				
	2005	2004(a)	2003(a)	2002(a)	2001(a)
	($ in millions, except for per share data)				
Operating revenue	$1,638.0	$1,679.3	$1,544.1	$1,470.7	$1,485.7
Operating income	$ 182.4	$ 134.6	$ 10.7	$ 74.4	$ 126.5
Income (loss) from continuing operations before cumulative effect of change in accounting principle	$ 126.0	$ 53.4	$ (50.6)	$ (8.6)	$ 31.2
Income (loss) from continuing operations per Common Share:					
Basic	$ 1.94	$ 0.87	$ (0.92)	$ (0.16)	$ 0.57
Diluted	$ 1.90	$ 0.85	$ (0.92)	$ (0.16)	$ 0.57
Income (loss) from discontinued operations	$ 1.1	$ (1.6)	$ (265.4)	$ (94.2)	$ (7.5)
Gain on sale of investment in discontinued operations	$ 355.9	$ 24.9	$ –	$ –	$ –

Net Income (loss)	$ 483.0	$ 74.9	$ (316.0)	$ (102.8)	$ 23.7
Net Income (loss) per share:					
Basic	$ 7.45	$ 1.21	$ (5.75)	$ (1.87)	$ 0.43
Diluted	$ 7.29	$ 1.19	$ (5.75)	$ (1.87)	$ 0.43
Weighted average number of Common Shares and Common Share equivalents outstanding:					
Basic	64.9	61.8	54.9	54.9	54.9
Diluted	66.2	62.6	54.9	54.9	55.3
Cash dividends paid per share	$ 2.00	$ –	$ 0.25	$ 0.25	$ 0.25

	As of November 30,				
	2005	2004	2003	2002	2001
	($ in millions, except per share data)				
Working capital	$ (238.8)	$ (235.4)	$ (402.5)	$ (269.3)	$ (229.7)
Total assets	$2,240.3	$2,432.1	$2,467.8	$2,657.3	$2,762.3
Long-term debt and capital lease obligations (including current portion)(b)	$ 493.6	$ 820.4	$ 835.2	$ 985.1	$1,050.1
Shareholders' equity	$1,213.1	$ 883.3	$ 694.2	$ 989.8	$1,100.6
Book value per share	$ 18.92	$ 13.94	$ 12.63	$ 18.01	$ 20.04
Total number of Common Shares outstanding:	64.1	63.4	54.9	54.9	54.9

(a) All data has been reclassified to reflect SOSA as discontinued operations.

(b) Represents the sum of long-term debt and current maturities of long-term debt on a consolidated basis. Please see Note 14 to the Consolidated Financial Statements, included in Item 18 of this Report.

Risk Factors

You should carefully consider the following factors and the information contained in this Report, including the information incorporated by reference into this Report. The following is a summary of the risks applicable to our business operations that we consider to be material. Additional risks not presently known to us, or that we currently deem immaterial, may also impair our results of operations or financial condition.

Risks Related to Our Industries and Operations

The parcel tanker industry is cyclical and volatile, which may lead to reductions and volatility in our freight rates, ship values and results of operations.

In 2005, approximately 59% of our consolidated revenue was generated from our parcel tanker operations. Going forward, that percentage will increase significantly due to the formation of, and the expected subsequent sale of our ownership interest in, Marine Harvest. Consequently, factors that affect the parcel tanker industry will have a significant impact on our overall results of operations, cash flows and financial condition. In the past, the market for parcel tanker services and the prices we have been able to charge have been cyclical and volatile. Fluctuations in the rates we can charge our customers result from changes in the supply and demand for ship capacity and changes in the supply and demand for the products carried, particularly the bulk liquids, chemicals, edible oils, acids and other specialty liquids that form the majority of the products we ship. These factors are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

Important factors that influence demand for parcel tankers include:

- supply of and demand for the products we ship;
- the development and location of production facilities for the products we ship;
- the distance products are to be moved by sea;

- global and regional economic and political conditions;
- developments in international trade;
- economic growth throughout the world, and in particular in developing economies such as China, India, the Middle East and the Southeast Asian countries;

- environmental and other regulatory developments; and
- currency exchange rates.

The factors that influence the supply of parcel tankers include:

- the number of new ships being built and the expected delivery of those ships into the international shipping supply;
- the scrapping of older ships;
- the costs of building new ships and drydocking ships for refurbishment or upgrades pursuant to parcel tanker life extensions and repair, including financing costs and steel prices;
- the number of ships, referred to as "swing tonnage", that are able to carry products in both the clean petroleum, product and parcel trades that may from time to time be deployed in the parcel trade;
- the susceptibility of certain shipyards to rising steel costs which can lead to them experiencing financial problems and difficulty in delivering ships;
- changes in regulations and customer requirements with respect to the maximum age of the ships that may limit the useful life of ships;
- regulations governing ship construction;
- port or canal congestion, including due to security concerns; and
- the availability of shipyards to build parcel tankers when demand is high for the building of other types of ships.

The rates we can charge on our parcel tanker shipments are at historically high levels and may decrease.

Over the last two years, rates for parcel tanker shipments have increased to historically high levels. We anticipate that future demand for our parcel tankers and the rates we can charge will depend on continued economic growth in the Asia Pacific region and the rest of the world, seasonal and regional changes in demand and changes to the capacity of the world fleet. If growth in parcel tanker capacity outpaces the growth in demand for parcel tankers, it is likely that the rates we can charge will decrease.

An economic slowdown in the Asia Pacific region could have a material adverse effect on our business, financial condition, cash flows and results of operations.

In recent years a significant portion of the growth in our parcel tanker, tank container and terminal businesses has been driven by economic growth in the Asia Pacific region generally, and China in particular. A slowdown in the economies of the U.S., the European Union (the "EU") or certain Asian countries could, among other things, adversely affect economic growth in China and other important markets. Our business, results of operations, cash flows, financial condition and ability to pay dividends would likely be materially and adversely affected by an economic downturn in any of these countries.

Continued high prices for ships could have a negative impact on our net income and cash flows.

Based on the size of our fleet, we typically need to add an average of three ships per year to maintain the current fleet size and add more than three to grow with the market. The cost of building new parcel tankers is currently high. We believe there is significant demand in the market for many types of newly built ships and that shipyards are generally resistant to building the technically demanding, stainless steel chemical tankers we require as compared to other, simpler ships. This is impacted by high stainless steel prices which have driven up the cost of building new parcel tankers. Consequently, we are minimizing the

number of new ships we order with an expectation that the prices for building new parcel tankers will moderate. We believe such prices may decrease when new shipyards being built in China begin full production and as shipyards complete the high level of new ships currently on order. If, however, the market dynamics do not change or if such new building prices increase further, it will be more costly for us to maintain and increase the size of our fleet. This would have a negative impact on our net income and cash flows and could cause us to miss revenue opportunities if we cannot replace ships in our fleet in a timely manner.

Changes in "spot rates" can have a significant impact on our revenue, results of operations and cash flows.

Price is an important factor in determining which supplier of transportation services is awarded a contract. Consequently, we may, from time to time, bid our ships at prices that do not reflect the relatively high fixed costs of our ships, depending on prevailing contractual rates, the contribution to fixed costs, and whether our revenue exceeds variable costs. Such competitive pricing conditions can occur when the supply of ship transportation services is greater than the demand in the industries for the products we transport and store, including the chemical, lubricant oil, acid and food industries. Supply and demand imbalances are reflected in the "spot" prices for bulk liquid transportation services, which are the prevailing market rate for short-term transportation services at any given time in any particular region. In 2005, 32% of our parcel tanker revenues and substantially all tank container revenues were derived from short-term services at freight rates agreed on the basis of current market levels ("spot rates"). Most of our parcel tanker revenues are derived from Contracts of Affreightment ("COA"), typically for terms of one year or longer. COA are agreements between us and the charterer to transport an agreed volume of product(s) during a given period at agreed rates. Changes in the rates for such contracts generally lag spot rate changes, with rates typically adjusting when COA are renewed. Therefore, supply and demand imbalances that affect spot rates can cause our revenues to fluctuate significantly from quarter to quarter. Over time, they also have an impact on our COA.

Price fluctuations in ship fuel may impact our profitability.

Fuel used by our ships, "bunker fuel", constitutes one of the major operating costs of our parcel tanker fleet. Fluctuations in the price of bunker fuel can have a material impact on our results. In 2005, with an average cost of approximately $265 per ton, bunker fuel constituted approximately 26% of total fleet operating costs. Our ships use Intermediate Fuel Oil, Marine Diesel Oil and Marine Gas Oil. Approximately 94% of the bunker fuel purchased by us is Intermediate Fuel Oil, which is the least expensive of the three types of oil used by oceangoing ships. Since 2000, the average monthly cost of Intermediate Fuel Oil purchased by us has varied between approximately $134 and $382 per ton. The cost in 2005 averaged $248 per ton, or a 42% increase over the 2004 average cost of Intermediate Fuel Oil. For additional information on bunker fuel risk, please see Item 11. "Quantitative and Qualitative Disclosures about Market Risk−Bunker Fuel Exposure."

Although we seek to pass price fluctuations in bunker fuel through to our customers, a significant portion is incurred solely by us and an increase in costs can negatively impact our results. Approximately 68% of our total parcel tanker revenue in 2005 was derived from COA. During 2005, approximately 61% of the revenue earned under COA were under contracts that included provisions intended to pass through to customers fluctuations in fuel prices. The profitability of the remaining 39% of tanker revenue earned under COA was directly impacted by changes in fuel prices.

Our international operations expose us to the risk of fluctuations in currency exchange rates.

Most of SNTG' s operating revenue is earned in U.S. dollars while SSF' s revenue is earned primarily in Euro and Japanese yen. A portion of SNTG' s operating costs are incurred in currencies other than U.S. dollars, in particular the Euro, the Norwegian kroner, the Singapore dollar, and the British pound. Most of

SSF' s expenses are in Euro and Australian dollars. Where we have a mismatch between revenue and expense currencies, any appreciation of the expense currency relative to the revenue currency will decrease profit margins and could lead to fluctuations in net income.

The revenue and costs of operations and financial position of several of our consolidated subsidiaries are reported initially in non-U.S. dollar functional currencies (which are usually the local currencies of countries in which the subsidiaries reside). The reported information is then translated into U.S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements. For both 2005 and 2004, approximately 6% of SNTG' s consolidated operating revenues were generated in entities with non-U.S. dollar functional currencies. In

both years, the Euro represented over 94% of all such non-U.S. dollar revenues. The exchange rate between these currencies (the Euro in particular) and the U.S. dollar can fluctuate substantially, which could have a significant translation effect on reported consolidated results of operations and financial position.

Adverse weather and other natural conditions may impact the results of SNTG and SSF.

Inclement weather conditions may impact SNTG' s operational performance. Our ships and tank containers and their cargoes are at risk of being delayed, damaged or lost because of bad weather. Unpredictable weather patterns in winter months tend to disrupt ship and tank container scheduling, impacting productivity and revenue. In addition, the inland barge operations may be negatively impacted by high or low water levels, making river transit more difficult.

In particular, we were impacted by a series of severe hurricanes that hit the U.S. Gulf coast during 2005, most prominently Hurricane Katrina in August and Hurricane Rita in September. Our terminal in Braithwaite, Louisiana suffered some structural damage resulting in several tanks remaining out of service for many months and a resultant loss of earnings. Losses at the terminal are expected to be substantially covered by insurance, although deductible and miscellaneous expenses totaled approximately $1.3 million as of November 30, 2005. Our ships were not directly damaged by the hurricane but we were impacted by the loss of operating days by diverting ships from regular trade routes. We estimate that such delays had a negative impact on our results of approximately $3.9 million.

SSF may be adversely affected from time to time by climatic conditions, such as severe storms, flooding, dry spells and changes in air and water temperature or salinity, and may be adversely affected by natural or man-made calamities, such as oil spills. Because the growth rates of fish are dependent on weather conditions, unexpectedly hot or cold temperatures may adversely impact growth rates, harm the fish and lead to losses of fish. Bad weather may also delay harvest or result in the loss of equipment or fish. Storms and floods can also cause damage to land based facilities involving an interruption in the water supply or seaweed blockages, which may lead to a loss of fish.

SSF also may be adversely affected by other natural conditions such as pollution, disease, parasites and natural predators, such as sea lions, seals and predatory birds. SSF uses farm management to control the impact of natural predators. If these precautions are not successful, SSF could suffer losses to its fish stock, thereby reducing its revenues and resulting in possible losses. In certain instances, healthy fish may need to be culled, for example, under mandate from government authorities or voluntarily as part of an effort to control disease outbreak in the local farming area. Additionally, new diseases or parasites could emerge in a farming environment for which we do not currently have adequate countermeasures.

Our failure to comply with environmental and other regulations may result in significant fines, penalties, or the loss of revenue.

We operate in a number of different jurisdictions and are subject to and affected by various types of governmental regulation and standards of industry associations related to the protection of human health and the environment. These include but are not limited to national laws and regulations and international

conventions relating to ship safety and design requirements, disposal of hazardous materials, discharge of oil or hazardous substances, food safety, marketing restrictions and various import and export requirements. Any changes in government regulation can have a significant impact on our production costs and on our ability to compete effectively in the regulated markets. While we maintain environmental damage and pollution insurance, more stringent environmental regulations may result in significant fines and penalties for non-compliance, increased costs for, or the lack of availability of, insurance against the risks of environmental damage or pollution. The U.S. Oil Pollution Act of 1990 ("OPA '90"), may impose virtually unlimited liability upon ship owners, operators, and certain charterers for certain oil pollution accidents in the U.S., which has made liability insurance more expensive. While we maintain insurance, there can be no assurance that all risks are adequately insured against, particularly in light of the virtually unlimited liability imposed by OPA '90, that any particular claim will be paid, or that we will be able to procure adequate insurance coverage at commercially reasonable rates in the future. Because we are insured under mutual insurance companies along with other shipping companies, we are subject to funding requirements and coverage shortfalls in the event claims exceed available funds and reinsurance as well as premiums increase based on prior loss experiences. Any such shortfalls could have a material adverse impact on us.

Our operations involve the use, storage and disposal of chemicals and other hazardous materials and wastes. We are subject to applicable federal, state, local and foreign health, safety and environmental laws relating to the protection of human health and the environment, including those governing discharges of pollutants into the air and water, the generation, management and disposal of hazardous materials and wastes and the cleanup of contaminated sites. In addition, some environmental laws, such as the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), similar state statutes and common laws, can impose liability for the entire cleanup of contaminated sites or for third-party claims for property damage and personal injury, regardless of whether the current owner or operator owned or operated the site at the time of the release of contaminants or the legality of the original disposal activities.

We are exposed to substantial hazards and risks that are inherent in the industries in which we operate, which may result in loss of revenues, increased expenses, or liabilities which may potentially exceed our insurance coverage and contractual indemnity provisions.

The operations of deep-sea ships and chemical storage facilities carry an inherent risk of personal injury or death, damage to or loss of property and business interruptions. These risks can arise from, for example:

- marine disasters, such as collisions or other problems involving our ships or other equipment;
- pollution caused by leaks or spills of oils, chemicals or other products transported by our parcel tankers or tank containers or stored at our terminals;
- injuries, death or property damage caused by mechanical failures involving our equipment or human error involving our employees;
- terrorism, war or other hostilities affecting our operations;
- piracy or hijackings involving our ships;
- explosions and fires involving the chemical or other liquid products that we transport or store at our terminals or involving our equipment; and
- other similar circumstances or events.

These risks are exacerbated for us because a significant portion of the cargo we transport and store involves hazardous chemicals such as propylene oxide, isocyanates and acrylic acid. All of the products we

carry must be handled with extreme care and require significant expertise. We have obtained customary level of insurance for liability arising from our operations, including loss of or damage to third-party property, death or injury to employees or third parties and statutory workers' compensation protection. There can be no assurance, however, that the amount of insurance we carry is sufficient to protect us fully in all events, that any particular claim will be paid or that we will be able to procure adequate insurance coverage at commercially reasonable rates in the future. A successful liability claim for which we are underinsured or uninsured could have a material adverse effect on us. Litigation arising from any such event may result in our being named a defendant in lawsuits asserting large claims. Any such event may result in loss of revenue, increased costs or future increased insurance costs.

While we currently insure our ships against property loss due to a catastrophic marine disaster, mechanical failure, or collision, the loss of any ship as a result of such an event could result in a substantial loss of revenues, increased costs, and other liabilities in excess of available insurance and could have a material adverse effect on our operating performance.

We expend substantial sums during construction of parcel tanker newbuildings without earning revenue and without assurance that they will be completed on time or at all.

As of April 30, 2006, we had orders for six new ships with deliveries scheduled from 2007 to 2009. We may order additional newbuildings in the future. We are typically required to pay substantial sums as progress payments during construction of a newbuilding, but we do not derive any revenue from the ship until after its delivery.

Our receipt of newbuildings could be delayed temporarily or indefinitely because of:

- quality or engineering problems;
- work stoppages or other labor disturbances at the shipyard;

- bankruptcy or other financial crisis of the shipbuilder;
- a backlog of orders at the shipyard;
- our requests for changes to the original ship specifications; or
- shortages of or delays in the receipt of necessary construction materials, such as steel.

If delivery of a ship is materially delayed, it could adversely affect our business, results of operations, cash flows and financial condition.

Terrorist attacks and international hostilities can affect the tanker industry, which could adversely affect our business.

Terrorist attacks, such as those that occurred in New York on September 11, 2001 and in London on July 7, 2005, the outbreak of war or the existence of international hostilities could damage the world economy, adversely affect the availability of and demand for petroleum and chemical products and adversely affect our ability to operate our ships, terminals or tank containers. We conduct our operations internationally, and our business, financial condition and results of operations may be adversely affected by changing economic, political and government conditions in the countries and regions where our ships and tank containers are employed and terminals are located. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political instability, terrorist or other attacks, war or international hostilities.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.

In general, the cost of maintaining a ship in good operating condition increases with the age of the ship. As our fleet ages, we will incur increased costs. Older ships are typically less fuel efficient and more costly to maintain than more recently constructed ships due to improvements in engine technology. Cargo insurance rates increase with the age of a ship, making older ships less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of ships may also require expenditures for alterations, or the addition of new equipment, to our ships and may restrict the type of activities in which our ships may engage. Although our current fleet of 71 ships in the Stolt Tankers Joint Service ("STJS") has an average age of 14 years, we cannot assure you that, as our ships age, market conditions will justify those expenditures or enable us to operate our ships profitably during the remainder of their useful lives.

Risks Related to Our Company

The U.S. Internal Revenue Service ("IRS") may rule that our shipping operations do not qualify for exemption from U.S. income taxes.

Pursuant to the Internal Revenue Code (the "Code") Section 883, effective for our fiscal years beginning on or after December 1, 1987, U.S. source income from the international operation of ships is generally exempt from U.S. tax if the company operating the ships meets certain requirements. Among other things, to qualify for this exemption, the company operating the ship must be incorporated in a country which grants an equivalent exemption to U.S. citizens and corporations and whose shareholders meet certain residency requirements. The IRS has agreed that we qualify for this exemption for years up to and including the 1992 fiscal year, but may review our qualifications for subsequent years. We believe that substantially all of our ship owning and ship operating subsidiaries meet the requirements to qualify for this exemption from U.S. taxation. For these reasons, no provision for U.S. income taxes has been made with respect to our U.S. source shipping income.

Based upon information available at this time, we believe that we satisfy the requirements necessary to continue to qualify for the exemption under Code Section 883 and, in addition, may qualify for a treaty exemption. However, if an equivalent exemption were not available, or if we did not qualify for a treaty exemption, U.S. source income from shipping activities would be taxable as follows. Generally, income subject to U.S. taxation would include 50% of the revenues derived from shipments between the U.S. and foreign ports. This would include our share of all such income from STJS. If the company operating the ship has any such income which is "effectively connected" with a U.S. trade or business, such "effectively connected" U.S. source shipping income, net of applicable deductions, would be subject to U.S. taxation imposed at graduated rates up to 35%. In addition, this income, as determined after allowance for certain adjustments, may be further subject to the 30% "branch profits" tax on earnings effectively connected with such U.S. trade or business. Any such income which is not "effectively connected" with a U.S. trade or business would be subject to taxation on a gross basis (without allowance for deductions) at a tax rate of 4%. The branch profits tax would not apply to income subject to the 4% tax. If we fail to qualify for any of these exemptions, we could become subject to additional taxes or taxation at increased rates.

There may be a risk that our tax costs could increase as a result of changes in the Luxembourg Tax Regime.

We are a holding company under the law of July 31, 1929 of Luxembourg (a "1929 Holding Company") eligible for taxation under the decree of December 17, 1938. On June 21, 2005, the 1929 Holding Companies tax regime was amended but, under a "grandfather" clause, pre-existing companies such as us may continue to benefit from the 1938 tax exempt regime until December 31, 2010. Thereafter, 1929 Holding Companies may not receive more than 5% of their dividends from companies which are not subject in their respective countries to taxation which is comparable in principles and tax rates to the taxes

applicable ordinarily in Luxembourg. On February 8, 2006, the European Commission ("EC") decided to conduct an investigation into Luxembourg' s 1929 tax exempt holding company regime on the grounds that the tax exemption may constitute a disguised subsidy in favor of multinational companies based in Luxembourg and may distort the European financial market If the investigation concludes that the tax exemption under the grandfather clause or under the amended law does constitute a disguised subsidy, the tax laws would have to be repealed and we would be subject to the ordinary tax regime if we were to maintain our status as a Luxembourg company.

Our reputation and our ability to do business may be impaired by corrupt behavior by our employees or agents.

While we are committed to conducting business in a legal and ethical manner, there is a risk that our employees or agents may take actions that violate the U.S. Foreign Corrupt Practices Act, legislation promulgated pursuant to the 1997 Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the International Emergency Economic Powers Act, the Trading With the Enemy Act, the Export Administration Act, including anti-boycott laws, various economic sanctions regulations and export controls that restrict trade with certain designated countries and persons, or other applicable laws and regulations. Such violations could result in monetary or other penalties against us and could damage our reputation and, therefore, our ability to do business.

The Stolt-Nielsen family exercises a controlling influence over matters relating to SNSA requiring shareholder approval.

As of May 30, 2006, the Stolt-Nielsen family, directly and indirectly through Fiducia Ltd., a trust for the benefit of certain members of the Stolt-Nielsen family, controlled 55.9% of the outstanding shares of SNSA entitled to vote generally on matters brought to a vote of shareholders of SNSA. As a result, the Stolt-Nielsen family currently directly and indirectly exercises a controlling influence over SNSA' s operations and has sufficient voting power to control the outcome of matters requiring shareholder approval including: the composition of our Board of Directors which has the authority to direct our business and to appoint and remove our officers; approving or rejecting a merger, consolidation or other business combination; raising future capital; and amending our Articles of Incorporation which govern the rights attached to our Common Shares. This control may also make it difficult to take control of SNSA without the approval of the Stolt-Nielsen family. Additionally, the interests of the Stolt-Nielsen family may conflict with the interests of our other investors. For additional information, please see Item 7. "Major Shareholders and Related Party Transactions−Major Shareholders."

It may be difficult to enforce a U.S. judgment against us, our officers and our directors or to assert U.S. securities laws claims in Luxembourg or serve process on our officers or directors.

We are a corporation organized under the laws of Luxembourg. Most of our directors and officers reside and maintain most of their assets outside the U.S. and it may not be possible to effect service of process within the U.S. on us or on such persons, or to enforce against us or them in U.S. courts judgments obtained in such courts based on the civil liability provisions of the U.S. federal securities laws. We have been advised by Elvinger, Hoss & Prussen, our Luxembourg counsel, that there is substantial doubt as to whether the courts of Luxembourg would (1) enforce judgments of U.S. courts obtained in actions against us or such directors and officers based on the civil liability provisions of the U.S. federal securities laws or (2) entertain original actions brought in Luxembourg against us or such directors and officers predicated solely upon the civil liability provisions of the U.S. federal securities laws. There is no treaty in effect between the U.S. and Luxembourg providing for such enforcement, and there are grounds upon which Luxembourg courts may choose not to enforce judgments of U.S. courts. Certain remedies available under the U.S. federal securities laws would not be enforced by Luxembourg courts as contrary to that nation' s public policy.

Risks Related to Our Internal Control Environment

Our assessment of our internal control over financial reporting may identify "material weaknesses" in the future and may result in an attestation with an adverse opinion from our independent registered public accounting firm, which could reduce confidence in our financial statements and negatively affect the price of our securities.

We will be required to include in our future annual reports on Form 20-F a report that contains an assessment by management of the effectiveness of our internal control over financial reporting. This will be required by Section 404 of the Sarbanes-Oxley Act of 2002 and the rules promulgated by the U.S. Securities and Exchange Commission (the "SEC") to implement Section 404. In addition, our independent registered public accounting firm must attest to and report on management' s assessment of the effectiveness of our internal control over financial reporting. We have been and are continuing to evaluate our internal control systems to allow our management to report on, and our registered public accounting firm to attest to, our internal control over financial reporting. As of November 30, 2005, our Chief Executive Officer and Chief Financial Officer identified "material weaknesses" in our internal control over financial reporting. We have made changes in our internal control over financial reporting to address these material weaknesses and we expect to continue to make changes during our documentation and control evaluation in preparation for compliance with Section 404. As we implement the remaining changes, we may identify additional weaknesses in our system of internal control over financial reporting that will require additional remedial efforts. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, we may not be able to assess the effectiveness of our internal control over financial reporting and our independent registered public accounting firm may issue an adverse opinion thereon, and we may be subject to sanctions or investigations by regulatory authorities such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur additional cost in improving our internal control system, which could have an adverse impact on our results of operations.

We determined that we did not have effective disclosure controls and procedures due to certain "material weaknesses" with respect to our internal control over financial reporting.

We have disclosed in this Report that we did not maintain effective disclosure controls and procedures as of November 30, 2005 due to "material weaknesses" and other deficiencies with respect to our internal control over financial reporting. During fiscal year 2005 and the first quarter of 2006, we undertook certain actions to remediate these deficiencies. Although we made progress in executing some remedial measures, we determined that there are "material weaknesses" and other deficiencies with respect to our internal control over financial reporting. These are discussed in more detail in Item 15. "Controls and Procedures." As a result, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of November 30, 2005 to achieve their intended objectives. Although we are continuing to remediate the deficiencies we have identified, if we do not effectively address these deficiencies and otherwise continue to improve our internal control over financial reporting, we may be unable to provide timely and accurate financial information, investors could lose confidence in our reported financial information and the trading price of our securities could be adversely affected.

Risks Related to Our Ongoing Legal Proceedings

We are the subject of investigations by U.S. and European antitrust authorities.

In 2002, we became aware of information that caused us to undertake an internal investigation regarding potential improper collusive behavior in our parcel tanker and intra-Europe inland barge operations. Consequently, we determined to voluntarily report conduct to the Antitrust Division of the U.S. Department of Justice (the "DOJ" or "Antitrust Division") and the Competition Directorate of the

EC. As a result of our voluntary report to the DOJ, we entered into an amnesty agreement, dated January 15, 2003 (the "Amnesty Agreement") with the Antitrust Division which provided that the Antitrust Division agreed "not to bring any criminal prosecution" against us for any act or offense we may have committed prior to January 15, 2003 in the parcel tanker industry to or from the U.S., subject to the terms and conditions of the Amnesty Agreement, including continued cooperation. The Amnesty Agreement covers SNSA, SNTG and their

directors, officers and employees. On February 25, 2003, we announced that we had been conditionally accepted into the DOJ' s Corporate Leniency Program in connection with possible collusion in the parcel tanker industry. We also announced that the EC had admitted us into its Immunity Program with respect to deep-sea parcel tanker and intra-Europe inland barge operations. This program affords us immunity from EC fines with respect to anti-competitive behavior, subject to our fulfilling the conditions of the program, including continuing cooperation. It is possible that in the future national authorities in Europe, or elsewhere, will assert jurisdiction over the alleged activities.

Subsequent to our announcement of our acceptance into the DOJ' s Corporate Leniency Program, the Antitrust Division' s staff informed us that it was suspending our obligation to cooperate because the Antitrust Division was considering whether or not to remove us from the DOJ' s Corporate Leniency Program. In February 2004, we filed a civil action in the United States District Court for the Eastern District of Pennsylvania against the DOJ to enforce our Amnesty Agreement with the Antitrust Division and its ban on criminal prosecution for certain activity that occurred prior to January 15, 2003. In March 2004, the Antitrust Division purported to void the Amnesty Agreement that was the basis for our participation in the DOJ' s Corporate Leniency Program and revoke our conditional acceptance into the DOJ' s Corporate Leniency Program. In January 2005, the District Court entered a judgment in our favor and enforced our Amnesty Agreement. The DOJ subsequently appealed the January 14, 2005 District Court order. On March 23, 2006, a two-judge panel of the United States Court of Appeals for the Third Circuit reversed and remanded the District Court' s ruling for further proceedings. This decision was later amended in a manner that did not change its ultimate conclusion as to our ability to obtain a pre-indictment injunction. The panel' s decision did not address the merits of our arguments regarding the effect of the Amnesty Agreement. Instead, the decision was based on the determination that the District Court did not have the authority to issue a pre-indictment injunction. On March 28, 2006, we filed a petition for rehearing *en banc* in which we seek to have the appeal reconsidered by the entire Third Circuit court, to which the court has directed the DOJ to respond by June 13, 2006. We are currently awaiting a decision on that petition. If the District Court' s ruling is not upheld following appeals and any further proceedings, it is possible that we or our directors, officers or employees could be subject to criminal prosecution and, if found guilty, substantial fines and penalties. The effect of an indictment being returned by a grand jury against us or our directors or officers could, by itself, have a significant impact on our reputation and our relations with our employees, vendors, lenders and other constituencies. If we were required to pay substantial fines, we cannot assure that we would have sufficient available cash to make such payment. Even if we ultimately prevail, our continuing immunity and amnesty under the Antitrust Division' s Corporate Leniency Program would require us, our directors, officers and employees to cooperate and otherwise comply with the conditions of the Corporate Leniency Program. It is possible that the Antitrust Division could, once again, determine that we or such directors, officers or employees did not or have not fully complied with those terms and conditions. If this were to happen, we or such directors, officers or employees could, once again, be partly or fully removed from the Corporate Leniency Program, subject to criminal prosecution and, if found guilty, substantial fines and penalties. We could incur significant defense costs and the distraction of senior management from the operation of our business, which could have a material adverse effect on our financial condition, cash flows or results of operations.

On June 28, 2004, we received a grand jury subpoena from the Antitrust Division calling for the production of documents relating to our tank container business, organized as a separate line of business from our parcel tanker business. We have informed the Antitrust Division that we are committed to

cooperating in this matter. Because of the confidential nature and the early stage of such proceeding, we cannot predict what the outcome of this proceeding will be. It is possible that we, our directors, officers or employees could be subject to criminal prosecution and, if found guilty, substantial fines and penalties. The effect of an indictment being returned by a grand jury against us or our directors or officers could, by itself, have a significant impact on our reputation and our relations with our employees, vendors, lenders and other constituencies.

We remain in the EC' s Immunity Program with respect to the parcel tanker industry. Our and our directors' , officers' and employees' continuing immunity and amnesty under the EC' s Immunity Program for the parcel tanker industry depends on the EC' s satisfaction that going forward we and our directors, officers and employees are meeting any obligations we or they may have to cooperate and otherwise comply with the conditions of the immunity and amnesty programs. It is possible that the EC could assert that we or our directors, officers or employees have not or are not fully complying with the terms and conditions of the immunity program. If this were to happen, we or such directors, officers or employees could be partly or fully removed from the immunity program, subject to criminal prosecution and, if found guilty, substantial fines and penalties. For additional information on these legal proceedings, please see Item 8. "Financial Information–Legal Proceedings."

Because of the ongoing litigation with the Antitrust Division in respect of our Amnesty Agreement, including our previous success at the District Court level, the fact-intensive nature of the issues involved, our limited access to the facts in a grand jury investigation and the inherent difficulty of predicting the outcome of antitrust lawsuits and investigations, we are not able to conclude that an adverse outcome in connection with the criminal investigations is probable or a reasonable range for any such outcome and have made no provisions for any fines related to the DOJ or EC investigations in our consolidated financial statements. Two other targets of the antitrust criminal investigation, Odfjell ASA and Jo Tankers, agreed to pay fines of $42.5 million and $19.5 million, respectively, to settle the investigation. We have also noted that criminal fines paid in plea agreements in major price-fixing cases over the last decade, have ranged from tens of millions to hundreds of millions of dollars. The range in cases involving other companies and other circumstances is not necessarily indicative of the range of exposure that we would face in the event of an adverse outcome of the DOJ or EC investigations and litigation with the Antitrust Division. An adverse outcome in these proceedings, however, would likely have a material adverse effect on our financial condition, cash flows and results of operations.

We are subject to investigations by jurisdictions other than the U.S. and Europe.

In February 2004, the Canada Competition Bureau (the "CCB") notified us that it had launched an antitrust investigation of the parcel tanker shipping industry and SNTG. We informed the CCB that we are committed to cooperating fully with the investigation. We do not have amnesty in this investigation but have continued to cooperate with the CCB. On March 30, 2006, the CCB confirmed that its investigation remains ongoing. It is possible that regulatory authorities in other jurisdictions could commence investigations or legal proceedings with respect to the activities that are the subject of the investigations. We cannot determine whether or not any such proceedings may be brought or, if they are brought, the potential consequences of such proceedings. It is possible that we could be subject to fines or other civil and criminal penalties. It is also possible that the consequences of such proceedings, if brought, could have a material adverse effect on our financial condition, cash flows or results of operations. For additional information on these legal proceedings, please see Item 8. "Financial Information−Legal Proceedings."

We may be subject to civil liabilities relating to the activities that are the subject of the antitrust investigations.

During 2005, there were ten putative private antitrust class action lawsuits outstanding against us in U.S. federal and state courts for alleged violations of antitrust laws, six of which have been dismissed or settled. The four remaining putative antitrust class actions set forth almost identical claims of collusion and bid rigging that track information in media reports regarding the DOJ and EC investigations. The suits seek treble damages in unspecified amounts and allege violations of the Sherman Antitrust Act and various state antitrust and unfair trade practices acts. The actions typically name as defendants SNSA and SNTG, along with several of our competitors, including Odfjell, Jo Tankers and Tokyo Marine. In addition to the four remaining putative class actions, we are aware of four lawsuits filed in U.S. federal court by plaintiffs who have elected to opt out of the putative class actions. Three of the four lawsuits have been settled and dismissed. The plaintiff in the remaining lawsuit is a direct purchaser of our parcel tanker services and makes allegations similar to those made in the putative class actions and seek the same type of damages under the Sherman Antitrust Act as sought in the putative class actions. The remaining opt-out plaintiff is currently pursuing its claim in a recently initiated consolidated arbitration proceeding. Four other customers are pursuing similar antitrust claims against us in that arbitration proceeding. There is also a suit by a bankrupt former competitor, which generally tracks the factual allegations in the lawsuits described above, except that the complaint alleges that we conspired with other parcel tanker firms to charge predatory prices, that is, prices that were below a competitive level, thereby driving the former competitor out of business. Additionally, we are in ongoing discussions with several customers regarding the activities that are the subject of the DOJ and EC investigations. Some of these customers have requested mediation of their disputes with us or have threatened to commence litigation. It is possible that other legal proceedings, including arbitration or mediation, will be requested or commenced by our customers or former customers. We have also been named as a defendant, together with certain of our directors, senior executives and former senior executives, in a purported civil class action for violations of U.S. securities laws. The securities litigation also appears to be based on media reports about the DOJ and EC investigations and alleges, among other things, that our failure to disclose such alleged antitrust violations, and other allegedly false and misleading statements, caused plaintiffs to pay inflated prices for our shares. The securities litigation seeks unspecified monetary damages, among other things.

We may be required to make payments in settlement or as a result of a final judgment to entities that have commenced or may commence proceedings against us in amounts that are not determinable. The existence of these proceedings also could have a material adverse affect on our ability to access the capital markets to raise additional funds to refinance indebtedness or for other purposes. Therefore, the pending civil

claims against us and any future claims could have a material adverse impact on our financial condition, cash flows or results of operations. For additional information on these legal proceedings, please see Item 8. "Financial Information−Legal Proceedings."

In light of the early stage of these litigations and arbitrations, the fact-intensive nature of the issues involved, the inherent uncertainty of litigation and arbitration, the unsettled law and the potential offsetting effect of counterclaims asserted against the claimants, we are not able to determine whether or not a negative outcome in any of these actions is probable, or a reasonable range for any such outcome, and have made no provisions for the claims raised in these proceedings in our consolidated financial statements. Given the volume of commerce involved in our parcel tanker business, an adverse ruling in one or more of these civil antitrust proceedings could subject us to substantial civil damages given the treble damages provisions of the Sherman Antitrust Act. We have noted that the civil damages in major civil antitrust proceedings in the last decade have ranged as high as hundreds of millions of dollars, including where companies have entered into the DOJ' s Corporate Leniency Program. This range involving other companies and other circumstances is not necessarily indicative of the range of exposures that we would face in the event of an adverse outcome, although it is possible that the outcomes of any or all of these

proceedings could have a material adverse effect on our financial condition, cash flows and results of operations.

We have incurred significant costs and may be required to make significant payments to customers in connection with antitrust-related proceedings.

In connection with the antitrust-related investigations and legal proceedings, we have incurred significant legal fees and costs. We have incurred legal fees and costs, for antitrust-related investigations and legal proceedings of $30.2 million in 2005, $20.1 million in 2004 and $15.5 million in 2003, which are included in "Administrative and general expenses" in the consolidated statements of operations. We expect that we will continue to incur significant fees and costs until these matters are resolved. Due to the uncertainty over the resolution of the matters described in Item 8. "Financial Information−Legal Proceedings," we have not established any reserves for legal fees and costs related to such proceedings.

We have actively engaged in discussions with a number of our customers regarding the subject matter of the DOJ and EC investigations. We have reached agreements or agreements in principle resolving the existing and potential antitrust claims with a significant number of our major customers, with the condition that the customer relinquishes all claims arising out of the matters that are the subject of the antitrust investigations. In some cases, we have agreed to future discounts, referred to as rebates, which are subject to a maximum cap and are tied to continuing or additional business with the customer. The potential future rebates, which we do not guarantee, are not charged against operating revenue unless the rebate is earned. The aggregate amount of such future rebates for which we could be responsible under existing settlement agreements, agreements in principle and offers made is approximately $16 million as of November 30, 2005. We expect that most of the operating revenue that would be subject to these rebates will occur within the two years subsequent to November 30, 2005. In certain cases, we also have agreed to make up-front cash payments or guaranteed payments to customers, often in conjunction with rebates. We have made provisions against operating revenue totaling $39.1 million in 2005, reflecting such payment terms of existing settlement agreements or agreements in principle or offers made to customers. It is possible that we will be required to enter into similar arrangements to settle other existing and potential antitrust claims.

Continuing negative publicity may adversely affect our business.

We have been the subject of substantial negative publicity relating to the antitrust investigations and related civil litigation, including the employment litigation commenced by a former internal legal counsel. We may experience reluctance on the part of certain customers and suppliers to continue working with us on customary terms. The negative publicity, legal proceedings and resulting impact on our businesses could also have a negative impact on our ability to refinance our existing indebtedness when necessary. As a result of the antitrust investigations, the related litigation and negative publicity, members of senior management must spend significant management time and effort dealing with investigations, litigation and customer relations issues rather than the operation of our businesses. Moreover, the negative publicity could encourage increased scrutiny from governmental regulatory authorities relevant to our various businesses or make us a more attractive subject for third-party claims and disputes. For example, the DOJ has issued a grand jury subpoena relating to our tank container business. Whether or not warranted, such negative attention could require us to incur additional costs to respond to or settle such matters or

have a negative impact on our share price. Therefore, continuing negative publicity could have a material adverse effect on our results of operations and liquidity and the market price of our publicly traded securities.

Item 4. Information on the Company.

Stolt-Nielsen S.A. was incorporated in Luxembourg in 1974 as the holding company for all of our activities. Our registered office is located at 23, avenue Monterey, L-2086 Luxembourg, and we are

registered at the Companies' Register of the Luxembourg District Court under the designation R.C.S Luxembourg B.12.179. Our principal executive office is c/o Stolt-Nielsen Limited, Aldwych House, 71-91 Aldwych, London WC2B 4HN, U.K. Our telephone number is +44(0)20-7611-8960 and our internet address is www.stolt-nielsen.com. Our agent for U.S. federal securities law purposes is Stolt-Nielsen Inc., 800 Connecticut Avenue, 4th Floor East, Norwalk, Connecticut, 06854, U.S. The information on our website is not part of this Report.

We have 27 offices and employ approximately 4,900 persons worldwide as of April 30, 2006. This excludes offices and employees of SSF that were part of the business contributed to Marine Harvest as described below.

General

Together with our subsidiaries and investments, we are engaged primarily in two businesses: transportation; and seafood production, farming and processing. Our transportation business is conducted through SNTG and its subsidiaries and our seafood business is carried out through SSF and its subsidiaries. SNTG and SSF are our wholly owned subsidiaries.

Until January 13, 2005, we also had an ownership interest in SOSA, an offshore construction business. We owned a 41.7% economic and voting interest in SOSA as of November 30, 2004. In 2004, we reduced our economic and voting interest in SOSA and deconsolidated the activities of SOSA in our financial reports as we no longer had a controlling interest. On January 13, 2005, we sold all of our remaining ownership interest in SOSA.

On April 29, 2005, we completed a joint venture between SSF and Nutreco. The joint venture was called Marine Harvest, a new worldwide fish farming, processing and sales business. We currently own 25% of the shares of Marine Harvest and Nutreco owns the remaining 75%. On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. Although the transaction has not yet closed, and remains subject to approval from regulatory and competition authorities, on March 29, 2006 we received prepayment of EUR 293.8 million (approximately $352.5 million at the then current exchange rate) representing our full share of the proceeds of the sale. The results of our 25% ownership interest in Marine Harvest will be included in our consolidated results until the transaction is completed. On receipt of the necessary approvals, we will recognize a gain on sale estimated to be $65 million. All risks and responsibilities of obtaining regulatory and competition authority approvals rest with the buyer.

We did not contribute SSF' s turbot and sole operations in Europe and Southern bluefin tuna operations in Australia to Marine Harvest. Consequently, these businesses comprise SSF' s ongoing operations.

Additionally, SeaSupplier Ltd. ("SSL") and its subsidiaries provide a marine purchasing service whereby SSL selects, purchases and arranges delivery for a ship' s needs for consumables, spare parts and other services.

Recent Significant Developments

Since the end of fiscal year 2005, we have taken a number of significant actions impacting our business, including the following:

- Subsequent to November 30, 2005, we purchased the *Turchese* which was renamed the *Stolt Frigate*. The purchase price of this ship, an all stainless steel 6,155 deadweight tons ("dwt") ship built in 1988, was $8.7 million;

- Subsequent to November 30, 2005, we repurchased 2,981,850 Common Shares under our share buyback program. To date, we have repurchased Common Shares totaling $138.7 million under the $200 million repurchase program announced on August 25, 2005;
- Between January and May 2006, we sold the *Stolt London*, *Stolt Taurus*, *Stolt Titan* and the *Stolt Accord* for aggregate consideration of $21.1 million;
- On December 14, 2005, we paid an interim dividend of $1.00 per Common Share (including American Depositary Shares each of which represents one Common Share) to shareholders of record as of November 30, 2005. At the Annual General Meeting on May 26, 2006, the shareholders approved a final 2005 dividend of $1.00 per Common Share (including American Depositary Shares), payable on June 15, 2006 to shareholders of record as of June 1, 2006;
- On January 3, 2006, we announced that we had received a letter from the Korean Fair Trade Commission ("KFTC") informing us that the KFTC had ceased its deliberations in an investigation of cartel activity in the parcel tanker industry, which we understand constitutes formal notice that the KFTC has voted to close its investigation;
- At the end of January 2006, we entered into a new seven-year $325 million revolving credit facility underwritten by a group of banks led by Citibank. The facility is collateralized by a pledge of certain SNTG ships and, together with the $400 million credit facility put in place in 2005, provides us with a total of $725 million of ship-secured revolving credit facilities;
- In February 2006, Marine Harvest completed a new EUR 350 million credit facility. Marine Harvest used part of the proceeds from this facility to fully repay approximately $65 million of principal plus accrued interest to us under a shareholder loan, representing payment in full;
- On February 27, 2006, SNTG' s 50% owned joint venture with Nippon Yusen Kaisha Line ("NYK"), NYK Stolt Shipholding Inc., committed to acquire two 12,500 dwt ships to be constructed at the Usuki Shipyard Co. Ltd. in Japan. We expect the ships to be delivered by mid-2010 at a cost of $32 million each. Both ships will be chartered to our Stolt NYK Asia Pacific Services Inc. joint venture with NYK;
- On March 4, 2006, we announced that we had signed a non-binding memorandum of understanding with the Lingang Harbor Affairs Company ("Lingang") in Tianjin, China for the 50-year lease of waterfront property to develop a chemical and oil products terminal. The joint venture participants are negotiating the definitive documentation to formalize these arrangements, which are conditioned on the parties receiving the necessary financing and regulatory approvals, among other conditions. It is possible that as a result of these negotiations, the terms of the joint venture could be modified. For additional information see "−Business Overview−Stolt-Nielsen Transportation Group−Terminals" below;
- On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. Although the transaction has not yet closed, on March 29, 2006, we received prepayment of EUR 293.8 million (approximately $352.5 million at the then current exchange rate) representing our full share of the proceeds of the sale. Results of our 25% ownership interest in Marine Harvest will be included in our consolidated results until the transaction is completed after receiving approvals from regulatory and competition authorities. On receipt of such approvals, we will recognize a gain on sale of estimated to be $65 million. All risks and responsibilities of obtaining regulatory and competition authority approvals rest with the buyer (so long as any failure to obtain such approvals is not the fault of the sellers);
- On March 20, 2006, we announced an agreement in principle with Oiltanking GmbH whereby our wholly owned subsidiary, Stolthaven Terminals BV, will acquire a 50% interest in Oiltanking

Antwerp N.V., a terminal storage company in Antwerp, Belgium, for approximately $64 million, which will be paid partly in cash and partly by the assumption of outstanding debt. In addition, we will provide approximately $16 million of additional capital for terminal expansion. For additional information see "−Business Overview−Stolt-Nielsen Transportation Group−Terminals" below;

- On March 28, 2006, we exercised our option to purchase the *Montana Sun*, *Montana Star* and *Montana Blue* ships for $40.7 million. These ships were renamed the *Stolt Mountain*, *Stolt Hill*, and *Stolt Peak*, respectively.
- On April 11, 2006, we announced that SNTG had entered a strategic partnership with Gulf Navigation Company LLC. Under the terms of the partnership, Gulf Navigation will acquire two 44,000 dwt parcel tankers from ShinA Shipbuilding Co. Ltd. of South Korea, under options formerly held by SNTG. Upon entering service in mid-2009, the ships will join the STJS;
- On May 19, 2006, we announced that SNTG had acquired two parcel tankers, each of approximately 8,600 dwt, to meet growing customer demand in our inter-European service. The sister ships *Bow Wave* and *Bow Wind* were purchased from Iino Lines for $18.5 million each. We expect SNTG to take delivery of the ships between July and November 2006; and

- On May 26, 2006, at the Annual General Meeting, our shareholders approved all agenda items, including the reduction of the authorized share capital from 120,000,000 Common Shares and 30,000,000 Founder' s Shares to 69,000,000 and 17,250,000, respectively, and re-elected all nominated directors.

For additional information, please see Item 5. "Operating and Financial Review and Prospects−Strategic Outlook−Financial Management," and "−Liquidity and Capital Resources." Please also see Note 25 to the Consolidated Financial Statements, included in Item 18 of this Report.

Business Overview

Stolt-Nielsen Transportation Group

Our transportation business is carried out through SNTG, which represented approximately 85% of our 2005 operating revenue, and approximately 81% of our total assets as of November 30, 2005.

SNTG is engaged in the worldwide transportation, storage and distribution of bulk liquid chemicals, edible oils, acids, and other specialty liquids. SNTG is able to offer its customers a range of transportation and storage solutions on a worldwide basis through its intercontinental parcel tanker, coastal parcel tanker, river parcel tanker, tank container, terminal and rail services.

As of April 30, 2006, based on the size of the fleet, SNTG is one of the largest operators of parcel tankers in the world, and, based on the number of tank containers, is the largest operator in the tank container market. Parcel tankers and tank containers carry similar products, with parcel tankers typically used to transport cargo lots greater than 150 metric tons, while tank containers are typically more economical for transportation of smaller cargo lots.

Tankers

SNTG has been a pioneer in the parcel tanker industry, an industry which derives its name from our first operating company, Parcel Tankers Inc., which was incorporated in Liberia in 1959. Parcel Tankers Inc. subsequently changed its name to Stolt-Nielsen Transportation Group Ltd. As of April 30, 2006, SNTG had a fleet of 149 parcel tankers, product tankers, and river tankers ranging in size from approximately 1,125 to 40,160 dwt of which 78 parcel tankers were over 10,000 dwt, and with total capacity of approximately 2.4 million dwt. Of the 149 parcel tankers, 71 ships provide intercontinental service, 39 ships provide regional service and 39 ships provide inland or river service. Of the 149 parcel tankers, we

own 71 ships, we have an interest in 14 ships via several joint ventures and we time charter, either directly or indirectly, 64 ships.

The parcel tanker industry occupies a market niche in the worldwide tanker trade and represents only about 5% of the dwt of the international tanker fleet. Unlike crude oil tankers which generally load a full cargo at one port for one customer and discharge at one destination, parcel tankers, as the name implies, carry many cargoes (as many as 58 parcels) for many customers on the same voyage and load and discharge cargo at many ports. A parcel tanker may carry a wide range of bulk liquids shipped in parcels of several hundred to several thousand tons each.

To facilitate handling of the diverse range of products carried by parcel tankers, our fleet is comprised of highly specialized ships. SNTG' s sophisticated intercontinental parcel tankers typically have 45 to 58 separate cargo tanks of varying sizes to permit the carriage of up to that number of fully segregated cargoes. The tanks are made of stainless steel or specially coated or lined steel to maintain the integrity of the variety of chemicals and other products carried and to facilitate cleaning. In addition, many tanks have independent heating and cooling systems to provide temperature control for each cargo. The level of sophistication of parcel tankers is reflected in newbuilding costs that are substantially higher than those for equivalently sized product tankers.

SNTG' s parcel tanker fleet covers nearly all of the major international trade routes served by the industry. SNTG operates its ships on round-trip voyages with cargo carried on both outbound and inbound legs. These trade routes maximize utilization of ships which seldom sail without cargo.

SNTG operates its major intercontinental services through the STJS, a contractual arrangement managed by SNTG for the coordinated marketing, operation, and administration of the fleet of parcel tankers owned or chartered by the STJS participants in the deep-sea

intercontinental market. We make the daily operating decisions of the STJS and provide such services as entering into COA with customers, making pricing decisions, directing the STJS ships' voyages, collecting receivables and paying voyage operating expenses, all on behalf of the STJS. SNTG is primarily responsible for the fulfillment of the services contracted on behalf of STJS. The STJS ships are marketed by SNTG' s professional chartering personnel worldwide using proprietary marketing and cargo tracking information systems as part of SNTG' s worldwide network of chemical transportation and distribution services. Stolt-Nielsen Transportation Group B.V., a company incorporated in The Netherlands and wholly owned by us, manages the STJS.

The STJS participants include affiliates and non-affiliates of SNSA. As of April 30, 2006, this fleet was comprised of 71 parcel tankers totaling approximately 2.1 million dwt. Of these, SNTG directly owns and operates 44 ships and time-charters nine ships for participation in the STJS. The STJS collectively operates six ships owned by NYK Stolt Tankers, S.A. ("NYK Stolt," 50%-owned by SNTG), three ships owned by Bibby Pool Partners Limited and three ships owned by Unicorn Lines (Pty) Limited. The STJS currently has six additional tankers on time-charter.

Each ship in the STJS is assigned an earnings factor based upon its cargo carrying capacity and technical capabilities. The profitability of each ship is determined by its share of the STJS results, and not by the specific voyages performed. This enables the management of the STJS to schedule the fleet to optimize its total results.

SNTG also operates tankers in seven regional markets, three of which are in conjunction with joint venture partners. The Stolt NYK Asia Pacific Services Inc. ("SNAPS") joint venture operates between East Asia, Southeast Asia, and Australia. The Stolt NYK Australia Pty. Ltd. ("SNAPL") joint venture operates within the Australian coastal and trans-Tasman markets. Both the SNAPS and SNAPL tankers are marketed by SNTG' s offices in these areas. The Stolt-Nielsen Inter-Europe Service operates small tankers in European coastal waters while Stolt-Nielsen Inter-Asia Service operates small tankers in

Eastern Asian coastal waters. The Stolt-Nielsen Inland Tanker Service currently operates 39 inland tankers on the Northwest European waterways while Stolt Transportation Services operates five inland barges in U.S. coastal waters.

In 2005, SNTG established a joint venture, Shanghai Sinochem-Stolt Shipping Co. Ltd., with Sinochem Shipping Co., Ltd to operate chemical tankers in the Chinese coast cabotage market. The joint venture has prepared its formal submission to the China Ministry of Commerce for an operating license, secured three strategic contracts with multinational chemical companies, and will take delivery of at least two and up to four stainless steel and four coated chemical tankers from two Chinese shipyards starting in 2006 to 2008.

During 2005 we entered into several commitments for the building of new ships. On April 1, 2005, we announced that we had reached agreement with the Kleven Floro yard in Norway for two 43,000 dwt ton parcel tankers to be delivered in late 2007 and early 2008. The aggregate price for the two ships is expected to be approximately $160 million. On June 9, 2005, we reached agreement with ShinA Ship Building Co. Ltd. of South Korea for four 44,000 dwt coated parcel tankers to be delivered in late 2008 and early 2009. The aggregate price for the four ships is expected to be approximately $230 million. On February 27, 2006, SNTG' s 50% owned joint venture with NYK line, NYK Stolt Shipholding Inc., committed to acquire two 12,500 dwt ships to be constructed at the Uruki Shipyard Co Ltd. in Japan. The ships are anticipated to be delivered by mid-2010 and will cost the joint venture approximately $30 million each.

We have also acquired ships in the open market. In August 2005 we purchased the *Isola Blu*, a 26,660 dwt parcel tanker built in 2001 for approximately $45 million which we renamed the *Stolt Viking*, and in February 2005 we acquired the 7,950 dwt *Marinor* parcel tanker built in 1992 for approximately $10 million which we renamed the *Stolt Gannet*. Subsequent to November 30, 2005, we purchased the *Turchese* which we renamed *Stolt Frigate*. The purchase price of this all stainless steel 6,155 dwt ship built in 1988 was approximately $9 million. On May 19, 2006, we announced that SNTG had acquired two parcel tankers, each of approximately 8,600 dwt, to meet growing customer demand in SNTG' s inter-European service. The sister ships *Bow Wave* and *Bow Wind* were purchased from Iino Lines for $18.5 million each. We expect SNTG to take delivery of the ships between July and November of 2006.

We, through SNTG, manage all of our owned ships and we employ our own seafarers. For our shipowning activities we have secured International Ship Management Association Quality Assurance System certification, which is an optional industry driven quality program. In addition we have International Standards Organization ("ISO") 9002 and International Safety Management ("ISM") certifications. ISO is not industry specific and is also an optional quality standard with which we comply. ISM is a regulatory requirement governed by the

International Maritime Organization (“IMO”). We have a complete quality assurance system to ascertain that all of our operations are performed to a uniformly high standard and are properly documented.

SNTG personnel coordinate most of the marketing and sales efforts directly with SNTG’ s parcel tanker customers. In some markets third-party brokers support this effort.

SNTG’ s tanker operations make extensive use of information systems for estimating voyages, scheduling cargo, stowing cargo, billing customers, tracking product handling and cleaning requirements, and managing ships. These systems not only control and track the status of each cargo movement but also keep the customer informed through system-generated, estimated time of arrival notices. SNTG’ s Cargo STOW (Stolt Tankers Operators Workstation) system, our proprietary software used to efficiently plan the loading of our parcel tankers and to verify that the varied and often hazardous products are carried in the appropriate cargo tanks, has won a Windows World Open award for best Microsoft Windows system for distribution companies.

Tank Containers

The emergence of tank containers as a means of transporting bulk liquids such as chemicals and oils dates back to the early 1970s. Tank containers are stainless steel cylindrical tanks enclosed in rectangular steel frames, with the same outside dimensions as 20 foot dry box containers. They carry 17,000 to 24,000 liters of bulk liquids (16 to 20 tons, depending upon the specific gravity of the product). This compares to the smallest compartment in a parcel tanker which can carry approximately 100,000 liters of bulk liquid. Tank containers can be transported on container ships, rail cars, and trucks.

SNTG entered the tank container business in 1982 when it acquired United Tank Containers, which at the time operated about 400 tank containers. As the market grew, SNTG steadily expanded its tank container fleet through the purchase or lease of newly manufactured tank containers and through acquisitions. SNTG specializes in making all transportation arrangements from origin to destination on behalf of the shipper, which is known as “door-to-door” shipping.

In November 2004, SNTG established a joint venture in China, Shanghai Stolt-Kingman Tank Containers Transportation Ltd, with Shanghai Kingman Container Service Company Limited. SNTG has a 76% interest in the company which was established to provide integrated, multi-modal tank container services to China’ s bulk liquid chemical and food industries. In June 2005, SNTG acquired Ermefer, the food-grade container business of Group Ermewa S.A., a global provider of logistics services. This transaction added nearly 300 leased tanks to the food grade sector of the tank container division. In late 2005, SNTG added an additional 600 new units to its fleet by the purchase of newly built tank containers from the China Industrial Manufacturing Company.

All of SNTG’ s tank containers are built and maintained to the standards of the IMO, the ISO, the U.S. Department of Transportation and other relevant governmental and private organizations. SNTG requires that all of its tank containers be constructed according to, and have valid certificates in accordance with, the International Convention for Safe Containers (“CSC”). SNTG conducts periodic inspections in conformity with CSC and IMO testing requirements to ensure compliance with those safety and trading requirements.

Our tank container operations require our own infrastructure for tank cleaning and repair. In Europe and the U.S., third-party contractors primarily perform this work. In Rotterdam, Houston, and the Asia Pacific region, we have established our own facilities to ensure high standards of quality, reduce costs, and increase market penetration by facilitating the ready supply of containers. The facilities in Japan, China, Taiwan, and Korea are operated through joint ventures.

The business systems of SNTG’ s tank container operations have received ISO 9002 certification which is a framework for quality management and quality assurance. SNTG’ s Move/Quote System is used by the tank container personnel on a worldwide basis to schedule, track, trace and bill for tank container movements.

Terminals

SNTG owns or has investments in five bulk liquid storage terminals. SNTG’ s terminals offer bulk liquid storage and handling services and are distribution centers for the transfer of products between various modes of transportation, including ships, rail, barge and tank trucks. SNTG currently owns and operates two tank storage terminals in the U.S. and one in Santos, Brazil, with a combined capacity of approximately 4.4 million barrels of liquid storage as of April 30, 2006. Each of these terminals serves as a central location for the storage and

distribution of liquid chemicals, vegetable oils, and other products, providing storage and handling services to SNTG' s parcel tankers and customers as well as for third parties.

The terminals in the U.S. are in Braithwaite, Louisiana and Houston, Texas. The Braithwaite terminal became operational in 2001 with capacity to store 405,000 barrels of liquid at that time. Since then, three expansions have added 1,020,900 barrels of capacity with the most recent addition of 280,000 barrels completed in 2005. During this same period since 2001, we added 755,000 barrels and 117,000 barrels of storage capacity to the Houston and Santos terminals, respectively.

SNTG' s terminal operations also have interests in two joint ventures, with a combined storage capacity of 3.7 million barrels: (i) a 40% interest in Stolthaven Westport Sdn. Bhd, a joint venture with the Bolton Group in Malaysia, and (ii) a 50% interest in Jeong-IL Stolthaven Ulsan Co. Ltd. which has a terminal facility in Ulsan, South Korea. SNTG also has an arrangement with subsidiaries of the global storage company Koninklijke Vopak N.V. ("Vopak") pursuant to which we have preferential rights for SNTG ships to berth at two terminals located in Rotterdam, which is SNTG' s parcel tanker operations' most frequently called port. This berthing arrangement saves SNTG time and, therefore, improves the efficiency of ship operations.

On March 4, 2006, we announced that we had signed a non-binding memorandum of understanding with Lingang in Tianjin, China for the 50-year lease of waterfront property to develop a chemical and oil products terminal. The intention of the joint venture partners is to establish two joint venture companies, one owning the jetty and dock, and the other owning the remaining terminal facilities for bulk liquid storage. SNTG will own 40% of the jetty joint venture and 65% of the terminal joint venture with Lingang, which has already begun construction of the first jetty, holding the remaining interest in these two joint ventures. The initial phase development of 630,000 barrels of storage capacity, including the complete jetty, is estimated to cost SNTG and Lingang a combined investment of $75 million, of which SNTG' s total share of the initial phase will be $44 million. The terminal' s first jetty is expected to be operational by August 2006 and the terminal is expected to be operational in 2007. The joint venture participants are negotiating the definitive documentation to formalize these arrangements, which are conditioned on the parties receiving the necessary financing and regulatory approvals, among other conditions. It is possible that as a result of these negotiations, the terms of the joint venture could be modified.

On March 20, 2006, we announced that Stolthaven Terminal B.V., a wholly owned subsidiary of SNSA, had agreed in principle with Oiltanking GmbH to acquire a 50% interest in Oiltanking Antwerp N.V., a terminal storage company in Antwerp, Belgium, for total consideration of approximately $64 million, which will be paid partly in cash and partly by the assumption of outstanding debt. The agreement remains subject to the completion of definitive documentation and regulatory approval, and if completed will have economic effect from January 1, 2006. The terminal, which is situated in the Port of Antwerp, has a capacity of 3.3 million barrels of liquid storage serving the liquid chemical, gas and petroleum markets.

The following table contains information on SNTG' s terminals as of April 30, 2006:

Storage Location	% Holding	Year Acquired	Capacity (barrels)
Houston	100%	1982	2,547,300
Braithwaite	100%	2001	1,426,258
Santos	100%	1982	459,313
Subtotal			4,432,871
Joint Ventures			
Westport, Malaysia	40%	1998	645,335
Ulsan, South Korea	50%	1999	3,308,440
Subtotal			3,953,775
Total			8,386,646

SNTG currently holds the ISO 9002 certification for our terminal business systems in Houston, Braithwaite and Santos. SNTG implemented a Terminal Automation System for tracking customer contracts and tank inventory, as well as for producing customer bills and reports. SNTG terminals also received security certification in 2004 as required by IMO with the certification being handled by regulatory authorities in each country where the terminals are located.

SNTG also operates a fleet of 436 leased railroad tank cars consisting of general-purpose low-pressure and specialized high-pressure tank cars.

Stolt Sea Farm

Our wholly owned subsidiary Stolt Sea Farm Holdings plc along with its subsidiaries is involved in the aquaculture industry. Aquaculture is the controlled breeding, growing and harvesting of seafood in a captive environment. The predecessor of SSF was founded by Jacob Stolt-Nielsen in 1972 and was acquired by us in 1991.

Until April 29, 2005, SSF produced, processed, and marketed a variety of high quality seafood. SSF had salmon production sites in Norway, North America, Chile, and Scotland, salmon trout production sites in Norway and Chile, a tilapia production site in Canada, turbot production sites in Spain, Portugal, Norway, and France, a halibut production site in Norway, a Southern bluefin tuna ranching operation and production site in Australia and sturgeon and caviar production sites in the U.S. Although SSF diversified into farming species other than salmon, salmon remained the primary focus. SSF had worldwide marketing operations with sales organizations covering the Americas, Europe, and Asia Pacific, and built a substantial seafood trading and distribution business in the Asia Pacific region. The following table illustrates the balance of these activities by farming region and product in terms of operating revenue for the three years ended November 30, 2005 and reflects the contribution of most of SSF' s operations to the Marine Harvest joint venture as of April 29, 2005:

	For the years ended November 30,		
	2005	2004	2003
		(in millions)	
Turbot	$ 34.8	$ 29.1	$ 26.7
Sole	0.1	0.1	0.1
Southern Bluefin Tuna	17.8	17.9	23.8
Sub-Total	52.7	47.1	50.6
Other Operations Contributed to Marine Harvest	192.8	412.0	411.2
Total Operating Revenue	$245.5	$459.1	$461.8

In September 2004, we announced an agreement with Nutreco to contribute our respective worldwide fish farming, processing and marketing and sales operations to a joint venture called Marine Harvest. On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. For additional information on the deconsolidation and sale of our ownership interest in Marine Harvest, see "−General" above and Item 5. "Operating and Financial Review and Prospects−Description of our Business". When we transferred the business, we retained our turbot and sole operations in Europe, and Southern bluefin tuna operations in Australia.

Turbot juveniles are produced by SSF and held in small land-based tanks, where sea water is pumped continuously. It takes an average of 28 months for the fish to grow to the optimum size for sale (about two kilograms). During this time the fish are moved from tank to tank about five times, sampled to control growth every month, and monitored and fed daily, by hand or automatically.

We have been developing for a number of years the ability to farm sole. SSF has a production capacity of 50 tons annually in two pilot facilities. We are evaluating plans to increase our annual production of sole to 1,000 tons over the next five years.

SSF' s strategy is to guarantee a supply of turbot and sole to its customers throughout the year as there is very little seasonality in stock levels. SSF' s sales force in Lira, Spain markets all of its turbot production in Europe, mainly in Spain, France and Italy. Traditionally, there have been several intermediaries between producers and consumers of fresh seafood, but there is a trend to sell directly to food service operators, mainly supermarket chains. Most of the turbot is distributed from SSF' s packing plant in Lira, Spain using distribution channels for fresh fish in nearby Galicia, Spain.

Southern bluefin tuna is caught in Australia around February of each year, with an average weight of 15 to 20 kilograms. The stock is kept in cages in a harbor with calm waters and fed for a six to eight month period ending in June to September when it is harvested and sold. During the feeding period it doubles its average weight. Business is therefore very seasonal, with the majority of sales concentrated in three months and no stock at all of live Southern bluefin tuna held from October to February. SSF markets all its Southern bluefin tuna production to the Japanese market, via Japanese importers or international traders. Part of the production is sold fresh and the rest is frozen.

Optimum Logistics

We established Optimum Logistics ("OLL") in Bermuda on December 30, 1999. OLL was an application service provider which offered chemical companies supply chain management software through an Internet web site.

On February 28, 2001, we sold a 19% minority interest in OLL to Aspen Technology, Inc. ("Aspen"), a global provider of intelligent decision-support and e-business solutions for process industries.

In April 2003, we sold substantially all of the assets of OLL to Elemica, Inc. Under the terms of the agreement, Elemica acquired the full technology platform and the ongoing business operations of OLL.

SeaSupplier

In early 2000, we established Prime Supplier Ltd., now renamed SeaSupplier Ltd. ("SSL"), as an application service provider which offers ship managers and ship owners a procurement system and associated consulting services to improve marine operations. SSL provides an internet website through which ship operators electronically select, purchase and arrange delivery for all of the ship' s needs for consumables, spare parts and other services directly with suppliers. In addition, SSL uses proprietary supplier and commercial databases to help the customer assess their current performance and areas of opportunity. Some customers are charged on a purchase order basis while most are on a negotiated fixed rate per month.

In May 2001, SSL acquired the business of OneSea.com Inc., through the sale of a 3% minority interest in SSL to the shareholders of OneSea.com Inc. We maintain a controlling interest of 97% ownership in SSL, which has offices in Houston, Texas; Norwalk, Connecticut, and Bermuda.

Since its inception in 2000, SSL has incurred operating losses and negative operating cash flow. SSL began to generate revenue from SNTG during the second half of 2001. SSL has relied on equity and debt financing from us to fund its operations. As of November 30, 2005, we have invested approximately $9.9 million in debt and $15.6 million in equity in SSL. The operating expenses were largely associated with software development and employee salaries and benefits.

Unconsolidated Joint Ventures

Marine Harvest

Marine Harvest is the world' s largest producer and supplier of farmed salmon in the world. Marine Harvest is also an important supplier of sea trout, and is pioneering the farming of species new to aquaculture such as cod, halibut, yellowtail, sturgeon, tilapia and barramundi.

The growth and harvesting of Marine Harvest' s different fish species, and generations within those species, follow patterns over the life-cycle of the fish. The cycle starts with the build-up of inventory of the species, and ends as the inventory is harvested. These patterns are different for each species, and they do not all coincide. It is not always possible to discern seasonality overall, although there may be occasions when the coincidence of cycles of different species may result in a noticeable fluctuation in production. In Northern hemisphere markets for salmon, demand tends to rise in holiday seasons, typically at the end of the year and during spring.

Marine Harvest' s main seafood markets are Asia, North America and Europe. Traditionally, there have been several intermediaries between producers and consumers of fresh seafood. The majority of fish farmers do not have their own worldwide sales and marketing organizations, and these companies typically sell their fish to an exporter or a domestic wholesaler. The exporter and domestic wholesalers in turn sell to importers, traders, wholesalers and distributors which, in turn will sell to food service operators and retailers (restaurants and supermarkets). We believe there is a trend in Europe, North America and Asia, with varying degrees of speed and concentration, toward a

consolidation into fewer and larger vertically integrated fish farming companies selling increasing portions of their products directly to food service operators, restaurant chains and supermarket chains.

Marine Harvest' s sales and distribution methods vary from market to market, depending on the nature of the product and the structure of the market. Sales may be to wholesalers, distributors, processors, food service organizations or retailers. Most distribution is performed by third-party suppliers on behalf of Marine Harvest.

Marine Harvest was initially funded with a combination of equity contributions and shareholder loans. Neither SNSA and its affiliates nor Nutreco has any ongoing cash funding obligations to Marine Harvest. In February 2006, Marine Harvest entered into a new EUR 350 million credit facility. Marine Harvest used part of the proceeds from this facility to repay us approximately $65 million of principal repayment on our shareholder loan plus accrued interest.

In September 2004, we announced an agreement with Nutreco to contribute our respective worldwide fish farming, processing and marketing and sales operations to a joint venture called Marine Harvest. On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. For additional information on the contribution of our net assets to and sale of our ownership interest in Marine Harvest, please see "−General" above and Item 5. "Operating and Financial Review and Prospects−Management Overview−Description of Our Business." Please also see Note 4 to our Consolidated Financial Statements, included in Item 18 of this Report.

Discontinued Operations

Stolt Offshore

Our offshore contracting business, involving the design, procurement, construction, installation and servicing of offshore surface and subsurface infrastructure for the oil and gas industry, was carried out through SOSA. As of November 30, 2004, we held a 41.7% economic and voting interest and accounted for SOSA using the equity method. As more fully described under Item 5. "Operating and Financial Review and Prospects−Management Overview" and Note 2 to the Consolidated Financial Statements, included in Item 18 of this Report, we deconsolidated the activities of SOSA in our financial results effective the first

quarter of fiscal 2004. On January 13, 2005 we sold all of our remaining ownership interest in SOSA. We have reclassified our previously issued financial statements to reflect SOSA as discontinued operations.

Financial Summary of Businesses

The following table sets out the operating revenue, income or loss from operations and identifiable assets for each of our businesses for the year ended November 30, 2005:

	Operating Revenue		Operating Income (Loss)	Identifiable Assets	
	(in millions, except percentages)				
SNTG:					
Tankers	$ 966	59%	$153	$1,321	59%
Tank Containers	334	20	30	124	6
Terminals	83	5	23	302	13
SNTG Corporate	8	1	(23)	67	3
Subtotal	1,391	85	183	1,814	81
SSF	246	15	15	408	18
Corporate and Other	1	*	(16)	18	1
Total	$1,638	100%	$182	$2,240	100%

* Represents less than 1%.

Geographic Distribution

The following table sets out operating revenue by geographic area for our reportable segments for the years indicated. SNTG operating revenue is allocated on the basis of the country or region in which the cargo is loaded. SSF operating revenue is allocated on the basis of the country in which the sale is generated.

Tankers and Tank Containers operate in a significant number of countries. Revenues from specific foreign countries that contribute over 10% of total operating revenue are disclosed individually, and those that contribute less than 10% are included together under "Other".

	For the years ended November 30,		
	2005	2004	2003
	(in millions)		
SNTG:			
Tankers:			
United States	$ 301	$ 285	$ 237
South America	93	77	60
Netherlands	80	67	43
Other Europe	170	112	145
Malaysia	87	69	71
Other Asia	95	92	78
Middle East	64	49	44
Africa	71	61	54
Other	5	29	26
	$ 966	$ 841	$ 758
Tank Containers:			
United States	$ 93	$ 91	$ 84
South America	11	10	8
France	36	30	23
Other Europe	81	74	65
Japan	18	19	15
Other Asia	80	61	50
Other	15	12	10
	$ 334	$ 297	$ 255
Terminals:			
United States	$ 71	$ 63	$ 55
Brazil	12	13	9
	$ 83	$ 76	$ 64
Corporate	$ 8	$ 5	$ 4
Total SNTG	$ 1,391	$ 1,219	$ 1,081
SSF:			
United States	$ 49	$ 119	$ 125
Canada	9	18	3
Chile	7	11	15
United Kingdom	10	28	18
Norway	13	24	25
Spain	22	21	18
France	5	12	8

Belgium	7	12	10
Other Europe	30	42	23
Japan	43	85	144
Singapore	25	21	25
Taiwan	–	14	12
Other Asia	22	52	36
Others	4	–	–
Total SSF	$ 246	$ 459	$ 462
Corporate and Other	1	2	1
Total SNSA	$ 1,638	$ 1,680	$ 1,544

Seasonality

SNTG' s markets can be impacted by a variety of seasonal factors including unpredictable weather patterns that can disrupt ship operations, an increase in the clean petroleum market in the winter months caused by increased consumption of oil in the Northern hemisphere, and summer and holiday periods which can result in decreased market activity.

SSF' s turbot operations typically has peak sales in December of twice the level of most other months. The Southern bluefin tuna business is a seasonal business with the majority of the harvest and sales typically occurring during June through September.

Key Supplier Relationships

Ship bunker fuel is the most significant cost for SNTG and is subject to volatility primarily due to the fluctuating price of oil. The market for bunker fuel is competitive and we source from a number of different suppliers. For additional information, please see Item 3. "Key Information−Risk Factors−Risks Related to Our Industries and Operations−Price fluctuations in ship fuel may impact our profitability".

Feed for fish accounts for approximately 30% of the operating cost for SSF' s Southern bluefin tuna operations and 25% for turbot operations. Fish feed is typically produced from other wild catch of certain species of fish. Fluctuations in the price of feed could have an impact on SSF' s profitability. SSF' s ability to pass on increases in feed costs to their customers is dependent on the strength of the market for their products. Although there are a limited number of fish feed suppliers, pricing of fish feed is generally competitive.

Marine Harvest, under the shareholders' agreement with Nutreco, has a feed supply contract for Nutreco to supply 90% of Marine Harvest' s requirements at prices available to unaffiliated third parties. The contract is for an initial period of three years, with further options for two one year extensions. The general principle agreed for the feed supply is that the Marine Harvest joint venture will pay the best price available in the market.

Regulation

Our businesses are subject to international conventions, U.S. regulations and other governmental regulations which strictly regulate various aspects of our operations. In addition, we are required by various governmental and other regulatory agencies to obtain certain permits, licenses and certificates with respect to our equipment and operations. The kinds of permits, licenses and certificates required in our operations depend upon a number of factors. We believe that we have all permits, licenses and certificates necessary to conduct our operations and have the ability to obtain new permits, licenses and certificates as needed when entering into new countries. Some countries such as China require that we enter into a joint venture or similar business arrangement with local individuals or businesses in order to conduct business. We have entered into such arrangements where necessary.

Compliance with current health, environmental, safety and other laws and regulations is an ordinary part of our businesses. These laws change frequently and, as an ordinary part of our business, we incur costs to maintain compliance with such laws. Although these costs have not had a material impact on our financial condition or results of operations in recent years, there can be no assurance that they will not have such an impact in the future. Moreover, although it is our objective to maintain compliance with all such laws and regulations applicable to us, there can be no assurance that we will avoid material costs, liabilities and penalties imposed as a result of governmental regulation in the future.

Based on both international and U.S. security initiatives prompted by terrorist activities, we have implemented the security measures required by the U.S. Homeland Security Act of 2002.

Stolt-Nielsen Transportation Group

SNTG is subject to the international and national conventions and regulations which cover ocean shipping generally and the transport and storage of chemicals and oil in bulk specifically. All of our ships hold the necessary certificates which are required by the various trades of different ships in the fleet.

In addition, specifically to protect the purity of fats and vegetable oils, SNTG complies with the latest cargo rules established by the National Institute of Oilseed Products in the U.S. and the Federation of Oils, Seeds, and Fats Associations in Europe. SNTG' s Dedicated Vegetable Oil Service, which consists of ships dedicated to the carriage of vegetable oils, operates in compliance with these relevant rules.

SNTG operates river parcel tankers in Europe which are governed by the European Agreement on Regulations for the Carriage of Dangerous Substances on the Rhine and other applicable standards for service on the Rhine River in Europe. SNTG' s U.S. barging operations are governed by the U.S. Coast Guard safety and pollution prevention regulations.

As a foreign-owned corporation, SNTG is prohibited by U.S. federal law from owning more than a 25% interest in ships operating in the U.S. coastwise trade and in the U.S. inland waterway system.

In addition to many of the regulations governing the parcel tanker operations, SNTG' s tank container operations are subject to: the International Convention for Safe Containers, which establishes guidelines for the construction of tank containers; the International Maritime Dangerous Goods Code, which regulates the construction and periodic testing of equipment used to transport hazardous packaged liquids; and regulations of other comparable national authorities regarding the use of containers on rail cars and the transport of hazardous materials by rail or road. SNTG' s tank container depot in the U.S. is subject to the Occupational Safety and Health Act regulating the working conditions at such facility. Depots located outside of the U.S. are governed by the comparable national and governmental agencies. In addition, SNTG' s tank container operations also comply with rules and regulations of the U.S. Federal Maritime Commission with respect to non-ship operating common carriers.

Additional regulations specific to SNTG' s terminal operations in the U.S. are the Resource Conservation and Recovery Act regulating the reporting, record keeping, and handling of hazardous waste and the Occupational Safety and Health Act regulating the working conditions at U.S. terminals as well as other business facilities. Terminals located outside of the U.S. are governed by the comparable national and local governmental agencies.

The U.S. Oil Pollution Act of 1990 ("OPA '90") and Comprehensive Environmental Response, Compensation and Liability Act

OPA '90 sets out various requirements applicable to shipowners and ship operators in U.S. waters including, among other things, standards and requirements covering the construction of ships carrying oil and oil products (as defined in OPA '90,) stringent financial responsibility requirements and expanded contingency planning requirements. OPA '90 also increases shipowners' and ship operators' potential liability for damages and cleanup and removal costs for pollution accidents in U.S. waters. Ship and facility owners and operators are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all oil spill containment and cleanup costs and other damages arising from oil spills from their ships or facilities. These other damages are defined broadly to include: (i) natural resources damages and the costs of assessment thereof; (ii) real and personal property damages; (iii) net loss to a government entity of taxes, royalties, rents, fees, and other lost revenues; (iv) lost profits or impairment of earning capacity due to property or natural resources damage; (v) net cost of public services necessitated by a spill response, such as protection from fire, safety, or health hazards; and (vi) loss of subsistence use of natural resources.

With limited exceptions, OPA '90 requires that all ships ordered after June 30, 1990, or delivered after January 1, 1994, must be built with double hulls to be allowed to call at U.S. ports. There is a timetable for retrofitting existing ships with double hulls or taking them out of service, depending upon the year the ship

was built, its gross tonnage, and whether the ship already has a double bottom or double sides. Double bottom ships greater than 5,000 tons and delivered in 1975 or later may operate without retrofitting the ship with a double hull until the ship reaches 30 years of age or 2015, whichever comes first. To operate in U.S. waters after 2015, ships must have both a double bottom and double sides.

Double bottom installation has become standard on most parcel tankers and chemical tankers since regulations of the IMO relating to the carriage of hazardous products in bulk became effective in January 1, 1995. All of SNTG' s parcel tankers already have double bottoms. It is SNTG' s intention that all tankers ordered in the future will comply with the double-hull requirements identified above.

The liability provisions of OPA '90 are applicable to "oil" as defined in OPA '90. For this purpose, "oil" means oil of any kind or in any form, including, but not limited to, petroleum, fuel oil, sludge, oil refuse, and oil mixed with wastes other than dredged spoil, but does not include any substance which is specifically listed or designated as a "hazardous substance" under CERCLA. Some of the chemicals carried on SNTG' s ships are covered by the provisions of CERCLA. SNTG' s ships frequently carry some parcel cargoes of lubricating oils and additives and the ships' engines are powered by fuel oil. In addition, cargoes of "clean petroleum products," which are generally covered by the provisions of OPA '90, are occasionally carried on SNTG' s ships. Animal fat and vegetable oils as well as other non-petroleum oils are included within the OPA '90 definition of "oil."

In compliance with OPA '90 requirements, SNTG has obtained Certificates of Financial Responsibility for all of our ships which call on U.S. ports.

OPA '90 increased the limit on shipowners' and ship operators' liability for tankers over 3,000 gross tons to the greater of $1,200 per gross ton or $10 million for damages, cleanup, and removal costs. Owners and operators of onshore facilities, including oil terminals, are liable for removal costs and damages up to a limit of $62 million. However, OPA '90 provides for unlimited liability if the spill was proximately caused by: (i) gross negligence or willful misconduct; (ii) violation of an applicable federal safety, construction or operating regulation by the responsible party, its agents or employees or any person acting pursuant to a contractual relationship with it; or (iii) if the owner or operator fails to report the spill, provide reasonable cooperation in connection with a removal order or, without sufficient cause, to obey an order issued by an authority under a removal regulation. For owners and operators of ships carrying hazardous substances as cargo, the liability provisions under CERCLA are $300 per gross ton or $5 million, whichever is greater. Facility owners and operators are liable for the total of all response costs plus $50 million for damages as defined under CERCLA. The CERCLA damages provisions are broadly similar to those of OPA '90. CERCLA also contains provisions similar to OPA '90 for breaking liability limits. CERCLA contains various reporting provisions, some of which are more detailed than OPA '90. Furthermore, both OPA '90 and CERCLA provide that individual U.S. states may issue their own pollution prevention laws and regulations, which laws and regulations may impose greater liabilities than set out in, and which may differ significantly from, OPA '90 or CERCLA. Many states have, in fact, enacted such provisions which provide for virtually unlimited liability for pollution accidents occurring in their waters.

OPA '90 also sets out contingency plan requirements with respect to cleanup and removal of the substances covered by its provisions. OPA '90 also requires expenditure to meet specific response standards for equipment to be kept on board ships. The contingency plan requirements also apply to marine transportation-related facilities, including U.S. Coast Guard-regulated onshore oil terminals, tank trucks, and railroad tank cars. We also meet Panama Canal Shipboard Oil Pollution Emergency Plan requirements for Panama Canal transit.

International Ship and Port Facility Security Code and U.S. Maritime Transportation Security Act of 2002

A variety of legislative initiatives have been enacted to increase maritime security worldwide in response to the September 11, 2001 terrorist attacks. The U.S. Maritime Transportation Security Act 2002 ("MTSA") and its implementing regulations require certain security measures aboard ships operating in waters subject to the jurisdiction of the U.S. Similarly, in December 2002, amendments to the Convention

for Safety of Life at Sea created the International Ship and Port Facility Security Code ("ISPS Code"), a new chapter dealing with maritime security. The ISPS Code imposes various security obligations on ships and port facilities, including on board installation of automated information systems to enhance communications; on board installation of ship security alert systems; approval of ship security plans; and compliance with flag state security certification requirements of the country under which the ship is flagged. Both the ISPS Code and MTSA came into effect on July 1, 2004.

All of our ships obtained security certification before July 1, 2004. Flag state administrators are responsible for issuing ISPS Certificates for ships and the relevant authorities have corresponding responsibility for certifying ISPS compliance for port and terminal facilities. The

U.S. authority responsible for implementation is the U.S. Coast Guard. The security implementation requirement also applies to port and terminal facilities worldwide. All our terminals are now certified as required.

Inspection by a Classification Society and Drydocking

The hull and machinery of SNTG' s ships are "classed" by a classification society authorized by its country of registry. The classification society certifies that the ship is safe and seaworthy in accordance with the classification rules as well as with applicable rules and regulations of the country of registry of the ship and the international conventions of which that country is a member.

Each classed ship is inspected by a surveyor of the classification society. A visual inspection is carried out annually to ascertain the general condition of the ship or relevant items. Intermediate surveys are carried out at the second or third annual survey. This survey includes a visual inspection of the hull structure, machinery and electrical installations and equipment. Renewal surveys which involve a major inspection of the hull structure, machinery installations and equipment are carried out at five-year intervals. A classed ship is also required to be drydocked at routine intervals specified by the classification society, for inspection of the underwater parts of the ship. Should any non-compliance be found, the classification society surveyor will issue its report as to appropriate repairs which must be made by the ship owner within the time limit prescribed. Insurance underwriters make it a condition of insurance coverage that a classed ship be "in class," and all of our ships currently meet that condition.

International Convention for the Prevention of Pollution from Ships

The IMO, a specialized agency of the United Nations, is responsible for improving maritime safety and preventing pollution from ships by establishing regulations for international shipping companies. Effective January 2007, the IMO has adopted the International Convention for the Prevention of Pollution from Ships ("MARPOL") Annex II, which will require that a number of products, such as palm oil, coconut oil and palm fatty acids, currently able to be transported in single-hull cargo tanks, be transported in double-hull cargo tanks. It is estimated by market research companies that this will affect approximately 46 million tons of cargo worldwide which today are transported by single-hull cargo tanks. Although the full impact on our markets is not fully known, 71% of our ships are equipped with double-hull cargo tanks and we expect an increase in demand for those ships. For additional information, please see Item 5. "Operating and Financial Review and Prospects–Factors Affecting Our Financial Condition and Results of Operations.' '

Stolt Sea Farm and Marine Harvest

SSF and Marine Harvest are subject to the laws and regulations of the individual countries, including Norway, the U.K., Canada, the U.S., Chile, Spain, Portugal, France, Belgium and Australia, in which their operations are situated, which strictly regulate various aspects of their operations. The hatcheries, on growing sites, and slaughteries are regulated by state environmental laws and laws regarding treatment of, and protection from, fish diseases and pollution. International conventions and treaties regulate the importation of SSF' s and Marine Harvest' s products in various markets around the world.

Participants in the fish farming industry operate in highly regulated markets in which price levels and production volumes are closely monitored and at times significantly restricted. Marine Harvest in particular operates in regions which are subject to the effect of extensive international trade regulations and disputes (in particular, Norway and Chile). For example, the EC initiated, in 1996, anti-dumping duty and countervailing duty (anti-subsidy) investigations on farmed salmon originating in Norway in order to reduce the volume of Norwegian farmed salmon for sale in the European market to protect the Scottish and Irish salmon farming industries. Provisional measures were imposed in September of 1997 and terminated in May of 2003.

A new anti-dumping investigation was initiated in October of 2004, and the EC announced, on January, 17, 2006, that it had adopted definitive anti-dumping measures in the form of a minimum import price for Norwegian Salmon at EUR 2.80 per kilo for whole fish (fresh, chilled or frozen). In addition, in 2002 the EC initiated an anti-dumping investigation against farmed salmon from Chile and Faeroe Islands, which were also terminated in May of 2003. In February of 2005, the EC imposed safeguard measures in the form of tariff-rate quotas against all forms of farmed salmon from Chile for the period from February 2005 to August 2008, and in April of 2005, the EC revoked the safeguard measures.

Marine Harvest produces 35% of its farmed salmon in Norway and 61% of this salmon is sold in the European Union.

In 1991, the U.S. imposed anti-dumping and countervailing duties on fresh and chilled Atlantic salmon from Norway. The applicable duty rates are 23.8% for anti-dumping and 2.27% for countervailing duties. The duties were reviewed and upheld in "sunset reviews" in 2000 and 2005. Exporters and producers can try to reduce their duty rates in "administrative" reviews, but Marine Harvest has not obtained such reduced duties.

Additionally, ongoing disputes between Norway and Russia over imports of Norwegian salmon into Russia may also have an adverse impact on the value of Marine Harvest' s exports of Norwegian salmon to Russia. Such monetary trade barriers and other non-monetary barriers, including extensive public health requirements, imposed in the future on sales of salmon originating from Norway, Chile or any of Marine Harvest' s other production locations by countries into which Marine Harvest sells its products, could have a material adverse effect on its business, results of operations and financial condition.

Competition

Stolt-Nielsen Transportation Group

Each of SNSA' s businesses competes in a dynamic and highly-competitive environment. In the parcel tanker business, price is an important factor in determining which supplier of transportation services is awarded a contract but it is not the only factor. Additional factors that drive customers' decisions include, among others, relationships with existing customers, the quality of service, the track record in providing service if the firm is the incumbent, the environmental and safety record of the firm, the availability of service−including sufficient frequency of voyages in relevant trade lanes, the technical capabilities of ships, the degree of customized service required, the ability to assure sufficient capacity despite fluctuating contract demand, and whether the customer wishes to have integrated door-to-door service through a combination of tankers, container and terminal service. Across all of SNTG' s businesses, SNTG' s customer base includes the world' s largest chemical companies, and its customers are extremely sophisticated consumers of transportation and storage services, with extensive in-house transportation purchasing departments and the ability to call upon outside brokers and consultants in making logistics and transportation purchasing decisions, whether on a spot or contract basis.

In general, SNTG' s tanker operations compete with operators based primarily in Europe and the Asia Pacific region. The parcel tanker business is sometimes divided into two segments, deep-sea and regional, which depend on the routes and ships employed. For its deep-sea COA business, SNTG competes with many competitors worldwide including Odfjell, Aurora, Clipper Wonsild Tankers, Jo Tankers, Dorval

Shipping, Novamar International, Tokyo Marine, Team/Blystad and M.T. Maritime Management, MISC, Hiltveit Associates, Fairfield Chemical Carriers, Formosa Marine, Seatrans Ermefer, Iver Ships, and UCT Chemical Tankers. SNTG' s parcel tanker business also competes with owners who provide clean petroleum product transportation services, such as TORM and Brostrom Tankers SA, as well as regional fleets and in some cases the customer' s own fleet. SNTG' s tank container operations compete primarily with European-based tank container operators. The competition in the tank container market is highly fragmented, with SNTG facing competition from a variety of competitors, including larger, global players. Competitors include Hoyer, VOTG Tanktainer, United Tank Transport, Bulkhaul, Suttons, Interflow, Leschaco, Dana, Nippon Concept and Taby, as well as scores of smaller tank container operators. SNTG also competes with tank container leasing companies, freight forwarders, container shipping lines, which operate tank containers and other modes of bulk liquid transportation, including intermediate bulk containers, flexibags, drums and tank trucks. SNTG' s terminal operations compete with other international terminal networks as well as local independent terminal companies, with geographic location being a key competitive factor. In the ports where SNTG has storage facilities, SNTG either maintains a significant presence or occupies a niche in terms of products handled.

Stolt Sea Farm

SSF is the world' s largest producer of farmed turbot in terms of harvest volumes. In Spain, Portugal and France, SSF competes primarily with other Spanish and French producers of turbot and with suppliers of wild turbot. In Australia, SSF sells all its Southern bluefin tuna production to the Japanese market, competing with other Australian, European, and Mexican producers as well as with the wild catch tuna from Japan, Korea, and Indonesia.

Insurance

We maintain insurance against physical loss and damage to our assets as well as coverage against liabilities to third parties we may incur in the course of our operations. Assets are insured at replacement cost, market value, or assessed earning power. The SNSA corporate insurance includes SNTG and SSF.

The owned fleet of SNTG is currently covered by hull and machinery insurance in the aggregate amount of $2.9 billion and SSF total insured value is $14 million. The hull and machinery policy covers the value of the ships themselves and related equipment. Marine liabilities, such as loss of life and injury, collisions, pollution and liability arising from the carriage of cargo, which may be incurred through the operation of ships, are insured under marine protection and indemnity insurance. The coverage has a limit of approximately $5 billion per incident, except for marine oil pollution which is limited to $1 billion per occurrence. Non-marine liabilities, such as liability for third-party injury and property damage not arising from ship operations, are insured up to $200 million per event. Our fish stock is insured for losses in respect of mortality and physical loss of fish stock. Our captive insurance company retains a deductible, the excess of which is reinsured. The limit on the reinsurance is $7.3 million for any one event and the average value of the stock is reinsured for up to $22 million. We believe our insurance coverage to be in such form, against such risks, for such amounts and subject to such deductibles as are prudent and normal to those industries in which we operate. It is possible, however, that we could incur liabilities in excess of our insurance coverage.

For additional information on our captive insurance subsidiary, Marlowe Insurance Ltd., please see Item 7. “Major Shareholders and Related Party Transactions−Related Party Transactions−Captive Insurance Company.”

For information on risks related to our insurance coverage, please see Item 3. “Key Information−Risk Factors−Risks Related to Our Industries and Operations−We are exposed to substantial hazards and risks that are inherent in the industries in which we operate, which may result in loss of revenues, increased expenses, or liabilities which may potentially exceed our insurance coverage and contractual indemnity provisions.”

Significant Subsidiaries

As of May 30, 2006, our significant subsidiaries are as follows:

Name of Company	Country of Incorporation	% Shareholding
Stolt-Nielsen Transportation Group Ltd.	Liberia	100
Stolt-Nielsen Transportation Group Ltd.	Bermuda	100
Stolt-Nielsen Transportation Group Inc.	U.S.	100
Stolt-Nielsen Transportation Group B.V.	Netherlands	100
Stolt-Nielsen Investments N.V.	Netherlands Antilles	100
Stolt-Nielsen Holdings B.V.	Netherlands	100
Stolt Sea Farm Investments B.V.	Netherlands	100

Research and Development; Patents and Licenses

Stolt-Nielsen Transportation Group

SNTG does not have significant expenditures for research and development.

Stolt Sea Farm and Marine Harvest

Expenditures in research and development include expenditures on disease control, breeding programs, and the development of new farmed species such as sole. Expenditures for research and development are not significant.

Property, Plants and Equipment

Stolt-Nielsen Transportation Group

The following table describes the parcel tankers that are operated by SNTG, both within and outside Stolt Tankers Joint Services. It also includes ships that SNTG leases or time-charters from other parties. See the notes to the table below pertaining to ownership and registry.

Parcel Tankers Operated by Stolt Tankers Joint Service
as of April 30, 2006

	Year Built	DWT (Metric Tons)	Ownership	Registry
STOLT INNOVATION CLASS				
Stolt Capability	1998	37,000	NYK Stolt	Liberian
Stolt Efficiency	1998	37,000	SNTG BV(1)	Cayman
Stolt Inspiration	1997	37,000	SNTG BV(1)	Cayman
Stolt Creativity	1997	37,000	SNTG BV(1)	Cayman
Stolt Invention	1997	37,000	NYK Stolt	Liberian
Stolt Confidence	1996	37,000	SNTG BV(1)	Cayman
Stolt Innovation	1996	37,000	SNTG BV (1)	Cayman
Stolt Concept	1999	37,000	SNTG BV (1)	Cayman
Stolt Effort	1999	37,000	SNTG BV(1)	Cayman
STOLT ACHIEVEMENT CLASS				
Stolt Achievement	1999	37,000	SNTG BV(1)	Cayman
Stolt Perseverance	2001	37,000	SNTG BV(1)	Cayman
STOLT HELLULAND CLASS				
Stolt Vinland	1992	29,999	SNTG BV(1)	Cayman
Stolt Vestland	1992	29,999	SNTG BV(1)	Cayman
Stolt Helluland	1991	29,999	SNTG BV(1)	Cayman
Stolt Markland	1991	29,999	SNTG BV(1)	Cayman
STOLT SAPPHIRE CLASS				
Stolt Jade	1986	38,746	SNTG BV(1)	Cayman
Stolt Aquamarine	1986	38,746	SNTG BV(1)	Cayman
Stolt Topaz	1986	38,720	SNTG BV(1)	Cayman
Stolt Emerald	1986	38,720	SNTG BV(1)	Cayman
Stolt Sapphire	1986	38,746	NYK Stolt	Liberian
STOLT FALCON CLASS				
Stolt Eagle	1980	37,082	SNTG BV(1)	Liberian
Stolt Condor	1979	37,200	SNTG BV(1)	Liberian
Stolt Heron	1979	37,075	SNTG BV(1)	Liberian
Stolt Hawk	1978	37,080	SNTG BV(1)	Liberian
Stolt Osprey	1978	37,080	SNTG BV(1)	Liberian
Stolt Falcon	1978	37,200	SNTG BV(1)	Liberian
STOLT PRIDE CLASS				
Stolt Excellence	1979	32,093	SNTG BV(1)	Liberian
Stolt Loyalty	1978	32,091	SNTG BV(1)	Liberian
Stolt Tenacity	1978	32,093	SNTG BV(1)	Liberian
Stolt Integrity	1977	32,057	SNTG BV(1)	Liberian
Stolt Sincerity	1976	31,942	SNTG BV(1)	Liberian
Stolt Pride	1976	31,942	SNTG BV(1)	Liberian

STOLT AVANCE CLASS				
Stolt Avenir	1978	23,275	SNTG BV(1)	Liberian
Stolt Avance	1977	23,648	SNTG BV(1)	Liberian
STOLT SEA CLASS				
Stolt Sea	1999	22,500	SNTG BV(1)	Cayman
Stolt Sun	2000	22,210	SNTG BV(1)	Cayman
Stolt Span	1999	22,460	NYK Stolt	Liberian
Stolt Surf	2000	22,460	SNTG BV(1)	Cayman
Stolt Stream	2000	22,917	SNTG BV(1)	Cayman
Stolt Spray	2000	22,460	SNTG BV(1)	Cayman
SUPERFLEX CLASS				
Stolt Guardian	1983	39,726	SNTG BV(1)	Liberian
Hyde Park	1982	39,015	T/C by SNTG BV	Liberian
Stolt Protector	1983	39,782	SNTG BV(1)	Liberian
Kenwood Park	1982	39,015	T/C by SNTG BV	Liberian
Stolt Peak	1991	40,153	SNTG BV	Liberian
Stolt Hill	1992	40,160	SNTG BV	Liberian
Stolt Mountain	1994	40,160	SNTG BV	Liberian
STOLT ASPIRATION CLASS				
Stolt Aspiration	1987	12,219	NYK Stolt	Liberian
Stolt Alliance	1985	12,674	NYK Stolt	Hong Kong
Stolt Taurus	1985	12,749	T/C by SNTG BV	Liberian
Stolt Titan	1985	12,691	SNTG BV(1)	Liberian
Stolt Devon	1985	12,721	Bibby	Panamanian
TRIUMPH CLASS				
Stolt Kent	1998	19,300	Bibby	Isle of Man
Stolt Dorset	1997	19,299	Bibby	Panamanian
NTOMBI CLASS				
Stolt Ntaba	1991	13,946	Unicorn	Panamanian
Stolt Ntombi	1990	13,947	Unicorn	Panamanian
STOLT VALOR CLASS				
Stolt Valor	2003	25,000	T/C by SNTG BV	Hong Kong
Stolt Vanguard	2004	25,261	T/C by SNTG BV	Hong Kong
Stolt Virtue	2004	25,000	T/C by SNTG BV	Liberian
Stolt Vision	2005	25,147	T/C by SNTG BV	Hong Kong
OTHER PARCEL TANKERS				
Stolt Hikawa	1992	8,080	SNTG BV(1)	Cayman
Stolt Nanami	2003	19,500	T/C by STJS	Panamanian
Valerie	2003	19,981	T/C by STJS	Gibraltar
Stolt Courage	2004	32,329	T/C by STJS	Philippines
Stolt Endurance	2004	32,306	T/C by STJS	Philippines
Stolt Glory	2005	32,400	T/C by SNTG BV	Philippines
Stolt Strength	2005	32,400	T/C by SNTG BV	Philippines
Stolt Zulu	2006	25,000	Unicorn	Panamanian
Stolt Viking	2000	26,600	SNTG BV(1)	Cayman
Moyra	2005	19,820	T/C by STJS	Gibraltar
Chemstar Venus	1999	19,455	T/C by STJS	Panamanian
TOTAL IN STJS (71 ships)		2,093,375		

Parcel Tankers Outside the Stolt Tankers Joint Service
Operated and/or Controlled by Stolt Affiliates
as of April 30, 2006

	Year Built	DWT (Metric Tons)	Ownership	Registry
STOLT-NIELSEN INTER-EUROPE SERVICE				
Stolt Shearwater	1998	5,498	DRF	Cayman
Stolt Kittiwake	1993	4,710	SNTG BV(1)	Cayman
Stolt Guillemot	1993	4,676	SNTG BV(1)	Cayman
Stolt Cormorant	1999	5,498	DRF	Cayman
Stolt Kestrel	1992	5,758	SNTG BV(1)	Cayman
Stolt Petrel	1992	4,794	SNTG BV(1)	Cayman
Stolt Tern	1992	4,794	SNTG BV(1)	Cayman
Stolt Dipper	1992	4,794	SNTG BV(1)	Cayman
Stolt Kite	1992	4,794	SNTG BV(1)	Cayman
Stolt Puffin	1992	5,758	SNTG BV(1)	Cayman
Stolt Fulmar	2000	5,498	DRF	Cayman
Stolt Egret	1992	5,758	SNTG BV(1)	Cayman
Stolt Avocet	1992	5,758	SNTG BV(1)	Cayman
Stolt Gannet	1992	7,950	SNTG BV(1)	Cayman
Stolt Frigate	1988	6,155	SNTG BV	Cayman
STOLT-NIELSEN INTER-ASIA SERVICE				
Chembulk Fortitude	1989	13,901	T/C by SNTG BV	Panamanian
Stolt Distributor	2002	3,992	T/C by SNTG BV	Panamanian
SC Singapore	1989	13,901	T/C by SNTG BV	Liberian
STOLT NYK ASIA PACIFIC SERVICE				
Stolt Suisen	1998	11,537	NSSH	Liberian
Stolt Botan	1998	11,553	NSSH	Liberian
Stolt Kikyo	1998	11,545	NSSH	Liberian
Stolt Azami	1997	11,564	NSSH	Liberian
Stolt Ayame	1991	9,070	NSSH	Hong Kong
Stolt Azalea	1988	7,582	NSSH	Liberian
Stolt Lily	1988	7,593	NSSH	Liberian
Stolt Orchid	2003	8,811	T/C by SNTGB	Panamanian
Stolt Jasmine	2005	12,430	T/C from NSSH	Panamanian
Stolt Rindo	2005	11,519	T/C from NSSH	Panamanian
Stolt Violet	2004	8,792	T/C by SNTGB	Panamanian
STOLT NYK AUSTRALIA PTY LTD				
Stolt Australia	1986	9,940	NSSH	Australian
SINOCHEM STOLT SHIPPING				
Zhonghua8	1993	1,125	SSC	China
Zhonghua10	1996	3,398	SSC	China
Caihongnushnen	2000	3,713	SSC	China
Ao Xing	1998	3,989	SNTG BV	China
STOLT-NIELSEN INLAND TANKER SERVICE				
Stolt Alliantie	1999	1,600	T/C by SNTG BV	Dutch

Stolt Emden	1980/1998	1,388	SNTG BV	German

Stolt Madrid	1994	1,560	SNTG BV	Dutch
Stolt Oslo	1994	1,556	SNTG BV	Dutch
Ingrit	1994	1,202	T/C by SNTG BV	Dutch
Stolt Waal	1993	2,095	SNTG BV	Dutch
Stolt Somtrans	1993	2,408	T/C by SNTG BV	Belgian
Stolt Rom	1993	2,156	SNTG BV	Dutch
Stolt Wien	1993	2,157	SNTG BV	Dutch
Stolt Mosel	1992	2,133	SNTG BV	Dutch
Stolt Main	1992	2,124	SNTG BV	Dutch
Stolt Neckar	1992	2,095	SNTG BV	Dutch
Stolt Maas	1992	2,096	SNTG BV	Dutch
Stolt Basel	1992	2,404	SNTG BV	Dutch
Stolt Lausanne	1992	2,359	SNTG BV	Dutch
Turbulentie	1986/1990	1,777	T/C by SNTG BV	Dutch
Stolt Koeln	1989	1,701	SNTG BV	German
Thysstad	2000	2,500	T/C by SNTG BV	Belgian
Stolt Merlux	2002	2,001	T/C by SNTG BV	Dutch
Stolt Texas	2002	3,198	T/C by SNTG BV	Dutch
Wervelwind	1988/2003	1,689	T/C by SNTG BV	Dutch
Stolt Hamburg	1992	1,283	SNTG BV	Dutch
Stolt Variante	2003	2,000	T/C by SNTG BV	Dutch
Carrera	2004	3,149	T/C by SNTG BV	Belgian
Fellowship	2004	3,143	T/C by SNTG BV	Dutch
Provider	2004	3,147	T/C by SNTG BV	Dutch
Poseidon	2000	2,512	T/C by SNTG BV	Dutch
Sensation	2004	2,992	T/C by SNTG BV	Dutch
Stolt Antwerpen	1984	1,600	T/C by SNTG BV	Dutch
Mirevito	1999	1,500	T/C by SNTG BV	Dutch
Roxanna	2000	2,595	T/C by SNTG BV	Dutch
Orinoco	2004	1,875	T/C by SNTG BV	Belgian
Emma06	2005	2,994	T/C by SNTG BV	Dutch
Ardijo	1987	3,177	T/C by SNTG BV	German
Oranje Nassau	2005	3,348	T/C by SNTG BV	Dutch
Stanleystad	2005	5,750	T/C by SNTG BV	Belgian
Piz Amalia	1993	1,605	T/C by SNTG BV	Dutch
Piz Albris	1991	1,608	T/C by SNTG BV	Dutch
Piz Albana	1992	1,605	T/C by SNTG BV	Dutch
STOLT-NIELSEN TRANSPORTATION GROUP INC.				
MMI 101	1964	2,186	T/C by SNTGI	U.S.
MMI 110	1964	1,991	T/C by SNTGI	U.S.
MMI 111	1968	1,991	T/C by SNTGI	U.S.
MMI 304	1968	2,436	T/C by SNTGI	U.S.
MMI 501	1973	1,994	T/C by SNTGI	U.S.

Total Outside STJS (78 ships)	343,999
GRAND TOTAL (149 ships)	2,437,374

(1) These parcel tankers are subject to ship mortgages related to certain of our debt. The total net book value of mortgaged SNTG ships was approximately $0.8 billion as of April 30, 2006.

Notes:

"SNTG BV" means Stolt-Nielsen Transportation Group B.V.

"SNTGB" means Stolt-Nielsen Transportation Group Ltd. (Bermuda)

"SNTGI" means Stolt-Nielsen Transportation Group Inc.

"NYK Stolt" means NYK Stolt Tankers S.A., which is 50% owned by us.

"NSSH" means NYK Stolt Shipholding Inc., which is 50% owned by us.

"B/B" means bareboat chartered which is the hire of a ship without crew for a certain period of time.

"T/C" means time-chartered which is where a ship is hired for a certain period of time and the hire includes the crew and technical management of the ship.

"Bibby" means Bibby Pool Partner Limited.

"Unicorn" means Unicorn Lines (Pty) Limited.

"DRF" means DS-Rendite-Fonds Nr. 99 CFS GmbH & Co. Produktentanker KG, to which three ships were sold and leased back to us.

"SSC" means Sinochem Shipping Co. Ltd (Hainan), which is the other partner of the Stoltchem Ship Management (Shanghai) Ltd joint venture, which is 50% owned by us.

Other Properties–SNTG

In addition to owned or leased office space, we own or hold under long-term leases the following real property in connection with SNTG as of April 30, 2006:

	Owned	Leased	Debt Outstanding (as of April 30, 2006)
	(acres)		(in millions)
Houston bulk liquid storage terminal	214	–	$150(a)
Braithwaite bulk liquid storage terminal	603	–	150(a)
Santos bulk liquid storage terminal	28	–	–
Singapore tank container depot	–	4	–
Rotterdam pier	3	–	–
	848	4	$150(a)

(a) Both the Houston and Braithwaite bulk liquid storage terminals are collateral for a $150 million term loan.

Other Properties–SSF

In addition to owned or leased office space, we own or hold under long-term leases the following real property in connection with SSF.

	Owned	Leased	Production Capacity

	(acres)		(tons/year)
Ongrowing Sites			
Vilan Spain	21.5	–	1,200
Lira Spain	23.5	–	1,100
Quilmas Spain	3.7	–	290
Merexo Spain	5.6	–	220
Couso Spain	6.7	–	260
Palmeira Spain	0.7	–	50
Tocha Portugal	–	58.1	220
Oye Norway	–	5.1	240
Anglet France	–	5.1	190
Subtotal	61.7	68.2	3,770
Hatcheries			(thousands of juveniles/year)
Merexo Spain	1.5	–	1,500
Quilmas Spain	1.2	–	1,500
Subtotal	2.7	–	3,000
Processing Plant			(tons/year)
Lira Spain	0.2	–	4,000
Subtotal	0.2	–	4,000
Total	64.7	68.2	

None of the above SSF facilities are collateral for our debt obligations.

Other Properties–Marine Harvest

Marine Harvest' s properties primarily consist of ongrowing sites, hatcheries and processing plants.

Capital Expenditures

Capital expenditures by business over the last three years are summarized below. There were no significant disposals during the three-year period.

	For the years ended November 30,		
	2005	2004	2003
	(in millions)		
SNTG:			
Tankers	$ 93.0	$ 6.5	$10.2
Tank Containers	35.3	3.7	2.5
Terminals	20.6	23.6	24.1
Corporate	4.3	0.3	0.3
Total SNTG	153.2	34.1	37.1
SSF	5.6	17.2	29.1
Corporate and Other	–	–	–
Sub-total	158.8	51.3	66.2
Discontinued Operations	–	1.6	21.9
Total SNSA	$158.8	$52.9	$88.1

Our projected capital expenditures for 2006 amount to approximately $331 million, comprised of $327 million for SNTG, and $4 million for SSF. As of March 31, 2006, we had spent approximately

$68 million for SNTG relating mainly to the purchase of the *Turchese* for $9 million, the *Montana Star*, *Montana Blue* and *Montana Sun* for $41 million, a down-payment for newbuildings of $5 million and the purchase of 600 new tank containers for $6 million. As of March 31, 2006, we had spent approximately $0.4 million for SSF, on a variety of capacity and maintenance projects. The remaining major projects for SNTG in 2006 are the down-payment for newbuildings of $110 million, the purchase of the sister ships *Bow Wave* and *Bow Wind* for $37 million, the double-hull conversion of three Montana ships for $5 million, the purchase of 500 new tank containers for $6 million, the purchase of a 50% interest in Oiltanking Antwerp N.V., a terminal storage company in Antwerp, Belgium and its expansion for approximately $83 million, and the expansion of the Houston and Santos terminals on which we expect that approximately $13 million will be spent during the remainder of 2006 and which will result in the addition of 186,000 barrels of storage capacity during 2006. The remaining major projects for SSF in 2006 are primarily related to capacity and maintenance projects.

Proceeds from Asset Sales

In 2005, proceeds from sale of assets were $9.4 million, primarily from the sale of three ships (the *Stolt Praag*, *Stolt Hoechst* and *Stolt Berlin*), the sale of an Argentine land parcel, a condominium in Greenwich, Connecticut, and the sale of our interest in Seabulk International, Inc.

In 2004, proceeds from sale of assets were $3.8 million, consisting of miscellaneous asset sales by SNTG for $3.2 million and by SSF for $0.6 million.

In addition, in 2004 we received $13.2 million as a dividend from Edgewater Park Associates, Inc., a non-consolidated joint venture, in connection with the sale of our interest in a Greenwich, Connecticut office building leased by SNTG. The dividend is included in "Dividends from non-consolidated joint ventures" in the Consolidated Statement of Cash Flows.

In 2003, proceeds from sale of assets were $98.7 million, principally $55.8 million from the sale/leaseback of parcel tankers, $16.5 million from sale of investments in Vopak and Univar N.V. ("Univar"), $25.8 million from the sale/leaseback of tuna quota rights at SSF.

Item 4.A. Unresolved Staff Comments.

None.

Item 5. Operating and Financial Review and Prospects.

Introduction

This section discusses matters we consider important for an understanding of our financial condition and results of operations during each of the three fiscal years in the period ended November 30, 2005. This discussion consists of:

- "Management Overview;"
- a section entitled "Factors Affecting Our Financial Condition and Results of Operations;"
- a section entitled "Application of Critical Accounting Policies;"
- a section entitled "Impact of Recent Accounting Standards;"
- "Strategic Outlook;"
- "Outlook for Fiscal Year 2006;"
- "Results of Operations;" and
- a section entitled "Liquidity and Capital Resources."

You should read this section in conjunction with the Consolidated Financial Statements and the Notes thereto, included in Item 18 of this Report.

Management Overview

SNSA is a Luxembourg company. Together with our subsidiaries and investments, we are engaged primarily in two businesses: transportation; and seafood production, farming and processing. The transportation business is conducted through SNTG; and the seafood business is carried out through SSF. SNTG and SSF are wholly owned subsidiaries. Additionally, SSL provides a total marine procurement service whereby it can select, purchase and arrange delivery for a ship' s needs for consumables, spare parts and other services. On April 29, 2005, we completed a joint venture between SSF and the fish farming and sales business of Nutreco Holding N.V. The joint venture was called Marine Harvest, a new worldwide fish farming, processing and sales business. We contributed most of the operations of SSF into the Marine Harvest joint venture, retaining SSF' s turbot and sole operations in Europe and Southern bluefin tuna ranching operations in Australia. The combined total annual revenue of the retained SSF business was approximately $52.7 million in 2005. We currently own 25% of the outstanding shares of Marine Harvest and Nutreco owns the remaining 75%. On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. Although the transaction has not yet closed and remains subject to approvals from regulatory and competition authorities, on March 29, 2006 we received prepayment of EUR 293.8 million (approximately $352.5 million at the then current exchange rate) representing our full share of the proceeds of the sale. The results of our 25% ownership interest in Marine Harvest will be included in our consolidated results until the transaction is completed. On receipt of the necessary approvals, we will recognize a gain on the sale estimated to be $65 million. Until January 13, 2005, we also had an ownership interest in SOSA, an offshore construction business. Throughout much of fiscal year 2004, including at year end, we owned a 41.7% economic and voting interest in SOSA. We deconsolidated the activities of SOSA in our financial reports as of February 19, 2004, as we no longer had a controlling interest. From the second quarter of 2004 on, we accounted for our interest in SOSA using the equity method of accounting. On January 13, 2005, we sold all of our ownership interest in SOSA. We reported a net gain of $356.0 million on the sale in the results for the first quarter of 2005.

Description of Our Businesses

Stolt-Nielsen Transportation Group

SNTG is engaged in the worldwide transportation, storage and distribution of bulk liquid chemicals, edible oils, acids and other specialty liquids. SNTG is able to offer our customers a range of transportation and storage solutions on a worldwide basis, through our intercontinental parcel tanker, coastal parcel tanker, river parcel tanker, tank container, terminal and rail services.

As of April 30, 2006, SNTG is, based on the deadweight tons of the fleet, one of the largest operators of parcel tankers in the world, and, based on the number of tank containers, is the largest operator in the tank container market. Parcel tankers and tank containers carry similar products, with parcel tankers typically used to transport cargo lots greater than 150 metric tons, while tank containers are typically more economical for transportation of smaller cargo lots.

We utilize our terminals to improve the operational efficiency of SNTG' s parcel tankers. Our terminals offer storage and distribution services to the same customers that use our parcel tanker and tank container operations and can store and distribute the same products. We can reduce the amount of time our ships spend in port when our customers use our terminal facilities, enabling us to operate more efficiently. The terminals are not only available to our tanker customers, but operate as independent third-party facilities open to all customers and ship owners on a first-come-first-served basis. As of April 30, 2006, we owned and operated two tank storage terminals in the U.S., in Braithwaite, Louisiana and in Houston, Texas, and one in Santos, Brazil. These three facilities had a combined capacity of

approximately 4.4 million barrels of liquid storage as of April 30, 2006. As of April 30, 2006, our terminal operations also had interests in two joint ventures consisting of (i) a 40% interest in Stolthaven Westport Sdn. Bhd., a joint venture with the Bolton Group which has a terminal facility in Westport, Malaysia and (ii) a 50% interest in Jeong-IL Stolthaven Ulsan Co. Ltd. which has a terminal facility in Ulsan, South Korea. We accounted for the results of the joint ventures under the equity method of accounting.

On March 4, 2006, we announced that we had signed a non-binding memorandum of understanding with Lingang in Tianjin, China for the 50-year lease of waterfront property to develop a chemical and oil products terminal. The intention of the joint venture partners is to establish two joint venture companies, one owning the jetty and dock, and the other owning the remaining terminal facilities for bulk liquid storage. SNTG will own 40% of the jetty joint venture and 65% of the terminal joint venture with Lingang, which has already begun construction of the first jetty, holding the remaining interest in these two joint ventures. The initial phase development of 630,000 barrels of storage capacity, including the complete jetty, is estimated to cost SNTG and Lingang a combined investment of $75 million, of which

SNTG' s total share of the initial phase will be $44 million. The terminal' s first jetty is expected to be operational in August 2006 and the terminal is expected to be operational in 2007. The joint venture participants are negotiating the definitive documentation to formalize these arrangements, which are conditioned on the parties receiving the necessary financing and regulatory approvals, among other conditions. It is possible that as a result of these negotiations, the terms of the joint venture could be modified.

On March 20, 2006 we announced that Stolthaven Terminal B.V., a wholly owned subsidiary of SNSA, had agreed with Oiltanking GmbH in principle to acquire a 50% interest in Oiltanking Antwerp N.V., a terminal storage company in Antwerp, Belgium, for total consideration of approximately $64 million, which will be paid partly in cash and partly by the assumption of outstanding debt. The agreement remains subject to the completion of definitive documentation and regulatory approval, and if completed will have economic effect from January 1, 2006. The terminal, which is situated in the Port of Antwerp, has a capacity of 3.3 million barrels of liquid storage serving the liquid chemical, gas and petroleum markets.

For additional information on SNTG, please see Item 4. "Information on the Company−Business Overview−Stolt-Nielsen Transportation Group."

Stolt Sea Farm

Until April 29, 2005, SSF produced, processed, and marketed a variety of high quality seafood. SSF had salmon production sites in Norway, North America, Chile and Scotland, salmon trout production sites in Norway and Chile, a tilapia production site in Canada, turbot production sites in Spain, Portugal, Norway, and France, a halibut production site in Norway, a Southern bluefin tuna ranching operation and production site in Australia and sturgeon and caviar production sites in the U.S. Although SSF diversified into farming species other than salmon, salmon remained the primary focus. SSF had worldwide marketing operations with sales organizations covering the Americas, Europe, and Asia Pacific, and built a substantial seafood trading and distribution business in the Asia Pacific region.

In September 2004, we announced an agreement with Nutreco to transfer most of our respective worldwide fish farming, processing and marketing and sales operations to a joint venture called Marine Harvest. The transaction closed on April 29, 2005. Our turbot and sole operations in Europe, and Southern bluefin tuna ranching operations in Australia, with combined total annual operating revenue in 2005 of approximately $52.7 million, were not included in the Marine Harvest joint venture.

Unconsolidated Joint Venture

Marine Harvest

Marine Harvest is the world' s largest producer and supplier of farmed salmon in the world. Marine Harvest is also an important supplier of sea trout, and is pioneering the farming of species new to aquaculture such as cod, halibut, yellowtail, sturgeon, tilapia and barramundi. Marine Harvest' s main

seafood markets are Asia, North America and Europe. Marine Harvest has traditionally used intermediaries in marketing and delivering its products to consumers.

On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. Although the transaction has not yet closed and remains subject to approvals from regulatory and competition authorities, on March 29, 2006 we received prepayment of EUR 293.8 million (approximately $352.5 million at the then current exchange rate) representing our full share of the proceeds of the sale. The results of our 25% ownership interest in Marine Harvest will be included in our consolidated results until the transaction is completed. On receipt of the necessary approvals, we will recognize a gain on the sale estimated to be $65 million.

On March 6, 2006, when we announced the sale of our ownership interest in Marine Harvest, we stated that we expected to realize a gain of approximately $80 million from the sale upon closing. We now estimate that this gain will be approximately $65 million. We have adjusted this estimation because our share of the estimated profits of Marine Harvest in the first and second quarters of 2006 have increased the basis of our investment.

For a summary of the terms of the agreement for the sale of Marine Harvest, please see Item 10. "Additional Information−Material Contracts−Share Purchase Agreement for the Sale of Marine Harvest".

Discontinued Operations

Stolt Offshore

While we owned SOSA, it was one of the largest offshore services contractors in the world in terms of revenue. During the three years covered by this management review, SOSA designed, procured, built, installed and serviced a range of surface and subsurface infrastructure for the global offshore oil and gas industry. It specialized in creating and applying innovative and efficient solutions in response to the technical complexities faced by offshore oil and gas companies as they explore and develop production fields in increasingly deeper water and more demanding offshore environments.

SOSA was consolidated into our financial statements through the first quarter of 2004. Effective with the second quarter of 2004, we deconsolidated the activities of SOSA in our financial reports, as our 41.1% economic and voting interest in SOSA as of February 19, 2004 did not represent a controlling interest. From the second quarter of 2004 on, we accounted for our interest in SOSA using the equity method of accounting. On January 13, 2005, we sold all of our remaining ownership interest in SOSA, reporting a net gain on sale of $356.0 million in the first quarter of 2005. As a result, we reclassified our previously issued consolidated financial statements to reflect SOSA as discontinued operations.

Factors Affecting Our Financial Condition and Results of Operations

Factors Affecting SNTG

Parcel Tankers Market Dynamics

Certain customer restrictions, the number of new ships delivered into the market and the scrapping of older ships influence the supply of parcel tankers.

The age of a ship is an important consideration when determining where a ship is able to trade. While there continue to be opportunities to use older ships successfully there can, in some circumstances, be limitations imposed by certain customers. In the past we have not operated ships past 30 years of age, as the expense to extend the lives of ships of that age is significant. In addition, several of the major oil companies and certain chemical companies (including some of SNTG' s customers) have placed restrictions on the maximum age of the ships that can carry their cargoes. These age restrictions are typically set at 20 to 25 years, but there is a range depending on trade route, tonnage classification, inspection routines and

the ship' s condition. We manage our SNTG fleet within these restrictions by carefully matching our ships with customer requirements. SNTG operates 14 ships built between 1976 and 1980 with single-sides/double bottoms. These ships face and will face limitations on their use imposed by certain customers during 2006 and 2007. These limitations do not apply to the carriage of all chemicals. We may reassign such single-sided/double bottom ships to certain customers that do not impose such restrictions. If it is not viable to utilize these ships economically, we may scrap them. As demand for ships is high and the availability of space at shipyards to build new ships is limited, we have extended the operating life of one of our ships beyond 30 years of age to meet our customers' demand and we may extend the operating life of more of our ships in the future.

From 2006 to 2008, we expect growth in demand for parcel tankers to match the growth in supply of ships. Independent market sources project future demand growth for parcel tankers of 4% to 5% annually. Based on independent market sources, we believe that as of April 30, 2006, the total deep-sea fleet of parcel and chemical product tankers is composed of 747 ships totaling 20.6 million dwt. As of the same date, our fleet, together with that of our 17 core competitors, is composed of 377 ships in excess of 10,000 dwt and totaling 10 million dwt. We refer to this as the "core fleet". We expect that over the period 2006 to 2009, approximately 12% of the core fleet will be scrapped or downgraded as ships reach 30 years of age or are removed due to customer restrictions. Within the same period, we expect new ship deliveries of approximately 24% of the current core fleet, with about 6% of these deliveries taking place in 2006. We do not expect these deliveries to increase significantly from 2006 to 2008 as numerous factors limit supply-side expansion. The cost of new parcel tankers has stayed relatively constant during 2005 at historically high levels as a result of high steel prices and in response to heavy orders for all ship types, with 223 million dwt of mid-to-large size tankers, dry bulk ships and container ships on order at the end of 2005 compared to 218 million dwt at the end of 2004. Shipyard order books are generally full, with little capacity available before late 2008. Shipyards are hesitant to quote pricing on ship deliveries three years in the future, as they incur considerable risk in the cost of steel, especially stainless steel for the tanks for parcel tankers.

The demand for parcel tankers may be affected by developments in the Chinese market, which has been a major source of demand growth in recent years, changes in the MARPOL regulations on reclassification of vegetable oils and various chemicals, the growing exports of commodity chemicals from the Middle East and demand for transport of clean petroleum products. The clean petroleum products market is large, with many ships operating in this sector. Some ships that are a part of our deep-sea fleet of parcel and chemical product tankers can be used in either the chemical market or the clean petroleum products market depending on earnings. The clean petroleum products market is more volatile with demand for transporting clean petroleum products such as gasoline, jet fuel and heating oil driven by customers' short-term inventory balancing needs. In general the clean petroleum products market softened during 2005 from the high rates achieved in late 2004 through January 2005. This trend was temporarily halted by the volatility created in the aftermath of Hurricanes Katrina and Rita when rates spiked to new highs during October to November 2005 before declining.

Imports into China of the products we ship were strong at the end of 2004 but this included a build-up of inventories resulting in a decline in imports in early 2005 as inventories were utilized.

U.S. Gulf export production volumes were negatively impacted in the fourth quarter of 2005 by the unusually severe hurricane season in the U.S. Gulf which slowed production of clean petroleum products and petrochemicals in the U.S. Gulf. The hurricanes' impact also led to delays as ships bypassed the storm. Many terminals including our Braithwaite facility were affected, leading to loading and unloading delays.

Historically, the U.S. Gulf has been a key global production center for the chemical industry and, although we believe it will remain so for many years to come, there is growing evidence of change. The U.S. chemical industry developed around the U.S. Gulf because of the availability of low-cost natural gas feedstock, for use in the production of certain fuel and chemical products. The increased U.S. domestic consumption of natural gas has resulted in the U.S. becoming increasingly dependent on imports of natural

gas and a rise in its price. Natural gas price increases have been significantly higher than oil price increases, putting U.S. chemical plants in a less competitive position. At the same time, the global chemical industry is expanding with very few new plants being built in the U.S. Many of the new chemical plants are being built in the Middle East where oil feedstock for the chemical plants is among the cheapest in the world. We anticipate that the focus of new production capacity will be commodity chemicals rather than specialty chemicals. It is our expectation that over time this will result in a change in trade patterns with reduced demand for parcel tanker services outbound from the U.S. for commodity chemicals. We expect this to be partially offset by increased transport of commodity chemical from the Middle East into the U.S. and Europe. We expect demand for transportation services of specialty chemicals to continue to grow, albeit at growth rates that are expected to be moderate.

The IMO has adopted amendments to MARPOL Annex II and the International Bulk Chemical Code ("IBC") that will take effect in 2007. The IMO and MARPOL regulate the carriage of all chemicals, as well as vegetable oils and animal fats. The IMO rules require that these regulated products must be transported in tankers that have at least an "IMO 2" or an "IMO 3" rating. Broadly speaking, a ship rated IMO 2 is a chemical tanker built to meet international regulations for carriage of the more hazardous classes of chemicals, while a ship rated IMO 3 is built to handle less hazardous chemicals and does not necessarily have a double hull. The change in the IMO rules means that a number of products, such as palm oil, coconut oil, palm fatty acids and certain chemicals, included in the IBC Code that could previously be carried in single-hull ships (either product tankers or chemical tankers) must now be carried in double-hull ships. The IMO reclassification means that from January 1, 2007, an increased number of products must be shipped in double-hull tankers and therefore we expect increased demand for such ships. As 71% of the ships in our fleet are double-hull ships, we believe that we are well placed to service this new requirement. We believe that this should boost demand for our parcel tankers.

Fleet Replacement Strategy

We plan to replace older ships by purchasing existing ships in the market or having new ships built. As part of our fleet renewal plan, during 2005, SNTG purchased the *Isola Blu*, a 26,660 dwt parcel tanker built in 2001 for $45 million which we renamed the *Stolt Viking*, and the *Marinor,* a 7,950 dwt parcel tanker built in 1992 for $10 million which we renamed the *Stolt Gannet*. On April 7, 2005, we also exercised the purchase option of the *Stolt Akane* that has been chartered to our joint venture Shanghai Sinochem-Stolt Shipping Co Ltd. and renamed *Ao Xing.* Subsequent to November 30, 2005, we purchased the *Turchese* which was renamed *Stolt Frigate*. The purchase price of this all stainless steel 6,155 dwt ship built in 1988 was $9 million. On May 19, 2006, we announced that SNTG acquired two parcel tankers, each of

approximately 8,600 dwt tons, to meet growing customer demand in our inter-European service. The sister ships *Bow Wave* and *Bow Wind* were purchased from Iino Lines for $18.5 million each. We expect SNTG to take delivery of the ships between July and November of 2006.

On April 1, 2005, we announced that we had reached agreement with the Kleven Floro yard in Norway for two 43,000 dwt ton parcel tankers to be delivered in late 2007 and early 2008. The aggregate price for the two ships is expected to be $160 million. On June 9, 2005, we reached agreement with ShinA Ship Building Co. of South Korea for four 44,000 dwt ton coated parcel tankers to be delivered in late 2008 and early 2009. The aggregate price for the four ships is expected to be $230 million.

SNTG has also entered into agreements with various Japanese ship owners for time-charters (operating leases) for 11 ships with stainless steel tanks. As of November 30, 2005, nine time-charters commenced with one to commence later in 2006 and the remaining one in 2008. The 11 time-charters are for an initial period from 59 to 96 months and all include options for SNTG to extend the agreements for up to nine additional years. SNTG also has the option to purchase each ship at predetermined prices, at any time after three years from the delivery of the ship. As of November 30, 2005, the future lease payments to be made by SNTG to the owners of the 11 ships for the initial lease periods are $248 million in

the aggregate. All of the time charters will be entered in the STJS. For additional information, see "Application of Critical Accounting Policies–Revenue and Cost Recognition".

In 2005, SNTG established a 49% owned joint venture, Shanghai Sinochem-Stolt Shipping Co. Ltd., with Sinochem Shipping Co., Ltd ("SSC") to operate chemical tankers in the Chinese coast cabotage market. At April 30, 2006, the joint venture has prepared its formal submission to the China Ministry of Commerce for an operating license and has three smaller ships owned by SSC and one owned by SNTG. The joint venture will take delivery of at least two and up to four stainless steel and four coated chemical tankers from two Chinese shipyards starting in 2006 to 2008.

Additionally, Stolt-Nielsen Asia Pacific Inc., a joint venture with NYK in which we have a 50% interest, has four smaller ships on long-term time charter. All four of these ships are being used in Asia Pacific. As of November 30, 2005, the joint venture has agreed to make future lease payments to the ship owners aggregating $45 million with respect to the four ships which are for initial periods from 59 to 96 months.

On February 27, 2006, SNTG through its 50% owned joint venture with NYK, NYK Stolt Shipholding Inc., committed to acquire two 12,500 dwt ships to be constructed at the Usuki Shipyard Co. Ltd. in Japan. The ships are anticipated to be delivered by mid 2010 and will cost $29.4 million each. Both ships will be chartered to our Stolt NYK Asia Pacific Inc. joint venture with NYK.

On April 11, 2006, SNTG announced that it has entered a strategic partnership with Gulf Navigation Company LLC of the Arab Emirates. Gulf Navigation has agreed to acquire two 44,000 dwt parcel tankers from ShinA Shipbuilding Co. Ltd. of South Korea, under an option currently held by SNTG. Upon entering service in mid-2009, the ships will join the STJS.

Trends in Spot Rates and Contracts of Affreightment

Cargo may be transported on parcel tankers under contracts of affreightment ("COA"). COA are agreements between a shipper and its customers to transport agreed volumes of product(s) during a given period at agreed rates, usually involving multiple shipments over a certain time period, typically one or two years although some contracts may be for longer periods. Cargo may also be transported under a spot contract for a single shipment. Freight rates agreed on the basis of spot rates are highly correlated with the supply of and demand for ships (i.e., utilization rates of ships) and may change on a daily basis. COA rates, however, are set for a specified period over time and adjustments of COA freight rates and other terms, such as demurrage rates or bunker fuel indices generally lag spot rate changes. Approximately 68% of our 2005 parcel tanker revenue was generated from COA as opposed to spot rates. Trade patterns in 2005 for the spot market were atypical with traditional return tradelanes such as trans-Atlantic westbound and Asia westbound showing increases while the traditional front hauls (i.e., the tradelanes from the U.S. Gulf and Europe to Far East Asia) declined from a year earlier, more so for the larger parcels of commodity chemicals than the small parcels of specialty chemicals. Imports into Asia softened as a result of China cutting back on imports. U.S. Gulf export volumes were also impacted by unusually severe hurricanes in the U.S. Gulf, reducing exports to many major markets. Even so, industry average spot rates increased by 12% from 2004, based upon market analyst reports. During 2005, we also saw an overall 14% weighted average increase in our COA rates. The full effect of rate increases negotiated for COA typically is not manifested until several

months after the contract date and new voyages reflecting the improved rates have begun. SNTG expects the chemical transportation markets to remain around current levels throughout 2006 due to the tight supply of available tonnage and the continued growth in the world economy.

Growth in the Tank Container Market

Our market experience indicates that shipping chemicals, vegetable oils and other liquid products in tank containers typically results in lower shipping expenses due to increased cargo capacity compared to conventional 55-gallon drums in a 20-foot dry box container, decreased handling expenses and, as drums

must be disposed of, there is decreased exposure to risk of possible environmental contamination by using tank containers. It is our experience that as businesses and national economies grow, so does the demand for shipping by tank containers, which is a more reliable and more economical means of transportation than drums in a 20-foot dry box container. We intend to continue to expand our tank container business in response to the needs of customers, particularly in the chemical and food-grade markets. We also expect SNTG to continue developing cleaning and maintenance facilities for tank containers. Container shipments were 80,874 loads in 2005 as compared to 84,262 in 2004 and 74,615 in 2003. This reflects a decrease of 4% from 2004 to 2005 compared to an increase of 13% from 2003 to 2004. During 2005, we focused our sales and marketing efforts on the most profitable sectors of our business and reduced volume in less profitable areas. This, along with a sluggish U.S. export market in the third quarter of 2005, led to the reduction in shipments from 2004. Despite this reduction in shipments, the success of this shift in focus resulted in increased profitability. While we will continue to focus on our profitable volume, overall, we expect shipment growth in 2006 due to increased activity in all sectors of the market, including our food grade business.

Bunker Fuel Costs

The cost of bunker fuel, which is the fuel used for our ships, has historically been the largest portion of variable operating expenses in our shipping business. In 2005, bunker fuel for SNTG' s tanker operations constituted approximately 26% of the total operating expenses for tankers. The increase in SNTG' s operating expenses in 2005 was primarily due to increases in the price of bunker fuel. Bunker fuel prices have been increasing in the last four years. In 2005, the average price of bunker fuel purchased by SNTG was approximately $265 per ton. This compares to the average bunker fuel price for 2004 of approximately $187 per ton and for 2003 of approximately $175 per ton. The rising trend in bunker prices commenced in late 2001. The steep increase from 2004 to 2005 was precipitated by booming economies in China and India causing an increased consumption of oil, a shortage of global refining capacity and a record number of hurricanes that impacted production and refining in the U.S. We attempt to pass through to our customers fuel price fluctuations under our COA. During 2005, approximately 61% of tanker revenues earned under COA were earned under contracts that included provisions intended to pass through to customers fluctuations in fuel prices. The profitability of the remaining 39% of tanker revenue earned under COA was directly impacted by changes in fuel prices.

We seek to minimize our overall bunker fuel cost by hedging a limited proportion of our exposure through the use of swaps. We recorded net bunker hedge gains of $1.8 million in 2005, $3.1 million in 2004 and $0.3 million in 2003. Our hedging activities are discussed in more detail below under Item 11. "Quantitative and Qualitative Disclosures about Market Risk."

Given the size and configuration of the STJS in 2005, we estimate that a 10% change in the price of bunker fuel per ton from average 2005 bunker fuel prices would result in an approximate $16 million to $17 million change in gross profit. This excludes gains or losses which may arise from the impact of bunker hedge contracts and bunker surcharge clauses included in certain COA as well as the impact of changes in bunker prices on our regional fleets.

Legal Proceedings

In 2005, 2004 and 2003, we were involved in significant legal proceedings, primarily related to certain antitrust investigations described below. We incurred antitrust related legal costs of approximately $30.2 million in 2005, $20.1 million in 2004 and $15.5 million in 2003 to address these issues and expect that we will continue to incur significant legal costs until these matters are resolved. We also suffered significant distraction of management time and attention related to these legal proceedings. These matters are at early stages and it is not possible for us to determine whether or not an adverse outcome is probable or, if so, what the range of possible losses would be. It is possible that we could suffer criminal prosecution, substantial and material fines or penalties or civil penalties, including significant monetary damages as a

result of these matters. As of November 30, 2005 and February 28, 2006, we had not established any reserves for potential unfavorable outcomes related to these proceedings.

Governmental Antitrust Investigations

In 2002 we became aware of information that caused us to undertake an internal investigation regarding potential improper collusive behavior in our parcel tanker and intra-Europe inland barge operations. As a consequence of the internal investigation, we voluntarily reported certain conduct to the Antitrust Division.

As a result of our voluntary report to the DOJ concerning certain conduct in the parcel tanker industry, we entered into an Amnesty Agreement with the Antitrust Division, which provided that the Antitrust Division agreed "not to bring any criminal prosecution" against us for any act or offense we may have committed prior to January 15, 2003 in the parcel tanker industry to or from the United States, subject to the terms and conditions of the Amnesty Agreement, including continued cooperation. On February 25, 2003, we announced that we had been conditionally accepted into the DOJ' s Corporate Leniency Program with respect to possible collusion in the parcel tanker industry. At the same time, we also announced that the EC had admitted us into its Immunity Program with respect to deep-sea parcel tanker and intra-Europe inland barge operations. Acceptance into the EC program affords us immunity from EC fines with respect to anticompetitive behavior, subject to our fulfilling the conditions of the program, including continued cooperation. It is possible that in the future national authorities in Europe, or elsewhere, will assert jurisdiction over the alleged activities. It is also possible that the EC could assert that we or our directors, officers or employees have not or are not fully complying with the terms and conditions of the immunity program. If this were to happen, we or such directors, officers or employees could be partly or fully removed from the immunity program, subject to criminal prosecution and, if found guilty, substantial fines and penalties.

On April 8, 2003, the Antitrust Division' s staff informed us that it was suspending our obligation to cooperate because the Antitrust Division was considering whether or not to remove us from the DOJ' s Corporate Leniency Program. In February 2004, we filed a civil action in the U.S. District Court for the Eastern District of Pennsylvania against the DOJ to enforce the Amnesty Agreement and its bar on criminal prosecution for certain activity that occurred prior to January 15, 2003. On March 2, 2004, the Antitrust Division purported to void our Amnesty Agreement with the DOJ and revoke our conditional acceptance into the DOJ' s Corporate Leniency Program. On January 14, 2005, the District Court entered a judgment in our favor and permanently enjoined the DOJ from indicting or prosecuting SNSA or SNTG for any violation of the Sherman Antitrust Act, prior to January 15, 2003, in the parcel tanker industry involving transportation to and from the United States. The DOJ subsequently appealed the District Court' s order.

On March 23, 2006, a two-judge panel of the U.S. Court of Appeals for the Third Circuit reversed and remanded the District Court' s ruling for further proceedings. The panel' s decision did not address the merits of our arguments regarding the effect of the Amnesty Agreement. Instead, the decision was based on the determination that the District Court did not have the authority to issue a pre-indictment injunction. On March 28, 2006, we filed a petition for rehearing *en banc*, in which we seek to have the appeal reconsidered by the entire Third Circuit court, to which the court has directed the DOJ to respond by June 13, 2006. On May 16, 2006, the panel issued an order amending its decision, but in a manner that did not change its ultimate conclusion as to our ability to obtain a pre-indictment injunction. We are currently awaiting a decision on that petition. If the District Court' s ruling is not upheld following appeals and any further proceedings, it is possible that we and our directors, officers or employees could be subject to criminal prosecution and, if found guilty, to substantial and material fines and penalties.

SNTG remains in the EC' s Immunity Program. In August 2004, the EC informed us that it had closed its investigation into possible collusive behavior in the intra-European barge industry. It is possible that the

EC could assert that SNTG or its directors, officers or employees have not or are not fully complying with the terms and conditions of the immunity program. If this were to happen, SNTG or such directors, officers or employees could be partly or fully removed from the immunity program, subject to criminal prosecution and, if found guilty, substantial fines and penalties.

Because of the ongoing litigation with the Antitrust Division with respect to our Amnesty Agreement, including our previous success at the District Court level, our limited access to the facts in a grand jury investigation, the fact-intensive nature of the issues involved and the inherent difficulty of predicting the outcome of antitrust lawsuits and investigations, we are not able to conclude that an adverse outcome in connection with the criminal investigation is probable, or a reasonable range for any such outcome, and have made no provisions for any fines related to the DOJ or EC investigations in the consolidated financial statements. Two other targets of the antitrust criminal investigation, Odfjell ASA and Jo Tankers, agreed to pay fines of $42.5 million and $19.5 million, respectively, to settle the investigation. We have also noted that criminal fines paid in plea agreements in major price-fixing cases over the last decade, have ranged from tens of millions to hundreds of millions of dollars. The range in cases involving other companies and other circumstances is not necessarily indicative of the range of exposure that we would face in the event of an adverse outcome of the DOJ or EC investigations and litigation with the Antitrust Division. An adverse outcome in these proceedings, however, would likely have a material adverse effect on our financial condition, cash flows and results of operations.

In February 2004, the Canadian Competition Bureau notified us that it had launched an antitrust investigation of the parcel tanker shipping industry and SNTG. We are cooperating fully with the investigation. On March 30, 2006, the CCB confirmed that its investigation remains ongoing. Because of the continuing nature of the CCB investigation, the unsettled nature of the law involved, the fact-intensive nature of the issues involved, and the inherent unpredictability of the outcome of such proceedings, we have made no provisions for any fines related to the CCB investigation in the consolidated financial statements.

On June 28, 2004, we received a grand jury subpoena from the DOJ Antitrust Division calling for the production of documents relating to our tank container business, organized as a separate line of business from our parcel tanker business. We have informed the DOJ that we are committed to cooperating in this matter. Because of the unsettled nature of the law involved, the fact-intensive nature of the issues involved, our limited access to the facts in a grand jury investigation, the possible interplay of the tank containers investigation with the pending Amnesty Agreement litigation and the inherent unpredictability of the outcome of such proceedings, we have made no provisions for any fines or other penalties related to the DOJ investigations in our consolidated financial statements.

Civil Litigation

During 2005, there were ten putative private antitrust class action lawsuits outstanding against us in U.S. federal and state courts for alleged violations of antitrust laws. Six of the ten have been dismissed or settled. The four remaining putative antitrust class actions set forth almost identical claims of collusion and bid rigging that track information in media reports regarding the DOJ and EC investigations. The suits seek treble damages in unspecified amounts and allege violations of the Sherman Antitrust Act and various state antitrust and unfair trade practices acts. The actions typically name as defendants SNSA and SNTG, along with several of our competitors, including Odfjell, Jo Tankers and Tokyo Marine. In addition to the four remaining putative class actions, we are aware of four lawsuits filed in U.S. federal court by plaintiffs who have elected to opt out of the putative class actions. Three of the four lawsuits have been settled and dismissed. The plaintiff in the remaining lawsuit is a direct purchaser of our parcel tanker services and makes allegations similar to those made in the putative class actions and seek the same type of damages under the Sherman Antitrust Act as sought in the putative class actions. The remaining opt-out plaintiff is currently pursuing its claim in a recently initiated consolidated arbitration proceeding. Four other

customers are pursuing similar antitrust claims against us in that arbitration proceeding. There is also a suit by a bankrupt former competitor, which generally tracks the factual allegations in the lawsuits described above, except that the complaint alleges that we conspired with other parcel tanker firms to charge predatory prices, that is, prices that were below a competitive level, thereby driving the former competitor out of business. Additionally, we are in ongoing discussions with several customers regarding the activities that are the subject of the DOJ and EC investigations. Some of these customers have requested mediation of their disputes with us or have threatened to commence litigation. It is possible that other legal proceedings, including arbitration or mediation, will be requested or commenced by our customers or former customers. We have also been named as a defendant, together with certain of our directors, senior executives and former senior executives, in a purported civil class action for violations of U.S. securities laws. The securities litigation also appears to be based on media reports about the DOJ and EC investigations and alleges, among other things, that our failure to disclose such alleged antitrust violations, and other allegedly false and misleading statements, caused plaintiffs to pay inflated prices for our shares. The securities litigation seeks unspecified monetary damages, among other things.

We may be required to make payments in settlement or as a result of a final judgment to entities that have commenced or may commence proceedings against us in amounts that are not determinable. The existence of these proceedings also could have a material adverse affect on our ability to access the capital markets to raise additional funds to refinance indebtedness or for other purposes. Therefore, the pending civil claims against us and any future claims could have a material adverse impact on our financial condition, cash flows or results of operations. For additional information on these legal proceedings, please see Item 8. "Financial Information−Legal Proceedings."

In light of the early stage of these litigations and arbitrations, the fact-intensive nature of the issues involved, the inherent uncertainty of litigation and arbitration, the unsettled law and the potential offsetting effect of counterclaims asserted against the claimants, we are not able to determine whether or not a negative outcome in any of these actions is probable, or a reasonable range for any such outcome, and have made no provisions for the claims raised in these proceedings in our consolidated financial statements. The effect of an indictment being returned by a grand jury against us or our directors or officers could, by itself, have a significant impact on our reputation and our relations with our employees, vendors, lenders and other constituencies. Given the volume of commerce involved in our parcel tanker business, an adverse ruling in one or more of these civil antitrust proceedings could subject us to substantial civil damages given the treble damages provisions of the Sherman Antitrust Act. We have noted that the civil damages in major civil antitrust proceedings in the last decade have ranged as high as hundreds of millions of dollars, including where companies have entered into the DOJ' s Corporate Leniency Program. This range involving other companies and other circumstances is not necessarily indicative of the range of exposures that we would face in the event of an adverse outcome, although it is possible that the outcomes of any or all of these proceedings could have a material adverse effect on our financial condition, cash flows and results of operations.

In light of the early stage of this litigation, the fact-intensive nature of the issues involved, the inherent uncertainty of litigation, the unsettled law and the potential offsetting effect of counterclaims asserted against the claimants, we are not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and have made no provisions for any of the claims raised in this proceeding in our consolidated financial statements.

Customer Settlements

We have actively engaged in discussions with a number of our customers regarding the subject matter of the DOJ and EC investigations. To date, we have reached agreements or agreements in principle resolving existing and potential antitrust claims with a significant number of our major customers, with the condition that the customer relinquishes all claims arising out of the matters that are the subject of the

antitrust investigations. These agreements include the settlement of litigation described above, and additional settlements of potential claims that were never made in any lawsuit or arbitration. These agreements typically affect the commercial terms of our contracts with our relevant customers. In some cases, we have agreed to future discounts, referred to as rebates, which are subject to a maximum cap and are tied to continuing or additional business with the customer. The potential future rebates, which we do not guarantee, are not charged against operating revenue unless the rebate is earned. The aggregate amount of such future rebates for which we could be responsible under existing settlement agreements, agreements in principle and offers made is approximately $16 million. We expect that most of the operating revenue that would be subject to these rebates will occur within the two years subsequent to November 30, 2005. In certain cases, we have also agreed to make up-front cash payments or guaranteed payments to customers, often in conjunction with rebates. We have made provisions against operating revenue totaling $39.1 million in 2005, reflecting such payment terms of existing settlement agreements or agreements in principle or offers made to customers.

We continue to engage in business negotiations with other customers. There can be no certainty regarding the results of these ongoing negotiations−each is highly individualized and involves numerous commercial and litigation factors.

The legal proceedings are described in more detail below under Item 8. "Financial Information−Legal Proceedings."

Factors Affecting SSF and Our Investment in Marine Harvest

SSF and its competitors in the aquaculture industry have, to varying degrees, experienced poor financial results during 2003, 2004, and early 2005. Results, however, may differ greatly among regions due to a variety of factors. Subsequent to the completion of the Marine Harvest joint venture on April 29, 2005, we have accounted for our investment in Marine Harvest pursuant to the equity method of

accounting. We will continue to account for our investment in Marine Harvest pursuant to the equity method until the sale is completed following the receipt of the required regulatory approvals, at which point we will recognize a gain on the sale estimated to be $65 million.

Supply and Demand Imbalances Impact Pricing

A significant reason for SSF' s poor results in 2003, 2004, and early 2005, as well as to those of our competitors generally, was the low market price of salmon, trout and coho in most markets. Pricing can vary greatly by region. Market prices are affected primarily by the level of supply and, as further discussed below, supply levels are affected by a number of factors, including diseases, other harmful natural conditions and the existence of barriers to free trade.

According to a fish industry market consulting firm, the growth in worldwide supply of farmed Atlantic salmon has been estimated at 8%, 6% and 3% during 2003, 2004 and 2005, respectively. However, as a result of low prices, many farmers supplying the European market showed signs of liquidity problems and, in some cases, became insolvent. During 2003, in Europe, the banks and feed companies that finance the industry started to become more restrictive with the financing they provided. We expected this to result in higher prices in the second half of 2004, when the reduced juvenile inputs in 2003 would first begin to be reflected in lower harvests. However, the fish, while fewer in number, grew larger than expected, and harvest volumes were maintained causing the market to remain sluggish. Salmon prices in Europe finally did rise in very late 2004, due to an improved supply/demand balance, and generally remained stable in the first half of 2005 and then rose further in the second half of 2005.

In contrast, in 2002 and early 2003 in the Americas region, disease and other natural conditions, reduced supply which led to improved pricing in 2003. In 2004, volumes began to recover, and prices slowly weakened during the year. Prices were weak the first half of 2005 due to an increase in supply from Chile

and the post-holiday seasonal pattern following the new year, which typically results in fewer sales, but rose and stayed at higher levels in the second half of the year due to an improved supply/demand balance.

In addition, the occurrence of an undersupply in one region cannot always be addressed by shipping fish from an area of oversupply. Salmon produced in Norway, for example, is not sold into the U.S. market in any substantial quantity because of trade barriers and therefore does not materially impact supply and demand imbalances in the U.S. market.

Diseases and Other Natural Conditions

Disease is a significant risk element facing companies in the aquaculture industry. Some of the major diseases facing fish farmers are: *infectious salmon anaemia* ("ISA"), which is caused by a virus and transmitted by infected fish or dead organic material; *furunculosis* which is caused by a bacteria and is transmitted through water or direct contact, *infectious pancreatic necrosis* ("IPN"), which is caused by a virus and *infectious hematopoeitic necrosis*, which is caused by a virus that can be found in many farming sites. Additionally, the health and development of salmon is also threatened by very cold weather ("Superchill"), sea lice, algae blooms, jellyfish infestations and predators, all of which occur naturally. These diseases and other natural conditions may result in fish mortalities, the need to destroy fish, or the early harvest of the fish at sizes suboptimal for the market. In particular, we were affected by the following natural conditions in 2003 through 2005:

- ISA in North America (on the East coast) in 2004 and in Norway in 2004 and 2005;
- high mortalities in Chile in 2003 and first quarter of 2005, as a result of disease and natural conditions;
- high mortalities in U.K. in 2005 following a storm;
- presence of plankton and extended periods of low dissolved oxygen, both of which are naturally occurring phenomena in North America (on the west coast) in 2003;
- Superchill in North America (on the east coast) in 2003; and
- a major outbreak of IPN in the U.K. in 2004.

At the time of fish mortalities, we write off the costs of the inventory. A further financial impact of high mortalities, however, generally occurs up to 18 months following the mortalities, as that is typically when the fish that suffered the mortalities would have otherwise been harvested and sold. The mortalities from disease and other natural conditions that we suffered in North and South America in 2001 and 2002 reduced the available harvest in the Americas in 2003 when market prices for salmon experienced a significant recovery.

Barriers to Free Trade

Participants in the fish farming industry operate in highly regulated markets in which price levels and production volumes are closely monitored and at times significantly restricted. Marine Harvest in particular operates in regions which are subject to the effect of extensive international trade regulations and disputes (in particular, Norway and Chile).

Marine Harvest produces 35% of its farmed salmon in Norway and 61% of this salmon is sold in the European Union.

For additional information on these regulations, please see Item 4. "Information on the Company−Regulation−Stolt Sea Farm and Marine Harvest".

Environmental and Public Relations Issues

The aquaculture industry has increasingly faced environmental and consumer image challenges regarding issues such as the effects of escaping farmed fish on native fish populations, the spread of disease and parasites, such as sea lice, the impact of antibiotics which occasionally have to be given to farmed fish, synthetic versions of natural substances which are added to the feed which farmed salmon metabolize to give them a pink color, and the presence of chemical residues contained in farmed salmon and other animals and animals products (such as PCBs, dioxin and other residues). These environmental and consumer challenges are expected to increase in the future and could lead to litigation against us or Marine Harvest and more stringent government regulation of the aquaculture industry in general, each of which could require changes to fish farming practices and could involve additional costs.

Financial Matters

Financial Improvement in 2005

SNSA is a holding company and conducts substantially all of its business through its subsidiaries. After a challenging 2003, we experienced a financial and operational turn-around in 2004 and 2005. For the years ended November 30, 2005, and November 30, 2004 we reported consolidated net income of $483.0 million and $74.9 million, respectively. We reported a net loss of $316.0 million in 2003. Net cash flow from operating activities−continuing operations increased from $110.1 million in 2003 to $135.9 million in 2004 to $229.2 million in 2005.

After a challenging 2003, a series of transactions in the first quarter of 2004 resulted in our deconsolidation of SOSA which had a positive impact on our balance sheet and allowed us to achieve compliance with the financial covenants contained in our borrowing arrangements with our primary creditors. On January 13, 2005 we sold our entire ownership interest in SOSA for gross proceeds of $504.3 million. Using the proceeds from the SOSA share sale, on April 15, 2005, we reduced our debt by completing the repurchase of all our senior notes for total payments of $327.9 million which included principal, make whole payments, and accrued interest.

On January 26, 2004, we completed the sale of 7.7 million of our Common Shares for gross proceeds of $104.2 million. We used the proceeds of this equity issuance to reduce our debt. In March 2004, we entered into a five-year $130 million revolving credit facility, which was initially used to repay the outstanding amounts under an existing $240 million facility whose maturity had been extended by the banks. In August 2004, we also entered into a new five-year $150 million credit facility which further strengthened our liquidity position. In July 2005, the $130 million facility was replaced with a new seven-year $400 million revolving credit facility and in January 2006 we also put in place a new seven-year $325 million revolving credit facility providing us with a total of $725 million of ship-secured revolving credit facilities. In October 2005, we amended the Stolt Fleet Loan with Danish Ship Finance by adding a $100 million term loan bringing the total loan facility to $325.8 million.

On April 29, 2005, we completed the Marine Harvest a joint venture between SSF and Nutreco. On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. Although the transaction has not yet closed and remains subject to approvals from regulatory and competition authorities, on March 29, 2006 we received prepayment of EUR 293.8 million (approximately $352.5 million at the then current exchange rate) representing our full share of the proceeds of the sale.

The deconsolidation of SOSA, the sale of our SOSA shares, the sale of our Common Shares, the repurchase of our senior notes and the securing of the new credit facilities, and the Marine Harvest transactions have all contributed to a significant improvement in our financial

condition in 2004, 2005, and early 2006. At the same time, the market for our core parcel tanker business experienced strong improvement over this period, generating improved earnings and cash from operations at SNTG.

The improved financial condition and operating results in 2004, 2005 and early 2006 represented a significant turnaround from 2003, during which we experienced financing issues at SNTG and SNSA, and operational difficulties and financial restructuring issues at SOSA, and operational difficulties at SSF.

Financing Issues at SNTG and SNSA

During the period of 2000 to 2003, through Stolt-Nielsen Transportation Group Ltd., a Liberian subsidiary ("SNTG (Liberia)") and other subsidiaries (including SNTG), we provided new equity and debt funding of $164.0 million to SOSA, $257.0 million to SSF, and $55.0 million combined to OLL and SSL. We provided this funding from a combination of cash flow from SNTG operating activities and borrowings under our credit facilities.

The use of SNTG operating cash flow, borrowings under our credit facilities, operating losses and asset write-downs at SOSA and SSF over the several years prior to and including 2003 and the maturities of our existing loans, left us in the second half of 2003 with limited liquidity and in potential breach of the financial covenants contained in our primary financing agreements, particularly our debt to tangible net worth ratios. During 2003, we engaged in numerous discussions with, and obtained waivers from, the creditors under certain of our existing financing agreements to avoid defaults with respect to the financial covenants contained in these agreements.

While we were engaged in discussions with our primary creditors to amend the financial covenants in our financing agreements, we also took measures to ensure that we had sufficient liquidity to fund our operations and make required payments with respect to maturing indebtedness. In August 2003, we completed a sale/leaseback transaction with respect to three 5,498 dwt ships built from 1998 to 2000, raising approximately $50 million. In December 2003, we sold our minority interest in Dovechem for gross proceeds of $24.4 million. Additionally, SSF concluded the sale of 200 metric tons of its Australian-government quota rights of Southern bluefin tuna for gross proceeds of $25.8 million. In conjunction with this transaction, such tuna quota rights were leased back by SSF for an initial five-year period at market rates to be set each year, with a renewal option for a further five-year period again at annually agreed market rates. The actions we took to improve our liquidity together with cash from SNTG' s operations enabled us to meet our obligations under various credit facilities.

Operational Difficulties and Financial Restructuring at SOSA

Operational and financial difficulties at SOSA contributed to our 2003 consolidated net loss. For the year ended November 30, 2003, SOSA reported a net loss of $418.1 million, primarily due to cost overruns on several major projects and a number of smaller projects. These operational problems were exacerbated by SOSA' s inability to recover cost over-runs that SOSA believed it was owed by customers with respect to work performed on major projects. These difficulties made it challenging for SOSA to maintain compliance with the financial covenants contained in its credit facilities. During 2003, SOSA engaged in numerous discussions with and obtained waivers from the lenders under its existing credit facility agreements to avoid defaults with respect to the financial covenants contained in these facilities. To assist SOSA in obtaining bank waivers, in December 2002, we agreed to make a $50 million liquidity line (the "SNSA Liquidity Line") available to SOSA and in July 2003, we agreed to make a subordinated loan of $50 million to SOSA. The SNSA Liquidity Line terminated in accordance with its terms on November 28, 2004 and we converted the subordinated loan to SOSA equity, which we subsequently sold.

In 2004, SOSA took a number of actions to address its financial situation, including issuing equity securities for gross proceeds of $165.9 million and converting the subordinated loan from SNTG into SOSA equity. Together, these measures provided a $215.9 million increase in SOSA' s shareholders' equity before deduction of expenses. In 2004, SOSA experienced a major improvement in its operational and financial performance as compared to recent periods. In 2004, SOSA completed a number of loss-making projects, entered into new credit facilities, reduced its net debt and disposed of non-core assets and

businesses. Full year net income for SOSA in 2004 amounted to $5.1 million, as compared to losses of $418.1 million in 2003 and $151.9 million in 2002.

On January 13, 2005 we sold our entire remaining interest in SOSA for gross proceeds of $504.3 million. As a result, we have reclassified our previously issued consolidated financial statements to reflect SOSA as discontinued operations.

Losses at SSF

SSF recorded a net loss of $8.9 million, $18.6 million and $78.4 million in 2005, 2004 and 2003, respectively.

The improvement in results in 2005 was driven primarily by improved salmon pricing and the absence of the operational problems discussed below, which negatively impacted results in 2004 and 2003. In 2005, SSF' s turbot operations continued to perform well as it benefited from a strong pricing environment, while results in our Southern bluefin tuna operations were marginally unprofitable due to a poor pricing environment.

During 2004, salmon prices in the North American market were low, which contributed to the loss in 2004. As a result of the threat from nearby ISA disease outbreaks, SSF harvested a considerable number of fish at our North American East coast sites before they reached optimal size. This negatively affected the per-unit production and processing costs, and resulted in reduced prices for the fish and a decrease in gross margin. In Europe, salmon pricing was higher in 2004 than in 2003, but our results in that region did not improve over 2003 primarily because a significant number of our fish grown in Northern Norway suffered from a physical injury known as winter sores. These fish had high unit production and processing costs due to slow growth and mortalities suffered. Our turbot operations had another profitable year in 2004, and our Asia Pacific trading and tuna operations were marginally unprofitable for 2004, as compared to a significant loss in 2003.

The net losses in 2003 were due to a number of factors. In 2003, we discovered that an employee in SSF' s Tokyo office had been engaging in what we believe to be improper transactions and unauthorized trading of seafood and as a result, we held significant inventories of several species at a time of declining prices. These inventories were ultimately sold for a loss. We have replaced key personnel in this region to address these problems. In addition, selling prices for our own ranched Southern bluefin tuna declined by approximately 20% in 2003. SSF made lower of cost or market provisions totaling $11.1 million at the end of 2003 against remaining inventories of traded tuna and frozen salmon, trout and other species. The total combined impact of these factors resulted in SSF' s Asia Pacific operations reporting a gross loss of $25.3 million in 2003. We also experienced a combination of lower harvests and high operating costs in the Americas region, which was only partially offset by higher prices, and continuing low salmon prices in Europe.

Inflation

Our business transactions in high-inflation countries are almost entirely denominated in stable currencies, such as the U.S. dollar, and inflation therefore does not materially affect our consolidated financial results.

Currency Fluctuations

Our reporting currency is the U.S. dollar. The U.S. dollar is the functional currency of our most significant businesses in SNTG. Our exposure to currency rate fluctuations affects both our operating costs and net investments in foreign subsidiaries. We do not use derivative instruments to hedge the value of investments in foreign subsidiaries. The net translation adjustments arising on the above currency exposures were gains of $7.2 million, $17.1 million and $25.6 million for the years 2005, 2004 and 2003, respectively. These net translation adjustments are recorded in Accumulated Other Comprehensive Loss, net in our Consolidated Statements of Shareholders' Equity.

SNSA' s reporting currency, and the majority of SNTG' s operating activities, are denominated in U.S. dollars.

In SSF, the functional currencies of significant subsidiaries included the U.S. dollar, the Euro and the Japanese yen.

Because revenues and expenses are not always denominated in the same currency, we enter into forward exchange and option contracts to hedge capital expenditures and operational non-functional currency exposures for periods consistent with the committed exposures. Our currency exposure policy prescribes the range of allowable hedging activity. The changes in the fair value of the derivative instruments we use are offset by corresponding changes in the fair value of the underlying exposures being hedged. All of our derivative instruments are over-the-counter instruments entered into with major financial credit institutions. Our derivative instruments are primarily standard foreign exchange forward contracts, which subject us to a minimum level of exposure risk and have various maturities not to exceed 60 months. We do not consider that we have a material exposure to credit risk from third parties failing to perform according to the terms of derivative instruments. We do not engage in foreign currency speculation. For additional information, please see Note 23 to the Consolidated Financial Statements, included in Item 18 of this Report.

Application of Critical Accounting Policies

We prepare our consolidated financial statements in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to: principles of consolidation, revenue and cost recognition; asset impairments; contingencies and litigation, and income taxes. We base our estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates.

We believe the following critical accounting policies, among others, affect our more significant judgments and estimates used in the preparation of the Consolidated Financial Statements. Our significant accounting policies are more fully described in Note 2 to the Consolidated Financial Statements, included in Item 18 of this Report. The policies described below and those contained in Note 2 to the Consolidated Financial Statements should be considered in reviewing the Consolidated Financial Statements, the Notes to Consolidated Financial Statements and this Item 5.

Principles of Consolidation

Our consolidated financial statements include the accounts of all majority-owned subsidiaries, unless we are unable to control the operations, after the elimination of all significant intercompany transactions and balances.

As of November 30, 2003, and through February 13, 2004, we held a 63.5% economic interest and 69.2% voting interest in SOSA, resulting in consolidation of SOSA' s financial statements in our consolidated balance sheet and statements of operations, net of minority interest. Through a series of transactions, our economic and voting interest in SOSA decreased to 41.1% as of February 19, 2004, resulting in the deconsolidation of SOSA as of mid-February 2004. We have accounted for our interest in SOSA based on the equity method of accounting subsequent to deconsolidation. On January 13, 2005, we sold all of our remaining ownership interest in SOSA. As a result, we have reclassified our previously issued financial statements to reflect SOSA as discontinued operations.

Subsequent to the closing on April 29, 2005, and the resulting creation of the Marine Harvest joint venture, we have accounted for our investment in Marine Harvest under the equity method of accounting.

The results of our 25% ownership interest in Marine Harvest will be included in our consolidated results pursuant to the equity method of accounting until the transaction is completed after receiving approvals from regulatory and competition authorities. On receipt of the necessary approvals, we will recognize a gain on the sale estimated to be $65 million. For additional information on the constribution of our net assets to and sale of our ownership interest in Marine Harvest, please see Item 4. "Information on the Company−Recent Significant Developments" and Item 5. "Operating and Financial Review and Prospects−Description of our Business" and "−Factors Affecting our Financial Condition and Results of Operations".

SNSA will retain, and continue to fully consolidate, the turbot and sole operations in Europe and the Southern bluefin tuna operations in Australia.

Revenue and Cost Recognition

Stolt-Nielsen Transportation Group

For SNTG' s parcel tanker operations, the operating results of voyages still in progress at the end of the reporting period are estimated and prorated over the period of the voyage. A voyage is comprised of one or more "voyage legs." SNTG estimates revenue and cost for each leg based on available actual information, current market parameters such as fuel cost and customer contract portfolios, and relevant historical data such as port costs. Revenue and cost estimates are updated continually through the voyage to account for changes in voyage patterns, when more current data is obtained, or when final revenue and cost data is known. The consolidated balance sheet reflects the portion of the results occurring after the end of the reporting period. As of November 30, 2005 and 2004, deferred revenues of $26.0 million and $28.2 million, respectively, are included in "Accrued voyage expenses" in our consolidated balance sheets.

SNTG operates the STJS, a contractual arrangement in which SNTG provides the coordinated marketing, operation, and administration of deep-sea intercontinental parcel tankers owned or chartered by SNTG. Certain ships that are not owned by SNTG are time chartered under

operating leases by SNTG from participants in the STJS. The time charter expense is calculated based upon the combined operating revenue of the ships, which participate in the STJS less combined voyage expenses, overhead costs, and commissions to outside brokers and upon each ship' s cargo capacity, its number of operating days during the period, and an earnings factor assigned. SNTG operating expenses include amounts owed/paid to the other participants in the STJS for the time charter of the vessels of $78.2 million, $70.7 million and $66.9 million for the years ended November 30, 2005, 2004 and 2003, respectively, and include amounts distributed to NYK Stolt Tankers S.A, a non-consolidated joint venture of SNTG, of $51.6 million, $44.6 million and $38.4 million, respectively. As of November 30, 2005 and 2004, the net amounts payable by SNTG to NYK Stolt Tankers S.A. were $3.6 million and $5.2 million, respectively, and amounts payable to unaffiliated third party participants in the STJS were $3.5 million and $2.9 million, respectively. These amounts are included in "Other current liabilities" in our Consolidated Balance Sheets as of November 30, 2005 and 2004, respectively.

Revenues for SNTG' s tank container operations relate primarily to short-term shipments, with the freight revenue and estimated expenses recognized when the tanks are shipped, based upon negotiated contract rates. Our expense estimates are based on available historical information. Additional miscellaneous revenues earned from other sources, such as demurrage and further ground transportation services that customers may require, are recognized after completion of the shipment.

Revenues for terminal operations consist of rental income for the utilization of storage tanks by SNTG' s customers, with the majority of rental income earned under long-term contracts. These contracts generally provide for fixed rates for the use of the storage tanks and/or the throughput of commodities pumped through the terminal facility. Revenues are also earned under short-term agreements contracted at spot rates. Revenue is recognized over the time period of usage, or upon completion of specific throughput measures, as specified in the contracts.

Stolt Sea Farm

SSF recognizes revenue either on dispatch of product to customers, in the case of sales made on Free On Board processing plant terms, or on delivery of product to customers, where the terms of the sale are Cost, Insurance and Freight and Delivery Duty Paid. The amount recorded as revenue includes all amounts invoiced according to the terms of the sale, including shipping and handling costs billed to customers, and is after deductions for claims or returns of goods, rebates and allowances against the price of the goods, and bad or doubtful debt provisions and write-offs.

SSF capitalizes all direct and indirect costs of producing fish into inventory. This includes depreciation of production assets and farming overheads. We account for normal mortalities (mortalities that are natural and expected as part of the life cycle of growing fish) by removing the biomass from the records, so that the accumulated capitalized costs are spread over the lower remaining biomass. We account for abnormal mortalities (higher than natural or expected mortalities due to disease, accident or any other abnormal cause) by removing the biomass from the records and writing off the accumulated costs associated with that biomass at the time of the mortality.

We recognize costs in the income statement as the fish are harvested and sold, based on the accumulated costs capitalized into inventory at the start of the month of harvesting, and in proportion to the number of fish or biomass of fish harvested as a proportion of the total at the start of the period. We expense harvesting, processing, packaging and freight costs, which comprise most of the remaining operating expenses, in the period in which they are incurred.

Optimum Logistics and SeaSupplier

OLL had, and SSL has, various types of fee income, including non-refundable subscription fees, transaction fees, and service fees. Subscription fees that are billed in advance are recorded as revenue over the subscription period. Transaction fees that are based upon the number or value of transactions are recorded as earned as the related service transactions are performed.

Impairment of Tangible Fixed Assets, Goodwill and Other Intangibles

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill and other intangible assets are reviewed for impairment at least annually, or more frequently when conditions require, based on the fair value of the reporting unit associated with the respective intangible assets.

Impairment of Investments in Non-consolidated Joint Ventures

We review our investments in non-consolidated joint ventures periodically to assess whether there is an "other than temporary" decline in the carrying value of the investment. We consider whether there is an absence of an ability to recover the carrying value of the investment by reference to projected cash flows for the joint venture and various other factors. If the projected future cash flow is less than the carrying amount of the asset, the asset is deemed impaired. The amount of the impairment is measured as the difference between the carrying value and the fair value of the asset.

Recognition of Provisions for Legal Claims, Suits and Complaints

In the ordinary course of our business, we are subject to various legal claims, suits and complaints. We, in consultation with internal and external advisers, provide for a contingent loss in the financial statements if we determine that the contingency has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In accordance with SFAS No. 5, "Accounting for Contingencies," as interpreted by the Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 14, "Reasonable Estimation of the Amount of a Loss," if we have determined that the

reasonable estimate of the loss is a range and that there is no best estimate within the range, we will make a provision equal to the lower amount of the range. The provision is subject to uncertainty and no assurance can be given that the amount provided in the financial statements is the amount that will be ultimately settled. Our results may be adversely affected if the provision proves not to be sufficient. The significant legal claims and lawsuits against us are discussed in "–Factors Affecting SNTG–Legal Proceedings" and Item 8. "Financial Information–Legal Proceedings."

Income Taxes

We account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires that any deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between book and tax bases of recorded assets and liabilities. SFAS No. 109 also requires that the deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion of the entire deferred tax asset will not be realized.

As a part of the process of preparing consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating the actual current tax exposure together with assessing deferred tax assets and liabilities based on the difference between the financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review our deferred tax assets for recoverability and, if it were to become more likely than not that any deferred tax asset would not be recoverable, we would establish a valuation allowance based on historical taxable income, projected future taxable income, and the expected timing of the reversals of existing temporary differences. In particular if we were to operate at a loss for a continued period or we were unable to generate sufficient future taxable income, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable and deductible, we could be required to establish a valuation allowance, based on a test of recoverability, against all or a significant portion of our deferred tax assets which might result in a substantial increase in our effective tax rate and a material adverse impact on our operating results.

Impact of Recent Accounting Standards

Statement of Financial Accounting Standards No. 123(R)

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment" ("SFAS No. 123(R)"), which replaces SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25. SFAS No. 123(R) requires companies to measure compensation costs for share-based payments to employees, including stock options, at fair value and to recognize an expense for such compensation based on the fair value of stock options over the service period beginning with the first interim or annual period after June 15, 2005. In April 2005, the SEC delayed the transition date for companies to the first fiscal year beginning after June 15, 2005, effectively delaying our required adoption of SFAS No. 123(R) until the first quarter of the year ending November 30, 2006.

Our adoption of SFAS No. 123(R) in the first quarter of 2006 will have an impact on our Consolidated Financial Statements as we will be required to expense the fair value of our stock option grants rather than disclose the impact on consolidated net income within the footnotes, as

was our previous practice. Please see "Stock-Based Compensation" in Note 2 to the Consolidated Financial Statements, included in Item 18 of this Report.

The amounts disclosed in Note 2 to the Consolidated Financial Statements are not necessarily indicative of the amounts that will be expensed upon the adoption of SFAS 123(R). We expect the compensation expense calculated under SFAS 123(R) to be approximately $4 million for the year ending November 30, 2006. Compensation expense calculated under SFAS 123(R) may differ from amounts currently disclosed within Note 2 to the Consolidated Financial Statements, and may differ from expectations based on changes in the fair value of our Common Shares, changes in the number of options

granted or the terms of such options, the treatment of tax benefits, and changes in interest rates or other factors.

FASB Interpretation No. 47

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations (an interpretation of FASB Statement No. 143)" ("FIN 47"). FIN 47 clarifies that the term conditional asset retirement obligation, as used in FASB Statement No. 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty may exist about the timing and (or) method of settlement. Accordingly, an entity is required to recognize the fair value of a liability for the conditional asset retirement obligation when incurred and the uncertainty about the timing and (or) method of settlement should be factored into the measurement of the liability when sufficient information exists. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. Additionally, companies shall recognize the cumulative effect of initially applying FIN 47 as a change in accounting principle. We are currently evaluating the impact that will result from adopting FIN 47 in 2006. We are therefore unable to disclose the impact that adopting FIN 47 will have on the Consolidated Financial Statements.

Statement of Financial Accounting Standards No. 153

In December 2004, the FASB issued SFAS No. 153 "Exchanges of Nonmonetary Assets" ("SFAS No. 153"), an amendment of APB Opinion No. 29. SFAS No. 153 amends APB Opinion No. 29 by eliminating the specific exception for nonmonetary exchange of similar productive assets, and replaces it with a general exception for exchange of nonmonetary assets that do not have commercial substance. Under SFAS No. 153, a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after December 16, 2004. We adopted SFAS No. 153 during the year ended November 30, 2005, with no material impact on the Consolidated Financial Statements.

Statement of Financial Accounting Standards No. 154

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS No. 154"). SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless such application is impracticable. SFAS No. 154 also requires that a change in the method of depreciation, amortization or depletion for long-lived, non-financial assets be accounted for as a change in accounting estimate that is effected by a change in accounting principle, rather than reporting such a change as a change in accounting principle as previously reported under APB Opinion No. 20, "Accounting Changes". SFAS No. 154 replaces APB No. 20 and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements", carrying forward many provisions of APB No. 20 and the provisions of SFAS No. 3. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, however, earlier application is permitted for fiscal years beginning after June 1, 2005. SFAS No. 154 does not change the transition provisions of any existing accounting pronouncements, including those that are in a transition phase as of the effective date of SFAS No. 154. The Consolidated Financial Statements will only be impacted by SFAS No. 154 if we implement a voluntary change in an accounting principle or correct accounting errors in future periods.

Strategic Outlook

The following outlook section provides a general framework for our strategic principles for fiscal year 2006.

Stolt-Nielsen Transportation Group

SNTG' s goal is to be the world leader in innovative and safe solutions for transportation and storage of chemicals and other specialty bulk liquids.

Tankers

- *Become the best value provider.* Our tanker division' s strategy is to become the preferred supplier of parcel tanker services by delivering the most efficient service at the best value. We intend to achieve this through managing our cargo portfolio, with continued concentration on the highest earning cargo. We intend to optimize our ship scheduling in order to increase utilization and have our fleet perform at full capacity. We will continue to develop long-term relationships with our customers, in particular the producers of specialty chemicals. We will work closely with our customers to improve operations by reducing the time ships remain in port and reducing operational incidents. To improve efficiency and to reduce costs, we also intend to expand the interface between our parcel tanker and terminal business by consolidating the shipping calls of our parcel tankers in our terminals.

  We will continue to participate in the parcel tanker trade with a core fleet of owned and managed ships supported by chartered ships (bareboat, long-term and short-term charters). Over the next few years we intend to replace older ships. Because of high costs of new building, we will seek to purchase existing ships in the market, supplemented by selectively commissioning the production of new ships. We expect that most opportunities to purchase existing ships will be for smaller, sophisticated ships and that there will be few, if any, opportunities in the market to acquire larger, sophisticated ships. Over the longer term we intend to expand our fleet to at least meet the growth in demand.

Tank Containers

- *Grow the business.* Our primary strategy in the tank container business is to pursue attractive growth opportunities and retain our most profitable businesses. We believe that the most significant growth opportunities are in emerging markets such as China, where we believe there is the best possibility to convert customers from using conventional drums to tank containers as the local demand and businesses grow. We expect to do this by increasing our marketing activity for both domestic and international customers and expanding our domestic joint ventures. We intend to continue to expand our presence through increased marketing efforts in South America, Eastern Europe, the Pacific Rim, China, India and the Middle East while maintaining profitability in Europe and North America in response to the needs of our customers in both the chemical and food grade markets. We also expect to further develop cleaning and maintenance facilities for tank containers and expand the number of tank containers dedicated to the transport of food-grade cargo, such as edible oils and food additives, and wines and spirits. In addition, in order to meet the expected growth in demand, we intend to increase our fleet not only though the strategic purchasing of new tank containers but also through the leasing of tank containers and the repair of used tank containers.

Terminals

- *Maximize synergies between terminal and parcel tanker operations.* Our terminal division intends to maximize synergies with our parcel tanker operations by providing scheduling and operational coordination. This collaboration with the parcel tanker division to maximize efficiency for our customers is central to the terminal division strategy. We believe that this strategy can be achieved while we continue to develop our terminal operations as a profitable business in its own right.

- *Expand capacity of existing terminals.* There continues to be strong demand for storage at all of SNTG' s wholly owned storage terminals in Houston, Braithwaite, and Santos, and we anticipate close to full utilization for 2006. Our strategy is to expand our capacity in these terminals to meet continued demand.
- *Pursue growing markets*. We wish to extend our tank storage services both in new developing markets and in addressing a more diverse product and customer portfolio. In 2006, we signed a memorandum of understanding with Lingang in Tianjin, China for the 50-year lease of waterfront property to develop a chemical and oil products terminal, We also agreed in principle with Oiltanking GmbH to acquire a 50% interest in Oiltanking Antwerp N.V., a terminal storage company in Antwerp, Belgium with a broad product portfolio including significant storage activity in both gases and clean petroleum products.

Stolt Sea Farm

SSF' s strategy is to develop and maintain a market leading position in seafood niche markets such as turbot and sole, as opposed to seafood commodities markets such as salmon. We believe these markets command premium prices that allow for development of production in large, technologically complex land based farms.

Outlook for Fiscal Year 2006

Stolt-Nielsen Transportation Group

Tanker revenue and income from operations increased in the first quarter 2006 compared to the fourth quarter of 2005, and are expected to be at similar levels for the remainder of 2006. We expect most COA rates to be at or rise above 2005 levels due to an increase in demand for parcel tankers outpacing available supply, with sustained demand from continued economic growth. We will continue to maintain a high level of COA, looking to lock in the competitive rates we have experienced in this sector of the market. We also expect the Asia-to-U.S. and Europe tradelane markets to remain particularly strong, reflecting new rules promulgated by the IMO requiring that certain chemicals and vegetable oils and fats be transported in tankers with an IMO 2 or IMO 3 double-hull rating. This rule change should increase demand for the newer ships comprising a majority of SNTG' s fleet. We expect costs to remain relatively flat in 2006 except for bunkers where we anticipate higher bunker fuel prices. We also anticipate continued high legal advisory expenses due to the antitrust investigations and related legal proceedings.

We expect to maintain our high tank container utilization of close to 80% in 2006. We expect demand to remain strong in our main operating regions of Europe, Asia, South America and the Middle East and we expect that the tank container fleet size will be increased in 2006 as necessary to meet increased demand, either through strategic purchasing of new tank containers, leasing of tank containers or acquiring and repairing used tank containers. While there is a constant focus on improving margins, we expect to see upward pressure on operating expenses, particularly in the area of ocean freight and trucking services. We anticipate that the relative weakness in the U.S. dollar will also continue to negatively impact results, because most of our tank container revenues are earned in U.S. dollars while a significant portion of our costs are incurred in non-U.S. dollar currencies.

There continues to be strong demand for storage at all of SNTG' s wholly owned storage terminals in Houston, Braithwaite, and Santos, and we anticipate close to full utilization for 2006. The Phase III tank expansion project in Braithwaite, which commenced in 2004, was completed in late 2005 with little impact expected on marketable capacity until 2006 due to the timing of the project' s completion. We completed new tank construction started in our Santos and Houston facilities in mid-2005 and expect to complete additional tanks in 2006. Overall, we expect income from terminal operations will be higher in 2006 than in 2005.

Stolt Sea Farm and Marine Harvest

The expansion of SSF' s new Vilano turbot farm in Spain will increase existing capacity by 20% in 2006. The decision in 2005 not to renew SSF' s option to reacquire 200 metric tons of Southern bluefin tuna quota rights sold to a third party at the end of the fourth quarter of 2003 will reduce SSF' s Southern bluefin tuna quota rights by almost 30% to 500 metric tons. We expect turbot prices to continue to be steady for the coming year and a continued weak market for Southern bluefin tuna due to a continued surplus of competing product. Sole is still a developmental species and we expect that it will not have a material impact on SSF' s results over the next several years.

On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. Although the transaction has not yet closed and remains subject to approvals from regulatory and competition authorities, on March 29, 2006 we received prepayment of EUR 293.8 million (approximately $352.5 million at the then current exchange rate) representing our full share of the proceeds of the sale. The results of our 25% ownership interest in Marine Harvest will be included in our consolidated results until the transaction is completed. On receipt of the necessary approvals, we will recognize a gain on the sale estimated to be $65 million. We expect Marine Harvest to be profitable during this time. For additional information, please see Item 4. "Information on the Company−General" and "−Management Overview−Description of Our Business," above.

Results of Operations

Presented below is a summary of our consolidated financial data for fiscal years 2005, 2004 and 2003:

	For the years ended November 30,

	2005	2004	2003
	(in millions, except per share data)		
Operating revenue	$ 1,638.0	$ 1,679.3	$ 1,544.1
Operating expenses	1,283.9	1,373.7	1,347.6
Gross Profit	354.1	305.6	196.5
Equity in net income (loss) of non-consolidated joint ventures	15.0	23.0	(11.5)
Administrative and general expenses	(185.2)	(200.6)	(163.2)
Write-off of goodwill	–	–	(2.4)
Restructuring charges	(7.1)	(2.7)	(2.1)
Gain (loss) on disposal of assets, net	11.6	3.1	(1.1)
Other operating (expense) income, net	(6.0)	6.2	(5.5)
Operating Income	182.4	134.6	10.7
Interest expense	(47.6)	(80.5)	(71.9)
Interest income	6.9	4.0	4.0
Foreign currency exchange (loss) gain	(2.1)	6.8	22.3
Loss on early retirement of debt, net	(15.1)	–	–
Income (Loss) from Continuing Operations before Income Tax Provision, Minority Interest, Equity in Net Income of Marine Harvest and Cumulative Effect of a Change in Accounting Principle	124.5	65.0	(35.1)
Income tax provision	(9.7)	(11.9)	(15.9)
Income (Loss) from Continuing Operations before Minority Interest, Equity in Net Income of Marine Harvest and Cumulative Effect of a Change in Accounting Principle	114.8	53.1	(51.0)
Minority interest	(0.1)	0.3	0.4
Equity in net income of Marine Harvest	11.3	–	–
Income (Loss) from Continuing Operations before Cumulative Effect of a Change in Accounting Principle	126.0	53.4	(50.6)
Income (loss) from discontinued operations	1.1	(1.6)	(265.4)
Gain on sale of investment in discontinued operations	355.9	24.9	–
Cumulative effect of a change in accounting principle	–	(1.8)	–
Net Income (Loss)	$ 483.0	$ 74.9	$ (316.0)
Net Income (Loss) per Common Share			
Basic	$ 7.45	$ 1.21	$ (5.75)
Diluted	$ 7.29	$ 1.19	$ (5.75)

Consolidated Results of Operations

The following discussion summarizes our results of operations for 2005 compared with 2004, and 2004 compared with 2003. For additional information about our results of operations for our main businesses during these periods, please see "−Business Segment Information" below.

Operating Revenue

In 2005, we had consolidated operating revenue of $1.6 billion, compared with $1.7 billion in 2004 and $1.5 billion in 2003. Our consolidated operating revenue decreased by $41.3 million or 3% in 2005 compared with 2004, and increased by $135.2 million or 9% in 2004 compared with 2003.

The decrease in operating revenue during 2005 of $41.3 million reflected a decrease of $213.6 million at SSF since most of the operations of SSF in 2004 were contributed to Marine Harvest effective April 29, 2005. This was largely offset by an increase in operating revenue for SNTG of $172.2 million resulting from stronger markets for SNTG' s services and additions made to capacity in all three SNTG

divisions. Tankers operating revenue in 2005 increased 15% to $966.2 million from $841.0 million in 2004 due to strengthening of the market which resulted in higher spot and COA rates and an increase in cargo shipped. Tank containers operating revenue in 2005 was $334.3 million, a 12% increase from $297.5 million in 2004. The improvement in 2005 was attributable to increased demand in its major markets of North America and Europe, further growth within Asia Pacific, as well as increased sales and marketing initiatives in food grade business. Terminals operating revenue in 2005 was $83.3 million, a 10% increase from $75.6 million in 2004 primarily due to additional revenue from the expansions in the three terminals, and an increase in rates and ancillary services.

The consolidated 2004 operating revenue compared with 2003 increased by $135.3 million reflecting a $138.1 million increase at SNTG, which was partially offset by a decrease of $2.8 million at SSF. The increase at SNTG was primarily due to the 11% increase in revenue from the tanker division, reflecting a stronger market which resulted in higher rates and increased cargo volumes. SNTG' s tank container division increased revenues by 17%, reflecting increased shipments across many regions, increased capacity and improved utilization. SNTG' s terminal division increased revenues by 18%, primarily due to increased capacity at its three owned terminals. SSF' s lower operating revenue was primarily due to reduced sales volumes in the Asia Pacific trading operation reflecting a deliberate cutback by management of sales volumes following the problems encountered in 2003, partially offset by increased salmon harvest volumes.

Gross Profit

We reported a gross profit of $354.1 million, $305.6 million and $196.5 million in 2005, 2004 and 2003, respectively. Our consolidated gross profit increased by $48.5 million in 2005 compared with 2004 and increased by $109.1 million in 2004 compared with 2003. Gross margins in 2005, 2004 and 2003 were 22%, 18% and 13%, respectively.

The increase in gross profit and gross margins in 2005 compared with 2004 was primarily due to an increase in SNTG' s operating revenue and a decrease in operating expenses at SSF. SNTG' s gross profit margin increased to 24% in 2005 from 23% in 2004 due to increased freight rates, which more than offset the increase in bunker costs. SSF' s gross profit margin improved to 10% in 2005 from 4% in 2004 due to increased turbot pricing and higher salmon prices partially offset by lower volume.

The increase in gross profit and gross margins in 2004 compared to 2003 was primarily due to improved operating performance at SNTG and SSF. SNTG' s gross profit margin increased to 23% in 2004 from 20% in 2003 reflecting the revenue increases discussed above. These improvements were only partially offset by cost increases, particularly with respect to bunker fuel costs in the tanker division. SSF' s gross profit margin improved to 4% in 2004 from negative 4% in 2003 due to the recovery in the Asia Pacific region, increased pricing in the European markets during 2004 and improvements in the Americas region due to a combination of entering into longer term supply contracts with customers and improving efficiencies in production and distribution.

Equity in Net Income (Loss) of Non-consolidated Joint Ventures

Our equity in the net income (loss) of non-consolidated joint ventures was income of $15.0 million in 2005, compared with income of $23.0 million in 2004 and a loss of $11.5 million in 2003.

The primary reason for the decrease in 2005 was that 2004 included the recognition of a gain of $10.9 million in SNTG for the sale of its interest in an office building and $0.7 million of net income of non-consolidated SSF joint ventures that were contributed to Marine Harvest on April 29, 2005. This decrease was partially offset by an improvement of $4.5 million in equity in net income of other non-consolidated SNTG joint ventures and the realization of a gain of $0.7 million for the sale of SNTG' s interest in Seabulk International.

The net loss in 2003 was partially due to a provision of $7.5 million for impairment of SNTG' s investment in the U.S. cabotage fleet joint venture, Stolt Marine Tankers LLC. In light of continued operating losses and diminished prospects, we sold our interest to our joint venture partner. The sale was completed subsequent to the 2003 year-end on December 19, 2003. We determined the impairment charge because we concluded this exit agreement shortly after year-end. In addition, our 2003 loss includes an impairment charge of $10.4 million on the investment in Dovechem Stolthaven Ltd. in anticipation of its sale in December 2003.

Administrative and General Expenses

Administrative and general expenses decreased to $185.2 million in 2005 from $200.6 million in 2004, after an increase in 2004 from $163.2 million in 2003.

The decrease in 2005 was the result of the contribution of most of SSF' s operations on April 29, 2005 to Marine Harvest, the absence in 2005 of the $20.6 million financial restructuring costs which were incurred in 2004, and $3.3 million less of due diligence costs related to the creation of the Marine Harvest joint venture ($1.2 million in 2005 versus $4.5 million in 2004). These decreases were partially offset by $10.1 million of additional legal costs ($30.2 million in 2005 versus $20.1 million in 2004), associated with the antitrust investigations and related legal proceedings, an increase in bonus and incentive awards of $2.7 million at SNTG, and increased overhead due to a weakening of the U.S. dollar.

The increase in 2004 was mainly due to an increase of $15.4 million in financial restructuring costs related to our financial difficulties in 2004, additional legal costs of $4.6 million ($20.1 million in 2004 as compared to $15.5 million in 2003) associated with the antitrust investigations and related legal proceedings, an increase in bonus and incentive awards of $6.1 million at SNTG, due diligence costs related to the formation of SSF to the Marine Harvest joint venture of $4.5 million, and increased overhead due to a weakening of the U.S. dollar.

The administrative and general expenses as a percentage of operating revenue were 11% in 2005, 12% in 2004 and 11% in 2003.

Write-off of Goodwill

There was no goodwill written off in 2005 or 2004.

In 2003, we wrote off goodwill of $2.4 million. SSF performed annual impairment reviews in 2003 on its remaining goodwill. Consequently, we recorded an impairment charge of $1.3 million against goodwill with respect to SSF' s operations in the east coast of Canada as a result of continuing poor results in that region. We recorded an additional write-down of goodwill of $0.8 million related to SSF' s operations in Chile as a result of a revised assessment of future expected results in that operation. The remaining $0.3 million related to the write-off of goodwill associated with our corporate investment in Midt-Finnmark Smolt AS, a SSF joint venture.

For additional information on the goodwill write-offs, please see Note 5 to the Consolidated Financial Statements, included in Item 18 of this Report.

Restructuring Charges

In 2005, we had total restructuring charges of $7.1 million compared with $2.7 million in 2004. Total cost incurred in 2005 by SNTG included $3.4 million in personnel and severance costs, $2.5 million in relocation costs, $0.6 million in professional fees and $0.6 million in other costs. SNTG' s total restructuring charges of $2.7 million in 2004 included charges of $1.8 million in personnel and severance costs, $0.5 million in relocation costs, $0.1 million in professional fees and $0.3 million in other costs. In June 2004, SNTG announced a restructuring plan, which included the relocation of operational and administrative functions from Houston, Texas and Greenwich, Connecticut to Rotterdam, The Netherlands. In 2003, we had total restructuring charges of $2.1 million related to SNTG' s overhead reduction effort, as announced in January 2002.

For additional information on the restructuring charges of SNTG, please see Note 7 to the Consolidated Financial Statements, included in Item 18 of this Report.

Gain (Loss) on Disposal of Assets, Net

In 2005, we had a net gain of $11.6 million related to the disposal of assets which was primarily comprised of the recognition of a previously deferred gain of $12.2 million on the sale of certain Southern bluefin tuna quota rights. At the end of the fourth quarter of 2003, SSF sold 200 metric tons of Southern bluefin tuna quota rights in Australia for $25.8 million. In conjunction with this transaction, such tuna quota rights were leased back by SSF for an initial five-year period at market rates to be set each year, with a renewal option for a further five-year period again at annually agreed market rates. The tuna quota rights have an indefinite life. The deferred gain of $15.4 million on a pretax basis on the transaction was being amortized over the initial period of five years, starting on December 1, 2003. During the third quarter of 2005, SSF decided not to renew its option to reacquire the tuna quota rights. This decision resulted in the recognition of the remaining portion of the previously deferred pre-tax gain.

In 2004, we had a net gain of $3.1 million related to the disposal of assets which was primarily comprised of a gain recognized by SSF of $3.2 million from the amortization of the deferred gain on the sale of certain Southern bluefin tuna quota rights.

In 2003, we had a net loss of $1.1 million related to asset disposals. SNTG recorded a loss of $5.4 million on the sale of investments in the shares of two publicly traded companies in The Netherlands, Vopak and Univar. This loss was partially offset by a net gain of $4.4 million related to the sale of OLL' s assets to Elemica, Inc. The net gain was mainly comprised of the realization of a previously deferred gain from the sale of OLL shares to Aspen Tech, less the recognition of an asset impairment charge on Aspen Tech shares.

For additional information on the disposal of assets, please see Note 6 to the Consolidated Financial Statements, included in Item 18 of this Report.

Other Operating (Expense) Income, Net

We had other operating expense of $6.0 million in 2005, other operating income of $6.2 million in 2004, and other operating expense of $5.4 million in 2003.

The majority of other operating expense in 2005 related to an SNSA corporate charge of $4.8 million and additional SNTG expenses of $0.9 million.

The majority of our other operating income and expense in 2004 and 2003 related to an SSF fish stock mortality claim of $6.9 million that we submitted to insurers in 2002. The insurers challenged their obligations pursuant to the claim. Consequently, SSF reserved $1.6 million in 2002 as a provision for a potential claim reduction. In light of our failure to reach agreement with SSF' s insurers in 2003, we recorded a reserve against the full amount of the claim in 2003 to reflect our best estimate on recoveries at the time. In 2004, we reached agreement with the insurers and recognized a recovery of $4.3 million on these claims.

In 2004 and 2003, other operating income and expense was also negatively impacted by provisions totaling $0.8 million and $1.2 million, respectively, for closure and reorganization costs related to certain SSF businesses in North America.

Operating Income

As a result of the factors described above, we reported operating income of $182.4 million, $134.6 million and $10.7 million in 2005, 2004 and 2003, respectively.

The operating income of $182.4 million in 2005 reflected $182.9 million of operating income at SNTG and $15.3 million of operating income at SSF partially offset by an operating loss of $15.8 million at Corporate and Other. The operating income in 2005 for SNTG reflected increased freight rates partially offset by higher bunker fuel costs and additional legal costs associated with the antitrust investigations and related legal proceedings. The operating income of SSF reflected improved salmon and turbot prices.

The operating income of $134.6 million in 2004 reflected $170.8 million of operating income at SNTG and operating losses of $4.9 million at SSF and $31.3 million at Corporate and Other. The operating income in 2004 for SNTG reflected a strengthening of its markets, higher spot rates at the tanker division and higher utilization at the tank container and terminal divisions partially offset by higher administrative and general expenses reflecting higher legal cost and incentive and bonus awards in 2004. In addition there were operating losses, although significantly lower than amounts reported in 2003, at SSF, as well as financial restructuring costs.

The operating income of $10.7 million in 2003 reflected operating income of $83.4 million at SNTG largely offset by an operating losses at SSF of $63.7 million and Corporate and Other of $9.0 million. The operating income at SNTG reflected the recognition for impairment charges of $17.9 million in total for our investments in Dovechem and Stolt Marine Tankers LLC. The operating loss at SSF was primarily due to the poor results of our operations in the Asia Pacific region, and the additional costs incurred in the Americas region to fulfill the requirements of various marketing and distribution contracts.

Interest Expense

Interest expense decreased to $47.6 million in 2005 from $80.5 million in 2004, which was an increase from $71.9 million in 2003.

For 2005, interest expense decreased by $32.9 million as a result of lower interest rates on our refinanced debt and a lower level of outstanding debt due to the reduction in our debt levels when we used the proceeds from the sale of our entire interest in SOSA early in the year to repay $313.6 million of outstanding senior notes.

For 2004, net interest expense increased by $8.6 million mainly in SNTG due to increased interest rates that resulted from the waivers we obtained to maintain compliance with our debt covenants, and the consolidation of 12 Ships Inc. in 2004.

Interest Income

Interest income was $6.9 million, $4.0 million, and $4.0 million in 2005, 2004, and 2003, respectively. The primary reason for the increase in 2005 was the higher average cash balances as a result of the proceeds from the sale of our interest in SOSA.

Foreign Currency Exchange (Loss) Gain

For 2005, we had a foreign currency exchange loss of $2.1 million, compared with a gain of $6.8 million in 2004 and a gain of $22.3 million in 2003. The primary cause of these currency exchange losses and gains over the last three years have been revaluations of current loans between related companies with different functional currencies. The foreign exchange variation from year to year over the

last three years is due to: (1) the amount of principal outstanding; (2) the currency movements during the year; and (3) the redesignation in 2003 of certain non-functional currency loans within SSF from long-term to current.

At the end of the third quarter of 2003, SSF redesignated certain long-term non-functional currency intercompany loans within the SSF group (which are eliminated in consolidation) from long-term and permanent in nature to non-permanent. This change in designation required that we revalue the loans through the consolidated statements of operations prospectively beginning in the fourth quarter of fiscal year 2003, resulting in a $12.7 million foreign currency gain in 2003. The comparable gain for the full year of 2004 was $13.2 million and the comparable loss for 2005 was $4.6 million.

Stolt Sea Farm Holdings B.V. ("SSFHBV") manages the liquidity of the SSF group and had made several loans to operating companies initially on the basis that the loans were permanent quasi-capital and did not have to be repaid. Transactions and balances for which settlement is not planned or anticipated in the foreseeable future are considered to be part of the net investment. Accordingly, we reported and accumulated related gains or losses on the loans in the same manner as translation adjustments when the financial statements of the entities were consolidated.

In 2003, to increase liquidity for the SSF group, we redesignated the long-term loans as current because we expected that they would be repaid in due course. Once management changed its policy and its intent on loan repayments, it was also necessary to prospectively recognize all such translation gains and losses going forward through the consolidated statement of operations.

Most of the subsidiaries of SSFHBV were contributed to Marine Harvest on April 29, 2005.

Loss on Early Retirement of Debt, Net

In 2005, we recognized a loss on early retirement of debt of $15.1 million. On February 28, 2005, we decided to exercise our right pursuant to the note agreements governing our senior notes to redeem all $295.4 million aggregate outstanding principal balance. The senior notes were redeemed at the respective redemption prices set forth in each of the note agreements. In connection with the early retirement of our senior notes, we recognized additional costs on the redemption of $14.3 million, as a result of having to pay a redemption premium in accordance with the terms of the senior note agreements. Additionally, we wrote-off $1.9 million of unamortized debt issuance costs in connection with the retirement of debt. This was partially offset by the recognition of a gain on retirement of certain ship debt of $1.1 million.

Income (Loss) from Continuing Operations before Income Tax Provision, Minority Interest, Equity in Net Income of Marine Harvest, and Cumulative Effect of a Change in Accounting Principle

As a result of the factors described above, we reported income from continuing operations before income tax provision, minority interest, equity in net income Marine Harvest, and cumulative effect of a change in accounting principle of $124.5 million in 2005 and $65.0 million in 2004 and a loss of $35.1 million in 2003.

Income Tax Provision

The 2005 results included a tax provision of $9.7 million compared with $11.9 million in 2004 and $15.9 million in 2003.

In 2005, the tax provision was related primarily to $10.5 million of SSF related tax provisions, which was comprised of the write-off of $11.3 million of deferred tax assets residing in companies contributed to Marine Harvest, tax provisions of $5.6 million on income of other SSF operations, and tax provisions of $8.7 million on income of the terminal and tank container divisions. These tax provisions were partially offset by the reversal of a prior year U.K. controlled foreign company ("CFC") tax reserve of $6.4 million, a tax

benefit in SNTG of $0.8 million resulting primarily from tax benefits recognized for the incentive and bonus awards and antitrust and other investigation related legal fees.

In 2004, the tax provision was primarily related to the $9.5 million SNTG and Other tax provision, which was comprised mainly of a $4.3 million provision for the gain recognized on the sale of our Greenwich office building, provisions on income of the terminal and tank container divisions of $7.8 million partially offset by tax benefits recognized for the incentive and bonus awards and antitrust and other investigation related legal fees. In addition, there were also provisions of $2.4 million at SSF.

In 2003, the tax provision was primarily related to a $15.6 million tax provision at SSF. SSF wrote-off $7.7 million of deferred tax assets in 2003 because a re-evaluation by management of the realizability of certain net operating loss carryforwards at SSF caused us to conclude that such tax assets would not be realized in light of SSF' s history of losses. The remainder primarily related to taxes on income in certain regions that could not be offset by losses in other regions.

Minority Interest

Minority interest was a loss of $0.1 million in 2005 with gains of $0.3 million and $0.4 million in 2004 and 2003, respectively.

Equity in Net Income of Marine Harvest

On April 29, 2005, we completed a joint venture between SSF and the fish farming and sales business of Nutreco, creating Marine Harvest. We began accounting for our 25% share of Marine Harvest under the equity method of accounting in May 2005, and we will continue to do so until the sale of our investment in Marine Harvest is completed following the receipt of the required regulatory approvals. During 2005, we recognized $11.3 million as our equity in net income of Marine Harvest. These results reflect the strong market for salmon in the second half of 2005, as well as the synergies realized from the joint venture, partially offset by Marine Harvest restructuring costs.

Income from Continuing Operations Before Cumulative Effect of a Change in Accounting Principle

As a result of the factors described above, we reported income from continuing operations before cumulative effect of a change in accounting principle of $126.0 million in 2005 and $53.4 million in 2004 and a loss of $51.0 million in 2003.

Income (Loss) from Discontinued Operations

Prior to the sale of our entire interest in SOSA on January 13, 2005, we had income from discontinued operations of $1.1 million in 2005 and losses from discontinued operations of $1.6 million and $265.4 million in 2004 and 2003, respectively. The major improvement over this period reflects better operational and financial performance by SOSA, and an improved market for its services.

Gain on Sale of Investment in Discontinued Operations

We recognized gains on the sale of our investment in discontinued operations of $355.9 million, $24.9 million and $0.0 in 2005, 2004 and 2003, respectively.

On January 13, 2005, we sold 79,414,260 common shares of SOSA representing all of our remaining ownership interest. The shares were sold at a price of 39.25 Norwegian kroner per share (approximately $6.35 per share) with an aggregate gross value of $504.3 million (net proceeds of $492.4 million) in a private placement to certain qualified investors in transactions exempt from the registration requirements of the U.S. Securities Act of 1933, as amended. We reported a net gain on the sale of $355.9 million.

As of November 30, 2003, and through February 13, 2004, we held a 63.5% economic interest and 69.2% voting interest in SOSA, resulting in the consolidation of SOSA' s financial statements in our

consolidated financial statements net of minority interest. On February 13, 2004, SOSA conducted a private placement of 45.5 million new SOSA common shares, resulting in total cash proceeds to SOSA of approximately $100 million. Concurrently, we converted all 34 million SOSA Class B shares owned by us into 17 million new SOSA common shares. In February 2004, we sold 2 million SOSA common shares with proceeds of $6.7 million received. The above transaction reduced our economic and voting interest in SOSA to 41.1% as of February 19, 2004. In connection with the SOSA private placement of equity, we recognized a gain of $20.9 million representing the excess of SNSA' s share of SOSA' s equity immediately after the private placement over SNSA' s investment in SOSA. We also recognized an additional gain of $4.0 million related to SNSA' s sale of two million SOSA common shares in the first quarter of 2004.

Cumulative Effect of a Change in Accounting Principle

The cumulative effect of a change in accounting principle of $1.8 million in 2004 was caused by our implementation of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") and a revision of the interpretation ("FIN 46R"). FIN 46 and FIN 46R required us to consolidate 12 Ships Inc. into our 2004 financial statements. It had been created to purchase 12 parcel tankers from us and to lease them back to us in an off-balance sheet financing arrangement. For additional information, see Note 16 to the Consolidated Financial Statements, included in Item 18 of this Report.

Net Income (Loss)

As a result of the various factors described above, we reported a net income of $483.0 million or $7.29 per diluted share in 2005, as compared with $74.9 million or $1.19 per share in 2004, and a loss of $316.0 million or $5.75 per share in 2003.

Business Segment Information

We report information about our subsidiaries on a consolidated basis. This means that our results include the results of all subsidiaries which SNSA, either directly or indirectly, controls.

In addition to reporting on a consolidated basis, we have two reportable segments from which we derive operating revenues: SNTG and SSF. The reportable segments reflect our internal organization and are strategic businesses that offer different products and services.

The "Corporate and Other" category includes corporate-related expenses, and the results of OLL, SSL and all other operations not reportable under the other segments.

Operating Revenue by Business Segment

	For the years ended November 30,		
	2005	2004	2003
	(in millions)		
Stolt-Nielsen Transportation Group			
Tankers	$ 966.2	$ 841.0	$ 758.3
Tank Containers	334.3	297.5	254.7
Terminals	83.3	75.6	63.9
SNTG Corporate	7.2	4.6	3.8
Total	1,391.0	1,218.7	1,080.7
Stolt Sea Farm	245.5	459.1	461.8
Corporate and Other	1.5	1.5	1.6
Total	$ 1,638.0	$ 1,679.3	$ 1,544.1

Gross Profit (Loss) by Business Segment

	For the years ended November 30,		
	2005	2004	2003

		(in millions)	
Stolt-Nielsen Transportation Group			
Tankers	$227.9	$200.9	$145.7
Tank Containers	67.2	51.3	45.8
Terminals	31.7	30.2	22.7
SNTG Corporate	0.4	1.3	0.8
Total	327.2	283.7	215.0
Stolt Sea Farm	25.5	20.4	(20.1)
Corporate and Other	1.4	1.5	1.6
Total	$354.1	$305.6	$196.5

Results of Operations by Business Segment

Stolt-Nielsen Transportation Group

Tankers

As of November 30, 2005, SNTG owned and/or operated 142 ships, representing 2.39 million dwt. Of this total, 70 ships participated in the STJS, a contractual arrangement managed by SNTG for the coordinated marketing, operation, and administration of tankers owned or chartered by the joint service participants in the deep-sea, inter-continental market. The 70 ships included in SNTG' s owned and/or operated fleet include 12 ships that are owned by parties other than SNTG and six ships that SNTG time-chartered from third parties. Seven of the ships that operate in the STJS are owned by NYK Stolt Tankers, S.A., a joint venture in which SNTG has a 50% interest. The ships that are not in the STJS provide regional services. The composition of the fleet at November 30, 2005 was as follows:

	Number of ships	Millions of dwt	% of the Joint Service net revenue for the year ended November 30, 2005
Stolt Tankers Joint Service:			
Stolt-Nielsen Transportation Group Limited	52	1.68	83.5
NYK Stolt Tanker S.A.	7	0.17	11.6
Bibby Pool Partner Limited	3	0.05	3.3
Unicorn Lines (Pty) Limited	2	0.03	1.6
	64	1.93	100.0
Time-chartered ships	6	0.13	
Total Stolt Tankers Joint Service	70	2.06	
Ships in regional services	72	0.33	
Total	142	2.39	

For the ships that SNTG time charters from the STJS participants, the time charter operating expense is defined in the STJS agreement as the combined operating revenue of the ships, which participate in the STJS, less combined voyage expenses, overhead costs, and commission to outside brokers. The time charter expense is calculated for each participant according to a formula, which takes into account each ship' s cargo capacity, number of operating days during the period and an earnings factor.

In our results of operations, SNTG tanker revenues include 100% of the operating revenue of the STJS, and tanker operating expenses include all voyage costs associated with the participating ships, as well

as time charter expenses to the other participants in the STJS. SNTG operating expenses include time charter expenses to minority participants in the STJS for 2005, 2004, and 2003 of $78.2 million, $70.7 million and $66.9 million, respectively. Of the total time charter expenses to minority participants in the STJS, amounts distributed to non-consolidated joint ventures in 2005, 2004 and 2003 were $51.6 million,

$44.6 million and $38.4 million, respectively. After factoring in such costs and distributions associated with other participants in the STJS, SNTG received approximately 83%, 82%, and 80% of the net earnings of the STJS in 2005, 2004, and 2003, respectively.

Operating Revenue

SNTG tanker operating revenue in 2005 increased 15% to $966.2 million from $841.0 million in 2004, which was an 11% increase from $758.3 million in 2003. The increase in operating revenue reflects a strengthening of the market which resulted in higher spot and COA rates with a small increase in cargo shipped. Cargo carried, excluding non-consolidated joint ventures, in 2005 was 24.3 million tons, an increase of 1% from 24.1 million tons in 2004, which was an increase of 5% from 23.0 million tons in 2003. While volume remained relatively constant in 2005 from 2004, operating revenue increased due to improved COA pricing including the full year effect from COA that were renewed during 2004 at higher rates than prior years. The 2004 volume increase reflected increased capacity and more efficient utilization of SNTG' s ships as a result of the strong market while the pricing increases reflect the higher spot market and improved COA pricing.

Gross Profit

SNTG' s tanker operations had gross profit of $227.9 million, $200.9 million, and $145.7 million in 2005, 2004, and 2003, respectively, and gross margins of 24%, 24%, and 19%, in 2005, 2004 and 2003, respectively. The increase in gross profit in 2005 reflected the strengthening of the market, partially offset by higher bunker fuel costs. SNTG tanker operations had operating expenses in 2005 of $738.3 million compared to $640.1 million in 2004 and $612.6 million in 2003. The increase in gross profit in 2004 reflected in strengthening of the market. The increase in operating expenses in 2005 and 2004 was primarily due to increases in the price of bunker fuel. In 2005, bunker fuel for SNTG' s tanker operations constituted approximately 26% of the total operating expenses for tankers, an increase from 2004 and 2003 when bunker fuel was 21% and 20% of total operating expenses, respectively. The average price of bunker fuel purchased by SNTG during 2005 was approximately $265 per ton. This compares to the average bunker fuel price for 2004 of approximately $187 per ton and $175 per ton in 2003. SNTG attempts to pass through to our customers fuel price fluctuations under COA. In 2005, 68% of tanker revenue was under COA with the remaining 32% derived from voyages based on spot rates. The percentage of revenue from COA was 67% in 2004 and 64% in 2003. During 2005, approximately 61% of tanker revenues earned under COA were earned under contracts that included provisions intended to pass through to customers fluctuations in fuel prices. The profitability of the remaining 39% of tanker revenue earned under COA was directly impacted by changes in fuel prices. In addition, the increase in expenses caused by the weakening of the U.S. dollar in the prior year continued in 2005 as substantially all tanker revenue is collected in U.S. dollars and a significant portion of costs, in particular certain crew costs, port expenses and dry docking charges are incurred in non-U.S. dollar currencies that were overall at similar levels in 2005 from 2004. Therefore, in 2005 and 2004 when the value of the U.S. dollar declined, tanker margins were adversely impacted. The consolidation in 2004 of the financial results of 12 Ships, Inc., an entity that purchased 12 parcel tankers from SNTG in 2002, resulted in a decrease of operating expenses of $6.3 million. The consolidation was required to comply with FASB Interpretation No. 46, "Consolidation of Variable Interest Entities." This was offset by the full year effect of an August 2003 sale/leaseback transaction of three parcel tankers.

An important measure of performance in many shipping companies, including SNTG, is the sailed-in rate per ship per day. The sailed-in rate may be calculated for a single ship or for a fleet of ships and SNTG calculates this as operating revenue, less voyage expenses, which are expenses that may vary depending on the ship or fleet' s voyage pattern. The most significant voyage expenses include bunker fuel, port charges, marketing overhead, commissions paid to brokers, and expenses associated with subletting excess cargo to other shipping companies. The sailed-in rate is measured before any costs associated with the owning and management of the ships. Owning and management costs generally do not vary depending on the voyage pattern and include crew costs, maintenance and repairs, insurance, depreciation and interest expense. As such, within many shipping companies, including SNTG, the sailed-in rate is considered an important market measurement, which encompasses rates or prices, volumes, and utilization of how the ship and/or fleet is deployed. As part of our quarterly earnings release, we publish the Sailed-In Time-Charter Index for the STJS. The Sailed-In Time-Charter Index for the STJS is an indexed measurement of the sailed-in rate for the STJS and was set at 1.00 in the first quarter of 1990 based on the sailed-in rate per day for the fleet at the time. During the period of 1990 to 2005, the average annual Sailed-In Time-Charter Index ranged from a high of 1.35 in 1995 to a low of 0.93 in 1999 and averaged 1.11 over this period. The average Sailed-In Time-Charter Index for 2005, 2004 and 2003 was 1.33, 1.17 and 1.03, respectively. For 2005, the Sailed-In Time-Charter Index increased approximately 14% from 2004, after increasing 14% in 2004 from 2003. Based on the configuration of the STJS as of April 30, 2006, we expect that a 5% change in Sailed-In Time Charter Index from the average 2005 figure of

1.33 would result in an effect on SNTG' s gross profit of approximately $24 to $25 million. As Sailed-In Time-Charter Index is a measurement for the STJS only, this sensitivity excludes any impact of changes in sailed-in rates for our regional fleets, which may or may not move in tandem with sailed-in rates for the STJS.

Ship owning costs associated with SNTG' s ships comprised 17%, 19% and 21% of operating expenses in 2005, 2004 and 2003, respectively but remained constant in total from 2005 to 2004 at $124 million, after decreasing 3% in 2004 from 2003. The percentage decrease was primarily due to increased bunker costs. There was no material change in ship owning costs between 2005 and 2004 despite the addition of two ships to the fleet due to a decrease in insurance costs, partly offset by the effect of a weakening U.S. dollar. The variance in ship owning costs 2004 to 2003 was a result of the change in fleet composition and improved purchasing practices, offset by a weakening U.S. dollar and higher insurance expenses.

Tank Containers

Operating Revenue

Operating revenue in 2005 was $334.3 million, a 12% increase from $297.5 million in 2004, which was a 17% increase from $254.7 million in 2003. The improvement in 2005 and 2004 was attributable to increased demand in our major markets of North America and Europe and further growth within Asia Pacific. Despite the reduction in overall shipments, operating revenue increased in 2005 due to higher rates being charged for our services and higher demurrage billed for our tanks. Increased sales and marketing initiatives led to growth in our food grade business formed in 2002 and in growing markets such as Eastern Europe, China, the Middle East and India. The growth in these markets was only partially offset by a reduction in volume of shipments to lower paying areas and a sluggish U.S. export market in the fourth quarter of 2005, which resulted in a decrease in overall volume of our container shipments in 2005 as compared with 2004. As a result, in 2005 we had 80,874 container shipments, a decrease of 4% from the 84,262 container shipments in 2004. Shipments in 2004 reflected a 13% increase from 74,615 shipments in 2003 due to increased activity from Europe and Asia in 2004 as compared with 2003. Increases from Europe in 2005 were curtailed somewhat due to the lack of available tank containers.

Utilization decreased to 76% in 2005 as compared with 80% in 2004 and 79% in 2003. The decrease in 2005 was mainly due to the reduction in overall shipments as well as 5% increase in the number of tanks.

The improvement in 2004 was the result of improved global demand for tank containers and enhancements to the fleet optimization and forecasting software. As of November 30, 2005, SNTG owned or operated a fleet of 17,979 tank containers, a 5% increase from the 17,153 tank containers owned or operated at the end of 2004 which was a 7% increase from the 15,999 tank containers owned or operated at the end of 2003. SNTG increased the number of tank containers in 2005 mainly through the purchase of newly constructed tanks from China Industrial Manufacturing Company. We have been purchasing tank containers and plan to continue to do so, to meet future demand in a cost efficient manner.

Gross Profit

SNTG' s tank container operations had gross profit of $67.2 million, $51.3 million and $45.8 million in 2005, 2004 and 2003, respectively, and gross margins of 20%, 17% and 18% in 2005, 2004 and 2003, respectively. Margins increased in 2005 from 2004 primarily due to improved overall market conditions for the chemical fleet and to the implementation of improved yield analysis tools which resulted in the deliberate reduction of lower margin business. In addition, costs related to the movement of empty tank containers were better controlled as a result of the enhancements to the fleet optimization software. These actions successfully reversed the margin decreases experienced in 2004 and 2003. The improvement in our gross profit was somewhat inhibited, however, by the decreased utilization of tanks described above. In 2004, margins decreased slightly from 2003 due to increased costs and pricing pressure in our markets from Asia and South America, higher freight costs and increased movement of empty tank containers to meet the increased demand in our major markets in North America, Europe and within Asia Pacific. These factors were only partially offset by increased shipments, as well as the resulting improvements in utilization of our tank containers. Margins improved in both the third and fourth quarter of 2004 as compared with the first half of the year. This was primarily a result of pricing.

SNTG' s tank container operating expenses in 2005 were $267.1 million compared with $246.2 million in 2004 and $208.9 million in 2003. The increase in operating expense in 2005 was mainly the result of the full year effect of large increases in ocean freight costs which began in the summer of 2004 reflecting the tighter capacity of container ships in most markets and rising fuel expenses. The increase in operating expenses in 2004 was primarily due to an increase in the freight and associated costs to move loaded tank containers resulting from the increased number of shipments, an increase in tank container rental costs resulting from the increased number of tanks operated and an increase in the costs resulting from a greater number of tank containers required to be repositioned during the year. Furthermore, we incurred additional operating expenses in 2004 due to rising fuel expenses and the decline in the value of the U.S. dollar against most global currencies.

Offsetting some of the increases in operating expenses in 2005 and 2004 was the continued reduction in the average leasing cost for tanks, which was 4% lower in 2005 than 2004 and 6% lower in 2004 than 2003 due to a reduction in the rates on both long-term and short-term leases.

Terminals

Operating Revenue

Operating revenue in 2005 was $83.3 million, an increase of $7.7 million or 10%, from $75.6 million in 2004, which in turn was an increase of $11.7 million or 18% from $63.9 million in 2003. The expansions in the three owned terminals account for $4.5 million or 58% of the revenue increase in 2005 as compared to 2004 with the remaining 42% of the 2005 revenue increase primarily a result of an increase in rates and ancillary services. The expansions in the three owned terminals account for $6.8 million or 58% of the revenue increase in 2004 as compared to 2003, with the remaining 42% of the increase primarily a result of a 146% throughput volume increase in Santos, arising from an exceptionally strong ethanol market in Brazil.

Total storage capacity of our wholly owned facilities at the end of 2005 was 4.4 million barrels (704,770 cubic meters) as compared to 4.1 million barrels (634,634 cubic meters) and 4.0 million barrels (630,700 cubic meters) at the end of 2004 and 2003, respectively. Average capacity utilization was 96% in 2005, 98% in 2004, and 97% in 2003. The lower average capacity utilization in 2005 as compared to 2004 was mainly due to the available new storage capacity from our expansion programs preceding customer occupancy.

Gross Profit

Gross profit of SNTG' s terminal operations was $31.7 million, $30.2 million and $22.7 million in 2005, 2004, and 2003, respectively. Gross margins were 38%, 40%, and 36% for 2005, 2004 and 2003, respectively. The improvement of gross profit from 2004 to 2005 was primarily a result of the expansions at the Houston, Braithwaite and Santos terminals. The improvement of gross profit from 2003 to 2004 was primarily a result of the expansions of the Braithwaite and Santos terminals.

Operating expenses in 2005 were $51.6 million, an increase of $6.2 million, from $45.4 million in 2004, which in turn was an increase of $4.2 million from $41.2 million in 2003. The increase in operating expenses in 2005 and 2004 was primarily due to increased wages, employee benefit programs and utility costs coupled with the impact of Hurricane Katrina on the Braithwaite terminal and the strengthening of the Brazilian real against the U.S. dollar in Santos, which increased the costs associated with the Santos terminal. The increase in operating expenses in 2004 was primarily due to the impact of full year operations at the expanded Braithwaite and Santos terminals and increased salary and wages, employee benefit programs, utility costs and wastewater treatment costs at the Houston terminal.

Stolt Sea Farm

Operating Revenue

Operating revenue in 2005 decreased by 47% to $245.5 million as compared with $459.1 million in 2004, which was a 1% decrease from $461.8 million in 2003. The primary reasons for the decrease in operating revenue in 2005 was the contribution of most of the operations of SSF to Marine Harvest effective April 29, 2005. The slight change in operating revenue in 2004 resulted mainly from increased salmon harvest volumes, more than offset by reduced sales volumes in the Asia Pacific seafood trading operation. In the Americas region, the salmon volume increase primarily was in Chile, reflecting capacity increases that have been underway since the acquisition of Eicosal in 2001. In Europe, salmon harvest volumes were higher in both the UK and Norway. In Norway, volumes were higher only due to timing effects,

whereby for operational reasons fish intended for harvest in 2005 were harvested earlier in 2004. In Asia Pacific, management deliberately cut back the volume of product traded, and the volume of inventory purchased and held for sale, following the poor results in the region in 2003.

Operating revenue in 2005 for our turbot operations increased by 19% to $34.8 million from $29.1 million in 2004 which was an 11% increase from $26.7 million in 2003. The increase in 2005 compared with 2004 was the result of higher prices and volumes resulting from capacity additions and a strong turbot market. The increase in 2004 compared with 2003 was the result of higher volumes resulting from capacity expansions partially offset by slightly lower prices. Operating revenue in 2005 for the Southern bluefin tuna operations decreased by 1% to $17.8 million from $17.9 million which was a decrease of 25% from $23.8 million in 2003. The decline in 2005 was the result of weaker pricing partially offset by higher sales volumes in 2005 due to the delayed sale of some of the 2004 harvest to 2005. The decline in 2004 compared with 2003 was the result of weaker pricing and lower sales volumes due to the delayed sale of some of the 2004 harvest to 2005. Prices for bluefin tuna reached record levels in 2002, and this attracted sharply higher volumes of Northern bluefin tuna to the market. This, in turn, caused an oversupply, major reductions in price levels and a build-up of levels of inventory by sellers who hoped to avoid losses. The

clearing of inventories into the market, and a reduction in supply from Europe due to less favorable prices, is likely to take several years and therefore prices are not expected to recover substantially for some time.

The total volume of Atlantic salmon, salmon trout and coho that we sold, in gutted whole fish equivalent metric tons, assuming an average 60% yield on processed products sold and excluding volumes sold inter-company into Asia Pacific, was 41,074 metric tons in 2005, 85,000 metric tons in 2004 and 97,800 metric tons in 2003. Of the metric tons sold, 40,674 metric tons, 74,500 metric tons, and 61,300 metric tons, in 2005, 2004 and 2003, respectively, was from SSF' s own production, the remainder being sourced from other producers. The reduction in volume in 2005 primarily reflects the contribution of all of SSF' s salmon operations to Marine Harvest on April 29, 2005. The reduction in volume sold overall in 2004 reflects the strategy in Asia to cut down on external volumes sourced and sold in the Asia market, following heavy losses in 2003. The increase in volume of SSF' s own production in 2004 mainly reflects the planned increase in our Chilean production as described above, together with the abnormally high Norway harvests due to timing effects for operational reasons.

Gross Profit (Loss)

SSF had a gross profit of $25.5 million in 2005, a gross profit of $20.4 million in 2004, and a gross loss of $20.1 million in 2003. Gross margins were 10% in 2005, 4% in 2004 and negative 4% in 2003.

The improvement in gross profit in 2005 reflects the contribution of our salmon operations, which operated with a gross loss in the second half of 2004, to Marine Harvest effective April 29, 2005.

In 2005, gross profit in our turbot and Southern bluefin tuna operations were $13.2 million and $0.0 million, respectively. This compares with $10.1 million and $1.6 million in turbot and Southern bluefin tuna, respectively in 2004. In 2005, gross margin in the turbot and Southern bluefin tuna operations was 38% and 0.7%, respectively. The improvement in the gross profit of the turbot operations was primarily due to improved pricing and higher volumes. The decline in the gross profit of the Southern bluefin tuna operations was due to significantly lower market prices partially offset by higher sales volumes due to the delayed sale of the 2004 harvest.

The gross profit in 2004 reflects a recovery in our Asia Pacific operation after the significant losses that occurred in 2003. As described further below, the results of SSF' s operations in Japan in 2003 were very poor due to the heavy losses on trading fish and the write down of inventories at the end of the year to reflect weak markets. Results in Europe were also significantly improved, largely due to improved pricing in European markets during 2004. In the Americas region, gross profit showed a moderate increase. Although pricing was generally lower in 2004 than 2003, we were able to improve our profitability by entering into longer term supply contracts with customers in 2003 before prices fell and by producing and distributing our products to such customers more efficiently. We were also more successful in avoiding the regional imbalances of supply and demand which in the previous year had caused cost inefficiencies at certain times.

The gross loss incurred in 2003 primarily reflected a very large adverse swing in Asia Pacific, mainly due to poor market conditions for trout, coho, and bluefin tuna in Japan as well as trading activities and other transactions in Japan that we believe were improper and unauthorized Selling prices for our own ranched Southern bluefin tuna declined by approximately 20% in 2003. This impacted our 2003

production and also decreased the return on 2002 inventories that we sold into the declining price environment. SSF made lower of cost or market provisions totaling $11.1 million at the end of 2003 against remaining inventories of traded tuna and frozen salmon, trout and other species. The total combined impact of these factors resulted in SSF' s Asia Pacific operations reporting a gross loss of $25.3 million in 2003.

Partly offsetting the reduction in gross profit in Asia Pacific was a substantial improvement in the Americas region in 2003 and improved margins in Europe. We took lower of cost or market provisions for selected inventories in the Americas and UK, and our halibut operations totaling $1.8 million in 2003, primarily due to low market prices for these specific products.

Corporate and Other

SeaSupplier and Optimum Logistics

SSL recognized revenues of $0.6 million in 2005 compared to $0.9 million in 2004 and $1.0 million in 2003. The decline in revenues was due to the loss of a major contract. SSL lowered operating costs to $2.1 million in 2005 from $3.1 million in 2004 and $5.4 million in 2003 by reducing headcount and more efficiently managing information technology development and sales efforts.

In April 2003, we completed the sale of substantially all of the assets of OLL to Elemica, Inc., the leading chemical industry consortium. Under the terms of the agreement, Elemica acquired the full technology platform and the ongoing business operations of OLL. Based on the terms of the sale, we realized a net gain in 2003 of $4.4 million, included in "Gain (loss) on disposal of assets, net" in the consolidated statement of operations. The net gain was mainly comprised of the realization of a previously deferred gain from the sale of OLL shares to Aspen Tech, less the recognition of an asset impairment charge on Aspen Tech shares. Through the time of sale, OLL' s 2003 revenues were $0.6 million and costs were $3.4 million compared to $1.0 million and $9.5 million for a comparable period in 2002.

Liquidity and Capital Resources

Principal Sources of Liquidity

During 2005, 2004 and 2003 we met our cash needs through a combination of (i) cash generated from operations, (ii) borrowings from commercial banks, (iii) financing through sale/leasebacks of assets, (iv) asset sales, (v) the sale of Common Shares and exercise of stock options, and (vi) the sale of all of our ownership in SOSA.

SNTG generally operates with negative working capital, which reflects the collection/payment cycle. Invoicing for the tanker business usually takes place at or shortly after loading, while expenses that are invoiced and paid within normal business terms are typically paid near or subsequent to the end of a voyage. In SSF, the production cycle for various farmed fish species transpires over several years; therefore, SSF requires working capital to finance inventory.

For 2005, operating cash flow was a significant source of liquidity. In 2005, we generated net cash from operating activities−continuing operations of $229.2 million. This compares with $135.9 million and $110.1 million for 2004 and 2003, respectively. The movements between years are mainly due to the operational performances of our business segments and working capital requirements primarily for SSF in those years.

As a result of our substantial investment in SOSA, SSF, OLL and SSL combined with operating losses and asset write-downs in SOSA and SSF and scheduled debt repayment, in the second half of 2003, we had limited liquidity and were in potential breach of certain financial covenants with our lenders.

During late 2003 and early 2004, we engaged in numerous discussions with the creditors under our existing financing agreements regarding amendments to these facilities or waivers to avoid defaults with respect to the financial covenants contained in these facilities, in particular, the ratio of consolidated debt to consolidated tangible net worth. In November 2003, we had $180 million maturing under a revolving credit facility with a bank syndicate led by DnB NOR Bank ASA. We sought and obtained a series of

waivers with our lenders. These waiver agreements included increased interest rates for certain credit agreements.

In January 2004, we sold 7.7 million of our Common Shares in a private placement for net proceeds of $101.0 million to non-affiliated investors.

Also in the first quarter of 2004, we completed certain transactions that resulted in the deconsolidation of SOSA. On February 19, 2004, we announced that the deconsolidation of SOSA combined with our equity offering would allow us to achieve compliance with the financial covenants in the original borrowing arrangements with our creditors.

On March 30, 2004, we entered into a five-year $130 million revolving credit facility arranged by a consortium of banks led by Deutsche Bank AG. The facility was used to repay the $180 million revolving credit facility. This facility was repaid and cancelled on July 29, 2005.

On August 13, 2004, Stolthaven Houston Inc. and Stolthaven New Orleans LLC entered into a $150 million credit facility arranged by a consortium of banks led by DnB NOR Bank ASA. The facility was used to refinance existing credit facilities and provided funds for general corporate purposes.

Ship and tank container assets are an important source of liquidity as these assets are used to secure debt or can be sold and if needed leased back. As of November 30, 2005, SNTG directly owned 69 ships having a total net book value of $1,087 million. Of the 69 total ships, 45 ships with a total net book value of $282 million were unencumbered while 24 ships with a total net book value of $805 million were collateralizing total credit facilities of $740.7 million of which $505.7 million was outstanding. As of November 30, 2005, SNTG also owned 7,173 unencumbered tank containers (out of 18,067 tank containers operated), having a total net book value of $68.6 million.

On July 29, 2005, we entered into a seven-year $400 million secured multicurrency revolving credit facility, with a declining balance after five years. The interest rate applicable to the loans under the facility is LIBOR plus 0.70% for one year, after which interest rates range from LIBOR plus 0.60% to LIBOR plus 1.2% depending upon the level of consolidated indebtedness to consolidated earnings before interest, tax, depreciation and amortization ("EBITDA"). Collateral for this facility included mortgages on 16 of our ships. This facility is available for general corporate purposes.

On October 27, 2005, we replaced the existing $225.8 million Stolt Fleet Loan with the Danish Ship Finance with a new financing agreement with Danish Ship Finance, The new financing agreement refinanced the existing $225.8 million, and included an additional $100 million tranche to be repaid over ten years with twenty semi-annual principal payments of $3.3 million and a balloon payment of $33.3 million on maturity. The interest rate was fixed at 5.57% on the additional $100 million tranche. Collateral for the facility included mortgages on seven ships.

Financial Outlook

In 2006 we have taken a number of actions that impacted our financial position:

- Subsequent to November 30, 2005, we repurchased 2,981,850 SNSA Common Shares under our share buyback program. To date, 2006, we have repurchased SNSA Common Shares totaling $138.7 million under the $200 million repurchase program announced on August 25, 2005;
- On January 9, 2006 SNTG purchased the *Turchese*, a 6,155 dwt parcel tanker built in 1988 for $8.7 million;

- On January 31, 2006, we entered into a seven-year $325 million secured multicurrency reducing revolving credit facility arranged by a consortium of banks led by Citibank N.A., with a declining balance after five years. The interest rate applicable to the loans under this facility was LIBOR plus 0.70% for one year, after which interest rates range from LIBOR plus 0.6% to LIBOR plus 1.2% depending upon the level of consolidated indebtedness to consolidated EBITDA. We have mortgaged 29 ships as security in support of the obligations of the borrower under this facility The facility is to be used for general corporate purposes;
- Between January and May 2006, we sold the *Stolt London*, *Stolt Taurus*, *Stolt Titan* and the *Stolt Accord* for $21.1 million;
- On December 14, 2005, we paid an interim dividend of $1.00 per Common Share (including American Depositary Shares each of which represents one Common Share), on December 14, 2005 to shareholders of record as of November 30, 2005. At the Annual

General Meeting on May 26, 2006, the shareholders approved a final 2005 dividend of $1.00 per Common Share (including American Depositary Shares), payable on June 15, 2006 to shareholders of record as of June 1, 2006;

- In February 2006, Marine Harvest closed on a new EUR 350 million credit facility. Marine Harvest used part of the proceeds from this facility to repay SNSA $65 million of principal on its shareholder loan to us plus accrued interest;
- On February 27, 2006, SNTG' s 50% owned joint venture with NYK, NYK Stolt Shipholding Inc. committed to acquire two 12,500 dwt ships to be constructed at the Usuki Shipyard Co. Ltd. in Japan. The ships are anticipated to be delivered by mid 2010 and will cost $32 million each. Both ships will be chartered to our Stolt NYK Asia Pacific Services Inc. joint venture with NYK;
- On March 4, 2006, we announced that we had signed a non-binding memorandum of understanding with Lingang in Tianjin, China for the 50-year lease of waterfront property to develop a chemical and oil products terminal. For additional information, please see "–Management Overview–Description of our Business" and "Information on the Company–Business Overview–Stolt-Nielsen Transportation Group–Terminals".
- On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. Although the transaction has not yet closed and remains subject to approval from regulatory and competition authorities, on March 29, 2006 we received prepayment of EUR 293.8 million (approximately $352.5 million at the then current exchange rate) representing our full share of the proceeds of the sale. The results of our 25% ownership interest in Marine Harvest will be included in our consolidated results until the transaction is completed. On receipt of the necessary approvals, we will recognize a gain on the sale estimated to be $65 million. All risks and responsibilities of obtaining regulatory and competition authority approvals rest with the buyer.
- On March 20, 2006 we announced that Stolthaven Terminal B.V., a wholly owned subsidiary of SNSA, had agreed in principle with Oiltanking GmbH to acquire a 50% interest in Oiltanking Antwerp N.V., a terminal storage company in Antwerp, Belgium, for approximately $64 million, which will be paid partly in cash and partly by the assumption of outstanding debt. For additional information, please see "Information on the Company–Business Overview–Stolt-Nielsen Transportation Group–Terminals".
- On March 28, 2006, we exercised our option to purchase the *Montana Sun*, *Montana Star* and the *Montana Blue* ships for $40.7 million.

We believe that our cash flow from operations and available credit facilities will continue to provide the cash necessary to satisfy our working capital requirements and capital expenditures, as well as to make scheduled debt repayments and satisfy our other financial commitments for fiscal 2006.

At November 30, 2005, our cash and cash equivalents totaled $29.6 million. The $29.6 million cash balance was a decrease of $41.8 million from the prior year level of $71.4 million, primarily resulting the use of excess cash balances to reduce debt and pay dividends. Total consolidated debt including short-term and long-term debt amounted to $666.9 million at November 30, 2005, of which $655.7 million was collateralized by ships and other assets with a net carrying value of $991.6 million and $11.2 million was unsecured. Total consolidated operating lease commitments, as of November 30, 2005, were $456.1 million.

From December 1, 2005 through April 30, 2006, we made debt payments of $2.6 million and interest payments, of approximately $3.5 million on our total long-term debt outstanding as of November 30, 2005. Our scheduled principal and interest payments for the remainder of 2006 are approximately $46.9 million and $25.8 million, respectively. As of April 30, 2006, total debt after receiving the sale proceeds and repayment of our shareholder loan from the Marine Harvest transaction is approximately $513 million, our available cash balances were in excess of $150 million, and our committed unused credit lines were in excess of $700 million. We are also obligated to make payments under long-term operating lease agreements for the remainder of 2006, that total approximately $76 million.

Cash Flows

	For the years ended November 30,		
	2005	2004	2003
		(in millions)	
Summary Cash Flows			
Net cash provided by (used in) operating activities			
Continuing operations	$ 229.2	$ 135.9	$ 110.1
Discontinued operations	–	51.4	(27.5)

	229.2	187.3	82.6
Net cash (used in) provided by investing activities			
Continuing operations	(169.7)	4.0	(0.2)
Discontinued operations	492.4	(157.8)	(13.1)
	322.6	(153.8)	(13.3)
Net cash (used in) provided by financing activities			
Continuing operations	(593.0)	(169.9)	(3.9)
Discontinued operations	–	52.0	59.8
	(593.0)	(117.9)	55.9
Effect of exchange rate changes on cash	(0.7)	5.8	2.0
Net (decrease) increase in cash and cash equivalents	$ (41.9)	$ (78.6)	$ 127.2

Cash Flows from Operating Activities

Cash flows from operations is derived principally from the collection of receivables due from customers. SNTG cash collections are derived from COA and spot contracts for tankers, along with the collections from customers of tank containers and terminals. In 2005, we generated net cash from operating activities-continuing operations of $229.2 million. This compares with $135.9 million and $110.1 million in 2004 and 2003, respectively. The movements between years are mainly due to the relative operational performances and working capital requires primarily for SSF in those years. Discontinued operations provided $0.0 and $51.4 million of operating cash flow in 2005 and 2004, respectively, and used $27.5 million in 2003.

Cash Flows from Investing Activities and Capital Expenditures

Cash flows from net investing activities-continuing operations used $169.7 million in 2005, compared to providing $4.0 million in 2004 and used $0.2 million in 2003.

Significant investing activities related to continuing operations during 2005 were (i) capital expenditures of $158.8 million, and (ii) a contribution of $19.3 million to the Marine Harvest. Partially offsetting these uses of cash were $9.4 million related primarily to the sale of real estate, barges and other investments. Capital expenditures for the year include (i) $61.5 million for the purchase of the *Isola Blu, Stolt Akane* and the *Stolt Gannet*, (ii) $25.5 million deposits on newbuildings, (iii) $25.5 million on the repurchase of tank containers, and (iv) $27.6 million refurbishing and upgrading of existing assets including life extension dry dockings for certain parcel tankers, the expansion of the terminals at Houston, Santos and Braithwaite, and the purchase and refurbishment of tank containers. Net investing activities in 2005 included $492.4 million provided from discontinued operations from the sale of our investment in SOSA.

Significant investment activities during 2004 were (i) capital expenditures of $51.3 million, which were lower than the prior year. Offsetting this use of cash were (i) a $24.9 million decrease in restricted cash, which, based on agreement with our creditors, was placed in escrow in November 13, 2003, to be available for drawdown by SOSA under its committed liquidity line, but which was released back to us, with interest on February 12, 2004, and (ii) $27.2 million of net receipts from affiliates. Capital expenditures for the year include (a) capital expenditures of $14.3 million for the terminal at Braithwaite, (b) $9.8 million refurbishing and upgrade of existing assets including life extension drydockings for certain parcel tankers, refurbishment of tank containers and expansion of the terminal at Houston, and (c) $3.7 million for the acquisition and upgrade of SSF facilities in Spain and Belgium. Net cash used in investing activities-discontinued operations in 2004 was $157.8 million.

Significant investing activities during 2003 were (i) capital expenditures of $66.2 million, and (ii) a $25.1 million increase in restricted cash. Offsetting these uses of cash were (i) proceeds of $98.7 million principally from the sale/leaseback transaction with respect to three parcel tankers ($55.8 million), the sale of investments in Vopak and Univar ($16.5 million) and the sale of Southern bluefin tuna quota rights at SSF ($25.8 million). Capital expenditures for the year include (i) $12.8 million for the terminal at Braithwaite, (ii) $15.7 million refurbishing and upgrades of existing assets including parcel tanker life extension dockings, refurbishment of tank containers and expansion of the terminal at Houston. Net cash used in investing activities-discontinued operations in 2003 was $13.1 million.

Capital Expenditures

Capital asset expenditures by business over the last three years are summarized below.

	For the years ended November 30,		
	2005	2004	2003
		(in millions)	
SNTG:			
Tankers	$ 93.0	$ 6.5	$ 10.2
Tank Containers	35.3	3.7	2.5
Terminals	20.6	23.6	24.1
Corporate	4.3	0.3	0.3
Total SNTG	153.2	34.1	37.1
SSF	5.6	17.2	29.1
Discontinued Operations	–	1.6	21.9
Total SNSA	$ 158.8	$ 52.9	$ 88.1

Cash Flows from Financing Activities

Net cash used in financing activities–continuing operations totaled $593.0 million in fiscal year 2005 compared to $169.9 million in fiscal year 2004 and $3.9 million in fiscal year 2003.

The principal uses of cash for financing activities in fiscal 2005 were (i) repayment of long-term debt of $418.0 million which includes $313.6 million of prepayments on the senior notes, $54.5 million for the repayment of ship mortgages, $46.7 million of payments on the 12 ship loan, (ii) $131.1 million payment for a 2005 special dividend, (iii) $119.1 million in decrease of loans payable to banks, and (iv) $54.8 million for the repurchase of our Common Shares. The significant sources of 2005 funding included proceeds of $100.0 from issuance of long-term debt related to ship mortgages and $33.1 million of proceeds from the exercise of stock options.

The principal uses of cash for financing activities in fiscal year 2004 were repayments of long-term debt totaling $237.5 million which included $96.6 million of scheduled amortization payments on the senior notes, $75.6 million of Houston terminal debt that was refinanced, $42.3 million of scheduled ship mortgage payments, and $23.0 million relating to the 12 ship loan. In 2004 there was also a decrease of $188.5 million in loans payable to banks. The significant sources of 2004 funding included, net proceeds from the sale of treasury shares through a private placement by SNSA for $101.0 million, $9.2 million proceeds from the exercise of stock options and $150.0 million from the issuance of long-term debt related to refinancing the Houston terminal debt. Discontinued operations provided $52.0 million of cash from financing activities in 2004 .

The principal uses of cash for financing activities in fiscal year 2003 were (i) repayments of long-term debt and capital leases totaling $158.8 million which included $100.2 million of ship mortgage payments and $56.4 million of payments on the senior notes, and (ii) $13.8 million of dividends. The significant source of 2003 funding included an increase of $161.0 million in loans payable to banks as a result of us drawing down our available credit facilities to ensure liquidity. Discontinued operations used $59.8 million of cash from financing activities in 2003.

Indebtedness

Our total consolidated debt was $666.9 million, $1,112.9 million and $1,312.2 million as of November 30, 2005, 2004 and 2003, respectively, as set forth in the table below:

	2005	2004	2003
		(in millions)	
Long-term debt (including current portion)	$ 493.6	$ 820.4	$ 835.2
Short-term bank loans	173.3	292.5	477.0
Total debt	$ 666.9	$ 1,112.9	$ 1,312.2

Short-Term Debt

Short-term debt consists of debt obligations to banks maturing within one year, uncommitted lines of credit and bank overdraft facilities. Amounts borrowed pursuant to these facilities bear interest at rates ranging from 4.84% to 5.30% for 2005, from 1.74% to 6.63% for 2004, and 1.05% to 6.25% for 2003. The weighted average interest rate was 4.9%, 3.7% and 2.2% for the years ended November 30, 2005, 2004, and 2003, respectively. Some of these lines are generally payable on demand and can be withdrawn by the banks with short notice.

Long-Term Debt

Long-term debt consists of debt collateralized by mortgages on our ships and bank debt. It does not include the off-balance sheet arrangement discussed below. In 2004 and 2003 it also included our senior

notes. Our long-term debt was $493.6 million, $820.4 million, and $835.2 million as of November 30, 2005, 2004 and 2003, respectively, as set forth below:

	2005	2004	2003
		(in millions)	
Long-term debt	$493.6	$ 820.4	$ 835.2
Less: Current maturities	(49.5)	(165.8)	(151.1)
	$444.1	$ 654.6	$ 684.1

Annual principal payments of long-term debt for the five years subsequent to November 30, 2005 and thereafter, are as follows:

	(in millions)
2006	$ 49.5
2007	67.1
2008	65.9
2009	65.9
2010	112.0
Thereafter	133.2
	$493.6

The Stolt Fleet Loan with Danish Ship Finance

On November 20, 2002, we entered into a term loan agreement with Danish Ship Finance as lender in connection with the financing of 14 previously financed oceangoing ships (the “Stolt Fleet Loan”). The term loan agreement combined the 14 refinancings. Stolt Tankers Finance B.V., our wholly owned subsidiary, is the borrower under this facility and the financing of each ship is segregated into its own tranche under the loan agreement. The aggregate outstanding balance of all tranches under this loan agreement as of October 27, 2005 was $225.8 million. Each tranche bears its own interest rate, ranging from 2.1% to 8.6%, and each tranche has its own repayment schedule. For the 2006 fiscal year, the aggregate amount of all mandatory principal repayments is $38.3 million. The loan agreement matures on November 25, 2013.

A total of 14 oceangoing ships were mortgaged as security in support of the aggregate amount of all loans under the Stolt Fleet Loan. Each such owner was an indirect wholly owned subsidiary and had, in support of the borrower’ s obligations under the loan agreement, also granted a security interest in the earnings and insurances generated by the operation of its respective vessel (or in the case of insurances, pledged the proceeds received in respect of damage to or loss of such vessel). The obligations of the borrower under the loan agreement were also guaranteed by SNSA, SNTG (Liberia) and each owner of a ship mortgaged in support of such obligations.

The facility contained affirmative and negative covenants, including, but not limited to: ship maintenance requirements; asset value coverage tests requiring the fair market value of all the ships mortgaged in support of the borrower’ s obligations under the loan agreement to

be at all times at least 125% of the total debt outstanding under the loan agreement; restrictions on the transfer of ownership of any mortgaged ship; restrictions on borrowings by the borrower not contemplated by the loan agreement; limitation on the grant of a security interest in the assets of the borrower or any mortgaged vessel owner; and limitation on the grant of a security interest in the shares of stock of SNTG (Liberia), the borrower, SNTG and certain other of its subsidiaries.

On July 27, 2005, the agreement was amended to remove a covenant preventing SNTG (Bermuda), SNTG B.V., Stolt-Nielsen Investments N.V. and Stolt-Nielsen Holdings B.V. from incurring debt

obligations. The amendment added those companies as Guarantors under this facility. In addition, the interest rates were reduced by 0.05%.

New 2005 Stolt Fleet Loan with Danish Ship Finance

On October 27, 2005 the Stolt Fleet Loan was replaced with a new Stolt Fleet facility with the Danish Ship Finance (the "Revised Stolt Fleet Loan"). The Revised Stolt Fleet Loan is for $325.8 million, $225.8 million of which reflects the amounts outstanding under the previous Stolt Fleet Loan and $100 million of which is a new ten-year tranche. The $225.8 million portion has the same loan amortization schedules and interest rates as in the previous Stolt Fleet Loan. The $100 million tranche is to be repaid through twenty semi-annual principal payments of $3.3 million and a balloon payment of $33.3 million at maturity on November 1, 2015. The interest rate on the $100 million was fixed at 5.57% per annum. The previous 14 ship collateral agreement was replaced with a new seven-ship mortgage agreement which serves as security in support of the aggregate amount of all loans under the Revised Stolt Fleet Loan. The ship-owning subsidiaries also granted a security interest in the earnings and insurances generated by the operation of each mortgaged ship.

The Revised Stolt Fleet Loan facility contains affirmative and negative covenants similar to the Stolt Fleet Loan, including, but not limited to: ship maintenance requirements; asset value coverage tests requiring the fair market value of all the ships mortgaged in support of the borrower' s obligations under the loan agreement to be at all times at least 125% of the total debt outstanding under the loan agreement; restrictions on the transfer of ownership of any mortgaged ship; restrictions on borrowings by the borrower not contemplated by the loan agreement; limitations on the grant of a security interest in the assets of the borrower or any mortgaged vessel owner; and limitations on the grant of a security interest in the shares of stock of SNTG (Liberia), the borrower, SNTG and certain other of SNTG' s subsidiaries.

Additional financial covenants were added requiring a minimum level of consolidated tangible net worth, maintenance of a maximum ratio of consolidated debt to consolidated tangible new worth of 2.0:1.0 and maintenance of a minimum ratio of consolidated EBITDA to consolidated interest expense of 2.0:1.0. As of November 30, 2005 and April 30, 2006, $312.2 million and $310.0 were outstanding under this facility, respectively.

The Stolt Achievement Loan with Danish Ship Finance and DVB Bank AG

We have a term loan agreement, collateralized by a mortgage on the *Stolt Achievement*, with Danish Ship Finance as agent and co-lender and DVB Bank AG acting as the other co-lender. The interest rate on the *Stolt Achievement* loan was originally at LIBOR plus 0.65%. In December 2003, the interest rate was increased by 1% through letter agreement with Danish Ship Finance and DVB Bank AG. In July 2005, the agreement was amended and the interest rate was reduced to LIBOR plus 0.85%. The terms of the loan agreement, including, without limitation, the affirmative and negative covenants, are substantially similar to those in the original Stolt Fleet Loan described above. Semi-annual principal payments of $1.8 million are due each May and November. The loan agreement matures in November 2013.

$150 Million Term Loan and Revolving Credit Facility Agreement

On August 13, 2004, we entered into a $150 million five-year secured term loan and revolving credit facility agreement with various lending institutions, including DnB NOR Bank ASA as administrative and collateral agent. The interest rate ranges from LIBOR plus 1.375% to LIBOR plus 1.875% depending on the level of consolidated indebtedness to consolidated EBITDA. In July 2005, the loan was amended and the interest rate was changed to LIBOR plus 0.70% for one year, after which interest rates will range from LIBOR plus 0.60% to LIBOR plus 1.20% depending on the level of consolidated indebtedness to consolidated EBITDA. The proceeds of this facility were used to repay the outstanding $64 million of

existing indebtedness related to the financing of the Houston Port Development Sale/Leaseback Facility. As of November 30, 2005 and April 30, 2006, $150 million was outstanding under this loan, which matures on August 13, 2010.

The facility contains affirmative and negative covenants, including, but not limited to, financial covenants requiring minimum levels of consolidated tangible net worth, maintenance of a maximum ratio of consolidated debt to consolidated tangible net worth of 2.0:1.0, and maintenance of a minimum ratio of consolidated EBITDA to consolidated interest expense of 2.0: 1.0. The facility also sets forth among other things limitation on additional liens on the assets of the mortgaged properties, limitations on mergers and sales of assets.

Stolthaven Houston Inc. and Stolthaven New Orleans LLC are the borrowers under this facility. SNSA and SNTG (Liberia) are guarantors of the obligations of the borrowers under the facility.

Lease with Twelve Ships Inc.

On March 27, 2002, we entered into a synthetic lease arrangement with respect to 12 of our chemical parcel tankers. We sold 12 parcel tankers to Twelve Ships Inc., a variable interest entity ("VIE") which was established for the sole purpose of owning the ships with 3% of contributed outside equity. The ships were mortgaged by the VIE as collateral for the related financing arrangement. The holders of the financing arrangement retained the risk and the reward, in accordance with their respective ownership percentage. The facility agent was DnB NOR Bank ASA. Our wholly owned subsidiary Stolt Tankers Leasing, B.V. was the charterer of each vessel subject to the lease. As of November 30, 2004, Stolt Tankers Leasing B.V. owed $46.7 million in payments under such charters from Twelve Ships Inc. Upon expiration of the charter we had the option to repurchase the tankers from Twelve Ships Inc. for a residual value of $12.0 million. We guaranteed the obligations of the charterer. The chemical tankers were subject to mortgages for the benefit of the Twelve Ships Inc. debt.

The facility contained affirmative and negative covenants applicable to the charterer and the guarantors, including, but not limited to a minimum required consolidated tangible net worth, a maximum ratio of consolidated debt to consolidated tangible net worth of 2.0 to 1.0, and a minimum ratio of consolidated EBITDA to consolidated interest expense of 2.0 to 1.0. Other covenants applicable to the charterer and the guarantors included limitations on merger and sales of assets; limitations on changes in management; limitations on sale of the charterer; and requirements as to maintenance of the vessels. Under the requirements of FIN 46, we had determined that the entity would be classified as a VIE and, as such, we were required to consolidate the entity in our financial statements for fiscal year 2004.

On June 28, 2004, we purchased the outside equity of Twelve Ships Inc. for $2.0 million.

On January 25, 2005, the outstanding principal under the loan of $42.7 million was prepaid and collateral was released.

For additional information on our long-term debt and capital lease obligations, please see Note 17 to the Consolidated Financial Statements, included in Item 18 of this Report.

$400 Million Revolving Credit Facility

On July 29, 2005, we entered into a seven-year $400 million secured multicurrency revolving credit facility with various lending institutions, including Deutsche Bank AG as agent. Stolt Tankers Finance II B.V., a wholly owned, indirect, single purpose subsidiary is the borrower under this facility which matures on July 29, 2012. The lenders commitment will be reduced by two annual reductions of $50 million each commencing August 2010 and by a final reduction of $300 million on the maturity date. We mortgaged sixteen oceangoing ships as security in support of the $400 million revolving credit facility and, in addition, our subsidiaries which are owners of the mortgaged ships, have each granted a security interest in the

earnings and insurance proceeds generated by their respective mortgaged ship. We and each owner of a mortgaged ship under this facility, are guarantors of the obligations of the borrower under the facility. As of November 30, 2005, there was $165 million outstanding under this facility and as of April 30, 2006 there was no amount outstanding under this facility.

The facility contains affirmative and negative covenants, including, but not limited to, financial covenant requiring minimum levels of consolidated tangible net worth, maintenance of a maximum ratio of consolidated debt to consolidated tangible net worth of 2.0:1.0, maintenance of a minimum ratio of consolidated EBITDA to consolidated interest expense of 2.0:1.0, as well as maintaining a mortgaged ship value minimum of 125% of the indebtedness outstanding under the facility. The facility also sets forth among other things, ship maintenance requirements, limitation on additional liens on the assets of the mortgaged ship owners, and limitations on mergers and sales of assets.

The interest rates applicable to the loans under this facility was set at LIBOR plus 0.70%, after which interest rates will range from LIBOR plus 0.60% to LIBOR plus 1.20% depending upon the level of consolidated indebtedness to consolidated EBITDA.

$325 Million Revolving Credit Facility

On January 30, 2006, we entered into a seven-year $325 million secured multicurrency reducing revolving credit facility with various lending institutions, including Citibank International plc. as agent, Stolt Tankers Finance III B.V., a wholly owned, indirect, single purpose subsidiary is the borrower under this facility which matures on January 31, 2013, but which may be extended at our request for an additional year and again for two further years with the prior consent of the lenders. The lenders commitment will be reduced by two annual reductions of $40 million each commencing January 31, 2011 and January 31, 2012 and by a final reduction of $245 million on the maturity date. We mortgaged 29 oceangoing ships as security in support of the facility and, in addition, our subsidiaries which are the owners of the mortgaged ships have each granted a security interest in the earnings and insurance proceeds generated by their respective mortgaged ship. We subsequently reduced the number of ships mortgaged under the facility from 29 to 27. We and each owner of a mortgaged ship under this facility, are guarantors of the obligations of the borrower under the facility. As of April 30, 2006 there was $20 million outstanding under this facility.

The facility contains affirmative and negative covenants, including, but not limited to, financial covenant requiring minimum levels of consolidated tangible net worth, maintenance of a maximum ratio of consolidated debt to consolidated tangible net worth of 2.0:1.0, maintenance of a minimum ratio of consolidated EBITDA to consolidated interest expense of 2.0:1.0, as well as maintaining a mortgaged ship value minimum of 125% of the indebtedness outstanding under the facility. The facility also sets forth among other things, ship maintenance requirements, limitation on additional liens on the assets of the mortgaged ship owners, and limitations on mergers and sales of assets.

The interest rates applicable to the loans under this facility was set at LIBOR plus 0.70%, for one year, after which interest rates will range from LIBOR plus 0.60% to LIBOR plus 1.20% depending upon the level of consolidated indebtedness to consolidated EBITDA.

The Senior Notes

Our wholly owned subsidiary, SNTG (Liberia), was the borrower on three separate issuances of senior notes. We had guaranteed SNTG (Liberia)' s obligations under each series of the senior notes. The first series of notes was issued in two tranches in 1996 in the aggregate principal amount of $187 million (the "1996 Notes"). The first tranche of $30 million was paid upon maturity on November 30, 2002. The remaining 1996 Notes had a final maturity on August 31, 2006. As of November 30, 2004, there was an aggregate principal amount of $62.8 million outstanding under the 1996 Notes. The second series of notes

was issued in 1997 in the aggregate principal amount of $125 million with a final maturity on August 31, 2007 (the "1997 Notes"). As of November 30, 2004, there was an aggregate principal amount of $75 million outstanding under the 1997 Notes. The final series of notes was issued in 1998 in the aggregate principal amount of $216 million with a final maturity on June 18, 2013. Of this amount, $201 million reflect series A 1998 Notes ("Series A Notes") and $15 million reflect series B 1998 Notes ("Series B Notes"). As of November 30, 2004, the principal amount outstanding under the 1998 A Notes was $160.8 million and the full principal amount remained outstanding under the 1998 B Notes. The stated interest rates were 8.48% on the 1996 Notes, 7.51% on the 1997 Notes, 6.96% on the Series A Notes and 7.11% on the Series B Notes, subject to adjustment. The 1996 and 1997 Notes had fixed interest rates as of November 30, 2004 of 8.98% and 8.01% respectively. The 1998 Series A Notes and Series B Notes had fixed interest rates of 7.46% and 7.61% respectively. During the 2004 fiscal year, principal payments under the senior notes in the amount of $40.2 million were due on June 18, 2004 and $56.4 million were due on August 31, 2004.

On January 19, 2005, we sold 79,414,260 common shares of SOSA, representing all of our remaining ownership interest in SOSA. In accordance with the terms of our senior notes, we were required to allocate up to 70% of the net cash proceeds from the sale to repurchase the senior notes. On January 25, 2005, we made an offer to purchase the notes funded from the proceeds from the sale of SOSA shares. The offer resulted in the note holders tendering a total of $18.2 million aggregate principal amount of senior notes. These notes were purchased by SNTG on February 25, 2005.

On February 28, 2005, we announced that we had determined to exercise our right pursuant to the note agreements governing our senior notes to redeem all $295.4 million aggregate outstanding principal amount of senior notes then outstanding. We redeemed the senior notes at the respective redemption prices set forth in each of the note agreements. The redemption will allow us to replace the notes with debt at lower interest rates and without restrictions on investments in non-consolidated entities or restrictions on dividends and SNSA share repurchases. We completed the redemption of all outstanding senior notes on April 15, 2005, with the repayment of total outstanding principal in the amount of $295.4 million, in addition to required make-whole payments of $13.8 million plus accrued interest.

Contractual Obligations

We have various contractual obligations, some of which are required to be recorded as liabilities in the Consolidated Financial Statements, including long-term debt and customer outreach payments. Our operating leases, committed capital expenditures, long-term debt interest payments and other executory contracts, are not required to be recognized as liabilities on our consolidated balance sheets. Other purchase obligations were not material. The following summarizes our significant contractual obligations as of November 30, 2005, including those reported in our consolidated balance sheet and others that are not:

	Total	Less than 1 yr.	2-3 yrs.	4-5 yrs.	More than 5 yrs.
			(in millions)		
Contractual cash obligations:					
Long-term debt	$ 493.6	$ 49.5	$ 133.0	$ 177.9	$ 133.2
Operating leases	456.6	134.7	181.7	92.3	47.9
Committed capital expenditures	382.6	133.7	214.5	34.4	–
Customer outreach payments	28.0	28.0	–	–	–
Long-term fixed rate debt interest payments	110.3	29.3	42.0	22.9	16.1
Long-term variable rate debt interest payments(1)	16.9	0.0	5.4	7.0	4.5
Total contractual cash obligations:	$ 1,488.0	$ 375.2	$ 576.6	$ 334.5	$ 201.7

(1) Variable rate interest payments based on an estimated LIBOR rate of 5.0%.

Off-Balance Sheet Arrangements

In addition to the obligations recorded on our consolidated balance sheets, we have certain commitments and contingencies that may result in future cash requirements that are not recorded on our consolidated balance sheets. In addition to the long-term debt interest payments discussed above, these off-balance sheet arrangements consist of operating leases, committed capital expenditures and the retained and contingent interests discussed below. For additional information about our commitments and contingent liabilities, please see Notes 15, 16 and 17 to the Consolidated Financial Statements, included in Item 18 of this Report.

Operating Leases

Our operating lease commitments were $456.6 million as of the end of fiscal year 2005, as compared to $437.7 million at the end of fiscal year 2004 and $604.9 million at the end of fiscal year 2003. As of November 30, 2005, we were obligated to make payments under long-term operating lease agreements for tankers, land terminal facilities, tank containers, barges, equipment and offices. Certain of the leases contain clauses requiring payments in excess of the base amounts to cover operating expenses related to the leased assets.

Operating Lease Commitments

Minimum annual lease commitments, under agreements which expire at various dates through 2047, are as follows as of November 30, 2005:

	(in millions)
2006	$134.7
2007	100.7
2008	81.0
2009	60.1
2010	32.2
Thereafter	47.9
	456.6
Less−sub-lease income	(0.5)
Total	$456.1

For additional information on our operating leases and certain of the specific commitments that are included in the above table, please see Note 15 to the Consolidated Financial Statements, included in Item 18 of this Report.

Sale/Leaseback of Three Parcel Tankers

In the third quarter of fiscal year 2003, we sold three chemical parcel tankers, with a net book value of $51.1 million, for $50 million in cash proceeds to Dr. Peters Gmbh. Such tankers were also leased back, and the resulting loss of $1.1 million of the sale/leaseback transaction was recorded in the operating results for fiscal year 2003 and is included in "Gain (loss) on disposal of assets, net." As of November 30, 2005, we were obligated to make minimum lease payments under the charter hire agreements for the three tankers of approximately $25.7 million, expiring in 2008.

Time-Charter of Eleven Ships

To replace ships that may be scrapped or reassigned into less demanding trading activities because of age, we have entered into agreements with various Japanese ship owners for time-charters (operating

leases) for 11 ships with stainless steel tanks. As of November 30, 2005, nine time-charters have commenced with one additional time charter agreement scheduled for 2006 and one scheduled for 2008. The remaining time charter ship agreement is to begin in 2008. These agreements are for an initial period of 59 to 96 months and includes the option for us to extend the agreements for up to nine additional years. We also have the option to purchase each ship at predetermined rates at any time after three years from the delivery of the ship. The above operating lease commitment schedule includes the leases as these commitments occurred prior to November 30, 2005. These operating leases had commitments for the initial periods of approximately $248 million as of November 30, 2005 for the period 2006 through 2016.

Equipment Lease Agreements

On May 25, 2000 our wholly owned subsidiary, Stolt Tank Containers Leasing Ltd., entered into a tank container leasing agreement for 2,701 tank containers. As of November 30, 2005 Stolt Tank Containers Leasing Ltd. owes approximately $41.4 million in lease payments over the course of the respective leases, including the return option costs, to UBS AG and John Hancock Life Insurance Company. We have guaranteed the obligations of the lessee and subject to certain negative covenants which include restrictions on the sale or encumbrance of the lessee' s capital stock, restrictions on merger and sale of assets, and a financial covenant specifying the maximum ratio of consolidated debt to consolidated tangible net worth. The lessee is also subject to covenants, including, without limitation, maintenance of the leased equipment and limitation on assignment of the leases. The leasing agreement carries a fixed interest rate of 9.95% as of November 30, 2005. Payments under the leases in 2006 are expected to amount to $6.6 million. The term of the lease is scheduled to expire in May 2007.

On March 28, 2005 the 2,185 tank containers under a lease dated March 27, 2002 with Pitney Bowes Credit Corporation and Orix Financial Services were purchased from the lessor by exercising a purchase option under the terms of the March 27, 2002 lease. The total cost of the 2,185 tank containers was $25.5 million.

Southern Bluefin Tuna Quota Rights

At the end of the fourth quarter of 2003, SSF sold 200 metric tons of Southern bluefin tuna quota rights in Australia for $25.8 million to Australian Fishing Enterprises Pty. Ltd. In conjunction with this transaction, such quota rights were reacquired by SSF for an initial five-year period at market rates to be set each year, with a renewal option for a further five-year period again at annual agreed upon market rates. The quota rights have an indefinite life. The agreed upon annual rates set for 2005 and 2004 were $1.8 million and $2.0 million, respectively. SSF terminated the agreement in the third quarter of 2005.

Commitments Relating to Disposed Terminals

In November 2001, we sold SNTG' s tank storage terminals in Perth Amboy, New Jersey and Chicago, Illinois. Under the terms of the sale agreement, we retained responsibility for certain environmental contingencies, should any arise during the two-year period following the closing date in connection with these two sites. As of November 30, 2005, we have not been notified of any such contingencies having been incurred and neither do we anticipate that any such contingencies will be incurred in the future.

The Chicago terminal property was leased under a long-term agreement with the Illinois International Port District. As part of the sale of the terminal in Chicago, we assigned our rights under the lease to a third party. However, we remain contingently liable to the Illinois International Port District if the third party does not return the facility in acceptable condition at the end of the sublease period, on June 30, 2026. For additional information, please see Note 17 to the Consolidated Financial Statements, included in Item 18 of this Report.

Safe Harbor

Statements included in this Item 5 which are not historical in nature are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including without limitation, statements as to management' s beliefs, strategies, plans, expectations or opinions in connection with our performance, which are based on a number of assumptions concerning future conditions that may ultimately prove to be inaccurate and may differ materially from actual future events or results. Please see Item 3. "Risk factors"' and the "Special Note Regarding Forward-Looking Statements."

Item 6. Directors and Senior Management and Employees.

Directors and Senior Management

We are a Luxembourg holding company with only three officers at the holding company level. The following is a list of our directors and persons employed by us and our subsidiaries who perform the indicated senior executive management functions for the combined business of SNSA and our subsidiaries as of May 30, 2006:

Name	Age*	Position(s)
Jacob Stolt-Nielsen	75	Chairman of the Board (Stolt-Nielsen S.A.)
Niels G. Stolt-Nielsen	41	Director and Chief Executive Officer (Stolt-Nielsen S.A.)
Roelof Hendriks	51	Director (Stolt-Nielsen S.A.)
James B. Hurlock	72	Director (Stolt-Nielsen S.A.)
Christer Olsson	60	Director (Stolt-Nielsen S.A.)
Jacob B. Stolt-Nielsen	43	Director (Stolt-Nielsen S.A.)
Christopher J. Wright	71	Director (Stolt-Nielsen S.A.)
Jan Chr. Engelhardtsen	54	Chief Financial Officer (Stolt-Nielsen S.A.)
John Wakely	58	Executive Vice President (Stolt-Nielsen S.A.)
Otto H. Fritzner	64	Chief Executive Officer (Stolt-Nielsen Transportation Group)
Pablo Garcia	40	President (Stolt Sea Farm)

* As of May 30, 2006.

Under the terms of our Articles of Incorporation, our directors may be elected for terms of up to six years, and serve until their successors are elected. It has been our practice to elect directors for one-year terms. Under the Articles of Incorporation, the Board may consist of not fewer than three nor more than nine directors at any one time. Our Board of Directors currently consists of seven members.

Jacob Stolt-Nielsen. Mr. Jacob Stolt-Nielsen has served as our Chairman of the Board of Stolt-Nielsen S.A. since he founded Stolt-Nielsen in 1959. He held the position of Chief Executive Officer of Stolt-Nielsen S.A. from 1959 until 2000. He was trained as a shipbroker and worked in that capacity in London and New York prior to founding the Company. He holds a degree from Handelsgymnasium, Haugesund, Norway. He is a Norwegian citizen.

Niels G. Stolt-Nielsen. Mr. Niels G. Stolt-Nielsen has served as a director of Stolt-Nielsen S.A. since 1996 and as Chief Executive Officer since 2000. He served as Interim Chief Executive Officer of Stolt Offshore S.A. from September 2002 until March 2003. He held the position of Chief Executive Officer of Stolt Sea Farm from 1996 until September 2001. In 1994 he opened and organized our representative office in Shanghai. He joined us in 1990 in Greenwich, Connecticut, working first as a shipbroker and then as a round voyage manager. He is also director of Fiducia Ltd. Mr. Stolt-Nielsen graduated from Hofstra University in 1990 with a BS degree in Business and Finance. Mr. Niels G. Stolt-Nielsen is a son of Mr. Jacob Stolt-Nielsen. He is a Norwegian citizen.

Roelof Hendriks. Mr. Hendriks has served as a director of Stolt-Nielsen S.A. since 2004. He has been Vice Chairman of the Management Board of Aon Holding B.V. since 2005. He served Chief Financial Officer and a Member of the Board of Management of CSM N.V. from 2000 to 2005. Prior to that, he was a Vice Chairman Executive Board, Koninklijke Vopak N.V. He held various positions at Koninklijke Vopak N.V. and its predecessor, Van Ommeren, from 1980 until 2000. Mr. Hendriks received a law degree from Vrije Universiteit, Amsterdam. He is a Dutch citizen.

James B. Hurlock. Mr. Hurlock has served as a director of Stolt-Nielsen S.A since 2004. Mr. Hurlock served as Interim Chief Executive Officer of Stolt-Nielsen Transportation Group from July 2003 to June 14, 2004. He also serves as a director of Acergy S.A. and Orient Express Hotel Ltd., and as Chairman of the Parker School of Foreign and Comparative Law. Mr. Hurlock is a retired partner of the law firm of White & Case LLP and served as Chairman of its Management Committee from 1980 to 2000. He participated in the formation and served on the Board of Northern Offshore Ltd. Mr. Hurlock holds an AB degree from Princeton University, a BA and an MA Jurisprudence from Oxford University and a JD from Harvard Law School. He is a U.S. citizen.

Christer Olsson. Mr. Olsson has served as a director of Stolt-Nielsen S.A. since 1993. He is President and Chief Executive Officer of Wallenius Lines AB and Chairman of Wallenius Wilhelmsen Lines A/S. He also serves as Chairman of United European Car Carriers and the Swedish Club, and a director of B&N AB, Atlantic Container Line AB and the Swedish Shipowners Association. He received his BLL degree from Stockholm University. He is a Swedish citizen.

Jacob B. Stolt-Nielsen. Mr. Jacob B. Stolt-Nielsen has served as a director of Stolt-Nielsen S.A. since 1995. He served as an Executive Vice President of Stolt-Nielsen S.A. from 2003 to 2004. In 2000, he founded and served as Chief Executive Officer of SeaSupplier Ltd until 2003. From 1992 until 2000 he held the position of President, Stolthaven Terminals, with responsibility for our global tank storage business. He joined the company in 1987 and served in various positions in Oslo; Singapore; Greenwich, Connecticut; Houston, Texas; and London. He is also director of Fiducia Ltd. Mr. Stolt-Nielsen graduated from Babson College in 1987 with a BS degree in Finance and Entrepreneurial studies. Mr. Jacob B. Stolt-Nielsen is the son of Mr. Jacob Stolt-Nielsen. He is a Norwegian citizen.

Christopher J. Wright. Mr. Wright has served as a director of Stolt-Nielsen S.A. since May 2002. He served as our President and Chief Operating Officer from 1986 to December 2001. He was employed by British Petroleum plc ("BP") from 1958 until the time he joined us. He held a variety of positions at BP working in Scandinavia, Asia, the U.S. and London. Mr. Wright holds a Masters degree in History from Cambridge University. He is a British citizen.

Jan Chr. Engelhardtsen. Mr. Engelhardtsen has served as Chief Financial Officer of Stolt-Nielsen S.A. since 1991. He served as Interim Chief Financial Officer, Stolt Offshore S.A. from September 2002 until March 2003. He served as President and General Manager of Stolt-Nielsen Singapore Pte. Ltd. from 1988 through 1991. He has been associated with Stolt-Nielsen since 1974. Mr. Engelhardtsen holds an M.B.A. from the Sloan School at the Massachusetts Institute of Technology, as well as undergraduate degrees in Business Administration and Finance. He is a Norwegian citizen.

John Wakely. Mr. Wakely has served as Executive Vice President of Stolt-Nielsen S.A. since January 2002 responsible for tax planning, internal audit and legal. He joined Stolt-Nielsen in 1988 and held various positions in the controllership, internal auditing and tax planning areas. He is also chairman and director of Fiducia Ltd. Prior to that, he was employed by BP. Mr. Wakely is a member of the Chartered Institute of Management Accountants. He is a British citizen.

Otto H. Fritzner. Mr. Fritzner has served as Chief Executive Officer, of SNTG since 2004. Mr. Fritzner joined us in 1993 as Senior Vice President and General Manager of Shipowning, where he held various positions. Prior to joining, Mr. Fritzner was a Director at Columbia Ship Management Ltd.,

Cyprus from 1988 to 1993. Mr. Fritzner was a General Manager for the Fleet Management Division and Vice President of Gearbulk in 1986 and 1988. From 1977 to 1986, he was Technical Director at L. Gill-Johannessen & Co. He began his career in 1967 at Det Norske Veritas, after serving in the Royal Norwegian Navy. Mr. Fritzner is Chairman of the Board of the Steamship Mutual Underwriting Association Ltd., a board member of International Tanker Owners Pollution Federation Ltd., and a Council Member of the INTERTANKO. Mr. Fritzner holds an M.Sc in Naval Architecture and Marine Engineering from Technical University of Norway (NTH), and an MBA from the North European Management Institute (NEMI). He is a Norwegian citizen.

Pablo Garcia. Mr. Garcia has served as the President of SSF since May 1, 2005. From 1995 through 2005 he was President of the Iberia region for SSF, in charge of the flat fish activities (turbot, halibut and sole) in Spain, Portugal, France and Norway. He joined SSF in 1995 as General Manager of the Spanish turbot operations. Prior to that, Mr. Garcia worked as General Manager of the Spanish branch of the Doux Group. Pablo Garcia received a degree in Agronomic Engineering from the University of Cordoba in Spain with a specialization in food processing. He is a Spanish citizen.

The following individuals served on the Board of Directors or performed senior executive management functions during 2005 but have since resigned from their positions:

Jacob B. Stolt-Nielsen served as Executive Vice President of SNSA until December 31, 2004.

James Stove Lorentzen served as Chief Executive Officer of SSF until April 29, 2005 when he joined Marine Harvest. He resigned from Marine Harvest on April 1, 2006.

Compensation

Our Compensation Committee is responsible for compensation strategy, overall salary increases and awards under our compensation programs. It reviews all aspects of senior executive management compensation, including performance incentive and equity-based compensation plans.

Our senior executive management compensation program, which governs compensation paid to officers performing senior executive management functions, is designed to:

(1) encourage senior executive management to identify with our goals and objectives and to reward the achievement of those goals and objectives;

(2) acknowledge individual contributions of senior executive management in achieving our corporate goals;

(3) encourage senior executive management to be creative and aggressive, within the bounds of our Code of Business Conduct, in working toward our and our shareholders' objectives;

(4) provide an appropriate mix of short and long-term compensation to reward both current performance and future commitment to SNSA; and

(5) establish a working environment that encourages talent, rewards good judgment, and maintains a quality working environment.

In cyclical industries such as ours, the knowledge and judgment of a company' s senior executive management are particularly critical to the success of the enterprise. Therefore, the Compensation Committee takes into account not only the normal financial considerations, but also an assessment of how well the senior executive manager has judged and reacted to the opportunities presented to us in the course of market changes.

Our senior executive management compensation includes base salary, profit sharing and bonuses based upon the the individual' s personal and our overall financial performance and equity participation which rewards the individual for the strong performance of SNSA.

The long-term portion of compensation encourages our senior executive managers to make strategic decisions that will position us for future long-term success, improve the efficiency, quality and safety of our operations and efforts to develop and improve our businesses.

Salaries, Pensions and Other Benefits

Our overall salary increases are reviewed annually by the Compensation Committee. Adjustments of base salaries are determined by an assessment of responsibilities, performance, general pay practices of similar companies with similar job categories and consideration of internal equity. We aim to maintain a competitive salary structure in order to attract and retain the highly qualified individuals necessary to ensure that our company prospers.

As described above, we currently have only three officers, but certain persons employed by our subsidiaries perform senior executive management functions for our combined businesses. The aggregate annual salary paid to and other non-pension benefits accrued for the eight persons who served in a senior executive management function, including our Chairman but excluding our non-executive directors, for the fiscal year ended November 30, 2005 was $3.7 million, excluding any severance and employee performance incentive award payments. In addition, $1.5 million was accrued in the fiscal year for members of senior executive management in defined benefit and defined contribution pension plans.

Employee Performance Incentive Plans

SNTG's and SSF's plans are administered by the Compensation Committee appointed by our Board of Directors. The Compensation Committee awards bonuses under these employee incentive plans based on the net profits earned by each of our individual businesses (after specified adjustments), individual performance the objectives of the employee's position, degree of responsibility, and contribution to SNSA and such other factors as it deems relevant under the circumstances. For the fiscal year ended November 30, 2005 the SNTG and SSF programs paid $13.7 million and $0.3 million, respectively, of which $1.5 million was paid to five officers that performed senior executive management functions. Our Chairman is not eligible for the employee incentive plans.

Stock Option Plan

Our Board believes that the interests of shareholders are best served by granting equity-based incentives to employees and thereby giving them the opportunity to participate in appreciation in our stock over an extended period. In this way, the profitability and value of SNSA is enhanced for the benefit of shareholders by enabling us to offer employees equity-based incentives in SNSA in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and our shareholders. Our 1987 Stock Option Plan (the "1987 Plan") and our 1997 Stock Option Plan (the "1997 Plan"), both approved by our shareholders, are administered by the Compensation Committee. The Compensation Committee awards options based on the grantee's position in SNSA, degree of responsibility, seniority, contribution to SNSA and such other factors as it deems relevant under the circumstances.

Our 1987 Plan covers 2,660,000 Common Shares and our 1997 Plan covers 5,180,000 Common Shares. No further grants will be issued under the 1987 Plan. Options granted under the 1987 Plan and those which have been or may be granted under the 1997 Plan are exercisable for periods of up to ten years.

Up until 2005, the practice of our Compensation Committee was to determine the exercise price for that year' s stock option awards based on the lowest closing market price of our Common Shares during December of that year. Our Compensation Committtee would meet in December or January to review and approve the option grants. Since 2005, it has been the practice of our Compensation Committee to determine the exercise price of the options granted based on the market price of our Common Shares on the date they approve the option grants.

As of May 30, 2006, options for 1,888,722 Common Shares were outstanding under the 1987 and 1997 Plans. Of this total, options for 478,900 Common Shares were outstanding in accordance with their stated terms to our directors and senior executive managemers, which represents less than 1% of our outstanding Common Shares. The options are exercisable at the respective prices set out below and expire on the dates indicated:

Exercise Price	Number of Common Shares	Expiration Date

17.13	8,700	December 2006
17.50	9,825	December 2006
20.13	45,300	December 2007
9.88	27,700	December 2008
14.63	41,925	December 2009
20.50	2,600	October 2010
14.75	72,908	December 2010
13.10	135,894	December 2011
5.90	241,013	December 2012
7.33	350,532	December 2013
26.41	456,925	December 2014
32.96	495,400	January 2016
Total	1,888,722	

Six members of our senior executive management team received stock option awards in January 2006 for 105,000 Common Shares with an exercise price of $32.96 and expiring in January 2016.

Senior Executive Management Service Contracts

We have paid, and may pay again in the future, severence benefits to members of senior executive management upon termination of their employment as executive officers. For example, in 2005, we made a lump sum severance payment, with the approval of our Compensation Committee, to one of our executive vice presidents who is still a director in the amount of $1.8 million upon the termination of his employment as an executive vice president.

Other than the foregoing, no member of senior executive management has a service contract that provides for benefits upon termination.

Board Practices

The standing committees of the Board of Directors consist of an Audit Committee, a Compensation Committee and a Legal Committee.

Audit Committee

The Audit Committee, formed in 1988, meets regularly to review our audit practices and procedures, the scope and adequacy of our internal controls and related matters, and our consolidated financial statements. The Audit Committee annually determines the appointment of our independent registered

public accounting firm, the scope of audit and other assignments to be performed by such firm, and the fees relating thereto. The Audit Committee also meets periodically with representatives of our independent registered public accounting firm to review their observations arising from the audit of our consolidated financial statements and the internal control processes involved. The current members of the Audit Committee are Mr. Wright (Chairman), Mr. Olsson and Mr. Hendriks.

Our Audit Committee is comprised solely of independent directors as defined under the rules and regulations of the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) and the relevant Nasdaq rules.

Compensation Committee

Our Compensation Committee, formed in 1988, meets regularly to review our compensation policies and to make compensation awards. The Compensation Committee is responsible for the administration of our senior executive compensation program. It reviews all aspects of senior executive management compensation, including incentive compensation and equity-based plans, and sets annual and long-term components of the compensation of the Chief Executive Officer, Chief Financial Officer and other members of senior executive management. The current members of the Compensation Committee are Mr. Wright (Chairman), Mr. Olsson, and Mr. Hendriks.

Our Compensation Committee is comprised solely of independent directors as defined under the rules and regulations of the Excchange Act and the relevant Nasdaq rules.

Legal Committee

The Legal Committee, formed in 2004, provides oversight and management of our legal issues. Mr. Hurlock is the Chairman and sole current member of the Legal Committee.

Director Compensation

For 2005, all non-executive directors each received an annual fee of $35,000. The Chairman of the Audit Committee and members of the Audit Committee received annual fees of $20,000 and $15,000, respectively. The Chairman of the Compensation Committee and members of the Compensation Committee received annual fees of $15,000 and $10,000, respectively. The Chairman of the Legal Committee received an annual fee of $100,000.

Our non-executive directors, excluding our Chairman, received aggregate fees of $0.4 million plus expenses for serving on the Board and Committees in the fiscal year ending November 30, 2005. During 2005, our two executive directors, the Chairman and the Chief Executive Officer, received no extra compensation for their services as such, but received reimbursement of their out-of-pocket expenses for attendance at meetings of the Board of Directors.

Our five non-executive directors each also received stock option awards in January 2006 for 5,200 Common Shares (for a total of 26,000) with an exercise price of $32.96 expiring in January 2016.

Director Service Contracts

No director has a service contract that provides for benefits upon termination, other than as discussed in "−Senior Executive Management Service Contracts" above.

Compliance with Nasdaq Listing Standards on Corporate Governance

We are subject to Nasdaq Marketplace Rule 4350 establishing certain corporate governance requirements for companies listed on the Nasdaq Stock Market. Pursuant to Nasdaq Marketplace Rule 4350(a), as a foreign private issuer we may follow our home country corporate governance practices in lieu of all the requirements of Rule 4350, provided that we (i) comply with certain mandatory sections of Rule 4350, (ii) disclose each other requirement of Rule 4350 that we do not follow and describe the home country practice followed in lieu of such other requirement and (iii) have delivered a letter to Nasdaq from Luxembourg counsel certifying that the corporate governance practices that we do follow are not prohibited by Luxembourg law. Our independent Luxembourg counsel submitted to Nasdaq a letter, dated July 29, 2005, certifying that our corporate governance practices are not prohibited by Luxembourg law. The requirements of Rule 4350 and the Luxembourg corporate governance practices that we follow in lieu thereof are described below:

- Rule 4350(c)(1) requires that a majority of a company' s board of directors must be comprised of independent directors as defined in Nasdaq Marketplace Rule 4200. In lieu of the requirements of Rule 4350(c)(1), we follow generally accepted business practices in Luxembourg, which do not have rules governing the composition of the board of directors. Currently three of our directors qualify as independent as defined under the relevant Nasdaq rules.
- Rule 4350(c)(2) requires that a company' s independent directors have regularly scheduled meetings at which only independent directors are present ("executive sessions"). In lieu of the requirements of Rule 4350(c)(2), we follow generally accepted business practices in Luxembourg, which do not require regular meetings of a company' s independent directors.
- Rule 4350(c)(4)(A) requires that director nominees either be selected, or recommended for the board of directors' selection, either by (i) a majority of the independent directors or (ii) a nominations committee comprised solely of independent directors. In lieu of the requirements of Rule 4350(c)(4), we follow generally accepted business practices in Luxembourg, which do not require that director nominees be selected, or recommended for the board of director' s selection, either by (i) a majority of the independent directors or (ii) a nominations committee comprised solely of independent directors.
- Rule 4350(f) requires that a company' s by-laws provide for a quorum for any meeting of the holders of common stock of at least 33 1/3% of the outstanding shares of the company' s common voting stock. In lieu of the requirements of Rule 4350(f), we follow

Luxembourg law which requires that a specific quorum need not be set except in the case of certain extraordinary matters for which the quorum is 50% of the company' s voting shares.

- Rules 4350(i)(1)(B) and 4350(i)(1)(C)(i) require the Company to obtain shareholder approval prior to the issuance of designated securities when the issuance or potential issuance will result in a change of control of the issuer or, under certain circumstances, in connection with the acquisition of the stock or assets of another company. In lieu of the requirements of Rules 4350(i)(1)(B) and 4350(i)(1)(C)(i), we follow generally accepted business practices in Luxembourg, in which shareholder approval is not required prior to the issuance or potential issuance of such securities.

Other than as noted above, we comply with the corporate governance requirements of Nasdaq Marketplace Rule 4350.

Employees

The average number of persons employed in our continuing operations during the three years ended November 30, 2005 are as follows:

	Average number of employees Years ended November 30,		
	2005	2004	2003
SNTG(a)	4,707	4,688	4,545
SSF	297	2,545	2,527
All Other(b)	21	26	49
Total	5,025	7,259	7,121

(a) Corporate service employees are included within SNTG and related costs are allocated to the other business units based on services provided.

(b) All Other includes the employees of SSL for 2005 and 2004.

As of April 30, 2006, the total number of employees was approximately 4,900.

The decrease in the number of our employees from 2004 to 2005 is due to the contributions of businesses to Marine Harvest, in which SSF only retained 297 employees for the turbot and sole operations in Europe and Southern bluefin tuna operations in Australia.

Unions

SNTG-owned ships are manned by seafarers from many nations. SNTG maintains its own crewing office and training center in Manila to provide Filipino officers and crew members for its fleet, all of whom belong to the Associated Marine Officers' and Seamen' s Union of the Philippines. SNTG owns 49% of its crewing agent in Latvia to provide Latvian officers and crew members who belong to the Latvian Seafarers' Union of Merchant Fleet Riga. Russian officers and crew members belong to the Seafarers' Union of Russia and Polish officers and crew belong to the Polish Seafarers' Union. All such unions are affiliated with the International Transport Workers Federation in London. The collective bargaining agreements remain in full force and effect as of April 30, 2006. Hourly employees at certain of SNTG' s terminals are also covered by union contracts. We believe that we maintain good relationships with our employees and unions.

Share Ownership

All directors and senior executive management, other than Fiducia Ltd., as a group beneficially own less than one percent of the Common Shares outstanding as of May 30, 2006.

Fiducia is owned by trusts of which members of the Stolt-Nielsen family are beneficiaries. Total shares owned by Fiducia Ltd. and Jacob Stolt-Nielsen, Jacob B. Stolt-Nielsen, and Niels G. Stolt-Nielsen and their minor children represent 44.9% of the Common Shares outstanding as of May 30, 2006. Fiducia Ltd. also owns 15,352,806 Founder's Shares. For a discussion of our Common Shares owned by Fiducia and for a description of our Founder' s Shares, please see Item 7. "Major Shareholders and Related Party Transactions−Major Shareholders" and "−Related Party Transactions−Share Ownership."

Item 7. Major Shareholders and Related Party Transactions.

Major Shareholders

We are not, directly or indirectly, owned by another corporation or by any government. There are no arrangements known to us, the operation of which may at a subsequent date result in a change in control of SNSA.

Set out below is information concerning the share ownership of all persons who owned beneficially 5% or more of our Common Shares and Founder' s Shares as of May 30, 2006:

Name of Beneficial Owner or Identity of Group	Number of Common Shares	Percentage of Class	Number of Founder' s Shares	Percentage of Class	Number of Voting Securities	Percentage of Voting Securities
Fiducia Ltd.(a)	27,576,259(b)	44.9%	15,352,806	93.0%	42,929,065	55.9%
Odin Forvaltning AS ("Odin")	4,202,395(c)	6.9%	–	–	4,202,395	5.5%
Causeway Capital Management LLC	3,524,100(d)	5.7%	–	–	3,524,100	4.6%

(a) Fiducia Ltd. is owned by trusts of which the Stolt-Nielsen family, including Niels G. Stolt-Nielsen and Jacob B. Stolt-Nielsen are beneficiaries.

(b) Includes an aggregate of 259,254 Common Shares owned by Jacob Stolt-Nielsen and his wife, Jacob B. Stolt-Nielsen and Niels G. Stolt-Nielsen and their minor children. Jacob Stolt-Nielsen is authorized by power of attorney to vote Fiducia Ltd.' s shares at shareholders meetings. Jacob Stolt-Nielsen, Jacob B. Stolt-Nielsen and Niels G. Stolt-Nielsen disclaim beneficial ownership over the shares held by Fiducia Ltd. based on Amendment No. 5 to Schedule 13D filed on May 31, 2006.

(c) Based on information available in the Verdipapirsentralen ("VSP").

(d) Based on information disclosed to Oslo Børs by Causeway Capital Management LLC.

As of May 30, 2006, there were 16,501,181 Founder' s Shares issued of which 15,352,806 were owned by Fiducia Ltd. and 1,148,375 were held by us as Treasury Shares. The Founder' s Shares constitute 20% of our voting securities. As a result of the ownership by Fiducia Ltd. of the Founder' s Shares and Common Shares noted above, Mr. Stolt-Nielsen and his family control 55.9% of our outstanding voting securities.

As of May 30, 2006, SNTG owned 4,593,500 Common Shares and 1,148,375 Founder' s shares. Under applicable provisions of the Luxembourg Company Law, these shares remain issued but are not entitled to vote. In computing earnings per Common Share, these shares are not considered part of outstanding shares. The cost of these shares is being accounted for similar to treasury stock, as a deduction from shareholders' equity.

Over the past three fiscal years and through May 30, 2006 the percentage of voting securities held by the major shareholders listed in the above table has ranged from: 53.4% to 55.9% for Fiducia Ltd. (including Common Shares and Founders' Shares owned by the Stolt-Nielsen family). Odin' s percentage of voting securities has ranged from 5.5% to 16.2%, and Causeway Capital Management LLC' s percentage of voting securities has ranged from 0% to 4.6% over the past three fiscal years and through May 30, 2006.

As of May 30, 2006, all of our 66,004,727 Common Shares were registered in the VPS in the names of 1,322 shareholders. Excluding issued and outstanding Common Shares registered in the name of Fiducia Ltd., Stolt-Nielsen Transportation Group Ltd., Stolt-Nielsen family, and in the name of Citibank N.A. as depositary for the ADSs, it is estimated that the free float of Common Shares on the Oslo Børs is 27,872,587. As of May 30, 2006, there was a total of 25,899,418 ADSs registered in the names of 102 shareholders. Of the ADSs, 4,870,810 ADSs were registered in the names of 40 shareholders having U.S. addresses (although some of such ADSs may be held on behalf of non-U.S. persons). Most ADSs are held in "street name" for individuals or institutions rather than being registered in the name of the individual shareholder. Based on communications with such banks and securities dealers who hold our ADSs in street

name for individuals or institutions, we estimate the number of beneficial owners of ADSs is approximately 1,800. Excluding outstanding ADSs registered in the name of Fiducia Ltd. and Stolt-Nielsen family, it is estimated that the free float of ADSs on Nasdaq is 4,884,261.

Related Party Transactions

Share Ownership

As of May 30, 2006, the Stolt-Nielsen family (including Jacob Stolt-Nielsen and his wife, Jacob B. Stolt-Nielsen, Niels G. Stolt-Nielsen and their minor children), directly and indirectly through Fiducia Ltd., controlled approximately 55.9% of the outstanding shares of SNSA entitled to vote generally on matters brought to a vote of shareholders of SNSA. Jacob Stolt-Nielsen is authorized by a power of attorney to vote the shares of Fiducia Ltd. in shareholders meetings. Jacob B. Stolt-Nielsen, Niels G. Stolt-Nielsen and John Wakely are directors of Fiducia Ltd.

Stolt Tankers Joint Service

SNTG operates its major intercontinental services through the STJS, an arrangement for the coordinated marketing, operation and administration of the fleet of parcel tankers owned or chartered by the STJS participants in the deep sea intercontinental market. The STJS participants include affiliates and non-affiliates of SNSA. For further discussion of the STJS, please see Item 4. "Information on the Company−Business Overview−Stolt-Nielsen Transportation Group−Tankers."

Loans to Directors, Senior Executive Managment

At the beginning of fiscal year 2005, a senior executive manager had a housing relocation advance from us of $3.4 million. This advance was repaid in full during the first half of the fiscal year and the maximum amount outstanding during the year was $3.4 million. There was no interest payable on this relocation advance.

Captive Insurance Company

Marlowe Insurance Ltd. ("Marlowe") is a Bermuda captive insurance company through which a limited portion of our subsidiaries' and investments' assets and activities are insured. SNTG (Liberia) owns all of the common stock of Marlowe while each of SNTG, SOSA and SSF own a separate class of non-voting preference shares. Once Marlowe' s accounts with SOSA are settled, Marlowe will buy back the non-voting preference shares held by SOSA for a total cost of $10,000. We are currently in discussions with Marine Harvest on the apportionment of our existing insurance policies. The fish stock insurance for the sites sold to Marine Harvest expired December 31, 2005. Settlement with Marine Harvest will take place when all claims are finalized. Marlowe no longer provides insurance for SOSA.

Marlowe' s main policies comprise the following: (i) a 10% participation in the long-term agreement package for hull insurance, increased value, war insurance, property insurance, floating equipment insurance, mortgagee interest insurance, mortgage additional peril insurance, and excess liability insurance ("the Marine Package"); (ii) terrorism policy for property ("the Terrorism Policy"); (iii) employee term life and accidental death and dismemberment insurance for major offices of SNTG ("the Employee Life Policy"); (iv) Stolthaven policy for any potential remediation costs and representations and warrantees made to the buyer in relation to the sale of tank storage terminals in Perth Amboy and Chicago in November 2001 ("the SHVN Policy"); and (v) SSF' s fish stock mortality ("the Fish Mortality Policy"). The 2005 premiums are $0.2 million for the Terrorism Policy, $0.6 million for the Employee Life Policy and $0.8 million for the Fish Mortality Policy. Under the terms of the sale agreement for the above mentioned storage terminals, we have retained responsibility for certain environmental contingencies, and made

representations and warranties. The representations and warranties ended two years after the closing date of November 30, 2001.

Marlowe generally purchases reinsurance policies from third-party reinsurers in order to protect its risks. For example, Marlowe' s 10% interest in the Terrorism Policy is fully reinsured, with Marlowe retaining no risk with respect to its participation, subject to the terms and conditions of the reinsurance policies and the ability of the reinsurers to make payments. For policies where the risks are more limited, Marlowe either retains full risk or reinsures only a portion of the policy. For example, under the Employee Life Policy, Marlowe does not reinsure employee life insurance for death due to natural causes, but reinsures all accidental deaths. The risk on the SHVN Policy for environmental contingencies is also fully retained by Marlowe. The fish mortalities under the Fish Mortality Policy are reinsured on an excess of loss basis. Any losses or claims on policies for which there is no reinsurance are expensed as incurred or when the expected losses can be

estimated. The expected ultimate cost of claims is estimated based upon analysis of historical data and actuarial assumptions and, therefore, Marlowe' s future loss payments are inherently uncertain.

Arrangements and Transactions with Marine Harvest

Until April 29, 2005, SSF produced, processed**,** and marketed a variety of high quality seafood. SSF had salmon production sites in Norway, North America, Chile, and Scotland, salmon trout production sites in Norway and Chile, a tilapia production site in Canada, turbot production sites in Spain, Portugal, Norway, and France, a halibut production site in Norway, a Southern bluefin tuna ranching operation and production site in Australia and sturgeon and caviar production sites in the U.S. Although SSF diversified into farming species other than salmon, salmon remained the primary focus. SSF had worldwide marketing operations with sales organizations covering the Americas, Europe, and Asia Pacific, and built a substantial seafood trading and distribution business in the Asia Pacific region.

On March 6, 2006, we announced the sale of our entire 25% ownership interest in Marine Harvest. This transaction, which has not yet closed, is described elsewhere in this report. For additional information, please see Item 4. "Information on the Company−General" and Item 5. "Operating and Financial Review and Prospects−Description of our Business."

Contribution Agreement

On September 11, 2004, we entered into a memorandum of understanding with the Dutch company Nutreco to transfer most of our respective worldwide fish farming, processing and marketing and sales operations to a joint venture called Marine Harvest. After performing our due diligence, on December 3, 2004 we, together with our subsidiary, Stolt Sea Farm Investments B.V., entered into a contribution agreement with Nutreco.

The contribution agreement was subsequently amended on April 29, 2005. Under the contribution agreement, as amended, we contributed to Marine Harvest our operations relating to the production, processing and marketing of a variety of seafood, including production sites in Belgium, Canada, Chile, Norway, Scotland and the U.S. We also contributed our marketing, operations and sales organizations covering North America, Europe and the Asia Pacific region. Nutreco contributed to Marine Harvest its salmon and other fishing activities in Australia, Canada, Chile, Ireland, Japan, Norway and Scotland and its marketing, operations and sales organizations covering the Americas, Europe and the Asia Pacific region.

We currently own 25% of the outstanding shares of Marine Harvest and Nutreco owns the remaining 75%. The relationship between us and Nutreco as shareholders of Marine Harvest is governed by Dutch law, the articles of association of Marine Harvest and a shareholders agreement. The transaction was completed on April 29, 2005.

Our turbot and Southern bluefin tuna ranching operations in Australia, with combined total annual revenues in 2005 of approximately $52.7 million, were excluded from the contribution agreement, and are not included in the Marine Harvest joint venture. We retained these businesses and continue to operate them through SSF.

Subordinated Shareholder Loan to Marine Harvest.

In connection with the Marine Harvest transaction, our subsidiary Stolt Sea Farm Investments B.V. and Nutreco amended and converted existing financing arrangements and each made subordinated shareholder loans to Marine Harvest on a pro rata basis in proportion to their respective ownership interests in Marine Harvest. Stolt Sea Farm Investments B.V. extended a loan in the amount of $64,600,000, the entire principal of which remained outstanding as of November 30, 2005, to Marine Harvest under a subordinated shareholder loan agreement dated April 29, 2005. The loan was to mature on April 29, 2010 and bore interest at a rate of LIBOR plus 1.5%. The loan was unsecured and subordinated to any bank credit obligations of Marine Harvest, of which there were none as of November 30, 2005. Marine Harvest was required to obtain permission from both Stolt Sea Farm Investments B.V. and Nutreco to incur interest-bearing bank credit obligations exceeding EUR 20,000,000 on an aggregate basis or EUR 5,000,000 on a stand-alone basis to the extent such obligations are not subordinated to its obligations under its loan agreements with Stolt Sea Farm Investments B.V. and Nutreco. This loan was repaid in full in February 2006. In February 2006, when Marine Harvest completed its new EUR 350 million credit facility, it repaid approximately $65 million of principal plus accrued interest to us under this loan, representing repayment in full.

Marine Harvest Shareholders Agreement

In connection with our participation in Marine Harvest, together with our subsidiary, Stolt Sea Farm Investments B.V., we entered into a shareholders agreement on April 29, 2005 with Nutreco regarding the management and ownership rights and obligations of each shareholder of Marine Harvest. The shareholders agreement, which is governed by Dutch law, gives us certain minority shareholder protections, including the right to nominate one of the four members of the Marine Harvest supervisory board and certain rights of first refusal on a proposed transfer of Marine Harvest shares by Nutreco. Nutreco has a similar right with respect to our Marine Harvest shares.

The shareholders agreement also provides that several actions may not be taken by Marine Harvest without the approval of Stolt Sea Farm Investments B.V. so long as it retains at least 10% of the share capital of the joint venture, including:

- the appointment of the supervisory board chairman;
- the appointment and removal of members of the managing board;
- the amendment of the articles of association;
- the issuance and acquisition of share or debt capital;
- the distribution of profits or reserves of the company; and
- investments exceeding a specified proportion of issued capital and reserves.

In addition, Marine Harvest' s annual budget and business plan must be approved by our supervisory board member. SNSA, Nutreco and their respective affiliates have agreed, subject to certain exceptions, not to compete directly or indirectly with Marine Harvest with respect to its business or employees. SNSA and its affiliates have no ongoing cash funding obligations to Marine Harvest. Once the sale of our remaining 25% ownership interest in Marine Harvest closes, this agreement will cease to be in effect.

Arrangements and Transactions with SOSA

Until January 13, 2005, we were SOSA' s principal shareholder. On January 13, 2005, we announced that the 79,414,260 SOSA common shares we held which represented approximately 41.7% of SOSA' s outstanding shares had been sold to institutional investors in the U.S. and Europe. As a result, we no longer, directly or indirectly, hold any SOSA shares.

While we were SOSA' s largest shareholder, we and SOSA developed a number of arrangements and engaged in various transactions as affiliated companies. We believe that these arrangements and transactions, taken as a whole, were based on arm' s length principles to accommodate our respective interests in a manner that was fair and beneficial to both parties. However, because of the scope of the various relationships between us and SOSA (and our respective subsidiaries), we cannot assure you that each of the agreements and transactions, if considered separately, was effected on terms no less favorable to us than could have been obtained from unaffiliated third parties.

All material arrangements with SOSA were reviewed by the audit committee of SNSA' s board of directors.

Co-operation and Corporate Services Agreement

Pursuant to a corporate services agreement, we supplied through our subsidiaries financial, risk management, public relations and other services to SOSA for an annual fee based on costs incurred in rendering those services. The fee was subject to negotiation and agreement between us and SOSA on an annual basis. The fees for these management services were $0.3 million, $2.6 million, and $3.4 million for fiscal years 2005, 2004 and 2003, respectively. There is no fee payable for 2005. In connection with our sale of all of our remaining ownership interest in SOSA in January 2005, we agreed with SOSA to terminate the corporate services agreement.

On April 26, 2005, we entered into a co-operation and corporate services agreement with SOSA. This agreement replaced the previous corporate services agreement and, in light of the fact that we are no longer a SOSA shareholder, provides for a narrower scope of services. The agreement provides that SNSA will provide:

- accounting and administrative services for Stolt Offshore B.V. until June 30, 2005;
- risk management services;

- software licenses and computer access; and
- cooperation in the procurement and maintenance of insurance (as described further below).

The fees for these services for fiscal year 2005 were $0.7 million. We estimate that the fees for these services for fiscal year 2006 will be approximately $0.2 million.

Financial Interactions

We had a number of financial relationships with SOSA before SOSA entered into a $350 million revolving credit facility in November 2004. For further detailed information about such financial relationships, please see Item 7. "Major Shareholders and Related Party Transactions−Related Party Transactions−Financial Interactions" and Item 10. "Additional Information−Material Contracts" in our annual report on Form 20-F for fiscal year ended November 30, 2003.

SOSA Intercompany and Related Party Transactions

The table below sets out our charges to SOSA and its subsidiaries for fiscal years 2005, 2004 and 2003.

	For the years ended November 30,		
	2005	2004	2003
	($ in millions)		
Corporate services agreement charges from SNSA to SOSA	$0.3	$ 2.6	$ 3.4
Interest and guarantee fee charges from SNSA to SOSA	–	1.1	3.5
Insurance premium payable by SOSA to captive insurance company	–	9.6	6.6
Insurance payments by captive insurance company to SOSA	–	(13.2)	(3.0)
Other administrative service charges (receipts) from SNSA to SOSA	2.9	(0.7)	8.0
Total	$3.2	$ (0.6)	$18.5

Share Sale Indemnity Agreement

SNSA agreed to indemnify and hold harmless SOSA, its subsidiaries, affiliates, directors and officers, agents and employees, and the directors and officers of its subsidiaries and affiliates (each an "Indemnified Person"), from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses reasonably incurred in connection with any suit, action, investigation or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, of whatever nature and in whatever jurisdiction and which refer or relate in any manner to or arise from, directly or indirectly, the sale by us of our direct and/or indirect holding of 79,414,260 common shares of SOSA on January 13, 2005; provided that, we shall not be required to indemnify an Indemnified Person where such loss, claim, damage or liability arises out of, or is based upon, (i) an untrue statement or alleged untrue statement by a director or officer of SOSA of a material fact, (ii) an omission or alleged omission by a director or officer of SOSA to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading or (iii) the violation by a director or officer of SOSA of any laws, including U.S. federal or state securities laws and the laws of any other jurisdiction in which the above-mentioned common shares were offered for sale, in each case in connection with the offering of the above-mentioned common shares. This indemnity agreement terminated as of February 1, 2006.

Board Representation

Jacob Stolt-Nielsen, Chairman of the board of directors of SNSA, was the Chairman of SOSA' s board of directors until February 2, 2005. James B. Hurlock, who was interim Chief Executive Officer of SNTG from July 29, 2003 until June 13, 2004 and is currently an SNSA director, has served on SOSA' s board of directors since 2002. Niels G. Stolt-Nielsen, the current Chief Executive Officer of SNSA, served on SOSA' s board of directors from 1999 until February 2, 2005. For additional information, please see Item 6. "Directors, Senior Management and Employees−Directors and Senior Management."

Item 8. Financial Information.

Consolidated Statements and Other Financial Information

See Item 18. "Financial Statements."

Legal Proceedings

In 2005, we were involved in significant legal proceedings, primarily certain antitrust matters described below. To address these issues, we incurred significant legal costs, which are included in "Administrative and general expenses" in our consolidated statements of operations. We have has also made significant provisions for cash or guaranteed payment terms of agreements or agreements reached in principle or offers made to customers to resolve or avoid antitrust litigation. We expect that we will continue to incur significant legal costs until these matters are resolved. We also suffered significant distraction of management time and attention related to these legal proceedings and expect that we will continue to suffer this distraction until these proceedings are resolved. It is possible that we could suffer criminal prosecution, substantial and material fines or penalties or civil penalties, including significant monetary damages or settlement costs as a result of these matters. These matters are at early stages, and it is not possible for us to determine whether or not an adverse outcome is probable or, if so, what the range of possible losses would be.

Stolt-Nielsen S.A. and Stolt-Nielsen Transportation Group

Parcel Tanker Investigations by U.S. Department of Justice and European Commission

In 2002, we became aware of information that caused us to undertake an internal investigation regarding potential improper collusive behavior in our parcel tanker and intra-Europe inland barge operations. As a consequence of the internal investigation, we determined to voluntarily report certain conduct to the Antitrust Division and the EC.

As a result of our voluntary report to the DOJ concerning certain conduct in the parcel tanker industry, SNTG entered into the Amnesty Agreement with the Antitrust Division, which provided that the Antitrust Division agreed "not to bring any criminal prosecution" against us for any act or offense we may have committed prior to January 15, 2003 in the parcel tanker industry to or from the United States, subject to the terms and conditions of the Amnesty Agreement including continued cooperation. The Amnesty Agreement covers us, SNTG and our directors, officers and employees.

On February 25, 2003, SNTG announced that it had been conditionally accepted into the DOJ' s Corporate Leniency Program with respect to possible collusion in the parcel tanker industry. At the same time, we also announced that the EC had admitted us into its Immunity Program with respect to deep-sea parcel tanker and intra-Europe inland barge operations. Acceptance into the EC program affords us immunity from EC fines with respect to anticompetitive behavior, subject to our fulfilling the conditions of the program, including continued cooperation. It is possible that the EC could assert that we or our directors, officers or employees have not or are not fully complying with the terms and conditions of the immunity program. If this were to happen, we or such directors, officers or employees could be partly or

fully removed from the immunity program, subject to criminal prosecution and, if found guilty, substantial fines and penalties. It is also possible that in the future national authorities in Europe, or elsewhere, will assert jurisdiction over the alleged activities.

On April 8, 2003, the Antitrust Division' s Philadelphia field office staff informed us that it was suspending our obligation to cooperate because the Antitrust Division was considering whether or not to remove us from the DOJ' s Corporate Leniency Program. The stated basis for this reconsideration was that the Antitrust Division had received evidence that we had not met the condition that the Company "took prompt and effective action to terminate its part in the anticompetitive activity being reported upon discovery of the activity."

In February 2004, we filed a civil action against the DOJ in the United States District Court for the Eastern District of Pennsylvania (the "District Court") to enforce the Amnesty Agreement and to seek specific performance and/or a permanent injunction to enforce the Agreement' s bar on criminal prosecution for certain activity having occurred prior to January 15, 2003. On March 2, 2004, the DOJ notified SNTG that it was unilaterally voiding the Amnesty Agreement and revoking our amnesty. On January 14, 2005, the District Court entered a

judgment in our favor and permanently enjoined the DOJ from indicting or prosecuting us or SNTG for any violation of the Sherman Antitrust Act prior to January 15, 2003, in the parcel tanker industry involving transportation to and from the United States. Through this order, the District Court enforced the Amnesty Agreement. The DOJ subsequently appealed the January 14, 2005 District Court order. On March 23, 2006, a two-judge panel of the United States Court of Appeals for the Third Circuit reversed and remanded the District Court' s ruling for further proceedings. The panel' s decision did not address the merits of our arguments regarding the effect of the Amnesty Agreement. Instead, the decision was based on the determination that the District Court did not have the authority to issue a pre-indictment injunction. On March 28, 2006, we filed a petition for rehearing *en banc*, in which we sought to have the appeal reconsidered by the entire Third Circuit court. On May 16, 2006, the panel issued an order amending its decision, but without changing its ultimate conclusion as to our ability to obtain a pre-indictment injunction. On May 17, 2006, we filed a supplement to the petition for rehearing *en banc* to reflect the issues raised by the May 17, 2006 order amending the panel' s decision. On May 30, 2006, the court directed the DOJ to respond to our petition by June 13, 2006. We are currently awaiting a decision on that petition. If the District Court' s ruling is not upheld following appeals and any further proceedings, it is possible that SNTG or its directors, officers or employees could be subject to criminal prosecution and, if found guilty, to substantial and material fines and penalties. The effect of an indictment being returned by a grand jury against us or our directors or officers could, by itself, have a significant impact on our reputation and our relations with our employees, vendors, lenders and other constituencies.

In August 2004, the EC informed SNTG that it had closed its investigation into possible collusive behavior in the intra-Europe inland barge industry. The EC' s investigation into the parcel tanker industry has continued. SNTG currently remains in the EC' s Immunity Program with respect to the parcel tanker industry. Continuing immunity and amnesty for us and our directors and employees for the parcel tanker industry depends on the EC' s satisfaction that going forward, we and our directors, officers and employees are meeting any obligations we may have to cooperate and otherwise comply with the conditions of the Immunity Program. It is possible that the EC could assert that we or our directors, officers or employees have not complied or are not fully complying with the terms and conditions of the Immunity Program. If this were to happen, we or our directors, officers or employees could be partly or fully removed from the Immunity Program, subject to criminal prosecution and, if found guilty, substantial and material fines and penalties.

Because of the ongoing litigation with the Antitrust Division in respect to our Amnesty Agreement, including our previous success at the District Court level, the fact-intensive nature of the issues involved,

our limited access to the facts in a grand jury investigation and the inherent difficulty of predicting the outcome of antitrust lawsuits and investigations, we are not able to conclude that an adverse outcome in connection with the criminal investigation is probable or a reasonable range for any such outcome and have made no provisions for any fines related to the DOJ or EC investigations in the Consolidated Financial Statements, included in Item 18 below. Two other targets of the antitrust criminal investigation, Odfjell ASA and Jo Tankers, agreed to pay fines of $42.5 million and $19.5 million, respectively, to settle the investigation. We have also noted that criminal fines paid in plea agreements in major price-fixing cases over the last decade have ranged from tens of millions to hundreds of millions of dollars. The range in cases involving other companies and other circumstances is not necessarily indicative of the range of exposure that we would face in the event of an adverse outcome of the DOJ investigation and litigation with the Antitrust Division. An adverse outcome in these proceedings, however, would likely have a material adverse effect on our financial condition, cash flows and results of operations.

Parcel Tanker Investigations by Other Competition Agencies

In February 2004, the Korea Fair Trade Commission notified us that it was engaged in an antitrust investigation of the parcel tanker shipping industry and SNTG. In January 2006, we received a letter from the KFTC stating that the KFTC had "ceased deliberations" in its investigation. We understand this letter to constitute formal notice that the KFTC has closed its investigation.

In February 2004, the Canadian Competition Bureau notified us that they were engaged in antitrust investigations of the parcel tanker shipping industry and SNTG. On March 30, 2006, the CCB confirmed that its investigation remains ongoing. Because of the continuing nature of the CCB investigation, the fact-intensive nature of the issues involved, and the inherent unpredictability of the outcome of such proceedings, we have made no provisions for any fines related to the Canadian antitrust investigation in the Consolidated Financial Statements, included in Item 18 below. It is possible that the outcome of this investigation could result in criminal prosecutions and if we are found guilty, substantial and material fines and penalties. Consequently, the outcome of the CCB investigation could have a material adverse effect on our financial condition, cash flows and results of operations.

On June 10, 2005, we received written notice from the Australian Competition and Consumer Commission ("ACCC") that stated that an investigation of the parcel tanker shipping industry had been initiated in 2003. The ACCC simultaneously informed us by its letter that the ACCC had concluded that insufficient evidence was available to merit taking action at that time. The ACCC informed us that the letter constitutes formal notice that the investigation was closed.

U.S. Department of Justice Investigation into the Stolt-Nielsen Tank Container Business

On June 28, 2004, we received a grand jury subpoena from the Antitrust Division calling for the production of documents relating to our tank container business, which is organized as a separate line of business from our parcel tanker business. We have informed the DOJ that we are committed to cooperating in this matter. Because of the unsettled nature of the law involved, the fact-intensive nature of the issues involved, our limited access to the facts in a grand jury investigation, the possible interplay of the tank containers investigation with the pending Amnesty Agreement litigation and the inherent unpredictability of the outcome of such proceedings, we have made no provisions for any fines or other penalties related to the DOJ investigation in the Consolidated Financial Statements, included in Item 18 below. It is possible that the outcome of this investigation could result in criminal prosecutions and, if we are found guilty, substantial and material fines and penalties. The effect of an indictment being returned by a grand jury against us or our directors or officers could, by itself, have a significant impact on our reputation and our relations with our employees, vendors, lenders and other constituencies. Consequently, the outcome of this investigation could have a material adverse effect on our financial condition, cash flows and results of operations.

Possibility of Undisclosed Governmental Investigations

The foregoing are the government antitrust investigations of which we have received formal notification. Because of the trend towards global coordination of competition agencies and the confidentiality of certain investigations that they conduct, it is possible that there are or may be additional investigations by other national authorities of the parcel tanker industry, the tank container industry or other businesses in which we participate. It is also possible that the consequences of such investigations could have a material adverse effect on our financial condition, cash flows and results of operations.

Antitrust Civil Class Action Litigations and Arbitrations

During 2005, there were ten putative private antitrust class action lawsuits outstanding against us and SNTG in U.S. federal and state courts for alleged violations of antitrust laws, six of which have been dismissed or settled. The four remaining actions set forth almost identical claims of collusion and bid rigging that track information in media reports regarding the DOJ and EC investigations. The suits seek treble damages in unspecified amounts and allege violations of the Sherman Antitrust Act and various state antitrust and unfair trade practices acts. The actions typically name as defendants us and SNTG, along with several of our competitors, including Odfjell, Jo Tankers and Tokyo Marine.

Of the six putative class action lawsuits that have been dismissed or settled in 2005 and 2006, the following three actions were voluntarily dismissed by the plaintiffs without any settlement:

- Basic Chemical Solutions LLC, individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; Jo Tankers USA, Inc.; and Tokyo Marine Co., 2:03-CV-4080 (E.D. Pa.);
- GFI Chemicals, LP; and GFI Sweden AB, individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; Jo Tankers USA, Inc.; and Tokyo Marine Co., 2:03-CV-4079 (E.D. Pa.); and
- KP Chemical Corporation, on behalf of itself and all others similarly situated, v. Jo Tankers AS, Jo Tankers NV, Jo Tankers Asia Pte, Ltd., Jo Tankers Japan, Stolt-Nielsen Transportation Group Ltd., Stolt Parcel Tankers, Inc., Stolt-Nielsen Netherlands BV, Stolthaven Terminals, Inc., Anthony Radcliffe Steamship Company, Ltd., Copenhagen Tankers, Inc., Parcel Tankers de Columbian y Cia Ltda., Tokyo Marine Co., Ltd. and IIno Kaiun Kaisha, Ltd., 3:04-cv-00249 (D. Conn.) ("KP Chemical").

The plaintiff in the following putative class action never served us with its complaint, and the complaint was dismissed by the U.S. District Court for the District of Connecticut on February 6, 2006:

- Tulstar Products, Inc. individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers USA, Inc. and Tokyo Marine Co., Ltd., 3:04-cv-00318-AWT (D. Conn.).

In addition to the four dismissals described above, we have settled the following two actions without incurring material cost or expense:

- JLM Industries, Inc., JLM International, Inc., JLM Industries (Europe) BV, JLM Europe BV, and Tolson Holland, individually and on behalf of all other similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc., Jo Tankers BV, Jo Tankers, Inc., and Tokyo Marine Co. LTD., 3:03 CV 348 (DJS) (D. Conn.) ("JLM"); and

- Nizhnekamskneftekhim USA, Inc., on behalf of itself and all others similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc. (Houston,) Jo Tankers BV, Jo Tankers USA Inc., and Tokyo Marine Co., H-03-1202 (S.D. Tex.) ("Nizh").

In connection with the two settlements, we obtained a release of claims.

As a result of the dismissals and settlements described above, only the following four putative antitrust class action lawsuits remain outstanding in U.S. federal and state courts:

1. AnimalFeeds International Corp., Inversiones Pesqueras S.A., Central Pacific Protein Corp, and Atlantic Shippers of Texas, Inc., individually and on behalf of all other similarly situated v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; Jo Tankers USA, Inc.; and Tokyo Marine Co., 2:03-CV-5002 (E.D. Pa.) ("AnimalFeeds");

2. Fleurchem, Inc., on behalf of itself and all others similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc., Jo Tankers BV, Jo Tankers USA, Inc., and Tokyo Marine Co., H-03-3385 (S.D. Tex.) ("Fleurchem");

3. Karen Brock, on behalf of herself and all others similarly situated, v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers USA, Inc., Tokyo Marine Co., Ltd and Does 1 through 100 inclusive, No. CGC 04429758 (Superior Court of Cal., County of San Francisco) ("Brock"); and

4. Scott Sutton, on behalf of himself and all others similarly situated in the State of Tennessee v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, and Odfjell Seachem AS, Odfjell USA Inc., Jo Tankers BV, Jo Tankers USA Inc., and Tokyo Marine Co. Ltd., No. 28,713-II (Cir. Ct. Cocke County, Tenn.) ("Sutton").

In one of these four remaining class action lawsuits, AnimalFeeds, a customer claims that, as a result of defendants' alleged collusive conduct, it and other customers paid higher prices under their contracts with the defendants. In the three other antitrust class action lawsuits, Fleurchem, Brock, and Sutton, indirect purchasers claim that alleged collusion resulted in higher prices being passed on to them.

The Sutton and Brock actions are currently pending in U.S. state courts. We have filed a motion to dismiss the Sutton complaint in its entirety.

On our motion, the two remaining federal putative class actions (AnimalFeeds and Fleurchem) were consolidated into a single multidistrict litigation ("MDL") proceeding in the U.S. District Court for the District of Connecticut (the "MDL Court") captioned "In re Parcel Tanker Shipping Services Antitrust Litigation." The AnimalFeeds lawsuit has been stayed pending arbitration of its claims. In that arbitration, which has only recently begun, the plaintiffs seek to pursue class arbitration. As to Fleurchem, on December 9, 2005, we filed a motion to compel arbitration of Fleurchem' s claims. On February 6, 2006, the Court granted our motion to order discovery against Fleurchem on the issue of its obligation to arbitrate.

In light of the early stages of these litigations and arbitrations, the fact-intensive nature of the issues involved, the unsettled law and the inherent uncertainty of litigation and arbitration, we are not able to determine whether or not a negative outcome in any of these actions is probable, or a reasonable range for any such outcome, and we have not made any provision for any of these claims in the Consolidated Financial Statements included in Item 18 below. Given the volume of commerce involved in our parcel tanker business, an adverse ruling in one or more of these civil antitrust proceedings could subject us to substantial civil damages in light of the treble damages provisions of the Sherman Antitrust Act. We have noted that the civil damages in major civil antitrust proceedings in the last decade have ranged as high as hundreds of millions of dollars, including where companies have entered into the DOJ' s Corporate Leniency Program. This range involving other companies and other circumstances is not necessarily indicative of the range of exposure that we would face in the event of an adverse outcome. It is possible

that the outcomes of any or all of these proceedings could have a material adverse effect on our financial condition, cash flows and results of operations.

Antitrust Civil Litigation and Arbitration by Direct Opt-Out Plaintiffs

In addition to the four remaining putative class actions described above, we are aware of four lawsuits filed in U.S. federal court by plaintiffs who have elected to opt out of the putative class actions. The principal plaintiffs in these actions are direct purchasers of our parcel tanker services and include The Dow Chemical Co., Union Carbide Corp. (now a Dow subsidiary), Huntsman Petrochemical Corp., and Sasol Ltd. The cases are as follows:

1. The Dow Chemical Company v. Stolt-Nielsen Transportation Group Ltd., Stolt-Nielsen, S.A., Odfjell ASA, Odfjell Seachem AS, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers, Inc., and Tokyo Marine Co., Ltd., 3:03-CV-01920 (D. Conn.);

2. Union Carbide Corporation v. Stolt-Nielsen Transportation Group Ltd., Stolt-Nielsen, S.A., Odfjell ASA, Odfjell Seachem AS, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers, Inc., and Tokyo Marine Co., Ltd., 3:03-CV-01919 (D. Conn.);

3. Huntsman Petrochemical Corporation, Huntsman International Trading Corporation, Huntsman Chemical Company Australia Pty. Ltd., and Huntsman Petrochemicals (UK) Ltd. v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., and Tokyo Marine Co., Ltd., 3:04-CV-923 (D. Conn.); and

4. Sasol Ltd., Sasol Chemical Indus. Ltd., Sasol Technology (Pty.) Ltd., Sasol Chemie Gmbh & Co. Kg, Sasol Olefins & Surfactants Gmbh, Sasol Germany Gmbh, Merisol Antioxidants LLC, Sasol Italy Spa, Sasol North America Inc., Merisol Ltd., Merisol UK Ltd., Merisol Hong Kong Ltd., Merisol LP, Merisol USA LLC, Merisol RSA (Pty.) Ltd., Merisol GP LLC v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Stolt-Nielsen Transportation Group BV, Stolt-Nielsen Nederland BV, Stolt Tankers Inc., Richard B. Wingfield, Odfjell ASA, Odfjell Seachem AS, Odfjell Tankers AS, Odfjell USA Inc., Bjom Sjaastad, Erik Nilsen, Jo Tankers BV, Jo Tankers Inc., Hendrikus Van Westenbrugge, Tokyo Marine Co., Ltd., Satoshi Kuwano, 3:04-CV-2017 (D. Conn.).

These four lawsuits make allegations similar to the putative class actions and seek the same type of damages under the Sherman Antitrust Act as sought by the purported class actions. In effect, the opt-out plaintiffs have asserted claims in their own names that would have been otherwise included within the purported scope of the damages sought by the purported class actions.

All four opt-out lawsuits were consolidated into the MDL litigation and stayed pending arbitration. Pursuant to confidential commercial agreements, Sasol, Dow and UCC have dismissed their lawsuits against us. Huntsman is currently pursuing its claims in a recently initiated consolidated arbitration proceeding. Four other customers are pursuing similar antitrust claims against us in that proceeding. We are currently pursuing counterclaims and set-offs against certain of the opt-out claimants for breach of contract and antitrust violations by those claimants.

In light of the early stage of these litigations and arbitrations, the fact intensive nature of the issues involved, the inherent uncertainty of litigation and arbitration, the unsettled law and the potential offsetting effect of counterclaims asserted against the claimants, we are not able to determine whether or not a negative outcome in any of these actions is probable, or a reasonable range for any such outcome, and have made no provision for the claims raised in these proceedings in the consolidated financial statements included in Item 18 below. Given the volume of commerce involved in our parcel tanker business, an adverse ruling in one or more of these civil antitrust proceedings could subject us to substantial civil damages in light of the treble damages provisions of the Sherman Antitrust Act. We have noted that the civil damages in major civil antitrust proceedings in the last decade have ranged as high as hundreds of millions of dollars, including where companies have entered into the DOJ' s Corporate

Leniency Program. This range involving other companies and other circumstances is not necessarily indicative of the range of exposure that we would face in the event of an adverse outcome. This range involving other companies and other circumstances is not necessarily indicative of the range of exposure that we would face in the event of an adverse outcome, although it is possible that the outcomes of any or all of these proceedings could have a material adverse effect on our financial condition, cash flows and results of operations.

Customer Settlements

We have actively engaged in discussions with a number of customers regarding the subject matter of the DOJ and EC antitrust investigations. To date, we have reached agreements or agreements in principle resolving existing and potential antitrust claims with a significant number of our major customers, with the condition that the customer relinquishes all claims arising out of the matters that are the subject of the antitrust investigations. These agreements include the settlements specifically described above, and additional settlements of potential claims that were never made in any lawsuit or arbitration. These agreements typically affect the commercial terms of our contracts with the relevant customers. In some cases, we have agreed to future discounts, referred to as rebates, which are subject to a maximum cap and are tied to continuing or additional business with the customer. The potential future rebates which are not guaranteed by SNTG, are not charged against operating revenue unless the rebate is earned. The aggregate amount of such future rebates for which SNTG could be responsible under settlement agreements, agreements in principle and offers made as of November 30, 2005 is approximately $16 million. We expect that most of the operating revenue that would be subject to these rebates will occur within the two years subsequent to November 30, 2005. In certain cases, we have also agreed to make up-front cash payments or guaranteed payments to customers, often in conjunction with rebates. We have made provisions against operating revenue totaling $39.1 million in 2005, reflecting such payment terms of settlement agreements or agreements in principle or offers made to customers.

We continue to engage in business negotiations with other customers. There can be no certainty regarding the results of these ongoing negotiations; each is highly individualized and involves numerous commercial and litigation factors.

Antitrust Civil Action by Former Competitor

On June 23, 2004, the bankruptcy trustee for O.N.E. Shipping, Inc. (“O.N.E.”), a former competitor of SNTG, filed an antitrust lawsuit against us in the U.S. District Court for the Eastern District of Louisiana. The claim generally tracks the factual allegations in the putative class action lawsuits and direct opt-out lawsuits described above, except that the complaint alleges that we conspired with other parcel tanker firms to charge predatory prices, that is, prices that were below a competitive level, thereby driving O.N.E. out of business.

This lawsuit seeks treble damages related to alleged suppression and elimination of competition. It has been consolidated in the MDL litigation. On February 6, 2006, the Court vacated the stay of discovery that had been in place, and ordered the parties to begin discovery. The parties, however, have stipulated to extensions of that deadline, and our time to answer or otherwise respond is now July 5, 2006.

In light of the early stage of this lawsuit and the inherent uncertainty of litigation, we are not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and have made no provision for the claims raised in this lawsuit in the consolidated financial statements included in Item 18 below. It is possible that the outcome of this action could have a material adverse effect on our financial condition, cash flows and results of operations.

Securities Litigation

In March 2003, an individual claiming to have purchased our American Depositary Receipts, Joel Menkes, filed a purported civil securities class action in the U.S. District Court for the District of

Connecticut against us and certain officers and directors. Plaintiffs’ counsel have since replaced Mr. Menkes with Irene and Gustav Rucker. The current complaint appears to be based significantly on media reports about the O’ Brien action (described below) and the DOJ and EC investigations (described above). Pursuant to the Private Securities Litigation Reform Act, the court allowed for the consolidation of any other class actions with this one. No other class actions were brought during the time allowed.

On September 8, 2003, the plaintiffs filed their Consolidated Amended Class Action Complaint against the same defendants. The consolidated complaint was brought on behalf of “all purchasers of Stolt’ s American Depositary Receipts (“ADR’ s”) from May 31, 2000 through February 20, 2003 ... and all United States (“U.S.”)-located purchasers of Stolt securities traded on the Oslo Exchange to recover damages caused by defendants’ violations of the Securities Exchange Act of 1934.”

The complaint claims that we “concealed that a material portion of SNSA’ s and SNTG’ s revenues and earnings from 2001 through February 2003 came from an illegal pact between SNTG and Odfjell ASA... to rig bids for international shipping contracts....” The consolidated complaint asserted that our failure to disclose such alleged behavior, coupled with allegedly “false and misleading” statements,

caused plaintiffs to pay inflated prices for our securities by making it appear that we were "immune to an economic downturn that was afflicting the rest of the shipping industry" and "misleading them to believe that the Companies' earnings came from legitimate transactions."

On October 27, 2003, we filed a motion to dismiss the consolidated complaint in its entirety. On November 10, 2005, the court granted the motion to dismiss with prejudice. Plaintiffs responded by moving for reconsideration and requested a dismissal without prejudice, and the right to amend the complaint. On January 27, 2006, the court converted the dismissal to a dismissal without prejudice, and permitted the plaintiffs to amend their complaint. On March 1, 2006, the plaintiffs filed an amended complaint. On March 20, 2006, we moved to dismiss the amended complaint in its entirety and the plaintiff has opposed our motion.

We are vigorously defending ourselves against this lawsuit. We are not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and we have not made any provisions for any liability related to the action in the consolidated financial statements included in Item 18 below. It is possible that the outcome of this litigation could have a material adverse effect on our financial condition, cash flows and results of operations.

Employment Litigation

In an action filed in the Superior Court in Connecticut, SNTG and its former chairman have been sued by a former employee, Paul E. O' Brien, who resigned in early 2002.

The plaintiff in the O' Brien action, a former in-house counsel, seeks damages for constructive discharge and alleges that SNTG was engaging in ongoing "illegal antitrust activities that violated United States and international law against price fixing and other illegal collusive conduct." The O' Brien action also seeks an order allowing the plaintiff to disclose client confidences and secrets regarding these allegations and protecting the plaintiff from civil or disciplinary proceedings after such revelation. The complaint, as amended, does not specify the damages sought other than to state they are in excess of the $15,000 jurisdictional minimum.

SNTG filed motions for summary judgment on the entire complaint based, among other things, on the grounds that 1) a New York lawyer cannot maintain an action against his client where it will necessarily require disclosure of privileged information or client confidences; and 2) O' Brien failed pursuant to New York (and Connecticut) law to report his concerns "up the corporate ladder" in March 2002. By agreement of the parties, in September 2004, the Superior Court heard arguments on only the first ground for summary judgment. In October 2004, the Superior Court denied that branch of the summary judgment motion. We immediately took an interlocutory appeal, and our petition for review by the state Supreme Court was denied in April 2005.

The O' Brien action is still in the early stages of discovery. We intend to continue to vigorously defend ourself against this lawsuit. We are not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and have not made any provision for any liability related to the action in the consolidated financial statements included in Item 18 below. It is possible that the outcome of this litigation could have a material adverse effect on our financial condition, cash flows and results of operations.

Investigations by the U.S. Department of the Treasury's Office of Foreign Assets Control and by the U.S. Attorney's Office for the District of Connecticut

In or about August 2001, the U.S. Department of the Treasury' s Office of Foreign Assets Control ("OFAC") opened an investigation of certain payments by SNTG of incidental port expenses to entities in Iran as possible violations of the International Emergency Economic Powers Act and the Iranian Transactions Regulations. In connection with this investigation, on April 3, 2002 OFAC issued a Cease and Desist Order to SNTG covering payments by SNTG of incidental port expenses involving unlicensed shipments to, from or involving Iran.

We understand that, based on a referral from OFAC, a criminal investigation was opened under the auspices of the U.S. Attorney' s Office in Connecticut in or about May 2003 regarding whether or not our "trade with embargoed countries violated U.S. laws." We cooperated fully with the U.S. Attorney' s Office and the U.S. Customs Service in their investigation.

In early 2005 OFAC informed us that it had transferred the Iran matter internally from OFAC' s Enforcement Division to its Civil Penalties Division. Shortly thereafter, on or about January 18, 2005, we learned that the U.S. Attorney' s Office had declined to pursue this matter and that Customs had concluded this was only a civil matter. On September 6, 2005, SNTG and OFAC reached a settlement. The civil settlement is in the amount of $16,500 and does not involve any finding by OFAC of a violation. We are not aware of any further pending matters at OFAC.

General

We are a party to various other legal proceedings arising in the ordinary course of business. We believe that none of the matters covered by such legal proceedings will have a material adverse effect on our business or financial condition.

The ultimate outcome of governmental and third party legal proceedings are inherently difficult to predict. It is reasonably possible that actual expenses and liabilities could be incurred in connection with both asserted and unasserted claims in a range of amounts that cannot reasonably be estimated. It is possible that such expenses and liabilities could have a material adverse affect on our financial condition, cash flows or results of operations in a particular reporting period.

Dividends

It is our policy to pay a semi-annual cash dividend to our shareholders. The amount to be paid is determined each year by the Board of Directors based on our financial situation and investment plans.

The following table shows the total dividend payments per Common Share, Class B Share, and Founder' s Share made during the fiscal years indicated.

	2005	2004	2003	2002	2001
Class of Stock					
Common	$ 2.00	$ –	$0.250	$0.250	$0.250
Class B*	$ –	$ –	$ –	$ –	$0.125
Founder' s	$0.005	$ –	$0.005	$0.005	$0.005

* In March 2001 all Class B Shares were reclassified as Common Shares on a one-for-one basis.

We were prohibited by the terms of our financing arrangements from paying final dividends to our shareholders for the fiscal year ending November 30, 2003. On December 14, 2005 we paid and interim cash dividend for the 2005 fiscal year of $1.00 per share. At our annual general meeting on May 26, 2006, our shareholders approved a final dividend payment for the fiscal year ending November 30, 2005 of $1.00 per share payable on June 15, 2006 to shareholders of record on June 1, 2006.

Significant Changes

Except as described in Note 25 to the Consolidated Financial Statements, included in Item 18 of this Report, Item 4. "Information on the Company–Recent Significant Developments," and Item 5. "Operating and Financial Review and Prospects" and Item 8. "Financial Information–Legal Proceedings", there have been no significant changes since November 30, 2005.

Item 9. The Offer and Listing.

Stock Trading History

The following table sets out the range of high and low closing prices for our publicly traded shares for the periods indicated.

American Depository Shares (Nasdaq)

Quarterly for the two fiscal years ended November 30, 2005 and for the fiscal quarter ended February 28, 2006	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
2006				
High	$35.26	–	–	–
Low	$30.71	–	–	–
2005				
High	$38.85	$40.30	$38.72	$41.15
Low	$26.41	$31.00	$32.21	$32.25
2004				
High	$16.70	$17.35	$16.43	$28.05

Low	$ 7.33	$11.81	$11.81	$16.67

	Annually for the five years ended November 30,				
	2005	2004	2003	2002	2001
High	$41.15	$28.05	$9.33	$16.98	$20.45
Low	$26.41	$ 7.33	$5.20	$ 6.21	$10.50

Common Shares (Oslo Børs) (Norwegian kroner)

Quarterly for the fiscal two years ended November 30, 2005 and for the fiscal quarter ended February 28, 2006	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
2006				
High	235.00	–	–	–
Low	204.00	–	–	–
2005				
High	244.00	256.50	246.50	263.00
Low	163.00	201.00	210.00	216.00
2004				
High	117.50	122.50	114.25	173.00
Low	49.10	81.50	81.50	114.50

	Annually for the five years ended November 30,				
	2005	2004	2003	2002	2001
High	263.00	173.00	67.00	152.00	189.00
Low	163.00	49.10	39.20	47.00	93.00

	Nasdaq ADS (U.S. dollar)		Oslo Børs (Norwegian kroner)	
	High	Low	High	Low
Monthly				
2005				
November	$36.32	$32.25	234.50	216.00
December	$35.26	$32.70	235.00	221.00
2006				
January	$34.22	$31.96	229.00	214.00
February	$33.26	$30.71	225.00	204.00
March	$34.02	$30.70	223.50	203.00
April	$31.10	$27.40	202.00	175.00
May (through May 30, 2006)	$28.45	$25.70	169.00	155.50

Markets

Our Common Shares are currently listed in Norway on the Oslo Børs (under the ticker symbol SNI) and trade as ADSs, each of which represents one Common Share, in the U.S. on Nasdaq (under the ticker symbol SNSA). On March 7, 2001, we completed a share reclassification. The objective of the reclassification was to create a simplified and more transparent share capital structure that gave all shareholders a vote on all matters, and resulted in only one class of publicly traded shares. The reclassification reclassified our outstanding non-voting Class B Shares (previously listed on the Oslo Børs under the ticker symbol SNIB and traded as ADSs on Nasdaq under ticker symbol STLBY) as voting Common Shares on a one-for-one basis. Prior to the share reclassification, our Common Shares were only listed on Nasdaq (under the ticker symbol STLTF).

Item 10. Additional Information

Organization and Register

We are a "Société Anonyme Holding" organized in Luxembourg under the Company Law of 1915, as amended ("Luxembourg Company Law"). We were incorporated in Luxembourg in 1974 as the holding company for all of the group' s activities.

Our registered office is located at 23, avenue Monterey, L-2086 Luxembourg and we are registered in the Companies' Register of the Luxembourg District Court under the designation R.C. S. Luxembourg B.12.179.

Articles of Incorporation

Set forth below is a description of the material provisions of our Articles of Incorporation and the Luxembourg Company Law. The following summary is qualified by reference to the Articles of Incorporation and applicable Luxembourg law. The full text of the Articles of Incorporation is available at our registered office.

Objects and Purposes

Article Three of our Articles of Incorporation sets forth our purpose as a holding company, namely the participation in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationalities through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licenses which we will administer and exploit; we may lend or borrow with or without security, provided that any money so borrowed may only be used for the purposes of Stolt-Nielsen, or companies

which are subsidiaries of or associated with or affiliated with Stolt-Nielsen; and in general to undertake any operations directly or indirectly connected with such objects as permitted by the Luxembourg Holding Company Law of 1929.

Directors

Our Board of Directors must be comprised of at least three and not more than nine members, elected by a simple majority of our outstanding shares represented at a general meeting of shareholders, for a period not exceeding six years and until their successors are elected. The Chairman of the Board of Directors is elected from among the members of the Board of Directors by a simple majority vote of our outstanding shares represented at a general meeting of shareholders. It is our customary practice that directors and the Chairman of the Board are elected for terms of one year at the Annual General Meeting.

Our Articles of Incorporation do not have a mandatory retirement age for directors.

Our Articles of Incorporation do not require directors to be shareholders in SNSA.

Under Luxembourg law and our Articles of Incorporation, the members of the Board of Directors owe a duty of loyalty and care to SNSA. They must exercise the standard of care of a prudent and diligent business person and bear the burden of proving they did so if their actions are contested.

Our Articles of Incorporation provide that no transaction between SNSA and another party in which a director serves as a director, officer or employee, will be invalidated solely for that reason. The Articles of Incorporation also provide that any director who has a personal interest in a transaction must disclose such interest, must abstain from voting on such transaction and may not be counted for purposes of determining whether a quorum is present at the meeting. Such director' s interest in any such transaction shall be reported at the next meeting of shareholders.

Authorized, Issued, and Outstanding Shares

Our authorized share capital as of May 30, 2006 consists of:

- 69,000,000 Common Shares, no par value; and

- 17,250,000 Founder' s Shares, no par value.

As of May 30, 2006, 66,004,727 Common Shares and 16,501,181 Founder' s Shares had been issued. Of such shares, 4,593,500 Common Shares and 1,148,375 Founder' s Shares were held by us and therefore considered Treasury shares. Accordingly, as of May 30, 2006 61,411,227 Common Shares and 15,352,806 Founder' s Shares were outstanding.

Under the Luxembourg Company Law, Founder' s Shares are not considered as representing capital of SNSA.

Pursuant to our Articles of Incorporation, as amended at Annual General Meeting of Shareholders held on May 26, 2006, and as permitted by Luxembourg law, authorized capital will automatically be reduced to the amount represented by outstanding shares on August 31, 2007.

The Board of Directors is authorized to issue additional Common Shares and Founder' s Shares, from time to time, up to the maximum authorized number. The Articles of Incorporation require all shares to be issued in registered form. All shares, when issued, are fully paid and non-assessable. All shares are freely transferable by the holder thereof.

As a general rule, shareholders are entitled to preemptive rights under Luxembourg law in respect of the issuance of shares of the same class of shares for held by such shareholders, cash, unless the Articles of

Incorporation provide otherwise. Our Articles of Incorporation, as amended at the Annual General Meeting of Shareholders held on May 26, 2006, authorize the Board of Directors to implement the suppression of shareholders' preemptive rights in respect of the issuance of Common Shares for cash with respect to all authorized but unissued Common Shares, resulting from the exercise of stock options under the Company' s 1997 Stock Option Plan (such Plan approved by the shareholders at the Annual General Meeting held on May 2, 1997) and the Company' s 1987 Stock Option Plan (such Plan approved by the shareholders at an Extraordinary General Meeting held on October 8, 1987), through August 31, 2007. Upon the expiration of authorized but unissued shares as described above, the suppression of preemptive rights will also terminate and shareholders will be entitled to preemptive rights once again unless the Board recommends denying further such rights and such recommendation is approved by the shareholders pursuant to the requirements to amend the Articles of Incorporation set forth in "Voting Rights" below. In addition, the relevant provisions of Norwegian law and Oslo Børs regulations, where our Common Shares are listed for trading, require "equal treatment" of existing shareholders, including in the event of any issuance of Common Shares at a price not reflecting the "market price" thereof.

Our Articles of Incorporation contain an anti-dilution provision which requires the level of Founder' s Shares remain at 20% of all outstanding voting shares (Common Shares and Founder' s Shares). In the event of a stock dividend, recapitalization or other issuance of our Common Shares, additional Founder' s Shares are distributed to the then holder(s) of such Founder' s Shares on a proportionate basis so as to maintain the 20% level at all times.

In addition to our authorized Common Shares and Founder' s Shares set forth above, an additional 1,500,000 Class B Shares, no par value, have been authorized solely in connection with the exercise of options granted under our existing stock option plans, and may not be issued for any other purpose. The rights, preferences and priorities of such Class B Shares are set forth in the Articles of Incorporation. All such Class B Shares convert into Common Shares immediately upon issuance. Such Class B Shares and all of the rights relating thereto shall expire, without further action, on December 31, 2010.

For additional information on our shares, please see Introduction and our Consolidated Financial Statements, included in Item 18 of this Report.

Voting Rights

Except for matters where applicable law requires the approval of both classes of shares voting as separate classes, Common Shares and Founder' s Shares vote as a single class on all matters submitted to a vote of the shareholders, with each share entitled to one vote. Under Luxembourg law, shareholder action can generally be taken by a simple majority of Common Shares and Founder' s Shares present or represented at a meeting, without regard to any minimum quorum requirements. Three exceptions to the law are (i) to amend the Articles of Incorporation which requires (x) a two-thirds vote of those Common Shares and Founder' s Shares present or represented, and (y) when the

meeting is first convened, a quorum of 50% of the outstanding shares entitled to vote; (ii) to change the country of incorporation of Stolt-Nielsen to a country other than Luxembourg or to increase the contribution of the shareholders, which require the affirmative vote of 100% of the Common Shares and Founder' s Shares; and (iii) any action for which the Articles of Incorporation require more than a majority vote or a quorum. Luxembourg law further provides that a two-thirds majority vote of those shares present or represented and when the meeting is first convened, a quorum of 50% of such shares, of the outstanding Common Shares and Founder' s Shares, each voting and counted for quorum purposes as a separate class, is required to authorize any amendment to the Articles of Incorporation in respect of a recapitalization, reclassification and similar transactions affecting the relative rights, preferences and priorities of the Common Shares and Founder' s Shares if such class of shares is adversely affected.

Shareholder Meetings and Notice Thereof

Under the Articles of Incorporation, we are required to hold a general meeting of shareholders each year in Luxembourg. The meeting is normally convened in May. In addition, the Board may call any number of extraordinary general meetings, which may be held in Luxembourg or elsewhere, although any extraordinary general meeting convened to amend the Articles of Incorporation will be held in Luxembourg. The Board of Directors is further obliged to call a general meeting of shareholders to be held within 30 days after receipt of a written demand by shareholders representing at least one-fifth of the outstanding shares entitled to vote.

The Articles of Incorporation require notice of any general meeting to be sent by first class mail, postage prepaid, to all shareholders at least 20 days prior to such meeting. Shareholders may be represented by written proxy, provided the written proxy is deposited with us at our registered office in Luxembourg, or with any of our directors, at least five days before the meeting.

Dividends

Under the Articles of Incorporation, holders of Common Shares and Founder' s Shares participate in annual dividends, if any are declared, in the following order of priority:

- $0.005 per share to Founder' s Shares and Common Shares equally;
- thereafter, all further amounts are payable to Common Shares only.

Interim dividends can be declared up to three times in any fiscal year by the Board of Directors. Interim dividends can be paid, but only after the prior year' s financial statements have been approved by the shareholders at a general meeting, and any such interim dividend must be approved by our independent auditors. Final dividends are declared once a year at the Annual General Meeting. Interim and final dividends on Common Shares and Founder' s Shares can be paid out of earnings, retained and current, as well as paid-in surplus.

Luxembourg law authorizes the payment of stock dividends if sufficient surplus exists to provide for the related increase in stated capital or the par value of the shares issued in connection with any stock dividend. Luxembourg law requires that 5% of our unconsolidated net profits each year be allocated to a legal reserve before declaration of dividends. This requirement continues until the reserve is 10% of our stated capital, as represented by the Common Shares, after which no further allocations are required until further issuance of shares.

The legal reserve may also be satisfied by allocation of the required amount at the time of issuance of shares or by a transfer from paid-in surplus. The legal reserve is not available for dividends. The legal reserve for all of our existing Common Shares has heretofore been satisfied and appropriate allocations will be made to the legal reserve account at the time of each new issuance of Common Shares.

Liquidation Preference

Under the Articles of Incorporation, in the event of a liquidation, all of our debts and obligations must first be paid, and thereafter all of our remaining assets are paid to the holders of Common Shares and Founder' s Shares in the following order of priority:

- Common Shares ratably to the extent of the stated value thereof (e.g. $1.00 per share);
- Common Shares and Founder' s Shares participate equally up to $0.05 per share; and
- thereafter, Common Shares are entitled to all remaining assets.

Equal Treatment Provision

If we merge, consolidate or enter into any similar transaction with another entity or such other entity will remain the survivor, the Common Shares held by holders other than holder(s) of Founder' s Shares shall be entitled to receive consideration which is no less per share than the consideration per share received by the holder(s) of Founder' s Shares, the latter per share amount to be determined by dividing the aggregate of all consideration received by such holder(s) for all shares owned by them, including Founder' s Shares, by the total number of Common Shares which they own.

Restrictions on Shareholders

Our Articles of Incorporation provide that in recognition of the fact that certain shareholdings may threaten us with imminent and grave damage, which term includes adverse tax consequences, a hostile takeover attempt or adverse governmental sanctions:

(i) no U.S. Person (as defined in the Articles of Incorporation) shall own, directly or indirectly, more than 9.9% of our outstanding shares;

(ii) all shareholders who are U.S. Persons may not own, directly or indirectly, more than 49.9% of our outstanding shares (including for these purposes the shares of U.S. Persons who were shareholders as of August 31, 1987);

(iii) all shareholders of any single country may not own, directly or indirectly, more than 49.9% of our outstanding shares; and

(iv) no person may own, directly or indirectly, more than 20% of our outstanding shares unless a majority of the Board shall have authorized such shareholding in advance.

The Articles of Incorporation provide that the foregoing restrictions, except as specified in (iii) above, shall not apply to any person who was a shareholder as of August 31, 1987, or certain Affiliates or Associates (as such terms are defined in the Articles of Incorporation) of such person.

In addition to the restrictions on shareholders described above, the Board is authorized to restrict, reduce or prevent the ownership of our shares if it appears to the Board that such ownership may threaten us with imminent and grave damage. Luxembourg Company Law does not provide a specific definition of imminent and grave damage, but instead leaves the interpretation of the phrase within the Board' s discretion. We have been advised by our Luxembourg counsel, Elvinger, Hoss & Prussen, that there are no Luxembourg judicial interpretations of the phrase, but that situations involving hostile takeovers, adverse tax consequences to us or governmental sanctions are likely to be among the situations covered by such phrase.

In order to enforce the foregoing restrictions, the Articles of Incorporation empower the Board to take certain remedial action including causing us: (i) to decline to register any prohibited transfer; (ii) to decline to recognize any vote of a shareholder precluded from holding shares; (iii) to require any shareholder on our register of shareholders or any prospective shareholder to provide information to determine whether such person is precluded from holding shares; and (iv) upon the issuance of a notice, to require the sale of shares to us at the lesser of (a) the amount paid for the shares if acquired within the 12 months immediately preceding the date of the notice, and (b) the last quoted price for the shares on the day immediately preceding the day on which the notice is served (provided that the Board may in its discretion pay the amount calculated under (b) in situations where (a) would otherwise apply and result in a lower purchase price, if the Board determines it equitable after taking into account specified factors) and to remove the name of any shareholder from the register of shareholders immediately after the close of business on the day the notice is issued and payment is made available.

Our form of share certificate requires a certification to be made upon the transfer of ownership regarding the citizenship of the transferee. The certification is intended to assist us in enforcing the restrictions described above.

Change in Control

Except as described above, there are no provisions in our Articles of Incorporation that would have the effect of delaying, deferring or preventing a change in control of SNSA and that would only operate with respect to a merger, acquisition or corporate restructuring involving us or any of our subsidiaries.

Non-Luxembourg Shareholders

There are no limitations under Luxembourg law on the rights of non-residents to hold or vote our shares.

Material Contracts

Other than as described herein and in Item 5. "Operating and Financial Results and Prospects−Liquidity and Capital Resources−Indebtedness" and in Note 17 to the Consolidated Financial Statements, included in Item 18 of this Report, we were not party to any other material contracts. The following descriptions of the material provisions of the referenced agreements do not purport to be complete and are subject to, and are qualified by reference to, the agreements which have been filed as exhibits to this Report and are incorporated by reference herein.

$150 Million Term Loan and Revolving Credit Facility Agreement

On August 13, 2004, we entered into a $150 million five-year secured term loan and revolving credit facility with various lending institutions, including DnB NOR Bank ASA as administrative and collateral agent. Stolthaven Houston Inc. and Stolthaven New Orleans LLC are the borrowers under this facility and SNSA and SNTG (Liberia) are the guarantors. In July 2005, the loan was amended and the interest rate was changed. As of November 30, 2005 and April 30, 2006, there was $150 million outstanding under the facility. For additional information on this agreement, please see Item 5. "Operating and Financial Results and Prospects−Liquidity and Capital Resources−$150 Million Term Loan and Revolving Credit Facility," and Note 17 to the Consolidated Financial Statements, included in Item 18 of this Report. A copy of the agreement is attached to this Report as Exhibit 4.15.

The Stolt Fleet Loan with Danish Ship Finance

On November 20, 2002, we entered into a term loan agreement with Danish Ship Finance as lender in connection with previous financings of 14 oceangoing ships that were combined and adjusted to reflect a change in ship ownership structure within certain of our indirect wholly owned subsidiaries. On October 27, 2005, we replaced the existing $225.8 million Stolt Fleet Loan with the Danish Ship Finance with a new financing agreement with Danish Ship Finance, The new financing agreement refinanced the existing $225.8 million, and included an additional $100 million tranche to be repaid over ten years with twenty semi-annual principal payments of $3.3 million and a balloon payment of $33.3 million on maturity. The interest rate was fixed at 5.57% on the addition $100 million tranche. Collateral for the facility included mortgages on seven ships. Stolt Tankers Finance B.V., our wholly owned subsidiary, is the borrower under this facility and each refinancing of a ship is segregated into its own tranche under the loan agreement. The aggregate outstanding balance of all tranches under this loan agreement as of November 30, 2005 and April 30, 2006 was $312.2 million and $310.0 million, respectively. For additional information on this term loan, please see Item 5. "Operating and Financial Results and Prospects−Liquidity and Capital Resources−The Stolt Fleet Loan with Danish Ship Finance," and Note 17 of the Consolidated Financial Statements, included in Item 18 of this Report. A copy of the new financing agreement is attached to this Report as Exhibit 4.13.

$400 Million Revolving Credit Facility

On July 29, 2005 we entered into a seven-year $400 million secured multicurrency revolving credit facility with various lending institutions, including Deutsche Bank AG as agent. As of November 30, 2005, there was $165 million outstanding under this facility and as of April 30, 2006 no amount was outstanding under this facility. The facility matures on July 29, 2012 and Stolt Tanker Finance II B.V., our wholly owned, indirect subsidiary, is the borrower and SNSA, SNTG and certain other of our subsidiaries are the guarantors. Sixteen oceangoing ships are mortgaged as security in support of this facility and, in addition, the owners of the mortgaged ships have each granted a security interest in the earnings and insurance proceeds generated by their respective mortgaged ships. For additional information on this agreement, please see Item 5. "Operating and Financial Results and Prospects−Liquidity and Capital Resources−$400 Million Revolving

Credit Facility," and Note 17 of Notes to the Consolidated Financial Statements, included in Item 18 of this Report. A copy of the agreement is attached to this Report as Exhibit 4.10.

$325 Million Revolving Credit Facility

On January 30, 2006 we entered into a seven-year $325 million secured multicurrency revolving credit facility with various lending institutions, including Citibank International plc as agent. As of April 30, 2006, there was $20 million outstanding under this facility. The facility matures on January 30, 2013, but may be extended at our request for an additional year and again for two further years with the prior consent of the lenders. Stolt Tanker Finance III B.V., our wholly owned, indirect subsidiary, is the borrower. Twenty-seven oceangoing ships are currently mortgaged as security in support of this facility and, in addition, the owners of the mortgaged ships have each granted a security interest in the earnings and insurance proceeds generated by their respective mortgaged ships. For additional information on this agreement, please see Item 5. "Operating and Financial Results and Prospects−Liquidity and Capital Resources−$325 Million Revolving Credit Facility," and Note 17 to the Consolidated Financial Statements, included in Item 18 of this Report. A copy of the agreement is attached to this Report as Exhibit 4.11.

Share Purchase Agreement for the Sale of Marine Harvest

On March 6, 2006, we, along with Nutreco, as sellers, entered into a share purchase agreement with Geveran Trading Co Ltd., as purchaser, and Greenwich Holdings Ltd., as guarantor, for the sale of all of the outstanding shares of Marine Harvest, our joint venture with Nutreco, for EUR 1,175.0 million plus interest accruing from March 28, 2006 until closing. On March 6, 2006 Geveran Trading assigned its rights and obligations under the agreement to Pan Fish ASA. On March 27, 2006 we, Nutreco, Geveran Trading, Greenwich Holdings and Pan Fish entered into an amendment to the agreement, requiring Pan Fish to prepay the purchase price of EUR 1,173.0 million. Although the transaction has not yet closed, on March 29, 2006 we received prepayment of EUR 293.8 million (approximately $352.5 million at the then current exchange rate) representing our full share of the proceeds of the sale. The closing is conditioned upon the receipt of pending approvals from regulatory and competition authorities. On the receipt of such approvals, we will recognize a gain on sale estimated to be $65 million. Under the agreement, the purchaser has agreed to take all actions necessary in order to obtain the approvals, to pay all related fees and expenses, and to bear all risks and responsibilities of obtaining the approvals (so long as any failure to obtain such approvals is not the fault of the sellers). A copy of the share purchase agreement is attached to this Report as Exhibit 4.8 and a copy of the amendment agreement is attached to this Report as Exhibit 4.9.

Shipbuilding Contracts with ShinA Shipbuilding Co., Ltd.

On June 9, 2005, our wholly owned subsidiary Stolt-Nielsen Transportation Group B.V., as buyer, entered into four seperate agreements with ShinA Ship Building Co. Ltd. of South Korea, as builder, for the construction and sale of four parcel tankers for a purchase price of $57.5 million each. The parcel tankers will have a capacity of 44,000 dwt each and will be of double-hull construction, classified as IMO

2/3. Under the agreement, payments are due to the builder in installments during the course of the construction, with final payments due upon delivery of the vessel.

The agreements contain standard shipbuilding contract provisions, including allowances for inspection, plan approvals and modifications, force majeure clauses and default provisions. In addition, each agreement contains a provision whereby the purchase price of the vessel may be increased or decreased to account for a change in the price of steel between the signing of the contract and the date of the keel laying.

The tankers are scheduled for delivery in late 2008 and early 2009. A copy of a form of the agreement is attached to this Report as Exhibit 4.19.

Exchange Controls

We have been advised by Elvinger, Hoss & Prussen, our Luxembourg counsel, that at the present time there are no exchange controls in existence in Luxembourg which would restrict the export or import of capital, including but not limited to, foreign exchange controls, or affect our ability to make payments of dividends, interest or other payments to non-resident holders of Common Shares.

Taxation

Luxembourg Taxation

The following is intended only as a general summary of material tax considerations affecting dividend payments by us relevant to prospective investors in SNSA. It does not constitute and should not be construed to constitute legal or tax advice to any such investor. Prospective investors are therefore urged to consult their own tax advisers with respect to their particular circumstances.

Stolt-Nielsen S.A.

We are a holding company under the law of July 31, 1929 of Luxembourg and are eligible for the following taxation provided for by the decree of December 17, 1938.

Under the said decree, a Holding 1929 billionaire can opt to be subject to a special income tax calculated at varying rates depending on the distributed income.

The basis of assessment of this "tax on distributions" consists of the three following elements:

- Interest paid on bonds and similar securities,
- Dividends distributed,
- Emoluments and fees (tantièmes) paid to non-resident directors, statutory auditors and liquidators.

Under the said decree, interest payments on debenture bonds or similar debt instruments are subject to a 3% tax payable by us. As we have not issued and are not likely to issue any such debt instruments, this tax will not become relevant to us.

The first EUR 2,400,000 of annual distributions of dividends and payments of fees to non-resident directors is subject to a tax of 3%. Distributions on the next EUR 1,200,000 are subject to a tax of 1.80% and any excess is subject to a tax of 1% (per million), with a minimum tax of EUR 48,000 per year.

Annual dividend distributions and payments of fees to non resident directors are subject depending on the total annual amounts at rates rating between 3% and 1% (per million) with an annual minimum amount of EUR 48,000.

Subject to the foregoing, we, as a Holding 1929 billionaire, are not liable under present Luxembourg law for any income tax, withholding tax, capital gains tax, estate or inheritance tax, or any other tax (except for a contribution tax of 1% on issues of share capital), calculated by references to our capital, assets or income.

Shareholders

At the outset, please note that a Holding 1929 billionaire does not benefit from the double tax treaties concluded by Luxembourg with foreign countries.

Under present Luxembourg law, no withholding tax will be due on interest paid and distributed dividends (so long as we maintain our status as a holding company) or liquidation proceeds from a Holding 1929 billionaire.

Shareholders domiciled or resident in Luxembourg (except holding companies) or who have a permanent establishment in Luxembourg with whom the holding of our Common Shares is effectively connected, have to include the dividend received in their taxable income during the relevant period.

Physical persons domiciled or resident in Luxembourg are not subject to taxation of capital gains unless the disposal of our Common Shares preceded the acquisition or the disposal occurs within six months following the acquisition of our Common Shares. Physical persons domiciled or resident in Luxembourg who own more than 10% (the limit being 25% for those participations which had been acquired prior to fiscal year 2002 and disposed of at the latest during fiscal year 2007) of the issued Common Shares are liable to taxation on capital gains even after the six months holding and physical persons who were formerly residents or domiciled in Luxembourg will remain so liable during a period of five years after they have given up their domicile or residence in Luxembourg or their holding has been reduced below 10% (the

limit being 25% for those participations which had been acquired prior to fiscal year 2002 and disposed of at the latest during fiscal year 2007) provided they had their domicile or residence in Luxembourg for more than 15 years.

Luxembourg shareholders and companies will not benefit from the participation exemption regime on received dividends and capital gains on shares disposal deriving from the Holding 1929 billionaire.

The disposal of Common Shares by non-resident shareholders (companies or individuals) will be tax free in Luxembourg under domestic rules assuming that:

- None of the shareholders has a permanent establishment in Luxembourg under internal law to which the Common Shares could be attached; or
- The disposal occurs more than six months after the acquisition or the shareholding represents less than 10% of the share capital of the Holding 1929 billionaire.

There is no Luxembourg transfer duty or stamp tax applicable on sales acquisitions of the Common Shares.

The 1929 holding companies tax regime was amended on June 21, 2005. However, under a Father Favor clause, pre-existing companies such as us continue to benefit from the tax exempt regime until December 31, 2010, thereafter they may not receive more than 5% of their dividends from companies which are not subject in their respective countries to taxation which is comparable in principles and tax rates to the taxes applicable ordinarily in Luxembourg. On February 8, 2006 the EC decided to conduct an investigation into Luxembourg' s 1929 tax exempt holding company regime on the grounds that the tax exemption may constitute a disguised subsidy in favor of multinational companies based in Luxembourg and may distort the European financial market. If the investigation was to conclude that the tax exemption under the Father Favor clause or under the amended law does constitute a disguised subsidy, the tax laws

would have to be repealed and the Company would be subject to the ordinary tax regime if it were to maintain its status as a Luxembourg company.

U.S. Federal Income Taxation

The following is a summary of the principal U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of Common Shares or ADSs. This summary addresses only the U.S. federal income tax considerations of holders that will hold Common Shares or ADSs as capital assets. This summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, dealers or traders in securities or currencies, tax-exempt entities, persons that received Common Shares or ADSs as compensation for the performance of services, persons that will hold Common Shares or ADSs as part of a hedging or conversion transaction or as a position in a straddle for U.S. federal income tax purposes, certain former citizens or long-term residents of the United States, persons that have a functional currency other than the U.S. dollar or holders that own (or are deemed to own) 10% or more (by voting power or value) of our stock. Moreover, this summary does not address the U.S. federal estate and gift or alternative minimum tax consequences of the acquisition, ownership and disposition of Common Shares or ADSs. This summary (i) is based on the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this Report. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The U.S. Treasury Department has expressed concern that depositaries for American depositary receipts, or other intermediaries between the holders of shares of an issuer and the issuer, may be taking actions that are inconsistent with the claiming of U.S. foreign tax credits by U.S. holders of such receipts or shares. Accordingly, the analysis regarding the availability of a U.S. foreign tax credit for Luxembourg taxes and sourcing rules described below could be affected by future actions that may be taken by the U.S. Treasury Department.

For purposes of this summary, a U.S. Holder is a beneficial owner of Common Shares or ADSs that, for U.S. federal income tax purposes, is: (i) a citizen or resident of the U.S., (ii) a partnership or corporation created or organized in or under the laws of the U.S. or any state thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if such trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes or if (x) a court within the U.S. is able to exercise primary supervision over its administration and (y) one or more U.S. persons have the authority to control all of the

substantial decisions of such trust. A "Non-U.S. Holder" is a beneficial owner (or, in the case of a partnership, a holder) of Common Shares or ADSs that is not a U.S. Holder.

If a partnership (including any entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of Common Shares or ADSs the treatment of the partnership and a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor.

Each holder is urged to consult its own tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of Common Shares.

Ownership of ADSs in General

For U.S. federal income tax purposes, a holder of ADSs generally will be treated as the owner of the Common Shares represented by such ADSs.

Distributions

The gross amount of any distribution by us of cash or property (other than certain distributions, if any, of Common Shares distributed pro rata to all our shareholders of SNSA, including holders of ADSs) with respect to Common Shares or ADSs will be includible in income by a U.S. Holder as dividend income to the extent such distributions are paid out of the current or accumulated earnings and profits of SNSA as determined under U.S. federal income tax principles. Non-corporate U.S. Holders generally will be taxed on such distributions at the lower rates applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year) with respect to taxable years beginning on or before December 31, 2008. However, a U.S. Holder' s eligibility for such preferential rate would be subject to certain holding period requirements and the non-existence of certain risk reduction transactions with respect to the Common Shares or ADSs. In addition, such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders. To the extent, if any, that the amount of any distribution by us exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles) it will first be treated as a tax-free return of the U.S. Holder' s adjusted tax basis in the Common Shares or ADSs to the extent thereof and thereafter as capital gain.

Dividends received by a U.S. Holder with respect to Common Shares or ADSs will be treated as foreign source income, which may be relevant in calculating such holder' s foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by SNSA generally will constitute "passive income," or, in the case of certain U.S. Holders, "financial services income". U.S. Holders should note that "financial services income" category will be eliminated with respect to taxable years beginning after December 31, 2006, and the foreign tax credit limitation categories after such time will be limited to "passive category income" and "general category income."

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements", a Non-U.S. Holder of Common Shares or ADSs generally will not be subject to U.S. federal income or withholding tax on dividends received on Common Shares or ADSs, unless such income is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the U.S., if any.

Sale or Exchange of Common Shares or ADSs

A U.S. Holder generally will recognize gain or loss on the sale or exchange of Common Shares or ADSs equal to the difference between the amounts realized on such sale or exchange and the U.S. Holder' s adjusted tax basis in the Common Shares or ADSs. Such gain or loss will be capital gain or loss. In the case of a noncorporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends) if such U.S. Holder' s holding period for such Common Shares or ADSs exceeds one year (i.e., long-term capital gains). Gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss, as the case may be, for U.S. foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements," a Non-U.S. Holder of Common Shares or ADSs generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale or exchange of such Common Shares or ADSs unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or

business in the U.S., if any, or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the U.S. for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

Backup Withholding Tax and Information Reporting Requirements

U.S. backup withholding tax and information reporting requirements generally apply to certain payments to certain non-corporate holders of stock. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, Common Shares or ADSs made within the U.S., or by a U.S. payor or middleman, to a holder of Common Shares or ADSs (other than an exempt recipient, including a corporation, a payee that is not a U.S. person that provides an appropriate certification and certain other persons). A payor will be required to withhold backup withholding tax from any payments of dividends on, or the proceeds from the sale or redemption of, Common Shares or ADSs within the U.S., or by a U.S. payor or middleman, to a holder (other than an exempt recipient) if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax and information reporting requirements. The backup withholding tax rate is 28% for years through 2010.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO ACQUISITION, OWNERSHIP AND DISPOSITION OF COMMON SHARES OR ADSs. PROSPECTIVE PURCHASERS AND HOLDERS OF COMMON SHARES OR ADSs ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

Documents on Display

We are subject to the informational requirements of the Exchange Act applicable to foreign private issuers and, in accordance with these requirements, we file Reports with the SEC. As a foreign private issuer, we are exempt from the rules under the Exchange Act relating to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the Commission as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

You may read and copy any documents that we file with the Commission, including this Report and the related exhibits, without charge at the SEC' s public reference room at 100 F Street, N.E., Washington D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the public reference room of the Commission at 100 F Street, N.E., Washington D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. In addition, this Report and the related exhibits are publicly available through the website maintained by the Commission at *www.sec.gov*.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk, including changes in interest rates, currency exchange rates and bunker fuel costs. To manage the volatility relating to these exposures, we enter into derivative transactions in accordance with our policies. The financial impact of these instruments is offset by corresponding changes in the underlying exposures being hedged. We do not hold or issue derivative instruments for trading or speculative purposes.

Currency Rate Exposure

The primary purpose of our foreign currency hedging activities is to protect against the volatility associated with foreign currency exposures arising in the normal course of business. Hedges are put in place to: (1) limit the effects of non-functional currency fluctuations on business profit margins and earnings; (2) convert non-functional currency capital purchases to the primary currency of each company; and (3) swap non-functional currency debt for U.S. dollar debt.

The U.S. dollar is the functional currency of the most significant subsidiaries within SNTG. In SSF, the functional currencies are the Japanese yen and the Euro. The net translation adjustments arising on the above currency exposures were gains of $7.2 million, $17.1 million, and $25.6 million for the years 2005, 2004 and 2003, respectively. These are recorded in Other Comprehensive (Loss) in the Consolidated Statements of Shareholders' Equity. We do not use derivative instruments to hedge translation exposures or the value of our investments in foreign subsidiaries.

We are also exposed to fluctuations in non-functional currency revenues and operating expenditures (transaction exposures) and one-off liabilities. To control these economic exposures, our board of directors has established a hedging policy which includes allowable hedging instruments and the duration of the hedges. Normally, all hedges match the currency and maturity of the exposure. Our currency rate exposure policy prescribes the range of allowable hedging activity. The policy does not permit speculative Trading activity of any kind.

We currently use forward exchange contracts to hedge capital expenditures, non-functional currency debt, committed operating expenses, and forecasted operating costs. Our primary foreign currency exposures are the Euro, Norwegian kroner, British pound and Singapore dollar. All of our forecasted operating cost hedges are designated against specific exposures and classified as cash flow hedges. Cash flow hedges are accounted for under hedge accounting rules that allow derivative gains (losses) to be recorded on the balance sheet until the expenditure occurs.

Our derivative instruments are over-the counter instruments entered into with major financial credit institutions. We do not consider that we have a material exposure to credit risk from third parties failing to perform according to the terms of derivative instruments.

Interest Rate Exposure

Our exposure to interest rate fluctuations results from floating rate short-term credit facilities plus variable rate long-term debt and revolving credit facilities tied to LIBOR. For fiscal year 2006, our consolidated debt, after consideration of interest rate swap agreements, was approximately 74% fixed-rate debt.

Our objective in managing exposure to interest rate changes is to limit the impact of rising interest rates on earnings and cash flow and to lower overall borrowing costs. To achieve these objectives, we limit our exposure to interest rate changes through the use of fixed rate debt and financial swap contracts with major commercial banks. We maintain fixed rate debt as a percentage of our total consolidated debt between a minimum and a maximum percentage, which is set by our Board of Directors.

Bunker Fuel Exposure

Ship bunker fuel for our tanker operations constituted approximately 26% of the total operating expenses for tankers. We enter into hedge contracts for bunker fuel in order to reduce the effects of a rise in prices. Historically, a majority of the contract business of the tanker operations has been protected against a rise in bunker fuel under the terms of our COA. However, spot freight rates depend on market supply and demand for cargo, leaving profit margins unprotected against a rise in bunker fuel. As a result, we maintain an active program of hedging bunker fuel costs for a portion of the anticipated future spot business.

Market Risk Assessment

We use a value-at-risk ("VAR") model to assess the market risk of our derivative financial instruments. The model utilizes a variance/ covariance modeling technique. VAR models are intended to measure the maximum potential loss for an instrument or portfolio, assuming adverse changes in market conditions for a specific time period and confidence level. As of November 30, 2005, our estimated maximum potential one-day loss in fair value of foreign exchange rate instruments, calculated using the

VAR model given a 95% confidence level, would be approximately $1.6 million from adverse changes in foreign exchange rates. Our maximum potential one-day loss in fair value for adverse changes in interest rate and bunker fuel prices, given a 95% confidence level, would be approximately $0.1 million and $0.5 million, respectively. Actual experience has shown that gains and losses tend to offset each other over time, and it is highly unlikely that we could experience losses such as these over an extended period of time. These amounts should not be considered projections of future losses, since actual results may differ significantly depending upon activity in the global financial markets.

The fair value losses shown in the table below have no impact on our results or financial condition and serve only as an illustration of derivative and short term interest rate volatility. Note that any adverse movement in foreign exchange or bunker derivatives is offset by corresponding changes in the fair value of the underlying exposure being hedged.

	VAR	
	As of November 30,	
	2005	2004
	(in millions)	
Foreign currency exchange rates	1.6	0.2
Interest rates	0.1	0.2
Bunker fuel rates	0.5	0.1

The increase in the VAR, in connection with foreign exchange rates and bunker fuel rates, is attributable to an increase in market volatility. The decrease in VAR related to interest rates is attributable to the decrease in outstanding variable rate debt in 2004.

A discussion of our accounting policies for financial instruments is included in Note 2 to the Consolidated Financial Statements, included in Item 18 of this Report, and disclosure relating to the financial instruments is included in Note 27 to the Consolidated Financial Statements, also included in Item 18 of this Report.

Item 12. Description of Securities Other than Equity Securities.

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

None.

Item 15. Controls and Procedures.

Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is recorded, processed, summarized and reported within the required time periods. Disclosure controls and procedures are also designed to ensure that the information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Disclosure controls and procedures can provide only reasonable, rather than absolute, assurance of achieving the desired control objectives.

The term "internal control over financial reporting" is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with existing policies or procedures may deteriorate.

A "material weakness", as defined by Auditing Standard No. 2 issued by the Public Company Accounting Oversight Board, is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Our Chief Executive Officer and Chief Financial Officer, with the participation of management, have performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures at November 30, 2005. In connection with this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that such disclosure controls and procedures were not effective as of that date to achieve their intended objectives because of the existence of "material weaknesses" in our internal control over financial

reporting, as described below. In light of these weaknesses, we instituted a number of actions and procedures to ensure that the consolidated financial statements and other disclosures included in this Report do not contain any material misstatement or omission. We believe that despite these weaknesses, the consolidated financial statements included in this Report comply with U.S. GAAP.

The first "material weakness" involved the following weaknesses in the financial reporting and closing process:

- certain account balances and financial statement disclosures were not reviewed by an individual other than the preparer;
- consolidation entries were not reviewed for completeness and accuracy, and therefore could result in significant adjustments; and
- there was no disclosure committee responsible for performing an independent review of the consolidated financial statements.

We have taken a number of measures to improve our ongoing internal control over financial reporting and to eliminate the weaknesses described above. These measures include second reviews of certain account balances and financial statement disclosures and a formal evaluation of all consolidation entries and establishing a formal disclosure committee.

Following the recent sales of our ownership interests in both Stolt Offshore and Marine Harvest, the process of preparing our consolidated financial statements has become more streamlined. Our accounting and financial reporting staff can now focus its effort on a reduced scope of work. We expect these changes to improve the efficiency of our accounting and financial reporting team and the quality of its review. This should enable our new controller to conduct a second review of significant accounting and financial reporting information. We have also introduced new procedures, such as the formal evaluation of all consolidation entries, and formal checklists of accounting and disclosure related issues at each of our subsidiaries and at the corporate level. We are also consolidating our financial reporting and control functions in London, where our Chief Financial Officer and the other members of senior management are located. We expect that the combination of the measures described above will address the weaknesses in our financial reporting and closing process.

Although at the end of the 2005 fiscal year, we did not have a formal disclosure committee, certain individuals performed similar functions as part of the preparation of the reports we file with the SEC, including our Report on Form 20-F. Nonetheless, we have formalized the review process already in place by establishing a disclosure committee which reviewed the Consolidated Financial Statements, included in Item 18 of this Report and the other disclosures in this Report. The members of the disclosure committee include the controller, the general counsel, representatives from investor relations, and other persons as required from time to time.

The second material weakness related to the administration of our stock option plan. This weakness was identified and remedied in fiscal year 2005. Prior to that time, our process for our annual granting of stock options was that, each December, the Chairman of the Compensation Committee of our Board of Directors, using the verbal authority delegated to him by the Board, would determine the exercise price for that year' s stock option awards based on the lowest closing market price of our Common Shares during that month. Our Compensation Committee would meet in December or January to review and approve the option grants and, following their approval, notices would be delivered to each of the grantees. This process created ambiguity regarding the appropriate measurement date relevant to our accounting for stock option grants.

Up to November 30, 2005, we accounted for our option grants pursuant to Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). In accordance with APB 25, we recognized a compensation expense of approximately $1.2 million in 2005 because the exercise price of our options set by the Compensation Committee in December 2004 and December 2003 and approved by the Compensation Committee in January 2005 and January 2004, respectively, was lower than the market price of our Common Shares on the date of the Compensation Committee' s approval as a result of the option grant process described above. Prior to the awards made in January 2004, there was no material difference between the lowest price in the month of December and our share price on the date of the Compensation Committee meeting approving the stock option grants.

We revised our process for determining and approving option grants so that we comply with APB 25 and the terms of stock option plans and the exercise price of the options granted is always the market price of our Common Shares on the date the Compensation Committee approves option grants. This is the procedure that was followed in connection with options granted in January 2006. We believe that this change in the process for determining and approving option grants has addressed the weakness relating to the administration of our stock option plan.

We identified the lack of awareness of our anti-fraud processes as a "material weakness" since such processes may not be fully understood and embedded throughout all levels of SNSA. During fiscal year 2006, we are taking steps to remediate this weakness, including: a formal fraud risk assessment by senior management; ensuring appropriate emphasis in our Code of Business Conduct, of those practices that are unacceptable, including fraud, and actions prohibited by the U.S. Foreign Corrupt Practices Act; increased exposure of our whistleblower program; the presentation of a fraud awareness program during future training courses of finance teams and self-certification by key management.

We identified additional deficiencies associated with a lack of access controls and the security of certain computer systems, including electronic spreadsheets used in the financial reporting process and the presentation of our financial information. We use spreadsheets, among other things, to prepare our period-end consolidation, to support areas of significant estimation and judgment in the financial statements, to accumulate information for footnote disclosures and to analyze balance sheet and income statement amounts. During the course of our evaluation, we determined that we did not have adequate change management and access controls in place, and that such control processes lacked formal documentation to prevent unauthorized access to these spreadsheets. We believe that such deficiencies could result in material errors in a significant number of account balances and disclosures due to a lack of integrity of the data used in preparing our consolidated financial statements. However, due to their potential pervasive effect on financial statement account balances and disclosures and the importance of the annual and interim financial closing and reporting process, we have concluded that, in the aggregate, these deficiencies could result in a more than remote likelihood that an error or misstatement would not be prevented or detected and constitutes a material weakness. We are currently addressing these issues as a part of our documentation and testing for compliance with Section 404 of the Sarbanes-Oxley Act.

Section 404 of the Sarbanes-Oxley Act will require us to include an internal control report of management in future Annual Reports on Form 20-F. We expect to continue to make changes in our internal control over financial reporting during our documentation and control evaluation in preparation for compliance with Section 404 of the Sarbanes-Oxley Act. As we implement remaining changes in our internal controls over financial reporting, we may identify additional deficiencies in our system of internal control over financial reporting that will require additional remedial efforts.

Except for the changes disclosed herein, there has been no change in our internal control over financial reporting that occurred during the period covered by this Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16. Reserved

Item 16A. Audit Committee Financial Expert.

Our Audit Committee includes a financial expert as defined under the rules and regulations of the Exchange Act. Roelof Hendriks has been designated as our audit committee financial expert. Mr. Hendriks is an independent director as such term is defined under Rule 10A-3 under the Exchange Act and the Nasdaq Marketplace Rules. We believe the skills, experience and education of the Audit Committee members qualify them to carry out their duties as members of the Audit Committee. In addition, the Audit Committee has the ability to retain its own independent accountants, financial advisors or other consultants, advisors and experts whenever it deems appropriate.

Item 16B. Code of Ethics.

We have adopted a code of ethics applicable to our directors, principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions. We previously took advantage of the exemption available to foreign private issuers from the Nasdaq corporate governance requirement regarding our code of ethics. However, in February 2006, we updated our code of ethics to be in full compliance with the Nasdaq Marketplace Rules. A copy of this new code of ethics is

attached as Exhibit 11 to this Report and it is also available on our websites at www.stolt-nielsen.com and www.sntg.com.

Item 16C. Principal Accountant Fees and Services.

The following table sets forth the total remuneration that was paid by us and our subsidiaries to our principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte & Touche"), which includes Deloitte Consulting, for each of our previous two fiscal years ended November 30,:

	2005	2004
	(in millions)	
Audit fees	$3.3	$2.4
Audit-related fees	0.2	0.2
Tax fees	0.3	0.3
All other fees	–	–
Total	$3.8	$2.9

The amounts for the first quarter of 2004 pertaining to SOSA, for audit fees of $0.8 million and audit related fees of $0.1 million, have been excluded from the above table.

Audit Fees

Audit fees principally constitute fees billed for professional services rendered by Deloitte & Touche for the audit of our consolidated and statutory financial statements for each of the fiscal years 2005 and 2004, and the reviews of the financial information included in interim financial reports during fiscal years 2005 and 2004.

Audit-Related Fees

Audit-related fees principally constitute fees billed for assurance and related services by Deloitte & Touche that are reasonably related to the performance of the audit or review of our consolidated financial statements, other than the services reported above under "Audit Fees," in each of the fiscal years 2005 and 2004. In fiscal year 2005, audit-related fees principally consisted of fees for agreed upon procedures performed in connection with the contribution of our aquaculture business to the Marine Harvest joint venture, a specialist review of the fair value of the Marine Harvest investment, and audits of a U.S. pension plan and a retirement savings plan. In fiscal year 2004, audit-related fees principally consisted of fees for assistance with an SEC comment letter on our 2003 annual report on Form 20-F, audits of U.S. pension plans and a retirement savings plan, and a consent in connection with our registration statement on Form S-8.

Tax Fees

Tax fees constitute fees billed for professional services rendered by Deloitte & Touche for tax compliance, tax advice and tax planning in each of the fiscal years 2005 and 2004. In fiscal years 2005 and 2004, tax fees principally consisted of fees for advisory services related to tax return compliance work in several countries, mainly the Netherlands and U.K., and general tax matters in the Netherlands.

All Other Fees

All other fees constitute the aggregate fees billed for products and services, other than the services reported above under "Audit Fees," "Audit-Related Fees" and "Tax Fees," provided by Deloitte & Touche in each of the fiscal years 2005 and 2004. There were no fees billed in this category in fiscal years 2004 or 2005.

Audit Committee Pre-Approval Policy and Procedure

Our Audit Committee adopted a policy on November 18, 2002 to pre-approve all audit and non-audit services provided by our independent registered public accounting firm provided to us or our subsidiaries prior to the engagement of our independent registered public accounting firm with respect to such services. Prior to engagement of the independent registered public accounting firm for the next year' s audit, management submits to the Audit Committee for approval a list of services and related fees expected to be rendered during that year within each of four categories of services−audit, audit related, tax, and all other services. Prior to engagement, the Audit Committee pre-approves the independent registered public accounting firm' s services within each category. The Audit Committee may delegate to one or more members who are independent directors of the board of directors authority to pre-approve the engagement of the independent registered

public accounting firm. Our Audit Committee pre-approved all audit and non-audit services provided to us and to our subsidiaries during the years listed above.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

We announced on August 25, 2005 a share repurchase program. We were authorized by our Board of Directors to purchase up to $200 million of our Common Shares or related American Depositary Shares in the open market.

Accordingly, in conformity with applicable Oslo Børs requirements, we report any share buyback, through our wholly owned subsidiary, Stolt-Nielsen Transportation Group Ltd., through the disclosure system of the Oslo Børs, a press release, and on our website at www.stolt-nielsen.com.

The following table sets forth information concerning our purchases of its Common Shares through May 30, 2006:

Purchase Date	Total Number of Shares Purchased	Avg. Price Paid per Share in NOK	Total number of Shares Owned	Remaining Amount that May be Spent under the Share Repurchase Program in $ millions
May 19, 2006	78,500	159.45	4,593,500	$ 61.3
May 16, 2006	382,950	164.05	4,515,000	$ 63.4
May 15, 2006	589,450	162.50	4,132,050	$ 73.7
May 4, 2006	147,050	164.53	3,542,600	$ 89.5
May 3, 2006	101,450	163.50	3,395,550	$ 93.4
April 28, 2006	171,150	174.00	3,294,100	$ 96.1
April 27, 2006	295,200	174.72	3,122,950	$101.0
April 21, 2006	465,800	177.58	2,827,750	$109.3
April 20, 2006	200,300	178.04	2,361,950	$122.3
April 10, 2006	100,000	188.81	2,161,650	$127.9
March 7, 2006	350,000	215.77	2,061,650	$130.8
February 28, 2006	100,000	210.25	1,711,650	$142.0
November 30, 2005	148,450	218.06	1,611,650	$145.2
November 16, 2005	200,000	219.16	1,463,200	$150.0
October 21, 2005	119,600	220.00	1,263,200	$156.5
October 18, 2005	637,900	224.15	1,143,600	$160.6
October 14, 2005	505,700	224.97	505,700	$182.4

PART III

Item 17. Financial Statements.

We have elected to provide financial statements for the fiscal year ended November 30, 2005 and the related information pursuant to Item 18.

Item 18. Financial Statements.

See pages F-1 to F-66 and S-1 to S-3, which are incorporated herein by reference.

A. Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Operations for the years ended November 30, 2005, 2004 and 2003

Consolidated Balance Sheets as of November 30, 2005 and 2004

Consolidated Statements of Shareholders' Equity for the years ended November 30, 2005, 2004 and 2003

Consolidated Statements of Cash Flows for the years ended November 30, 2005, 2004 and 2003

Notes to Consolidated Financial Statements

B. Supplementary Schedule

Report of Independent Registered Public Accounting Firm

Schedule II–Valuation and Qualifying Accounts

Item 19. Exhibits.

1.1 Consolidated Articles of Incorporation following the Annual General Meeting of Shareholders of May 30, 2006.

2.1 Deposit Agreement among Stolt-Nielsen S.A., Citibank, N.A., as Depositary and the holders and beneficial owners of American Depositary Receipts. Incorporated by reference to Exhibit A to Stolt-Nielsen' s Registration Statement on Form F-6 (Registration File No. 333-90728) filed with the Securities and Exchange Commission on June 13, 2002.

2.2 Form of American Depositary Receipt (included in Exhibit 2.1).

4.1 Stolt Tankers Joint Service Agreement, as restated effective November 12, 1997, among Stolt Tankers Inc., Stolt Parcel Tankers, Inc., NYK Stolt Tankers, S.A., Rederi AB Sunship, Barton Partner Limited, Bibby Pool Partner Limited and Unicorn Lines (Pty) Ltd. Incorporated by reference to Exhibit 4.1 of Stolt-Nielsen' s Annual Report on Form 20-F/A for the fiscal year ended November 30, 2002, filed with the Securities and Exchange Commission on June 4, 2003.

4.2 Addendum to the Joint Service Agreement, dated March 2, 2000, between Stolt Tankers Inc. and Stolt Parcel Tankers Inc., Barton Partner Limited, Bibby Pool Partner Limited, Unicorn Tankers (International) Limited, Rederi AB Sunship and NYK Stolt Tankers S.A. Incorporated by reference to Exhibit 4.2 of Stolt-Nielsen' s Annual Report on Form 20-F/A for the fiscal year ended November 30, 2002, filed with the Securities and Exchange Commission on June 4, 2003.

4.3 Novation Agreement, dated November 22, 2002, among Stolt Tankers Inc., Stolt-Nielsen Transportation Group Ltd., Barton Partner Limited, Bibby Pool Partner Limited, Unicorn Tankers (International) Limited, NYK Stolt Tankers S.A. and Stolt-Nielsen Transportation Group B.V. Incorporated by reference to Exhibit 4.3 of Stolt-Nielsen' s Annual Report on Form 20-F/A for the fiscal year ended November 30, 2002, filed with the Securities and Exchange Commission on June 4, 2003.

4.4 Addendum to the Joint Service Agreement, dated December 10, 2002, between Stolt-Nielsen Transportation Group B.V. and Stolt-Nielsen Transportation Group B.V., Barton Partner Limited, Bibby Pool Partner Limited, Unicorn Tankers (International) Limited and NYK Stolt Tankers S.A. Incorporated by reference to Exhibit 4.4 of Stolt-Nielsen' s Annual Report on Form 20-F/A for the fiscal year ended November 30, 2002, filed with the Securities and Exchange Commission on June 4, 2003.

4.5 Contribution Agreement, dated December 3, 2004, between Nutreco Holding N.V., Stolt Sea Farm Investments B.V. and Stolt-Nielsen S.A. Incorporated by reference to Exhibit 4.8 of Stolt-Nielsen' s Annual Report on Form 20-F for the fiscal year ended November 30, 2004, filed with the Securities and Exchange Commission on May 31, 2005.

4.6 Amendment Agreement dated April 29, 2005 to the Contribution Agreement between Nutreco Holding N.V., Stolt Sea Farm Investments B.V. and Stolt-Nielsen S.A. Incorporated by reference to Exhibit 4.9 of Stolt-Nielsen' s Annual Report on Form 20-F for the fiscal year ended November 30, 2004, filed with the Securities and Exchange Commission on May 31, 2005.

4.7 Shareholders Agreement dated April 29, 2005 between Nutreco Holding N.V., Stolt-Nielsen S.A. and Stolt Sea Farm Investments B.V. Incorporated by reference to Exhibit 4.10 of Stolt-Nielsen' s Annual report on From 20-F for the fiscal year ended November 30, 2004, filed with the Securities and Exchange Commission on May 31, 2005.

4.8 Share Purchase Agreement relating to Marine Harvest N.V., Nutreco Holding N.V. and Stolt Sea Farm Investments B.V., as Sellers, and Geveran Trading Co Ltd, as Purchaser, and Greenwich Holdings Ltd., as Guarantor dated March 6, 2006.

4.9 Amendment Agreement, relating to Marine Harvest N.V., among Nutreco Holding N.V. and Stolt Sea Farm Investments B.V., as Sellers, and Geveran Trading Co Ltd, as Purchaser, and Greenwich Holdings Ltd., as Guarantor, and Pan Fish ASA, as Assignee, dated March 27, 2006.

4.10 $400,000,000 Secured Multicurrency Revolving Loan Facility Agreement, between Stolt Tankers Finance II B.V. (as borrower) and Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd (Liberia), Stolt-Nielsen Transportation Group Ltd (Bermuda), Stolt-Nielsen Investments N.V., Stolt-Nielsen Holdings BV and Stolt-Nielsen Transportation Group BV (as joint and several guarantors) and Deutsche Bank AG in Hamburg, DnB NOR Bank ASA, DVB Bank AG and Nordea Bank Norge ASA (as mandated lead arrangers and underwriters) and the Banks Listed in Schedule 1 (as banks) and Deutsche Bank AG in Hamburg (as facility agent and security trustee), dated 29 July 2005.

4.11 $325,000,000 Secured Multicurrency Revolving Loan Facility Agreement, between Stolt Tankers Finance III B.V. (as borrower) and Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd (Liberia), Stolt-Nielsen Transportation Group Ltd (Bermuda), Stolt-Nielsen Investments N.V., Stolt-Nielsen Holdings BV and Stolt-Nielsen Transportation Group BV (as joint and several guarantors) and Citibank N.A. (as underwriter and bookrunner) and Deutsche Bank AG in Hamburg and Deutsche Schiffsbank AG (as underwriters) and Citigroup Global Markets Limited, Deutsche Bank AG in Hamburg and Deutsche Schiffsbank AG (as mandated lead arrangers) and the Banks Listed in Schedule 1 (as banks) and Citibank International plc (as facility agent) and Citicorp Trustee Company Limited (as security trustee), dated 30 January 2006.

4.12 Amendment Agreement, dated 10 February 2006, amending the $325,000,000 Secured Multicurrency Revolving Loan Facility Agreement, between Stolt Tankers Finance III B.V. (as borrower) and Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd (Liberia), Stolt-Nielsen Transportation Group Ltd (Bermuda), Stolt-Nielsen Investments N.V., Stolt-Nielsen Holdings BV and Stolt-Nielsen Transportation Group BV (as joint and several guarantors) and Citibank N.A. (as underwriter and bookrunner) and Deutsche Bank AG in Hamburg and Deutsche Schiffsbank AG (as underwriters) and Citigroup Global Markets Limited, Deutsche Bank AG in Hamburg

and Deutsche Schiffsbank AG (as mandated lead arrangers) and the Banks Listed in Schedule 1 (as banks) and Citibank International plc (as facility agent) and Citicorp Trustee Company Limited (as security trustee), dated 30 January 2006.

4.13 Loan Agreement, $225,779,737.18 Existing Financing and $100,000,000, New Financing Top Up Term Loan, between Stolt Tankers Finance B.V., as Borrower, and Danish Ship Finance A/S (Danmarks Skibskredit A/S), as Lender, Dated: 27 October 2005, "Stolt Fleet Loan" DSF-Loan No. 4126.

4.14 Amendment No. 1 to the Loan Agreement, $39,285,714.26, between Stolt Tankers Finance B.V., as Borrower, and Danish Ship Finance A/S (Danmarks Skibskredit A/S) and DVB Bank A.G., as Lenders "M/V Stolt Achievement" DSF-Loan No. 4153, dated 27 July 2005.

4.15 Term Loan and Revolving Credit Facility Agreement Providing for $150,000,000 Senior Secured Credit Facilities, Stolthaven Houston Inc. and Stolthaven New Orleans LLC, as Borrowers, DnB NOR Bank ASA, acting through its New York Branch, as Administrative Agent and Collateral Agent, the Banks and Financial Institutions identified on Schedule 1, as Lenders, and Stolt-Nielsen S.A. and Stolt-Nielsen Transportation Group Ltd. as Joint and Several Guarantors, dated as of August 13, 2004.

4.16 Supplement No. 1 to Term Loan and Revolving Credit Facility Agreement, made by and among, Stolthaven Houston Inc. and Stolthaven New Orleans LLC, as Borrowers, DnB NOR Bank ASA, acting through its New York Branch, as Administrative Agent and Collateral Agent, the Banks and Financial Institutions identified on Schedule 1 to the Original Agreement, as Lenders, and Stolt-Nielsen S.A. and Stolt-Nielsen Transportation Group Ltd., as Joint and Several Guarantors dated as of November 30, 2004.

4.17 Amendment No. 1 to Term Loan and Revolving Credit Facility Agreement, made by and among, Stolthaven Houston Inc. and Stolthaven New Orleans LLC, as Borrowers, DnB NOR Bank ASA, acting through its New York Branch, as Administrative Agent and Collateral Agent, the Banks and Financial Institutions identified on Schedule 1 to the Original Agreement, as Lenders, and Stolt-Nielsen S.A. and Stolt-Nielsen Transportation Group Ltd., as Joint and Several Guarantors, dated as of July 20, 2005.

4.18 Amendment No. 2 to Term Loan and Revolving Credit Facility Agreement, made by and among, Stolthaven Houston Inc. and Stolthaven New Orleans LLC, as Borrowers, DnB NOR Bank ASA, acting through its New York Branch, as Administrative Agent and Collateral Agent, the Banks and Financial Institutions identified on Schedule 1 to the Original Agreement, as Lenders, and Stolt-Nielsen S.A. and Stolt-Nielsen Transportation Group Ltd., as Joint and Several Guarantors, dated as of May 5, 2006.

4.19 Form Shipbuilding Contract for Construction and Sale of four Product/Chemical Tankers, by and between Stolt-Nielsen Transportation Group B.V., as buyer, and ShinA Shipbuilding Co., Ltd., as builder, dated as of June 9, 2005.

8.1 Significant subsidiaries as of the end of the year covered by this Report. See “Item 4. Information on the Company–Significant Subsidiaries.”

11 Code of Ethics.

12.1 Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

12.2 Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

13.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated May 31, 2006.*

13.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated May 31, 2006.*

14.1 Consent and report on schedule of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.

14.2 Consent of Elvinger, Hoss & Prussen.

* This document is being furnished in accordance with SEC Release Nos. 33-8212 and 34-47551.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

STOLT-NIELSEN S.A.

By: /s/ Niels G. Stolt-Nielsen
Name: Niels G. Stolt-Nielsen
Title: Chief Executive Officer

By: /s/ Jan Chr. Engelhardtsen
Name: Jan Chr. Engelhardtsen
Title: Chief Financial Officer

Date: May 31, 2006

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements of Stolt-Nielsen S.A.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders of Stolt-Nielsen S.A.:

We have audited the accompanying consolidated balance sheets of Stolt-Nielsen S.A. (a Luxembourg company) and subsidiaries (the "Company") as of November 30, 2005 and 2004, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended November 30, 2005. These financial statements are the responsibility of the Company' s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control over financial

reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16 to the consolidated financial statements, effective December 1, 2003, the Company changed its method of accounting for variable interest entities to conform to FASB Interpretation No. 46 (R), "Consolidation of Variable Interest Entities".

Deloitte & Touche LLP
Stamford, Connecticut
April 28, 2006

STOLT-NIELSEN S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended November 30,		
	2005	**2004**	**2003**
	(in thousands, except per share data)		
Operating Revenue (Note 2):			
Stolt-Nielsen Transportation Group:			
Tankers	**$ 966,155**	$ 840,952	$ 758,264
Tank Containers	**334,286**	297,495	254,692
Terminals	**83,251**	75,618	63,896
SNTG Corporate	**7,285**	4,671	3,804
	1,390,977	1,218,736	1,080,656
Stolt Sea Farm	**245,507**	459,073	461,817
Corporate and other	**1,504**	1,515	1,624
	1,637,988	1,679,324	1,544,097
Operating Expenses (Note 2):			
Stolt-Nielsen Transportation Group:			
Tankers	**738,242**	640,015	612,538
Tank Containers	**267,080**	246,172	208,921
Terminals	**51,579**	45,401	41,147
SNTG Corporate	**6,918**	3,479	3,079
	1,063,819	935,067	865,685
Stolt Sea Farm	**220,033**	438,635	481,939
	1,283,852	1,373,702	1,347,624
Gross Profit	**354,136**	305,622	196,473
Equity in net income (loss) of non-consolidated joint ventures (Note 10)	**14,950**	23,013	(11,546)
Administrative and general expenses	**(185,171)**	(200,608)	(163,238)
Write-off of goodwill (Note 5)	**–**	–	(2,360)
Restructuring charges (Note 7)	**(7,064)**	(2,679)	(2,140)
Gain (loss) on disposal of assets, net (Note 6)	**11,558**	3,076	(1,089)
Other operating (expense) income, net	**(6,003)**	6,155	(5,447)
Operating Income	**182,406**	134,579	10,653
Non-Operating Income (Expense):			

Interest expense	**(47,594)**	(80,460)	(71,937)
Interest income	**6,918**	4,032	3,958
Foreign currency exchange (loss) gain	**(2,149)**	6,848	22,270
Loss on early retirement of debt, net (Note 14)	**(15,110)**	–	–
Income (Loss) from Continuing Operations before Income Tax Provision, Minority Interest, Equity in Net Income of Marine Harvest and Cumulative Effect of a Change in Accounting Principle	**124,471**	64,999	(35,056)
Income tax provision (Note 8)	**(9,679)**	(11,922)	(15,927)
Income (Loss) from Continuing Operations before Minority Interest, Equity in Net Income of Marine Harvest and Cumulative Effect of a Change in Accounting Principle	**114,792**	53,077	(50,983)
Minority interest	**(55)**	348	404
Equity in net income of Marine Harvest (Note 4)	**11,300**	–	–
Income (Loss) from Continuing Operations before Cumulative Effect of a Change in Accounting Principle	**126,037**	53,425	(50,579)
Income (loss) from discontinued operations (Note 3)	**1,100**	(1,649)	(265,407)
Gain on sale of investment in discontinued operations (Note 3)	**355,882**	24,870	–
Income (Loss) before Cumulative Effect of a Change in Accounting Principle	**483,019**	76,646	(315,986)
Cumulative effect of a change in accounting principle (Note 16)	–	(1,776)	–
Net Income (Loss)	**$ 483,019**	$ 74,870	$ (315,986)

STOLT-NIELSEN S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)

	For the years ended November 30,		
	2005	**2004**	**2003**
	(in thousands, except per share data)		
Income (Loss) per Common Share (Note 2):			
Basic			
Income (loss) from continuing operations	**$ 1.94**	$ 0.87	$ (0.92)
Income (loss) from discontinued operations	**0.02**	(0.03)	(4.83)
Gain on sale of investment in discontinued operations	**5.49**	0.40	–
Income (loss) before cumulative effect of a change in accounting principle	**7.45**	1.24	(5.75)
Cumulative effect of a change in accounting principle	**–**	(0.03)	–
Net Income (Loss)	**$ 7.45**	$ 1.21	$ (5.75)
Diluted			
Income (loss) from continuing operations	**$ 1.90**	$ 0.85	$ (0.92)
Income (loss) from discontinued operations	**0.02**	(0.03)	(4.83)
Gain on sale of investment in discontinued operations	**5.37**	0.40	–
Income (loss) before cumulative effect of a change in accounting principle	**7.29**	1.22	(5.75)
Cumulative effect of a change in accounting principle	**–**	(0.03)	–
Net Income (Loss)	**$ 7.29**	$ 1.19	$ (5.75)
Weighted Average Number of Common Shares and Common Share Equivalents Outstanding (Note 2):			
Basic	**64,864**	61,767	54,949

Diluted	**66,218**	62,630	54,949

See notes to consolidated financial statements.

STOLT-NIELSEN S.A.
CONSOLIDATED BALANCE SHEETS

	As of November 30,	
	2005	**2004**
	(in thousands, except for share data)	
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 29,587**	$ 71,447
Trade receivables (net of allowance for doubtful accounts of $3,075 in 2005 and $8,009 in 2004)	**138,190**	171,508
Inventories (Note 9)	**17,556**	220,861
Receivables from related parties (Note 10)	**3,306**	5,223
Restricted cash deposits	**14**	497
Prepaid expenses	**45,524**	52,450
Other current assets	**8,192**	16,335
Total Current Assets	**242,369**	538,321
Fixed Assets, at cost:		
SNTG Tankers	**2,024,981**	1,982,582
Deposits for SNTG Tankers under construction	**25,549**	–
SNTG Tank containers	**139,867**	103,020
SNTG Terminals	**329,259**	310,301
Stolt Sea Farm	**45,581**	275,334
Other	**39,136**	43,072
	2,604,373	2,714,309
Less–accumulated depreciation	**(1,130,740)**	(1,194,261)
Fixed assets, net	**1,473,633**	1,520,048
Investments in and advances to non-consolidated joint ventures (Note 10)	**85,839**	74,689
Investment in and loan to Marine Harvest (Note 4)	**329,300**	–
Investment in and advances to discontinued operations (Note 11)	–	133,400
Deferred income tax assets, net of valuation allowances (Note 8)	**23,076**	25,085
Goodwill (Note 5)	**303**	28,843
Other intangible assets, net (Note 5)	**24,196**	32,864
Other assets	**61,548**	78,803
Total Assets	**$ 2,240,264**	$ 2,432,053
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term bank loans (Note 13)	**$ 173,349**	$ 292,495
Current maturities of long-term debt (Note 14)	**49,482**	165,798
Accounts payable	**53,802**	89,011
Accrued voyage expenses	**54,979**	56,383
Accrued expenses	**138,676**	137,174
Other current liabilities	**10,851**	32,883
Total Current Liabilities	**481,139**	773,744

Long-term debt (Note 14)	**444,099**	654,558
Deferred income tax liabilities (Note 8)	**40,921**	36,319
Other liabilities	**60,839**	80,786
Minority interest	**204**	3,353
Commitments and contingencies (Notes 17 and 18)		
Shareholders' Equity (Note 20):		
Founder' s shares: no par value−30,000,000 shares authorized, 16,434,891 issued in 2005 and 15,844,190 shares issued in 2004 at stated value, less 402,913 treasury shares in 2005	–	–
Common shares: no par value−120,000,000 shares authorized, 65,739,564 shares issued in 2005 and 63,376,760 shares issued in 2004 at stated value	**65,740**	63,377
Paid-in surplus	**342,932**	311,016
Retained earnings	**875,321**	523,368
Accumulated other comprehensive loss, net (Note 2)	**(16,096)**	(14,468)
	1,267,897	883,293
Less−Treasury stock, at cost, 1,611,650 Common shares in 2005	**(54,835)**	–
Total Shareholders' Equity	**1,213,062**	883,293
Total Liabilities and Shareholders' Equity	**$ 2,240,264**	$ 2,432,053

See notes to consolidated financial statements.

STOLT-NIELSEN S.A.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Capital Stock	Paid-in Surplus	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Comprehensive Income (Loss)
	(in thousands, except for share data)					
Balance, December 1, 2002	$ 62,639	$ 340,893	$ (134,024)	$ 778,290	$ (57,979)	–
Cash dividends paid−$0.25 per Common share	–	–	–	(13,737)	–	–
Cash dividends paid−$0.005 per Founder' s share	–	–	–	(69)	–	–
Settlement of share price guarantees by Stolt Offshore (Note 3)	–	(5,394)	–	–	–	
Net loss	–	–	–	(315,986)	–	$ (315,986)
Other comprehensive income (loss):						
Translation adjustments, net	–	–	–	–	25,562	25,562
Change in unrealized gains and losses on securities	–	–	–	–	15,365	15,365
Minimum pension liability adjustments, net of tax provision of $(4,542)	–	–	–	–	197	197
Net losses on cash flow hedges reclassified into earnings	–	–	–	–	(1,543)	(1,543)
Other comprehensive income, net						39,581
Comprehensive loss						$ (276,405)
Balance, November 30, 2003	62,639	335,499	(134,024)	448,498	(18,398)	
Exercise of stock options for 738,563 Common shares	738	8,499	–	–	–	–
Issuance of 184,641 Founder' s shares	–	–	–	–	–	–
Sale of 7,688,810 Treasury Common shares	–	(32,982)	134,024	–	–	–
Net income	–	–	–	74,870	–	$ 74,870
Other comprehensive income (loss):						

Deconsolidation of Stolt Offshore	–	–	–	–	(12,136)	(12,136)
Translation adjustments, net	–	–	–	–	17,108	17,108
Minimum pension liability adjustments, net of tax benefit of $153	–	–	–	–	(438)	(438)
Net losses on cash flow hedges reclassified into earnings	–	–	–	–	(604)	(604)
Other comprehensive income, net						3,930
Comprehensive income						$ 78,800
Balance, November 30, 2004	63,377	311,016	–	523,368	(14,468)	–
Exercise of stock options for 2,362,804 Common shares	2,363	30,689	–	–	–	–
Issuance of 590,701 Founder' s shares	–	–	–	–	–	–
Purchase of Treasury Common shares–1,611,650 shares	–	–	(54,835)	–	–	–
Purchase of Founder' s shares–402,913 shares	–	–	–	–	–	–
Stock-based compensation	–	1,227	–	–	–	–
Cash dividends paid–$2.00 per Common share	–	–	–	(130,984)	–	–
Cash dividends paid–$0.005 per Founder' s share	–	–	–	(82)	–	
Net income	–	–	–	483,019	–	$ 483,019
Other comprehensive income (loss):						
Translation adjustments, net	–	–	–	–	7,182	7,182
Minimum pension liability adjustments, net of tax benefit of $1,039	–	–	–	–	(2,969)	(2,969)
Net losses on cash flow hedges reclassified into earnings	–	–	–	–	(5,841)	(5,841)
Other comprehensive loss, net						(1,628)
Comprehensive income						$ 481,391
Balance, November 30, 2005	**$ 65,740**	**$ 342,932**	**$ (54,835)**	**$ 875,321**	**$ (16,096)**	

See notes to consolidated financial statements.

STOLT-NIELSEN S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended November 30,		
	2005	**2004**	**2003**
		(in thousands)	
Cash Flows from Operating Activities:			
Net Income (Loss)	**$ 483,019**	$ 74,870	$ (315,986)
Less: Income (Loss) related to discontinued operations	**356,982**	23,221	(265,407)
Income (Loss) from continuing operations	**126,037**	51,649	(50,579)
Adjustments to Reconcile Net Income (Loss) to			
Net Cash Provided by Operating Activities:			
Cumulative effect of a change in accounting principle	–	1,776	–
Depreciation of fixed assets	**96,987**	102,616	100,249
Amortization of other intangible assets	**42**	1,190	1,694
Amortization of debt issuance costs	**1,280**	1,568	1,109
Loss on early retirement of debt–non cash	**778**	–	–
Write-off of goodwill	–	–	2,360

Amortization of drydock costs	**10,771**	11,016	11,523
Provisions (reversals/benefits) for reserves and deferred taxes	**(27,382)**	(13,685)	20,551
Equity in net (income) loss of non-consolidated joint ventures	**(14,950)**	(23,013)	11,546
Equity in net income of Marine Harvest	**(11,300)**	–	–
Minority interest	**55**	(348)	(404)
Foreign currency related losses (gains)	**1,359**	(7,037)	–
(Gain) loss on disposal of assets, net	**(11,558)**	(3,076)	1,089
Stock-based compensation	**1,227**	–	–
Changes in assets and liabilities, net of effect of divestitures:			
Increase in trade receivables	**(8,485)**	(5,973)	(17,728)
Decrease (increase) in inventories	**33,340**	32,512	(26,297)
Decrease (increase) in prepaid expenses and other current assets	**7,599**	(11,166)	(6,663)
Increase in accounts payable and other current liabilities	**16,228**	2,862	58,145
Payments of drydock costs	**(2,580)**	(16,357)	(7,558)
Dividends from non-consolidated joint ventures	**5,853**	16,887	10,956
Other, net	**3,894**	(5,504)	151
Net cash provided by operating activities–Continuing operations	**229,195**	135,917	110,144
Net cash provided by (used in) operating activities–Discontinued operations	–	51,442	(27,520)
Net cash provided by operating activities	**229,195**	187,359	82,624
Cash flows from investing activities, net of effect of acquisitions and investments:			
Capital expenditures	**(158,806)**	(51,329)	(66,157)
Proceeds from sales of ships and other assets	**9,391**	3,824	98,722
(Investment in and advances to) amounts received from affiliates and others, net	**(7,422)**	27,241	(6,683)
Cash contribution to Marine Harvest	**(19,314)**	–	–
(Increase) decrease in restricted cash deposits	**(271)**	24,918	(25,072)
Decrease (increase) in long-term loans and advances to employees and officers	**4,758**	2,716	(2,467)
Other, net	**1,892**	(3,363)	1,398
Net cash (used in) provided by investing activities–Continuing operations	**(169,772)**	4,007	(259)
Net cash provided by (used in) investing activities–Discontinued operations	**492,400**	(157,837)	(13,066)
Net cash provided by (used in) investing activities	**322,628**	(153,830)	(13,325)
Cash flows from financing activities:			
(Decrease) increase in short-term bank loans	**(119,146)**	(188,525)	160,955
Repayment of long-term debt	**(418,023)**	(237,375)	(158,806)
Principal payments under capital lease obligations	–	(88)	(580)
Proceeds from issuance of long-term debt	**100,000**	150,000	8,320
Debt issuance costs	**(2,945)**	(4,231)	–
Proceeds from exercise of stock options	**33,052**	9,237	–
Net proceeds from sale of Treasury Common shares through private placement	–	101,042	–
Purchase of Treasury Common shares	**(54,835)**	–	–
Dividends paid	**(131,066)**	–	(13,806)
Net cash used in financing activities–Continuing operations	**(592,963)**	(169,940)	(3,917)
Net cash provided by financing activities–Discontinued operations	–	52,048	59,767
Net cash (used in) provided by financing activities	**(592,963)**	(117,892)	55,850
Effect of exchange rate changes on cash	**(720)**	5,771	2,017
Net (decrease) increase in cash and cash equivalents	**(41,860)**	(78,592)	127,166
Cash and cash equivalents at beginning of year	**71,447**	150,039	22,873
Cash and cash equivalents at end of year	**$ 29,587**	$ 71,447	$ 150,039

See notes to consolidated financial statements.

1. The Company

Nature of Business Operations

Stolt-Nielsen S.A. ("SNSA"), a Luxembourg company, its subsidiaries and equity investees (collectively, the "Company") are primarily engaged in two businesses: Transportation and Seafood.

The Transportation business, which is carried out through Stolt-Nielsen Transportation Group Ltd. ("SNTG"), is engaged in the worldwide transportation, storage, and distribution of bulk liquid chemicals, edible oils, acids, and other specialty liquids providing its customers with integrated logistics solutions.

The Seafood business, which is carried out through Stolt Sea Farm Holdings plc ("SSF"), produces, processes, and markets turbot, Southern bluefin tuna and sole.

On April 29, 2005, the Company completed the merger of the salmon operations of SSF and Nutreco Holding N.V.' s ("Nutreco") worldwide fish farming, processing, and marketing and sales operations into a new stand-alone business entity, Marine Harvest N.V. ("Marine Harvest"). The Company has a 25% ownership interest in Marine Harvest and Nutreco has a 75% ownership interest. The Company has retained the turbot and sole operations in Europe and the Southern bluefin tuna operations in Australia. The Company accounts for its investment in Marine Harvest under the equity method of accounting beginning in May 2005. See Note 25, "Subsequent Events" for further discussion of the announced agreement to dispose of the Company' s investment in Marine Harvest.

In early 2000, the Company decided to commercialize its expertise in logistics and procurement. Optimum Logistics Ltd. ("OLL") was established to provide software and professional services for supply chain management in the bulk process industries. The Company sold substantially all of the assets of OLL to Elemica Inc. ("Elemica") in April 2003. SeaSupplier Ltd. ("SSL") was established to provide software and professional services for the procurement process in the marine industry. Both OLL and SSL are included under the caption "Corporate and Other", as applicable, throughout the consolidated financial statements and notes thereto.

In addition, the Company' s Offshore Construction business was carried out through Stolt Offshore S.A. ("SOSA"), a leading offshore contractor to the oil and gas industry, specializing in technologically sophisticated deepwater engineering, flowline and pipeline lay, construction, inspection and maintenance services. See Note 3, "Discontinued Operations" for further discussion of the sale of the Company' s remaining ownership interest in January 2005.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of SNSA and all of its wholly-owned and majority-owned subsidiaries, after the elimination of all significant intercompany transactions and balances, except where the Company' s control over the operations is limited by significant participating interests held by another party.

Revenue Recognition

The Company reports its operating revenue on a gross basis with regard to any related expenses in accordance with EITF Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," for each of its two businesses.

2. Significant Accounting Policies (Continued)

SNTG–Tankers Tankers recognized operating revenue of $966.2 million, $841.0 million and $758.3 million for the years ended November 30, 2005, 2004 and 2003, respectively. The operating results of voyages in progress at the end of each reporting period are estimated and pro-rated on a per day basis for inclusion in the consolidated statements of operations. The consolidated balance sheets reflect the deferred portion of revenues and expenses on voyages in progress at the end of each reporting period as applicable to the subsequent period. As of November 30, 2005 and 2004, deferred revenues of $26.0 million and $28.2 million, respectively, are included in "Accrued voyage expenses" in the consolidated balance sheets.

SNTG operates the Stolt Tankers Joint Service (the "Joint Service"), an arrangement in which SNTG provides the coordinated marketing, operation, and administration of deep sea intercontinental parcel tankers owned or chartered by SNTG. Certain ships that are not owned by SNTG are time chartered under operating leases by SNTG from participants in the Joint Service. The time charter expense is calculated based upon the combined operating revenue of the ships which participate in the Joint Service less combined voyage expenses, overhead costs, and commissions to outside brokers and upon each ship' s cargo capacity, its number of operating days during the period, and an earnings factor assigned. SNTG operating expenses include distributions to the other participants of $78.2 million, $70.7 million and $66.9 million for the years ended November 30, 2005, 2004 and 2003, respectively, and include amounts distributed to NYK Stolt Tankers S.A, a non-consolidated joint venture of SNTG, of $51.6 million, $44.6 million and $38.4 million, respectively. As of November 30, 2005 and 2004, the net amounts payable by SNTG to NYK Stolt Tankers S.A. were $3.6 million and $5.2 million, respectively, and amounts payable to unaffiliated third party participants in the Joint Service were $6.6 million and $2.9 million, respectively. These amounts are included in "Other current liabilities" in the consolidated balance sheets as of November 30, 2005 and 2004, respectively.

SNTG–Tank Containers Tank Containers recognized operating revenue of $334.3 million, $297.5 million and $254.7 million for the years ended November 30, 2005, 2004 and 2003, respectively. Revenues for tank containers relate primarily to short-term shipments, with the freight revenue and estimated expenses recognized when the tanks are shipped, based upon contract rates. Additional miscellaneous revenues earned from other sources are recognized after completion of the shipment.

SNTG–Terminals Terminals recognized operating revenue of $83.3 million, $75.6 million and $63.9 million for the years ended November 30, 2005, 2004 and 2003, respectively. Revenues for terminal operations consist of rental income for the utilization of storage tanks by customers, with the majority of rental income earned under long-term contracts. These contracts generally provide for fixed rates for the use of the storage tanks and/or the throughput of commodities through the terminal facility. Revenues are also earned under short-term agreements contracted at spot rates. Revenue is recognized over the time period of usage, or upon completion of specific throughput measures, as specified in the contracts.

SNTG–Corporate SNTG Corporate recognized operating revenue of $7.3 million, $4.7 million and $3.8 million for the years ended November 30, 2005, 2004 and 2003, respectively. Revenues for SNTG corporate primarily consist of billings to SNTG joint ventures for overhead support.

SSF

SSF recognized operating revenue of $245.5 million, $459.1 million and $461.8 million for the years ended November 30, 2005, 2004 and 2003, respectively. SSF recognizes revenue either on dispatch of

STOLT-NIELSEN S.A.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

product to customers, in the case of sales that are made on Free on Board processing plant terms, or on delivery of product to customers, where the terms of the sale are Cost, Insurance and Freight and Delivered Duty Paid. The amount recorded as revenue includes all amounts invoiced according to the terms of the sale, including shipping and handling costs billed to customers, and is after deductions for claims or returns of goods, rebates and allowances against the price of the goods, and doubtful debt provisions and write-offs.

Corporate and Other

SSL has various types of fee income, including non-refundable subscription fees and transaction fees. Subscription fees that are billed in advance are recorded as operating revenue over the subscription period. Transaction fees that are based upon the number or value of transactions are recorded as earned as the related service transactions are performed.

Operating Expenses

SNTG−Tankers Tankers incurred operating expenses of $738.2 million, $640.0 million and $612.5 million for the years ended November 30, 2005, 2004 and 2003, respectively, consisting of costs directly associated with the operation and maintenance of the parcel tankers. These types of costs include time charter costs, bunker fuel costs, port costs, manning costs (i.e. ship personnel and benefits), depreciation expense, sublet costs, repairs and maintenance of tankers, commission expenses, transshipments, drydock expenses, insurance premiums and other operating expenses (i.e. voyage costs, barging expenses, provisions, ship supplies, cleaning, cargo survey costs and foreign exchange hedging costs).

SNTG−Tank Containers Tank Containers incurred operating expenses of $267.1 million, $246.2 million and $208.9 million for the years ended November 30, 2005, 2004 and 2003, respectively, consisting of costs such as ocean and inland freight charges, short-term tank rental expenses, cleaning and survey costs, additional costs (services purchased and charged through to customers), maintenance and repair costs, storage costs, insurance premiums, depreciation expense and other operating expenses (i.e. depot expenses, agency fees and refurbishing costs).

SNTG−Terminals Terminals incurred operating expenses of $51.6 million, $45.4 million and $41.1 million for the years ended November 30, 2005, 2004 and 2003, respectively, consisting of costs such as labor and benefit costs, depreciation expense, utilities, rail car hire expenses, real estate taxes for sites, maintenance and repair costs, regulatory expenses, disposal costs, storage costs and other operating expenses (i.e. through put charges, survey costs, cleaning, line haul, rail costs and tank car hire costs).

SNTG−Corporate SNTG Corporate incurred operating expenses of $6.9 million, $3.5 million and $3.1 million for the years ended November 30, 2005, 2004 and 2003, respectively, consisting primarily of depreciation expense on corporate assets.

SSF

SSF incurred operating expenses of $220.0 million, $438.6 million and $481.9 million for the years ended November 30, 2005, 2004 and 2003, respectively. These costs include production cost of goods sold (PCOGS), which are costs incurred for the production of juvenile fish and the subsequent growing of juvenile fish into adult fish ready for market. These PCOGS include costs to produce eggs for fertilization,

2. Significant Accounting Policies (Continued)

on-site labor/personnel costs, feed costs, energy costs, contract grower fees, repairs and maintenance costs, oxygen costs, and veterinary fees. Other costs included within operating expenses are costs of fish purchased from third parties, freight costs to customers, all primary and secondary processing and packaging costs, distribution and handling costs, storage, import duties, inventory write downs, lower of cost or market provisions and mortality losses.

Administrative and General Expenses

Administrative and General expenses include the following costs: personnel and employment, training and development, information systems, communications, travel and entertainment, office costs, publicity and advertising, and professional fees.

These costs are incurred for the following functions: executive management, divisional management, regional management, finance, accounting, treasury, legal, information technology, human resources, office management, sales and marketing, risk and insurance management, ship administrative operations and management (SNTG), and farming administrative management (SSF).

Concentration of Credit Risk

Trade receivables are from customers across all lines of its business. The Company extends credit to its customers in the normal course of business. The Company regularly reviews its accounts receivable and establishes an allowance for uncollectible amounts. The amount of the allowance is based on the age of unpaid balances, information about the current financial condition of customers, and other relevant information. Management does not believe significant risk exists in connection with concentrations of credit at November 30, 2005.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the dates of the financial statements and reported amounts of revenues and expenses during the year. On an on-going basis, management evaluates the estimates and judgments, including those related to tanker voyage accounting and container move cost estimates, future drydock dates, inventories and fish mortality, the carrying value of non-consolidated joint ventures, the selection of useful lives for tangible fixed and intangible assets, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for trade receivables, income tax valuation allowances, provisions for legal disputes, restructuring costs, pension benefits, and contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates.

Recognition of Provisions for Legal Claims, Suits and Complaints

The Company, in the ordinary course of business, is subject to various claims, suits and complaints. Management, in consultation with internal and external advisers, provides for a contingent loss in the consolidated financial statements if the contingency had been incurred at the date of the consolidated

2. Significant Accounting Policies (Continued)

financial statements and the amount of the loss can be reasonably estimated. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 5, "Accounting for Contingencies", as interpreted by the Financial Accounting Standards Board ("FASB") Interpretation No. 14, "Reasonable Estimation of the Amount of a Loss", if management has determined that the reasonable estimate of the loss is a range and that there is no best estimate within the range, the Company will provide the lower amount of the range. See Note 17, "Commitments and Contingencies" and Note 18, "Legal Proceedings" for further discussion.

Environmental Matters

Accruals for environmental matters are recorded when it is probable that a liability has been incurred or an asset impaired and the amount of the loss can be reasonably estimated. Liabilities for environmental matters require evaluations of relevant environmental regulations and estimates of future remediation alternatives and costs. See Note 17, "Commitments and Contingencies" and Note 18, "Legal Proceedings" for further discussion.

Foreign Currency Translation

SNSA, incorporated in Luxembourg, has U.S. dollar share capital and dividends that are expected to be paid in U.S. dollars. The Company' s reporting currency and functional currency is the U.S. dollar.

The Company translates the financial statements of its non-U.S. subsidiaries into U.S. dollars from their functional currencies (usually local currencies) in accordance with the provisions of SFAS No. 52, "Foreign Currency Translation". Under SFAS No. 52, assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated at exchange rates which approximate the average rate prevailing during the year. The resulting translation adjustments are recorded

in a separate component of "Accumulated other comprehensive loss, net" as "Translation adjustments, net" in the consolidated statements of shareholders' equity. Exchange gains and losses resulting from transactions denominated in a currency other than the functional currency are included in "Foreign currency exchange (loss) gain" in the consolidated statements of operations.

During 2003, SSF redesignated certain long-term non-functional currency intercompany loans within the SSF group (which are eliminated in consolidation) from long-term and permanent in nature to non-permanent. This change was because the Company suspended any further loans from SNTG (Liberia) to the SSF group, as a result of waiver agreements on certain of the Company' s financing agreements. Moreover, several banks that had been providing short-term loans to SSF companies began to reduce or cancel their loans. As such, in order to increase liquidity of the SSF group of companies, the long-term loans were redesignated as non-permanent and are intended to be repaid in due course. This change in designation required the loans to be revalued through the consolidated statements of operations prospectively beginning in the fourth quarter of fiscal 2003 year, which resulted in a loss of $4.6 million and a gain of $13.2 million in foreign currency exchange (loss) gain in the years ended November 30, 2005 and 2004, respectively, and a gain of $12.7 million in the fourth quarter of the year ended November 30, 2003.

Stolt Sea Farm Holdings B.V. manages the liquidity of the SSF group and had made several loans to operating companies on the basis that the loans were permanent quasi-capital and did not have to be repaid. Transactions and balances for which settlement is not planned or anticipated in the foreseeable future are considered to be part of the net investment. Accordingly, related gains or losses on the loans are

2. Significant Accounting Policies (Continued)

reported in "Accumulated other comprehensive loss, net" in the consolidated balance sheets in the same manner as translation adjustments when the financial statements of these entities are consolidated.

Restructuring Charges

The Company accounts for restructuring charges in respect of existing post-employment plans, which includes statutory legal requirements to pay severance costs, under SFAS No. 112 "Employers' Accounting for Postemployment Benefits". In these circumstances, the Company recognizes a provision for severance costs at the date that it is probable that the employee will be entitled to the benefits and when these can be reasonably estimated.

Where the termination costs are of a "one-time" involuntary nature, the Company applies SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities". This includes costs for severance, and the costs for vacated property. The Company provides for these costs at fair value at the date the plans are communicated to employees and when the Company is committed to the plan, and it is unlikely that significant changes will be made to the plan. Once accrued, such costs are amortized over the terminated employees' required period of service, if any.

Capitalized Interest

Interest costs incurred during the construction period of significant assets are capitalized and charged to expense over the useful lives of the related assets. The Company capitalized $1.3 million, $0.6 million and $0.5 million of interest for the years ended November 30, 2005, 2004 and 2003, respectively.

Deferred Debt Issuance Costs

Debt issuance costs are capitalized and amortized to interest expense over the term of the debt to which they relate. Amortization of debt issuance costs are included in "Interest expense" in the consolidated statements of operations and were $1.3 million, $1.6 million and $1.1 million for the years ended November 30, 2005, 2004, and 2003, respectively. Deferred debt issuance costs, net, of $4.9 million and $5.2 million as of November 30, 2005 and 2004, respectively, are included in "Other assets" in the consolidated balance sheets.

Sale of Stock by Subsidiaries

The Company' s policy is to record gains and losses on sales of stock by its subsidiaries in the consolidated statements of operations, net of the reduction in its economic interest in the subsidiary, unless realization of the gain is uncertain at the time of the sale.

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes". SFAS No. 109 requires recognition of deferred tax assets and liabilities for the estimated future tax consequences of events attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities and are measured by applying enacted tax rates and laws to taxable years in which such differences are expected to reverse. Deferred tax assets are reduced by

2. Significant Accounting Policies (Continued)

a valuation allowance at such time as, based on available evidence, it is more likely than not that the deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the consolidated statements of operations in the year in which the enactment date changes.

Provision for income taxes on unremitted earnings is made only for those amounts that are not considered to be permanently reinvested.

Income (loss) per Common Share

Basic income (loss) per common share ("EPS") is computed by dividing net income (loss) by the weighted average number of shares outstanding during the year. Diluted EPS is computed by adjusting the weighted average number of shares outstanding during the year for all potentially dilutive shares and equivalents outstanding during the year using the treasury stock method. As further discussed in Note 20, "Capital Stock, Founder' s Shares and Dividends Declared," Founder' s shares, which provide the holder thereof with certain control features, only participate in earnings to the extent of $0.005 per share for years in which dividends are declared, and are limited to $0.05 per share upon liquidation. For purposes of computing EPS, dividends paid on Founder' s shares are deducted from earnings to arrive at net income (loss) attributable to common shareholders. Founder' s shares are not included in the basic or diluted weighted average shares outstanding in the computation of income (loss) per common share.

The outstanding stock options under the 1987 Stock Option Plan and 1997 Stock Option Plan are included in the diluted EPS calculation to the extent they are dilutive. The following is a reconciliation of the numerator and denominator of the basic and diluted EPS computations.

	For the years ended November 30,		
	2005	**2004**	**2003**
	(in thousands, except per share data)		
Net Income (Loss)	**$483,019**	$74,870	$(315,986)
Less: dividends on Founder' s shares	**(82)**	–	(69)
Net income (loss) attributable to common shareholders	**$482,937**	$74,870	$(316,055)
Basic weighted average shares outstanding	**64,864**	61,767	54,949
Dilutive effect of stock options	**1,354**	863	–
Diluted weighted average shares outstanding	**66,218**	62,630	54,949
Basic Income (Loss) per share	**$ 7.45**	$ 1.21	$ (5.75)
Diluted Income (Loss) per share	**7.29**	1.19	(5.75)

Outstanding stock options to purchase 697,751 shares and 2,649,302 shares were not included in the computation of diluted EPS for the years ended November 30, 2005 and 2004, respectively, because the net effect of these stock options would have been antidilutive. The diluted loss per share for the year ended November 30, 2003 does not include common share equivalents in respect to stock options of 117,648, as their effect would be antidilutive. All outstanding stock options to purchase 3,962,918 shares were excluded from the calculation of diluted EPS in 2003, as the Company incurred a net loss in that year. See Note 21, "Stock Option Plans" for further discussion.

2. Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include time deposits and certificates of deposit with an original maturity of three months or less.

Inventories

SSF' s raw materials, biomass, and finished goods are valued at average production cost or market price, whichever is lower. Finished goods consist of frozen and processed fish products. SSF capitalizes all direct and indirect costs of producing fish into inventory. This includes depreciation of production assets, and farming overhead up to a site or farming regional management level. Because SSF deals with living organisms, there is a natural level of mortality in the life cycle, which is unavoidable in the development process from egg to grown fish. This is known as normal mortality, and it varies from species to species, region to region, and depending on the stage in the life cycle of the fish. Normal expected mortality levels are set by management in each region for each species they farm. Because normal mortalities are an expected cost of getting a population of fish to market, the costs incurred in growing fish which are lost due to normal mortality are carried in the cost of inventory of the remaining fish which are harvested and sold. Abnormal mortality is mortality which is beyond what is normal mortality in terms of cause. Usually this would be caused by an identifiable external factor like a disease outbreak, an accident, adverse weather or water conditions, unusual adverse interaction with other natural organisms, attacks by predators, sabotage or other such factors. Abnormal mortalities are expensed as incurred.

Costs are charged to operations as the fish are harvested and sold, based on the accumulated costs capitalized into inventory at the start of the month of harvesting, and in proportion to the number of fish or biomass of fish harvested as a proportion of the total at the start of the year. Harvesting, processing, packaging and freight costs, which comprise most of the remaining operating expenses, are expensed in the year in which they are incurred.

SSF recorded provisions and write-downs of $4.1 million and $14.8 million for the years ended November 30, 2004 and 2003, respectively, against the carrying value of inventories, which is included in "Operating expenses" in the consolidated statements of operations.

Depreciation of Fixed Assets

Fixed assets are recorded at cost. Assets acquired pursuant to capital leases are capitalized at the present value of the underlying lease obligations and amortized on the same basis as fixed assets described below unless the term of the lease is shorter.

2. Significant Accounting Policies (Continued)

Depreciation of fixed assets is recorded on a straight-line basis over the useful lives of the assets as follows:

	Years
SNTG	
Parcel tankers and barges	20 to 25
Tank containers	20
Terminal facilities:	
Tanks and structures	30 to 40
Other support equipment	5 to 35
Buildings	30 to 50
Other assets	3 to 10
SSF	
Transportation equipment	5 to 10
Operating equipment	4 to 10
Buildings	20 to 40
Other assets	2 to 10

Ships are depreciated to a residual value of 10% of acquisition cost, which reflects management' s estimate of scrap or otherwise recoverable value. No residual value is assumed with respect to other fixed assets. Depreciation expense, which excludes amortization of deferred drydock costs, for the years ended November 30, 2005, 2004 and 2003, was $97.0 million, $102.6 million and $100.2 million, respectively.

The Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" as of December 1, 2002. SFAS No. 143 requires entities to record a legal obligation associated with the retirement of a tangible long lived asset in the year in which it is incurred. In connection with the adoption of SFAS No. 143 in the year ended November 30, 2003, the Company recorded amounts in "Other assets" and "Other liabilities" in the consolidated balance sheets associated with certain of its SSF facilities of $1.6 million, with no material impact on its results of operations for the years ended November 30, 2005, 2004 and 2003.

Drydock costs are accounted for under the deferral method, whereby the Company defers its drydock costs and amortizes them over the period until the next drydock. Amortization of deferred drydock costs was $10.8 million, $11.0 million and $11.5 million for the years ended November 30, 2005, 2004 and 2003, respectively. The unamortized portion of deferred drydock costs of $23.2 million and $33.2 million is included in "Other assets" in the consolidated balance sheets at November 30, 2005 and 2004, respectively.

Maintenance and repair costs, which exclude amortization of the costs of ship surveys, drydock, and renewals of tank coatings, for the years ended November 30, 2005, 2004, and 2003, were $34.5 million, $49.4 million and $38.5 million, respectively, and are included in "Operating Expenses" in the consolidated statements of operations.

Financial Instruments

The Company enters primarily into forward exchange contracts to hedge foreign currency transactions on a continuing basis for periods consistent with its committed and forecasted exposures. This hedging

2. Significant Accounting Policies (Continued)

minimizes the impact of foreign exchange rate movement on the Company' s U.S. dollar results. The Company' s foreign exchange contracts do not subject the Company' s results of operations to risk due to exchange rate movements because gains and losses on these contracts offset gains and losses on the assets and liabilities being hedged. Generally, currency contracts designated as hedges of commercial commitments mature within two years.

For each derivative contract, the relationship between the hedging instrument and hedged item, as well as its risk-management objective and strategy for undertaking the hedge is formally documented. This process includes linking all derivatives that are designated as fair-value, cash-flow, or foreign-currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Contracts are typically held to their maturity date matching the hedge with the asset or liability hedged. The derivative instrument terms (currency, maturity and amount) are matched against the underlying asset or liability resulting in hedge effectiveness. Hedges are never transacted for trading purposes or speculation.

Unrealized gains and losses on foreign exchange contracts designated as a cash flow hedge are recorded in "Accumulated other comprehensive loss, net" and as an asset or liability in the consolidated balance sheets. On maturity, the hedge contract gains or losses are included in the underlying commercial transaction. For hedge contracts designated as a fair value hedge, all realized and unrealized gains or losses are recorded in the consolidated statements of operations.

The Company operates in a large number of countries throughout the world and, as a result, is exposed to currency fluctuations largely as a result of incurring operating expenses in the normal course of business. The Company hedges liabilities resulting from future payments to suppliers that require payment in a currency other than the functional currency of the local company. The Company manages these exposures by entering into derivative instruments pursuant to the Company' s policies in areas such as counter party exposure and hedging practices.

The Company also uses interest rate swaps to hedge certain underlying debt obligations. For qualifying hedges, the interest rate differential between the debt rate and the swap rate is reflected as an adjustment to interest expense over the life of the swap in the consolidated statements of operations.

The Company uses bunker fuel hedge contracts to lock in the price of future forecasted bunker requirements. The hedge contracts are matched against the type of bunker fuel being purchased resulting in effectiveness between the hedge contract and the bunker fuel purchases. Bunker fuel contracts are designated as cash flow hedges and all unrealized gains or losses are recorded in "Accumulated other comprehensive loss, net" and as an asset or liability on the consolidated balance sheets. On maturity, the hedge contract gains or losses are reclassified to earnings and therefore included in the underlying cost of the bunker fuel costs in the consolidated statements of operations.

STOLT-NIELSEN S.A.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Significant Accounting Policies (Continued)

Consolidated Statements of Cash Flows

Cash paid for interest and income taxes was as follows:

	For the years ended November 30,		
	2005	2004	2003
		(in thousands)	
Interest, net of amounts capitalized	**$ 45,734**	$ 77,813	$ 69,013
Income taxes	**8,513**	12,286	6,438

The following table represents the balance sheet changes reflected in the contribution of net assets to Marine Harvest on the consolidated statement of cash flows for the year ended November 30, 2005. As of April 29, 2005, the date of the contribution of net assets to Marine Harvest, the SSF cash and cash equivalents balance was $19.3 million, and has been reflected in the consolidated statement of cash flows for the year ended November 30, 2005 as a net reduction in cash flows from investing activities.

Contribution of net assets to Marine Harvest

	(in thousands)
Deferred income taxes	$ (7,759)
Minority interest	(2,938)
Trade receivables, net	42,859
Inventories	173,230
Prepaid expenses and other current assets	9,850
Accounts payable and accrued expenses	(48,940)
Investments in and advances to non-consolidated joint ventures	3,488
Fixed assets, net	83,577
Other assets	1,298
Goodwill and other intangible assets, net	37,063
Long-term debt, including current maturities	(7,645)
Investment in Marine Harvest	(253,100)
Loan to Marine Harvest	(64,600)
Change in cumulative translation adjustment	14,303
	$ (19,314)

Investments in and Advances to Non-consolidated Joint Ventures

The Company has equity investments of 50% or less in various affiliated companies which are accounted for using the equity method. Equity investments in non-consolidated joint ventures are recorded net of dividends received. In circumstances where the Company owns more than 50% of the voting interest, but the Company' s ability to control the operations of the investee is restricted by the significant participating interest held by another party, the investment would be accounted for under the equity method of accounting.

The Company accrues losses in excess of its investment basis when the Company is committed to provide ongoing financial support to the joint venture.

2. Significant Accounting Policies (Continued)

Impairment of Investments in Non-consolidated Joint Ventures

The Company reviews its investments in non-consolidated joint ventures periodically to assess whether there is an "other than temporary" decline in the fair value of the investment. The Company considers whether there is an absence of an ability to recover the carrying value of the investment or inability of the investee to sustain an earnings capacity which would justify the carrying amount of the investment. If the current fair value of the investment is less than the carrying amount of the asset, the asset is deemed impaired. The amount of the impairment is measured as the difference between the carrying value and the fair value of the asset.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and liabilities assumed. Goodwill is not subject to amortization.

Impairment of Fixed Assets, Goodwill and Other Intangible Assets

In accordance with SFAS No. 142 and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill and other intangible assets are reviewed for impairment annually, or more frequently when conditions require, based on the fair value of the reporting unit associated with the respective intangible assets.

Stock-Based Compensation

In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 establishes a fair value method of accounting for an employee stock option or similar equity instrument but allows companies to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." The Company has elected to continue accounting for its stock-based compensation awards to employees and directors under the accounting prescribed by APB Opinion No. 25 and to provide the disclosures required by SFAS No. 123. Stock-based compensation expense of $1.2 million was included in operating results for the year ended November 30, 2005 for the intrinsic value of stock options where the fair value of the Company' s common stock on the measurement date was in excess of the exercise price. Had compensation cost for all stock option grants under the 1987 and 1997 stock option plans and the stock options of SOSA been determined in accordance

2. Significant Accounting Policies (Continued)

with SFAS No. 123, net income (loss) and income (loss) per share would be reduced to the following pro forma amounts:

	For the years ended November 30,		
	2005	**2004**	**2003**
	(in thousands, except for per share data)		
Net Income (Loss), as reported	**$ 483,019**	$ 74,870	$ (315,986)
Stock-based compensation included in reported net income (loss)	**1,227**	–	–
Total stock-based employee compensation cost determined under the fair value method of accounting, net of minority interest and tax	**(2,951)**	(2,506)	(4,397)
Net Income (Loss), pro forma	**$ 481,295**	$ 72,364	$ (320,383)
Basic Net Income (Loss) per share:			
As Reported	**$ 7.45**	$ 1.21	$ (5.75)
Pro Forma	**7.42**	1.17	(5.83)
Diluted Net Income (Loss) per share:			
As Reported	**$ 7.29**	$ 1.19	$ (5.75)
Pro Forma	**7.27**	1.16	(5.83)

The fair value of each stock option grant is estimated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2005	2004	2003
Risk-free interest rates	**3.7%**	3.9%	3.8%
Expected lives (years)	**6.5**	6.5	6.5
Expected volatility	**47.3%**	46.2%	45.5%
Expected dividend yields	**2.9%**	3.4%	2.0%

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss), foreign currency translation adjustments, minimum pension liability adjustments, changes in fair value of derivatives and unrealized gains (losses) on securities and is presented in the consolidated statements of shareholders' equity.

Accumulated other comprehensive loss, net as of November 30, 2005 and 2004 consisted of the following:

	2005	2004
	(in thousands)	
Cumulative translation adjustments, net	**$ (3,169)**	$ (10,351)
Minimum pension liability adjustments, net of tax	**(9,173)**	(6,204)
Net unrealized (loss) gain on cash flow hedges	**(3,754)**	2,087
Total accumulated other comprehensive loss, net	**$ (16,096)**	$ (14,468)

2. Significant Accounting Policies (Continued)

Impact of New Accounting Standards

Statement of Financial Accounting Standards No. 123(R)

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment" ("SFAS No. 123(R)"), which replaces SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25. SFAS No. 123(R) requires companies to measure compensation costs for share-based payments to employees, including stock options, at fair value and to recognize expense for such compensation based on the fair value of stock options over the service period beginning with the first interim or annual period after June 15, 2005. In April 2005, the Securities and Exchange Commission delayed the transition date for companies to the first fiscal year beginning after June 15, 2005, effectively delaying the Company' s required adoption of SFAS No. 123(R) until the first quarter of the year ending November 30, 2006.

Adoption of SFAS No. 123(R) will have an impact on the Company' s consolidated financial statements as the Company will be required to expense the fair value of its stock option grants rather than disclose the impact on consolidated net income within the footnotes, as is current practice (see "Stock-Based Compensation" of this Note 2 to the consolidated financial statements).

The amounts disclosed within this footnote are not necessarily indicative of the amounts that will be expensed upon the adoption of SFAS 123(R). The Company expects the compensation expense calculated under SFAS 123(R) to be approximately $4 million for the year ending November 30, 2006. Compensation expense calculated under SFAS 123(R) may differ from amounts currently disclosed within this footnote and may differ from expectations based on changes in the fair value of the Company' s common stock, changes in the number of options granted or the terms of such options, the treatment of tax benefits, and changes in interest rates or other factors.

FASB Interpretation No. 47

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations (an interpretation of FASB Statement No. 143)" ("FIN 47"). FIN 47 clarifies that the term conditional asset retirement obligation, as used in FASB Statement No. 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty may exist about the timing and (or) method of settlement. Accordingly, an entity is required to recognize the fair value of a liability for the conditional asset retirement obligation when incurred and the uncertainty about the timing and (or) method of settlement should be factored into the measurement of the liability when sufficient information exists. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. Additionally, companies shall recognize the cumulative effect of initially applying FIN 47 as a change in accounting principle. The Company is currently evaluating the impact that will result from adopting FIN 47 in 2006. The Company is therefore unable to disclose the impact that adopting FIN 47 will have on its consolidated financial statements.

Statement of Financial Accounting Standards No. 153

In December 2004, the FASB issued SFAS No. 153 "Exchanges of Nonmonetary Assets" ("SFAS No. 153"), an amendment of APB Opinion No. 29. SFAS No. 153 amends APB Opinion No. 29 by eliminating the specific exception for nonmonetary exchange of similar productive assets, and replaces it

2. Significant Accounting Policies (Continued)

with a general exception for exchange of nonmonetary assets that do not have commercial substance. Under SFAS No. 153, a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after December 16, 2004. The Company adopted SFAS No. 153 during the year ended November 30, 2005, with no material impact on its consolidated financial statements.

Statement of Financial Accounting Standards No. 154

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS No. 154"). SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless such application is impracticable. SFAS No. 154 also requires that a change in the method of depreciation, amortization or depletion for long-lived, non-financial assets be accounted for as a change in accounting estimate that is effected by a change in accounting principle, rather than reporting such a change as a change in accounting principle as previously reported under APB Opinion No. 20, "Accounting Changes". SFAS No. 154 replaces APB No. 20 and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements", carrying forward many provisions of APB No. 20 and the provisions of SFAS No. 3. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, however, earlier application is permitted for fiscal years beginning after June 1, 2005. SFAS No. 154 does not change the transition provisions of any existing accounting pronouncements, including those that are in a transition phase as of the effective date of SFAS No. 154. The consolidated financial statements will only be impacted by SFAS No. 154 if the Company implements a voluntary change in an accounting principle or corrects accounting errors in future periods.

3. Discontinued Operations

On January 13, 2005, the Company sold 79,414,260 common shares of SOSA representing all of its remaining ownership interest. The shares were sold at a price of 39.25 Norwegian Kroner per share (approximately $6.35 per share) with an aggregate gross value of $504.3 million (net proceeds of $492.4 million) in a private placement to certain qualified investors in transactions exempt from the registration requirements of the U.S. Securities Act of 1933. The Company reported a net gain on the sale of $355.9 million from this

transaction. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company has reclassified its previously issued consolidated financial statements to reflect SOSA as discontinued operations.

As of November 30, 2003, and through February 13, 2004, the Company held a 63.5% economic interest and 69.2% voting interest in SOSA resulting in consolidation of SOSA' s financial statements in the consolidated financial statements net of minority interest. On February 13, 2004, a private placement of 45.5 million new SOSA common shares was offered to qualified investors, not affiliated with the Company, at a subscription price of $2.20 per share, resulting in total cash proceeds to SOSA of approximately $100 million. Concurrently, all 34 million SOSA Class B shares owned by the Company were converted to 17 million new SOSA common shares. On February 19, 2004, the Company sold 2 million of its previously directly owned SOSA common shares in a private placement transaction to an unaffiliated third party. The shares were sold at the then current market price of 24.00 Norwegian Kroner per share with proceeds of $6.7 million received on February 25, 2004. The above transaction reduced the Company' s economic and

3. Discontinued Operations (Continued)

voting interest in SOSA to 41.1% as of February 19, 2004, resulting in the deconsolidation of SOSA as of mid-February 2004. The equity method of accounting had been applied for the Company' s remaining investment in SOSA subsequent to deconsolidation. In connection with the SOSA private placement of equity, the Company recognized a gain of $20.9 million representing the excess of SNSA' s share of SOSA' s equity immediately after the private placement over SNSA' s investment in SOSA. The Company recognized an additional gain of $4.0 million related to SNSA' s sale of two million SOSA common shares in the first quarter of 2004.

The following table summarizes the results of operations for the discontinued operations:

	For the years ended November 30,	
	2004	2003
	(in millions)	
Operating revenue	$ 276	$ 1,482
Operating expenses	(267)	(1,590)
Gross profit (loss)	9	(108)
Impairment of fixed assets	–	(177)
Other expenses, net	(27)	(133)
Minority interest	7	153
Equity in income of SOSA	9	–
Income (loss) from discontinued operations	$ (2)	$ (265)

SNSA also recorded equity in income of SOSA until January 13, 2005 of $1.1 million in the year ended November 30, 2005.

Settlement of Share Price Guarantees by SOSA

The Company' s accounting for the shares repurchased by SOSA in 2003 as a result of the settlement of SOSA' s remaining share price guarantees (that were issued to NKT Holdings A/S as part of the SOSA acquisition of NKT Flexibles I/S in December 1999) resulted in a charge to Paid-in surplus of $5.4 million in 2003. In addition to the charge to Paid-in surplus, the above transactions resulted in entries to: (i) reduce the minority shareholders' interest in SOSA for $8.1 million as a result of the Company' s increased percentage ownership in SOSA after the shares were bought back, and (ii) credit cash for $13.5 million.

The impact of SOSA' s share repurchases from NKT Holdings A/S is summarized in the following table for the year ended November 30, 2003.

Guaranteed price	Market price on date of repurchase	Number of SOSA Shares purchased	Repurchase of shares by Stolt Offshore	Settlement of share price guarantees by Stolt Offshore	Total Paid
			(in thousands)	(in thousands)	(in thousands)
$15.30	$ 1.14	879,121	$ 1,002	$ 12,447	$ 13,449

4. Investment in and Loan to Marine Harvest

On April 29, 2005, the Company completed the merger of the SSF and Nutreco worldwide fish farming, processing, and marketing and sales operations into a new stand-alone business entity, Marine Harvest. The Company has a 25% ownership interest in Marine Harvest and Nutreco has a 75% ownership

4. Investment in and Loan to Marine Harvest (Continued)

interest. The Company received its 25% ownership interest in Marine Harvest in exchange for the contribution of SSF net assets of $253.1 million and a loan of $64.6 million. The Company accounts for its investment in Marine Harvest under the equity method of accounting.

The Company' s investment in and loan to Marine Harvest as of November 30, 2005 is comprised of the following:

	(in millions)
Cost of investment in Marine Harvest	$ 253.1
Equity in net income of Marine Harvest	11.3
Loan to Marine Harvest	64.6
Accrued interest on loan	0.3
Total	$ 329.3

Summarized Financial Data of Marine Harvest

The following represents summarized financial data of Marine Harvest in 2005. Marine Harvest' s results of operations include the eight months ended December 31, 2005.

Income statement data

	For the Eight Months Ended December 31, 2005
	(in millions)
Operating revenue	$ 880
Gross profit	315
Operating income	58
Net income	45

Balance sheet data

	As of December 31, 2005
	(in millions)
Current assets	$ 937
Non-current assets	394

Current liabilities	283
Non-current liabilities	359
Shareholders' equity	689

The loan to Marine Harvest bears interest at LIBOR plus 1.5% and is due on April 29, 2010. During the year ended November 30, 2005, the Company recorded $2.0 million of interest income on the loan. See Note 25, "Subsequent Events" for a discussion of the loan repayment during the first quarter of 2006 and the announced agreement to dispose of the Company' s investment in Marine Harvest during the second quarter of 2006.

5. Goodwill and Other Intangible Assets

Goodwill was $0.3 million and $28.8 million as of November 30, 2005 and 2004, respectively, all of which related to SNTG goodwill at November 30, 2005 and substantially all of which related to SSF goodwill at November 30, 2004. The decrease in goodwill of $28.5 million in the year ended November 30, 2005 represents assets contributed to Marine Harvest in April 2005.

5. Goodwill and Other Intangible Assets (Continued)

Other intangible assets, net of accumulated amortization, are as follows:

	As of November 30,	
	2005	2004
	(in millions)	
Other intangible assets	**$ 25.9**	$ 40.0
Accumulated amortization	**(1.7)**	(7.1)
Total	**$ 24.2**	$ 32.9

Amortization expense of other intangible assets was $0.1 million, $1.2 million and $1.7 million in the years ended November 30, 2005, 2004 and 2003, respectively.

Net other intangible assets subject to amortization was $0.5 million and $0.6 million as of November 30, 2005 and 2004, respectively, primarily consisting of the electrical cable rights for the Vilano turbot site at SSF in 2005 and the remaining value of acquisition related agreements for site licenses of SSF Americas regions in 2004. Finite lived intangible assets are amortized over a weighted average useful life of 25 years. Amortization expense of other intangible assets subject to amortization is less than $0.1 million in each of the next five years.

Other intangible assets not subject to amortization was $23.7 million and $32.3 million as of November 30, 2005 and 2004, respectively. Such assets primarily consisted of the SSF Southern bluefin tuna quota rights in Australia of $22.5 million in 2005 and $26.1 million in 2004, the SSF site licenses in Chile of $3.2 million in 2004, SSF site licenses in Canada and Maine of $0.7 million in 2004 and an intangible asset recognized for pension benefits of $1.2 million in 2005 and $1.5 million in 2004, and other intangible assets of $0.8 million in 2004. The decrease in other intangible assets of $8.6 million in the year ended November 30, 2005 primarily represents assets contributed to Marine Harvest in April 2005.

5. Goodwill and Other Intangible Assets (Continued)

Impairment of Goodwill

The Company recognized a goodwill impairment write-off of $2.4 million in 2003 for SSF. An impairment charge of $1.3 million was recorded against goodwill of SSF' s America' s region related to the operations in Eastern Canada as a result of continuing poor results in that region. An additional impairment charge in SSF' s America' s region of $0.8 million from the acquisition of Sociedad Pesquera Eicosal SA in Chile was recorded as a result of a revised assessment of future expected results in that operation. The remaining $0.3 million related to the impairment charge associated with SSF' s investment in Midt-Finnmark Smolt AS.

6. Gain (Loss) on Disposal of Assets, Net

Gain (loss) on disposal of assets, net is comprised of the following:

	For the years ended November 30,		
	2005	2004	2003
		(in thousands)	
Recognition of deferred gain on sale of tuna quota rights	**$ 12,192**	$ 3,204	$ –
Loss on closure of office building	**(1,077)**	(922)	–
Gain on miscellaneous sales of land/condominium	**1,671**	659	–
Sale of investments in securities	**567**	204	(5,353)
Sale of OLL	**–**	–	4,444
Insurance settlement on SNTG ship	**–**	–	1,042
Sale of SNTG ships	**(1,802)**	(24)	(1,295)
Sale of SNTG tank containers	**81**	3	71
Sale of other assets	**(74)**	(48)	2
	$ 11,558	$ 3,076	$ (1,089)

During 2003, SSF sold 200 metric tons of Southern bluefin tuna quota rights in Australia for $25.8 million. In conjunction with this transaction, such tuna quota rights were reacquired by SSF for an initial five year period at market rates to be set each year, with a renewal option for a further five year period again at annually agreed market rates. The tuna quota rights have an indefinite life. The deferred gain of $15.4 million on the transaction was being amortized over the initial period of five years, starting on December 1, 2003, with $12.2 million and $3.2 million of this gain recognized in 2005 and 2004, respectively. The amount for 2005 includes $10.1 million for the recognition of the remaining deferred gain as the renewal option was terminated in the third quarter of 2005.

During 2005, SNTG recognized a loss on closure of a Houston, Texas office building of $1.1 million. SNTG recorded gains of $1.7 million on the miscellaneous sales of a land parcel for $1.1 million and a condominium in Greenwich, Connecticut for $0.6 million. Proceeds from these sales aggregated $3.0 million.

During 2005, sales of SNTG ships resulted in losses of $1.8 million associated with the sale of the *Stolt Praag, Stolt Hoechst* and *Stolt Berlin*.

6. Gain (Loss) on Disposal of Assets, Net (Continued)

During 2004, in connection with the sale to an unrelated third party of the Greenwich, Connecticut corporate office building leased by the Company from Edgewater Park Associates Inc., a non-consolidated joint venture, the Company recognized a loss of $0.9 million for the write-off of leasehold improvements.

During 2004, SNTG recorded gains of $0.7 million on the miscellaneous sales of land parcels located in Perth Amboy, New Jersey and a condominium in New York City, New York.

During 2003, the Company recorded a loss on sale of investments in securities of $5.4 million associated with the sale of Vopak and Univar shares.

Additionally, during 2003, the Company sold substantially all of the assets of OLL to Elemica. Under the terms of the agreement, Elemica acquired the full technology platform and the ongoing business operations of OLL. SNTG will continue to be a customer of the Elemica network. In connection with the sale, SNSA recorded a gain of $4.4 million that resulted from the prior purchase in 2001 of equity of OLL by Aspen Technology, Inc. (“Aspen Tech”), the owner of approximately 19 percent minority interest in OLL.

Under certain conditions, the purchase price of the original transaction in February 2001, as referred to above, was refundable to Aspen Tech in 2006 by OLL. As such, no gain had been recognized in connection with the initial sale of OLL’ s shares. In addition, due to the Company’ s obligation to fund OLL and the potential refund by OLL to Aspen Tech of the purchase price, the Company had recognized 100% of OLL’ s losses each year, without a reduction for the minority interest in OLL. The above gain is comprised of the realization of the previously deferred gain on the original transaction of $9.5 million, plus the release of various other related balance sheet items totaling $1.8 million, less the asset impairment on Aspen Tech shares of $6.9 million. The Aspen Tech shares were received as partial consideration at the time of the original sale of OLL equity.

Refer to Note 15, “Operating Leases” for further discussion of the loss of $1.1 million recorded in 2003 on the sale and leaseback of three chemical parcel tankers, as included in the above table within sale of SNTG ships.

7. Restructuring Charges

The following tables summarize the activity for the restructuring charges for the years ended November 30, 2005, 2004 and 2003:

For the year ended November 30, 2005	Opening Balance	Expensed in the year	Paid in the year	Closing Balance
		(in thousands)		
Personnel and severance costs	$ 1,859	$ 3,418	$ (2,592)	$ 2,685
Professional fees	–	566	(566)	–
Relocation costs	–	2,506	(2,506)	–
Other	116	574	(580)	110
Total	$ 1,975	$ 7,064	$ (6,244)	$ 2,795

7. Restructuring Charges (Continued)

For the year ended November 30, 2004	Opening Balance	Expensed in the year	Paid in the year	Closing Balance
		(in thousands)		

Personnel and severance costs	$ 102	$ 1,802	$ (45)	$ 1,859
Professional fees	–	142	(142)	–
Relocation costs	–	473	(473)	–
Other	–	262	(146)	116
Total	$ 102	$ 2,679	$ (806)	$ 1,975

For the year ended November 30, 2003	Opening Balance	Expensed in the year	Paid in the year	Closing Balance
		(in thousands)		
Personnel and severance costs	$ –	$ 2,010	$ (1,908)	$ 102
Professional fees	–	42	(42)	–
Relocation costs	–	88	(88)	–
Total	$ –	$ 2,140	$ (2,038)	$ 102

In early 2001, SNTG embarked upon a major strategic initiative to improve the utilization of assets, divest non-core assets and reduce costs. One aspect of this initiative was an overhead reduction effort, announced in January 2002. The SNTG restructuring program in 2002 included the termination of 108 employees and the relocation of 27 employees. Costs incurred by SNTG in 2003 included $2.0 million in personnel and severance costs, and $0.1 million in professional fees and costs associated with the relocation of employees from Houston, Texas to Rotterdam, The Netherlands.

In June 2004, SNTG announced another phase of the restructuring plan, which included the relocation of key operational and administrative functions from Houston, Texas and Greenwich, Connecticut to Rotterdam, The Netherlands. In 2004, total costs were $2.7 million and included $1.8 million in personnel and severance costs, $0.5 million in relocation costs, $0.1 million in professional fees and $0.3 million in other costs. Total costs incurred by SNTG in 2005 were $7.1 million and included $3.4 million in personnel and severance costs, $2.5 million in relocation costs, $0.6 million in professional fees and $0.6 million in other costs.

8. Income Taxes

The following tables present the United States and non-U.S. components of the income tax provision for the years ended November 30, 2005, 2004 and 2003 by business segment:

For the year ended November 30, 2005	SNTG and Other	SSF	Total
		(in thousands)	
Current:			
U.S.	**$ 381**	**$ –**	**$ 381**
Non-U.S.	**3,704**	**3,235**	**6,939**
Deferred:			
U.S.	**(4,898)**	**–**	**(4,898)**
Non-U.S.	**(25)**	**7,282**	**7,257**
Income tax provision	**$ (838)**	**$ 10,517**	**$ 9,679**

8. Income Taxes (Continued)

For the year ended November 30, 2004	SNTG and Other	SSF	Total
		(in thousands)	

Current:			
U.S.	$ (6,599)	$ –	$ (6,599)
Non-U.S.	2,980	2,509	5,489
Deferred:			
U.S.	13,089	–	13,089
Non-U.S.	74	(131)	(57)
Income tax provision	$ 9,544	$ 2,378	$ 11,922

For the year ended November 30, 2003	SNTG and Other	SSF	Total
		(in thousands)	
Current:			
U.S.	$ (9,356)	$ –	$ (9,356)
Non-U.S.	4,275	8,414	12,689
Deferred:			
U.S.	5,370	4,627	9,997
Non-U.S.	–	2,597	2,597
Income tax provision	$ 289	$ 15,638	$ 15,927

The following presents the reconciliation of the provision for income taxes to United States federal income taxes computed at the statutory rate:

	2005	2004	2003
		(in thousands)	
Income (loss) from continuing operations before income tax provision, minority interest, equity in net income of Marine Harvest and cumulative effect of a change in accounting principle	**$ 124,471**	$ 64,999	$ (35,056)
Tax at U.S. federal rate (35%)	**$ 43,565**	$ 22,749	$ (12,270)
Differences between U.S. and non-U.S. tax rates	**(3,349)**	(285)	1,137
Income not subject to income tax	**(40,611)**	(21,485)	(17,318)
Losses not benefited and change in valuation allowance	**7,844**	16,241	42,369
Withholding and other taxes	–	(3,667)	(881)
Write-off of deferred tax assets set up in prior years in companies contributed to Marine Harvest	**11,315**	–	–
Reversal of prior years United Kingdom CFC reserve	**(6,361)**	–	–
Adjustments to estimates relative to prior years	**(435)**	641	–
Other, net	**(2,289)**	(2,272)	2,890
Income tax provision	**$ 9,679**	$ 11,922	$ 15,927

As of November 30, 2004, the Company had a reserve of $6.4 million in connection with a probable tax liability associated with the United Kingdom Controlled Foreign Company (“CFC”) regulations. This matter was settled favorably during the year ended November 30, 2005 and the reserve was reversed.

8. Income Taxes (Continued)

Substantially all of SNTG' s shipowning and ship operating subsidiaries are incorporated in countries which do not impose an income tax on the operating profits of shipping operations. Pursuant to the U.S. Internal Revenue Code of 1986, as amended, effective for the Company' s fiscal year beginning on or after December 1, 1987, U.S. source income from the international operation of ships is generally exempt from U.S. tax if the company operating the ships meets certain requirements. Among other things, in order to qualify for this exemption, the company operating the ships must be incorporated in a country which grants an equivalent exemption to U.S. citizens and corporations, and whose shareholders meet certain residency requirements.

The Company believes that substantially all of SNTG' s shipowning and ship operating subsidiaries meet the requirements to qualify for this exemption from U.S. taxation.

The Company' s and its subsidiaries' income tax returns are routinely examined by various tax authorities. In management' s opinion, adequate provisions for income taxes have been made for all open years.

The components of the deferred tax assets and liabilities as of November 30, 2005 and 2004 are as follows:

As of November 30, 2005	SNTG and other	SSF	Total
		(in thousands)	
Deferred Tax Assets:			
Net operating loss carryforwards	$ 12,614	$ –	$ 12,614
Other temporary differences–net	13,123	1,054	14,177
Gross deferred tax assets	25,737	1,054	26,791
Valuation allowances	(1,448)	–	(1,448)
Deferred tax assets–net	24,289	1,054	25,343
Deferred Tax Liabilities:			
Differences between book and tax depreciation	(30,448)	–	(30,448)
U.S. state deferred taxes	(1,579)	–	(1,579)
Other temporary differences	(9,742)	(613)	(10,355)
Deferred tax liabilities	(41,769)	(613)	(42,382)
Net deferred tax (liability) asset	$ (17,480)	$ 441	$ (17,039)
Current deferred tax asset	$ 362	$ 803	$ 1,165
Non-current deferred tax asset	22,825	251	23,076
Current deferred tax liability	–	(359)	(359)
Non-current deferred tax liability	(40,667)	(254)	(40,921)
	$ (17,480)	$ 441	$ (17,039)

8. Income Taxes (Continued)

As of November 30, 2004	SNTG and other	SSF	Total
		(in thousands)	

Deferred Tax Assets:			
Net operating loss carryforwards	$ 18,413	$ 57,593	$ 76,006
Differences between book and tax depreciation	–	19,471	19,471
Other temporary differences–net	10,398	(9,805)	593
Gross deferred tax assets	28,811	67,259	96,070
Valuation allowances	(4,886)	(50,973)	(55,859)
Deferred tax assets–net	23,925	16,286	40,211
Deferred Tax Liabilities:			
Differences between book and tax depreciation	(27,476)	(2,411)	(29,887)
U.S. state deferred taxes	(50)	–	(50)
Other temporary differences	(19,348)	(8,800)	(28,148)
Deferred tax liabilities	(46,874)	(11,211)	(58,085)
Net deferred tax (liability) asset	$ (22,949)	$ 5,075	$ (17,874)
Current deferred tax asset	$ 918	$ 3,646	$ 4,564
Non-current deferred tax asset	12,445	12,640	25,085
Current deferred tax liability	–	(11,204)	(11,204)
Non-current deferred tax liability	(36,312)	(7)	(36,319)
	$ (22,949)	$ 5,075	$ (17,874)

As of November 30, 2005 and 2004, the current deferred tax asset of $1.2 million and $4.6 million, respectively, is included within "Other current assets" in the consolidated balance sheets. The current deferred tax liability of $0.4 million and $11.2 million as of November 30, 2005 and 2004, respectively, is included within "Other current liabilities" in the consolidated balance sheets.

Withholding and remittance taxes are not recorded on the undistributed earnings of SNSA' s subsidiaries since under the current tax laws of Luxembourg and the countries in which substantially all of SNSA' s subsidiaries are incorporated, no taxes would be assessed upon the payment or receipt of dividends. Earnings retained by subsidiaries incorporated in those countries, which impose withholding, or remittance taxes are considered by management to be permanently reinvested in such subsidiaries. The undistributed earnings of these subsidiaries as of November 30, 2005 were not material.

8. Income Taxes (Continued)

The following represents the United States and foreign components of income (loss) from continuing operations before income tax provision, minority interest, equity in net income of Marine Harvest and cumulative effect of a change in accounting principle for the years ended November 30, 2005, 2004 and 2003 by business segment:

	2005	2004	2003
		(in thousands)	
SNTG and Other:			
U.S.	**$ (5,352)**	$ 8,767	$ (13,670)
Non-U.S.	**134,707**	71,879	41,754
SSF:			
Non-U.S.	**(4,884)**	(15,647)	(63,140)
Total	**$ 124,471**	$ 64,999	$ (35,056)

As of November 30, 2005, SNTG had $36.2 million of net operating loss carryforwards for income tax purposes, which, if unutilized have an indefinite carryforward period.

The Company has recorded a valuation allowance to reflect the estimated amount of deferred tax assets that may not be realized. The valuation allowance decreased to $1.4 million as of November 30, 2005 from $55.9 million as of November 30, 2004. The decrease in the valuation allowance at SSF of $51.0 million in the year ended November 30, 2005 represents net assets contributed to Marine Harvest in April 2005.

The tax valuation allowances by tax region as of November 30, 2005 and 2004 are as follows:

		November 30, 2005			November 30, 2004		
	Note	SNTG	SSF	Total	SNTG	SSF	Total
Asia Pacific	(a)	**$ –**	**$ –**	**$ –**	$ –	$ 20.0	$ 20.0
Brazil	(a)	**1.4**	**–**	**1.4**	4.9	–	4.9
Scandinavia	(a)	**–**	**–**	**–**	–	7.2	7.2
United Kingdom	(b)	**–**	**–**	**–**	–	3.1	3.1
United States	(a)	**–**	**–**	**–**	–	18.4	18.4
Other	(a)	**–**	**–**	**–**	–	2.3	2.3
TOTALS		**$ 1.4**	**$ –**	**$ 1.4**	$ 4.9	$ 51.0	$ 55.9

NOTES

(a) The net deferred tax assets are comprised largely of net operating loss carryforwards. A history of tax losses exists. No other objectively verifiable evidence of realizability is available. A valuation allowance was established on that portion of the net operating loss carryforwards where it is more likely than not that a portion of such deferred tax assets will not be realized.

(b) The net deferred tax assets are comprised largely of net operating loss carryforwards and future interest deductions related to intercompany debt. No other objectively verifiable evidence of realizability is available. A valuation allowance was established on that portion of the net deferred tax assets where it is more likely than not that a portion of such deferred tax assets will not be realized.

8. Income Taxes (Continued)

The decrease in deferred tax assets and liabilities, and the related valuation allowances, in 2005 represents assets and liabilities contributed to Marine Harvest in April 2005.

9. Inventories

Inventories at November 30, 2005 and 2004 consisted of the following:

2005	SNTG	SSF	Total
		(in thousands)	
Raw materials	**$ 119**	**$ 178**	**$ 297**
Consumables	**247**	**–**	**247**
Seafood biomass	**–**	**17,012**	**17,012**
	$ 366	**$ 17,190**	**$ 17,556**

	SNTG	SSF	Total
		(in thousands)	
Raw materials	$ 123	$ 5,793	$ 5,916
Consumables	223	1,668	1,891

Seafood biomass	–	175,627	175,627
Finished goods	–	37,427	37,427
	$346	$220,515	$220,861

STOLT-NIELSEN S.A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Investments in and Advances to Non-Consolidated Joint Ventures

Investments in and advances to non-consolidated joint ventures consisted of the following:

	Geographic Location	2005 Ownership %	As of November 30, 2005	2004
			(in thousands)	
Tankers				
Stolt-Nielsen Asia Pacific Inc.	Singapore	50	**$ 9,481**	$ 7,840
NYK Stolt Tankers S.A.	Singapore	50	**43,335**	37,327
Stolt Australia Pty Ltd.	Australia	50	**92**	97
SIA LAPA Ltd.	Latvia	49	**983**	1,093
Seabulk International Inc.	United States	–	–	1,641
Stolt Ship Management (Shanghai) Ltd.	China	49	**5,029**	107
Other		–	–	4
			58,920	48,109
Tank Containers				
N.C. Stolt Transportation Services Co., Ltd.	Japan	50	**698**	619
N.C. Stolt Chuyko Transportation Services Co., Ltd.	Japan	35	**236**	261
Hyop Woon Stolt Transportation Services Co., Ltd.	South Korea	50	**606**	540
			1,540	1,420
Terminals				
Jeong-IL Stolthaven Ulsan Co. Ltd.	South Korea	50	**20,835**	18,713
Stolthaven Westport Sdn. Bhd.	Malaysia	40	**4,544**	3,200
			25,379	21,913
SSF				
Engelwood Packing Co. Ltd.	Canada	50	–	1,449
Landcatch Chile Ltda.	Chile	50	–	1,771
			–	3,220
Other			–	27
Total			**$ 85,839**	$ 74,689

The Company accrues for its equity share of losses in excess of the investment value when the Company is committed to provide ongoing financial support to the joint venture.

The SSF related investments in the above table were included in the assets contributed to Marine Harvest on April 29, 2005. See Note 4, "Investment in and Loan to Marine Harvest" for further discussion.

During 2005, the Company sold its interest in Seabulk International Inc. for $2.4 million. A gain of $0.7 million was recorded upon the sale in "Equity in net income (loss) of non-consolidated joint ventures" in the consolidated statements of operations.

During 2004, a non-consolidated partnership joint venture of the Company sold its interest in an office building that had been the only asset held by Edgewater Park Associates Inc. The joint venture was dissolved upon the sale. The Company recorded a gain of $10.9 million in "Equity in net income (loss) of

10. Investments in and Advances to Non-Consolidated Joint Ventures (Continued)

non-consolidated joint ventures" in the consolidated statements of operations for its share of the gain on sale of the building.

In anticipation of the sale of its interest in Dovechem Stolthaven Ltd., SNTG recognized an impairment charge of $10.4 million in 2003. The impairment charge is reflected under "Equity in net income (loss) of non-consolidated joint ventures" in the consolidated statements of operations. This reduced the value of the investment to its net realizable value. The sale was finalized and proceeds of $24.4 million were received in December 2003.

During 2003, SNTG sold its interest in the U.S. cabotage fleet joint venture Stolt Marine Tankers LLC. An asset impairment charge of $7.5 million was recognized in 2003 in "Equity in net income (loss) of non-consolidated joint ventures" in the consolidated statement of operations, to reduce the investment balance to fair market value.

Summarized financial information of the Company' s non-consolidated joint ventures, representing 100% of the respective amounts included in the individual non-consolidated joint ventures' financial statements, is as follows:

	For the years ended November 30,		
Income statement data	**2005**	**2004**	**2003**
	(in millions)		
Operating revenue	**$ 196**	$ 176	$ 243
Gross profit	**63**	43	54
Net income	**29**	47	8

	As of November 30,	
Balance sheet data	**2005**	**2004**
	(in millions)	
Current assets	**$ 75**	$ 53
Non-current assets	**292**	342
Current liabilities	**87**	115
Non-current liabilities	**285**	332

The income statement data for the non-consolidated joint ventures presented above includes the following items related to transactions with the Company:

	For the years ended November 30,		
	2005	**2004**	**2003**
	(in millions)		
Charter hire revenue	**$ 46.6**	$ 31.6	$ 55.3
Tank container cleaning station revenue	**4.4**	5.0	4.5
Rental income (from office building leased to the Company)	**–**	1.3	2.3
Charter hire expense	**60.1**	51.1	60.4
Management and other fees	**4.1**	5.9	1.0
Freight and Joint Service Commission	**1.4**	1.5	1.2

Interest expense	**1.1**	0.1	0.1

STOLT-NIELSEN S.A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Investments in and Advances to Non-Consolidated Joint Ventures (Continued)

The balance sheet data for the non-consolidated joint ventures presented above includes the following items related to transactions with the Company:

	As of November 30,	
	2005	**2004**
	(in millions)	
Amounts due from the Company	**$ 4.2**	$ 5.7
Amounts due to the Company	**43.1**	42.2

Included within "Amounts due to the Company" is $3.3 million and $5.2 million at November 30, 2005 and 2004, respectively, for trade receivables from joint ventures. These amounts are reflected in the consolidated balance sheets as "Receivables from related parties." The remaining amounts due to the Company are included in "Investments in and advances to non-consolidated joint ventures". Amounts due from the Company are included in "Other current liabilities" in the consolidated balance sheets.

11. Investment in and Advances to Discontinued Operations

Other Arrangements and Transactions with SOSA

SOSA and SNSA had developed a number of arrangements and engaged in various transactions as affiliated companies. All material arrangements with SOSA were reviewed by the SNSA Audit Committee. Previous material agreements are the agreements described below:

Corporate Services Agreement

Pursuant to a corporate services agreement, SNSA supplied through its subsidiaries, financial, risk management, public relations and other services to SOSA for an annual fee based on costs incurred in rendering those services. The fee was subject to negotiation and agreement between SOSA and SNSA on an annual basis. The fees are included as a component of administrative and general expenses in the consolidated statements of operations. In connection with the sale of all of the Company' s remaining ownership interest in SOSA in January 2005, the Corporate Services Agreement was terminated.

Other Administrative Service Charges

SNSA provides various services to SOSA, including insurance, payroll administration, information technology, and receives a fee for these services. The fee is included as a component of administrative and general expenses in the consolidated statements of operations. The fees for these services in 2004 resulted in a net payment to SOSA of $0.7 million as the fees were offset by the receipt of final settlement of certain insurance premiums paid previously by SOSA.

Guarantee Fees

SOSA compensated SNSA for the provision of guarantees. All such guarantees were eliminated as of November 30, 2004 as SNSA was released from all of its financial guarantee obligations to SOSA as a result of SOSA' s new $350 million secured revolving credit and guarantee facility.

11. Investment in and Advances to Discontinued Operations (Continued)

SOSA Intercompany Payments

The table below sets out charges and payments to SOSA and its subsidiaries for the years ended November 30, 2004 and 2003:

	2004	2003
	(in millions)	
Interest and guarantee fee charges from SNSA to SOSA	$ 1.1	$ 3.5
Corporate services agreement charges from SNSA to SOSA	2.6	3.4
Insurance premium payable by SOSA to captive insurance company of SNSA	9.6	6.6
Receipts by SOSA from captive insurance company of SNSA	(13.2)	(3.0)
Other administrative service charges (receipts) from SNSA to SOSA	(0.7)	8.0
Total	$ (0.6)	$ 18.5

Short-term payables due to SNSA of $1.7 million as of November 30, 2004 related primarily to outstanding insurance related activities, corporate service agreement charges, and other management service charges. There was no such balance as of November 30, 2005.

On April 20, 2004, the Company completed a previously announced debt for equity conversion, under which SNTG subscribed for an additional 22,727,272 common shares of SOSA, in consideration for the cancellation of $50 million of subordinated loans to SOSA. As SNSA received SOSA common shares in settlement of the obligation that were at a value that equaled SNSA' s loan receivable amount at the date the Company committed to perform the debt to equity conversion, no gain or loss was recognized. The $50 million was added to the Company' s investment in SOSA, and is included in the consolidated balance sheet caption of "Investment in and Advances to Discontinued Operations", which amounted to $133.4 million as of November 30, 2004. The Company sold its entire investment in SOSA on January 13, 2005.

12. Employee and Officer Loans and Advances

Employee and officer loans and advances primarily represent secured housing loans that have been provided to key employees in connection with their relocation, along with advances for travel and other costs.

Included in "Other current assets" are loans and advances to employees and officers of the Company of $1.5 million and $0.5 million as of November 30, 2005 and 2004, respectively. In addition, included in "Other assets" are loans and advances to employees and officers of the Company of $0.2 million and $5.0 million as of November 30, 2005 and 2004, respectively.

13. Short-Term Bank Loans and Lines of Credit

Short-term bank loans, which amounted to $173.3 million and $292.5 million (of which $173.3 million and $291.2 million were obtained through various credit lines) at November 30, 2005 and 2004, respectively, consist principally of drawdowns under lines of credit and bank overdraft facilities. Amounts borrowed pursuant to these facilities bear interest at rates ranging from 4.84% to 5.30% in 2005, and from 1.74% to 6.63% in 2004. The weighted average interest rate was 4.9%, 3.7% and 2.4% for the years ended November 30, 2005, 2004 and 2003, respectively.

13. Short-Term Bank Loans and Lines of Credit (Continued)

As of November 30, 2005, the Company had various credit lines, including committed lines, payable through 2012 totaling $439.5 million, of which $266.2 million was available for future use. Of the $439.5 million in total credit lines at November 30, 2005, $400.0 million is committed beyond one year and $39.5 million is periodically subject to renewal. These credit lines are payable on demand and can be withdrawn by the banks with short notice. Commitment fees for unused lines of credit were $1.3 million, $0.3 million and $1.6 million for the years ended November 30, 2005, 2004 and 2003, respectively.

During 2005, SNSA completed a new seven-year $400 million revolving credit facility fully underwritten by a group of banks led by Deutsche Bank. This facility, collateralized by mortgages on certain SNTG ships, replaced SNSA' s existing two major ship-collateralized credit facilities.

See Note 25, "Subsequent Events" for discussion of a new revolving credit facility and related collateral.

Several of the credit facilities contain various financial covenants, which, if not complied with, could limit the ability of the Company to draw funds from time to time.

14. Long-Term Debt

Long-term debt as of November 30, 2005 and 2004, consisted of the following:

	2005	2004
	(in thousands)	
Preferred ship fixed rate mortgages		
Fixed interest rates ranging from 5.57% to 8.57%, maturities vary through 2015 as of November 30, 2005	**$ 273,098**	$ 287,279
Preferred ship variable rate mortgages		
Interest rates ranging from 4.27% to 5.81%, maturities vary through 2014 as of November 30, 2005	**67,638**	55,780
Senior Secured Credit Facility, variable interest rate was 5.62%, maturing in 2009 as of November 30, 2005	**150,000**	150,000
Senior Notes		
Partial payment on February 25, 2005 and remaining outstanding balance paid on April 15, 2005	–	313,600
Bank and notes payable		
Interest rates ranging from 2.94% to 11.67%, maturities vary through 2008 as of November 30, 2005	**2,845**	13,697
	493,581	820,356
Less–current maturities	**(49,482)**	(165,798)
	$ 444,099	$ 654,558

On November 30, 2004, the Senior Notes had fixed interest rates ranging from 8.46% to 10.48%, preferred ship fixed rate mortgages had interest rates ranging from 4.5% to 8.6%, preferred ship variable rate mortgages had interest rates ranging from 0.4% to 7.5%, the Senior Secured Credit Facility had an interest rate of 3.8%, and the bank and other notes payable had interest rates ranging from 2.9% to 11.0%.

14. Long-Term Debt (Continued)

Long-term debt is denominated primarily in U.S. dollars, with $1.2 million and $123.7 million denominated in other currencies as of November 30, 2005 and 2004, respectively. The Company had hedged a portion of the November 30, 2004 foreign currency denominated debt exposure with foreign exchange contracts. During 2005, the Company prepaid, or included in the net assets contributed to Marine Harvest, much of its foreign currency denominated debt. The Company also closed any related foreign exchange contracts.

Annual principal repayments of long-term debt for the five years subsequent to November 30, 2005 and thereafter, are as follows:

	(in thousands)
2006	$ 49,482
2007	67,097
2008	65,909
2009	65,881
2010	112,050
Thereafter	133,162
	$ 493,581

Agreements executed in connection with certain debt obligations require that the Company maintains defined financial covenants, including but not limited to, minimum consolidated tangible net worth, maximum consolidated debt to tangible net worth and minimum EBITDA to consolidated interest expense. Most of the debt agreements provide for a cross default in the event of a default in another agreement. In the event of a default that extends beyond the applicable remedy or cure period, lenders may accelerate repayment of amounts due to them. Substantially all of the debt is collateralized by mortgages on vessels, tank containers and terminals with a net carrying value of $992 million as of November 30, 2005.

As of November 30, 2005 and 2004, the Company was in compliance with the financial covenants under its various debt agreements. On February 20, 2004, a previous waiver agreement with respect to the Senior Notes was terminated. Representatives of the Senior Note holders informed the Company that the Senior Note holders believed that upon termination of the waiver agreement and the deconsolidation of SOSA, SNTG Ltd. (Liberia) was in breach of each of its: (i) leverage covenant; (ii) limitations on dividends and stock purchases; (iii) limitations on consolidations and mergers and sales of assets; and (iv) guarantees under the Senior Note agreements. The representatives did not provide specific details in support of such allegations. The Company informed the representatives of the Senior Note holders that it disagreed with these assertions. On June 16, 2004, the Company resolved the dispute with its Senior Note holders regarding the asserted defaults under the Senior Notes and entered into an agreement to amend the Senior Notes (the “Amendment Agreement”). Pursuant to the Amendment Agreement, a permanent waiver was granted by the Senior Note holders in respect of the defaults they asserted.

On February 28, 2005, the Company determined to exercise its right pursuant to the note agreements governing the Senior Notes to redeem all $295.4 million aggregate outstanding principal balance. The Senior Notes were redeemed at the respective redemption prices set forth in each of the note agreements. In connection with the early retirement of its Senior Notes, the Company recognized additional costs on

14. Long-Term Debt (Continued)

the redemption of $14.3 million, as a result of having to pay a redemption premium in accordance with the terms of the Senior Note agreements. Additionally, in 2005, the Company wrote-off $1.9 million of unamortized debt issuance costs in connection with the retirement of debt. In 2005, the Company recognized a gain on retirement of certain ship debt of $1.1 million.

15. Operating Leases

As of November 30, 2005, the Company was obligated to make payments under long-term operating lease agreements for tankers, land, terminal facilities, tank containers, barges, equipment and offices. Certain of the leases contain clauses requiring payments in excess of the base amounts to cover operating expenses related to the leased assets.

During 2003, SNTG sold three chemical parcel tankers, with a net book value of $51.1 million, for $50.0 million in cash. Such tankers were leased back, and the resulting loss of $1.1 million on the sale/leaseback transaction was recorded in operating results and is included in "Gain (loss) on disposal of assets, net" in the consolidated statements of operations. As of November 30, 2005, the Company was obligated to make minimum lease payments under the charter hire agreements for the three tankers of $25.7 million, expiring in 2008.

SNTG also sold 12 chemical parcel tankers in 2002, with a net book value of $56.4 million, for $97.7 million in cash less $2.1 million of transaction costs. Such tankers were leased back, and the resulting deferred gain of $39.2 million on the sale/leaseback transaction was being amortized over the maximum lease term of 4.5 years. The amortization of the deferred gain, amounting to $8.7 million for the year ended November 30, 2003, is included in "Operating Expenses," in the consolidated statements of operations. In accordance with the Company' s adoption of FIN 46(R), such tankers were consolidated into the financial statements effective December 1, 2003.

In previous years, SNTG entered into agreements with various Japanese shipowners for the time-charter (operating lease) of 11 parcel tankers with anticipated deliveries in 2003 through 2008. As of November 30, 2005, nine time-charters commenced with another time-charter to commence in 2006. The remaining time-charter is to commence in 2007 or 2008. These new tankers are expected to replace tankers in the SNTG fleet that the Company plans to scrap over the next several years. In connection with these agreements, which are for an initial minimum period of approximately five years and up to eight years, and include extension and purchase options at predetermined prices that the Company believes approximate fair market value, the Company has time charter commitments, that have been included in the below table, for these operating leases of approximately $248 million for 2006 through 2010.

STOLT-NIELSEN S.A.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Operating Leases (Continued)

Minimum annual lease commitments, under agreements which expire at various dates through 2047, are as follows:

	(in thousands)
2006	$134,746
2007	100,729
2008	81,000
2009	60,095
2010	32,206
Thereafter	47,866
	456,642
Less−sub-lease income	(523)

	$456,119

Rental and charter hire expenses under operating lease agreements for the years ended November 30, 2005, 2004, and 2003 were $138.1 million, $138.4 million and $118.2 million, respectively, net of sub-lease income of $0.4 million, $1.4 million and $4.0 million, respectively.

16. Variable Interest Entities

In addition to the Company' s on-balance sheet borrowings and available credit facilities, and as part of the overall financing and liquidity strategy, the Company sold 12 parcel tankers to a variable interest entity created on March 8, 2002, that had 3% of contributed outside equity, which was established for the sole purpose of owning the ships. The ships are mortgaged by the variable interest entity as collateral for the related financing arrangement. The holders of the financing arrangement retain the risk and reward, in accordance with their respective ownership percentage.

The ships were leased by the variable interest entity, 12 Ships Inc. ("12 Ships"), to Stolt Tankers Leasing BV, a subsidiary of the Company, for a maximum term of four and a half years. As of November 30, 2003, the remaining payments under the lease agreement were $64.3 million. Under the requirements of FIN 46 (R), which the Company implemented effective December 1, 2003, the entity was consolidated in the financial statements in 2004.

Under the previous accounting treatment for this entity, the Company would have recorded charter hire expense of approximately $13 million in 2004. As a result of consolidating 12 Ships in the consolidated financial statements in the beginning of the first quarter of 2004, the Company recorded depreciation expense, drydocking expense, interest expense and minority interest of $8 million in 2004, which is $5 million lower expense than the Company would have recorded in 2004 under the previous accounting treatment. The Company also recorded a $1.8 million loss included in the consolidated statements of operations as "Cumulative effect of a change in accounting principle" at December 1, 2003 upon the consolidation of 12 Ships.

During 2004, the Company purchased the minority interest' s equity in 12 Ships for $2 million. The excess of the purchase price over the minority interest' s share of 12 Ships (which was insignificant), of $2 million has been recorded as an increase in the fixed assets of 12 Ships. On January 25, 2005, the outstanding principal of $42.7 million under the loan with 12 Ships was prepaid.

17. Commitments and Contingencies

As of November 30, 2005, the Company had total capital expenditure purchase commitments outstanding of approximately $19.3 million, mainly for 2006, excluding the two shipbuilding agreements discussed below.

On June 9, 2005, the Company announced that an agreement was reached with ShinA Shipbuilding Co. Ltd. of South Korea for four 44,000 deadweight ton parcel tankers, with delivery scheduled to begin in the second quarter of 2008. The aggregate price for the four ships is expected to be $230 million. The Company also entered into a separate option agreement with the ShinA Shipbuilding Co. Ltd. to order two additional 44,000 deadweight ton parcel tankers for delivery in 2009.

On April 1, 2005, the Company announced that agreement has been reached with the Kleven Florø yard in Norway for two 43,000 deadweight ton parcel tankers for delivery in late 2007 and early 2008. The aggregate price for the two ships is expected to be $160 million. At the same time, the Company also entered into a separate option agreement with the Kleven Florø yard for two additional 43,000 deadweight ton parcel tankers for delivery in late 2008 and 2009 for $160 million. Under the terms of a proposal by Kleven Florø to extend the original option agreement, which expired on March 31, 2006, Kleven Florø must present the Company by August 31, 2006 an unconditional offer with the terms specified in the original option agreement. Should Kleven Florø present the Company with such an unconditional offer by August 31, 2006 and the Company decides not to accept the offer, the Company may be liable for a penalty of

$1.5 million. The Company also has separate options with Kleven Florø for four additional ships which contain no penalty provisions for not exercising the options.

Additionally, the Company has directly and indirectly guaranteed approximately $4.4 million of obligations of unconsolidated related and third parties.

SNSA agreed to indemnify and hold harmless SOSA, its subsidiaries, affiliates, directors and officers, agents and employees, and the directors and officers of its subsidiaries and affiliates (each an "Indemnified Person"), from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses reasonably incurred in connection with any suit, action, investigation or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, of whatever nature and in whatever jurisdiction and which refer or relate in any manner to or arise from, directly or indirectly, the sale by SNSA of its direct and/or indirect holding of 79,414,260 common shares of SOSA on January 13, 2005; provided that, SNSA shall not be required to indemnify an Indemnified Person where such loss, claim, damage or liability arises out of, or is based upon, (i) an untrue statement or alleged untrue statement by a director or officer of SOSA of a material fact, (ii) an omission or alleged omission by a director or officer of SOSA to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading or (iii) the violation by a director or officer of SOSA of any laws, including U.S. federal or state securities laws and the laws of any other jurisdiction in which the above-mentioned Common Shares were offered for sale, in each case in connection with the offering of the above-mentioned common shares. This indemnity agreement terminated on February 1, 2006.

The Company' s operations involve the carriage, use, storage and disposal of chemicals and other hazardous materials and wastes. The Company is subject to applicable federal, state, local and foreign health, safety and environmental laws relating to the protection of the environment, including those governing discharges of pollutants to air and water, the generation, management and disposal of hazardous materials and wastes and the cleanup of contaminated sites. In addition, some environmental laws, such as

17. Commitments and Contingencies (Continued)

the U.S. Superfund law, similar state statutes and common laws, can impose liability for the entire cleanup of contaminated sites or for third-party claims for property damage and personal injury, regardless of whether the current owner or operator owned or operated the site at the time of the release of contaminants or the legality of the original disposal activities.

During 2001, the Company sold SNTG' s tank storage terminals in Perth Amboy, NJ and Chicago, IL. Under the terms of the sale agreement, the Company has retained responsibility for certain environmental contingencies, should they arise during the covered period which ended two years after the closing date, in connection with these two sites. As of November 30, 2005, the Company has not been notified of any such contingencies having been incurred and neither does it anticipate any such contingencies being incurred in the future. The Chicago, IL terminal property has been leased under a long term agreement with the Illinois International Port District. In addition, as part of the Chicago, IL sale, the Company assigned its rights to the terminal property to a third party. The Company is contingently liable if the third party does not return the facility in acceptable condition at the end of the sublease period, on June 30, 2026.

18. Legal Proceedings

In 2005, SNSA was involved in significant legal proceedings, primarily certain antitrust matters described below. To address these issues, SNSA incurred significant legal costs, which are included in "Administrative and general expenses" in the consolidated statements of operations. SNSA has also made significant provisions for cash or guaranteed payment terms of agreements or agreements reached in principle or offers made to customers to resolve or avoid antitrust litigation. SNSA expects that it will continue to incur significant legal costs until these matters are resolved. SNSA also suffered significant distraction of management time and attention related to these legal proceedings and expects that it will continue to suffer this distraction until these proceedings are resolved. It is possible that the Company could suffer criminal prosecution, substantial and material fines or penalties or civil penalties, including significant monetary damages or

settlement costs as a result of these matters. These matters are at early stages, and it is not possible for the Company to determine whether or not an adverse outcome is probable or, if so, what the range of possible losses would be.

SNSA and SNTG

Parcel Tanker Investigations by U.S. Department of Justice and European Commission

In 2002, SNSA became aware of information that caused it to undertake an internal investigation regarding potential improper collusive behavior in the Company' s parcel tanker and intra-Europe inland barge operations. As a consequence of the internal investigation, SNSA determined to voluntarily report certain conduct to the Antitrust Division (the "Antitrust Division") of the U.S. Department of Justice (the "DOJ") and the Competition Directorate of the European Commission (the "EC").

As a result of its voluntary report to the DOJ concerning certain conduct in the parcel tanker industry, SNTG entered into an Amnesty Agreement dated January 15, 2003 (the "Amnesty Agreement") with the Antitrust Division, which provided that the Antitrust Division agreed "not to bring any criminal prosecution" against the Company for any act or offense it may have committed prior to January 15, 2003 in the parcel tanker industry to or from the United States, subject to the terms and conditions of the

18. Legal Proceedings (Continued)

Amnesty Agreement including continued cooperation. The Amnesty Agreement covers SNSA, SNTG and their directors, officers and employees.

On February 25, 2003, SNTG announced that it had been conditionally accepted into the DOJ' s Corporate Leniency Program with respect to possible collusion in the parcel tanker industry. At the same time, the Company also announced that the EC had admitted the Company into its Immunity Program with respect to deep-sea parcel tanker and intra-Europe inland barge operations. Acceptance into the EC program affords the Company immunity from EC fines with respect to anticompetitive behavior, subject to the Company fulfilling the conditions of the program, including continued cooperation. It is possible that in the future national authorities in Europe, or elsewhere, will assert jurisdiction over the alleged activities.

On April 8, 2003, the Antitrust Division' s Philadelphia field office staff informed the Company that it was suspending the Company' s obligation to cooperate because the Antitrust Division was considering whether or not to remove the Company from the DOJ' s Corporate Leniency Program. The stated basis for this reconsideration was that the Antitrust Division had received evidence that the Company had not met the condition that it "took prompt and effective action to terminate its part in the anticompetitive activity being reported upon discovery of the activity."

In February 2004, the Company filed a civil action against the DOJ in the United States District Court for the Eastern District of Pennsylvania (the "District Court") to enforce the Amnesty Agreement and to seek specific performance and/or a permanent injunction to enforce the Agreement' s bar on criminal prosecution for certain activity having occurred prior to January 15, 2003. On March 2, 2004, the DOJ notified SNTG that it was unilaterally voiding the Amnesty Agreement and revoking the Company' s amnesty. On January 14, 2005, the District Court entered a judgment in favor of the Company and permanently enjoined the DOJ from indicting or prosecuting SNSA or SNTG for any violation of the Sherman Antitrust Act prior to January 15, 2003, in the parcel tanker industry involving transportation to and from the United States. Through this order, the District Court enforced the Amnesty Agreement. The DOJ subsequently appealed the January 14, 2005 District Court order. On March 23, 2006, a two-judge panel of the United States Court of Appeals for the Third Circuit reversed and remanded the District Court' s ruling for further proceedings. The panel' s decision did not address the merits of the Company' s arguments regarding the effect of the Amnesty Agreement. Instead, the decision was based on the determination that the District Court did not have the authority to issue a pre-indictment injunction. On March 28, 2006, the Company filed a petition for rehearing *en banc,* in which the Company seeks to have the appeal reconsidered by the entire Third Circuit court. The Company is currently awaiting a decision on that petition. If the District

Court' s ruling is not upheld following appeals and any further proceedings, it is possible that SNTG or its directors, officers or employees could be subject to criminal prosecution and, if found guilty, to substantial and material fines and penalties.

In August 2004, the EC informed SNTG that it had closed its investigation into possible collusive behavior in the intra-Europe inland barge industry. The EC investigation into the parcel tanker industry has continued. SNTG currently remains in the EC' s Immunity Program with respect to the parcel tanker industry. The continuing immunity and amnesty of the Company and the directors and employees depends on the EC' s satisfaction that going forward, the Company and its directors, officers and employees are meeting any obligations they may have to cooperate and otherwise comply with the conditions of the Immunity Program. It is possible that the EC could assert that the Company or such directors, officers or employees have not complied or are not fully complying with the terms and conditions of the Immunity

18. Legal Proceedings (Continued)

Program. If this were to happen, the Company or such directors, officers or employees could be partly or fully removed from the Immunity Program, subject to criminal prosecution and, if found guilty, substantial and material fines and penalties.

Because of the ongoing litigation with the Antitrust Division in respect to the Company' s Amnesty Agreement, including the Company' s success at the District Court level, the fact-intensive nature of the issues involved, and the inherent difficulty of predicting the outcome of antitrust lawsuits and investigations, the Company is not able to conclude that an adverse outcome in connection with the criminal investigation is probable or a reasonable range for any such outcome and has made no provisions for any fines related to the DOJ or EC investigations in the accompanying consolidated financial statements. Two other targets of the antitrust criminal investigation, Odjfell ASA and Jo Tankers, agreed to pay fines of $42.5 million and $19.5 million, respectively, to settle the investigation. The Company has also noted that criminal fines paid in plea agreements in major price-fixing cases over the last decade have ranged from tens of millions to hundreds of millions of dollars. The range in cases involving other companies and other circumstances is not necessarily indicative of the range of exposure that the Company would face in the event of an adverse outcome of the DOJ investigation and litigation with the Antitrust Division. An adverse outcome in these proceedings, however, would likely have a material adverse effect on the Company' s financial condition, cash flows and results of operations.

Parcel Tanker Investigations by Other Competition Agencies

In February 2004, the Korea Fair Trade Commission ("KFTC") notified the Company that it was engaged in an antitrust investigation of the parcel tanker shipping industry and SNTG. In January 2006, the Company received a letter from the KFTC stating that the KFTC had "ceased deliberations" in its investigation. The Company understands this letter to constitute formal notice that the KFTC has closed its investigation.

In February 2004, the Canadian Competition Bureau ("CCB") notified the Company that they were engaged in antitrust investigations of the parcel tanker shipping industry and SNTG. On March 30, 2006, the CCB confirmed that its investigation remains ongoing. Because of the continuing nature of the CCB investigation, the fact-intensive nature of the issues involved, and the inherent unpredictability of the outcome of such proceedings, the Company has made no provisions for any fines related to the Canadian antitrust investigation in the accompanying consolidated financial statements. It is possible that the outcome of this investigation could result in criminal prosecutions and if the Company is found guilty, substantial and material fines and penalties. Consequently, the outcome of the CCB investigation could have a material adverse effect on the Company' s financial condition, cash flows and results of operations.

On June 10, 2005, the Company received written notice from the Australian Competition and Consumer Commission ("ACCC") that stated that an investigation of the parcel tanker shipping industry had been initiated in 2003. The ACCC simultaneously informed the Company by its letter that the ACCC had concluded that insufficient evidence was available to merit taking action at that time. The ACCC informed the Company that the letter constitutes formal notice that the investigation was closed.

STOLT-NIELSEN S.A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Legal Proceedings (Continued)

U.S. Department of Justice Investigation into the Stolt-Nielsen Tank Container Business

On June 28, 2004, the Company received a grand jury subpoena from the Antitrust Division calling for the production of documents relating to the Company' s tank container business, which is organized as a separate line of business from the Company' s parcel tanker business. The Company has informed the DOJ that it is committed to cooperating in this matter. Because of the early stage of this investigation and the inherent unpredictability of the outcome of such proceedings, the Company has made no provisions for any fines or other penalties related to the DOJ investigation in the accompanying consolidated financial statements. It is possible that the outcome of this investigation could result in criminal prosecutions and, if the Company is found guilty, substantial and material fines and penalties. Consequently, the outcome of this investigation could have a material adverse effect on the Company' s financial condition, cash flows and results of operations.

Possibility of Undisclosed Governmental Investigations

The foregoing are the government antitrust investigations of which the Company has received formal notification. Because of the trend towards global coordination of competition agencies and the confidentiality of certain investigations that they conduct, it is possible that there are or may be additional investigations by other national authorities of the parcel tanker industry, the tank container industry or other businesses in which the Company participates. It is also possible that the consequences of such investigations could have a material adverse effect on the Company' s financial condition, cash flows and results of operations.

Antitrust Civil Class Action Litigations and Arbitrations

During 2005, there were ten putative private antitrust class action lawsuits outstanding against SNSA and SNTG in U.S. federal and state courts for alleged violations of antitrust laws, six of which have been dismissed or settled. The four remaining actions set forth almost identical claims of collusion and bid rigging that track information in media reports regarding the DOJ and EC investigations. The suits seek treble damages in unspecified amounts and allege violations of the Sherman Antitrust Act and various state antitrust and unfair trade practices acts. The actions typically name as defendants SNSA and SNTG, along with several of the Company' s competitors, including Odfjell, Jo Tankers and Tokyo Marine.

Of the six putative class action lawsuits that have been dismissed or settled in 2005, the following three actions were voluntarily dismissed by the plaintiffs in April 2005 without any settlement:

- *Basic Chemical Solutions LLC, individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; Jo Tankers USA, Inc.; and Tokyo Marine Co.,* 2:03-CV-4080 (E.D. Pa.);
- *GFI Chemicals, LP; and GFI Sweden AB, individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; Jo Tankers USA, Inc.; and Tokyo Marine Co.,* 2:03-CV-4079 (E.D. Pa.); and
- *KP Chemical Corporation, on behalf of itself and all others similarly situated, v. Jo Tankers AS, Jo Tankers NV, Jo Tankers Asia Pte, Ltd., Jo Tankers Japan, Stolt-Nielsen Transportation Group Ltd., Stolt Parcel Tankers, Inc., Stolt-Nielsen Netherlands BV, Stolthaven Terminals, Inc., Anthony Radcliffe*

18. Legal Proceedings (Continued)

Steamship Company, Ltd., Copenhagen Tankers, Inc., Parcel Tankers de Columbian y Cia Ltda., Tokyo Marine Co., Ltd. and IIno Kaiun Kaisha, Ltd., 3:04-cv-00249 (D. Conn.) (*"KP Chemical"*).

The plaintiff in the following putative class action never served the Company with its complaint, and the complaint was dismissed by the U.S. District Court for the District of Connecticut on February 6, 2006:

- *Tulstar Products, Inc. individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers USA, Inc. and Tokyo Marine Co., Ltd.,* 3:04-cv-00318-AWT (D. Conn.).

In addition to the four dismissals described above, the Company has settled the following two actions without incurring material cost or expense:

- *JLM Industries, Inc., JLM International, Inc., JLM Industries (Europe) BV, JLM Europe BV, and Tolson Holland, individually and on behalf of all other similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc., Jo Tankers BV, Jo Tankers, Inc., and Tokyo Marine Co. LTD.,* 3:03 CV 348 (DJS) (D. Conn.) ("JLM"); and
- *Nizhnekamskneftekhim USA, Inc., on behalf of itself and all others similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc. (Houston,) Jo Tankers BV, Jo Tankers USA Inc., and Tokyo Marine Co.,* H-03-1202 (S.D. Tex.) (*"Nizh"*).

In connection with the two settlements, the Company obtained a release of claims.

As a result of the dismissals and settlements described above, only the following four putative antitrust class action lawsuits remain outstanding in U.S. federal and state courts:

1. *AnimalFeeds International Corp., Inversiones Pesqueras S.A., Central Pacific Protein Corp, and Atlantic Shippers of Texas, Inc., individually and on behalf of all other similarly situated v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; Jo Tankers USA, Inc.; and Tokyo Marine Co.,* 2:03-CV-5002 (E.D. Pa.) (*"AnimalFeeds"*);
2. *Fleurchem, Inc., on behalf of itself and all others similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc., Jo Tankers BV, Jo Tankers USA, Inc., and Tokyo Marine Co.,* H-03-3385 (S.D. Tex.) (*"Fleurchem"*);
3. *Karen Brock, on behalf of herself and all others similarly situated, v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers USA, Inc., Tokyo Marine Co., Ltd and Does 1 through 100 inclusive,* No. CGC 04429758 (Superior Court of Cal., County of San Francisco) (*"Brock"*); and
4. *Scott Sutton, on behalf of himself and all others similarly situated in the State of Tennessee v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, and Odfjell Seachem AS, Odfjell USA Inc., Jo Tankers BV, Jo Tankers USA Inc., and Tokyo Marine Co. Ltd.,* No. 28,713-II (Cir. Ct. Cocke County, Tenn.) (*"Sutton"*).

In one of these four remaining class action lawsuits, *AnimalFeeds,* customers claim that, as a result of defendants' alleged collusive conduct, they paid higher prices under their contracts with the defendants. In

18. Legal Proceedings (Continued)

the three other antitrust class action lawsuits, *Fleurchem, Brock,* and *Sutton,* indirect purchasers claim that alleged collusion resulted in higher prices being passed on to them.

The *Sutton* and *Brock* actions are currently pending in U.S. state courts. The Company has filed a motion to dismiss the *Sutton* complaint in its entirety.

On the Company' s motion, the two remaining federal putative class actions (*AnimalFeeds* and *Fleurchem*) were consolidated into a single multidistrict litigation ("MDL") proceeding in the U.S. District Court for the District of Connecticut (the "MDL Court") captioned "*In re Parcel Tanker Shipping Services Antitrust Litigation*." The *AnimalFeeds* lawsuit has been stayed pending arbitration of its claims. In that arbitration, which has only recently begun, the plaintiffs seek to pursue class arbitration. As to *Fleurchem,* on December 9, 2005, the Company filed a motion to compel arbitration of Fleurchem' s claims. On February 6, 2006, the Court granted the Company' s motion to order discovery against Fleurchem on the issue of its obligation to arbitrate.

In light of the early stages of these litigations and arbitrations, the fact-intensive nature of the issues involved, the unsettled law and the inherent uncertainty of litigation and arbitration, the Company is not able to determine whether or not a negative outcome in any of these actions is probable, or a reasonable range for any such outcome, and the Company has not made any provision for any of these claims in the accompanying consolidated financial statements. It is possible that the outcomes of any or all of these proceedings could have a material adverse effect on the Company' s financial condition, cash flows and results of operations.

Antitrust Civil Litigation and Arbitration By Direct Opt-Out Plaintiffs

In addition to the four remaining putative class actions described above, the Company is aware of four lawsuits filed in U.S. federal court by plaintiffs who have elected to opt out of the putative class actions. The principal plaintiffs in these actions are direct purchasers of the Company' s parcel tanker services and include The Dow Chemical Co., Union Carbide Corp. (now a Dow subsidiary), Huntsman Petrochemical Corp., and Sasol Ltd. The cases are as follows:

1. *The Dow Chemical Company v. Stolt-Nielsen Transportation Group Ltd., Stolt-Nielsen, S.A., Odfjell ASA, Odfjell Seachem AS, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers, Inc., and Tokyo Marine Co., Ltd.,* 3:03-CV-01920 (D. Conn.);
2. *Union Carbide Corporation v. Stolt-Nielsen Transportation Group Ltd., Stolt-Nielsen, S.A., Odfjell ASA, Odfjell Seachem AS, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers, Inc., and Tokyo Marine Co., Ltd.,* 3:03-CV-01919 (SRU) (D. Conn.);
3. *Huntsman Petrochemical Corporation, Huntsman International Trading Corporation, Huntsman Chemical Company Australia Pty. Ltd., and Huntsman Petrochemicals (UK) Ltd. v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., and Tokyo Marine Co., Ltd.,* 3:04-CV-923 (D. Conn.); and
4. *Sasol Ltd., Sasol Chemical Indus. Ltd., Sasol Technology (Pty.) Ltd., Sasol Chemie Gmbh & Co. Kg, Sasol Olefins & Surfactants Gmbh, Sasol Germany Gmbh, Merisol Antioxidants LLC, Sasol Italy Spa, Sasol North America Inc., Merisol Ltd., Merisol UK Ltd., Merisol Hong Kong Ltd., Merisol LP, Merisol USA LLC, Merisol RSA (Pty.) Ltd., Merisol GP LLC v. Stolt-Nielsen S.A., Stolt-Nielsen*

18. Legal Proceedings (Continued)

Transportation Group Ltd., Stolt-Nielsen Transportation Group BV, Stolt-Nielsen Nederland BV, Stolt Tankers Inc., Richard B. Wingfield, Odfjell ASA, Odfjell Seachem AS, Odfjell Tankers AS, Odfjell USA Inc, Bjorn Sjaastad, Erik Nilsen, Jo Tankers BV, Jo Tankers Inc., Hendrikus Van Westenbrugge, Tokyo Marine Co,. Ltd., Satoshi Kuwano, 3:04-CV-2017 (D. Conn.).

These four lawsuits make allegations similar to the putative class actions and seek the same type of damages under the Sherman Antitrust Act as sought by the purported class actions. In effect, the opt-out plaintiffs have asserted claims in their own names that would have been otherwise included within the purported scope of the damages sought by the purported class actions.

All four opt-out lawsuits were consolidated into the MDL litigation and stayed pending arbitration. Pursuant to confidential commercial agreements, Sasol, Dow and UCC have dismissed their lawsuits against the Company. Huntsman is currently pursuing its claims in a recently initiated consolidated arbitration proceeding. Four other customers are pursuing similar antitrust claims against the Company in that

proceeding. The Company is currently pursuing counterclaims and set-offs against certain of the opt-out claimants for breach of contract and antitrust violations by those claimants.

In light of the early stage of these litigations and arbitrations, the fact intensive nature of the issues involved, the inherent uncertainty of litigation and arbitration, the unsettled law and the potential offsetting effect of counterclaims asserted against the claimants, the Company is not able to determine whether or not a negative outcome in any of these actions is probable, or a reasonable range for any such outcome, and has made no provision for the claims raised in these proceedings in the accompanying consolidated financial statements. The Company has noted that the civil damages in major civil antitrust proceedings in the last decade have ranged as high as hundreds of millions of dollars. This range involving other companies and other circumstances is not necessarily indicative of the range of exposure that the Company would face in the event of an adverse outcome, although it is possible that the outcomes of any or all of these proceedings could have a material adverse effect on the Company' s financial condition, cash flows and results of operations.

Customer Settlements

The Company has actively engaged in discussions with a number of customers regarding the subject matter of the DOJ and EC antitrust investigations. To date, the Company has reached agreements or agreements in principle resolving existing and potential antitrust claims with a significant number of its major customers, with the condition that the customer relinquishes all claims arising out of the matters that are the subject of the antitrust investigations. These agreements include the settlements specifically described above, and additional settlements of potential claims that were never made in any lawsuit or arbitration. These agreements typically affect the commercial terms of the Company' s contracts with the relevant customers. In some cases, the Company has agreed to future discounts, referred to as rebates, which are subject to a maximum cap and are tied to continuing or additional business with the customer. The potential future rebates which are not guaranteed by SNTG, are not charged against operating revenue unless the rebate is earned. The aggregate amount of such future rebates for which SNTG could be responsible under existing settlement agreements, agreements in principle and offers made is approximately $16 million. The Company expects that most of the operating revenue that would be subject to these rebates will occur within the two years subsequent to November 30, 2005. In certain cases, the Company has also agreed to make up-front cash payments or guaranteed payments to customers, often in

18. Legal Proceedings (Continued)

conjunction with rebates. The Company has made provisions against operating revenue totaling $39.1 million in 2005, reflecting such payment terms of existing settlement agreements or agreements in principle or offers made to customers.

The Company continues to engage in business negotiations with other customers. There can be no certainty regarding the results of these ongoing negotiations−each is highly individualized and involves numerous commercial and litigation factors.

Antitrust Civil Action by Former Competitor

On June 23, 2004, the bankruptcy trustee for O.N.E. Shipping, Inc., a former competitor of SNTG, filed an antitrust lawsuit against the Company in the U.S. District Court for the Eastern District of Louisiana. The claim generally tracks the factual allegations in the putative class action lawsuits and direct opt-out lawsuits described above, except that the complaint alleges that the Company conspired with other parcel tanker firms to charge predatory prices, that is, prices that were below a competitive level, thereby driving O.N.E. out of business.

This lawsuit seeks treble damages related to alleged suppression and elimination of competition. It has been consolidated in the MDL litigation. On February 6, 2006, the Court vacated the stay of discovery that had been in place, and ordered the parties to begin discovery. The parties, however, have stipulated to a 60-day extension of that deadline, and the Company' s time to answer or otherwise respond is now June 5, 2006.

In light of the early stage of this lawsuit and the inherent uncertainty of litigation, the Company is not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and has made no provision for the claims raised in this lawsuit in the consolidated financial statements. It is possible that the outcome of this action could have a material adverse effect on the Company' s financial condition, cash flows and results of operations.

Securities Litigation

In March 2003, an individual claiming to have purchased SNSA American Depositary Receipts, Joel Menkes, filed a purported civil securities class action in the U.S. District Court for the District of Connecticut against the Company and certain officers and directors. Plaintiffs' counsel have since replaced Mr. Menkes with Irene and Gustav Rucker. The current complaint appears to be based significantly on media reports about the *O' Brien* action (described below) and the DOJ and EC investigations (described above). Pursuant to the Private Securities Litigation Reform Act ("PSLRA"), the Court allowed for the consolidation of any other class actions with this one. No other class actions were brought during the time allowed.

On September 8, 2003, the Plaintiffs filed their Consolidated Amended Class Action Complaint against the same defendants. The consolidated complaint was brought on behalf of "all purchasers of Stolt' s American Depositary Receipts ("ADR' s") from May 31, 2000 through February 20, 2003... and all United States ("U.S.")-located purchasers of Stolt securities traded on the Oslo Exchange to recover damages caused by defendants' violations of the Securities Exchange Act of 1934."

18. Legal Proceedings (Continued)

The complaint claims that SNSA "concealed that a material portion of SNSA' s and SNTG' s revenues and earnings from 2001 through February 2003 came from an illegal pact between SNTG and Odfjell ASA... to rig bids for international shipping contracts...." The consolidated complaint asserted that the Company' s failure to disclose such alleged behavior, coupled with allegedly "false and misleading" statements, caused plaintiffs to pay inflated prices for the Company' s securities by making it appear that the Company was "immune to an economic downturn that was afflicting the rest of the shipping industry" and "misleading them to believe that the Companies' earnings came from legitimate transactions."

On October 27, 2003, the Company filed a motion to dismiss the consolidated complaint in its entirety. On November 10, 2005, the court granted the motion to dismiss with prejudice. Plaintiffs responded by moving for reconsideration and requested a dismissal without prejudice, and the right to amend the complaint. On January 27, 2006, the court converted the dismissal to a dismissal without prejudice, and permitted the plaintiffs to amend their complaint. On March 1, 2006, the plaintiffs filed an amended complaint. On March 20, 2006, the Company moved to dismiss the amended complaint in its entirety.

The Company is vigorously defending itself against this lawsuit. The Company is not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and the Company has not made any provisions for any liability related to the action in the consolidated financial statements. It is possible that the outcome of this litigation could have a material adverse effect on the Company' s financial condition, cash flows and results of operations.

Employment Litigation

In an action filed in the Superior Court in Connecticut, SNTG and its former chairman have been sued by a former employee, Paul E. O' Brien, who resigned in early 2002.

The plaintiff in the *O' Brien* action, a former in-house counsel, seeks damages for constructive discharge and alleges that SNTG was engaging in ongoing "illegal antitrust activities that violated United States and international law against price fixing and other illegal collusive conduct." The *O' Brien* action also seeks an order allowing the plaintiff to disclose client confidences and secrets regarding these allegations

and protecting the plaintiff from civil or disciplinary proceedings after such revelation. The complaint, as amended, does not specify the damages sought other than to state they are in excess of the $15,000 jurisdictional minimum.

SNTG filed motions for summary judgment on the entire complaint based, among other things, on the grounds that 1) a New York lawyer cannot maintain an action against his client where it will necessarily require disclosure of privileged information or client confidences; and 2) O' Brien failed pursuant to New York (and Connecticut) law to go report his concerns "up the corporate ladder" in March 2002. By agreement of the parties, in September 2004, the Superior Court heard arguments on only the first ground for summary judgment. In October 2004, the Superior Court denied that branch of the summary judgment motion. The Company immediately took an interlocutory appeal, and its petition for review by the state Supreme Court was denied in April 2005.

The O' Brien action is still in the early stages of discovery. The Company intends to continue to vigorously defend itself against this lawsuit. The Company is not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and has not made

18. Legal Proceedings (Continued)

any provision for any liability related to the action in the accompanying consolidated financial statements. It is possible that the outcome of this litigation could have a material adverse effect on the Company' s financial condition, cash flows and results of operations.

General

The Company is a party to various other legal proceedings arising in the ordinary course of business. The Company believes that none of those legal proceedings will have a material adverse effect on its business or financial condition. The ultimate outcome of governmental and third party legal proceedings are inherently difficult to predict. It is reasonably possible that actual expenses and liabilities could be incurred in connection with both asserted and unasserted claims in a range of amounts that cannot reasonably be estimated. It is possible that such expenses and liabilities could have a material adverse affect on the Company' s financial condition, cash flows and results of operations.

The Company' s operations are affected by U.S. and foreign environmental protection laws and regulations. Compliance with such laws and regulations entails considerable expense, including ship modifications and changes in operating procedures.

Legal Fees

In connection with the foregoing investigations and legal proceedings, the Company has incurred significant legal fees and costs. SNSA incurred legal fees and costs of $30.2 million in 2005, $20.1 million in 2004 and $15.5 million in 2003, which are included in "Administrative and general expenses" in the consolidated statements of operations. SNSA expects that it will continue to incur significant fees and costs until these matters are resolved. Due to the uncertainty over the resolution of the matters described above, as of November 30, 2005, SNSA had not established any reserves for legal fees and costs related to these proceedings.

19. Pension and Benefit Plans

Certain of the U.S. and non-U.S. subsidiaries of the Company have pension and benefit plans covering substantially all of their shore-based employees and certain ship officers of the Company. The most significant plans are defined benefit and defined contribution plans. Benefits are based on each participant' s length of service and compensation.

19. Pension and Benefit Plans (Continued)

Net periodic benefit costs for the Company' s defined benefit retirement plans (including a retirement arrangement for one of the Company' s directors) and other post-retirement benefit plans for the years ended November 30, 2005, 2004, and 2003, consist of the following:

	Pension Benefits			Other Post-retirement Benefits		
For the years ended November 30,	2005	2004	2003	2005	2004	2003
	(in thousands)					
Components of Net Periodic Benefit Cost:						
Service cost	**$ 4,986**	$ 4,936	$ 4,146	**$ 288**	$ 432	$ 381
Interest cost	**8,326**	7,960	7,318	**694**	859	833
Expected return on plan assets	**(6,496)**	(6,371)	(5,153)	–	–	–
Amortization of unrecognized net transition liability	**805**	316	275	**110**	122	122
Amortization of prior service cost	**202**	154	(65)	–	10	10
Recognized net actuarial loss	**2,674**	2,228	980	–	209	154
Gain recognized due to curtailment	**(56)**	–	–	–	–	–
Net periodic benefit cost	**$ 10,441**	$ 9,223	$ 7,501	**$ 1,092**	$ 1,632	$ 1,500

U.S. based employees retiring from SNTG after attaining age 55 with at least ten years of service with SNTG are eligible to receive post-retirement health care coverage for themselves and their eligible dependents. These benefits are subject to deductibles, co-payment provisions, and other limitations. SNTG reserves the right to change or terminate the benefits at any time.

The following tables set forth the change in benefit obligations for the Company' s defined benefit retirement plans and other post-retirement plans and the change in plan assets for the defined benefit retirement plans. There are no plan assets associated with the other post-retirement plans.

	Pension Benefits		Other Post-retirement Benefits	
For the years ended November 30,	2005	2004	2005	2004
	(in thousands)			
Change in Benefit Obligation:				
Benefit obligations at beginning of year	**$ 151,368**	$ 134,676	**$ 15,561**	$ 14,902
Service cost	**4,986**	4,936	**288**	432
Interest cost	**8,326**	7,960	**694**	859
Benefits paid	**(5,000)**	(5,124)	**(622)**	(571)
Plan participant contributions	**392**	374	–	–
Foreign exchange rate changes	**(1,784)**	2,340	–	–
Curtailments	**(279)**	–	**333**	–
Actuarial losses	**17,060**	6,206	**(2,423)**	(61)
SSF operations contributed to Marine Harvest	**(5,051)**	–	–	–
Benefits obligation at end of year	**$ 170,018**	$ 151,368	**$ 13,831**	$ 15,561

19. Pension and Benefit Plans (Continued)

For the years ended November 30,	Pension Benefits 2005	Pension Benefits 2004
	(in thousands)	
Change in Plan Assets:		
Fair value of plan assets at beginning of year	**$ 99,025**	$ 86,186
Actual return on plan assets	**12,653**	9,523
Company contributions	**24,923**	6,796
Plan participant contributions	**405**	392
Foreign exchange rate changes	**(1,638)**	938
Benefits paid	**(4,689)**	(4,810)
SSF operations contributed to Marine Harvest	**(3,770)**	–
Fair value of plan assets at end of year	**$ 126,909**	$ 99,025

Amounts recognized in the consolidated balance sheets consist of the following:

As of November 30,	Pension Benefits 2005	Pension Benefits 2004	Other Post-retirement Benefits 2005	Other Post-retirement Benefits 2004
	(in thousands)			
Funded status of the plan	**$ (43,110)**	$ (52,343)	**$ (13,831)**	$ (15,939)
Unrecognized net actuarial loss	**43,700**	33,102	**1,953**	4,798
Unrecognized prior service cost	**1,812**	2,046	**–**	–
Unrecognized net transition liability	**81**	244	**765**	975
Measurement date to year-end	**54**	76	**126**	82
Net amount recognized	**$ 2,537**	$ (16,875)	**$ (10,987)**	$ (10,084)
Prepaid benefit cost	**$ 23,957**	$ 17,786	**$ –**	$ –
Accrued benefit liability	**(31,794)**	(42,320)	**(10,987)**	(10,084)
Intangible asset	**1,201**	1,455	**–**	–
Accumulated other comprehensive loss	**9,173**	6,204	**–**	–
Net amount recognized	**$ 2,537**	$ (16,875)	**$ (10,987)**	$ (10,084)

The Company' s United States pension and retiree medical obligations are measured as of September 30. The Company' s non-United States pension obligations are measured as of November 30. The following are the assumptions used in the measurement of the projected benefit obligation and net periodic pension expense for pension benefits, and the accumulated projected benefit obligation and retiree medical expense for other post-retirement benefits:

As of November 30,	Pension Benefits 2005	Pension Benefits 2004	Pension Benefits 2003	Other Post-retirement Benefits 2005	Other Post-retirement Benefits 2004	Other Post-retirement Benefits 2003
	(in thousands)					
Weighted-Average Assumptions						
Discount rate	**5.22**%	5.73%	5.94%	**5.40**%	5.80%	6.00%
Expected long-term rate of return on assets	**7.22**%	7.74%	7.39%	–%	–%	–%
Rate of increase in compensation levels	**3.31**%	3.23%	3.69%	**4.00**%	4.00%	4.00%

19. Pension and Benefit Plans (Continued)

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets of pension plans with accumulated benefit obligations in excess of plan assets were $162.4 million, $152.7 million, and $120.3 million, respectively, as of November 30, 2005 and $173.4 million, $158.2 million, and $95.5 million, respectively, as of November 30, 2004.

Health care cost trends assume an 11% annual rate of increase in the per capita cost of covered health care benefits for 2005, grading down gradually each year, reaching an ultimate rate of 5.0% in 2013 and remaining at that level thereafter. The effect of a 1% change in these assumed cost trends on the accumulated post-retirement benefit obligation at the end of 2005 would be an approximate $0.5 million increase or an approximate $0.6 million decrease and the effect on the aggregate of the service cost and interest cost of the net periodic benefit cost for 2005 would be an approximate $30 thousand increase or an approximate $40 thousand decrease.

The Company' s defined benefit pension plans' weighted-average asset allocation at November 30, 2005 and 2004, by category was as follows:

	Plan Assets at November 30	
	2005	**2004**
Equity Securities	**61%**	59%
Debt Securities	**22%**	27%
Real Estate	**10%**	10%
Other	**7%**	4%
Total	**100%**	100%

It is the Company' s policy to invest pension plan assets for its defined benefit plans to ensure that there is an adequate level of assets to support benefit obligations to participants and retirees over the life of the plans, maintain liquidity in plan assets sufficient to cover current benefit obligations, earn the maximum investment return consistent with a prudent level of investment and actuarial risk. Investment return is the total compounded annual return, calculated recognizing interest and dividend income, realized and unrealized capital gains and losses, employer contributions, expenses, and benefit payments.

The Company expects to contribute $12.1 million to certain of its defined benefit pension plans in 2006.

The following estimated future benefit payments, which reflect expected future service, are expected to be paid by the pension plans in the following years, as indicated:

	(in thousands)
2006	$ 6,057
2007	7,242
2008	7,089
2009	8,958
2010	9,156
2011-2015	42,734
	$ 81,236

19. Pension and Benefit Plans (Continued)

The weighted-average assumptions for 2006 pension benefits and other post-retirement benefits are as follows:

	Pension Benefits	Other Post-Retirement Benefits
Discount rate	5.22%	5.80%
Expected long-term rate of return on assets	7.22%	–%
Rate of increase in compensation levels	3.31%	5.80%

The Company also provides defined contribution plans to certain of its qualifying employees. Company contributions charged to expense for these plans were $1.5 million, $2.7 million and $2.1 million for the years ended November 30, 2005, 2004 and 2003, respectively.

20. Capital Stock, Founder' s Shares and Dividends Declared

The Company' s authorized share capital consists of 120,000,000 Common shares, no par value, and 30,000,000 Founder' s shares, no par value. Under the Luxembourg Company law, Founder' s shares are not considered as representing capital of the Company.

In addition to the authorized Common shares and Founder' s shares of the Company, an additional 1,500,000 Class B shares, no par value, have been authorized for the sole purpose of the issuance of options granted under the Company' s existing stock option plans, and may not be used for any other purpose. The rights, preferences and priorities of such Class B shares are set forth in the Articles of Incorporation. All such Class B shares convert to Common shares immediately upon issuance. Such authorized and unissued Class B shares and all of the rights relating thereto expire, without further action, on December 31, 2009.

Except for matters where applicable law requires the approval of both classes of shares voting as separate classes, Common shares and Founder' s shares vote as a single class on all matters submitted to a vote of the shareholders, with each share entitled to one vote.

Under the Articles of Incorporation, holders of Common shares and Founder' s shares participate in annual dividends, if any are declared by the Company, in the following order of priority: (i) $0.005 per share to Founder' s shares and Common shares equally; and (ii) thereafter, all further amounts are payable to Common shares only. Furthermore, the Articles also set forth the priorities to be applied to each of the Common shares and Founder' s shares in the event of a liquidation.

Under the Articles, in the event of a liquidation, all debts and obligations of the Company must first be paid and thereafter all remaining assets of the Company are paid to the holders of Common shares and Founder' s shares in the following order of priority: (i) Common shares ratably to the extent of the stated value thereof (i.e. $1.00 per share); (ii) Common shares and Founder' s shares participate equally up to $0.05 per share; and (iii) thereafter, Common shares are entitled to all remaining assets.

The Common shares are listed in Norway on the Oslo Børs and trade as ADRs in the United States on NASDAQ.

During 2005, the Company purchased 1.6 million of its Common shares for $54.8 million, in accordance with the repurchase program announced in August 2005, whereby the Company' s Board of Directors authorized the purchase of up to $200 million of its Common shares or related ADRs. Such

20. Capital Stock, Founder' s Shares and Dividends Declared (Continued)

shares are recorded as "Treasury stock" in the consolidated balance sheet. The Company also purchased 0.4 million Founder' s shares in 2005.

During 2004, the Company sold 7.7 million Treasury Common shares in a private placement to non-affiliated institutional investors. The aggregate gross proceeds before expenses of $3 million amounted to $104 million, or approximately $13.50 per share, and resulted in a charge to Paid-in surplus of $33.0 million.

As of November 30, 2005 and 2004, 16,434,891 and 15,844,190, respectively, Founder' s shares had been issued to Fiducia Ltd. Additional Founder' s shares are issuable to holders of outstanding Founder' s shares without consideration, in quantities sufficient to maintain a ratio of Common shares to Founder' s shares of 4 to 1. No stated values for the Founder' s shares are included in the consolidated balance sheets, as these shares exist solely for voting purposes.

In November 2005, the Board of Directors approved an interim dividend of $1.00 per Common share and $0.005 per Founder' s share which was paid on December 14, 2005 to all shareholders of record as of November 30, 2005. Dividends are recognized in the consolidated financial statements upon final approval from the Company' s shareholders or, in the case of interim dividends, as paid. The interim dividend declared in November 2005 of $65.8 million will be recognized in the year ended November 30, 2006.

On June 30, 2005, the Company paid a special final dividend for the full year ended November 30, 2004 of $2.00 per Common share and $0.005 per Founder' s share. The special final dividend recognized the Company' s strong financial performance in 2004 and significant improvement in its balance sheet following the sale of its entire ownership interest in SOSA, as the recognition of the first quarter 2005 gain allowed for the payment of dividends in accordance with the Company' s loan agreements. The dividend resulted in an aggregate cash payment to holders of Common shares and Founder' s shares of $131.1 million.

The legal reserve may also be satisfied by allocation of the required amount at the issuance of shares or by a transfer from paid-in surplus. The legal reserve is not available for dividends. The legal reserve for all outstanding Common shares has been satisfied and appropriate allocations are made to the legal reserve account at the time of each issuance of new shares.

21. Stock Option Plans

The Company has a 1987 Stock Option Plan (the "1987 Plan") covering 2,660,000 Common shares and a 1997 Stock Option Plan (the "1997 Plan") covering 5,180,000 Common shares. No further grants will be issued under the 1987 Plan. The 1987 Plan and the 1997 Plan are administered by a Compensation Committee appointed by the Board of Directors. The Compensation Committee awards options based on the grantee' s position in the Company, degree of responsibility, seniority, contribution to the Company and such other factors as it deems relevant under the circumstances.

All Class B shares issued in connection with the exercise of options will immediately convert to Common shares upon issuance.

Options granted under both Plans may be exercisable for periods of up to ten years at an exercise price not less than the fair market value per share at the date of the grant. Options vest 25% on the first anniversary of the grant date, with an additional 25% vesting on each subsequent anniversary.

21. Stock Option Plans (Continued)

The following table reflects activity under the Plans for the years ended November 30, 2005, 2004 and 2003:

For the years ended November 30,	2005 Shares	2005 Weighted average exercise price	2004 Shares	2004 Weighted average exercise price	2003 Shares	2003 Weighted average exercise price
Common Share options						
Outstanding at beginning of year	**2,319,489**	**$ 11.66**	2,311,163	$ 12.78	1,712,738	$ 15.51
Granted	**489,900**	**26.41**	584,100	7.33	698,940	5.90

Exercised	**(1,323,587)**	**13.60**	(364,475)	12.05	–	–
Forfeited	**(18,563)**	**13.88**	(89,549)	12.30	(43,540)	15.46
Expired	**(5,600)**	**13.17**	(121,750)	10.50	(56,975)	8.50
Outstanding at end of year	**1,461,639**	**$14.58**	2,319,489	$11.66	2,311,163	$12.78
Exercisable at end of year	**811,553**	**$12.03**	1,056,383	$16.07	1,178,313	$16.72
Weighted average fair value of options granted		**$10.20**		$ 2.65		$ 2.43

For the years ended November 30,	Shares	2005 Weighted average exercise price	Shares	2004 Weighted average exercise price	Shares	2003 Weighted average exercise price
Class B options						
Outstanding at beginning of year	**1,235,638**	**$14.49**	1,715,455	$14.01	1,774,042	$13.90
Exercised	**(1,039,217)**	**14.36**	(374,088)	12.96	–	–
Forfeited	**(5,925)**	**13.82**	(44,600)	14.54	(30,100)	14.08
Expired	**(2,800)**	**13.17**	(61,129)	10.50	(28,487)	8.50
Outstanding at end of year	**187,696**	**$14.34**	1,235,638	$14.49	1,715,455	$14.01
Exercisable at end of year	**187,696**	**$14.34**	1,125,888	$14.45	1,351,280	$13.79

21. Stock Option Plans (Continued)

The following table summarizes information about stock options outstanding as of November 30, 2005:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
Common Shares options:					
$20.13-26.41	530,250	8.34	$25.80	168,627	$24.49
$17.13-19.08	20,300	0.68	17.90	20,300	17.90
$5.90-13.17	911,089	7.27	7.98	622,626	8.47
	1,461,639	7.57	$14.58	811,553	$12.03
Class B options:					
$20.50-22.13	5,100	3.29	$21.30	5,100	$21.30
$17.50-19.08	17,338	0.78	17.86	17,338	17.86
$9.88-14.75	165,258	4.35	13.75	165,258	13.75
	187,696	3.98	$14.34	187,696	$14.34

22. Restrictions on Payment of Dividends

On an annual basis, Luxembourg law requires an appropriation of an amount equal to at least 5% of SNSA' s unconsolidated net profits, if any, to a "legal reserve" within shareholders' equity, until such reserve equals 10% of the issued share capital of SNSA. This reserve is not available for dividend distribution. SNSA' s Common shares and Founder' s shares have no par value. Accordingly, SNSA has assigned a stated value per Common share of $1.00. At November 30, 2005, this legal reserve amounted to $6.6 million based on Common shares issued

as of that date. Advance dividends can be declared, up to three times in any fiscal year (at the end of the second, third and fourth quarters), by the Board of Directors; however, they can only be paid after the prior year' s consolidated financial statements have been approved by SNSA' s shareholders, and after a determination as to the adequacy of amounts available to pay such dividends has been made by its independent statutory auditors in Luxembourg. Final dividends are approved by the shareholders once per year at the annual general meeting; both advance and final dividends can be paid out of any SNSA earnings, retained or current, as well as paid-in surplus, subject to shareholder approval. Luxembourg law also limits the payment of stock dividends to the extent sufficient surplus exists to provide for the related increase in stated capital.

23. Financial Instruments

The Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and has identified and designated all derivatives within the scope of SFAS No. 133, as amended by SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities".

SFAS No. 133 established accounting and reporting standards in the U.S. requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative' s fair value be recognized currently in earnings unless specific hedge accounting

23. Financial Instruments (Continued)

criteria are met. Special accounting for qualifying hedges allows a derivative' s gains and losses to offset related results on the hedged item in the statement of operations, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

All of the Company' s derivative activities are over the counter instruments entered into with major financial institutions for hedging the Company' s committed exposures or firm commitments with major financial credit institutions. The Company holds foreign exchange forward contracts, and commodity and interest rate swaps, which subject the Company to a minimum level of risk. The Company does not believe that it has a material exposure to credit risk from third parties failing to perform according to the terms of hedge instruments.

The following foreign exchange contracts, maturing through November 2006, were outstanding as of November 30, 2005:

	Purchase (in local currency, thousands)
Singapore dollar	31,310
Norwegian kroner	1,126,378
Australian dollar	300
Euro	33,621
Thai Baht	1,156
British pound sterling	3,300

The U.S. dollar equivalent of the currencies which the Company had contracted to purchase was $231.0 million as of November 30, 2005.

The Company utilizes foreign currency derivatives to hedge committed and forecasted cash flow exposures. Substantially all of these contracts have been designated as cash flow hedges. The Company has elected non-hedge accounting treatment for the remaining contracts, which are immaterial. Hedges are evaluated for effectiveness and found to be effective. Forecasted cash flow hedge gains and losses are not

recognized in income until maturity of the contract. Gains and losses on hedges of committed commercial transactions are recorded as a foreign exchange gain or loss.

The Company utilizes foreign currency swap contracts to hedge foreign currency debt into U.S. dollars. The Company also entered into an interest rate swap agreement to reduce some of the risk associated with variable rate debt by swapping to fixed rate debt. In addition, the Company entered into futures contracts to hedge a portion of its future bunker purchases. These derivatives have been designated as cash flow hedges in accordance with SFAS No. 133.

During 2006, $3.8 million of the net unrealized cash flow hedges from future commercial operating commitments will mature.

23. Financial Instruments (Continued)

The following estimated fair value amounts of financial instruments have been determined by the Company, using appropriate market information and valuation methodologies. Considerable judgment is required to develop these estimates of fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realized in a current market exchange:

As of November 30,	2005 Carrying amount	2005 Fair value	2004 Carrying amount	2004 Fair value
			(in millions)	
Financial Assets:				
Cash and cash equivalents	**$ 29.6**	**$ 29.6**	$ 71.4	$ 71.4
Restricted cash deposits	**–**	**–**	0.5	0.5
Financial Liabilities:				
Short-term bank loans	**173.3**	**173.3**	292.5	292.5
Long-term debt including current maturities, and related currency and interest rate swaps	**493.6**	**489.7**	820.4	833.3
Financial Instruments:				
Foreign exchange forward contracts	**(3.8)**	**(3.8)**	2.5	2.5
Interest rate swaps	**(0.9)**	**(0.9)**	(1.9)	(1.9)
Bunker hedge contracts	**0.7**	**0.7**	0.2	0.2

The carrying amount of cash and cash equivalents, restricted cash deposits and loans payable to banks are a reasonable estimate of their fair value. The estimated value of the Company' s long-term debt is based on interest rates as of November 30, 2005 and 2004, using debt instruments of similar risk and maturities. The fair values of the Company' s foreign exchange and bunker contracts are based on their estimated market values as of November 30, 2005 and 2004. Market value of interest rate swaps was estimated based on the amount the Company would receive or pay to terminate its agreements as of November 30, 2005 and 2004. Also, the Company' s trade receivables and accounts payable as reported in the consolidated balance sheets approximate their fair value.

24. Business and Geographic Segment Information

The Company has two reportable segments from which it derives its revenues: SNTG and SSF. The reportable segments reflect the internal organization of the Company and are businesses that offer different products and services. The SNTG business provides worldwide logistic solutions for the transportation, storage, and distribution of bulk liquid chemicals, edible oils, acids, and other specialty liquids. Additional information is provided below for certain line items that may contribute to a greater understanding of the SNTG business. SSF produces and markets seafood products. The "Corporate and Other" category includes corporate-related items, and the results of OLL, SSL and all other operations not reportable under the other segments.

The basis of measurement and accounting policies of the reportable segments are the same as those described in Note 2. The Company measures segment performance based on net income. Inter-segment sales and transfers are not significant and have been eliminated and are not included in the following table. Indirect costs and assets have been apportioned within SNTG on the basis of corresponding direct costs and assets. Interest and income taxes are not allocated.

24. Business and Geographic Segment Information (Continued)

Summarized financial information concerning each of the reportable segments is as follows:

For the year ended November 30, 2005	Stolt-Nielsen Transportation Group					Stolt Sea Farm	Corporate and Other	Total
	Tankers	Tank Containers	Terminals	Corporate	Subtotal			
	(in millions)							
Operating revenue	$ 966	$ 334	$ 83	$ 8	$ 1,391	$ 246	$ 1	$ 1,638
Depreciation and amortization including drydocking	(76)	(7)	(11)	(4)	(98)	(9)	(1)	(108)
Equity in net income of non-consolidated joint ventures	12	–	3	–	15	–	–	15
Restructuring charges	–	–	–	(7)	(7)	–	–	(7)
Operating income (loss)	153	30	23	(23)	183	15	(16)	182
Interest expense					(47)	(1)	–	(48)
Interest income					5	–	2	7
Income tax provision					1	(15)	4	(10)
Equity in net income of Marine Harvest					–	11	–	11
Net income (loss)					153	(9)	339	483
Capital expenditures	93	35	21	5	154	–	5	159
Investments in and advances to non-consolidated joint ventures	59	1	26	–	86	–	–	86
Investment in and loan to Marine Harvest.					–	329	–	329
Goodwill	–	1	–	–	1	–	–	1
Other intangible assets, net	–	–	–	1	1	23	–	24
Segment assets	1,321	124	302	67	1,814	408	18	2,240

For the year ended November 30, 2004	Stolt-Nielsen Transportation Group					Stolt Sea Farm	Corporate and Other	Total
	Tankers	Tank Containers	Terminals	Corporate	Subtotal			
	(in millions)							
Operating revenue	$ 841	$ 297	$ 76	$ 5	$ 1,219	$ 459	$ 2	$ 1,680
Depreciation and amortization including drydocking	(79)	(5)	(10)	–	(94)	(20)	(1)	(115)
Equity in net income of non-consolidated joint ventures	19	–	3	–	22	1	–	23
Restructuring charges	–	–	–	(3)	(3)	–	–	(3)
Operating income (loss)	125	19	25	2	171	(5)	(31)	135
Interest expense					(77)	(3)	–	(80)
Interest income					3	1	–	4

Income tax provision					(9)	(3)	–	(12)
Net income (loss)					115	(19)	(21)	75
Capital expenditures	7	4	24	–	35	16	–	51
Investments in and advances to non-consolidated joint ventures	49	1	22	–	72	3	–	75
Investment in and advances to discontinued operations.					–	–	133	133
Goodwill	–	1	–	–	1	28	–	29
Other intangible assets, net					–	31	2	33
Segment assets	1,307	96	281	98	1,782	490	160	2,432

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Business and Geographic Segment Information (Continued)

	Stolt-Nielsen Transportation Group							
For the year ended November 30, 2003	**Tankers**	**Tank Containers**	**Terminals**	**Corporate**	**Subtotal**	**Stolt Sea Farm**	**Corporate and Other**	**Total**
				(in millions)				
Operating revenue	$ 758	$ 255	$ 64	$ 4	$ 1,081	$ 462	$ 1	$ 1,544
Depreciation and amortization including drydocking and write-off of goodwill	(74)	(5)	(10)	–	(89)	(21)	(6)	(116)
Equity in net loss of non-consolidated joint ventures	(3)	–	(7)	–	(10)	(2)	–	(12)
Restructuring charges	–	–	–	(2)	(2)	–	–	(2)
Write-off of goodwill					–	(2)	–	(2)
Operating income (loss)	63	19	7	(5)	84	(64)	(9)	11
Interest expense					(50)	(22)	–	(72)
Interest income					3	1	–	4
Income tax provision					–	(16)	–	(16)
Net income (loss)					38	(78)	(276)	(316)
Capital expenditures	11	2	24	–	37	29	–	66
Investments in and advances to non-consolidated joint ventures	47	2	45	–	94	2	–	96
Investment in and advances to discontinued operations					–	–	139	139
Goodwill	–	1	–	–	1	28	8	37
Other intangible assets, net					–	29	2	31
Segment assets	1,298	102	311	99	1,810	520	145	2,475

The following table sets out operating revenue by country for the reportable segments. SNTG operating revenue is allocated on the basis of the country in which the cargo is loaded. Tankers and Tank Containers operate in a significant number of countries. Revenues from specific foreign countries which contribute over 10% of total operating revenue are disclosed separately. SSF operating revenue is allocated on the basis of the country in which the sale is generated.

	For the years ended November 30,		
	2005	**2004**	**2003**

Operating Revenue:			
Stolt-Nielsen Transportation Group–			
Tankers:			
United States	**$ 301**	$ 285	$ 237
South America	**93**	77	60
Netherlands	**80**	67	43
Other Europe	**170**	112	145
Malaysia	**87**	69	71
Africa	**95**	92	78
Middle East	**64**	49	44
Africa	**71**	61	54
Other	**5**	29	26
	$ 966	$ 841	$ 758

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Business and Geographic Segment Information (Continued)

	For the years ended November 30,		
	2005	**2004**	**2003**
Stolt-Nielsen Transportation Group–			
Tank Containers:			
United States	**$ 93**	$ 91	$ 84
South America	**11**	10	8
France	**36**	30	23
Other Europe	**81**	74	65
Japan	**18**	19	15
Other Asia	**80**	61	50
Other	**15**	12	10
	$ 334	$ 297	$ 255
Stolt-Nielsen Transportation Group–			
Terminals:	**$ 71**	$ 63	$ 55
United States	**12**	13	9
Brazil	**$ 83**	$ 76	$ 64
Stolt-Nielsen Transportation Group–			
Corporate	**$ 8**	$ 5	$ 4
Stolt Sea Farm:			
United States	**$ 49**	$ 119	$ 125
Canada	**9**	18	3
Chile	**7**	11	15
United Kingdom	**10**	28	18
Norway	**13**	24	25
Spain	**22**	21	18
France	**5**	12	8

Belgium	**7**	12	10
Other Europe	**30**	42	23
Japan	**43**	85	144
Singapore	**25**	21	25
Taiwan	**–**	14	12
Other Asia	**22**	52	36
Other	**4**	–	–
	$ 246	$ 459	$ 462

24. Business and Geographic Segment Information (Continued)

There were no customers of SNTG or SSF that accounted for more than 10% of the consolidated operating revenue for the years ended November 30, 2005, 2004 and 2003.

The following table sets out long-lived assets by country for the reportable segments. For SNTG, long-lived assets by country are only reportable for the Terminals operations. SNTG' s Tanker and Tank Container operations operate on a worldwide basis and are not restricted to specific locations. Accordingly, it is not possible to allocate the assets of these operations to specific countries. The total net book value of long-lived assets for tankers amounted to $1,149 million and $1,147 million, and for tank containers amounted to $79 million and $50 million, at November 30, 2005 and 2004, respectively.

	As of November 30,	
	2005	**2004**
	(in millions)	
Long-Lived Assets:		
Stolt-Nielsen Transportation Group–		
Terminals:		
United States	**$192**	$188
Brazil	**44**	37
Korea	**21**	19
Other	**4**	2
	$261	$246
Stolt Sea Farm:		
United States	**$ –**	$ 9
Canada	**–**	28
Chile	**–**	19
United Kingdom	**–**	6
Norway	**1**	28
Spain	**17**	19
Other	**4**	10
	$ 22	$119

Long-lived assets include fixed assets, investments in non-consolidated joint ventures and certain other non-current assets, mainly the unamortized portion of capitalized drydock costs. The "Investment in and loan to Marine Harvest" amounted to $329.3 million as of

November 30, 2005 and the "Investment in and advances to discontinued operations" amounted to $133.4 million as of November 30, 2004, and are included in the "Corporate and Other" category. Long-lived assets exclude long-term restricted cash deposits, long-term deferred income tax assets, long-term pension assets, goodwill, and other intangible assets, net.

25. Subsequent Events

On January 31, 2006, SNSA closed on a new seven-year $325 million revolving credit facility underwritten by a group of banks led by Citibank International PLC. The facility is collateralized by mortgages on certain SNTG ships and, along with the $400 million credit facility put in place in 2005, provides SNSA with a total of $725 million of ship-secured revolving credit facilities.

On February 9, 2006, the Company' s Board of Directors recommended a final 2005 dividend of $1.00 per Common share, payable on June 15, 2006 to shareholders of record as of June 1, 2006. The dividend, which is subject to shareholder approval, will be voted on at the Company' s Annual General Meeting of Shareholders scheduled for May 26, 2006 in Luxembourg. If approved, the dividend will result in an aggregate cash payment to holders of Common shares of $64 million. SNSA paid an interim dividend of $1.00 per Common share on December 14, 2005 to shareholders of record as of November 30, 2005.

On February 13, 2006, the Company announced that Marine Harvest closed on a five-year EUR 350 million unsecured revolving credit facility. Marine Harvest used its new credit facility to repay its outstanding shareholder loans and accrued interest to SNSA and Nutreco, and for general corporate purposes. SNSA received a $65 million repayment on its shareholder loan plus accrued interest.

On February 22, 2006, the Company announced that SNTG exercised an option to acquire three product/chemical tankers, currently on time charter, at a total price of $40.7 million. The three ships are to be converted at a total cost of $7.5 million to double-skin configuration in order to meet Marpol Annex II regulations that take effect on January 1, 2007.

On March 6, 2006, the Company announced that it and Nutreco agreed to sell their entire ownership interests in Marine Harvest to the investment fund of Geveran Trading Co. Ltd. ("Geveran") for total cash proceeds of EUR 1.2 billion ($1.4 billion). On March 29, 2006, the Company received prepayment proceeds of $352.5 million, representing all the proceeds from the sale of its 25% ownership interest in Marine Harvest, and the Company expects to recognize a gain of $80 million on this transaction based on the estimated carrying value of its investment in Marine Harvest. Results of SNSA' s 25% ownership interest in Marine Harvest will be included in SNSA' s consolidated results until the transaction is completed after receiving approvals from the regulatory and competition authorities. On March 6, 2006, when the Company announced the sale of its ownership interest in Marine Harvest, the Company stated that it expected to realize a gain of approximately $80 million from the sale upon closing. The Company now estimates that this gain will be approximately $65 million. The Company has adjusted this estimation because its share of the estimated profits of Marine Harvest in the first and second quarters of 2006 have increased the basis of its investment. All risks and responsibilities of obtaining regulatory and competition authority approvals rest with Gerevan.

On March 20, 2006, SNTG signed an agreement in principle with Oiltanking GmbH whereby SNTG will acquire a 50% interest in Oiltanking Antwerp N.V., a terminal storage company with total current storage capacity of 3.3 million barrels, for a total consideration of $64 million, which is paid partly in cash and partly by assumption of outstanding debts. The agreement is subject to regulatory approval and will be retroactive to January 1, 2006.

On April 11, 2006, SNTG announced a strategic partnership with Gulf Navigation Company LLC. Under the terms of the partnership, Gulf Navigation will acquire two 44,000 deadweight ton parcel tankers from ShinA Shipbuilding Co. Ltd. of South Korea, under options formerly held by SNTG. Upon entering service in mid-2009, the ships will join the Joint Service.

SCHEDULE II

STOLT-NIELSEN S.A. AND SUBSIDIARIES VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Charged to Costs and Expenses	Write Offs Against the Reserve	Other Add (Deduct)(a)	Contribution to Marine Harvest (b)	Balance at End of Period
			(amounts in thousands)			
For the year ended						
November 30, 2005:						
Allowance for doubtful accounts	$ 8,009	$ 735	$ (670)	$ (1,121)	$ (3,878)	$ 3,075
Other(c)	19,744	3,081	(2,043)	(7,220)	–	13,562
For the year ended						
November 30, 2004:						
Allowance for doubtful accounts	$ 8,320	$ 540	$ (1,287)	$ 436	$ –	$ 8,009
Other(c)	19,109	3,250	(407)	(2,208)	–	19,744
For the year ended						
November 30, 2003:						
Allowance for doubtful accounts	$ 7,645	$ 3,656	$ (3,482)	$ 501	$ –	$ 8,320
Other(c)	15,162	5,608	–	(1,661)	–	19,109

(a) Includes the effect of payments and exchange rate changes on beginning balances of valuation and qualifying accounts, except as otherwise noted.

(b) Reflects the contribution of net assets to Marine Harvest N.V. in 2005.

(c) The "Other" designation in the above Valuation and Qualifying Accounts schedule comprises a number of provisions for legal claims, tax risks and other contingencies arising in the normal course of business. The various liability and accrual accounts included in the "Other" category have been determined in accordance with the guidance provided by Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies." The "Other" valuation accounts have been classified in our consolidated balance sheets as follows:

	2005	2004	2003
Accrued expenses	$ 9,462	$ 12,043	$ 11,408
Other current liabilities	–	2,364	2,364
Other non-current liabilities	4,100	5,337	5,337
Total	$ 13,562	$ 19,744	$ 19,109

Exhibit 1.1

CONSOLIDATED ARTICLES OF INCORPORATION FOLLOWING THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF MAY 26, 2006

CHAPTER 1. NAME, REGISTERED OFFICE, OBJECT, DURATION

Article One: A stock holding Company under Luxembourg law is hereby established, to be called "STOLT-NIELSEN S.A."

Article Two: The Company shall have its registered office at Luxembourg in the Grand Duchy of Luxembourg.

It may be transferred to any other place within the country by decision of the Board of Directors.

The Board of Directors shall also have the right to set up offices; administrative centers, agencies and subsidiaries wherever it shall see fit, either within or outside the Grand Duchy of Luxembourg.

Should any political, economic or social events of exceptional nature occur or threaten to occur that are likely to affect normal working operations at the registered office or easy communications with places abroad, the registered office may be declared provisionally transferred abroad, until such time as circumstances have completely returned to normal.

Such a declaration as to the transfer abroad of the registered office will be made and brought to the attention of third parties by the organ of the Company which, in the circumstances, is best able to do so.

The general meeting of shareholders is the final judge, even a posteriori, as to whether the above-mentioned events may have constituted a case of force majeure.

The taking of such a step will have no effect on the nationality of the Company which, notwithstanding the transfer abroad of the registered office, will remain Luxembourg.

Article Three: The objects of the Company are: participation in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licenses which it will administer and exploit; it may lend or borrow with or without security, provided that any monies so borrowed may only be used for the purposes of the Company, or companies which are subsidiaries of or associated with or affiliated to the Company; in general it may undertake any operations directly or indirectly connected with these objects whilst nevertheless remaining within the limits set out by the law on holding companies of thirty-first of July, nineteen hundred and twenty-nine.

Article Four: The duration of the Company is unlimited.

CHAPTER 2. CAPITAL, SHARES, BOND-ISSUES

Article Five: The authorized capital of the Company is fixed at Sixty Nine Million United States Dollars (U.S. $69,000,000) to be represented by Sixty Nine Million (69,000,000) Common Shares, no par value. Any authorized but unissued Common Shares shall lapse on August 31, 2007.

The presently recorded issued capital of the Company is fixed at Sixty-Five Million Eight Hundred and Twenty-Eight Thousand and Twenty-Three United States Dollars (U.S. $65,828,023) represented by Sixty-Five Million Eight Hundred and Twenty-Eight Thousand and Twenty-Three (65,828,023) Common Shares of no par value, all of the said shares being fully paid. Notwithstanding the fact that the Common Shares and Class B Shares are without par value, One United States Dollar (U.S. $1.00) shall be allocated to the "stated capital" account of the Company at the time of issuance of any such shares.

The Board of Directors or delegate(s) duly appointed by the Board may from time to time issue shares out of the total authorized shares at such times and on such terms and conditions, including the issue price, as the Board or its delegate(s) may in its or their discretion resolve. The holders of Common Shares shall be entitled to preemptive rights in respect of any future issuance of Common Shares for cash. The Board of Directors may suppress the pre-emptive rights of the shareholders to the extent it deems advisable, in particular to implement the suppression of Shareholders' preemptive rights in respect of the issuance of Common Shares for cash with respect to all authorized but unissued Common Shares, resulting from the exercise of stock options under the Company' s 1997 Stock Option Plan (such Plan approved by the Shareholders' of the Company at the Annual General Meeting held May 2, 1997)

and the Company' s 1987 Stock Option Plan (such Plan approved by the Shareholders of the Company at an Extraordinary General Meeting held October 8, 1987, such action to be effective through August 31, 2007.

In addition to the Common Shares, Seventeen Million Two Hundred Fifty Thousand (17,250,000) Founder' s Shares, without par value and not forming a part of the share capital of the Company, have been authorized. 16,457,005 (Sixteen Million Four Hundred and Fifty-Seven Thousand and Five) Founders' Shares have been issued.

In addition to the authorized Common Shares and Founder' s Shares set forth above, there shall also be authorized One Million Five Hundred Thousand (1,500,000) Class B Shares, no par value. Such Class B Shares have been authorized for the sole purpose of options granted under the Company' s existing stock option plans in respect of the shares of the Company, and may not be used for any other purpose. The rights, preferences and priorities of such Class B Shares are set forth in Article Thirty-Nine hereof. All such Class B Shares shall convert to Common Shares immediately upon issuance. Such authorized Class B Shares shall exist only for the period of time specified in Article Thirty-Nine hereof and shall expire, without further action, on such date. Prior thereto, any authorized but unissued Class B Shares shall lapse five (5) years after publication of the Articles of Incorporation, or any amendment, in the Memorial, subject to extension up to the final expiry date as provided in Article Thirty-Nine hereof.

Article Six: Any share premium which shall be paid in addition to the stated value of the Common Shares shall be transferred to paid-in surplus.

Article Seven: Common Shares being fully paid up shall not be subject to any restriction in respect of their transfer, but such shares shall be subject to the restrictions on shareholding set forth in Article Thirty-Six hereof.

Article Eight: The Common Shares and Founder' s Shares (herein sometimes jointly referred to as the "Shares" or the "Voting Shares") may be issued in registered form only.

Share certificates will be issued for Shares in such denominations as the Board of Directors shall prescribe. The share certificates shall be in such form and shall bear such legends and such numbers of identification as shall be determined by the Board of Directors. The forms of share certificates may be different in respect of the Shares entered in the various Registers. The share certificates shall be signed manually or by facsimile by two Directors of the Company. The Board respect of the Shares entered in the various Registers. The share certificates shall be signed manually or by facsimile by two Directors of the Company. The Board of Directors may provide for compulsory authentication of the share certificates by the Registrar(s).

All Shares in the Company shall be registered in the Register(s) of Shareholders which shall be kept by the persons designated therefore by the Company and such Register(s) of Shareholders shall contain the name of each holder of Shares, his residence and/or elected domicile, the number of Shares held by him and the amount paid on each Share. Every transfer or devolution of Shares shall be entered into the Register(s) of Shareholders and every such entry shall be signed by one or more officers of the Company or by one or more persons designated by the Board of Directors.

The Company may appoint Registrars in different jurisdictions who will each maintain a separate Register for the Shares entered therein and the holders of Shares may elect to be entered in one of the Registers and to be transferred from time to time from one Register to

another Register. The Board of Directors may however restrict the ability to transfer Shares that are registered, listed, quoted, dealt in, or have been placed in certain jurisdictions. The transfer to the Register kept at the registered office in Luxembourg may always be requested.

On transfers of Shares, new certificates in respect of Shares transferred and retained respectively shall be issued in each case without charge.

Transfers of Shares shall be effected upon delivery of the certificate or certificates representing such Shares to the Registrar together with (i) a stock power or other instrument of transfer satisfactory to the Company, (ii) a written declaration of transfer inscribed in the Register of Shareholders, dated and signed by the transferor and transferee, or by persons holding suitable powers of attorney to act therefore or (iii) with the form of endorsement which may be provided on the certificate duly completed and executed, in each case in such form and with such evidence of authority as shall be satisfactory to the Company.

Except as provided in Chapter 7 hereof, the Company may consider the Person in whose name the Shares are registered in the Register of Shareholders as the full owner of such Shares. The Company shall be completely free from every responsibility in dealing with such Shares towards third parties and shall be justified in considering any right, interest or claims of such third parties in or upon such Shares to be non-existent, subject, however, to any right which he might have, to demand the registration or change in registration of Shares.

In the event that a holder of Shares does not provide an address to which all notices or announcements from the Company may be sent, the Company may permit a notice to this effect to be entered into the Register(s) of Shareholders and such holder' s address will be deemed to be at the registered office of the Company or such other address as may be so entered by the Company from time to time, until a different address shall be provided to the Company by such holder. The holder may, at any time, change his address as entered in the Register(s) of Shareholders by means of written notification to the Registrar.

Lost, stolen or mutilated shares certificates will be replaced by the Registrar who issued the share certificates in the first place upon such evidence, undertakings and indemnities as may be deemed satisfactory to the Company, provided that mutilated share certificates shall be delivered before new share certificates are remitted.

Article Nine: Each Common Share and each Founder' s Share shall be entitled to one vote at all meetings of shareholders, except as may be otherwise provided in these Articles of Incorporation or by applicable law.

Article Ten: The share capital of the Company may be increased or reduced by resolution of shareholders adopted in the manner required for the amendment of these Articles of Incorporation.

In addition, the Board is instructed and authorized to proceed to increase the share capital by issuance of such Common Shares within the limits of the authorized capital, such increase to be made in one or more installments on such conditions as the Board shall determine from time to time. The Board may delegate to any officer of the Company or to any other person the duties of accepting subscriptions and receiving payments for the Common Shares representing part or all of such increased amount of capital and to have any consequential amendment to these Articles of Incorporation (including the proportionate increase in Founder' s Shares) witnessed by notarial deed.

If, after the original issuance of the Founder' s Shares authorized Voting Shares and any other class of shares that carry voting rights and may be authorized and issued in the future shall be from time to time issued for any corporate purpose, including pursuant to the exercise of options granted under an employees' stock option plan or similar arrangement, then the Company shall issue an additional number of free Founder' s Shares to the holders of outstanding Founder' s Shares, on a proportionate basis, so that the Founder' s Shares shall equal at all times in the aggregate 20% of all such outstanding Shares and other shares. If the outstanding Shares and other shares shall at any time be changed or exchanged by a share dividend declaration, split-up, combination of shares, recapitalization, merger, consolidation, or other corporate reorganization in which the Company is the surviving corporation, the number of outstanding Founder' s Shares shall be adjusted so as to maintain the proportionate relationship of the number of outstanding Founder' s Shares and outstanding Voting Shares and other shares, on the basis of the former constituting 20% of the latter.

Article Eleven: The Shares shall be indivisible as far as the Company is concerned. Only one titleholder will be recognized in connection with each Share.

If any Share shall be held by more than one person, the Company has the right to suspend the exercise of all rights attached to the Shares until one person has been appointed titleholder with regard to such share(s).

The same rule shall apply in the case of a conflict between an usufructuary and a bare owner or between a pledgor and a pledgee.

The Company shall not issue fractions of Shares. The Board of Directors shall be authorized at its discretion to provide for the payment of cash or the issuance of script in lieu of any fraction of a Share.

Article Twelve: The Board of Directors may decide the issuance of bonds and debentures not containing an element of stock, which may be in bearer or other form in any denomination or denominations and payable in any currency or currencies.

The Board of Directors shall fix the rate of interest, conditions of issue and repayment and all other terms and conditions thereof.

The bonds and debentures must be signed by two Directors manually or by facsimile.

CHAPTER 3. ADMINISTRATION AND CONTROL

Article Thirteen: The Company shall be managed by a Board of Director composed of members who need not be shareholders of the Company.

The Board of Directors shall be composed of at least 3 and not more than 9 persons and shall be elected by a simple majority of the outstanding Shares for a period not exceeding 6 years and until their successors are elected, provided however that any one or more of the directors may be removed with or without cause by the votes of the holders of more than 50 percent of the shares present or represented at a meeting.

To be considered for election, the names of candidates for nomination to the Board of Directors shall be deposited together with written acceptance of the proposed candidates, at the registered office of the Company or with the Chairman of the Company at least one month before the date set for the meeting at which the Directors shall be elected. No such deposit shall be required for the reelection of directors in office.

In the event of a vacancy in the office of a director because of death, retirement, resignation or dismissal, the remaining members of the Board and the Statutory Auditor can fill such vacancy and appoint a member to act until the next general meeting of shareholders, which shall confirm each appointment. If the exercise of the powers conferred hereby upon a Statutory Auditor would conflict with the independence, of such Auditor under the requirements of any regulatory authority having jurisdiction over the Company because of the distribution of the Voting Shares of the Company, the vacancy may not be so filled but the election of a replacement will be referred to the meeting of shareholders.

Article Fourteen: The Chairman of the Board of Directors shall be elected from among the members of the Board by a simple majority vote of the shares present or represented at a general meeting of shareholders. The Chairman shall preside over all meetings of the Board of Directors and of shareholders including class meetings. In his absence, the Chairman shall appoint a designee for such purposes.

The Board may also, in conformity with the provisions of article sixty of the law on trading companies, delegate the daily management of the business of the Company, as well s the power to represent the Company in its daily business, to executive committees, individual directors, the Chairman, managing directors or other agents, who need not be shareholders. The Board will fix the conditions of appointment and dismissal as well as the remuneration and powers of any person or persons so appointed.

The delegation of such powers to a member of the Board of Directors or the appointment of directors to any executive committee requires the prior authorization of the general meeting of shareholders. The Board of Directors may elect a secretary of the Company, and, as it shall see fit, an appropriate number of assistant-secretaries. Neither the secretary nor the assistant-secretaries need be members of the Board of Directors.

Article Fifteen: The Board of Directors shall meet upon call by the Chairman or any two directors. Notice of any meeting must be given by letter, cable, telegram, telex or telefax to each director seven days before the meeting, except in the case of an emergency, in which event a one-day notice shall be sufficient.

Any director may act at any meeting of the Board of Directors by appointing in writing or by cable, telegram, telex or telefax, another director as his proxy.

Decisions of the Board shall be taken by a majority of the votes cast by the directors present or represented at the meeting

Resolutions signed by all members of the Board will be as valid and effective as if passed at a meeting duly convened and held. Such signatures may appear on a single document or multiple copies of an identical resolution and may be evidenced by letters, cables, telexes or faxes.

Article Sixteen: The minutes of any meeting of the Board of Directors shall be signed by the Chairman and the Secretary of the meetings.

Copies or extracts of such minutes which may be produced in judicial proceedings or otherwise shall be signed by the Chairman or two Directors or the secretary or any assistant secretary.

Article Seventeen: The Board of Directors is vested with the broadest power to manage the business of the Company and to authorize and/or perform all acts of disposal and administration falling within the purposes of the Company.

All powers not expressly reserved by the law or by the statutes of the Company to the general meeting or to the general council shall be within the competence of the Board of Directors.

Except as otherwise provided herein or by law, the Board of Directors of the Company is hereby authorized to take such action (by resolution or otherwise) and to adopt such provisions as shall be necessary or convenient to implement further the terms of these Articles or as shall be necessary or convenient for the purpose of maintaining the status of the Company as a publicly traded company.

Article Eighteen: The signature by the Chairman or the joint signatures of any directors shall in all cases bind the Company against third parties whether or not powers have been specifically delegated for that purpose. This provision is without prejudice to the provisions for the delegation of powers and the conferring of mandates by the Board of Directors provided in these Articles of Incorporation.

Article Nineteen: No contract or other transaction between the Company and any other corporation or entity shall be affected or invalidated by the fact that any one or more of the directors or officers of the Company is interested in or is a director or employee of such other corporation or entity. Any director or officer of the Company who serves as director, officer or employee of any corporation or entity with which the Company shall contract or otherwise engage in business shall not by reason of such affiliation with such other corporation or entity be prevented from considering and voting or acting upon any matters with respect to such contracts or other business.

All transactions, deeds and acts between the Company and any shareholder, or with any company which is directly or indirectly controlled by a shareholder, or in which a shareholder has a direct or indirect interest in or a commercial relationship with, shall be carried out on an arm' s length basis.

In the event that any director or officer of the Company shall have any personal interest in any transaction of the Company, such director of officer shall make known to the Board of Directors such personal interest and shall not consider or vote on such transaction, and such transaction and such Director' s or officer' s interest therein shall be reported to the next succeeding meeting of shareholders.

Article Twenty: Subject to the exception and limitations listed below:

(i) Every person who is, or has been, a director or officer of the Company shall be indemnified by the Company to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been such director or officer and against amounts paid or incurred by him in the settlement thereof.

(ii) The words "claim", "action", "suit" or "proceeding" shall apply to all claims, actions, suits or proceedings (civil, criminal or otherwise including appeals) actual or threatened and the words "liability" and "expenses" shall include without limitation attorneys' fees, costs, judgments, amounts paid in settlement and other liabilities.

No indemnification shall be provided to any director or officer:

(i) Against any liability to the Company or its shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office;

(ii) With respect to any matter as to which he shall have been finally adjudicated to have acted in bad faith and not in the interest of the Company; or

(iii) In the event of a settlement, unless the settlement has been approved by a court of competent jurisdiction or by the Board of Directors.

The right of indemnification herein provided shall be severable, shall not affect any other rights to which any director or officer may now or hereafter be entitled, shall continue as to a person who has ceased to be such director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. Nothing contained herein shall affect any rights to indemnification to which corporate personnel, including directors and officers, may be entitled by contract or otherwise under law.

Expenses in connection with the preparation and representation of a defense of any claim, action, suit or proceeding of the character described in this Article Twenty may be advanced by the Company prior to final disposition thereof upon receipt of any undertaking by or on behalf of the officer or director, to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Article Twenty.

Article Twenty-One: The audit of the Company' s affairs will be made by Statutory Auditor, who need not be shareholder and who shall be elected by the general meeting of shareholders for a period of one year or until his successor is elected.

Any Statutory Auditor so elected may be removed at any general meeting.

The Statutory Auditor shall be eligible for reelection.

Article Twenty-Two: The general meeting will advise on the remunerations to be paid to the directors and Statutory Auditor of the Company and such amounts shall be charged to general expenses.

CHAPTER 4. GENERAL MEETING

Article Twenty-Three: The general meeting properly constituted represents the whole body of shareholders its decisions are binding on shareholders who are absent, opposed or abstaining from voting.

The general meeting has the broadest power to do or ratify all acts which concern the Company.

Article Twenty-Four: In addition to all extraordinary general meetings which may be called as often as the interests of the Company may demand, and which may be held in Luxembourg or elsewhere for the convenience of shareholders, an ordinary general meeting must be held every year in the municipality in which the registered office is located, either at the registered office or where indicated in the notice of meeting at two o' clock post-meridien on the third Thursday in April.

The general ordinary meeting will hear the statement of the Board of Directors and the Statutory Auditor, vote on the adoption of the report and accounts and on the distribution of the profits, proceed to make all nominations required by the Articles of Incorporation, act on the discharge of the directors and the Statutory Auditor and take such further action on other matters that may properly come before it.

Article Twenty-Five: The Board of Directors shall be responsible for calling both ordinary and extraordinary general meetings.

The Board shall be obligated to call a general meeting, to be held within thirty (30) days after receipt of such request, whenever a group of shareholders representing at least one-fifth of the issued and outstanding shares entitled to vote thereat requests such a meeting in writing indicating the agenda thereof. General meetings may also be called by the Chairman or by any two directors.

Notices for general meetings shall be given by mail first class, postage prepaid to all holders of Common Shares, and Founder' s Shares sent to the address recorded in the Register, and posted not later than twenty days before the date set for the meeting. Notices shall be deemed to be given when deposited in the mail as aforesaid.

If the entire issued share capital is represented, the proceedings of the general meeting will be deemed valid even if no notice has been issued beforehand.

A shareholder may be represented at a general meeting by a proxy who need not be a shareholder. Written proxies for any general meeting of shareholders shall be deposited with the Company at its registered office or with any Board member at least 5 days before the date set for the meeting.

During meetings, each member of the meeting shall have as many votes as the number of Common Shares or Founder' s Shares that he represents, both in his name and as proxy.

Article Twenty-Six: The meeting of shareholders shall be presided over by the Chairman of the Board of Directors or, in his absence, by a Director or other person appointed by the Board, who shall appoint a secretary.

The participants in the meeting may, if they deem fit, choose from their own number, two scrutineers. The other members of the Board of Directors present will complete the bureau of the meeting. A record will be taken of those holders of Shares present and represented, which will be certified as correct by the bureau.

Article Twenty-Seven: The Board of Directors may close the Registers of Shareholders of the Company for a period not exceeding sixty days preceding the date of any meeting of shareholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of shares shall go into effect, or for a period of not exceeding sixty days in connection with obtaining the consent of shareholders for any purpose. In lieu of closing the Registers of Shareholders as aforesaid, the Board of Directors may fix in advance a date, not exceeding sixty days preceding the date of any meeting of shareholders or the date for the payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of shares shall go into effect, or may fix a date in connection with obtaining any consent of shareholders, as a record date for the determination of the shareholders entitled to notice and to vote at any such meeting and any adjournment thereof, or to receive payment of any such dividend, or to receive any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of shares or to give such consent. Only such shareholders as shall be shareholders of record at the close of business on the date of such closing of the Registers of Shareholders or on such record date shall be entitled to notice of and to vote at such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any shares on the register of the Company after any such closing or record date.

Article Twenty-Eight: The Articles may be amended from time to time by a resolution of the shareholders subject to the quorum and voting requirements provided by the law of Luxembourg and as may otherwise be provided herein.

Article Twenty-Nine: The general meeting of shareholders shall only discuss such business as indicated in the agenda and only vote on such resolutions as shall be set forth or summarized in the agenda.

The proceedings of general meetings will be recorded in minutes which need not be authenticated by a notary.

If the minutes of a general meeting are not authenticate they must be inscribed in a special register and shall be signed by the bureau and the shareholders or the shareholders representatives who express the desire so to do.

Duplicates, copies or extracts from minutes inscribed on the register for the use of third parties or in court must be certified as true and accurate by the Chairman of the Board of Directors or by two directors.

CHAPTER 5. TRADING YEAR, ANNUAL REPORT, DISTRIBUTION OF PROFITS AND RESERVES

Article Thirty: The trading year runs from the first of December to the thirtieth of November both inclusive, every year.

Article Thirty-One: Each year, as of the thirtieth of November, the Board of Directors will draw up the Balance Sheet which will contain a record of the property of the Company together with its debts and liabilities and be accompanied by an annex containing a summary of all the commitments and debts of the directors or the Statutory Auditor to the Company.

At the same time the accounts will be closed and the Board of Directors will prepare a Profit and Loss Statement for the last trading year.

The Board of Directors Report shall be annexed to such Balance Sheet and Profit and Loss Statement and these reports and documents shall contain the details required by the law applicable to the Company. A copy of all such documents shall be forwarded, at least twenty (20) days before the date fixed for the general meeting to which they are to be submitted, to all shareholders.

Article Thirty-Two: The credit balance of the Profit and Loss Statement, after deducting the general expenses, social charges, write-offs and provisions for past and future contingencies shall constitute the net profit of the Company.

At least five percent of the net profit will be deducted in order to build up the legal reserve, this deduction shall cease to be obligatory when the legal reserve is equal to one-tenth of the capital. Any paid-in surplus may be allocated to the legal reserve or may be applied towards the payment of dividends on Common Shares or Founder' s Shares or to offset capital losses (whether realized or unrealized) or to capitalize the par value of any free Common Shares.

The remaining balance of the net profit shall be at the disposal of the general meeting.

Dividends which may be allocated shall be paid at the places and on the dates decided by the Board of Directors. Common Shares and Founder' s Shares shall participate in annual dividends, if any are declared by the Company, in the following order of priority:

U.S. $ 0.005 per share to Founder' s Shares and Common Shares equally; and

thereafter, all further amounts are payable to Common Shares only.

The general meeting may authorize the Board of Directors to pay dividends in any other currency from that in which the Balance Sheet is drawn up and to make a final decision on the exchange rate of the dividend into the currency in which payment will actually be made.

Interim dividends may be declared and paid by the Board of Directors subject to complying within the conditions laid down by law.

CHAPTER 6. DISSOLUTION, LIQUIDATION

Article Thirty-Three: In the event of the dissolution of the Company for whatever reason or whatever time, the liquidation will be performed by liquidators appointed by the general meeting, or, if no liquidators are so appointed, by the Board of Directors then in office who will be endowed with the powers provided by articles 144 et seq. of the Luxembourg Company law of the tenth of August, nineteen hundred and fifteen.

Article Thirty-Four: Once all debts, charges and liquidation expenses have been met, any balance resulting shall be paid to the holders of Common Shares and Founder' s Shares in the following order of priority:

Common Shares ratably to the extent of the stated value thereof;

Common Shares and Founder' s Shares participate equally up to U.S. $ 0.05 per share; and

thereafter Common Shares are entitled to all remaining assets.

CHAPTER 7. MERGER

Article Thirty-Five: If the Company merges, consolidates or enters into any similar transaction with another entity where such other entity will remain the surviving entity, the Common Shares held by holders other than holder(s) of Founder' s Shares shall be entitled to receive consideration which is no less per share than the consideration per share received by the holder(s) of Founder' s Shares, the later per share amount to be determined by dividing the aggregate of all consideration received by such holder(s) for all shares owned by them, including Founder' s Shares, by the total number of Common Shares which they own.

CHAPTER 8. RESTRICTION ON SHAREHOLDINGS

Article Thirty-Six:

(a) In recognition of the fact that certain shareholdings may threaten the Company with Imminent and Grave Damage (as defined hereinafter), including but not limited to that arising from adverse tax consequences, a hostile takeover attempt or adverse governmental sanctions, the following restrictions shall apply to all persons who become Shareholders on or after September 1, 1987:

(i) No person shall own, directly or indirectly, more than 20% of the outstanding Shares unless such ownership shall have been approved in advance by the Board of Directors;

(ii) No U.S. person (as defined hereinafter) shall own, directly or indirectly, more than 9.9% of the Shares;

(iii) No more than 49.9% of the Shares, in the aggregate (including for these purposes the Shares of U.S. Persons who were Shareholders as of August 31, 1987), shall be owned by U.S. persons at any one time; and

(iv) All Shareholders of any single country may not own, directly or indirectly, more than 49.9% of the Shares in the aggregate.

In addition, the Board of Directors may further restrict, reduce or prevent the ownership of Shares by any Person or by one or more Persons of a given nationality and/or domiciled in a given country, if it appear to the Board that such ownership may threaten the Company with Imminent and Grave Damage.

(b) For the purposes of implementing and enforcing the terms hereof the Board of Directors may, and may instruct any officer, director or employee of the Company, to do any one or more of the following to the extent deemed appropriate:

(i) Decline to issue any shares and decline to register any transfer of shares where it appears to it that such registration or transfer would or might result in beneficial ownership of such shares by a person who is precluded from holding shares or acquiring additional share in the Company;

(ii) at any time require any Person whose name is entered in, or any person seeking to register the transfer of shares on, the Register of Shareholders to furnish it with any information, supported by affidavit, which it may consider necessary for the purpose of determining whether or not beneficial ownership of such shareholder' s shares rests or will rest in a Person who is precluded from holding shares or a proportion of the capital of the Company;

(iii) where it appears to the Board that any Person who is precluded in whole or in part from holding shares in the Company, either alone or in conjunction with any other person, is a beneficial owner of shares in excess of the amount such Person is permitted to hold, compulsorily purchase from any such shareholder or shareholders any or all shares held by such shareholder or shareholders as the Board may deem necessary or advisable in order to satisfy the terms of these Articles; and

(iv) decline to accept the vote of any Person who is precluded from holding shares in the Company at any meeting of shareholders of the Company in respect of the shares which he is precluded from holding.

(c) Any purchases pursuant to Subsection (b) above shall be effected in the following manner:

(i) The Company shall serve a notice (hereinafter called a "Purchase Notice") upon the shareholder or shareholders appearing in the Register of Shareholders as the owner of the shares to be purchased specifying the shares to be purchased as aforesaid the price to be paid for such shares, and the place at which the purchase price in respect of such shares is payable. Any such notice may be served upon such shareholder or shareholders by posting the same in a prepaid registered envelope addressed to each such shareholder at his latest address known to or appearing in the books of the Company. The said shareholders shall thereupon forthwith be obliged to deliver to the Company the share certificate or certificates representing the shares specified in the Purchase Notice. Immediately after the close of business on the date specified in the Purchase Notice, each such shareholders shall cease to be the owner of the shares specified in such notice and his name shall be removed from the Company' s Register of Shareholders.

(ii) The price at which the shares specified in any Purchase Notice shall be purchased (herein called the "purchase price") shall be an amount equal to the lesser of (A) the aggregate amount paid for the share (if acquired within the preceding twelve months from the date of any such Purchase Notice) or (B) in case the shares of the Company shall be listed on any exchange or otherwise quoted in any market (including but not limited to the National Association of Securities Dealers Automatic Quotation System in the United States), the last price quoted for the shares on the business day immediately preceding the day on which the notice is served, or if the shares shall not be so listed or quoted, the book value per share determined by the auditors of the Company for the time being on the date as of which a balance sheet was most recently prepared prior to the day of service of the Purchase Notice; provided, however, that the Board may cause the amount calculated under clause (B) hereof to be paid in situations where clause (A) would otherwise apply and would result in a lower purchase price if the board determines that inequities would otherwise result after taking into account the following as to any such Shareholder so affected: (i) length of time the affected shares were held; (ii) the number of share so affected; (iii) whether such shareholdings would have resulted in Imminent and Grave Damage to the Company and the circumstances relating thereto; and (iv) any other situations or circumstances which the Board may legally consider in making such a determination.

(iii) Payment of the purchase price will be made to the owner of such shares in U.S. Dollars except during periods of U.S. Dollar exchange restrictions (in which case the currency of payment shall be at the Board' s discretion, and will be deposited by the Company with a bank in Luxembourg or elsewhere (as specified in the Purchase Notice) for payment to such owner upon surrender of the share certificate or certificates representing the shares specified in such notice. Upon deposit of such price as aforesaid, no person interested in the shares specified in such Purchase Notice shall have any further interest in such shares or any of them, or any claim against the Company or its assets in respect thereof, except the right of the shareholder appearing as the owner thereof to receive the price so deposited (without interest) from such bank upon effective surrender of the share certificate or certificates as aforesaid.

(iv) The exercise by the Board of the powers conferred by this Article shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of ownership of shares by any Persons or that the true ownership of any shares was otherwise than appeared to the Board at the date of any Purchase Notice or on the ground that payment of the purchase price or the accomplishment of the other formalities or requirements had to be deferred until such time appropriate corporate actions, had been taken to legally permit the perfection of the repurchase, provided that in such case the said powers were exercised by the Board in good faith.

(d) For the purposes of this Article Thirty-Six any Person holding shares in its name solely as depositary or nominee in the ordinary course of its business and without any beneficial interest therein shall not be deemed to be a holder of such shares, provided such depositary shall disclose the name and particulars of the beneficial owner of such shares immediately upon request by the Company.

(e) The restrictions and remedial actions referred to in subsections (a), (b) and (c) of this Article Thirty-Six shall not apply to any person who was a Shareholder of the Company as of August 31, 1987, or any Affiliate or Associate of such person, except in the case of Shareholders of any publicly traded company who are deemed to be such Persons (or any Affiliates or Associates of such Persons) solely as a result of their shareholdings in such publicly traded company.

For the purpose of applying the August 31, 1987 date, all transfers having occurred following bequest, gift, inheritance or contribution to, or distribution from Affiliates and Associates shall be disregarded.

CHAPTER 9. DEFINITIONS

Article Thirty-Seven: Except as otherwise provided herein the provisions of the Luxembourg Company law of 10th August 1915, as amended, will apply.

In the event that any one or more provisions contained in the Articles shall, for any reason, be held to be invalid illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of the Articles and the Articles shall be construed as if such invalid, illegal or unenforceable provision were not contained herein.

Article Thirty-Eight: For the purpose of these Articles:

(a) An "Affiliate" of, or a Person "affiliated" with, a specified Person, is a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(b) The term "Associate" used to indicate a relationship with any Person, means (1) any corporation or organization (other than the Company or a Subsidiary of the Company) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (3) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such person or who is a director or officer of the Company or any of its parents or subsidiaries

(c) "Imminent and Grave Damage" shall have the meaning given thereto under the Luxembourg Company Law of August 30, 1915, as amended.

(d) "Person" means any individual, firm, corporation or other entity, and shall include any Affiliate or Associate of such Person and any group comprised of any Person and any other Person with whom such person or any Affiliate or Associate of such Person has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of Shares.

(e) "Subsidiary" means any corporation with respect to which the Company beneficially owns securities that represent a majority of the votes that all holders of securities of such corporation can cast with respect to elections of directors.

(f) "U.S. Person" mean (a) an individual who is a citizen or resident of the United States; (b) a corporation, partnership, association or other entity organized or created under the laws of the United States or any state or subdivision thereof; (c) an estate or trust subject to United States federal income tax without regard to the source of its income; (d) any corporation or partnership organized or created under the laws of any jurisdiction outside of the United States if any of its shareholders or partners are, directly or indirectly, U.S. Persons as defined under clauses (a) through (c) above; (e) any trust or estate, the income of which from sources without the United States which is not effectively connected with the conduct of a trade or business within the United States is not inclusive in gross income for United States Federal income tax purposes, with respect to which there is a beneficiary which is a U.S. Person as defined under clauses (a) through (c) above; or (f) any corporation organized or created under the laws of any jurisdiction outside the United States, any of the outstanding capital stock of which is subject to an option to acquire such stock held directly by a U.S. Person as defined in clauses (a) through (c) above, and "United States" and "U.S." means the United States for America, its territories, possessions and areas subject to its jurisdiction.

(g) References to "dollars", "U.S. dollars" or to "cents" shall mean the currency of the United States of America.

(h) References to "free" shares, whether Founder' s or Common, shall be to shares issued pursuant to the terms hereof without cash consideration, e.g., in the case of share dividends and issuances of Founder' s Shares to maintain the 20% level referred to in Article 10.

CHAPTER 10. TRANSITIONAL PROVISIONS IN RESPECT OF CLASS B SHARES

Article Thirty-Nine: Class B Shares are non-voting shares and, except as set forth below in this Article Thirty-Nine, shall be entitled to only those rights as are granted by applicable law.

The holders of any issued Class B Shares shall be entitled to any notice of general meeting in accordance with the provisions of Article Twenty-Five, paragraph three hereof. Class B Shares shall not be entitled to vote at meetings of shareholders unless such right is granted by applicable law. In such cases where the Class B Shares are granted the right to vote, each Class B Share shall also be entitled to one vote. The Class B Shares will in such a case vote with the Common Shares and Founder' s Shares as one class, unless applicable law would call for a class vote.

In the event of issuance of Class B Shares, at the time of payment of any dividends, the priorities of payment of dividends set forth in Article Thirty-Two, paragraph four hereof, shall be modified to read, and shall be construed, as follows:

ten percent (10%) of the stated value thereof to Class B Shares as a preferred dividend;

U.S. $0.005 per share to Founder' s Shares and Common Shares and equally;

U.S. $0.095 per share to Common Shares; and

thereafter, Common Shares and Class B Shares shall participate equally in all further amounts.

In the event of issuance of Class B Shares, at the time of a liquidation of the Company, the priorities set forth in Article Thirty-Four, first paragraph, shall be modified to read, and shall be construed, as:

Class B Shares to the extent, if any, of accrued, unpaid and preferred dividends on such shares, and thereafter ratably to the full aggregate issuance price thereof;

Common Shares ratably to the extent of the stated value thereof;

Common Shares and Founder' s Shares participate equally up to U.S. $0.05 per share;

Common Shares ratably to the full aggregate issue price thereof; and

thereafter, Common Shares and Class B Shares shall participate equally in all remaining assets.

In the event of issuance of Class B Shares, the provisions of Article Thirty-Five shall be modified to read, and shall be construed, as follows:

If the Company merges, consolidates or enters into any similar transaction with another entity where such other entity will remain the surviving entity, (i) the holders of Class B Shares shall be entitled to receive consideration which is not less per share than the per share consideration, if any, received by any holder of Common Shares in such transaction and (ii) the Class B Shares and Common Shares held by holders other than holder(s) of Founder' s Shares shall be entitled to receive consideration which is no less per share than the consideration per share received by the holder(s) of Founder' s Shares, the latter per share amount to be determined by dividing the aggregate of all consideration received by such holder(s) for all shares owned by them, including Founder' s Shares, by the total number of Common Shares and Class B Shares which they own.

This Article Thirty-Nine and all of the rights granted to the Class B Shares hereunder shall expire, without any further action by the Company, on December 31, 2010.

These articles of incorporation are worded in English followed by a French translation and in case of any divergence between the English and the French text, the English text shall prevail.

Exhibit 4.8

DE BRAUW
BLACKSTONE
WESTBROEK

Share Purchase Agreement

relating to

Marine Harvest N.V.

between

Nutreco Holding N.V.

and

Stolt Sea Farming Investments B.V.

As Sellers

Geveran Trading Co Ltd
as Purchaser

and

Greenwich Holdings Ltd.
as Guarantor

Dated 6 March 2006

Tripolis 300
Burgerweeshuispad 301
1070 HR Amsterdam
The Netherlands

Contents

Share Purchase Agreement

THE UNDERSIGNED:

(1) **Nutreco Holding N.V.,** a public company with limited liability *(naamloze vennootschap),* with corporate seat in Boxmeer, the Netherlands, and having its address at Veerstraat 38, 5831 JN Boxmeer, the Netherlands **(**"**Nutreco**"**)**;

(2) **Stolt Sea Farm Investments B.V.** a private company with limited liability *(besloten vennootschap)* incorporated in the Netherlands, with corporate seat in Schiedam, and having its address at Karel Doormanweg 25, 3115 JD Schiedam the Netherlands ("**Stolt**", Stolt and Nutreco jointly referred to as "**Sellers**");

(3) **Geveran Trading Co Ltd,** a private company with limited liability incorporated in Cyprus, with corporate seat in Limassol, Cyprus and having its address at Deana Beach Apartments, Promachou Eleftherias Street, Ayos Athanasios, Limassol, Cyprus, ("**Purchaser**"), and

(4) **Greenwich Holdings Ltd.,** a private company with limited liability incorporated in Cyprus, with corporate seat in Limassol, Cyprus and having its address at Deana Beach Apartments, Promachou Eleftherias Street, Ayos Athanasios, Limassol, Cyprus ("**Guarantor**")

WHEREAS:

(A) Sellers together hold all of the 60,000 issued and outstanding shares (the "**Shares**") in the capital of Marine Harvest N.V., a public company with limited liability *(naamloze vennootschap),* with corporate seat in Amersfoort, the Netherlands, and having its address at P.C.Hooftlaan 3, 3818 HG, Amersfoort (the "**Company**").

(B) Nutreco owns 45,000 of the Shares, and Stolt owns 15,000 of the Shares.

(C) The Company and its Group Companies are active in the business of fish farming.

(D) Sellers and Purchaser have conducted negotiations about the sale of the Shares by Sellers. In that connection, Sellers and Purchaser have signed the Confidentiality Agreement.

(E) Sellers desire to sell, and Purchaser desires to purchase, the Shares on the terms set out

herein.

(F) Sellers and Purchaser have obtained all necessary internal approvals to enter into this Agreement and to consummate the Transaction.

(G) Purchaser has agreed to assume all costs and risks related to making all requisite competition law and regulatory filings and obtaining all requisite competition law and other regulatory approvals.

IT IS AGREED AS FOLLOWS:

1 INTERPRETATION

1.1 Definitions

Capitalised words, including those used in the preamble to this Agreement, shall have the following meaning:

Accounts Date means 31 December 2005;

Agreement means this share purchase agreement;

Annual Accounts means the consolidated balance sheet, profit and loss account, and explanatory notes thereto, of the Group in respect of the first financial year of the Company ending 31 December 2005, accompanied by an unconditional approving statement of an auditor as referred to in article 2:393 section 5 Dutch Civil Code;

Business Day means a day which is not a Saturday, a Sunday or a public holiday in either of the Netherlands, Cyprus and Norway;

Closing means the performance of the actions referred to in Clause 6.3;

Closing Date means the date on which Closing takes place;

Company means **Marine Harvest N.V.,** a public company with limited liability *(naamloze vennootschap)* with corporate seat in Amersfoort, the Netherlands, and having its address at P.C.Hooftlaan 3, 3818 HG, Amersfoort;

Conditions Precedent means the conditions set out in Clause 4.1, and **Condition Precedent** means any one of them or the relevant one of them, as the context requires;

Confidentiality Agreement means the confidentiality agreement dated 31 January 2006 between Sellers and Purchaser;

EURIBOR means in relation to an amount outstanding in any given calendar month the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period as displayed on page **EURIBOR** of Reuters' screen on the first Business Day of such calendar month.

Governmental Authority means, to the extent it has jurisdiction, any supranational governmental

commission, council, directorate, court, trade agency, regulatory body or otherwise authority, or any national government, any legislature, any political subdivision of a national government or of any state, county, province or local jurisdiction therein or any agency or instrumentality of any such government or political subdivision;

Group means the Company and the Group Companies;

Group Companies means any company, firm or legal entity with respect to which the Company, from time to time, directly or indirectly, holds 50% or more of the nominal value of its share capital issued or of the voting power at its general meetings or has the power to appoint a majority of its directors or otherwise direct its activities, or any other company, firm or legal entity qualifying as a "subsidiary" or part of a "group" as referred to in sections 2:24a and 2:24b Dutch Civil Code and Group Company means any one of them or the relevant one of them, as the context requires;

Guarantor has the meaning set out in preamble (4)

Law means any statute, law, ordinance, rule or regulation of any Governmental Authority;

Losses means all damage, losses, liabilities, costs (including reasonable legal costs and reasonable experts' and consultants' fees), charges, expenses, claims and demands;

Notary means Professor Martin van Oiffen or another civil law notary of De Brauw Blackstone Westbroek N.V., or his substitute;

Notice has the meaning set out in Clause 11.7;

Nutreco has the meaning set out in Preamble (1);

Parties means Nutreco, Stolt, Purchaser and Guarantor, and "**Party**" means any one of them or the relevant one of them, as the context requires;

Purchase Price has the meaning set out in Clause 3;

Purchaser has the meaning set out in Preamble (3);

Purchaser' s Warranties means the warranties given by Purchaser to Sellers pursuant to Clause 8.5.1 and set out in Clauses 8.5.2 and 8.5.3, and **Purchaser' s Warranty** means any one of them or the relevant one of them, as the context requires;

Sellers means Nutreco and Stolt jointly;

Sellers' Knowledge means the actual knowledge of each Seller after having made due enquiries with the chief executive officer and the chief financial officer of the Company.

Sellers' Warranties means the warranties given by Sellers to Purchaser pursuant to Clause 8.1.1 and set out in Clause 8.1.2 up to and including Clause 8.1.5, and "**Sellers' Warranty**" means any one of them or the relevant one of them, as the context requires;

Signing means the signing by the Parties of this Agreement;

Signing Date means the day on which the last Party signing this Agreement has signed this

Agreement;

Shares has the meaning set out in Preamble (A);

Stolt has the meaning set out in Preamble (2);

Transaction means the acquisition of the Shares by Purchaser and any ancillary arrangements related thereto.

2 SALE AND PURCHASE / TRANSFER AND PAYMENT

2.1 Sale and purchase

On and subject to the terms and conditions of this Agreement each of Sellers hereby agrees to sell its Shares to Purchaser, and Purchaser hereby agrees to purchase the Shares from Sellers against payment of the Purchase Price to Sellers.

2.2 Transfer

On the Closing Date, Sellers shall transfer the Shares to Purchaser in accordance with Clause 6.3.3 and Purchaser shall pay to Sellers the Purchase Price (including any interest pursuant to Clause 3) in accordance with Clause 6.2.

3 PURCHASE PRICE

3.1 Purchase Price

The purchase price for the Shares shall be EUR, 1.175,000,000 (one billion one hundred and seventy five million Euros) (the "**Purchase Price**") plus interest from 28 March 2006 until Closing at a rate equal to the sum of 1 month EURIBOR and a margin of 50 basis points, interest to capitalised as of the end of each calendar month.

3.2 Security

If the Closing does not occur on 28 March 2006. Purchaser shall as of such date provide security to Sellers by means of an irrevocable guarantee, in form and substance satisfactory to Sellers, for Purchaser' s payment of the Purchase Price (including any interest accrued from time to time pursuant to Clause 3.1) in accordance with Clause 3.1 or the indemnity amount in accordance with Clause 7.3, as the case may be, from a reputable bank licensed to carry on business in Norway or the Netherlands. Such guarantee shall be governed by the Laws of Norway or the Netherlands and shall if governed by the laws of Norway be a *"selvskyldnergaranti"* and if governed by the laws of the Netherlands be as co-principal debtor *("hoofdelijke aansprakelijkheid")*.

4 CONDITIONS PRECEDENT

4.1 Conditions

Closing is conditional upon satisfaction or waiver of the following Conditions Precedent:

4.1.1 any requisite filings with the European Commission or any national competition authorities, whether in EU member countries or elsewhere, shall have been made, and any required waiting periods under applicable competition Laws shall have expired or the competent competition authorities shall have given all requisite consents to the consummation of the Transaction (with or without conditions); and

4.1.2 all necessary approvals, licenses and consents from Governmental Authorities that are required for the implementation of the Transaction shall have been obtained, including without limitation any approvals or consents required in connection with acquisition of control of Norwegian aquaculture concessions.

4.2 Responsibility for satisfaction

4.2.1 Purchaser shall take all such actions as are necessary to ensure satisfaction of all of the Conditions Precedent, including without limitation by agreeing to (a) take any action that may be required in order to obtain an unconditional clearance (including by agreeing to perform any disposition of assets or businesses that may be required by any relevant Governmental Authority) or (b) duly and promptly comply with any condition that any relevant Governmental Authority may impose to clear this Agreement and the Transaction.

4.2.2 Each Seller shall provide Purchaser with all reasonable assistance in order to ensure satisfaction of all of the Conditions Precedent, including by giving Purchaser access to and assistance from employees of the Company.

4.2.3 Purchaser shall as soon as practicable prepare and file with the competent Governmental Authorities the notices and applications necessary to satisfy the Conditions Precedent.

4.2.4 Purchaser shall bear all filing fees and other costs incurred in relation to any anti-trust or simitar filing (including any costs incurred in connection with Purchaser' s obligation under Clause 4.2.1) required to be made in any jurisdiction in connection with Purchaser' s acquisition of the Company. Purchaser shall also bear all costs, penalties and fines resulting from not filing in any jurisdiction where it is determined that filing should have taken place.

4.2.5 In the event that any administrative or judicial action or proceeding is instituted (or threatened to be instituted) by a Governmental Authority or any other person challenging (any part of) the Transaction, the Parties shall co-operate in all respects with each other and use their respective reasonable best endeavours to defend, contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts the consummation of the Transaction.

4.3 Non-Satisfaction/Waiver

4.3.1 Within 2 (two) Business Days of becoming aware of the same, Purchaser shall give notice to Sellers of the satisfaction of any of the Conditions Precedent.

4.3.2 The Conditions Precedent may only be waived by written agreement between Sellers and

Purchaser.

4.3.3 If it proves impossible to satisfy any Condition Precedent with respect to any part of the business of the Group only, or it is substantially more time consuming to obtain satisfaction of a Condition Precedent with respect to one part of the business of the

Group than with respect to the remaining parts of the business of the Group, then the Parties will in good faith discuss with a view to finding means of closing the Transaction with respect to those parts of the business of the Group for which the Conditions Precedent have been satisfied, without prejudice to the continued operation after such partial Closing of all provisions set out in this Agreement with respect to those parts of the business of the Group in respect of which the Closing has not occurred.

5 PRE-CLOSING COVENANTS

Sellers undertake (a) to use their reasonable endeavours to procure that between Signing and Closing the Group Companies shall carry on their business as a going concern in the ordinary course consistent with past practice, save as consented to in writing by Purchaser, such consent not to be unreasonably withheld or delayed, and (b) to procure that the Company shall not declare, make or pay any dividend or other equity distribution to its shareholders.

6 CLOSING

6.1 Date

The Closing shall take place on 28 March 2006 or the date falling three Business Days after the date on which the conditions set out in Clause 4.1 have been fulfilled or waived or such other day and time as may be agreed in writing by Sellers and Purchaser, at the offices of De Brauw Blackstone Westbroek N.V. in Amsterdam.

6.2 Payment

Purchaser shall pay the Purchase Price (including any interest pursuant to Clause 3.1) to bank account number 69.32.13.876 (Bic code INGBNL2A) at ING Bank on the Business Day before, and with value on, the date scheduled for Closing, in the name of the Notary, which amount shall be held for Purchaser until the Closing Actions referred to in Clause 6.3 have been performed, after which the Notary shall hold the Purchase Price on behalf of Sellers *pro rate parte* their respective ownership of the Shares on the Closing Date before the transfer of the Shares and pay said amounts in accordance with Sellers' joint instructions.

6.3 Closing Actions

At the Closing,

6.3.1 Sellers shall deliver or make available to Purchaser evidence that signatories on behalf of Sellers are authorised to sign the notarial deed of transfer of the Shares.

6.3.2 Purchaser shall deliver or make available to Sellers:

(a) evidence of the due fulfilment of the Conditions Precedent; and

(*b*) evidence that signatory on behalf of Purchaser is authorised to sign the notarial deed of transfer of the Shares

6.3.3 The Sellers shall transfer the Shares to Purchaser, Purchaser shall accept the transfer, and Sellers shall procure that the Company acknowledges the transfer, the foregoing to be effected by execution by Sellers, Purchaser and the Company, before the Notary, of a notarial deed of transfer.

7 TERMINATION

7.1 Right of termination

This Agreement may be terminated by written notice by either Sellers to Purchaser or by Purchaser to Sellers at any time prior to the Closing Date:

7.1.1 if satisfaction of either of the Conditions Precedent becomes impossible (other than through the fault of the Party seeking to terminate this Agreement), or

7.1.2 if the Closing has not occurred (other than through the fault of the Party seeking to terminate this Agreement) on or before 15 September 2006 or such later date as the Parties may agree upon, it being understood that the Sellers will consent to a an extension of this time limit of up to 60 days if either of the Conditions Precedent set out in Clause 4.1 has at the time of such extension not been satisfied, but Purchaser can document that it is likely that such Condition(s) Precedent will be satisfied within the period of such extension.

7.2 Rights upon termination

If this Agreement is terminated pursuant to Clause 7.1, all further obligations of the Parties pursuant to this Agreement shall terminate and have no further effect, provided, however, that the obligations of the Parties set out in Clause 7.3 (Arrangements in the event of termination), Clause 10 (Confidentiality) and Clause 11 (Miscellaneous) shall survive such termination.

7.3 Arrangements in the event of termination

If this Agreement is terminated in accordance with Clause 7.1 (Right of termination), Purchaser shall promptly make an indemnity payment in an amount equal to the Purchase Price (including any interest pursuant to Clause 3.1) to bank account number 69.32.13.876 (Bic code INGBNL2A) at lNG Bank, in the name of the Notary, which amount shall be held for Purchaser until a first priority pledge has been created and perfected on the Shares as security for Purchaser' s rights to receive the net proceeds from a subsequent sale of the Shares in accordance with the provisions below, after which the Notary shall hold the Purchase Price on behalf of Sellers *pro rate parte* their respective ownership of the Shares and pay said amounts in accordance with Sellers' joint instructions.

Following receipt of the Purchase Price, Sellers shall proceed without undue delay with a process to sell the Shares to one or more third parties. All expenses incurred in connection with such process shall be for Purchaser' s account, and Sellers may require that out-of-pocket expenses be directly paid by Purchaser. To the extent permitted by Law, Sellers shall consult with Buyer with regard to material

decisions regarding such sales process, and Sellers shall, at Purchaser' s risk and expense, comply with all reasonable instructions of Purchaser in that regard, provided that such instructions shall in no event obligate Sellers to take any action which would be contrary to Law, the rules of any stock exchange on which securities issued by either Seller is listed, any relevant code of corporate governance or the fiduciary duties of the members of Sellers' respective governing bodies.

The proceeds of the sale of the Shares to one or more third parties, net of all expenses incurred in connection with the sale which have not been paid by Purchaser, shall be paid directly to Purchaser or to an account in the name of the Notary from which it shall be promptly be paid-on to Purchaser.

8 WARRANTIES

8.1 Sellers' Warranties

8.1.1 Sellers represent and warrant to Purchaser that the statements set out in Clause 8.1.2 up to and including Clause 8.1.6 are true and accurate in all material respects as at Signing and that the statements set out in Clause 8.1.2 up to and including Clause 8.1.3 will also be true and accurate in all material respect at Closing.

8.1.2 Incorporation, authority, corporate action of Sellers

(a) Each of the Sellers is validly existing and is a company duly incorporated under the law of its jurisdiction of incorporation.

(b) Each of the Sellers has the full power and authority to enter into and perform its obligations under this Agreement and any other documents to be executed by Sellers pursuant to or in connection with this Agreement, which, when executed, will constitute valid and binding obligations on Sellers, in accordance with their respective terms.

(c) Each of the Sellers has taken or will have taken all corporate action required by it to authorise it to enter into and to perform its obligatoins in accordance with this Agreement and any other documents to be executed by it pursuant to or in connection with this Agreement.

8.1.3 The Shares

(a) Nutreco is the sole legal owner of the Shares sold by it in accordance with the terms of this Agreement.

(b) Stolt is the sole legal owner of the Shares sold by it in accordance with the terms of this Agreement.

(c) The Shares comprise the whole of the issued share capital of the Company and have been properly and validly issued and are each fully paid.

(d) No person has the right, or has claimed to have the right, (whether exercisable now or in the future and whether contingent or not) to call for the conversion, issue, registration, sale or transfer, amortisation or repayment of any share capital or any other security giving rise to a right over, or an interest in, the capital of the Company

under any option, agreement or other arrangement (including conversion rights and rights of pre-emption).

(e) There are no encumbrances of any kind whatsoever on any of the Shares.

8.1.4 Annual Accounts

The Annual Accounts, a copy of which is attached hereto, have been drawn up, audited, and adopted in accordance with the Dutch statutory requirements. On that basis, the Annual Accounts give in all material respects a fair and accurate view of the state of affairs of the Group for the year ended on the Accounts Date.

8.1.5 Events since Accounts Date

During the period from the Accounts Date and up until the date of this Agreement, the Company has not declared, made or paid any dividend or other equity distribution to its shareholders, and to Sellers' Knowledge, and save as disclosed to Purchaser, no event or circumstance affecting the Company specifically and not the industry generally has occurred which have had a material negative effect on the state of affairs of the Group Companies taken as a whole.

8.1.6 Disclosure

To Sellers' Knowledge, the management presentation made to Purchaser on 10 February 2006, a copy of which is attached hereto, did not contain any material misrepresentation of fact nor did it omit any fact or circumstance which must be considered essential for Purchaser' s decision to enter into this Agreement.

8.2 Scope of Sellers' Warranties

8.2.1 Each Sellers' Warranty applies only to the subject expressly referred to therein.

8.2.2 Purchaser acknowledges that no representations or warranties, express or implied, have been given or are given by Sellers other than the Sellers' Warranties. Without limiting the generality of the foregoing, Purchaser specifically acknowledges and agrees that Sellers make no representation or warranty as to the accuracy of any forecasts (in relation to budget, amount of bio-mass or

otherwise), estimates, projections, statements of intent or statements of opinion howsoever provided to Purchaser or any of its advisors on or prior to Signing.

8.2.3 The applicability of article 7:17 of the Netherlands Civil Code, which concerns implied warranties, is hereby excluded.

8.3 Disclosure

Sellers' Warranties are limited by, and Sellers shall not be in breach of or liable for of any Sellers' Warranties in respect of, any matter which has been disclosed to Purchaser' s representatives.

8.4 Liability for breach of Sellers' Warranties

8.4.1 In the event of any breach by Sellers of this Agreement, Purchaser shall not have the right to terminate or rescind this Agreement and as its sole and exclusive remedy and subject to any limitations of liability set out in this Agreement, shall have the right to claim the Losses

suffered or incurred by Purchaser as a result of such breach from the Sellers pro rata parte their respective ownership of the.

8.4.2 In the event of any breach of Purchaser' s Warranties, Sellers shall be entitled to claim the Losses suffered or incurred by Sellers as a result of such breach.

8.5 Purchaser' s Warranties

8.5.1 Purchaser represents and warrants to Sellers that, as at Signing and at Closing:

(a) the statements set out in Clauses 8.5.2 and 8.5.3 are and will be true and accurate in all material respects; and

(b) neither Purchaser nor any of its directors, employees, agents or advisors is aware of any breach of Sellers' Warranties or of any fact or circumstance which could give rise to a breach of Sellers' Warranties.

8.5.2 Purchaser' s authority and capacity

(a) Purchaser is validly existing and is a company duly incorporated under the laws of the Republic of Cyprus.

(b) Purchaser has the legal right and full power and authority to enter into and perform its obligations under this Agreement and any other documents to be executed by it pursuant to or in connection with this Agreement.

(c) Purchaser has taken all corporate action required by it to authorise it to enter into and to perform its obligations in accordance with this Agreement and any other documents to be executed by it pursuant to or in connection with this Agreement.

8.5.3 Purchaser' s financing

At the relevant time for payment, Purchaser will be able to pay the Purchase Price from its existing banking facilities and available cash.

9 LIMITATION OF LIABILITY

9.1 Time limitation

Sellers shall not be liable in respect of any claim under this Agreement unless a notice of the claim is given by Purchaser to Sellers specifying within the earlier of the date falling six months from the Closing Date and 31 March 2007 full information of the legal and factual basis of the claim and the evidence on which the Purchaser relies.

9.2 Aggregate minimum claims

Subject to any other limitations set out in this Agreement, Sellers shall only be liable under this Agreement in respect of any claim based on a breach of the Sellers' Warranties set out in Clause Clause 8.1.4 up to and including Clause 8.1.6 to the extent that the aggregate amount of all claims for which Sellers would be liable under this Agreement, exceeds 5% of the Purchase Price.

9.3 Maximum liability

The aggregate liability of Sellers in respect of all claims under this Agreement shall not exceed 30% of the Purchase Price.

9.4 Matters arising after Closing

Sellers shall not be liable under this Agreement in respect of any matter, act, omission or circumstance to the extent that the same would not have occurred but for any act, omission or transaction of any of the Group Companies, or their respective directors, officers, employees or agents or successors in title, on or after the Closing Date.

9.5 Purchaser' s Insurance

Sellers shall not be liable in respect of any claims made by Purchaser or any member of Purchaser' s Group, to the extent that the Losses in respect of which a claim is made are covered by a policy of insurance in force immediately prior to the Closing Date.

9.6 Mitigation of Losses

Purchaser shall procure that all reasonable steps are taken and all reasonable assistance is given to avoid or mitigate any Losses which in the absence of mitigation might give rise to a liability in respect of any claim under this Agreement.

10 CONFIDENTIALITY

10.1 Announcements

The Parties shall insofar as is reasonably practicable consult with each before making any announcements in connection with the subject matter of this Agreement.

10.2 Confidentiality undertaking

The Confidentiality Agreement shall cease to have any force or effect from Closing, and nothing set out in the Confidentiality Agreement shall prevent Purchaser from using information subject to the Confidentiality Agreement for purposes of complying with Clause 4 (Conditions Precedent) nor, subject to Clause 10.1, from making any announcement or circular required by Law or the rules of any recognised stock exchange on which securities issued by Pan Fish ASA are listed.

11 MISCELLANEOUS

11.1 Whole agreement

This Agreement contains the whole agreement between the Parties relating to the subject matter of this Agreement at Signing, to the exclusion of any terms implied by law which may be excluded by contract, and supersedes any previous written or oral agreement between the Parties in relation to the matters dealt with in this Agreement.

11.2 Nature of Sellers' Liabilities

Each Seller shall be solely liable for the performance of the obligations undertaken by it in this Agreement.

Insofar as a Warranty relates to the affairs of a specific Seller, such Seller shall be solely liable therefore. In respect of all other Warranties, the Sellers' liability shall be several, and not joint, pro rata parte their respective ownership of the Shares.

11.3 Third party rights

Save as expressly otherwise stated, this Agreement does not contain a stipulation in favour of a third party *('derdenbeding')*.

11.4 Rescission

Without prejudice to Clause 7, each Party waives its right to rescind *('ontbinden')* this Agreement on the basis of section 6:265 of the Netherlands Civil Code (general right of rescission for breach of contract).

11.5 Costs

Unless this Agreement provides otherwise, all costs which a Party has incurred or must incur in preparing, concluding or performing this Agreement are for its own account. Sellers shall by means of a purchase price reduction compensate Buyer for the after-tax value of (a) any bankers' fees which have been or will be paid the Company in connection with the preparation of an initial public offering of Shares and (b) any transaction bonuses paid by the Company to its employees in connection with the Transaction.

11.6 Assignment

No Party may assign any of its rights or obligations under this Agreement in whole or in part without the prior written consent of the other Parties, provided that Purchaser shall have the right to assign its rights and obligations hereunder to Pan Fish ASA with effect from the earlier of the Closing and the deposit of the Purchase Price in accordance with Clause 3.2 (Security), provided further that such assignment shall not relieve or in any way limit either of Purchaser and Guarantor from their continued liability for the due performance of the obligations of Purchaser hereunder.

11.7 Notices

11.7.1 Any notice in connection with this Agreement (a "**Notice**") shall be:

(a) in writing in English; and

(b) delivered by registered post or by courier.

11.7.2 A Notice shall be effective upon receipt and shall be deemed to have been received:

(a) at the time of delivery, if delivered by hand, registered post or courier;

(b) at the time of transmission in legible form, if delivered by fax.

11.7.3 A Notice to Sellers shall be sent to Sellers at the following addresses, or such other person or address as Sellers may notify to Purchaser from time to time:

Nulreco Holding N.V.
address: Veerstraat 38

PO box: 220
postal code and town: 5831 JN Boxmeer
The Netherlands
for the attention of W. Dekker
telefax: +31 33 422 6106

Stolt Sea Farm Investments B.V.
c/o Stolt-Nielsen UK Ltd
address: Aldwych House, 71-91 Aldwych
postal code and town: London WC2B 4HN
England
for the attention of: N.G. Stolt-Nielsen
telefax: +44 20 761 189 66

11.7.4 A Notice to Purchaser shall be sent to Purchaser at the following address, or such other person or address as Purchaser may notify to Sellers from time to time:

Geveran Trading Co Ltd
address: c/o Seatankers Management Co. Ltd.
PO box: 53562
postal code and town: CY-3399 Limassol
Cyprus
for the attention of: Dimitris Hannas
telefax: +357 25 323 770

11.7.5 A Notice to Guarantor shall be sent to Purchaser at the following address, or such other person or address as Purchaser may notify to Sellers from time to time:

Greenwhich Holdings Ltd
address: c/o Seatankers Management Co. Ltd.
PO box. 53562
postal code and town: CY-3399 Limassol
Cyprus
for the attention of: Dimitris Hannas
telefax: +357 25 323 770

11.8 Notary Rules of Professional Conduct

With reference to the Rules of Professional Conduct (Verordening beroeps-en gedragsregels) of the Royal Dutch Organisation of Civil Law Notaries (Koninklijke Notariele Beroepsorganisatie) all

Parties expressly agree that (i) De Brauw Blackstone Westbroek N.V. acts as counsel to Sellers in connection with, or acts as counsel for or on behalf of the Sellers in the event of any dispute relating to, this Agreement or any related Agreement, and that (ii) a civil law notary of De Brauw Blackstone Westbroek N.V. executes deeds connected with this Agreement or any related agreement.

11.9 Guarantee

11.9.1 Guarantor, as a separate and Independent obligation, unconditionally and irrevocably guarantees to Sellers, and shall be jointly and severally liable, as co-principal debtor, to Sellers ('*hoofdelijke aansprakelijkheid')* for the due and punctual performance and observance by Purchaser of all its obligations, warranties and indemnities under or pursuant to this Agreement; and

11.9.2 agrees to indemnify, defend and hold harmless Sellers against alt Losses which any of same may suffer through or arising from any breach by Purchaser of the obligations guaranteed pursuant to Clause 11.9.1.

11.9.3 The obligations of Guarantor pursuant to this Clause 11.9 shall remain in full force and effect until all obligations of Purchaser under this Agreement have been fully discharged, provided that such obligations of Guarantor shall automatically lapse at such time as a bank guarantee provided in accordance with Clause 3.2 becomes effective.

11.10 Dispute resolution

The Parties shall attempt in good faith to resolve promptly any dispute arising out of or relating to this Agreement by negotiation. If the dispute has not been resolved by negotiation, the dispute shall be settled by arbitration in the Netherlands in accordance with the rules of arbitration of the Netherlands Arbitration Institute ('*Nederlands Arbitrage Instituut')*. The tribunal shall comprise three arbitrators. The procedure shall be conducted in the English language in accordance with the rules of law *('regelen d*es *rechts')*.

11.11 Governing law

This Agreement and the documents to be entered into pursuant to it, save as expressly otherwise provided therein, shall be governed by and construed in accordance with the laws of the Netherlands.

AGREED AND SIGNED ON 6 MARCH AT AMERSFOORT/LONDON/OSLO BY:

/s/ Wout Dekker

Nutreco Holding N.V.

Name: Wout Dekker
Title: Chief Executive Officer

Stolt Sea Farm investments B.V.

Name: Niels G. Stolt-Nielsen
Title: Attorney in fact

/s/ Tor Olav Troim

Geveran Trading Co Ltd

Name: Tor Olav Troim
Title: Attorney in fact

/s/ Tor Olav Troim

Greenwich Holdings Ltd.

Name: Tor Olav Troim

Title: Attorney In fact

AGREED AND SIGNED ON 6 MARCH AT AMERSFOORT/LONDON/OSLO BY:

Nutreco Holding N.V.

Name: Wout Dekker
Title: Chief Executive Officer

/s/ Niels G. Stolt-Nielsen

Stolt Sea Farm Investments B.V.

Name: Niels G. Stolt-Nielsen
Title: Attorney in fact

Geveran Trading Co Ltd

Name: Tor Olav Troim
Title: Attorney in fact

Greenwich Holdings Ltd.

Name: Tor Olav Troim
Title: Attorney in fact

Execution Copy

DE BRAUW
BLACKSTONE
WESTBROEK

Amendment Agreement

relating to

Marine Harvest N.V.

among

Nutreco Holding N.V.

and

Stolt Sea Farm Investments B.V.
as Sellers

and

Geveran Trading Co Ltd
as Purchaser

and

Greenwich Holdings Ltd.
as Guarantor

and

Pan Fish ASA
as Assignee

Dated 27 March 2006

Tripolis 300
Burgerweeshuispad 301
1070 HR Amsterdam
The Netherlands

Contents

Amendment Agreement

THE UNDERSIGNED:

(1) **Nutreco Holding N.V.,** a public company with limited liability *(naamloze vennootschap),* with corporate seat in Boxmeer, the Netherlands, and having its address at Veerstraat 38, 5831 JN Boxmeer, the Netherlands ("**Nutreco**");

(2) **Stolt Sea Farm Investments B.V.** a private company with limited liability *(besloten vennootschap)* incorporated in the Netherlands, with corporate seat in Schiedam, and having its address at Karel Doormanweg 25, 3115 JD Schiedam the Netherlands ("**Stolt**", Stolt and Nutreco jointly referred to as "**Sellers**");

(3) **Geveran Trading Co Ltd,** a private company with limited liability incorporated in Cyprus, with corporate seat in Limassol, Cyprus and having its address at Deana Beach Apartments, Promachou Eleftherias Street, Ayos Athanasios, Limassol, Cyprus, ("**Purchaser**"), and

(4) **Greenwich Holdings Ltd.,** a private company with limited liability incorporated in Cyprus, with corporate seat in Limassol, Cyprus and having its address at Deana Beach Apartments, Promachou Eleftherias Street, Ayos Athanasios, Limassol, Cyprus ("**Guarantor**"), and

(5) **Pan Fish ASA,** a public company under the laws of Norway, with corporate seat in Stavanger, Norway and having its address at Maskinveien 32, N-4067 Stavanger, Norway, ("**Assignee**")

WHEREAS:

(A) The Sellers, the Purchaser and the Guarantor entered into a share purchase agreement dated 6 March 2006 in respect of all of the 80,000 issued and outstanding shares (the "**Shares**") in the capital of Marine Harvest N.V. (the "**Company**"**)** (the "**Share Purchase Agreement**").

(B) The Purchaser and Assignee entered into an Assignment and Assumption Agreement dated 6 March 2006, whereby the Purchaser has assigned all its rights under the Share Purchase Agreement to Assignee and Assignee has assumed all of the obligations of the

Purchaser under the Share Purchase Agreement.

(C) The parties to this Amendment Agreement have agreed to have the Purchase Price (as defined in the Share Purchase Agreement) prepaid by Assignee, on behalf of itself and the Purchaser, to the Sellers on 28 March 2006, rather than have a bank guarantee issued to the Sellers, as was contemplated in Clause 3.2 of the Share Purchase Agreement.

(D) In this connection the parties to this Amendment Agreement wish to amend the Share Purchase Agreement on the terms set out in this Amendment Agreement.

IT IS AGREED AS FOLLOWS:

1 DEFINITIONS AND INTERPRETATION

Unless otherwise stated in this Amendment Agreement, terms defined in the Share Purchase Agreement shall have the same meaning when used in this Amendment Agreement.

2 CONDITION PRECEDENT

The provisions of this Amendment Agreement shall be effective only if, not later than 2 p.m. on Tuesday 28 March 2006, a prepayment in the amount of the Purchase Price shall have been made to bank account number 69.32.13.876 (Bic code ING BNL 2A) at ING Bank, with value on the same date, in the name of the Notary, after which the Notary shall hold the amount of the prepayment on behalf of the Sellers, pro rata parte their respective ownership of the Shares, and after which the Notary shall pay said amount to the Sellers in accordance with the Sellers' joint instructions.

3 AMENDMENTS

3.1 Clause 3.1 (Purchase Price)

Clause 3.1 (Purchase Price) of the Share Purchase Agreement is replaced in its entirety by the following provision:

> "The Purchase Price for the Shares shall be EUR 1,175,000,000 (one billion one hundred and seventy-five million Euros) (the "**Purchase Price**")."

3.2 Clause 3.2 (Security)

Clause 3.2 (Security) of the Share Purchase Agreement is replaced in its entirety by the following provision:

> "3.2 (Prepayment)
>
> Purchaser (or Assignee, as the case may be) shall prepay the Purchase Price on 28 March 2006 to bank account number 69.32.13.876 (Bic code ING BNL 2A) at ING Bank, with

> value on the same date, in the name of the Notary, after which the Notary shall hold the amount of the prepayment on behalf of the Sellers, pro rata parte their respective ownership of the Shares, and after which the Notary shall pay said amount in accordance with Sellers' joint instructions."

3.3 New Clause 3.3 (Security)

A new Clause 3.3 (Security) is included in the Share Purchase Agreement, to read as follows:

> "3.3 (Security)
>
> As security for the payment obligations of Assignee under a certain Facility Agreement dated 28 March 2006, the Sellers agree that a first priority pledge be created and perfected on the Shares in favour of DNB NOR BANK ASA, on the terms and subject to the conditions of the draft deed of pledge (the "**Pledge Deed**") attached to this Amendment Agreement as Attachment 1. The

Pledge Deed shall include the proviso that any execution or enforcement *(uitwinning)* of the first priority pledge shall release and fully discharge the Sellers (a) from their Closing obligations towards the Purchaser as referred to in Clauses 6.3.1 and 6.3.3 of the Share Purchase Agreement and (b) from the Sellers' obligations referred to in Clause 7.3, second and third paragraphs, of the Share Purchase Agreement.

3.4 Clause 6.2 (Payment)

Clause 6.2 is replaced in its entirety, to read as follows:

"The Purchase Price shall be deemed to have been paid by the Purchaser through the prepayment referred to in Clause 3.2 of the Agreement and the Sellers shall fully discharge the Purchaser for the payment of the Purchase Price so (pre)paid."

3.5 Clause 7.3 (Arrangements in the event of termination)

The first paragraph of Clause 7.3 of the Share Purchase Agreement is replaced in its entirety, to read as follows:

"If this Agreement is terminated in accordance with Clause 7.1 (Right of termination), an indemnity payment shall be due by the Purchaser to the Sellers in an amount equal to the Purchase Price. In that event, the indemnity amount shall be deemed to have been paid by the Purchaser through the prepayment referred to in Clause 3.2 of the Agreement and the Sellers shall fully discharge the Purchaser for the payment of the indemnity amount so (pre)paid."

In the second paragraph of Clause 7.3 of the Share Purchase Agreement, the opening sentence "Following receipt of the Purchase Price," shall be deleted and the paragraph shall start with the sentence:

"Upon termination of this Agreement in accordance with Clause 7.1 (Right of termination), Sellers shall proceed without undue delay ...".

The following provision will be added at the end of this paragraph:

"Purchaser and Assignee shall procure that at the date of transfer of the Shares to a third party in accordance with the provisions of this Clause 7.3, DNB NOR BANK ASA will fully co-operate in relinquishing the right of pledge created pursuant to the Pledge Deed and terminating the Pledge Deed."

3.6 Sellers' Warranties

The Sellers' Warranties included in Clause 8.1 of the Share Purchase Agreement shall be qualified by reference to the first priority pledge which is agreed to be created by the Sellers in respect of the Shares under the terms of this Amendment Agreement.

4 ASSIGNEE' S WARRANTIES

Assignee represents and warrants to the Sellers that, as at the date of this Agreement:

(a) it is validly existing and is a company duly incorporated under the laws of Norway;

(b) it has the legal right and full power and authority to enter into and perform its obligations under this Amendment Agreement and any other documents to be executed by it pursuant to or in connection with this Amendment Agreement; and

(c) it has taken all corporate action required by it to authorise it to enter into and to perform its obligations in accordance with this Amendment Agreement and any other documents to be executed by it pursuant to or in connection with this Amendment Agreement.

5 MISCELLANEOUS

5.1 The provisions of the original Share Purchase Agreement shall, save as amended by this Agreement, continue in full force and effect.

5.2 Clauses 11.5, 11.7, 11.8, 11.10 and 11.11 of the Share Purchase Agreement shall be deemed to be incorporated in this Amendment Agreement as if expressly set out herein.

VOORNEMAN GEENEN NOTARISSEN

[SEAL]

TRUE COPY
of the deed of
pledge of shares in the capital of
the public company:

Marine Harvest N.V.
with statutory seat in Amersfoort

executed on the 28th day of March 2006
before Anton A. Voorneman,
civil law notary in Amsterdam.

DEED OF PLEDGE OF SHARES IN MARINE HARVEST N.V.

On the twenty-eighth day of March two thousand six appeared before me, Anton Arnaud Voorneman, civil law notary in Amsterdam: Mr. Joost Willem Friso ter Burg, with office address at 1083 GV Amsterdam, Arent Janszoon Ernststraat 199, born in Zeist on the twenty-third day of December nineteen hundred seventy-five, in this respect acting as duly authorized representative in writing of:

1. a. the public company: Nutreco Holding N.V., with statutory seat in Boxmeer and having its office address at 5831 JN Boxmeer, Veerstraat 38, filed at the Trade Register of the Chamber of Commerce for Oost-Brabant under number: 16074305, hereinafter also to be referred to as: "Pledgor 1"; and

   b. the private company with limited liability: Stolt Sea Farm Investments B.V., with statutory seat in Schiedam and having its office address at 3016 CK Rotterdam, Westerlaan 5, filed at the Trade Register of the Chamber of Commerce for Rotterdam under number 24369988, hereinafter also to be referred to as: "Pledgor 2"; Pledgor 1 and Pledgor 2 are hereinafter collectively also to be referred to as: the "Pledgers";

2. the company incorporated under the laws of Norway: DnB NOR Bank ASA, with statutory seat at Stranden 21, N-0250 Oslo, Norway and offices at Lars Hillesgate 30, N-5020, Bergen, Norway, filed at the Commercial Register in Brønnøysund under number: 984851006, hereinafter also to be referred to as: the "Pledgee";

3. the public company: Marine Harvest N.V., with statutory seat in Amersfoort and having its office address at 3818 HG Amersfoort, P.C. Hooftlaan 3, filed at the Trade Register of the Chamber of Commerce for Gooi-en Eemland under number: 32105246, hereinafter also to be referred to as: the "Company"; and

4. the company incorporated under the laws of Norway: Pan Fish ASA, with statutory seat in Stavanger and offices at Maskinveien 32, P.O. Box 342 Forus N-4067 Stavanger, Norway, filed at the Norwegian Central Register for business Enterprises under number: 964118191, hereinafter also to be referred to as: "Pan Fish".

The powers of attorney of the aforementioned parties will be attached to this deed. The person appearing before me, acting in the capacity as described above, declared as follows:

WHEREAS

(A) On the sixth day of March two thousand six Pledgors, Geveran Trading Co Ltd ("Geveran") and Greenwich Holdings Ltd ("Greenwich") entered into a share purchase agreement dated six March two thousand six in respect of all of the existing Shares (as defined below) (the "Share Purchase Agreement").

(B) Geveran and Pan Fish entered into an assignment and assumption agreement dated six March two thousand six (the "Assignment and Assumption Agreement"), whereby Geveran has assigned all its rights under the Share Purchase Agreement to Pan Fish and Pan Fish has assumed all of the obligations of the Purchaser under the Share Purchase Agreement.

(C) On the twenty-seventh day of March two thousand six, Pledgors, Geveran, Greenwich and Pan Fish have entered into an amendment agreement (the "Amendment Agreement") in relation to the amendment of certain provisions (identified in the Amendment Agreement) of the Share Purchase Agreement.

(D) On the twenty-fourth day of March two thousand six, Pan Fish and the Pledgee and the Lenders (as defined in the Facility Agreement (as defined below)) have entered into the Facility Agreement (as defined below) pursuant to which the Lenders have made available to Pan Fish finance for the payment of the Purchase Price (as defined in the Share Purchase Agreement).

(E) On the date hereof Pan Fish has pre-paid the Purchase Price in accordance with Clause 3.2 of the Share Purchase Agreement.

(F) It is a condition precedent under the Facility Agreement that a first ranking right of pledge is created over the Shares (as defined below) in favour of the Pledgee for the benefit of the Secured Parties as security for the payment obligations of Pan Fish under the Facility Agreement.

(G) Pursuant to the Amendment Agreement, Pledgers have agreed that a first ranking right of pledge be created and perfected on the Shares in favour of the Pledgee on the terms and subject to this Deed as security for the payment obligations of Pan Fish under the Facility Agreement.

(H) The Company is entering into this Deed in connection with its obligations set forth in Clauses 2.3 ,6(b) and 7.3(e) herein.

It is agreed as follows:

1. **INTERPRETATION**

1.1 **Definitions**

(a) Words and expressions defined in the Facility Agreement shall have the same meaning when used in this Deed, unless otherwise defined herein.

(b) In this Deed: "**Civil Code**" means the Dutch Civil Code (Burgerlijk Wetboek).
"**Deed**" means this deed of pledge of shares;
"**Dividends**" means, in relation to any Share, all present and future:

(a) dividends and distributions of any kind and any other sum received or receivable in respect of that Share;

(b) rights, shares, money or other assets accruing or offered by way of redemption, bonus, option or otherwise in respect of that Share;

(c) allotments, offers and rights accruing or offered in respect of that Share; and

(d) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, that Share.

"**Enforcement Event**" means the occurrence of:

(a) any event described in Clause 8.2 (Change of Control) of the Facility Agreement; or

(b) an Event of Default, resulting in Pan Fish being in default (verzuim) for the purpose of Section 3:248(1) Civil Code.

"**Facility Agreement**" means the facility agreement dated twenty-four March two thousand six between, inter alia, Pan Fish, the Lenders named in that agreement and the Pledgee as Agent and Security Agent.

"**Finance Documents**" means the Finance Documents as defined in the Facility Agreement.

"**Parallel Debt**" means the parallel debt obligation under the Facility Agreement.

"**Pledge**" means a first ranking (or, where it cannot rank first and without prejudice to all other rights and claims of the Pledgee, a highest possible ranking) third party right of pledge over all its present and (in anticipation) future Shares and Dividends, created or expressed to be created pursuant to this Deed.

"**Pledged Assets**" means the Shares.

"**Secured Liabilities**" means all present and future obligations owed by Pan Fish to the Security Agent under the Finance Documents and the Hedging Finance Documents including, without limitation, its Parallel Debt obligations to the extent that such obligations are or will be used to pre-pay the Purchase Price.

"**Secured Parties**" means the Lenders and the Hedging Banks.

"**Shares**" means

(a) all issued shares, each having a nominal value of one euro (EUR 1.), in the share capital of the Company, numbered 1 to 60,000 inclusive, owned by the Pledgors and obtained by them in the following manner:

(i) Pledgor 1 acquired forty-five thousand (45,000) shares upon the incorporation of the Company, effected by a notarial deed executed before Mr P. Klemann, civil-law notary in Amsterdam, on the twenty ninth day of November two thousand four;

(ii) Pledgor 2 acquired fifteen thousand (15,000) shares upon an issue of shares, effected by a notarial deed executed before Mr R.W. Clumpkens, civil-law notary in Amsterdam, on the twenty-ninth day of April two thousand five; the shares held by Pledgor 1 and Pledgor 2 are also referred to in this Deed as the "existing Shares"; and

(b) all shares in the share capital of the Company in the future owned by the Pledgors or (to the extent of its interest) in which it now or in the future has an interest, also referred to in this Deed as the "future Shares".

1.2 **Interpretation**

Any reference in this Deed to a "Finance Document" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument [as amended, novated, supplemented, restated or replaced and includes any increase in, extension of or change to any facility made available under that Finance Document or other agreement or instrument. Any amendment, novation,

supplement, restatement or replacement which would materially affect the Pledgors' position under this Deed, will need the prior approval of the Pledgors.

2. SECURITY AND ACKNOWLEDGEMENT

2. 1 First Ranking Pledge

To the extent that there is no other legal basis for the creation of the Pledge, Pan Fish and the Pledgors hereby agree with the Pledgee to create in favour of the Pledgee, as security for the payment of the Secured Liabilities, the Pledge.

2.2 Creation and Acceptance

The Pledgors, as security for the payment of the Secured Liabilities, hereby create the Pledge in favour of the Pledgee, and the Pledgee hereby accepts the Pledge.

2.3 Acknowledgement and Registration of Pledge

The Company declares that:

(a) it has taken notice of the terms and conditions of this Deed and will fully cooperate with the performance thereof;

(b) it is not aware of any facts or circumstances which in any way would cause any of the Pledgors' representations and warranties under this Deed to be incorrect;

(c) it hereby acknowledges the Pledge and it shall, in accordance with section 2:85(1) Civil Code, enter the Pledge in its shareholders' register and provide the Pledgee with an extract from the register:

(i) in respect of the existing Shares owned by the Pledgors, promptly after the execution of this Deed; and

(ii) in respect of any future Shares of which the Pledgors become the owner, or in which the Pledgors acquire an interest, promptly upon becoming aware thereof.

3. RESTRICTIONS AND FURTHER ASSURANCE

3.1 Disposal

Except as provided for in the Share Purchase Agreement, the Pledgors shall not, without the written consent of the Pledgee, (and shall not agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, assign, transfer or otherwise dispose of the Pledged Assets except, in the case of Dividends, as permitted by Clause 4.1 (Dividends before enforcement).

3.2 Further assurance

The Pledgers shall, within their capacity as shareholders of the Company and taking into account the powers associated therewith, promptly do whatever the Pledgee requires:

(a) to create and perfect the Pledge (including but not limited to executing an additional deed of pledge in the form of this Deed if the Pledge should not cover future Shares and/or Dividends);

(b) to facilitate the realisation of the Pledged Assets or the exercise of the Pledge or any rights vested in the Pledgee, including making any registration and giving any notice, order or direction.

4. PLEDGED ASSETS

4.1 Dividends before enforcement

Subject to Clause 4.2 (Dividends after enforcement), the Pledgors are entitled to receive and retain any Dividends. The Pledgee grants the Pledgors permission (as referred to in Section 3:246(4) Civil Code) to receive such Dividends.

4.2 Dividends after enforcement

At any time while an Enforcement Event is continuing the Pledgee may notify the Pledgors (with a copy to the Company and Pan Fish) that the right to receive Dividends and, to the extent allowed by law, any other right in respect of Dividends shall from then on vest in the Pledgee and upon dispatch of such notice those rights shall vest exclusively in the Pledgee.

5. GENERAL UNDERTAKINGS

5.1 No Prejudice

The Pledgors shall not do, or permit to be done, anything which could prejudice the Pledge.

5.2 Security

The Pledgors shall not create or permit to subsist any security right over any Pledged Asset.

5.3 Notification

If any receiver, bailiff or other person takes possession or makes any claim in respect of any Pledged Assets (or attempts or expresses an intention to do so), the Pledgors shall:

(a) promptly notify that person of the Pledge (and, in the case of an oral notification, confirm it in writing); and

(b) promptly notify the Pledgee.

6. REPRESENTATIONS AND WARRANTIES

(a) The Pledgors, each with respect to the Shares owned by it, as at the date of this Deed:

(i) the Pledgors have the full and unencumbered legal and beneficial title tot he Shares;

(ii) other than the obligations of Pledgors under the Share Purchase Agreement, Pledgors have no obligations to deliver the Shares to third parties, nor are any (restrictive) rights assigned to the Shares;

(iii) the Pledgors have (and will continue to have) the power to establish a first ranking right of pledge on the Shares to the Pledgee;

(iv) all resolutions and approvals required for the establishment of a first right of pledge on the Shares by the Pledgors for the benefit of the Pledgee have been approved or obtained;

(b) The Company warrants that:

(i) the Company is a public limited liability company, founded under the laws of the Netherlands;

(ii) the Company has not been dissolved, nor has a resolution to dissolve the Company been taken or a proposal submitted for this purpose. The Company has not been adjudicated bankrupt, is not insolvent and nor have petitions in bankruptcy or for the granting of a suspension of payment been filed (or are expected to be);

(iii) the register of shareholders has been kept fully up to date.

7. ENFORCEMENT

7.1 When enforceable

As between Pan Fish, the Pledgors and the Pledgee, the Pledge shall be enforceable and exercisable while an Enforcement Event is continuing.

7.2 Recovery from payments received

As between the Pledgee and Pan Fish:

(a) Where the Pledgee has received Dividends in the form of cash it may:

(i) apply those Dividends without prior notice in satisfaction of any Secured Liabilities which are due in accordance with Clause 8 (Application of proceeds); and

(ii) to the extent that, in receiving Dividends, the Pledgee obtains a currency other than that of the Secured Liabilities, it may demand that the Secured Liabilities be paid in the currency collected (and in that case the conversion of the currency of the Secured Liabilities shall take place at a market rate of exchange in the Pledgee' s usual course of business).

(b) The Pledgee shall not be required to notify Pan Fish of the exercise of its rights under paragraph (a) above.

7.3 Power of sale

(a) If an Enforcement Event is continuing and all or part of the Secured Liabilities are due:

(i) (without prejudice to Clause 7.2) (Recovery from payments received) the Pledgee may sell all or part of the Pledged Assets and apply the proceeds in satisfaction of the Secured Liabilities in accordance with Clause 7.2 (Recovery from payments received) (including Clause 7.2(a)(ii)); and

(ii) the Pledgors shall ensure that any of its corporate bodies whose approval is required in connection with such sale, grants its approval without delay.

(b) The Pledgee shall be required to notify the Pledgors or those who have a limited right (beperkt recht) on or have made an attachment (beslag) in respect of any Pledged Assets of any proposed or completed sale.

(c) Only the Pledgee shall have the right to make an application to the court for a different method of sale, as referred to in Section 3:251(1) Civil Code.

(d) To the extent permitted under the laws of the Netherlands and the articles of association of the Company, the Pledgors hereby irrevocably waive, renounce and agree not to exercise any pre-emption rights or rights of first refusal upon a sale by the Pledgee, which waiver the Pledgee accepts.

(e) The Company shall do all such things and shall provide a potential buyer all such information as reasonably required by the Pledgee to enable the Pledgee to sell the Shares pursuant to this Clause 7.3.

(f) Pan Fish and the Pledgos specifically agree that after a sale of the Shares to a third party pursuant to Clause 7.3 of the Share Purchase Agreement or pursuant to Clause 7 of this Deed, as the case may be, the Pledgors shall be fully discharged from their obligations under the Share Purchase Agreement to deliver the Shares to Pan Fish.

8. **APPLICATION OF PROCEEDS**

All amounts received or recovered by the Pledgee in exercise of its rights under this Deed shall, subject to the rights of any creditors having priority, be applied in the order provided in the Facility Agreement.

9. **LIABILITIES**

(a) The Pledgee shall not be liable to the Pledgors or Pan Fish for damage suffered by the Pledgors or Pan Fish as a result of the Pledgee exercising or not exercising its rights under this Deed in connection with the performance of this Deed, except to the extent caused by its own gross negligence or wilful misconduct.

(b) Pan Fish shall indemnify the Pledgee, the Pledgors and any Secured Party against any claims made by any governmental authority or any other third party in connection with the creation of the Pledge and against any damage suffered and costs incurred by the Pledgee or any Secured Party in connection with such claims except to the extent caused by its own gross negligence or wilful misconduct or that of its directors, officers, employees or agents.

(c) The Pledgee shall use its reasonable efforts to mitigate the costs and losses referred to above.

10. **DISCHARGE OR TERMINATION OF SECURITY UPON TRANSFER OF SHARES**

The Pledgee agrees to relinquish *(opzeggen,* as referred to in Section 3:81(2.d.) Civil Code)) the Pledge created under this Deed and terminate this Deed in the event of a transfer by Pledgors of the Shares to Pan Fish pursuant to Clause 6.3 of the Share Purchase Agreement or to a third party pursuant to Clause 7.3 of the Share Purchase Agreement or Clause 7 of this Deed, as the case may be. The Pledgee may elect, at its own discretion, not to relinquish the Pledge and terminate this Deed, provided (i) it informs Pledgors thereof in writing at least ten Business Days prior to the date of transfer of Shares referred to in this Clause 10, and (ii) the Pledgee fully discharges Pledgors, upon transfer of the Shares, from their obligations under this Deed and indemnifies Pledgors for any damages suffered by them as a result of or in connection with the Shares being transferred subject to the Pledge. The Pledgee acknowledges and agrees that it

must fulfil its obligations under this Clause 10 irrespective of the fact whether or not the Secured Liabilities have been irrevocably paid in full.

11. **REMEDIES OR TIME**

11.1 **Remedies**

The rights, powers and remedies provided by this Deed are cumulative and are not, nor are they to be construed as, exclusive of any rights, powers and remedies provided by law.

11.2 **Time**

No failure on the part of the Pledgee to exercise any of the rights, powers and remedies provided by this Deed or by law (collectively the "Rights") shall operate as a waiver thereof, nor shall any single or partial waiver of any of the Rights preclude any further or other exercise of that one of the Rights concerned or the exercise of any other of the Rights.

12. **ILLEGALITY, UNENFORCEABILITY, RECISION, AMENDMENT**

12.1 **Illegality and unenforceability**

If a provision of this Deed is or becomes illegal or unenforceable in any jurisdiction, that shall not affect the legality or enforceability of any other provision of this Deed and the legality or enforceability in other jurisdictions of that or any other provision of this Deed.

12.2 **Recision**

This Deed may not be rescinded in whole or in part.

12.3 **Amendment**

This Deed may only be amended or supplemented in writing.

13. **GOVERNING LAW AND JURISDICTION**

13.1 **Governing law**

This Deed is governed by Dutch law.

13.2 **Jurisdiction**

Save as provided for in article 13.3, a dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) shall be settled by arbitration in the Netherlands in accordance with the rules of arbitration of the Netherlands Arbitration Institute ('Nederlands Arbitrage Instituut'). The tribunal shall comprise three arbitrators and shall be located in Amsterdam, the Netherlands. The procedure shall be conducted in the English language in accordance with the rules of law ("regelen des rechts').

13.3 **Court**

Notwithstanding article 1 3.2, Pledgee shall have the exclusive right to submit to the competent court in Amsterdam any dispute arising out or in connection with this Deed which solely regards the Pledgee and Pan Fish.

The appearer is known to me, notary. THIS DEED, drawn up, has been executed at Amsterdam, on the day and year mentioned in the heading in this deed.

The contents of this deed were stated and explained in substance to the appearer.

The appearer then declared to be well informed on and to agree with the contents of this deed and not to care for a reading out in full. Immediately after partial reading, the appearer and I, notary, signed this deed. W.s.: J.W.F. ter Burg; A.A. Voorneman.

FOR TRUE COPY

/s/ [ILLEGIBLE]

[SEAL]

DATED: 29 July 2005

STOLT TANKERS FINANCE II B.V.
(as borrower)

- and -

STOLT-NIELSEN S.A.
STOLT-NIELSEN TRANSPORTATION GROUP LTD (Liberia)
STOLT-NIELSEN TRANSPORTATION GROUP LTD (Bermuda)
STOLT-NIELSEN INVESTMENTS N.V.
STOLT-NIELSEN HOLDINGS BV
and STOLT-NIELSEN TRANSPORTATION GROUP BV
(as joint and several guarantors)

- and -

DEUTSCHE BANK AG IN HAMBURG
DnB NOR BANK ASA
DVB BANK AG
and NORDEA BANK NORGE ASA
(as mandated lead arrangers and underwriters)

- and -

THE BANKS LISTED IN SCHEDULE 1
(as banks)

- and -

DEUTSCHE BANK AG IN HAMBURG
(as facility agent and security trustee)

US$400,000,000
SECURED MULTICURRENCY
REVOLVING LOAN
FACILITY AGREEMENT

STEPHENSON HARWOOD

One St. Paul' s Churchyard
London EC4M 8SH
Tel: +44 (0)20 7329 4422
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DX No. 64 Chancery Lane
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CONTENTS

FACILITY AGREEMENT

Dated: 29 July 2005

BETWEEN:-

(1) **STOLT TANKERS FINANCE II B.V.** which is a company incorporated according to the law of the Netherlands with its registered office at Westerlaan 5, 3016 CK Rotterdam, the Netherlands (the "**Borrower**"); and

(2) the guarantors listed in Schedule 2, each being a company incorporated according to the law of the country of incorporation indicated against its name in Schedule 2 with its registered office as indicated against its name in Schedule 2 (together the "**Guarantors**" and each a "**Guarantor**");

(3) the banks and financial institutions listed in Schedule 1, each acting through its office at the address indicated against its name in Schedule 1 (together "**the Banks**" and each a "**Bank**");

(4) **DEUTSCHE BANK AG IN HAMBURG** acting as facility agent through its office at, Ludwig-Erhard-Strasse 1, D-20459 Hamburg, Federal Republic of Germany (in that capacity "**the Agent**");

(5) **DEUTSCHE BANK AG IN HAMBURG** acting as security trustee through its office at, Ludwig-Erhard-Strasse 1, D-20459 Hamburg, Federal Republic of Germany (in that capacity the "**Security Trustee**"); and

(6) the banks and financial institutions listed in Schedule 3, each acting as a joint mandated lead arranger and underwriter through its office at the address indicated against its name in Schedule 3 (together in that capacity the "**Lead Arrangers**" and each a "**Lead Arranger**").

WHEREAS:-

(A) Each of the Vessels is registered in the name and ownership of her Shipowning Guarantor under the flag of the country indicated in Schedule 4.

(B) Each of the Banks has agreed to advance to the Borrower its respective Commitment of an initial aggregate principal amount not exceeding four hundred million Dollars ($400,000,000) or the Equivalent Amount in a Permitted Currency or Permitted Currencies (as appropriate), provided that the aggregate of the Facility Outstandings,

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from time to time, shall not exceed the Existing Acceptable Collateral Value for (i) the purpose of refinancing the Existing Facilities and (ii) general corporate purposes.

IT IS AGREED as follows:-

1 Definitions and Interpretation

1.1 **Definitions**

In this Agreement:-

1.1.1 "**Accepted Broker**" means such of P.F. Bassøe A.S. & Co., R.S. Platou Shipbrokers a.s., Fearnleys A/S, Odin Marine Inc., Compass Maritime Services LLC, OK Maritime AS and Inge Steensland AS or such other reputable independent broker as may be acceptable to the Agent acting in its absolute discretion.

1.1.2 "**Acceptable Market Value**" means eighty per cent (80%) of the Fair Market Value of all the Vessels mortgaged in favour of the Security Trustee from time to time (based on the most recent Valuations obtained pursuant to Clause 12.2.2).

1.1.3 "**the Address for Service**" means c/o Stolt-Nielsen Limited, 71-91 Aldwych, London WC2B 4HN, England or, in relation to any of the Security Parties, such other address in England and Wales as that Security Party may from time to time designate by no fewer than ten Business Days' written notice to the Agent.

1.1.4 "**the Administration**" has the meaning given to it in paragraph 1.1.3 of the ISM Code.

1.1.5 the "**Advance Date**", in relation to any Drawing, means the date on which that Drawing is advanced by the Banks to the Borrower pursuant to Clause 2.

1.1.6 "**Annex VI**" means Annex VI (Regulations for the Presentation of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997).

1.1.7 "**the Assignments**" means the deeds of assignment of the Insurances, Earnings and Requisition Compensation in respect of each Vessel referred to in Clause 10.2 (each an "**Assignment**").

1.1.8 "**the Borrower' s Obligations**" means all of the liabilities and obligations of the Borrower to the Finance Parties under or pursuant to the Borrower' s Security Documents, whether actual or contingent, present or future, and whether incurred alone or jointly or jointly and severally with any other and in whatever currency, including (without limitation) interest, commission and all other charges and expenses.

1.1.9 "**the Borrower' s Security Documents**" means those of the Security Documents to which the Borrower is or is to be a party.

1.1.10 "**Break Costs**" means all documented costs, losses, premiums or penalties incurred by any of the Finance Parties in the circumstances contemplated by Clause 19.4 or as a result of any of them receiving any prepayment of all or any part of the Facility (whether pursuant to Clause 6.2 or otherwise) or any other payment under or in relation to the Security Documents on a day other than the due date for payment of the sum in question, and includes (without limitation) any losses or costs incurred in liquidating or re-employing deposits from third parties acquired to effect or maintain the Facility, and any liabilities, expenses or losses incurred by any of the Finance Parties in terminating or reversing, or otherwise in connection with, any interest rate and/or currency swap, transaction or arrangement entered into by any of the Finance Parties to hedge any exposure arising under this Agreement, or in terminating or reversing, or otherwise in connection with, any open position arising under this Agreement.

1.1.11 "**Business Day**" means (a) a day on which banks are open for the transaction of business of the nature contemplated by this Agreement (and not authorised by law to close) in New York City, United States of America; London, England; Oslo, Norway; and Hamburg, Federal Republic of Germany or (b) in relation to the determination of interest rates for Euros only, a day on which TARGET is operating.

1.1.12 "**Cash**" means cash at bank or in hand which is not subject to any charge back or other Encumbrance and to which a member of the SNSA Group has free, immediate and direct access.

1.1.13 "**Certificate of Compliance**" means a certificate materially in the form set forth in Schedule 5 with such amendments as may be necessary to reflect the financial position stated in SNSA' s most recent financial statements, signed by the chief financial officer or senior vice president for corporate finance of SNSA.

1.1.14 "**Commitment**" means, in relation to each Bank, the amount of the Facility which that Bank agrees to advance to the Borrower as its several liability pursuant to Clause 2, as indicated against the name of that Bank in Schedule 1, as reduced from time to time in accordance with Clause 2.4.6 and the amount of any other Commitment transferred to it under this Agreement.

1.1.15 "**Commitment Commission**" means the commitment commission to be paid by the Borrower to the Agent pursuant to Clause 9.1.

1.1.16 a "**Communication**" means any notice, approval, demand, request or other communication from one party to this Agreement to any other party to this Agreement.

1.1.17 "**the Communications Address**" means c/o Stolt-Nielsen Limited, 71-91 Aldwych, London WC2B 4HN, England, fax no: +(44) 207 611 89 65 marked for the attention of Chief Financial Officer and e-mail: jce@stolt.com.

1.1.18 "**the Company**" means, in relation to any Vessel and at any given time, the company responsible for the Vessel' s compliance with the ISM Code pursuant to paragraph 1.1.2 of the ISM Code.

1.1.19 "**Consolidated Debt**" means for the SNSA Group (on a consolidated basis, without duplication and measured on a quarterly basis) at any time, the aggregate value of (i) moneys borrowed, plus (ii) notes payable (whether promissory notes or otherwise), plus (iii) amounts raised by acceptance under any acceptance credit facility, plus (iv) amounts raised pursuant to any note purchase facility or the issue of bonds, notes,

debentures or similar instruments, plus (v) the amount of any liability in respect of lease or hire purchase obligations which, according to US GAAP, would be treated as finance or capital leases, plus (vi) all contingent liabilities, including guarantee obligations, related to debt and capital lease obligations of third parties which,

according to US GAAP, are considered probable and estimable, plus (vii) subordinated debt, less (viii) the amount of that part of any financial indebtedness for which there is a blocked or restricted Cash deposit which will repay such part of such financial indebtedness.

1.1.20 "**Consolidated Interest Expense**" means, for the SNSA Group (on a consolidated basis) for the most recent four fiscal quarters of SNSA for which financial statements have been prepared, interest expense (including the interest component of any capital lease obligations) on all Consolidated Debt, determined in accordance with US GAAP.

1.1.21 "**Consolidated EBITDA**" means, for the SNSA Group (on a consolidated basis) the aggregate value of (i) net income (or net loss), (ii) Consolidated Interest Expense, (iii) provisions for income taxes, (iv) depreciation, amortisation and other non-cash charges deducted in arriving at such net income (or net loss), at any time during the Facility Period as determined in accordance with US GAAP for the most recent four fiscal quarters of SNSA for which financial statements have been prepared, calculated on a pro forma historical basis to include acquisitions.

1.1.22 "**Consolidated Tangible Net Worth**" means, for the SNSA Group (on a consolidated basis) at the end of the most recent quarter for which financial statements have been prepared, (a) the sum, to the extent shown on SNSA' s consolidated balance sheet, of (i) the amount of issued and outstanding share capital, less the cost of treasury shares of SNSA, plus (ii) the amount of surplus and retained earnings, less (b) intangible assets as determined in accordance with US GAAP.

1.1.23 "**converted**" means actually or notionally (as the case may require) converted by the Agent at the rate at which the Agent, in accordance with its usual practice, is able in the relevant interbank market to purchase the Permitted Currency in which the Facility or part

thereof is to be denominated with the Permitted Currency in which the Facility or part thereof is then denominated, on the second Business Day before the value date for that conversion pursuant to Clause 5, and the words "**convert**", "**convertible**" and "**conversion**" shall be interpreted accordingly.

1.1.24 "**Currency of Account**" means, in relation to any payment to be made to a Finance Party pursuant to any of the Security Documents, the currency in which that payment is required to be made by the terms of the relevant Security Document.

1.1.25 "**the Deeds of Covenants**" means the deeds of covenants referred to in Clause 10.1 (each a "**Deed of Covenants**").

1.1.26 "**Default Interest**" means interest at the Default Rate.

1.1.27 "**Default Rate**" means the rate which is one per centum (1%) per annum over the aggregate of (i) the applicable Margin, (ii) the relevant Interbank Market Offer Rate and (iii) any Mandatory Cost.

1.1.28 "**DOC**" means a valid Document of Compliance issued for the Company by the Administration pursuant to paragraph 13.2 of the ISM Code.

1.1.29 "**Dollars**" and "**$**" each means available and freely transferable and convertible funds in lawful currency of the United States of America.

1.1.30 "**Drawdown Notice**" means a notice complying with Clause 2.3.

1.1.31 "**Drawing**" means a part (or, if requested and available, all) of the Facility advanced by the Banks to the Borrower in accordance with Clause 2.

1.1.32 "**Earnings**", in relation to a Vessel, means all hires, freights, pool income and other sums payable to or for the account of a Shipowning Guarantor in respect of that Vessel including (without limitation) all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for breach, termination or variation of any contract for the operation, employment or use of the Vessel.

1.1.33 "**Encumbrance**" means any mortgage, charge, pledge, lien, assignment, hypothecation, preferential right, option, title retention or trust arrangement or any other agreement or arrangement which, in any of the aforementioned instances, has the effect of creating security.

1.1.34 "**Equivalent Amount**" means the amount of any Permitted Currency converted from the relevant amount of Dollars.

1.1.35 "**EURIBOR**" means:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for Euro or for the Interest Period of that Drawing) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the European Euro interbank market,

at 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits for a period comparable to the Interest Period for that Drawing.

1.1.36 "**Euro**" **and** " " means the currency of participating member states of the European Monetary Union pursuant to Council Regulation (EC) 974/98 of 3 May 1998, as amended from time to time.

1.1.37 "**Event of Default**" means any of the events set out in Clause 14.2.

1.1.38 "**Execution Date**" means the date on which this Agreement is signed by all parties who are a signatory to it.

1.1.39 "**the Existing Acceptable Collateral Value**" means, from time to time, the sum (converted into Dollars) of (a) the Acceptable Market Value of all Vessels from time to time (including any Vessel which became a Total Loss within 180 days before, which Vessel shall be valued at the amount being the lesser of (i) the amount of insurance proceeds which the Agent reasonably expects to be paid in respect of any insurance claim relating to the Total Loss of such Vessel and (ii) the Acceptable Market Value of such Vessel) plus (b) 80% of the value of other collateral accepted by the Banks pursuant to Clause 2.4.5 plus (c) the amount of any Cash pledged

as collateral pursuant to Clause 2.4.5. (a)"**Existing Facilities**" means together the 130 Facility and the 150 Facility.

1.1.40 "**Facility**" means the secured multicurrency revolving credit facility made available by the Banks to the Borrower pursuant to this Agreement.

1.1.41 "**the Facility Outstandings**" at any time means the total of all Drawings made at that time and converted into Dollars, to the extent not reduced by repayments or prepayments.

1.1.42 "**the Facility Outstandings Test Date**" means a date on which any of the following occurs:

(a) a Drawing;

(b) each Interest Payment Date;

(c) a Vessel is sold or disposed of in accordance with Clause 12.1.4;

(d) one or more new Valuations are received by the Agent or the Agent obtains valuations of other collateral in accordance with the terms of the pledge of such collateral;

(e) fifteen (15) Business Days after a Total Loss; or

(f) after a Total Loss, the earliest to occur of (i) the receipt of the insurance proceeds for such Total Loss, (ii) 180 days after such Total Loss; or (iii) the Agent, after consultation with the Borrower, reasonably concludes it is likely that the insurance proceeds from such Total Loss will be less than the Acceptable Market Value of such Vessel.

1.1.43 "**the Facility Period**" means the period beginning on the Execution Date and ending on the date when (i) the whole of the Indebtedness has been repaid in full and the Borrower has ceased to be under any further actual or contingent liability to the Finance Parties under or in connection with the Security Documents and (ii) the Termination Date has occurred.

1.1.44 "**Fair Market Value**" means the aggregate of the market values of all the Vessels mortgaged in favour of the Security Trustee from time to time or any of them as determined annually and otherwise by a Valuation for each such Vessel pursuant to Clause 12.2.2.

1.1.45 "**the Fee Letter**" means the letter dated 20 June 2005 from the Agent as agreed and accepted by the Borrower on 21 June 2005.

1.1.46 "**the Finance Parties**" means the Banks, the Agent, the Security Trustee and the Lead Arrangers.

1.1.47 "**First Reduction Date**" means the date falling sixty months after the Execution Date.

1.1.48 "**the Guarantee**" means the guarantee and indemnity of the Guarantors contained in Clause 8.

1.1.49 "**the Guarantors' Liabilities**" means all of the liabilities and obligations of the Guarantors to the Finance Parties under or pursuant to the Guarantee whether actual or contingent, including (without limitation) Default Interest.

1.1.50 "**IAPPC**" means a valid international air pollution prevention certificate for the Vessel issued under Annex VI.

1.1.51 "**the Indebtedness**" means the Facility Outstandings together with all interest thereon; all other sums of any nature including costs and fees (together with all interest on any of those sums) which from time to time may be payable by the Borrower to the Finance Parties pursuant to the Security Documents; any damages payable as a result of any breach by the Borrower of any of the Security Documents; and any damages or other sums payable as a result of any of the obligations of the Borrower under or pursuant to any of the Security Documents being disclaimed by a liquidator or any other person, or, where the context permits, the amount thereof for the time being outstanding.

1.1.52 "**Independent Managers**" means commercial and/or technical managers of the Vessels other than Stolt Managers, nominated by the Shipowning Guarantors as an Instructing Group may approve in its discretion.

1.1.53 an "**Instructing Group**" means any one or more Banks whose combined Proportionate Shares exceed fifty per centum (50%) of the aggregate of Commitments.

1.1.54 "**Insurances**", in relation to a Vessel, means all policies and contracts of insurance (including but not limited to hull and machinery, all entries in protection and indemnity or war risks associations) which are from time to time taken out or entered into in respect of or in connection with that Vessel or her increased value and (where the context permits) all benefits thereof, including all claims of any nature and returns of premium.

1.1.55 "**Insurance Proceeds Amount**" means such amount of the insurance proceeds in respect of a Total Loss which are required to be paid by the Borrower to the Agent to ensure that the Borrower remains in full compliance with its obligations under this Agreement.

1.1.56 "**Interbank Market Offer Rate**" means EURIBOR, LIBOR and/or NIBOR (as the case may be).

1.1.57 "**Interest Payment Date**" means each date for the payment of interest in accordance with Clause 7.

1.1.58 "**Interest Period**" means each interest period selected by the Borrower or agreed by the Agent pursuant to Clause 7.1.

1.1.59 "**the ISM Code**" means the International Management Code for the Safe Management of Ships and for Pollution Prevention, as adopted by the Assembly of the International Maritime Organisation on 4 November 1993 by resolution A.741 (18) and incorporated on 19 May 1994 as chapter IX of the Safety of Life at Sea Convention 1974.

1.1.60 "**the ISPS Code**" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation (as the same may be amended from time to time).

1.1.61 "**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

1.1.62 "**law**" means any law, statute, treaty, convention, regulation, instrument or other subordinate legislation or other legislative or quasi-legislative rule

or measure, or any order or decree of any government, judicial or public or other body or authority, or any directive, code of practice, circular, guidance note or other direction issued by any competent authority or agency (whether or not having the force of law).

1.1.63 "**LIBOR**" means, in relation to any Drawing denominated in Dollars or Pounds Sterling:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Currency of Account or for the Interest Period of that Drawing) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the London interbank market,

at 11.00am on the Quotation Day for the offering of deposits in the Currency of Account and for a period comparable to the Interest Period for that Drawing.

1.1.64 "**the Managers**" means the Stolt Managers and/or the Independent Managers, as the case may be.

1.1.65 "**Management Agreement**" means, in relation to any Vessel which is not self managed by a member of the SNSA Group, the Management Agreement made between such Managers and the relevant Shipowning Guarantor.

1.1.66 "**Mandatory Cost**" means the percentage rate per annum calculated by the Agent in accordance with Appendix B.

1.1.67 "**Margin**" based on the ratio of Consolidated Debt to Consolidated EBITDA for the four fiscal quarters determined in accordance with the final sentence of this definition ("**D/EBITDA**") for which financial statements of the SNSA Group have been prepared, means, nought point seven per cent (0.7%) per annum until the date falling twelve months after the Execution Date and thereafter:-

(i) 0.60% per annum where D/EBITDA is equal to 2 or less;

(ii) 0.70% per annum where D/EBITDA is greater than 2 but equal to or less than 3;

(iii) 0.80% per annum where D/EBITDA is greater than 3 or equal to or less than 4;

(iv) 0.90% per annum where D/EBITDA is greater than 4 or equal to or less than 5; and

(v) 1.20% per annum where D/EBITDA is greater than 5 or if it is not possible to calculate D/EBITDA for that period.

The Margin shall be calculated by the Agent as of 28/29 February, 31 May, 31 August and 30 November each year (each a "**Margin Review Date**") commencing 31 May 2005 for the succeeding fiscal quarter and shall be calculated based on the Consolidated Debt as of the previous Margin Review Date over Consolidated EBITDA for the four fiscal quarters, the most recent of which shall have ended on the previous Margin Review Date.

1.1.68 "**Material Subsidiary**" means, at any time, (i) each Subsidiary of SNSA whose tangible net worth at such time is equal to or greater than five per cent of the consolidated tangible net worth of SNSA and all its Subsidiaries at such time (ii) each of any two or more Subsidiaries which would each not be a Material Subsidiary for the purposes of paragraph (i) but whose aggregate tangible net worth at such time is equal to or greater than five per cent of the consolidated tangible net worth of SNSA and all its subsidiaries at such time and (iii) each Subsidiary of SNSA the whole or any part of whose financial indebtedness at such time is guaranteed or secured in any way by the Security Parties, or any one of them (but only if the portion of the indebtedness guaranteed or secured is at least $7,500,000). For the purposes of this definition, the term "**tangible net worth**" shall be construed in accordance with US GAAP at the time any determination of tangible net worth is being made for purposes of this Agreement.

1.1.69 "**the Maximum Facility Amount**" means the aggregate amount of the Commitments (stated in Dollars) subject to any reductions effected, from time to time, in accordance with Clauses 2.4.1, 2.4.2 or 17.8.

1.1.70 "**the Maximum Available Facility Amount**" means the lesser of, the Maximum Facility Amount and the Existing Acceptable Collateral Value as calculated by the Agent on each Facility Outstandings Test Date.

1.1.71 "**the Mortgagees' Insurances**" means all policies and contracts of mortgagees' interest insurance and any other insurance from time to time taken out by the Agent on behalf of the Banks in relation to the Vessels pursuant to this Agreement.

1.1.72 "**the Mortgages**" means the first priority mortgages or first preferred mortgages (as the case may be) referred to in Clause 10.1 (each a "**Mortgage**").

1.1.73 "**NIBOR**" means:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for Norwegian Kroner or for the Interest Period of that Drawing) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the Norwegian interbank market,

at 12.00 p.m. (Oslo time) on the Quotation Day for the offering of deposits in Norwegian Kroner and for a period comparable to the Interest Period for that Drawing.

1.1.74 "**Norwegian Kroner**" means available and freely transferable and convertible funds in the lawful currency of the Kingdom of Norway.

1.1.75 "**130 Facility**" means the $130,000,000 revolving credit facility made available to SNTG (Liberia) by a syndicate of banks subject to the terms and conditions set forth in a $130,000,000 secured revolving loan facility agreement dated 30 March 2004.

1.1.76 "**150 Facility**" means the $150,000,000 revolving credit facility made available to SNTG (Liberia) by DnB NOR Bank ASA subject to the terms and conditions set forth in a $150,000,000 revolving loan facility agreement dated 20 June 2005.

1.1.77 "**Permitted Currency**" means Dollars, the Euro, Norwegian Kroner and Pounds Sterling provided that each such preceding currency selected by the Borrower is freely convertible, transferable and available to the Banks in the relevant interbank market and in respect of which the Agent is at all material times able to ascertain the relevant Interbank Market Offer Rate.

1.1.78 "**Permitted Liens**" means (i) liens for salvage and any Encumbrance which has the prior written approval of the Agent acting upon the instructions of an Instructing Group, or (ii) any Encumbrance arising either by operation of law or in the ordinary course of the business of the relevant Security Party which is discharged in the ordinary course of business but in any event does not exist for more than sixty (60) days and/or is covered by insurance.

1.1.79 "**Potential Event of Default**" means any event which, with the giving of notice and/or the passage of time would constitute an Event of Default.

1.1.80 "**Pounds Sterling**" means pounds sterling being the available and freely transferable and convertible funds in the lawful currency of the United Kingdom.

1.1.81 "**Proceedings**" means any suit, action or proceedings begun by any of the Finance Parties arising out of or in connection with the Security Documents.

1.1.82 "**Proportionate Share**" means, for each Bank, the percentage indicated against the name of that Bank in Schedule 1, as amended by any Transfer Certificate executed from time to time.

1.1.83 "**Quotation Day**" means, in relation to any period for which an interest rate is to be determined:

(a) (if the currency is Pounds Sterling) on the first day of that period;

(b) (if the currency is Euro) two TARGET Days before the first day of that period; or

(c) (for any other Permitted Currency) two Business Days before the first day of that period.

1.1.84 "**Reduction Amount**" means fifty million Dollars ($50,000,000).

1.1.85 "**Reference Banks**" means Deutsche Bank AG, DnB NOR Bank ASA, DVB Bank AG and Nordea Bank Norge ASA.

1.1.86 "**Requisition Compensation**", in relation to a Vessel, means all compensation or other money which may from time to time be payable to the relevant Shipowning Guarantor as a result of the Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

1.1.87 "**Screen Rate**" means the British Bankers Association Interest Settlement Rate for the relevant currency and period and displayed on the appropriate page of the Telerate, Reuters or Bloomberg screen or such other screen as is customarily used for that purpose for Dollars and Pounds Sterling, Reuters screen page EURIBOR 01 for Euros or Reuters screen page NIBP for Norwegian Kroner.

1.1.88 "**Second Reduction Date**" means the date falling seventy two (72) months after the Execution Date.

1.1.89 "**the Security Documents**" means this Agreement, the Mortgages, the Deeds of Covenants, the Assignments and the Shipowners' Guarantee, or (where the context permits) any one or more of them, and any other agreement or document which may at any time be executed by a member of the SNSA Group as security for the payment of all or any part of the Indebtedness.

1.1.90 "**Security Parties**" means the Borrower, the Guarantors, the Shipowning Guarantors, the Stolt Managers and any other member of the SNSA Group who may at any time during the Facility Period be liable for, or provide security for, all or any part of the Indebtedness, and "**Security Party**" means any one of them.

1.1.91 "**the Shipowners' Guarantee**" means the joint and several guarantee and indemnity of the Shipowning Guarantors referred to in Clause 10.3.

1.1.92 "**the Shipowning Guarantors**" means the companies listed in Schedule 4, each of which is a company incorporated according to the law of the country indicated against its name in Schedule 4 with its registered office

and/or principal place of business at the address indicated against its name in Schedule 4 (each "**a Shipowning Guarantor**").

1.1.93 "**SMC**" in relation to any Vessel, means a valid safety management certificate issued for the Vessel by or on behalf of the Administration pursuant to paragraph 13.4 of the ISM Code.

1.1.94 "**SMS**" in relation to any Vessel, means a safety management system for the Vessel developed and implemented in accordance with the ISM Code and including the functional requirements, duties and obligations required by the ISM Code.

1.1.95 "**SNSA**" means the Guarantor, Stolt-Nielsen S.A., being a company incorporated according to the laws of Luxembourg.

1.1.96 "**SNSA Group**" means SNSA and its Subsidiaries.

1.1.97 "**SNTG (Liberia)** means the Guarantor, Stolt-Nielsen Transportation Group Ltd, being a company incorporated according to the laws of Liberia.

1.1.98 "**Stolt Managers**" means any member of the SNSA Group acting as commercial and/or technical managers of the Vessels.

1.1.99 "**Subsidiary**" means a subsidiary undertaking, as defined in section 258 Companies Act 1985 or any analogous definition under any other relevant system of law.

1.1.100 "**Surety**" means any person (other than the Borrower or the Guarantors) who has given or who may in the future give to the Finance Parties or any of them any security, guarantee or indemnity for or in relation to the Borrower' s Obligations.

1.1.101 "**TARGET**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

1.1.102 "**TARGET Day**" means any day on which (a) TARGET is open for the settlement of payments in Euro and (b) banks are open for the transaction of business of the nature contemplated by this Agreement in New York City, United States of America.

1.1.103 "**Taxes**" means all taxes, levies, imposts, duties, charges, fees, deductions and withholdings (including any related interest and penalties) and any restrictions or conditions resulting in any charge, other than taxes on the overall net income of a Finance Party or branch thereof, and "**Tax**" and "**Taxation**" shall be interpreted accordingly.

1.1.104 "**the Termination Date**" means the date falling seven (7) years from the Execution Date.

1.1.105 "**Total Loss**", in relation to a Vessel means:-

(a) an actual, constructive, arranged, agreed or compromised total loss of that Vessel; or

(b) the requisition for title, compulsory acquisition, nationalisation or expropriation of that Vessel by or on behalf of any government or other authority (other than by way of requisition for hire); or

(c) the capture, seizure, arrest, detention or confiscation of that Vessel, unless the Vessel is released and returned to the possession of the relevant Shipowning Guarantor within two months after the capture, seizure, arrest, detention or confiscation in question.

1.1.106 "**Transfer Certificate**" means a certificate materially in the form set forth in Schedule 6 signed by a Bank and a Transferee whereby:

(a) such Bank seeks to procure the transfer to such Transferee of all or a part of such Bank' s rights and obligations under this Agreement upon and subject to the terms and conditions set out in Clause 16; and

(b) such Transferee undertakes to perform the obligations it will assume as a result of delivery of such certificate to the Agent as is contemplated in Clause 16.

1.1.107 "**Transfer Date**" means, in relation to any Transfer Certificate, the date for the making of the transfer specified in the schedule to such Transfer Certificate.

1.1.108 "**Transferee**" means a bank or other financial institution to which a Bank seeks to transfer all or part of such Bank' s rights and obligations under this Agreement.

1.1.109 "**the Trust Property**" means:-

(a) the benefit of the covenant contained in Clause 10; and

(b) all benefits arising under (including, without limitation, all proceeds of the enforcement of) each of the Security Documents (other than this Agreement), with the exception of any benefits arising solely for the benefit of the Agent).

1.1.110 "**20-F Filing**" means SNSA' s 20-F filing with the United States Securities and Exchange Commission made on 31 May 2005 relating to its fiscal year ending 30 November 2004.

1.1.111 "**US GAAP**" means the generally accepted accounting principles in the United States of America, from time to time in effect, provided that if any changes to such accounting principles negatively impact SNSA' s ability to meet its financial covenants, the Banks and the Borrower will enter into good faith discussions in order to agree upon new financial covenants consistent with the original intent of Clause 12.3. If as of the effective date of the change no agreement has been reached with regard to the form and content of the new financial covenants, the Borrower shall prepay such amount of the Facility Outstandings as is necessary to ensure it returns to full compliance with the covenants originally set forth in Clause 12.3.

1.1.112 "**Valuation**" means in relation to each Vessel, the arithmetic mean of three written valuations of that Vessel expressed in Dollars each prepared by an Accepted Broker. Such valuations shall be prepared at the Borrower' s expense, without a physical inspection, on the basis of a sale for prompt delivery for cash at arm' s length between a willing buyer and a willing seller without the benefit of any charterparty or other contract of engagement, and each Vessel shall be valued as a "parcel tanker" engaged in the parcel tanker trade and operating on the spot market.

1.1.113 "**the Vessels**" means the vessels listed in Schedule 4 and any other vessel from time to time which may be mortgaged to the Security Trustee under or pursuant to this Agreement and everything now or in the future belonging to them on board and ashore (each a "**Vessel**").

1.2 **Interpretation**

In this Agreement:-

1.2.1 words denoting the plural number include the singular and vice versa;

1.2.2 words denoting persons include corporations, partnerships, associations of persons (whether incorporated or not) or governmental or quasi-governmental bodies or authorities and vice versa;

1.2.3 references to Recitals, Clauses, Schedules and Appendices are references to recitals and clauses of, and schedules and appendices to, this Agreement;

1.2.4 references to this Agreement include the Recitals, the Schedules and the Appendices;

1.2.5 the headings and contents page(s) are for the purpose of reference only, have no legal or other significance, and shall be ignored in the interpretation of this Agreement;

1.2.6 references to any document (including, without limitation, to all or any of the Security Documents) are, unless the context otherwise requires, references to that document as amended, supplemented, novated or replaced from time to time;

1.2.7 references to statutes or provisions of statutes are references to those statutes, or those provisions, as from time to time amended, replaced or re-enacted;

1.2.8 references to any of the Finance Parties include its successors, Transferees and assignees;

1.2.9 references to times of day are (unless otherwise stipulated) to London time; and

1.2.10 the word "including" means including (without limitation) to the extent not already stated.

1.3 **Joint and several liability**

1.3.1 All obligations, covenants, representations, warranties and undertakings in or pursuant to the Security Documents assumed, given, made or entered into by the Borrower and the Guarantors shall, unless otherwise expressly provided, be assumed, given, made or entered into by the Borrower and the Guarantors jointly and severally.

1.3.2 Each of the Borrower and the Guarantors agrees that any rights which it may have at any time during the Facility Period by reason of the performance of its obligations under the Security Documents to be indemnified by the other or by any Surety and/or to take the benefit of any security taken by the Finance Parties pursuant to the Security Documents shall be exercised in such manner and on such terms as the Agent may require. Each of the Borrower and the Guarantors agrees to hold any sums received by it as a result of its having exercised any such right on trust for the Agent (as agent for the Banks) absolutely.

1.3.3 Each of the Borrower and the Guarantors agrees that it will not at any time during the Facility Period claim any set-off or counterclaim against the other or against any Surety in respect of any liability owed to it by the other or by any Surety under or in connection with the Security Documents, nor prove in competition with any Finance Party in any liquidation of (or analogous proceeding in respect of) the other or of any Surety in respect of any payment made under the Security Documents or in respect of any sum which includes the proceeds of realisation of any security held by any of the Finance Parties for the repayment of the Indebtedness.

2 The Facility and its Purpose

2.1 **Agreement to lend** Subject to the terms and conditions of this Agreement, and in reliance on each of the representations and warranties made or to be made in or in accordance with each of the Security Documents, each of the Banks agrees to advance to the Borrower its Commitment of an aggregate principal amount up to

but not exceeding the Maximum Facility Amount to be used by the Borrower for the purposes referred to in Recital (B).

2.2 **Drawings** Subject to satisfaction by the Borrower of the conditions set out in Clause 3.1 (in respect of the first Drawing), Clause 3.3 (in respect of all subsequent Drawings), and subject to Clause 2.3, each Drawing shall be advanced to the Borrower, in each case by the Agent transferring the amount of the Drawing to such account of the Borrower as the Borrower shall notify to the Agent in the relevant Drawdown Notice by such same day method of funds transfer as the Agent shall select.

2.3 **Advance of Drawings** Each Drawing shall be advanced in the Permitted Currency selected in accordance with Clause 5.1. Each Drawing shall be advanced on a Business Day, provided that the Borrower shall have given to the Agent by 11.00 a.m. not more than ten and not fewer than three Business Days' notice in writing signed in accordance with a form of mandate provided by the Borrower to the Agent materially in the form set out in Appendix A of the required Advance Date of the Drawing in question. Each Drawdown Notice shall be signed on behalf of the Borrower by the chief financial officer or senior vice president for corporate finance for SNSA, the treasurer of SNTG (Liberia) or by any individual identified by any of them pursuant to notice given from time to time in accordance with Clause 18. Each Drawdown Notice once given shall be irrevocable and shall constitute a warranty by the Borrower that:-

2.3.1 all conditions precedent to the advance of the Drawing requested in that Drawdown Notice will have been satisfied on or before the Advance Date requested;

2.3.2 no Event of Default or Potential Event of Default has occurred or will then have occurred;

2.3.3 no Event of Default or Potential Event of Default will result from the advance of the Drawing in question; and

2.3.4 the advance of the Drawing in question would not result in the Facility Outstandings exceeding the Maximum Available Facility Amount.

The Agent shall promptly notify each Bank of the receipt of each Drawdown Notice, following which each Bank will make its Proportionate Share of the

amount of the requested Drawing available to the Borrower through the Agent on the Advance Date requested.

2.4 **Facility Adjustments**

2.4.1 Subject to the terms and conditions of this Agreement, the Maximum Facility Amount available to the Borrower for drawing under this Agreement shall be four hundred million Dollars ($400,000,000) during the period from the Execution Date until the First Reduction Date. On the First Reduction Date and on the Second Reduction Date the above Maximum Facility Amount shall reduce by the Reduction Amount with a final reduction occurring on the Termination Date to reduce the Facility to zero. The mandatory reductions in the Maximum Facility Amount under this Clause will be made in the amounts and at the times specified whether or not the Maximum Facility Amount is reduced pursuant to Clause 2.4.2 or Clause 17.8.

2.4.2 The Borrower may from time to time voluntarily reduce the Maximum Facility Amount in whole or in part in a minimum amount of five million Dollars ($5,000,000) or any greater whole number of millions of Dollars provided that it has first given to the Agent not fewer than five Business Days' prior written notice expiring on a Business Day of its desire to reduce the Maximum Facility Amount. Any such reduction in the Maximum Facility Amount shall not be available for re-drawing.

2.4.3 The Facility Outstandings shall not exceed the Maximum Available Facility Amount. If, from time to time, on any Facility Outstandings Test Date, the Facility Outstandings exceed the Maximum Available Facility Amount, the Borrower shall immediately prepay such amount of the Facility Outstandings as will ensure that the Facility Outstandings are equal to or are less than the Maximum Available Facility Amount. Clauses 6.3, 6.4 and 6.5 shall apply, mutatis mutandis, to any prepayment made pursuant to this Clause.

2.4.4 To the extent that repayments or prepayments made by the Borrower to the Agent in accordance with this Agreement reduce the Facility Outstandings to less than the Maximum Available Facility Amount the

Borrower shall again be entitled to make Drawings in accordance with and subject to the terms of this Agreement.

2.4.5 At any time and from time to time when the Maximum Available Facility Amount is less than the Maximum Facility Amount, the Borrower may provide (x) Cash, (y) additional vessels acceptable to the Banks on terms substantially equivalent to the security interests in the Vessels granted pursuant to the Security Documents, or (z) other collateral acceptable to the Banks on terms acceptable in their discretion, upon which a new calculation of the Existing Acceptable Collateral Value and a corresponding adjustment in the Maximum Available Facility Amount shall be made, it being understood that if the Existing Acceptable Collateral Value, equals or exceeds the Maximum Facility Amount the Maximum Available Facility Amount will increase to the Maximum Facility Amount.

The value of any additional security provided pursuant to this Clause shall be determined by (i) the Agent, in relation to any Cash deposit, (ii) a Valuation in relation to any new ship security and (iii) the Banks in their discretion in respect of any other security.

Where the Borrower has provided additional security pursuant to this Clause 2.4.5, then, on a date falling not earlier than six months after the date such additional security was provided the Borrower may request that such security or a portion thereof (in each case as acceptable to the Agent in its reasonable discretion) be released. Any request shall be accompanied by Valuations of all the Vessels dated within thirty (30) days prior to the request together with valuations of collateral (other than the Vessels) obtained in accordance with a procedure acceptable to the Agent. If after taking into account the Valuations and these new valuations, the Existing Acceptable Collateral Value is greater than the Maximum Facility Amount then provided that no Potential Event of Default or Event of Default has occurred and is continuing, the Agent shall release to the Borrower at the Borrower' s expense, such additional security provided that after its release the Maximum Available Facility Amount will at least be equal to the Maximum Facility Amount, and further provided, however, that the value of such security to be released is not less than five hundred thousand Dollars ($500,000). This paragraph

shall not be interpreted to limit the ability of a company within the SNSA Group to sell or dispose of a Vessel as permitted under Clause 12.1.4 of this Agreement.

2.4.6 Simultaneously with each reduction of the Maximum Facility Amount in accordance with Clause 2.4.1 or 2.4.2 (as the case be) the Commitment of each Bank will reduce so that the Commitments of the Banks in respect of the reduced Maximum Facility Amount (from time to time) remain in accordance with their respective Proportionate Shares.

2.5 **Restrictions on Drawings** The Borrower shall not be entitled to make more than five (5) Drawings on any Business Day and no more than ten (10) Drawings may be outstanding at any one time during the Facility Period. Each Drawing shall be of a whole number of millions of Dollars and of not less than three million Dollars ($3,000,000).

2.6 **Termination Date** No Bank shall be under any obligation to advance all or any part of its Commitment after the Termination Date.

2.7 **Several obligations** The obligations of the Banks under this Agreement are several. The failure of a Bank to perform its obligations under this Agreement shall not affect the obligations of the Borrower to any Finance Party nor shall any Finance Party be liable for the failure of another Bank to perform any of its obligations under or in connection with this Agreement.

2.8 **Application of Facility** Without prejudice to the obligations of the Borrower under this Agreement, no Finance Party shall be obliged to concern itself with the application of the Facility by the Borrower.

2.9 **Loan facility and control accounts** The Agent will open and maintain such loan facility account or such other control accounts as the Agent shall in its discretion consider necessary or desirable in connection with the Facility.

3 Conditions Precedent and Subsequent

3.1 **Conditions Precedent - First Drawing** Before any Bank shall have any obligation to advance the first Drawing under the Facility, the Borrower shall pay to the Agent the relevant fees referred to in Clause 9 and the Fee Letter and deliver or cause to be delivered to or to the order of the Agent (in sufficient copies for all Banks) the following documents and evidence:-

3.1.1 **Evidence of incorporation** Such evidence as the Agent may reasonably require that each Security Party was duly incorporated in its country of incorporation and remains in existence and, where appropriate, in good standing, with power to enter into, and perform its obligations under, those of the Security Documents to which it is, or is intended to be, a party, including (without limitation) a copy, certified by a director or an officer of the Security Party in question as true, complete, accurate and unamended, of all documents establishing or limiting the constitution of each Security Party.

3.1.2 **Corporate authorities** A copy, certified by a director or the secretary of the Security Party in question as true, complete, accurate and neither amended nor revoked, of a resolution of the directors and (other than SNSA) a resolution of the shareholders of each Security Party (together, where appropriate, with signed waivers of notice of any directors' or shareholders' meetings) approving, and authorising or ratifying the execution of, those of the Security Documents and each Drawdown Notice to which that Security Party is or is intended to be a party and all matters incidental thereto.

3.1.3 **Officer' s certificate** A certificate (i) signed by a duly authorised officer of each of the Security Parties setting out the names of the directors, officers and shareholders of that Security Party and (ii) issued by each Security Party' s company registry confirming due incorporation and valid existence and (when such information is maintained by the registry) the names of its directors and shareholders.

3.1.4 **Power of attorney** The power of attorney (notarially attested and legalised, if necessary, for registration purposes) of each of the Security Parties under which any documents are to be executed or transactions undertaken by that Security Party.

3.1.5 **Vessel documents** Photocopies, certified as true, accurate and complete by a director or the secretary of the relevant Shipowning Guarantor of (in respect of each Vessel):-

(a) any time charterparty or bareboat charterparty of that Vessel which will be in force on the first Advance Date and which

exceeds twelve (12) months duration which is entered into with an entity which is not a member of the SNSA Group; and

(b) the Management Agreement relating to that Vessel which is in force at the time of this Agreement;

in each case together with all addenda, amendments or supplements.

3.1.6 **Evidence of ownership** In respect of each Vessel, certificate(s) of ownership and encumbrance (or equivalent) issued by the Registrar of Ships (or equivalent official) at the Vessel' s port of registry confirming that such Vessel is on the first Advance Date owned by her Shipowning Guarantor and free of registered Encumbrances other than the Mortgages.

3.1.7 **Evidence of insurance** Evidence that each Vessel is insured in the manner required by the Security Documents and that letters of undertaking will be issued in the manner required by the Security Documents, together with (if required by the Agent) the written approval of the Insurances by an insurance adviser appointed by the Agent.

3.1.8 **Confirmation of class** A Certificate of Confirmation of Class for hull and machinery (dated not more than seven days before the first Advance Date) confirming that each Vessel is classed 100 A 1 by Lloyd' s Register of Shipping, or + A1 by Det norske Veritas, or with the highest applicable class necessary to operate such vessel (without recommendations or extensions) of the American Bureau of Shipping or such other classification society which is a member of the International Association of Classification Societies as may be acceptable to the Agent.

3.1.9 **Valuations** A Valuation of each Vessel addressed to the Agent to be dated no earlier than 1 May 2005 for the purposes of assessing the Fair Market Value of all Vessels in order to determine the initial Maximum Facility Amount.

3.1.10 **The Security Documents** The Security Documents, together with all notices and other documents required by any of them, duly executed and, in the case of the Mortgages, registered with first priority through the Registrar of Ships (or equivalent official) at the port of registry of the Vessel concerned.

3.1.11 **Drawdown Notice** A Drawdown Notice requesting the first Drawing on or before 31 August 2005.

3.1.12 **Process agent** A letter from Stolt-Nielsen Limited accepting their appointment by each of the Security Parties as agent for service of Proceedings pursuant to the Security Documents.

3.1.13 **Managers' subordination confirmation letter** The written confirmation of the Managers that they will (i) manage the Vessels in accordance with good standard ship management practice (ii) subordinate all their rights in relation to the Vessels to those of the Finance Parties and (iii) assign their interests in the Insurances to the Security Trustee.

3.1.14 **The Fee Letter/Fees** The Fee Letter countersigned on behalf of the Borrower by way of acceptance of its terms and the payment of any fees due and payable thereunder and under Clause 9.

3.1.15 **Legal opinions** Confirmation satisfactory to the Agent that all legal opinions required by the Agent on behalf of the Banks will be given substantially in the form required by the Agent on behalf of the Banks.

3.1.16 **Corporate Structure** Evidence of the actual corporate structure of the SNSA Group insofar as it relates to the Security Parties.

3.1.17 "**Know your customer**" Such documents and evidence as each Bank may reasonably request in order for such Bank to comply with its "know your customer" requirements to confirm the identity of the Security Parties and/or the individuals acting on their behalf.

3.1.18 **Dutch Central Bank Notification Requirements** Evidence that the Borrower has notified the Dutch Central Bank (De Nederlandsche Bank) of its incorporation has complied with any reporting requirements.

3.2 **Conditions Subsequent** The Borrower undertakes to deliver or to cause to be delivered to the Agent on, or with the prior approval of the Agent, as soon as practicable after the first Advance Date or otherwise within the time specified in this Clause, the following additional documents and evidence:-

3.2.1 **Evidence of registration** Evidence of registration of the Mortgages, in each case with first priority with the Registrar of Ships (or equivalent

official) at the port of registry of the Vessel concerned, no later than the day after the first Advance Date.

3.2.2 **Letters of undertaking** Letters of undertaking as required by the Security Documents in form and substance acceptable to the Agent.

3.2.3 **Legal opinions** Such legal opinions as the Agent on behalf of the Banks shall require pursuant to Clause 3.1.15.

3.2.4 **Companies Act registrations** Evidence that the prescribed particulars of the Security Documents have been delivered to the Registrar of Companies of England and Wales within the statutory time limit.

3.3 **Conditions Precedent - Subsequent Drawings** Before any Bank shall have any obligation to advance any subsequent Drawings under the Facility, the Borrower shall deliver or cause to be delivered to the order of the Agent, a Drawdown Notice, in addition to the documents and evidence referred to in Clause 3.1 where such documents and evidence have not already been delivered to and received by the Agent and shall deliver to the Agent such evidence as it shall require in order to set the Margin.

3.4 **No waiver** If the Banks in their sole discretion agree to advance any part of the Facility to the Borrower before all of the documents and evidence required by Clause 3.1 or Clause 3.3 (as the case may be) have been delivered to or to the order of the Agent, the Borrower undertakes to deliver all outstanding documents and evidence to or to the order of the Agent no

later than the date specified by the Agent, and the advance of any part of the Facility shall not be taken as a waiver of the Agent' s right to require production of all the documents and evidence required by Clause 3.1 or Clause 3.3 (as the case may be).

3.5 **Form and content** All documents and evidence delivered to the Agent pursuant to this Clause shall:-

3.5.1 (i) with respect to the documents and evidence referred to in Clause 3.1, be in form and substance acceptable to the Banks and (ii) otherwise be in form and substance acceptable to the Agent;

3.5.2 be accompanied, if required by the Agent, by translations into the English language, certified in a manner acceptable to the Agent;

3.5.3 if required for registration purposes, be certified, notarised, legalised or attested in a manner acceptable to the Agent.

3.6 **Event of Default** No Bank shall be under any obligation to advance any part of its Commitment nor to act on any Drawdown Notice if, at the date of the Drawdown Notice or at the Advance Date requested in the Drawdown Notice, an Event of Default or Potential Event of Default shall have occurred, or if an Event of Default or Potential Event of Default would result from the advance of the Drawing in question or if, after giving effect to such Drawing, the Facility Outstandings would exceed the Maximum Available Facility Amount.

4 Representations and Warranties

Each of the Borrower and the Guarantors represents and warrants to each of the Finance Parties at the date of this Agreement and (by reference to the facts and circumstances then pertaining) at the date of each Drawdown Notice, at each Advance Date and at each Interest Payment Date as follows (except that the representations and warranties contained in Clauses 4.6, 4.7(a) and 4.13 shall only be made on the first Advance Date and the representation and warranty contained in Clause 4.16 shall be made by the Borrower only on a daily basis throughout the Facility Period):-

4.1 **Incorporation and capacity** Each of the Security Parties is a body corporate duly constituted, organised and validly existing and (where applicable) in good standing under the law of its country of incorporation, in each case with perpetual corporate existence and the power to sue and be sued, to own its assets and to carry on its business, and all of the corporate shareholders (if any) of each Security Party (other than SNSA) are duly constituted and existing under the laws of their countries of incorporation with perpetual corporate existence and the power to sue and be sued, to own their assets and to carry on their business and are acting on their own account.

4.2 **Solvency** None of the Security Parties is insolvent or in liquidation or administration or subject to any other insolvency procedure, and no receiver, administrative receiver, administrator, liquidator, trustee or analogous officer has been appointed in respect of any of the Security Parties or all or any part of their assets except if such insolvency should arise in relation to a Shipowner in the circumstances where a demand has been made under the Shipowners' Guarantee. For this purpose a Security Party will be deemed insolvent if it is unable to pay its

debts within the meaning of S.123 of the Insolvency Act 1986 save in relation to the exception referred to in the previous sentence.

4.3 **Binding obligations** The Security Documents when duly executed and delivered will constitute the legal, valid and binding obligations of the Security Parties enforceable in accordance with their respective terms subject to applicable laws regarding creditors' rights in general, and (in the case of the Borrower) no utilisation of the Facility will cause any limit or restriction on its borrowing or other powers (however imposed), or on the right or ability of its directors to exercise those powers, to be exceeded or breached.

4.4 **Satisfaction of conditions** All acts, conditions and things required to be done and satisfied and to have happened prior to the execution and delivery of the Security Documents in order to constitute the Security Documents the legal, valid and binding obligations of the Security Parties in accordance with their respective terms have been done, satisfied and have happened in compliance with all applicable laws.

4.5 **Registrations and consents** With the exception only of the registrations referred to in Clause 3.2, all (if any) consents, licences, approvals and authorisations of, or registrations with or declarations to, any governmental authority, bureau or agency which may be required in connection with the execution, delivery, performance, validity or enforceability of the Security Documents have been obtained or made and remain in full force and effect and neither the Borrower nor any of the Guarantors is aware of any event or circumstance which could reasonably be expected adversely to affect the right of any of the Security Parties (as the case may be) to hold and/or obtain renewal of any such consents, licences, approvals or authorisations.

4.6 **Disclosure of material facts** Neither the Borrower nor any of the Guarantors is aware of any material facts or circumstances which have not been disclosed to the Agent in the 20-F Filing and which might, if disclosed, have reasonably been expected to adversely affect the decision of a person considering whether or not to make loan facilities of the nature contemplated by this Agreement available to the Borrower, and the most recently published consolidated annual financial statements of the SNSA Group give a true and fair view of the state of affairs of the SNSA Group on the date as at which those financial statements were prepared.

4.7 **No material litigation** Except as disclosed in the 20-F Filing, there is no action, suit, arbitration or administrative proceeding nor any contemplated action, suit, arbitration or administrative proceeding pending or to its knowledge about to be pursued before any court, tribunal or governmental or other authority (a) which would, or would be likely to, have a materially adverse effect on the business, assets, condition (financial or otherwise) or creditworthiness of any of the Security Parties or (b) which might reasonably be expected adversely to affect the legality, validity or enforceability of any of the Security Documents.

4.8 **No breach of law or contract** The execution, delivery and performance of the Security Documents will not contravene any contractual restriction or any law binding on any of the Security Parties or on any shareholder (whether legal or beneficial) of any of the Security Parties (other than SNSA), or the constitutional documents of any of the Security Parties, nor result in the creation of, nor oblige any of the Security Parties to create, any Encumbrance over all or any of its assets, with the exception of the Encumbrances created by or pursuant to the Security Documents.

4.9 **No deductions** Except as disclosed to the Agent in writing, to the best of their knowledge and belief and without undue enquiry, none of the Security Parties is required to make any deduction or withholding from any payment which it may be obliged to make to any of the Finance Parties under or pursuant to the Security Documents.

4.10 **Filings** Each Security Party has complied with all filing or registration requirements relative to each place in which it carries on business.

4.11 **Use of Facility** The Facility will be used for the purposes specified in Recital (B).

4.12 **Subsidiaries** Save as a result of any merger or amalgamation effected pursuant to Clause 12.1.3, each of the Guarantors (other than SNSA) and the Shipowning Guarantors is and will remain throughout the Facility Period a directly or indirectly wholly owned subsidiary of SNSA.

4.13 **Material Adverse Change** There has been no material adverse change in the condition (financial or otherwise) of the Borrower or any of the Guarantors since 31 May 2005.

4.14 **SNSA' s company Status** SNSA operates as a milliardaire holding company and finance holding company under Luxembourg law pursuant to the terms of a letter of the "Administration de l' Enregistrement et des Domaines" dated 14 September 1984.

4.15 **Liabilities** There are no liabilities (contingent or otherwise) of the SNSA Group which were not disclosed by the 20-F Filing (including the notes thereto and the discussion of anticipated capital expenditures contained therein) or reserved against therein except where such disclosure or reserve is not required by US GAAP, nor any unrealised or anticipated losses arising from commitments entered into by any member of the SNSA Group which were not so disclosed or reserved against but which, if they had been disclosed or reserved against, would have materially affected the content of those financial statements.

4.16 **Money Laundering** In relation to obtaining any Drawing, the performance and discharge of its obligations and liabilities under this Agreement and any of the other Security Documents and the transactions and other arrangements effected or contemplated by this Agreement and any of the other Security Documents to which the Borrower is a party, the Borrower is acting for its own account and that none of the foregoing activities will involve or lead to the contravention of any law, official requirement or other regulatory measure or procedure which has been implemented to combat "money laundering" (as defined in each of Article 1 of Directive 91/308/EEC issued by Council of the European Community and the USA Patriot Act 2001, Publ. L. No 107-56).

4.17 **No Immunity from suit** None of the Security Parties nor any of their respective assets or other property enjoys, nor will any Security Party assert or claim at any time during the Facility Period, any right of immunity from set-off, suit or execution in respect of its obligations under the Security Documents to which it is a party.

4.18 **Finance company Status** That (i) the Borrower complies with and shall throughout the Facility Period continue to comply (to the extent applicable), with the regulations of the Netherlands Ministry of Finance dated 4 February 1993 with respect to finance companies and that the application of the Facility is and will throughout the Facility Period continue to be in accordance with such regulations and (ii) all notice requirements to the Dutch central bank pursuant to the Foreign Financial relations Act ("Wet Financiele Betrekkingen Buitenland")

1994 have been complied with and shall throughout the Facility Period continue to be complied with.

5 Currency

5.1 **Selection of Permitted Currency** The Borrower may from time to time in accordance with this Clause select the Permitted Currency in which it wishes any Drawing to be denominated. A selection shall be made by the Borrower in the Drawdown Notice relating to the Drawing in question, in which event the Drawing shall be advanced in, and remain denominated in, the Permitted Currency selected until repayment of that Drawing in accordance with this Agreement. If the Borrower fails to select a Permitted Currency for any Drawing in a Drawdown Notice, the Borrower shall be deemed to have selected that the Drawing in question be advanced in, and denominated in, Dollars.

5.2 **Conditions precedent** The denomination of any Drawing in a Permitted Currency other than Dollars shall be subject to the following:-

5.2.1 no Drawing may at any time during the Facility Period be denominated in more than one Permitted Currency and any Drawdown Notice requesting denomination of a Drawing in more than one Permitted Currency shall be of no effect;

5.2.2 the Facility may not, at any time during the Facility Period, be denominated in more than three Permitted Currencies and any Drawdown Notice which, if acted on, would result in the Facility being denominated in more than three Permitted Currencies shall be of no effect; and

5.2.3 a Drawing may only be denominated in a Permitted Currency other than Dollars if the Agent certifies by notice in writing to the Borrower, which notice shall be final and conclusive, that deposits in the Permitted Currency selected for the amount of the Drawing and for the Interest Period selected are available to the Banks in the normal course of business in the relevant interbank market on the relevant date.

5.3 **Non-availability of Permitted Currency** If, in any Permitted Currency selected (other than Dollars), deposits of the specified amount and for the specified Interest Period are not available to any Bank in the normal course of business in the relevant interbank market on the relevant date such Bank shall notify the

Agent who shall in turn notify the Borrower and offer on behalf of the Banks to advance that Drawing to the Borrower in Dollars. The Borrower may accept the advance of the Drawing in Dollars by confirming its acceptance to the Agent in writing two (2) Business Days before the Advance Date requested in which case the Drawing in question shall be advanced and denominated in Dollars. If the Borrower does not advise the Agent that it accepts the advance of the Drawing in Dollars within the requisite period, the Drawdown Notice requesting such Drawing in the Permitted Currency which was not available shall be deemed to be cancelled and the Banks shall have no obligation thereunder.

5.4 **Repayment** During each Interest Period in which a Drawing is denominated in a Permitted Currency other than Dollars, the obligation of the Borrower to repay that Drawing and to pay interest in respect of that Drawing shall be an obligation to repay the Drawing and to pay interest in respect of the Drawing in the Permitted Currency in which the Drawing is then denominated, whether or not the Facility or any part thereof shall have become repayable by acceleration.

5.5 **Currency fluctuations** If on any Interest Payment Date the Agent shall determine that the Facility Outstandings when converted into Dollars on such date (the "**Conversion Amount**") exceed the Maximum Available Facility Amount, then the Borrower shall immediately pay to the Agent (on behalf of the Banks) the amount, denominated in any Permitted Currency on such date, by which the Conversion Amount exceeds the Maximum Available Facility Amount.

6 Repayment and Prepayment

6.1 **Repayment** Each Drawing shall be repaid by the Borrower to the Agent on behalf of the Banks on the last day of its Interest Period unless the Borrower selects a further Interest Period for that Drawing in accordance with Clause 7.1, provided that the Borrower shall not be permitted to select and shall not be deemed to have selected such further Interest Period if an Event of Default, Potential Event of Default or any of the circumstances described in Clause 17.9 has occurred and shall then be obliged to repay such Drawing on the last day of its then current Interest Period. The Borrower shall on the Termination Date repay to the Agent as agent for the Banks the Indebtedness.

6.2 **Prepayment** Subject to Clause 6.4, the Borrower may prepay the Facility Outstandings in the relevant Permitted Currency in whole or in part in a minimum

amount of five million Dollars ($5,000,000) or any greater whole number of millions of Dollars or the Equivalent Amount thereof in the relevant Permitted Currency (or as otherwise may be agreed by the Agent) provided that it has first given to the Agent not fewer than three Business Days' prior written notice expiring on a Business Day of its intention to do so. Any notice pursuant to this Clause 6.2 once given shall be irrevocable and shall oblige the Borrower to make the prepayment referred to in the notice on the Business Day specified in the notice, together with all interest accrued on the amount prepaid up to and including that Business Day.

6.3 **Prepayment indemnity** If the Borrower shall, subject always to Clause 6.2, make a prepayment on a Business Day other than the last day of an Interest Period, it shall pay to the Agent on behalf of the Banks any amount which is necessary to compensate the Banks for any Break Costs incurred by the Agent or any of the Banks as a result of the prepayment in question.

6.4 **Application of prepayments** Any prepayment (including for the avoidance of doubt any sums received by the Agent in respect of the Insurance Proceeds Amount) in an amount less than the Indebtedness shall be applied in satisfaction or reduction first of any costs and other expenses outstanding; secondly of all interest accrued with respect to the outstanding

Drawings in the currency in which the prepayment is to be made and thirdly of the outstanding Drawings in the currency in which the prepayment is to be made in inverse order of maturity.

6.5 **Reborrowing of prepayments** Any amount prepaid pursuant to this Agreement may be reborrowed subject to and in accordance with Clause 2.4.4.

7 Interest

7.1 **Interest Periods** The period during which any Drawing shall be outstanding pursuant to this Agreement shall be divided into consecutive Interest Periods of one, two, three, six or twelve months' duration, as selected by the Borrower by written notice to the Agent not later than 11.00 a.m. on the third Business Day before the beginning of the Interest Period in question, or such other duration as may be agreed by the Banks in their discretion. If, in respect of any Drawing, the Borrower fails to select an Interest Period in accordance with this Clause, the Borrower shall (subject to Clause 6.1) be deemed to have selected an Interest Period for that Drawing of three months' duration.

7.2 **Beginning and end of Interest Periods** The first Interest Period in respect of each Drawing shall begin on the Advance Date of that Drawing and shall end on the last day of the Interest Period selected in accordance with Clause 7.1. Any subsequent Interest Period selected or deemed selected in respect of each Drawing shall commence on the day following the last day of its previous Interest Period and shall end on the last day of its current Interest Period selected or deemed selected in accordance with Clause 7.1. However, in respect of any Drawings outstanding on the Termination Date, the Interest Period applicable to such Drawings shall end on the Termination Date.

7.3 **Interest rate** During each Interest Period, interest shall accrue on each Drawing at the rate determined by the Agent to be the aggregate of (a) the applicable Margin, (b) the relevant Interbank Market Offer Rate and if applicable (c) the Mandatory Cost, determined in each case, at or about 11.00 a.m. on the second Business Day prior to the beginning of the Interest Period relating to that Drawing. The Margin may be adjusted if necessary on any Margin Review Date during the Interest Period.

7.4 **Accrual and payment of interest** During the Facility Period, interest shall accrue from day to day, shall be calculated on the basis of a 360 day year or a 365 day year, as applicable, and the actual number of days elapsed (or, in any circumstance where market practice differs, in accordance with the prevailing market practice) and shall be paid by the Borrower to the Agent on behalf of the Banks on the last day of each Interest Period and additionally, during any Interest Period exceeding three months, on the last day of each successive three month period after the beginning of that Interest Period.

7.5 **Ending of Interest Periods** If any Interest Period would end on a day which is not a Business Day, that Interest Period shall end on the next succeeding Business Day (unless the next succeeding Business Day falls in the next calendar month, in which event the Interest Period in question shall end on the next preceding Business Day).

7.6 **Default Rate** If an Event of Default shall occur, the whole of the Indebtedness shall, from the date of the occurrence of the Event of Default, bear interest up to the date of actual payment (both before and after judgment) at the Default Rate, compounded monthly, which interest shall be payable from time to time by the Borrower to the Agent on behalf of the Banks on demand.

7.7 **Determinations conclusive** Each determination of an interest rate made by the Agent in accordance with Clause 7 shall (save in the case of manifest error or on any question of law) be final and conclusive.

8 Guarantee and Indemnity

8.1 **The Borrower' s Obligations** In consideration of the agreement of the Banks to make the Facility available to the Borrower, each of the Guarantors (on a joint and several basis):-

8.1.1 irrevocably and unconditionally guarantees to discharge on demand the Borrower' s Obligations, including Default Interest from the date of demand until the date of payment, both before and after judgement; and

8.1.2 agrees, as a separate and independent obligation, that, if any of the Borrower' s Obligations are not recoverable from the Guarantors or any of them under Clause 8.1.1 for any reason, each of the Guarantors will be liable to the Finance Parties as principal debtor by way of indemnity for the same amount as that for which it would have been liable had those Borrower' s Obligations been recoverable and agrees to discharge its liability under this Clause 8.1.2 on first demand together with Default Interest from the date of demand until the date of payment, both before and after judgement.

8.2 **Continuing Security** The Guarantee is a continuing security for the full amount of the Borrower' s Obligations from time to time and shall remain in force notwithstanding the liquidation of the Borrower or any change in the constitution of the Borrower or of any Finance Party or the absorption of or amalgamation by any Finance Party in or with any other entity or the acquisition of all or any part of the assets or undertaking of any Finance Party by any other entity.

8.3 **Preservation of Guarantors' Liability**

8.3.1 The Banks may without the Guarantors' consent and without notice to the Guarantors and without in any way releasing or reducing the Guarantors' Liabilities:-

(a) amend, novate, supplement or replace all or any of the Borrower' s Security Documents;

(b) increase or reduce the amount of the Facility or vary the terms and conditions for its repayment or prepayment (including, without limitation, the rate and/or method of calculation of interest payable on the Facility);

(c) allow to the Borrower or to any other person any time or other indulgence;

(d) renew, vary, release or refrain from enforcing any of the Borrower' s Security Documents or any other security, guarantee or indemnity which the Agent may now or in the future hold from the Borrower or from any other person;

(e) compound with the Borrower or any other person;

(f) enter into, renew, vary or terminate any other agreement or arrangement with the Borrower or any other person; or

(g) make any concession to the Borrower or do or omit or neglect to do anything which might, but for this provision, operate to release or reduce the liability of the Guarantors or any of them under the Guarantee.

8.3.2 The liability of each of the Guarantors under the Guarantee shall not be affected by:-

(a) the absence of or any defective, excessive or irregular exercise of any of the powers of the Borrower or of any Surety;

(b) any security given or payment made to the Finance Parties or any of them by the Borrower or any other person being avoided or reduced under any law (whether English or foreign) relating to bankruptcy or insolvency or analogous circumstance in force from time to time;

(c) the liquidation, administration, receivership or insolvency of any of the Guarantors;

(d) any other security, guarantee or indemnity now or in the future held by the Finance Parties or any of them being defective, void or

unenforceable, or the failure of the any Finance Party to take any security, guarantee or indemnity;

(e) any compromise or arrangement under Part I or Part VII of the Insolvency Act 1986 or section 425 of the Companies Act 1985 (or any statutory modification or re-enactment of either of them for the time being in force) or under any analogous provision of any foreign law;

(f) the novation of any of the Borrower' s Obligations;

(g) anything which would not have released or reduced the liability of all or any of the Guarantors to the Finance Parties had the liability of each of the Guarantors under Clause 8.1.1 been as a principal debtor of the Finance Parties and not as a guarantor.

8.4 **Preservation of Banks' Rights**

8.4.1 The Guarantee is in addition to any other security, guarantee or indemnity now or in the future held by the Finance Parties in respect of the Borrower' s Obligations, whether from the Borrower, the Guarantors or any other person, and shall not merge with, prejudice or be prejudiced by any such security, guarantee or indemnity or any contractual or legal right of each Finance Party.

8.4.2 Any release, settlement, discharge or arrangement relating to the liabilities of all or any of the Guarantors under the Guarantee shall be conditional on no payment, assurance or security received by the Finance Parties in respect of the Borrower' s Obligations being avoided or reduced under any law (whether English or foreign) in force from time to time relating to bankruptcy, insolvency or any (in the opinion of the Agent) analogous circumstance and after any such avoidance or reduction the Finance Parties shall be entitled to exercise all of their rights, powers, discretions and remedies under or pursuant to the Guarantee and/or any other rights, powers, discretions or remedies which they would otherwise have been entitled to exercise, as if no release, settlement, discharge or arrangement had taken place.

8.4.3 Following the discharge of the Borrower' s Obligations, the Finance Parties shall be entitled to retain any security which they may hold for the liabilities of each of the Guarantors under the Guarantee until the Finance Parties are satisfied in their reasonable discretion that they will not have to make any payment under any law referred to in Clause 8.4.2.

8.4.4 Until all claims of the Finance Parties in respect of the Borrower' s Obligations have been discharged in full:-

(a) none of the Guarantors shall be entitled to participate in any security held or sums received by any Finance Party in respect of all or any part of the Borrower' s Obligations;

(b) none of the Guarantors shall stand in the place of, or be subrogated for, any of the Finance Parties in respect of any security nor take any step to enforce any claim against the Borrower or any Surety (or the estate or effects of any such person) nor claim or exercise any right of set off or counterclaim against the Borrower or any Surety nor make any claim in the bankruptcy or liquidation of the Borrower or any Surety in respect of any sums paid by any Guarantor to the Finance Parties or any of them or in respect of any sum which includes the proceeds of realisation of any security at any time held by the Finance Parties or any of them in respect of all or any part of the Guarantors' Liabilities; and

(c) none of the Guarantors shall take any steps to enforce any claim which it or they may have against the Borrower or any Security Party without the prior written consent of the Agent acting on behalf of an Instructing Group, and then only on such terms and subject to such conditions as the Agent acting on behalf of an Instructing Group may impose.

8.4.5 The Guarantors' Liabilities shall be continuing for all purposes (including Default Interest) and every sum of money which may now or in the future be or become due or owing to the Finance Parties by the Borrower under the Security Documents to which the Borrower is a party (or which would have become due or owing had it not been for the bankruptcy, liquidation

or insolvency of the Borrower) shall be deemed to continue due and owing to the Finance Parties by the Borrower until such sum is actually repaid to the Finance Parties, notwithstanding the bankruptcy, liquidation or insolvency of the Borrower.

8.4.6 The Finance Parties may, but shall not be obliged to, resort for their own benefit to any other means of payment at any time and in any order they think fit without releasing or reducing the Guarantors' Liabilities.

8.4.7 The Finance Parties may enforce the Guarantee either before or after resorting to any other means of payment or enforcement and, in the latter case, without entitling the Guarantors or any of them to any benefit from or share in any such other means of payment for so long as the Borrower' s Obligations have not been discharged in full.

8.5 **Other Security** Each of the Guarantors confirms that it has not taken and will not take without the prior written consent of the Agent acting on behalf of an Instructing Group (and then only on such terms and subject to such conditions as the Agent may impose acting on behalf of an Instructing Group) any security from the Borrower or from any Surety in connection with the Guarantee and any security taken by the Guarantors or any of them in connection with the Guarantee notwithstanding this Clause shall be held by such Guarantor(s) in trust for the Agent on behalf of the Finance Parties absolutely as a continuing security for the Guarantors' Liabilities.

9 Fees

9.1 The Borrower shall pay to the Agent, for the account of the Banks in accordance with their Proportionate Shares, Commitment Commission in Dollars at the rate of forty per centum (40%) of the applicable Margin per annum on any undrawn part of the Maximum Facility Amount after the Execution Date. The Commitment Commission will accrue from day to day on the basis of a 360 day year and the actual number of days elapsed and shall be paid quarterly in arrears on each Margin Review Date from the Execution Date until the Termination Date based upon the Margin in effect from time to time. Where any Commitment Commission is due and payable prior to the first Advance Date the applicable Margin shall be the Margin that would have applied to the Facility if all or any part of the Facility had been advanced under this Agreement.

10 Security Documents

As security for the repayment of the Indebtedness, the Borrower shall execute and deliver to the Agent or cause to be executed and delivered to the Agent, on or before the first Advance Date, the following Security Documents in such forms and containing such terms and conditions as the Agent shall require:-

10.1 **the Mortgages and Deeds of Covenants** a first preferred and/or first priority mortgage together, where applicable, with a collateral deed of covenants, over each Vessel;

10.2 **the Assignments** a deed of assignment of the Insurances, Earnings and Requisition Compensation of each Vessel; and

10.3 **the Shipowners' Guarantee** the joint and several guarantee and indemnity of the Shipowning Guarantors.

11 Agency and Trust

11.1 **Appointment** Each of the Banks and the Lead Arrangers, appoints the Agent its agent for the purpose of administering the Facility and the Security Trustee for the purpose of administering the Security Documents and authorises the Agent and/or the Security Trustee (as the case may be) and their directors, officers, employees and agents acting on the instructions from time to time of an Instructing Group, and subject to Clauses 11.4 and 11.19, to execute the Security Documents on its behalf and to exercise all rights, powers, discretions and remedies vested in the Banks under or pursuant to the Security Documents, together with all powers reasonably incidental to them.

11.2 **Authority** Subject to Clause 11.4, each of the Banks and the Lead Arrangers, irrevocably authorises the Agent and/or the Security Trustee (as the case may be), acting on the instructions from time to time of an Instructing Group:-

11.2.1 to give or withhold any consents or approvals;

11.2.2 to exercise, or refrain from exercising, any discretions;

11.2.3 to collect, receive, release or pay any money;

11.2.4 to amend or waive any covenant contained in any of the Security Documents; and/or

11.2.5 to waive the occurrence of any Potential Event of Default;

under or pursuant to any of the Security Documents. Neither the Agent nor the Security Trustee shall have duties or responsibilities as agent or as security trustee other than those expressly conferred on it by the Security Documents and shall not be obliged to act on any instructions if to do so would, in the opinion of the Agent or the Security Trustee (as the case may be), be contrary to any provision of the Security Documents or to any law, or would expose the Agent or the Security Trustee to any actual or potential liability to any third party.

11.3 **Trust** The Security Trustee agrees and declares, and each of the Banks acknowledges, that, subject to the terms and conditions of this Clause, the Security Trustee holds the Trust Property on trust for the Banks, in accordance with their respective Proportionate Shares, absolutely. Each of the Banks agrees that the obligations, rights and benefits vested in the Security Trustee shall be performed and exercised in accordance with this Clause. The Security Trustee shall have the benefit of all the powers and discretions conferred on trustees by the Trustee Act 1925 (to the extent not inconsistent with this Agreement). In addition:-

11.3.1 the Security Trustee (and any attorney, agent or delegate of the Security Trustee) may indemnify itself or himself out of the Trust Property against all liabilities, costs, fees, damages, charges, losses and expenses sustained or incurred by it or him in relation to the taking or holding of any of the Trust Property or in connection with the exercise or purported exercise of the rights, trusts, powers and discretions vested in the Security Trustee or any other such person by or pursuant to the Security Documents or in respect of anything else done or omitted to be done in any way relating to the Security Documents; and

11.3.2 the Banks acknowledge that the Security Trustee shall be under no obligation to insure any property nor to require any other person to insure any property and shall not be responsible for any loss which may be suffered by any person as a result of the lack or insufficiency of any insurance; and

11.3.3 the Security Trustee, the Agent and the Banks agree that the perpetuity period applicable to the trusts declared by this Agreement shall be the period of eighty years from the Execution Date.

11.4 **Limitations on authority** Except with the prior written consent of each of the Banks, neither the Agent nor the Security Trustee shall be entitled to :-

11.4.1 release or vary any security given for the Borrower' s obligations (including, without limitation, security in respect of the Vessels) under this Agreement; nor

11.4.2 except as otherwise provided in this Agreement, agree to waive the payment of any sum of money payable by any of the Security Parties under the Security Documents; nor

11.4.3 change the meaning of the expression "**Instructing Group**"; nor

11.4.4 exercise, or refrain from exercising, any discretion, or give or withhold any consent, the exercise or giving of which is, by the terms of this Agreement, expressly reserved to the Banks; nor

11.4.5 extend the due date for the payment of any sum of money payable by any of the Security Parties under the Security Documents; nor

11.4.6 take or refrain from taking any step if the effect of such action or inaction may lead to the increase of the obligations of a Bank under any of the Security Documents (including, without limitation, any increase in respect of its Commitment); nor

11.4.7 agree to change the currency in which any sum is payable under the Security Documents (other than in accordance with the terms of the Security Documents); nor

11.4.8 agree to amend this Clause 11.4; nor

11.4.9 agree to amend Clauses 1.1.67 (Margin), 7.3, 9.1 or 13; nor

11.4.10 agree to increase the Maximum Facility Amount.

11.5 **Liability** Neither the Agent, the Security Trustee nor any of their directors, officers, employees or agents shall be liable to the Banks or the Lead Arrangers,

for anything done or omitted to be done by the Agent or the Security Trustee (as the case may be) under or in connection with the Security Documents unless as a result of the Agent' s or the Security Trustee' s wilful misconduct or gross negligence.

11.6 **Acknowledgement** Each of the Banks and the Lead Arrangers acknowledges that:-

11.6.1 it has not relied on any representation made by the Agent or the Security Trustee or any of the Agent' s or the Security Trustee' s directors, officers, employees or agents or by any other person acting or purporting to act on behalf of the Agent or the Security Trustee (as the case may be) to induce it to enter into any of the Security Documents;

11.6.2 it has made and will continue to make without reliance on the Agent, and based on such documents and other evidence as it considers appropriate, its own independent investigation of the financial condition and affairs of the Security Parties in connection with the making and continuation of the Facility;

11.6.3 it has made its own appraisal of the creditworthiness of the Security Parties;

11.6.4 neither the Agent nor the Security Trustee (as the case may be) shall have any duty or responsibility at any time to provide it with any credit or other information relating to any of the Security Parties unless that information is received by the Agent or the Security Trustee (as the case may be) pursuant to the express terms of the Security Documents.

Each of the Banks and the Lead Arrangers, agrees that it will not assert nor seek to assert against any director, officer, employee or agent of the Agent or the Security Trustee (as the case may be) or against any other person acting or purporting to act on behalf of the Agent or the Security Trustee (as the case may be) any claim which it might have against them in respect of any of the matters referred to in this Clause.

11.7 **Limitations on responsibility** Neither the Agent nor the Security Trustee shall have any responsibility to any of the Security Parties or to the Banks or the Lead Arrangers, on account of:-

11.7.1 the failure of a Bank or of any of the Security Parties to perform any of their respective obligations under the Security Documents;

11.7.2 the financial condition of any of the Security Parties;

11.7.3 the completeness or accuracy of any statements, representations or warranties made in or pursuant to any of the Security Documents, or in or pursuant to any document delivered pursuant to or in connection with any of the Security Documents;

11.7.4 the negotiation, execution, effectiveness, genuineness, validity, enforceability, admissibility in evidence or sufficiency of any of the Security Documents or of any document executed or delivered pursuant to or in connection with any of the Security Documents.

11.8 **The Agent' s and Security Trustee' s rights** The Agent and the Security Trustee may:-

11.8.1 assume that all representations or warranties made or deemed repeated by any of the Security Parties in or pursuant to any of the Security Documents are true and complete, unless, in its capacity as the Agent or as the Security Trustee (as the case may be), it has acquired actual knowledge to the contrary; and

11.8.2 assume that no Event of Default or Potential Event of Default has occurred unless, in its capacity as the Agent or as the Security Trustee (as the case may be), it has acquired actual knowledge to the contrary; and

11.8.3 rely on any document or Communication believed by it to be genuine; and

11.8.4 rely as to legal or other professional matters on opinions and statements of any legal or other professional advisers selected or approved by it; and

11.8.5 rely as to any factual matters which might reasonably be expected to be within the knowledge of any of the Security Parties on a certificate signed by or on behalf of that Security Party; and

11.8.6 refrain from exercising any right, power, discretion or remedy unless and until instructed to exercise that right, power, discretion or remedy and as to the manner of its exercise by the Banks (or, where applicable, by an Instructing Group) and unless and until the Agent or the Security Trustee, as appropriate, has received from the Banks any payment which the Agent, or the Security Trustee, as appropriate, may require on account of, or any security which the Agent, or the Security Trustee, as appropriate, may require for, any costs, claims, expenses (including legal and other professional fees) and liabilities which it considers it may incur or sustain in complying with those instructions.

11.9 **The Agent' s and the Security Trustee' s duties** The Agent and the Security Trustee shall:-

11.9.1 if requested in writing to do so by an Instructing Group, make enquiry and advise the Banks as to the performance or observance of any of the provisions of the Security Documents by any of the Security Parties or as to the existence of an Event of Default; and

11.9.2 inform the Banks promptly of any Event of Default of which the Agent or the Security Trustee (as the case may be) has actual knowledge.

11.10 **No deemed knowledge** Neither the Agent nor the Security Trustee shall be deemed to have actual knowledge of the falsehood or incompleteness of any representation or warranty made or deemed repeated by any of the Security Parties or actual knowledge of the occurrence of any Event of Default or Potential Event of Default unless a Bank or any of the Security Parties shall have given written notice thereof to the Agent or the Security Trustee (as the case may be).

11.11 **Other business** Each of the Agent and the Security Trustee may, without any liability to account to the Banks or the Lead Arrangers generally engage in any kind of banking or trust business with any of the Security Parties or any of their respective Subsidiaries or associated companies or with a Bank as if it were not the Agent or the Security Trustee (as the case may be).

11.12 **Indemnity** The Banks shall, promptly on the Agent' s or the Security Trustee' s (as the case may be) request, reimburse the Agent or the Security Trustee (as the case may be) in their respective Proportionate Shares, for, and keep the Agent or the Security Trustee (as the case may be) fully indemnified in respect of:-

11.12.1 all amounts payable by the Borrower to the Agent pursuant to Clause 19 to the extent that those amounts are not paid by the Borrower;

11.12.2 all liabilities, damages, costs and claims sustained or incurred by the Agent or the Security Trustee, as appropriate, in connection with the Security Documents, or the performance of its duties and obligations, or the exercise of its rights, powers, discretions or remedies under or pursuant to any of the Security Documents; or in connection with any action taken or omitted by the Agent or the Security Trustee (as the case may be) under or pursuant to any of the Security Documents, unless in any case those liabilities, damages, costs or claims arise solely from the Agent' s or the Security Trustee' s wilful misconduct or gross negligence.

11.13 **Employment of agents** In performing its duties and exercising its rights, powers, discretions and remedies under or pursuant to the Security Documents, the Agent or the Security Trustee (as the case may be) shall be entitled to employ and pay agents to do anything which the Agent or the Security Trustee (as the case may be) is empowered to do under or pursuant to the Security Documents (including the receipt of money and documents and the payment of money) and to act or refrain from taking action in reliance on the opinion of, or advice or information obtained from, any lawyer, banker, broker, accountant, valuer or any other person believed by the Agent or the Security Trustee (as the case may be) in good faith to be competent to give such opinion, advice or information.

11.14 **Distribution of payments** Every sum of money received by the Security Trustee under or pursuant to the Security Documents shall be paid promptly to the order of the Agent. The Agent shall pay promptly to the order of each of the Banks that Bank' s Proportionate Share of every sum of money received by the Agent from the Security Trustee or otherwise pursuant to the Security Documents or the Mortgagees' Insurances (with the exception of (a) any amounts payable pursuant to Clause 9.1 and/or the Fee Letter or (b) any amounts which, by the terms of the Security Documents, are paid to the Agent for the account of the Agent alone or specifically for the account of one or more Banks or, Lead Arrangers) which, until so paid, shall be held by the Agent or the Security Trustee on trust absolutely for that Bank or that Lead Arranger (as the case may be).

11.15 **Reimbursement** Neither the Agent nor the Security Trustee shall have any liability to pay any sum to any Finance Party or Security Party until it has itself

received payment of that sum. If, however, the Agent or the Security Trustee (as the case may be) does pay any sum to any Finance Party or Security Party on account of any amount prospectively due to it pursuant to Clause 11.14 before it has itself received payment of that amount, and the Agent or the Security Trustee (as the case may be) does not in fact receive payment within five Business Days after the date on which that payment was required to be made by the terms of the Security Documents or the Mortgagees' Insurances, the recipient will, on demand by the Agent or the Security Trustee (as the case may be), refund to the Agent or Security Trustee (as appropriate) an amount equal to the amount received by it, together with an amount sufficient to reimburse the Agent or the Security Trustee (as the case may be) for any amount which the Agent or the Security Trustee (as the case may be) may certify that it has been required to pay by way of interest on money borrowed to fund the amount in question during the period beginning on the date on which that amount was required to be paid by the terms of the Security Documents or the Mortgagees' Insurances and ending on the date on which the Agent or the Security Trustee (as appropriate) receives reimbursement.

11.16 **Redistribution of payments** Unless otherwise agreed between the Finance Parties, if at any time a Bank receives or recovers by way of set-off, the exercise of any lien or otherwise (other than from any assignee or transferee of or sub-participant in that Bank' s Commitment), an amount greater than that Bank' s Proportionate Share of any sum due from any of the Security Parties under the Security Documents (the amount of the excess being referred to in this Clause as the "**Excess Amount**") then:-

11.16.1 that Bank shall promptly notify the Agent (which shall promptly notify each other Bank);

11.16.2 that Bank shall pay to the Agent an amount equal to the Excess Amount within ten days of its receipt or recovery of the Excess Amount; and

11.16.3 the Agent shall treat that payment as if it were a payment by the Security Party in question on account of the sum owed to the Banks as aforesaid and shall account to the Banks in respect of the Excess Amount in accordance with the provisions of this Clause.

However, if a Bank has commenced any Proceedings to recover sums owing to it under the Security Documents and, as a result of, or in connection with, those

Proceedings has received an Excess Amount, the Agent shall not distribute any of that Excess Amount to any other Bank which had been notified of the Proceedings and had the legal right to, but did not, join those Proceedings or commence and diligently prosecute separate Proceedings to enforce its rights in the same or another court.

11.17 **Rescission of Excess Amount** If all or any part of any Excess Amount is rescinded or must otherwise be restored to any of the Security Parties or to any other third party, the Banks which have received any part of that Excess Amount by way of distribution from the Agent pursuant to this Clause shall repay to the Agent for the account of the Bank which originally received or recovered the Excess Amount, the amount which shall be necessary to ensure that the Banks share rateably in accordance with their Proportionate Shares (or, as appropriate, their Security Shares) in the amount of the receipt or payment retained, together with interest on that amount at a rate equivalent to that (if any) paid by the Bank receiving or recovering the Excess Amount to the person to whom that Bank is liable to make payment in respect of such amount, and Clause 11.16.3 shall apply only to the retained amount.

11.18 **Proceedings** Each of the Finance Parties shall notify the Agent of the proposed commencement of any Proceedings under any of the Security Documents prior to their commencement. No such Proceedings may be commenced without the prior written consent of an Instructing Group.

11.19 **Instructions** Where the Agent or the Security Trustee is authorised or directed to act or refrain from acting in accordance with the instructions of the Banks or of an Instructing Group each of the Banks shall provide the Agent or the Security Trustee (as the case may be) with instructions within five Business Days of the Agent' s or the Security Trustee' s request (which request shall be made in writing). If a Bank does not provide the Agent or the Security Trustee (as the case may be) with instructions within that period, (i) that Bank shall be bound by the decision of the Agent or the Security Trustee (as the case may be), (ii) that Bank shall have no vote for the purposes of this Clause and (iii) the combined Proportionate Shares of

the other Banks who provided such instructions shall be deemed to contribute 100%. Nothing in this Clause shall limit the right of the Agent or the Security Trustee (as the case may be) to take, or refrain from taking, any action without obtaining the instructions of the Banks if the Agent or the Security Trustee (as the case may be) in its discretion considers it necessary or appropriate

to take, or refrain from taking, such action in order to preserve the rights of the Banks under or in connection with the Security Documents. In that event, the Agent or the Security Trustee (as the case may be) will notify the Banks of the action taken by it as soon as reasonably practicable, and the Banks agree to ratify any action taken by the Agent or the Security Trustee (as the case may be) pursuant to this Clause.

11.20 **Communications** Any Communication under this Clause shall be given, delivered, made or served, in the case of the Agent (in its capacity as Agent or as one of the Banks), in the case of the Security Trustee (in its capacity as Security Trustee or as one of the Banks) and in the case of the other Banks, at the address indicated in Schedule 1 or such other addresses as shall be duly notified in writing to the Agent on behalf of the Banks.

11.21 **Payments** All amounts payable to a Bank under this Clause shall be paid to such account at such bank as that Bank may from time to time direct in writing to the Agent.

11.22 **Retirement** Subject to a successor being appointed in accordance with this Clause, the Agent or the Security Trustee may retire as agent or security trustee (as the case may be) at any time without assigning any reason by giving to the Borrower and the other Finance Parties notice of its intention to do so, in which event the following shall apply:-

11.22.1 the Agent or the Security Trustee may, by not less than fourteen days' notice to each of the other parties to this Agreement, appoint any holding or subsidiary company of the Agent or the Security Trustee, or any other subsidiary (direct or indirect) of the Agent' s ultimate holding company as its successor;

11.22.2 if the Agent or the Security Trustee does not appoint a successor in accordance with Clause 11.22.1, an Instructing Group may, with the consent of the Borrower, not to be unreasonably withheld, within thirty days after the date of the Agent' s or the Security Trustee' s notice appoint a successor to act as agent and/or security trustee or, if they fail to do so, the Agent or the Security Trustee (as the case may be) may, with the consent of the Borrower, not to be unreasonably withheld, appoint any other bank or financial institution as its successor;

11.22.3 the resignation of the Agent or the Security Trustee shall take effect simultaneously with the appointment of its successor on written notice of that appointment being given to the Borrower and the other Finance Parties;

11.22.4 the Agent or the Security Trustee (as the case may be) shall thereupon be discharged from all further obligations as agent or security trustee but shall remain entitled to the benefit of the provisions of this Clause;

11.22.5 the Agent' s or the Security Trustee' s successor and each of the other parties to this Agreement shall have the same rights and obligations amongst themselves as they would have had if that successor had been a party to this Agreement.

11.23 **No fiduciary relationship** Except as provided in Clauses 11.3 and 11.14, neither the Agent nor the Security Trustee shall have any fiduciary relationship with or be deemed to be a trustee of or for a Bank or a Lead Arranger (as the case may be) and nothing contained in any of the Security Documents shall constitute a partnership between any two or more Banks or Lead Arrangers or between the Agent or the Security Trustee and any Bank or Lead Arranger (as the case may be).

12 Covenants

Each of the Borrower and the Guarantors covenants with the Finance Parties in the following terms for the duration of the Facility Period.

12.1 **Negative covenants**

Neither the Borrower nor any of the Guarantors will:-

12.1.1 **no third party rights** without the Banks' prior written consent permit any of the Shipowning Guarantors to create or permit to arise or continue any Encumbrance on or over all or any part of its assets or undertaking (including, without limitation, accounts receivable) other than Permitted Liens; nor

12.1.2 **no change in management** without the prior written consent of an Instructing Group, permit the appointment, sub-contracting or delegation of the commercial or technical management of the Vessels to

anyone other than the Managers, nor terminate or amend any Management Agreement and/or the arrangements for the commercial or technical management of the Vessels in a manner which is in the reasonable opinion of the Agent, detrimental to the interests of the Finance Parties or any of them, provided that any termination, amendment, appointment, sub-contracting or delegation of any Management Agreement and/or management arrangements referred to above by, with or to a Stolt Manager shall not be deemed to be detrimental to the interests of the Finance Parties or any of them as long as all management obligations continue to be performed by one or more Stolt Managers and each said Stolt Manager becomes or remains party to agreements with the Agent or the Security Trustee (as the case may be) subordinating its rights in the Vessels to those of the Banks in terms substantially the same as contained in Schedule 7 Part A where the new Stolt Manager is also a bareboat charterer of any Vessel and Schedule 7 Part B where the new Stolt Manager is a manager only of any Vessel; nor

12.1.3 **merger, amalgamation or a voluntary liquidation in lieu of merger** without the prior written consent of an Instructing Group, permit any merger, amalgamation or (in the case of the Guarantors other than SNSA) voluntary liquidation in lieu of merger of all or part of any Security Party unless (i) the Security Party in question remains the surviving entity following any such merger, amalgamation or voluntary liquidation in lieu of merger (or if the merger, amalgamation or a voluntary liquidation in lieu of merger involves more than one Security Party, that one Security Party remains the surviving entity); and (ii) such surviving entity is not divested of any material part of the assets or operations of the merging or amalgamating entities with its core business of chemical transportation maintained; and (iii) in the case of SNSA only, such merger or amalgamation has been approved by a duly passed resolution of SNSA' s shareholders if required by applicable law; nor

12.1.4 **no sale of Vessels/Shipowning Guarantors** without the prior written consent of the Banks sell or cause to be sold or dispose or cause to be disposed of in whole or in part any Vessel or the shares in any

Shipowning Guarantor nor agree to do so unless the Borrower simultaneously makes such prepayments under Clause 2.4.3 or offers such additional collateral pursuant to Clause 2.4.5 as may be necessary to maintain compliance with Clause 2.4.3; nor

12.1.5 **sale of other assets** without the prior written consent of an Instructing Group, procure that a member of the SNSA Group shall, sell, lease, transfer or otherwise dispose of, by one or more transactions or series of transactions (whether related or not) the whole or any part of its property or assets (other than in accordance with Clause 12.1.4) except on arm' s length commercial terms or to another member of the SNSA Group; nor

12.1.6 **purchase of Margin Stock** utilise all or any part of the Facility for the purchase of Margin Stock as that term is defined in Regulation U of the United States Board of Governors of the Federal Reserve System.

12.2 **Positive covenants**

The Borrower and/or the Guarantors, as the case may be, will in the absence of a waiver granted by the Agent acting under instructions as set forth in the individual Sub-Clauses of Clause 12.2 or if no terms for waiver are set forth in any such Sub-Clause, then under instructions of an Instructing Group under Clause 11.2 or the Banks under Clause 11.4 (as the case may be) comply with the following covenants:-

12.2.1 **Registration of Vessels** Each of the Borrower and the Guarantors undertakes to procure the maintenance of the registration of the Vessels under the flags and ownerships indicated in Schedule 4 for the duration of the Facility Period unless otherwise approved by an Instructing Group in writing.

12.2.2 **Valuations** For the purposes of Clause 2.4 the Borrower shall at its expense throughout the Facility Period deliver to the Agent a Valuation in respect of each Vessel (i) at least annually after the Execution Date and (ii) at any one further time during each year of the Facility Period as requested by the Agent.

12.2.3 **Financial statements** The Borrower will supply to the Agent (with sufficient copies for distribution to each of the Banks), without request,

(a) on a consolidated basis:-

(i) SNSA' s annual consolidated audited accounts prepared in accordance with US GAAP within one hundred and eighty (180) days of the end of the fiscal year to which they relate and such financial statements shall accurately and fairly represent the financial condition of the SNSA Group; and

(ii) SNSA' s unaudited consolidated quarterly financial statements not later than ninety (90) days after the end of the relevant fiscal quarter; and

(b) the annual update to SNSA Group' s three year plan when approved by SNSA' s board of directors; and

(c) any other financial information prepared by SNSA in the normal course of its business (including, but not limited to, cashflow forecasts) which may reasonably be requested by the Banks.

12.2.4 **Other information** The Borrower will promptly supply to the Agent (with sufficient copies for distribution to each of the Banks) copies of all financial and other information from time to time given by SNSA to its shareholders (provided that any information made available to the public on SNSA' s World Wide Web site shall be deemed supplied for this purpose) and such information and explanations as the Agent may from time to time reasonably require in connection with the operation of the Vessels and the Borrower' s and SNSA' s profit and liquidity, and will procure that the Agent be given the like information and explanations relating to all other Security Parties.

12.2.5 **ISM Code compliance** In respect of each Vessel at any time subject to the ISM Code the Borrower will:-

(a) procure that each Vessel remains for the duration of the Facility Period subject to a SMS;

(b) maintain a valid and current SMC for each Vessel throughout the Facility Period;

(c) if it is not itself the Company, procure that the Company maintains a valid and current DOC throughout the Facility Period;

(d) promptly report to the Agent in writing of any actual or threatened withdrawal, suspension, cancellation or modification of any Vessel' s SMC or of the Company' s DOC;

(e) promptly report to the Agent in writing (i) any accident involving any Vessel which may result in that Vessel' s insurers making payment directly to the Agent in accordance with the relevant Security Documents or (ii) any "*major non-conformity*", as that term is defined in the Guidelines on the Implementation of the International Safety Management Code by Administrations adopted by the Assembly of the International Maritime Organisation pursuant to Resolution A.788(19), and of the steps being taken to remedy the situation; and

(f) not without the prior written consent of the Agent (which will not be unreasonably withheld) change the identity of the Company.

12.2.6 **ISPS Code** Throughout the Facility Period the Borrower shall procure compliance, in relation to each Vessel, with the ISPS Code or any replacement of the ISPS Code and in particular, without limitation, shall:-

(a) procure that each Vessel and the company responsible for that Vessel' s compliance with the ISPS Code complies with the ISPS Code; and

(b) maintain for each Vessel throughout the Facility Period an ISSC; and

(c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC for any Vessel.

12.2.7 **Annex VI compliance** The Borrower will:

(a) for the duration of the Facility Period procure compliance with Annex VI in relation to the Vessels and procure that the Vessels' masters and other officers are familiar with, and that the Vessels comply with, Annex VI;

(b) maintain a valid and current IAPPC for each Vessel throughout the Facility Period and provide a copy to the Agent; and

(c) immediately notify the Agent in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the IAPPC.

12.2.8 **Insurances** The Borrower shall ensure that each of the Vessels is fully insured upon the terms and conditions set forth in the Mortgages or Deed of Covenants (as the case may be). In addition, each of the Borrower and the Guarantors shall ensure that its property and assets are insured against such risks and in such amounts as are customary for companies engaged in similar businesses with reputable and financially sound insurers.

12.2.9 **Classification** The Borrower shall ensure that each Vessel is classed and maintained as 100 A1 by Lloyd' s Register of Shipping, or + A1 by Det norske Veritas, (in each case modified, as appropriate, from time to time), or with the highest applicable class necessary properly to operate such Vessel of the American Bureau of Shipping or such other classification society acceptable to the Agent, and that such classification will be maintained and not changed in any way during the Facility Period, (or in the event of any change of classification immediate steps are taken to restore such classification within one (1) month from the date on which such change occurred).

12.2.10 **Certificate of Compliance** SNSA shall deliver to the Agent a duly executed Certificate of Compliance ninety (90) days after the end of each fiscal quarter of SNSA occurring during the Facility Period certifying (inter alia) compliance with the covenants contained in Clause 12.3.

12.2.11 **Inspection of records** Each of the Borrower and each of the Guarantors will each permit the inspection of its financial records and accounts from time to time during business hours by the Agent or its nominee.

12.2.12 **Notification of Event of Default** Each of the Borrower and each of the Guarantors will immediately notify the Agent in writing of the occurrence of any Event of Default or Potential Event of Default or any event which will materially adversely affect the ability of either of the Borrower or any of the Guarantors to perform its obligations under this Agreement or the ability of any of the other Security Parties to perform any of their obligations under any of the Security Documents to which they are a party or may become a party to.

12.2.13 **Additional Filings/Notification** Each of the Borrower and each of the Guarantors shall ensure that (i) any additional filings required to ensure continuing compliance with Clause 4.10 will be made and/or effected promptly and within any applicable time limits imposed by law; and (ii) the Agent is immediately notified if any of the Security Parties (a) has an established place of business in the United Kingdom or the United States of America at any time during the Facility Period or (b) changes the place of its chief executive office or principal place of business in the United States of America.

12.2.14 **Pari Passu** Each of the Borrower and each of the Guarantors shall ensure that its respective obligations under this Agreement shall at all times rank at least pari passu with all of its other present and future unsecured and unsubordinated indebtedness with the exception of any obligations which are mandatorily preferred by any applicable laws to companies generally and not by contract.

12.2.15 **Corporate Existence** Save as permitted by Clause 12.1.3, each of the Borrower and each of the Guarantors shall ensure that throughout the Facility Period each of the Security Parties shall (i) remain duly formed and validly existing under the laws of its respective jurisdiction of incorporation, (ii) remain authorised to do business in each jurisdiction in which it transacts its business, (iii) continue to have the power to carry on its business as it is now being conducted and to enter

into and perform its obligations under the Security Documents to which it is a party, and (iv) continue to comply with all statutory, regulatory and other requirements relative to its business where the failure to comply with such could reasonably be expected to have a material adverse effect on its business, assets or operations, financial or otherwise.

12.2.16 **Admissibility In Evidence** Each of the Borrower and each of the Guarantors shall on the request of the Agent obtain all necessary authorisations, consents, approvals, licences, exemptions, filings, registrations, recordings and notarisations required or advisable in connection with the admissibility in evidence of the Security Documents or any of them in Proceedings in England or any other jurisdiction in which Proceedings have been commenced.

12.2.17 **Compliance with law** Each of the Borrower and each of the Guarantors will comply (and will procure that each of the Shipowning Guarantors complies) in all material respects with the requirements of all applicable laws and/or regulations (including, without limitation, any environmental laws).

12.2.18 **Payment of Taxes** Each of the Borrower and each of the Guarantors will ensure that all Taxes, the non-payment of which might reasonably be expected to have a material adverse effect on the financial condition of any of the Security Parties or of the SNSA Group are paid promptly and will provide the Agent with details of any demand issued for such Taxes.

12.2.19 **Maintenance of records** Each of the Borrower and each of the Guarantors will ensure that all of their accounting and other records (including operational records relating to all vessels and containers owned by, or leased to, members of the SNSA Group) are kept up to date and in such places as they are easily accessible in the event that the Agent wishes to inspect them pursuant to Clause 12.2.12.

12.2.20 **Finance Company Status** The Borrower will ensure that throughout the Facility Period the Borrower will comply with the regulations of the Netherlands Ministry of Finance dated 4 February 1993 with

respect to finance companies to the extent applicable and that the application of the Facility will be in accordance with such regulations. The Borrower will also ensure that throughout the Facility Period all notice requirements to the Dutch Central Bank pursuant to the Foreign Financial Relations Act ("Wet Financiele Betrekkingen Buitenland") 1994, are complied with.

12.2.21 **SNSA' s company Status** SNSA will throughout the Facility Period operate as a milliardaire holding company and finance holding company under Luxembourg law pursuant to the terms of a letter of the "Administration de l' Enregistrement et des Domaines" dated 14 September 1984.

12.3 **SNSA' s Financial Covenants** Throughout the Facility Period SNSA shall:-

12.3.1 maintain a Consolidated Tangible Net Worth of not less than six hundred million Dollars ($600,000,000) or the equivalent in any other currency calculated at the end of each fiscal quarter;

12.3.2 maintain a Consolidated Debt to Consolidated Tangible Net Worth ratio of a maximum of 2.00:1.00, as calculated at the end of each fiscal quarter; and

12.3.3 maintain a Consolidated EBITDA to Consolidated Interest Expense ratio equal to or greater than 2.00:1.00 as calculated at the end of each fiscal quarter.

13 Earnings

Remittance of earnings Immediately upon the occurrence of an Event of Default, the Borrower shall procure that all Earnings are paid to such account(s) as the Agent shall from time to time specify by notice in writing to the Borrower.

14 Events of Default

14.1 **The Agent' s rights** If any of the events set out in Clause 14.2 occurs, and such event (if, in the opinion of an Instructing Group, capable of remedy) remains unremedied for fourteen (14) days after notice thereof has been given by the Agent to the Borrower (except in relation to any of the events described in Clauses 14.2.1, 14.2.4, 14.2.5, 14.2.6, 14.2.16, 14.2.17, 14.2.18 and 14.2.20

where such remedy period shall not apply) the Agent (acting on the instructions of an Instructing Group) may at its discretion by notice to the Borrower declare the Banks to be under no further obligation to the Borrower under or pursuant to this Agreement and may declare all or any part of the Indebtedness (including such unpaid interest as shall have accrued) to be immediately payable, whereupon the Indebtedness (or the part of the Indebtedness referred to in the Agent' s notice) shall immediately become due and payable without any further demand or notice of any kind.

14.2 **Events of Default** The events referred to in Clause 14.1 are:-

14.2.1 **payment default** if the Borrower defaults in the payment of any principal forming part of the Indebtedness when due or any other part of the Indebtedness within three (3) Business Days of its due date; or

14.2.2 **other default** if any of the Security Parties fails to observe or perform any of the covenants, conditions, undertakings, agreements or obligations on its part contained in any of the Security Documents or shall in any other way be in breach of or do or cause to be done any act repudiating or evidencing an intention to repudiate any of the Security Documents; or

14.2.3 **misrepresentation or breach of warranty** if any representation, warranty or statement made, deemed to be made, or repeated under any of the Security Documents or in any accounts, certificate, notice, instrument, written statement or opinion delivered by a Security Party under or in connection with any Security Document is incorrect in any material respect when made, deemed to be made or repeated; or

14.2.4 **execution** if a distress or execution or other process of a court or authority is levied on any of the property of any Security Party or Material Subsidiary before or after final judgment or by order of any competent court or authority for an amount in excess of seven million five hundred thousand Dollars ($7,500,000) or its equivalent in any other currency and is not satisfied or stayed (with a view to being contested in good faith) within fourteen (14) days of levy; or

14.2.5 **insolvency events** if any Security Party or Material Subsidiary:-

(a) resolves to appoint, or applies for, or consents to the appointment of, a receiver, administrative receiver, trustee, administrator or liquidator of itself or of all or part of its assets other than for the purposes of a merger, amalgamation or voluntary liquidation in lieu of merger pursuant to Clause 12.1.3; or

(b) is unable or admits its inability to pay its debts as they fall due; or

(c) makes a general assignment for the benefit of creditors; or

(d) ceases trading or threatens to cease trading (except in the case of a Material Subsidiary as part of the ordinary course of business or with the consent of an Instructing Group, such consent not to be unreasonably withheld or for the purposes of a voluntary liquidation in lieu of merger pursuant to Clause 12.1.3); or

(e) has appointed an Inspector under the Companies Act 1985 or any statutory provision which the Agent in its discretion considers analogous thereto; or

14.2.6 **insolvency proceedings** if any proceedings are commenced or threatened, or any order or judgment is given by any court, for the bankruptcy, liquidation (whether by the means of a voluntary liquidation or otherwise except as permitted pursuant to Clause 12.1.3), winding up, administration or re-organisation of any Security Party or Material Subsidiary or for the appointment of a receiver, administrative receiver, administrator, liquidator or trustee of any Security Party or Material Subsidiary or of all or part of the assets of any Security Party or Material Subsidiary, or if any person appoints or purports to appoint such receiver, administrative receiver, administrator, liquidator or trustee which proceeding is not discharged within thirty (30) days of its commencement; or

14.2.7 **impossibility or illegality** subject to the terms of Clause 17.7, if any event occurs which would, or would with the passage of time, render

performance of any of the Security Documents impossible, unlawful or unenforceable by any of the Finance Parties; or

14.2.8 **conditions subsequent** if any of the conditions set out in Clause 3.2 is not satisfied within the time reasonably required by the Agent except where such condition has not been satisfied due to an act or omission on the part of a Finance Party; or

14.2.9 **revocation or modification of consents etc.** if any material consent, licence, approval or authorisation which is now or which at any time during the Facility Period becomes necessary to enable any of the Security Parties to comply with any of their obligations in or pursuant to any of the Security Documents is revoked, withdrawn or withheld, or modified in a manner which the Agent reasonably considers is, or may be, prejudicial to the interests

of the Banks in a material manner, or any material consent, licence, approval or authorisation ceases to remain in full force and effect; or

14.2.10 **curtailment of business** if the business of any of the Security Parties is wholly or partially curtailed by any intervention by or under authority of any government, or if all or a substantial part of the undertaking, property or assets of any of the Security Parties (other than a Vessel if it is that Security Party' s only asset) is seized, nationalised, expropriated or compulsorily acquired by or under authority of any government or any Security Party disposes or threatens to dispose of a substantial part of its business or assets; or

14.2.11 **loss of Vessel** if any Vessel, or any such other vessel which may from time to time be mortgaged to the Banks (or to the Security Trustee on their behalf) as security for the repayment of all or any part of the Indebtedness is destroyed, abandoned, confiscated, forfeited, condemned as prize or otherwise becomes a Total Loss, except that a Total Loss shall not be an Event of Default if:-

(a) such Vessel or such other vessel (as the case may be) is insured in accordance with the Security Documents; and

(b) no insurer has refused to meet or has disputed the claim for Total Loss and it is not apparent to the Agent in its discretion that any such refusal or dispute is likely to occur; and

(c) payment of the Insurance Proceeds Amount to the Security Trustee on behalf of the Banks is made on or before the date falling one hundred and eighty days (180) after the date the Total Loss occurred; or

14.2.12 **acceleration of other indebtedness** if any other indebtedness or obligation for borrowed money of any Security Party or any Subsidiary of SNSA becomes due or capable of being declared due prior to its stated maturity by reason of default on the part of that Security Party or Subsidiary of SNSA (as the case may be), or is not repaid or satisfied on the due date for its repayment or any such other loan, guarantee or indebtedness becomes enforceable save, in either case, for amounts of less than seven million five hundred thousand Dollars ($7,500,000) in aggregate, or its equivalent in any other currency, and claims contested in good faith; or

14.2.13 **reduction of capital** if any of the Security Parties reduces its authorised or issued or subscribed capital except reductions effected in compliance with Clause 12.1.3; or

14.2.14 **challenge to registration** if the registration of any Vessel or any Mortgage becomes void or voidable or liable to cancellation or termination; or

14.2.15 **war** if the country of registration of any Vessel becomes involved in war (whether or not declared) or civil war or is occupied by any other power and the Agent reasonably considers that, as a result, the security conferred by the Security Documents is materially prejudiced; or

14.2.16 **notice of termination** if any of the Guarantors or any Shipowning Guarantor gives notice to the Agent to determine its obligations under the Guarantee or the Shipowners' Guarantee, as appropriate; or

14.2.17 **claim against assets** except for Permitted Liens, if a maritime or other lien, arrest, distress or similar charge is levied upon or against any

Vessel or any substantial part of the assets of any of the Guarantors (on a consolidated basis) and is not discharged within fourteen (14) Business Days after any Security Party has become aware of the same; or

14.2.18 **Borrower' s/Guarantor' s business** if all or a substantial part of the Borrower' s or any of the Guarantors' business is destroyed, abandoned, seized, appropriated or forfeited for any reason; or

14.2.19 **ownership** if (i) the Borrower ceases to be a wholly owned subsidiary of SNSA; or (ii) any Guarantor or Shipowning Guarantor ceases to be 100% directly or indirectly owned by SNSA except as permitted under Clause 12.1.3; or (iii) members of the Stolt-Nielsen family cease for any reason to own and control, directly or indirectly, at least thirty per centum (30%) of the issued voting share capital of SNSA; or (iv) any individual shareholder, or group of shareholders acting in concert, outside the Stolt-Nielsen family owns a greater proportion of the issued voting share capital of SNSA than members of the Stolt-Nielsen family; or

14.2.20 **final judgements** if any Security Party or Material Subsidiary fails to comply with any non appealable court order or fails to pay a final unappealable judgement against it, in either case, in excess of seven million five hundred thousand Dollars ($7,500,000), within fourteen (14) days; or

14.2.21 **third party charters** if any Vessel which is on charter to a member of the SNSA Group is chartered for a period of twelve (12) months or more to a person who is not a member of the SNSA Group; or

14.2.22 **core business** if either the Borrower or any Guarantor shall, without the prior written consent of an Instructing Group, cease to carry on the business of the transportation of bulk liquid chemicals and other products customary for chemical and product tankers as its core activity.

15 Set-Off and Lien

15.1 **Set-off** Each of the Borrower and the Guarantors irrevocably authorises the Finance Parties at any time after all or any part of the Indebtedness shall have

become due and payable to set off without notice any liability of the Borrower or any Guarantor to any of the Finance Parties (whether present or future, actual or contingent, and irrespective of the branch or office, currency or place of payment) against any credit balance from time to time standing on any account of the Borrower or any Guarantor (whether current or otherwise and whether or not subject to notice) with any branch of any of the Finance Parties in or towards satisfaction of the Indebtedness and, in the name of that Finance Party, the Borrower or that Guarantor (as the case may be), to do all acts (including, without limitation, converting or exchanging any currency) and execute all documents which may be required to effect such application.

15.2 **Lien** If an Event of Default has occurred and is continuing, each Finance Party shall have a lien on and be entitled to retain and realise as additional security for the repayment of the Indebtedness any cheques, drafts, bills, notes or negotiable or non-negotiable instruments and any stocks, shares or marketable or other securities and property of any kind of any of the Security Parties (or of that Finance Party as agent or nominee of any of the Security Parties) from time to time held by that Finance Party, whether for safe custody or otherwise.

15.3 **Restrictions on withdrawal** Despite any term to the contrary in relation to any deposit or credit balance at any time on any account of the Borrower or any Guarantor (as the case may be) with any of the Finance Parties, no such deposit or balance shall be repayable or capable of being assigned, mortgaged, charged or otherwise disposed of or dealt with by the Borrower or the Guarantors or any of them (as the case may be) after an Event of Default has occurred and while such Event of Default is continuing, but any Finance Party may from time to time permit the withdrawal of all or any part of any such deposit or balance without affecting the continued application of this Clause.

15.4 **Application** Whilst an Event of Default is continuing, each of the Borrower and the Guarantors irrevocably authorises the Agent to apply all sums which the Agent or the Security Trustee may receive:-

15.4.1 pursuant to a sale or other disposition of a Vessel or any right, title or interest in a Vessel; or

15.4.2 by way of payment to the Agent of any sum in respect of the Insurances, Earnings or Requisition Compensation of a Vessel; or

15.4.3 otherwise arising under or in connection with any of the Security Documents

in or towards satisfaction, or by way of retention on account, of the Indebtedness, in such manner as the Agent may in its discretion determine.

16 Assignment and Sub-Participation

16.1 **Right to assign** Each of the Banks may assign or transfer all or any of its rights under or pursuant to the Security Documents to any other branch of that Bank or to any other financial institution which is a subsidiary of that Bank or which is a subsidiary (direct or indirect) of that Bank' s ultimate holding company or to another Bank so long as such assignment or transfer does not result in the Borrower being subject to any additional Tax or other financial or legal obligations other than those contemplated by the terms of this Agreement at the time of such assignment or transfer, or (subject to the prior written consent of the Borrower (only where no Event of Default has occurred and is continuing) and an Instructing Group, any other bank or financial institution, and each of the Banks may grant sub-participations in all or any part of its Commitment. Unless such Bank is assigning all of its rights, the amount of the Commitment being assigned or transferred shall be at least twenty million Dollars ($20,000,000) (the "**Minimum Transfer Amount**"). For the avoidance of doubt the Minimum Transfer Amount shall not apply to any sub-participations granted pursuant to Clause 16.1.

16.2 **Borrower' s co-operation** Each of the Borrower and the Guarantors will co-operate fully with the Banks in connection with any assignment, transfer or sub-participation pursuant to Clause 16.1; will execute and procure the execution of such documents as the Banks may require in connection therewith; and irrevocably authorises each of the Finance Parties to disclose to any proposed assignee, transferee or sub-participant (whether before or after any assignment, transfer or sub-participation and whether or not any assignment, transfer or sub-participation shall take place) all information relating to the Security Parties, the Facility or the Security Documents which each such Finance Party may in its discretion consider necessary or desirable (subject to any duties of confidentiality applicable to the Banks generally).

16.3 **Rights of assignee** Any assignee, transferee or sub-participant of a Bank shall (unless limited by the express terms of the assignment, transfer or sub-participation) take the full benefit of every provision of the Security Documents benefiting that Bank.

16.4 **Transfer Certificates** If any Bank wishes to transfer all or any of its Commitment as contemplated in Clause 16.1 then such transfer may be effected by the delivery to the Agent of a duly completed and duly executed Transfer Certificate in which event, on the later of the Transfer Date specified in such Transfer Certificate and the fifth Business Day after the date of delivery of such Transfer Certificate to the Agent:

16.4.1 to the extent that in such Transfer Certificate the Bank which is a party thereto seeks to transfer its Commitment in whole, the Borrower and such Bank shall be released from further obligations towards each other under this Agreement and their respective rights against each other shall be cancelled other than existing claims against such Bank for breach of this Agreement (such rights, benefits and obligations being referred to in this Clause 16.4 as "**discharged rights and obligations**");

16.4.2 the Borrower and the Transferee which is a party thereto shall assume obligations towards one another and/or acquire rights against one another which differ from such discharged rights and obligations only insofar as the Borrower and such Transferee have assumed and/or acquired the same in place of the Borrower and such Bank; and

16.4.3 the Agent or the Lead Arrangers, the Transferee and the other Banks shall acquire the same rights and benefits and assume the same obligations between themselves as they would have acquired and assumed had such Transferee been an original party to this Agreement as a Bank with the rights, benefits and/or obligations acquired or assumed by it as a result of such transfer.

16.5 **Power of Attorney** In order to give effect to each Transfer Certificate the Finance Parties and the Borrower each hereby irrevocably and unconditionally appoint the Agent as its true and lawful attorney with full power to execute on their respective behalves each Transfer Certificate delivered to the Agent pursuant to Clause 16.4 without the Agent being under any obligation to take any further

instructions from or give any prior notice to, any of the Finance Parties or, subject to the Borrower' s rights under Clause 16.1, the Borrower and the Agent shall so execute each such Transfer Certificate on behalf of the other Finance Parties and the Borrower immediately on its receipt of the same pursuant to Clause 16.4.

16.6 **Notification** The Agent shall promptly notify the other Finance Parties, the Transferee and the Borrower of the execution by it of any Transfer Certificate together with details of the amount transferred, the Transfer Date and the parties to such transfer.

16.7 **Transfer Fee** Each Transferee shall on the date upon which an assignment or transfer takes effect pursuant to Clause 16.4, pay to the Agent (for its own account) a fee of one thousand five hundred Dollars ($1,500).

17 Payments, Mandatory Prepayment, Reserve Requirements and Illegality

17.1 **Payments** All amounts payable by the Borrower and/or any of the Guarantors under or pursuant to any of the Security Documents shall be paid to such accounts at such banks as the Agent may from time to time direct to the Borrower or the Guarantors (as the case may be), and (unless payable in any other Currency of Account) shall be paid in Dollars in same day funds (or such funds as are required by the authorities in the United States of America for settlement of international payments for immediate value). Payments shall be deemed to have been received by the Agent on the date on which the Agent receives authenticated advice of receipt for good value, unless that advice is received by the Agent on a day other than a Business Day or at a time of day (whether on a Business Day or not) when the Agent in its reasonable discretion considers that it is impossible or impracticable for the Agent to utilise the amount received for value that same day, in which event the payment in question shall be deemed to have been received by the Agent on the Business Day next following the date of receipt of advice by the Agent.

17.2 **No deductions or withholdings** All payments (whether of principal or interest or otherwise) to be made by the Borrower and/or any of the Guarantors pursuant to the Security Documents shall, subject only to Clause 17.3, be made free and clear of and without deduction for or on account of any Taxes or other deductions, withholdings, restrictions, conditions or counterclaims of any nature, and neither the Borrower nor any Guarantor will claim any equity in respect of any payment

due from it to the Banks or to the Agent under or in relation to any of the Security Documents.

17.3 **Grossing-up** If at any time any law requires (or is interpreted to require) the Borrower or any Guarantor to make any deduction or withholding from any payment, or to change the rate or manner in which any required deduction or withholding is made, the Borrower or relevant Guarantor (as the case may be) will promptly notify the Agent and, simultaneously with making that payment, will pay to the Agent whatever additional amount (after taking into account any additional Taxes on, or deductions or withholdings from, or restrictions or conditions on, that additional amount) is necessary to ensure that, after making the deduction or withholding, the Finance Parties receive a net sum equal to the sum which they would have received had no deduction or withholding been made.

17.4 **Evidence of deductions** If at any time either the Borrower or any Guarantor is required by law to make any deduction or withholding from any payment to be made by it pursuant to any of the Security Documents, the Borrower or that Guarantor (as the case may be) will pay the amount required to be deducted or withheld to the relevant authority within the time allowed under the applicable law and will, no later than thirty days after making that payment, deliver to the Agent an original receipt issued by the relevant authority, or other evidence reasonably acceptable to the Agent, evidencing the payment to that authority of all amounts required to be deducted or withheld. If the Borrower makes any deduction or withholding from any payment under or pursuant to any of the Security Documents, and a Bank subsequently receives a

refund or allowance from any tax authority which that Bank identifies as being referable to that deduction or withholding, that Bank shall, as soon as reasonably practicable, pay to the Borrower an amount equal to the amount of the refund or allowance received, if and to the extent that it may do so without prejudicing its right to retain that refund or allowance and without putting itself in any worse financial position than that in which it would have been had the deduction or withholding not been required to have been made. Nothing in this Clause shall be interpreted as imposing any obligation on any Bank to apply for any refund or allowance, nor as restricting in any way the manner in which any Bank organises its tax affairs, nor as imposing on any Bank any obligation to disclose to the Borrower any information regarding its tax affairs or tax computations. All costs and expenses incurred by any Bank in

obtaining or seeking to obtain a refund or allowance from any tax authority pursuant to this Clause shall be for the Borrower' s account.

17.5 **Adjustment of due dates** If any payment to be made under any of the Security Documents, other than a payment of interest on the Facility, shall be due on a day which is not a Business Day, that payment shall be made on the next succeeding Business Day (unless the next succeeding Business Day falls in the next calendar month in which event the payment shall be made on the next preceding Business Day). Any such variation of time shall be taken into account in computing any interest in respect of that payment.

17.6 **Change in law** If, by reason of the introduction of any law, or any change in any law, or the interpretation or administration of any law, or in compliance with any request or requirement from any central bank or any fiscal, monetary or other authority:-

17.6.1 any Finance Party (or the holding company of any Finance Party) shall be subject to any Tax with respect to payments of all or any part of the Indebtedness; or

17.6.2 the basis of Taxation of payments to any Finance Party in respect of all or any part of the Indebtedness shall be changed; or

17.6.3 any reserve requirements shall be imposed, modified or deemed applicable against assets held by or deposits in or for the account of or loans by any branch of any Finance Party or its direct or indirect holding company; or

17.6.4 any ratio (whether cash, capital adequacy, liquidity or otherwise) which any Finance Party or its direct or indirect holding company is required or requested to maintain shall be affected; or

17.6.5 there is imposed on any Finance Party (or on the direct or indirect holding company of any Finance Party) any other condition in relation to the Indebtedness or the Security Documents;

and the result of any of the above shall be to increase the cost to any Bank (or to the direct or indirect holding company of any Bank) of that Bank making or maintaining its Commitment or any Drawing, or to cause any Finance Party to suffer (in its reasonable opinion) a material reduction in the rate of return on its

overall capital below the level which it reasonably anticipated at the date of this Agreement and which it would have been able to achieve but for its entering into this Agreement and/or performing its obligations under this Agreement, the Finance Party affected shall notify the Agent and, on demand to the Borrower by the Agent, the Borrower shall from time to time pay to the Agent for the account of the Finance Party affected the amount which shall compensate that Finance Party or the Agent (or the relevant holding company) for such additional cost or reduced return. A certificate signed by an authorised signatory of the Agent or of the Finance Party affected setting out the amount of that payment and the basis of its calculation shall be submitted to the Borrower and shall be conclusive evidence of such amount save for manifest error or on any question of law. Notwithstanding the foregoing, the affected Bank shall (without any obligation on the part of such Bank to

be bound) negotiate in good faith with the Borrower to find a method to avoid any such increase. Additionally, should the Borrower and the Bank affected be unable to find a method to avoid any such increase, the Borrower shall have the right to demand that, that Bank' s obligations be terminated using the procedure set forth in Clause 17.7 subject to any claims that Bank may have against the Borrower being preserved.

17.7 **Illegality and impracticality** Notwithstanding anything contained in the Security Documents, the obligations of a Bank to advance or maintain the Facility shall terminate in the event that a change in any law or in the interpretation of any law by any authority charged with its administration shall make it unlawful for that Bank to advance or maintain its Commitment. In such event the Bank affected shall notify the Agent and the Agent shall, by written notice to the Borrower, declare the Banks' obligations to be immediately terminated. If all or any part of the Facility shall have been advanced by the Banks to the Borrower, the Indebtedness (including all accrued interest) shall be prepaid within thirty days from the date of such notice. Clause 6.3 shall apply to that prepayment if it is made on a day other than the last day of an Interest Period. During that period, the affected Bank shall negotiate in good faith with the Borrower to find an alternative method or lending base in order to maintain the Facility.

17.8 **Changes in market circumstances** If at any time a Bank determines (which determination shall be final and conclusive and binding on the Borrower) that, by reason of changes affecting the relevant Interbank market, adequate and fair

means do not exist for ascertaining the rate of interest on the Facility or any part thereof pursuant to this Agreement:-

17.8.1 that Bank shall give notice to the Agent and the Agent shall give notice to the Borrower of the occurrence of such event; and

17.8.2 the Agent shall as soon as reasonably practicable certify to the Borrower in writing the effective cost to that Bank of maintaining its Commitment for such further period as shall be selected by that Bank and the rate of interest payable by the Borrower for that period; or, if that is not acceptable to the Borrower,

17.8.3 the Agent in accordance with instructions from that Bank and subject to that Bank' s approval of any agreement between the Agent and the Borrower, will negotiate with the Borrower in good faith with a view to modifying this Agreement to provide a substitute basis for that Bank' s Commitment which is financially a substantial equivalent to the basis provided for in this Agreement.

If, within thirty days of the giving of the notice referred to in Clause 17.8.1, the Borrower and the Agent fail to agree in writing on a substitute basis for such Bank' s Commitment the Borrower will immediately prepay the outstanding amount of such Bank' s Commitment and the Maximum Facility Amount will automatically decrease by the amount of such Commitment and such decrease shall not be reversed. Clause 6.3 shall apply to that prepayment if it is made on a day other than the last day of an Interest Period.

17.9 **Non-availability of currency** If a Bank is for any reason unable to obtain the relevant Permitted Currency in the relevant interbank market and is, as a result, or as a result of any other contingency affecting the relevant interbank market, unable to maintain all or part of its Commitment in the relevant Permitted Currency, that Bank shall give notice to the Agent and the Agent shall give notice to the Borrower and that Bank' s obligations to make its Proportionate Share of the Facility available in that Permitted Currency shall immediately cease. In that event, if all or any part of the Facility shall have been advanced in that Permitted Currency by that Bank to the Borrower, the Agent in accordance with instructions from that Bank and subject to that Bank' s approval of any agreement between the Agent and the Borrower, will negotiate with the Borrower in good faith with a

view to establishing a mutually acceptable basis for funding the Facility or relevant part thereof from an alternative source and/or in an alternative Permitted Currency. If the Agent and the Borrower have failed to agree in writing on a basis for

funding the Facility or relevant part thereof from an alternative source and/or in an alternative Permitted Currency by 11.00 a.m. on the second Business Day prior to the end of the then current relevant Interest Period, the Borrower will (without prejudice to its other obligations under or pursuant to this Agreement, including, without limitation, its obligation to pay interest on the Facility or relevant part thereof, arising on the expiry of the then relevant Interest Period) prepay the Indebtedness to the Agent on behalf of that Bank on the expiry of the then current relevant Interest Period.

18 Communications

18.1 **Method** Except for Communications pursuant to Clause 11, which shall be made or given in accordance with Clause 11.20, any Communication may be given, delivered, made or served (as the case may be) under or in relation to this Agreement by letter, fax or e-mail and shall be in the English language and sent addressed:-

18.1.1 in the case of any of the Finance Parties to the Agent at its address at the head of this Agreement (fax no: +49 40 3701 4649 marked for the attention of: Carola Maria Roth or e-mail: carola-maria.roth@db.com); and

18.1.2 in the case of the Borrower and/or any Guarantor to the Communications Address with a copy to McLaughlin & Stern, LLP, 260 Madison Avenue, New York, NY 10016, (fax no: + (212) 448-6260 Attention: John E. Greenwood or e-mail: jgreenwood@mclaughlinstern.com), provided that the failure to deliver such copy shall not affect the rights of any party under this Agreement;

or to such other address, fax number or e-mail address as the Finance Parties, the Borrower or the Guarantors may designate for themselves by written notice to the others.

18.2 **Timing** A Communication shall be deemed to have been duly given, delivered, made or served to or on, and received by a party to this Agreement:-

18.2.1 in the case of a fax when the sender receives one or more transmission reports showing the whole of the Communication to have been transmitted to the correct fax number;

18.2.2 if delivered to an officer of the relevant party or (in the case of the Borrower and/or the Guarantors) left at the Communications Address, at the time of delivery or leaving; or

18.2.3 if posted, at 9.00 a.m. on the third Business Day after posting by prepaid first class post; or

18.2.4 in the case of an e-mail when the sender receives an acknowledgement of receipt from the recipient in respect of such e-mail (it being understood that a response indicating that the intended recipient is out of the office shall not be deemed a receipt for this purpose).

19 General Indemnities

19.1 **Currency** In the event of any Finance Party receiving or recovering any amount payable under any of the Security Documents in a currency other than the Currency of Account, and if the amount received or recovered is insufficient when converted into the Currency of Account at the date of receipt to satisfy in full the amount due, the Borrower and/or the Guarantors (as the case may be) shall, on the Agent' s written demand, pay to the Agent such further amount in the Currency of Account as is sufficient to satisfy in full the amount due and that further amount shall be due to the Agent on behalf of the Finance Parties as a separate debt under this Agreement.

19.2 **Costs and expenses** The Borrower and the Guarantors will, within fourteen (14) days of the Agent' s written demand, reimburse the Agent (on behalf of each of the Finance Parties) for all reasonable out of pocket expenses including external legal costs or internal legal costs in lieu thereof (including Value Added Tax or any similar or replacement tax if applicable) of and incidental to:-

19.2.1 the negotiation, syndication, preparation, execution and registration of the Security Documents (whether or not any of the Security Documents are actually executed or registered and whether or not all or any part of the Facility is advanced);

19.2.2 any amendments, addenda or supplements to any of the Security Documents (whether or not completed);

19.2.3 any other documents which may at any time be required by any Finance Party to give effect to any of the Security Documents or which any Finance Party is entitled to call for or obtain pursuant to any of the Security Documents (including, without limitation, all premiums and other sums from time to time payable by the Agent in relation to the Mortgagees' Insurances); and

19.2.4 the exercise of the rights, powers, discretions and remedies of the Finance Parties under or pursuant to the Security Documents.

19.3 **Events of Default** Each of the Borrower and the Guarantors shall indemnify the Finance Parties from time to time on demand against all losses and costs incurred or sustained by any Finance Party as a consequence of any Event of Default, including (without limitation) any Break Costs.

19.4 **Funding costs** Each of the Borrower and the Guarantors shall indemnify the Finance Parties from time to time on demand against all losses and costs incurred or sustained by any Finance Party if, for any reason due to a default or other action by the Borrower, any Drawing is not advanced to the Borrower after the relevant Drawdown Notice has been given to the Agent, or is advanced on a date other than that requested in the Drawdown Notice, including (without limitation) any Break Costs.

19.5 **Protection and enforcement** Each of the Borrower and the Guarantors shall indemnify the Finance Parties from time to time on demand against all losses, costs and liabilities which any Finance Party may from time to time sustain, incur or become liable for in or about the protection, maintenance or enforcement of the rights conferred on the Finance Parties by the Security Documents or in or about the exercise or purported exercise by the Finance Parties of any of the rights, powers, discretions or remedies vested in them under or arising out of the Security Documents, including (without limitation) any losses, costs and liabilities which any Finance Party may from time to time sustain, incur or become liable for by reason of any Finance Party being mortgagees of any Vessel and/or a lender to the Borrower, or by reason of any Finance Party being deemed by any court or authority to be an operator or controller, or in any way concerned

in the operation or control, of any Vessel. No such indemnity will be given to a Finance Party where any such loss, cost or liability has occurred due to gross negligence or wilful misconduct on the part of that Finance Party however this shall not affect the right of any other Finance Party to receive any such indemnity other than where such loss, cost or liability is caused due to the gross negligence or wilful misconduct of another Finance Party.

19.6 **Liabilities of Finance Parties** Each of the Borrower and the Guarantors will from time to time reimburse the Finance Parties on demand for all sums which any Finance Party may pay on account of any of the Security Parties or in connection with any Vessel (whether alone or jointly or jointly and severally with any other person) including (without limitation) all sums which any Finance Party may pay or guarantees which any Finance Party may give in respect of the Insurances, any expenses incurred by any Finance Party in connection with the maintenance or repair of any Vessel or in discharging any lien, bond or other claim relating in any way to any Vessel, and any sums which any Finance Party may pay or guarantees which they may give to procure the release of any Vessel from arrest or detention.

19.7 **Taxes** Each of the Borrower and the Guarantors shall pay all Taxes to which all or any part of the Indebtedness or any of the Security Documents may be at any time subject and shall indemnify the Finance Parties on demand against all liabilities, costs, claims and expenses resulting from any omission to pay or delay in paying any such Taxes. The indemnity contained in this Clause shall survive the repayment of the Indebtedness.

20 Miscellaneous

20.1 **Waivers** No failure or delay on the part of any Finance Party in exercising any right, power, discretion or remedy under or pursuant to any of the Security Documents, nor any actual or alleged course of dealing between any Finance Party and any of the Security Parties, shall operate as a waiver of, or acquiescence in, any default on the part of any Security Party, unless expressly agreed to do so in writing by the Agent, nor shall any single or partial exercise by any Finance Party of any right, power, discretion or remedy preclude any other or further exercise of that right, power, discretion or remedy, or the exercise by a Finance Party of any other right, power, discretion or remedy.

20.2 **No oral variations** No variation or amendment of any of the Security Documents shall be valid unless in writing and signed on behalf of the Finance Parties and the relevant Security Party.

20.3 **Severability** If at any time any provision of any of the Security Documents is invalid, illegal or unenforceable in any respect that provision shall be severed from the remainder and the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

20.4 **Successors etc.** The Security Documents shall be binding on the Security Parties and on their successors and permitted transferees and assignees, and shall inure to the benefit of the Finance Parties and their respective successors, transferees and assignees. Neither the Borrower nor any of the Guarantors may assign or transfer any of its rights or duties under or pursuant to any of the Security Documents without the prior written consent of the Banks.

20.5 **Further assurance** If any provision of the Security Documents shall be invalid or unenforceable in whole or in part by reason of any present or future law or any decision of any court, or if the documents at any time held by the Finance Parties on their behalf are considered by the Banks for any reason insufficient to carry out the terms of this Agreement, then from time to time the Borrower and/or the Guarantors (as the case may be) will promptly, on demand by the Agent, execute or procure the execution of such further documents as in the reasonable opinion of the Banks are necessary to provide adequate security for the repayment of the Indebtedness.

20.6 **Other arrangements** The Finance Parties may, without prejudice to their rights under or pursuant to the Security Documents, at any time and from time to time, on such terms and conditions as they may in their discretion determine, and without notice to either the Borrower or the Guarantors, grant time or other indulgence to, or compound with, any other person liable (actually or contingently) to the Finance Parties or any of them in respect of all or any part of the Indebtedness, and may release or renew negotiable instruments and take and release securities and hold funds on realisation or suspense account without affecting the liabilities of the Borrower and/or the Guarantors (as the case may be) or the rights of the Finance Parties under or pursuant to the Security Documents.

20.7 **Advisers** Each of the Borrower and the Guarantors irrevocably authorise the Agent, at any time and from time to time during the Facility Period, to consult insurance advisers on any matters relating to the Insurances, including, without limitation, the collection of insurance claims, and from time to time to consult or retain advisers or consultants to monitor or advise on any other claims relating to the Vessels. Each of the Borrower and the Guarantors will provide such advisers and consultants with all information and documents which they may from time to time reasonably require and will reimburse the Agent on demand for all reasonable costs and expenses incurred by the Agent in connection with the consultation or retention of such advisers or consultants.

20.8 **Delegation** The Finance Parties may at any time and from time to time delegate to any person any of their rights, powers, discretions and remedies pursuant to the Security Documents, other than rights relating to actions to be taken by an Instructing Group or the Banks as a group, on such terms as they may consider appropriate (including the power to sub-delegate).

20.9 **Rights etc. cumulative** Every right, power, discretion and remedy conferred on the Finance Parties under or pursuant to the Security Documents shall be cumulative and in addition to every other right, power, discretion or remedy to which they may at any time be entitled by law or in equity. The Finance Parties may exercise each of their rights, powers, discretions and

remedies as often and in such order as they deem appropriate subject to obtaining the prior written consent of an Instructing Group (or, where required by this Agreement, the Banks). The exercise or the beginning of the exercise of any right, power, discretion or remedy shall not be interpreted as a waiver of the right to exercise any other right, power, discretion or remedy either simultaneously or subsequently.

20.10 **No enquiry** The Finance Parties shall not be concerned to enquire into the powers of the Security Parties or of any person purporting to act on behalf of any of the Security Parties, even if any of the Security Parties or any such person shall have acted in excess of their powers or if their actions shall have been irregular, defective or informal, whether or not any Finance Parties had notice thereof.

20.11 **Continuing security** The security constituted by the Security Documents shall be continuing and shall not be satisfied by any intermediate payment or satisfaction until the Indebtedness shall have been repaid in full and none of the Finance Parties shall be under any further actual or contingent liability to any

third party in relation to the Vessels, the Insurances, Earnings or Requisition Compensation or any other matter referred to in the Security Documents.

20.12 **Security cumulative** The security constituted by the Security Documents shall be in addition to any other security now or in the future held by the Finance Parties or any of them for or in respect of all or any part of the Indebtedness, and shall not merge with or prejudice or be prejudiced by any such security or any other contractual or legal rights of any of the Finance Parties, nor affected by any irregularity, defect or informality, or by any release, exchange or variation of any such security. Section 93 of the Law of Property Act 1925 and all provisions which the Agent considers analogous thereto under the law of any other relevant jurisdiction shall not apply to the security constituted by the Security Documents.

20.13 **Re-instatement** If any Finance Party takes any steps to exercise any of its rights, powers, remedies or discretions pursuant to the Security Documents and the result shall be adverse to the Finance Parties, the Borrower, the Guarantors and the Finance Parties shall be restored to their former positions as if no such steps had been taken.

20.14 **No liability** None of the Finance Parties, nor any agent or employee of any Finance Party, nor any receiver and/or manager appointed by the Agent, shall be liable for any losses which may be incurred in or about the exercise of any of the rights, powers, discretions or remedies of the Finance Parties under or pursuant to the Security Documents nor liable as mortgagee in possession for any loss on realisation or for any neglect or default of any nature for which a mortgagee in possession might otherwise be liable unless such Finance Party' s action constitutes gross negligence or wilful misconduct.

20.15 **Rescission of payments etc.** Any discharge, release or reassignment by any of the Finance Parties of any of the security constituted by, or any of the obligations of any Security Party contained in, any of the Security Documents shall be (and be deemed always to have been) void if any act (including, without limitation, any payment) as a result of which such discharge, release or reassignment was given or made is subsequently wholly or partially rescinded or avoided by operation of any law, unless such Finance Party' s action constitutes gross negligence or wilful misconduct.

20.16 **Subsequent Encumbrances** If the Agent receives notice of any subsequent Encumbrance (other than any Encumbrance permitted by this Agreement) affecting any Vessel, or all or any part of the Insurances, Earnings or Requisition Compensation, the Agent may open a new account in its books for the Borrower. If the Agent does not open a new account, then (unless the Encumbrance is permitted by the terms of this Agreement or the Agent gives written notice to the contrary to the Borrower) as from the time of receipt by the Agent of notice of such subsequent Encumbrance, all payments made to the Agent shall be treated as having been credited to a new account of the Borrower and not as having been applied in reduction of the Indebtedness.

20.17 **Releases** If any Finance Party shall at any time in its discretion release any party from all or any part of any of the Security Documents or from any term, covenant, clause, condition or obligation contained in any of the Security Documents, the liability of any other party to the Security Documents shall not be varied or diminished.

20.18 **Certificates** Any certificate or statement signed by an authorised signatory of the Agent purporting to show the amount of the Indebtedness (or any part of the Indebtedness) or any other amount referred to in any of the Security Documents shall, save for manifest error or on any question of law, be conclusive evidence as against the Borrower or the Guarantors (as the case may be) of that amount.

20.19 **Survival of representations and warranties** The representations and warranties on the part of each of the Borrower and the Guarantors contained in this Agreement shall survive the execution of this Agreement and the advance of the Facility or any part thereof.

20.20 **Counterparts** This Agreement may be executed in any number of counterparts each of which shall be original but which shall together constitute the same.

20.21 **Third Party Rights** Notwithstanding the provisions of the Contracts (Rights of Third Parties) Act 1999, no term of this Agreement is enforceable by a person who is not a party to it.

21 Law and Jurisdiction

21.1 **Governing law** This Agreement shall in all respects be governed by and interpreted in accordance with English law.

21.2 **Jurisdiction** For the exclusive benefit of the Finance Parties, the parties to this Agreement irrevocably agree that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that any Proceedings may be brought in those courts. Each of the Borrower and the Guarantors irrevocably waives any objection which it may now or in the future have to the laying of the venue of any Proceedings in any court referred to in this Clause, and any claim that those Proceedings have been brought in an inconvenient or inappropriate forum.

21.3 **Alternative jurisdictions** Nothing contained in this Clause shall limit the right of the Finance Parties to commence any Proceedings against either the Borrower or any of the Guarantors in any other court of competent jurisdiction nor shall the commencement of any Proceedings against either the Borrower or any of the Guarantors in one or more jurisdictions preclude the commencement of any Proceedings in any other jurisdiction, whether concurrently or not.

21.4 **Service of process** Without prejudice to the right of the Finance Parties to use any other method of service permitted by law, each of the Borrower and the Guarantors irrevocably agrees that any writ, notice, judgment or other legal process shall be sufficiently served on it if addressed to it and left at or sent by post to the Address for Service, and in that event shall be conclusively deemed to have been served at the time of leaving or, if posted, at 9.00 a.m. on the third Business Day after posting by prepaid first class registered post.

IN WITNESS of which the parties to this Agreement have executed this Agreement the day and year first before written.

SCHEDULE 1

The Banks, the Commitments and the Proportionate Shares

The Banks	The Commitments	The Proportionate Shares
Deutsche Bank AG in Hamburg Ludwig-Erhard-Strasse 1,	$ 37,525,000	9.38125%

D-20459 Hamburg Federal Republic of Germany Tel: + 49 40 3701 4334 Fax: + 49 40 3701 4649 Contact: Carola Maria Roth			
DnB NOR Bank ASA 20 St. Dunstan' s Hill London EC3R 8HY England Tel: +44 20 7621 1111 Fax: +44 20 7626 5956 Contact: Shipping Department	$	75,000,000	18.75%
DVB Bank AG Shipping Division 80 Cheapside London EC2V 6EE England Tel: +44 20 7618 9600 Fax: +44 20 7618 9750 Contact: Angelique Korkodilos	$	50,000,000	12.50%
Calyon 9, quai du Président Paul Doumer 92920 Paris La Défense Cedex France Tel: +47 2201 0650 Fax: +47 2201 0651 Contact: Jonas Gunstad/Tobias Gilje	$	41,650,000	10.4125%

Deutsche Schiffsbank AG Domshof 17 28195 Bremen Federal Republic of Germany Tel: +49 421 360 9249 Fax: +49 421 360 9329 Contact: Malte Schulte-Trux	$	41,650,000	10.4125%
HSH Nordbank AG Gerhart-Hauptmann-Platz 50	$	41,650,000	10.4125%

20095 Hamburg Federal Republic of Germany Tel: +49 40 3333 15142 Fax: +49 40 3333 34307 Contact: Thorsten Lundius			
Nordea Bank Norge ASA, Grand Cayman Branch 437 Madison Avenue 21st Floor New York, NY 10022 United States of America Tel: +212 318 9300 Fax: +212 421 4420 Contact: Anne Engen/Martin Lunder	$	75,000,000	18.75%
Schiffshypothekenbank zu Lübeck AG Ludwig-Erhard-Strasse 1, D-20459 Hamburg Federal Republic of Germany Tel: + 49 40 3701 4334 Fax: + 49 40 3701 4649 Contact: Carola Maria Roth	$	37,525,000	9.38125%

SCHEDULE 2

The Guarantors

Name of Guarantor	Country of Incorporation	Address of Registered Office
Stolt-Nielsen SA	Luxembourg with trade register number B 12.179	23 Avenue Monterey L-2086 Luxembourg
Stolt-Nielsen Transportation Group Ltd	Liberia	80 Broad Street Monrovia Liberia
Stolt-Nielsen Transporation Group Ltd	Bermuda	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
Stolt-Nielsen Investments N.V.	Netherlands Antilles	De Ruyterkade 62 Curacao Netherlands Antilles

Stolt-Nielsen Holdings B.V.	The Netherlands	Westerlaan 5 3016 CK Rotterdam The Netherlands
Stolt-Nielsen Holdings Transportation Group B.V.	The Netherlands	Westerlaan 5 3016 CK Rotterdam The Netherlands

SCHEDULE 3

Mandated Lead Arrangers / Underwriters

Name	Amount underwritten
1. Deutsche Bank AG in Hamburg Ludwig-Erhard-Strasse 1, D-20459 Hamburg Federal Republic of Germany Fax: +49 40 3701 4649 Attention: Carola Maria Roth	$ 100,000,000
2. DnB NOR Bank ASA 20 St. Dunstan' s Hill London EC3R 8HY England Tel: +44 20 7621 1111 Fax: +44 20 7626 5956 Contact: Shipping Department	$ 100,000,000
3. DVB Bank AG Shipping Division 80 Cheapside London EC2V 6EE England Tel: +44 20 7618 9600 Fax: +44 20 7618 9750 Contact: Angelique Korkodilos	$ 100,000,000
4. Nordea Bank Norge ASA, Grand Cayman Branch 437 Madison Avenue	$ 100,000,000

21st Floor
New York, NY 10022
United States of America

Tel: +212 318 9300
Fax: +212 421 4420
Contact: Anne Engen/Martin Lunder

SCHEDULE 4

The Shipowning Guarantors and the Vessels

Name of Mortgagor	Name of Vessel	Flag	Country of Incorporation	Registered Office
Stolt Aquamarine B.V.	"STOLT AQUAMARINE"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Emerald B.V.	"STOLT EMERALD"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Helluland B.V.	"STOLT HELLULAND"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Hikawa B.V.	"STOLT HIKAWA"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Jade B.V.	"STOLT JADE"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Markland B.V.	"STOLT MARKLAND"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Sea B.V.	"STOLT SEA"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Spray B.V.	"STOLT SPRAY"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Stream B.V.	"STOLT STREAM"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam,

				The Netherlands
Stolt Sun B.V.	"STOLT SUN"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Surf B.V.	"STOLT SURF"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Taurus B.V.	"STOLT TAURUS"	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands

Stolt Titan B.V.	"STOLT TITAN"	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Topaz B.V.	"STOLT TOPAZ"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Vestland B.V.	"STOLT VESTLAND"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Vinland B.V.	"STOLT VINLAND"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands

SCHEDULE 5

STOLT NIELSEN S.A. AND SUBSIDIARIES

USD 400,000,000 Senior Secured Multicurrency Credit Facility

As of and for the period ended [ ] 2005 (figures in USD 000s)

A Consolidated Tangible Net Worth

Capital Stock
Paid-in Surplus
Retained Earnings
less: Treasury Stock
less: Intangible Assets

Consolidated Tangible Net Worth		
Minimum Consolidated Tangible Net Worth	$	600,000,000

B Consolidated Debt

Short-Term Banks Loans	
Current Maturities of Long Term Debt	
Current Maturities of Long Term Capitalized Leases	
Long Term Debt (net of current portion)	
Long Term Capitalized Lease Obligations	
Acceptance Credits	
Guarantees of third-party obligations	
less: Cash-Covered Debt	
Consolidated Debt	
Consolidated Tangible Net Worth	
Ratio of Consolidated Debt to Consolidated Tangible Net Worth	
Maximum Ratio of Consolidated Debt to Consolidated Tangible Net Worth	2.00

C Consolidated EBITDA

	Feb.28.05	May.31.05	Aug.31.05	Nov.30.05	Total
Net Income					
Interest Expense					
Taxation					
Dep' n/Amort/Non-cash					
EBITDA					

Consolidated EBITDA	
Consolidated Interest Expense	
Ratio of Consolidated EBITDA to Consolidated Interest Expense	
Minimum Ratio of Consolidated EBITDA to Consolidated Interest Expense	2.00

D Applicable Margin

Ratio of Consolidated Debt to Consolidated EBITDA	
Less than or equal to 2	0.60%
Greater than 2 but equal to or less than 3	0.70%
Greater than 3 but equal to or less than 4	0.80%
Greater than 4 but equal to or less than 5	0.90%
Greater than 5	1.20%

Applicable Margin
Applicable Commitment Commission (40% of the applicable margin)

E Asset Cover

Maximum Facility Amount
Most recent Valuation of the Vessels
Additional security (other than cash)
Additional cash security

STOLT-NIELSEN S.A.

By:

Title:

Date:

SCHEDULE 6

Form of Transfer Certificate

To: Deutsche Bank AG in Hamburg (the "Agent")

TRANSFER CERTIFICATE

This transfer certificate relates to a loan facility agreement (as the same may be from time to time amended, varied, novated or supplemented, the "**Facility Agreement**") dated [ ] 2005 whereby a revolving credit facility of up to $400,000,000 was made available to Stolt Tankers Finance II B.V. as borrower by a group of banks on whose behalf the Agent acts as agent and security trustee.

1 Terms defined in the Facility Agreement shall, subject to any contrary indication, have the same meanings herein. The terms "Bank" and "Transferee" are defined in the schedule to this transfer certificate .

2 The Bank (i) confirms that the details in the Schedule hereto under the heading "**Bank' s Commitment**" accurately summarises its Commitment in the Facility Agreement and (ii) requests the Transferee to accept and procure the transfer to the Transferee of the portion of such Commitment specified in the Schedule hereto by counter-signing and delivering the Transfer Certificate to the Agent at its address for the service of Communications specified in the Facility Agreement.

3 The Transferee requests the Agent to accept this Transfer Certificate as being delivered to the Agent pursuant to and for the purposes of clause 16.4 of the Facility Agreement so as to take effect in accordance with the terms thereof on the Transfer Date or on such later date as may be determined in accordance with the terms thereof.

4 The Transferee confirms that it has received a copy of the Facility Agreement together with such other information as it has required in connection with this transaction and that it has not relied and will not in the future rely on the Bank or any other party to the Facility Agreement to check or enquire on its behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of any such information and further agrees that it has not relied and will not rely on the Bank or any other party to the Facility Agreement to access or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower or any other party to the Facility Agreement.

5 Execution of this Transfer Certificate by the Transferee constitutes its representation to the Transferor and all other parties to the Facility Agreement that it has power to become a party to the Facility Agreement as a Bank on the terms herein and therein set out and has taken all steps to authorise execution and delivery of this Transfer Certificate.

6 The Transferee undertakes with the Bank and each of the other parties to the Facility Agreement that it will perform in accordance with their terms all those obligations which by the terms of the Facility Agreement will be assumed by it after delivery of this Transfer Certificate to the Agent and satisfaction of the conditions (if any) subject to which the Transfer Certificate is expressed to take effect.

7 The Bank makes no representation or warranty and assumes no responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the Facility Agreement or any document relating thereto and assumes no responsibility for the financial condition of the Borrower or for the performance and observance by the Borrower of any of its obligations under the Facility Agreement or any document relating thereto and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

8 The Bank gives notice that nothing in this transfer certificate or in the Facility Agreement (or any document relating thereto) shall oblige the Bank to (i) accept a re-transfer from the Transferee of the whole or any part of its rights, benefits and/or obligations under the Facility Agreement transferred pursuant hereto or (ii) support any losses directly or indirectly sustained or incurred by the Transferee for any reason whatsoever including, without limitation, the non-performance by the Borrower or any other party to the Facility Agreement (or any document relating thereto) of its obligations under any such document. The Transferee acknowledges the absence of any such obligation as is referred to in (i) or (ii) above.

9 This Transfer Certificate and the rights and obligations of the parties hereunder shall be governed by and interpreted in accordance with English law.

THE SCHEDULE

1 Bank:

2 Transferee:

3 Transfer Date:

4 Commitment(1): Portion Transferred

[Transferor Bank] [Transferee Bank]

By: By:

Date: Date:

Deutsche Bank AG in Hamburg

As agent for and on behalf of itself,
the Borrower and the other Finance Parties

By: _____

Date: [ ]

(1) Details of the Bank's Commitment should not be completed after the Termination Date.

SCHEDULE 7

PART A

To: Deutsche Bank AG in Hamburg
in its capacity as security trustee
for and on behalf of the Banks
(as defined below)

Date: 200[ ]

Dear Sirs

US$400,000,000 Secured Revolving Loan Facility to Stolt Tankers Finance II B.V.

1 Loan Agreement

We understand that, under a Facility Agreement (the "**Facility Agreement**") dated [ ] 2005 made between (1) Stolt Tankers Finance II B.V. as borrower (the "**Borrower**") (2) Stolt-Nielsen S.A. and others as guarantors (3) the banks and financial institutions listed in Schedule 1 to the Facility Agreement as lenders (the "**Banks**") (4) the banks and financial institutions listed in Schedule 3 to the Facility Agreement as lead arrangers and underwriters and (5) yourselves as facility agent and security trustee (the "**Agent**") each of the Banks agreed to advance to the Borrower its respective Commitment of an aggregate principal amount not exceeding four hundred million Dollars ($400,000,000) (the "**Loan**") upon the terms and conditions contained in the Facility Agreement and that it is a condition to (i) the Banks' agreement to continue to make any part of the Loan available to the Borrower and (ii) an Instructing Group consenting to (a) the Vessels being bareboat chartered to us and (b) our appointment as managers in accordance with clauses 8.1.4 and 8.1.5 respectively of the Shipowners' Guarantee that we (the "**Manager**") enter into this letter in favour of the Security Trustee on behalf of the Banks.

2 Definitions

Words and expressions defined in the Facility Agreement shall have the same meanings when used herein.

3 Confirmation of Appointment/ Representation & Warranties

3.1 The Manager hereby confirms that:-

(a) it has been appointed as the manager of the vessels listed in the Schedule 1 to this letter (the

"**Vessels**"); and

(b) the Vessels have been bareboat chartered to the Manager in accordance with the terms and conditions of the bareboat charterparties attached to this letter and marked Exhibit "A" (together the "**Charters**").

3.2 The Manager hereby represents and warrants that (i) the Manager is duly incorporated in its country of incorporation and has the power to enter into and perform its obligations under this letter and the Charters and that this letter and the Charters constitute the legal, valid and binding obligations of the Manager enforceable in accordance with their respective terms and (ii) the copies of the Charters attached to this letter are true and complete copies and constitute the entire agreement between the Manager and the Shipowning Guarantors concerning the chartering and current management of the Vessels by the Shipowning Guarantors to the Manager.

4 Undertakings

The Manager undertakes with the Security Trustee that:

(a) subject to the provisions of clause 12.1.2 of the Facility Agreement, the Manager will remain the commercial and technical managers of the Vessels throughout the Facility Period;

(b) the Manager will manage the Vessels in accordance with good standard ship management practice throughout the Facility Period;

(c) the Manager will not, without the prior written consent of the Security Trustee, the Agent and/or the Banks, take any action or institute any proceedings or make or assert any claim on or in respect of any Vessel managed or chartered by it or its Insurances or its Earnings or any of them or any other property or assets of any of the Shipowning Guarantors which are subject to any Encumbrance or right of set-off in favour of the Finance Parties or any of them by virtue of any of the Security Documents executed in favour of the Finance Parties or any of them pursuant to the Facility Agreement;

(d) the Manager is aware that the Vessels are mortgaged to the Security Trustee pursuant to the Mortgages and Deeds of Covenant and is aware of the terms of the Security Documents and will not do anything incompatible or inconsistent with the performance by the Shipowning Guarantors of their obligations under the Security Documents to which they are a party nor will the Manager act in a way which is detrimental or prejudicial to the interests of the

Finance Parties in relation to the Vessels, the Earnings, the Insurances and the Requisition Compensation;

(e) the Manager will promptly notify the Security Trustee, the Agent and/or the Banks in the event that it ceases for any reason whatsoever to be the manager or charterer of any Vessel managed or chartered by it or if the relevant Shipowning Guarantor purports to dismiss the Manager as manager and/or charterer of any Vessel;

(f) it will notify the Security Trustee, the Agent and/or the Banks immediately if at any time and from time to time the amount owed by the Shipowning Guarantors to the Manager exceeds five hundred thousand Dollars ($500,000);

(g) throughout the Facility Period, all the Manager' s rights in relation to the Vessels, their Earnings, Insurances and Requisition Compensation shall be fully subordinated to the rights of the Finance Parties under the Security Documents and the Manager acknowledges that the rights of the Security Trustee pursuant to the Mortgages and the Deeds of Covenant (including any power or right of sale, foreclosure or taking possession) shall in all respects have priority over the rights and powers of the Manager under the Charters;

(h) if at any time a sub manager is appointed pursuant to a Management Agreement or otherwise that the Manager will procure that on such appointment, the sub manager enters into an undertaking with Security Trustee, the Agent and/or the Banks in substantially the same form as this letter;

(i) the Manager shall not compete with the Finance Parties in a liquidation or other winding-up or bankruptcy of any Shipowning Guarantor or in any proceedings in connection with any Vessel, its Earnings or Insurances or Requisition Compensation;

(j) the Manager shall comply with all covenants of the Shipowning Guarantors contained in clauses 5 and 6 of the [Mortgagesand/or] Deeds of Covenants in relation to the Vessels; and

(k) the Manager shall promptly deliver to the Security Trustee a certified copy of each Management Agreement as and when the same is entered into.

5 Assignment

5.1 In consideration of an Instructing Group approving the entry by the Manager and the Shipowning Guarantors into the Charters and for other good and valuable consideration (the receipt and adequacy of which the Manager acknowledges), the Manager, with full title guarantee, hereby assigns absolutely and unconditionally

and agrees to assign to the Security Trustee all the Manager' s right, title and interest in and to the Insurances in respect of each of the Vessels.

5.2 The Manager agrees to give written notice of the assignment contained in paragraph 5.1 above to the relevant insurers immediately upon execution of this letter in the form attached at Schedule 2 to this letter.

5.3 The Manager agrees that at all times whilst the Manager is the manager and/or bareboat charterer of the Vessels to ensure that a loss payable clause in the form attached at Schedule 3 to this letter is endorsed on all insurance policies, cover notes and certificates of entry relating to the Vessels.

6 Third Party Rights

Notwithstanding the provisions of the Contracts (Rights of Third Parties) Act 1999, no term of this letter is enforceable by a person who is not a party to it other than the Security Trustee.

7 Jurisdiction

This letter shall be governed by and construed in accordance with English law and the Manager hereby agrees to submit to the non-exclusive jurisdiction of the English courts.

Yours faithfully

Signed and Delivered as a Deed by a
duly authorised attorney/managing director
For and on behalf of
[Stolt-Nielsen Transportation Group B.V.]

in the presence of:-

Schedule 1

Name of Vessel	Owner	Flag of Vessel

Schedule 2

Notice of Assignment

(For attachment by way of endorsement to
all policies, contracts and cover notes)

We, [Stolt Nielsen Transportation Group B.V.] of Westerlaan 5, 3016 CK, Rotterdam, The Netherlands, the managers and bareboat charterers of the m.v. "[ ]", m.v. "[ ]", m.v. "[ ]", m.v. "[ ], m.v. "[ ]", m.v. "[ ]" and m.v. "[ ]" (together the "**Vessels**") **GIVE NOTICE** that, by an assignment in writing contained in a letter dated 200[ ], we assigned to Deutsche Bank AG, acting through its office at [ ], on behalf of a syndicate of banks all our right, title and interest in and to all insurances effected or to be effected in respect of the Vessels, including the insurances constituted by the policy on which this notice is endorsed, and including all money payable and to become payable thereunder or in connection therewith (including return of premiums).

Signed: _____

For and on behalf of
[Stolt Nielsen Transportation Group B.V.]

Dated: 200[ ]

Schedule 3

Loss Payable Clause

It is noted that, by an assignment in writing contained in a letter dated 200[ ] [**STOLT NIELSEN TRANSPORTATION GROUP B.V.]** of Westerlaan 5, 3016 CK, Rotterdam, The Netherlands (the "**Manager**"), being the manager and bareboat charterer of the vessels m.v. "[ ]", m.v. "[ ]", m.v. "[ ]", m.v. "[ ]", m.v. "[ ]", m.v. "[ ]" and m.v. "[ ]" (together the "**Vessels**"), assigned absolutely to Deutsche Bank acting through its office at [ ] (the "**Mortgagee**") this policy and all benefits of this policy, including all claims of any nature (including return of premiums) under this policy.

Claims payable under this policy in respect of a total or constructive total or an arranged or agreed or compromised total loss or unrepaired damage and all claims which (in the opinion of the Mortgagee) are analogous thereto shall be payable to the Mortgagee up to the Mortgagee' s mortgage interest in accordance with clause 14.2.11 (c) of a Secured Revolving Facility Agreement dated [ ] 2005 made between (1) Stolt Tankers Finance II B.V. as borrower, (2) Stolt-Nielsen SA and others as guarantors, (3) the banks listed in Schedule 1 thereto as lenders (the "**Banks**"), (4) the banks and financial institutions listed in Schedule 3 thereto as lead arrangers and underwriters and (5) Deutsche Bank AG in Hamburg as facility agent and security trustee;

Subject thereto, all other claims, unless and until underwriters have received notice from the Mortgagee that an Event of Default has occurred, in which event all claims under this policy shall be payable directly to the Mortgagee up to the Mortgagee' s mortgage interest, shall be payable as follows:-

(i) a claim in respect of any one casualty where the aggregate claim against all insurers does not exceed **ONE MILLION UNITED STATES DOLLARS** (US$1,000,000) or the equivalent in any other currency, prior to adjustment for any franchise or deductible under the terms of the policy, shall be paid directly to the Manager for the repair, salvage or other charges involved or as a reimbursement if the Manager has fully repaired the damage and paid all of the salvage or other charges;

(ii) a claim in respect of any one casualty where the aggregate claim against all insurers exceeds **ONE MILLION UNITED STATES DOLLARS** (US$1,000,000) or the equivalent in any other currency prior to adjustment for any franchise or deductible under the terms of the

policy, shall, subject to the prior written consent of the Mortgagee, be paid to the manager as and when the relevant Vessel is restored to her former state and condition and the liability in respect of which the insurance loss is payable is discharged, and provided that the insurers may with such consent make payment on account of repairs in the course of being effected, but, in the absence of such prior written consent shall be payable directly to the Mortgagee up to the Mortgagee' s mortgage interest.

Notwithstanding the terms of this loss payable clause and notwithstanding notice of assignment, unless and until brokers receive notice from the Mortgagee to the contrary, brokers, underwriters/ insurers or the P & I Club shall be empowered to arrange their proportion of any collision and/or salvage guarantee to be given in the event of bail being required in order to prevent the arrest of the Vessels or to secure the release of such Vessel from arrest following a casualty.

All collections are to be made through [*name of brokers*].

EXHIBIT "A"

Bareboat Charterparties

PART B

To: Deutsche Bank AG in Hamburg
in its capacity as security trustee
for and on behalf of the Banks
(as defined below).

200[ ]

Dear Sirs

US$400,000,000 Secured Revolving Loan Facility to Stolt-Tankers Finance II B.V.

1 **Loan Agreement**

We understand that under a Revolving Loan Facility Agreement (the "**Facility Agreement**") dated [ ] 2005 between (1) Stolt Tankers Finance II B.V. as borrower (the "**Borrower**") (2) Stolt-Nielsen S.A. and others as guarantors (3) the banks and financial institutions listed in Schedule 1 to the Facility Agreement as lenders (the "**Banks**") (4) the banks and financial institutions listed in Schedule 3 to the Facility Agreement as lead arrangers and underwriters and (5) Deutsche Bank AG in Hamburg as facility agent and security trustee (the "**Agent**") each of the Banks agreed to advance to the Borrower its respective Commitment of an aggregate principal amount not exceeding four hundred million Dollars ($400,000,000) (the "**Loan**") and that it is a condition to the Banks' agreement to continue to make any part of the Loan available to the Borrower that we (the "**Managers**") enter into this letter in favour of the Security Trustee on behalf of the Banks.

2 **Definitions**

Words and expressions defined in the Facility Agreement shall have the same meanings when used herein.

3 **Confirmation of Appointment/ Representation & Warranties**

3.1 The Managers hereby confirm that:-

(a) they have been appointed as the managers of the vessels listed in the attached Schedule (the "**Vessels**"); and

3.2 The Managers hereby represent and warrant that the Managers are duly incorporated in their country of incorporation and have the power to enter into and perform their obligations under this letter and that this letter constitutes the legal, valid and binding obligations of the Managers enforceable in accordance with its terms.

4 **Undertakings**

The Managers undertake with the Security Trustee that:

(a) subject to the provisions of Clause 12.1.2 of the Facility Agreement, the Managers will remain the commercial and technical managers of the Vessels throughout the Facility Period;

(b) the Managers will manage the Vessels in accordance with good standard ship management practice throughout the Facility Period;

(c) the Managers will not, without the prior written consent of the Security Trustee, the Agent and/or the Banks, take any action or institute any proceedings or make or assert any claim on or in respect of any Vessel managed by it or its Insurances or its Earnings or any of them or any other property or assets of any of the Shipowning Guarantors subject to any Encumbrance or right of set-off in favour of the Finance Parties or any of them by virtue of any of the Security Documents executed in favour of the Finance Parties or any of them pursuant to the Facility Agreement;

(d) the Managers will not do anything incompatible or inconsistent with the performance by the Shipowning Guarantors of their obligations under the Security Documents to which they are a party;

(e) the Managers will promptly notify the Security Trustee, the Agent and/or the Banks in the event that they cease for any reason whatsoever to be the managers of any Vessel managed by it or if the relevant Shipowning Guarantor purports to dismiss any Manager as manager of any Vessel;

(f) they will notify the Security Trustee, the Agent and/or the Banks immediately if at any time and from time to time the amount owed by the Shipowning Guarantors to the Managers exceeds five hundred thousand Dollars ($500,000);

(g) throughout the Facility Period, all their rights in relation to the Vessels, their Earnings, Insurances and Requisition Compensation shall be fully subordinated to the rights of the Finance Parties under the Security Documents;

(h) if at any time a sub manager is appointed pursuant to a Management Agreement or otherwise that they will procure that on such appointment, the sub manager enters into an undertaking with the Security Trustee, the Agent and/or the Banks in substantially the same form as this letter;

(i) the Managers shall not compete with the Finance Parties in a liquidation or other winding-up or bankruptcy of any Shipowning Guarantor or in any proceedings in connection with any Vessel, its Earnings or Insurances or Requisition Compensation; and

(j) the Managers shall promptly deliver to the Security Trustee a certified copy of each Management Agreement as and when the same is entered into.

5 **Jurisdiction**

This letter shall be governed by and construed in accordance with English law and the Managers hereby agree to submit to the non-exclusive jurisdiction of the English courts.

Yours faithfully

Duly authorised signatory
For and on behalf of
[insert name of Manager]

Schedule

Name of Vessel	Owner	Flag of Vessel

Ann Marie Ehrhardt

SIGNED by [ILLEGIBLE])
duly authorised for and on behalf)
of **DEUTSCHE BANK AG**) /s/ [ILLEGIBLE]
IN HAMBURG (as a Bank)) /s/ Ann Marie Ehrhardt
in the presence of:-)

/s/ [ILLEGIBLE]
T. Bartel
DEUTSCHE BANK AG

SIGNED by Sheila Obhrai)
duly authorised for and on behalf)
of **DNB NOR BANK ASA**) /s/ Sheila Obhrai
(as a Bank))
in the presence of:-)

/s/ [ILLEGIBLE]

SIGNED by Sheila Obhrai)
duly authorised for and on behalf) /s/ Sheila Obhrai
of **DVB BANK AG**)
(as a Bank))
in the presence of:-)

/s/ [ILLEGIBLE]

SIGNED by Sheila Obhrai)

duly authorised for and on behalf)
of **NORDEA BANK NORGE ASA**) /s/ Sheila Obhrai
(as a Bank))
in the presence of:-)
/s/ [ILLEGIBLE]

Ann Marie Ehrhardt
SIGNED by [ILLEGIBLE])
duly authorised for and on behalf)
of **SCHIFFSHYPOTHEKENBANK**) /s/ [ILLEGIBLE]
zu LÜBECK AG) /s/ Ann Marie Ehrhardt
(as a Bank))
in the presence of:-)
/s/ [ILLEGIBLE]

SIGNED by Sheila Obhrai)
duly authorised for and on behalf)
of **CALYON**) /s/ Sheila Obhrai
(as a Bank))
in the presence of:-)
/s/ [ILLEGIBLE]

SIGNED by Sheila Obhrai)
duly authorised for and on behalf)
of **HSH NORDBANK AG**) /s/ Sheila Obhrai
(as a Bank))
in the presence of:-)
/s/ [ILLEGIBLE]

SIGNED by Sheila Obhrai)
duly authorised for and on behalf)
of **DEUTSCHE SCHIFFSBANK**) /s/ Sheila Obhrai
AKTIENGESELLSCHAFT)
(as a Bank))
in the presence of:-)
/s/ [ILLEGIBLE]

Ann Marie Ehrhardt)
SIGNED by [ILLEGIBLE]
duly authorised for and on behalf)
of **DEUTSCHE BANK**) /s/ [ILLEGIBLE]
IN HAMBURG) /s/ Ann Marie Ehrhardt
(as the Agent and Security Trustee))

in the presence of:-)

/s/ [ILLEGIBLE]

)

Ann Marie Ehrhardt

SIGNED by [ILLEGIBLE])

duly authorised for and on behalf)

of **DEUTSCHE BANK AG**) /s/ [ILLEGIBLE]

IN HAMBURG) /s/ Ann Marie Ehrhardt

(as a Lead Arranger))

in the presence of:-)

/s/ [ILLEGIBLE]

SIGNED by Sheila Obhrai)

duly authorised for and on behalf)

of **DNB NOR BANK ASA**) /s/ Sheila Obhrai

(as a Lead Arranger))

in the presence of:-)

/s/ [ILLEGIBLE]

SIGNED by Sheila Obhrai)

duly authorised for and on behalf)

of **DVB BANK AG**) /s/ Sheila Obhrai

(as a Lead Arranger))

in the presence of:-)

/s/ [ILLEGIBLE]

SIGNED by Sheila Obhrai)

duly authorised for and on behalf)

of **NORDEA BANK NORGE ASA**) /s/ Sheila Obhrai

(as a Lead Arranger))

in the presence of:-)

/s/ [ILLEGIBLE]

SIGNED by John Greenwood)

duly authorised for and on behalf)

of **STOLT TANKERS**) /s/ John Greenwood

FINANCE II B.V.)

in the presence of:-)

/s/ [ILLEGIBLE]

SIGNED by John Greenwood)

duly authorised for and on behalf)

of **STOLT NIELSEN S.A.**)
in the presence of:-)
/s/ [ILLEGIBLE]

/s/ John Greenwood

SIGNED by John Greenwood)
duly authorised for and on behalf)
of **STOLT NIELSEN**)
TRANSPORTATION GROUP LTD)
(Liberia))
in the presence of:-)
/s/ [ILLEGIBLE]

/s/ John Greenwood

SIGNED by John Greenwood)
duly authorised for and on behalf)
of **STOLT NIELSEN**)
TRANSPORTATION GROUP LTD)
(Bermuda))
in the presence of:-)
/s/ [ILLEGIBLE]

/s/ John Greenwood

SIGNED by John Greenwood)
duly authorised for and on behalf)
of **STOLT NIELSEN**)
INVESTMENTS N.V.)
in the presence of:-)
/s/ [ILLEGIBLE]

/s/ John Greenwood

SIGNED by John Greenwood)
duly authorised for and on behalf)
of **STOLT NIELSEN**)
HOLDINGS B.V.)
in the presence of:-)
/s/ [ILLEGIBLE]

/s/ John Greenwood

SIGNED by John Greenwood)
duly authorised for and on behalf)
of **STOLT-NIELSEN**)
TRANSPORTATION GROUP B.V.)
in the presence of:-)
/s/ [ILLEGIBLE]

/s/ John Greenwood

APPENDIX B

Mandatory Cost Formulae

1 The Mandatory Cost is an addition to the interest rate to compensate the Banks for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2 On the first day of each Interest Period (or as soon as possible thereafter) the Agent shall calculate, as a percentage rate, a rate (the "**Additional Cost Rate**") for each Bank in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Agent as a weighted average of the Banks' Additional Cost Rates (weighted in proportion to the percentage participation of each Bank in the Facility) and will be expressed as a percentage rate per annum.

3 The Additional Cost Rate for any Bank lending from an office in the euro-zone will be the percentage notified by that Bank to the Agent to be its reasonable determination of the cost (expressed as a percentage of that Bank' s participation in the Facility) of complying with the minimum reserve requirements of the European Central Bank as a result of participating in the Facility from that office.

4 The Additional Cost Rate for any Bank lending from an office in the United Kingdom will be calculated by the Agent as follows:

(a) where the Facility is denominated in Pounds Sterling:

$$BY + S(Y - Z) + F \times \frac{0.01}{100 - (B + S)} \text{ per cent per annum}$$

(b) where the Facility is denominated in any currency other than Pounds Sterling:

$$\frac{F \times 0.01}{300} \text{ per cent per annum}$$

where:

B is the percentage of eligible liabilities (assuming these to be in excess of any stated minimum) which that Bank is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements;

Y is the percentage rate of interest (excluding the Margin and the Mandatory Cost and, if the Facility is an overdue amount, the additional rate of interest specified in of Clause 7.6) payable for the relevant Interest Period on the Facility;

S is the percentage (if any) of eligible liabilities which that Bank is required from time to time to maintain as interest bearing special deposits with the Bank of England;

Z is the interest rate per annum payable by the Bank of England to that Bank on special deposits; and

F is the charge payable by that Bank to the Financial Services Authority under paragraph 2.02 or 2.03 (as appropriate) of the Fees Regulations or the equivalent provisions in any replacement regulations (with, for this purpose, the figure for the minimum amount in paragraph 2.02b or such equivalent provision deemed to be zero), expressed in pounds per £1 million of the fee base of that Bank.

5 For the purpose of this Schedule:

(a) "**eligible liabilities**" and "**special deposits**" have the meanings given to them at the time of application of the formula by the Bank of England;

(b) "**fee base**" has the meaning given to it in the Fees Regulations;

(c) "**Fees Regulations**" means the regulations governing periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits.

6 In the application of the formula B, Y, S and Z are included in the formula as figures and not as percentages, e.g. if B = 0.5% and Y = 15%, BY is calculated as 0.5. x 15. Each rate calculated in accordance with the formula is, if necessary, rounded upward to four decimal places.

7 If a Bank does not supply the information required by the Agent to determine its Additional Cost Rate when requested to do so, the applicable Mandatory Cost shall be determined on the basis of the information supplied by the remaining Banks.

8 If a change in circumstances has rendered, or will render, the formula inappropriate, the Agent shall notify the Borrower of the manner in which the Mandatory Cost will

subsequently be calculated. The manner of calculation so notified by the Agent shall, in the absence of manifest error, be binding on the Borrower.

Exhibit 4.11

DATED: 30 January 2006

STOLT TANKERS FINANCE III B.V.
(as borrower)

- and -

STOLT-NIELSEN S.A.
STOLT-NIELSEN TRANSPORTATION GROUP LTD (Liberia)
STOLT-NIELSEN TRANSPORTATION GROUP LTD (Bermuda)
STOLT-NIELSEN INVESTMENTS N.V.
STOLT-NIELSEN HOLDINGS BV
and STOLT-NIELSEN TRANSPORTATION GROUP BV
(as joint and several guarantors)

- and -

CITIBANK N.A.
(as underwriter and bookrunner)
and
DEUTSCHE BANK AG IN HAMBURG
DEUTSCHE SCHIFFSBANK AG
(as underwriters)

- and -

CITIGROUP GLOBAL MARKETS LIMITED
DEUTSCHE BANK AG IN HAMBURG
and
DEUTSCHE SCHIFFSBANK AG
(as mandated lead arrangers)

- and -

THE BANKS LISTED IN SCHEDULE 1
(as banks)

- and -

CITIBANK INTERNATIONAL PLC
(as facility agent)

- and -

CITICORP TRUSTEE COMPANY LIMITED
(as security trustee)

US$325,000,000
SECURED MULTICURRENCY
REVOLVING LOAN
FACILITY AGREEMENT

STEPHENSON HARWOOD

One St. Paul' s Churchyard
London EC4M 8SH
Tel: +44 (0)20 7329 4422
Fax: +44 (0)20 7329 7100
DX No. 64 Chaneery Lane
www.shlegal.com

CONTENTS

FACILITY AGREEMENT

Dated: 30 January 2006

BETWEEN:-

(1) **STOLT TANKERS FINANCE III B.V.** which is a company incorporated according to the law of the Netherlands with its registered office at Westerlaan 5, 3016 CK Rotterdam, the Netherlands (the "**Borrower**"); and

(2) the guarantors listed in Schedule 2, each being a company incorporated according to the law of the country of incorporation indicated against its name in Schedule 2 with its registered office as indicated against its name in Schedule 2 (together the "**Guarantors**" and each a "**Guarantor**");

(3) the banks and financial institutions listed in Schedule 1 Part A, each acting through its office at the address indicated against its name in Schedule 1 Part A (together "**the Banks**" and each a "**Bank**");

(4) the banks and financial institutions listed in Schedule 1 Part B acting as underwriters and the bookrunner through its office at the address indicated against its name in Schedule 1 Part B (together in those capacities the "**Underwriters**" and each an "**Underwriter**");

(5) the banks and financial institutions listed in Schedule 1 Part C each acting as mandated lead arranger through its office at the address indicated against its name in Schedule 1 Part C (together in that capacity the "**Lead Arrangers**" and each a "**Lead Arranger**");

(6) **CITIBANK INTERNATIONAL PLC** acting as facility agent through its office at, 5th Floor, 33 Canada Square, London, E14 5LB (in that capacity the "**Agent**"); and

(7) **CITICORP TRUSTEE COMPANY LIMITED** acting as security trustee through its office at, Citigroup Centre, Canada Square, London, E14 5LB (in that capacity the "**Security Trustee**").

WHEREAS:-

(A) Each of the Vessels is registered in the name and ownership of her Shipowning Guarantor under the flag of the country indicated in Schedule 3.

(B) Each of the Banks has agreed to advance to the Borrower its respective Commitment of an initial aggregate principal amount not exceeding three hundred and twenty five million

---

Dollars ($325,000,000) or the Equivalent Amount in a Permitted Currency or Permitted Currencies (as appropriate), provided that the aggregate of the Facility Outstandings, from time to time, shall not exceed the Existing Acceptable Collateral Value, for the general corporate purposes of the SNSA Group.

IT IS AGREED as follows:-

1 Definitions and Interpretation

1.1 **Definitions**

In this Agreement:-

1.1.1 "**Accepted Broker**" means such of P.F. Bassøe A.S. & Co., R.S. Platou Shipbrokers a.s., Fearnleys A/S, Odin Marine Inc., Compass Maritime Services LLC, OK Maritime AS and Inge Steensland AS or such other reputable independent broker as may be acceptable to the Agent acting in its absolute discretion.

1.1.2 "**Acceptable Market Value**" means eighty per cent (80%) of the Fair Market Value of all the Vessels mortgaged in favour of the Security Trustee from time to time (based on the most recent Valuations obtained pursuant to Clause 12.2.2 or Clause 2.4.5 (as the case may be)).

1.1.3 "**the Address for Service**" means c/o Stolt-Nielsen Limited, 71-91 Aldwych, London WC2B 4HN, England or, in relation to any of the Security Parties, such other address in England and Wales as that Security Party may from time to time designate by no fewer than ten Business Days' written notice to the Agent.

1.1.4 "**the Administration**" has the meaning given to it in paragraph 1.1.3 of the ISM Code.

1.1.5 the "**Advance Date**", in relation to any Drawing, means the date on which that Drawing is advanced by the Banks to the Borrower pursuant to Clause 2.

1.1.6 "**Annex VI**" means Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997).

1.1.7 "**the Assignments**" means the deeds of assignment of the Insurances, Earnings and Requisition Compensation in respect of each Vessel referred to in Clause 10.2 (each an "**Assignment**").

1.1.8 "**the Borrower' s Obligations**" means all of the liabilities and obligations of the Borrower to the Finance Parties under or pursuant to the Borrower' s Security Documents, whether actual or contingent, present or future, and whether incurred alone or jointly or jointly and severally with any other and in whatever currency, including (without limitation) interest, commission and all other charges and expenses.

1.1.9 "**the Borrower' s Security Documents**" means those of the Security Documents to which the Borrower is or is to be a party.

1.1.10 "**Break Costs**" means all documented costs, losses, premiums or penalties incurred by any of the Finance Parties in the circumstances contemplated by Clause 19.4 or as a result of any of them receiving any prepayment of all or any part of the Facility (whether pursuant to Clause 6.2 or otherwise) or any other payment under or in relation to the Security Documents on a day other than the due date for payment of the sum in question, and includes (without limitation) any losses or costs incurred in liquidating or re-employing deposits from third parties acquired to effect or maintain the Facility, and any liabilities, expenses or losses incurred by any of the Finance Parties in terminating or reversing, or otherwise in connection with, any interest rate and/or currency swap, transaction or arrangement entered into by any of the Finance Parties to hedge any exposure arising under this Agreement, or in terminating or reversing, or otherwise in connection with, any open position arising under this Agreement.

1.1.11 "**Business Day**" means (a) a day on which banks are open for the transaction of business of the nature contemplated by this Agreement (and not authorised by law to close) in New York City, United States of America; London, England; Oslo, Norway; and Hamburg, Federal Republic of Germany or (b) in relation to the determination of interest rates for Euros only, a day on which TARGET is operating.

1.1.12 "**Cash**" means cash at bank or in hand which is not subject to any charge back or other Encumbrance and to which a member of the SNSA Group has free, immediate and direct access.

1.1.13 "**Certificate of Compliance**" means a certificate materially in the form set forth in Schedule 4 with such amendments as may be necessary to reflect the financial position stated in SNSA' s most recent financial statements, signed by the chief financial officer or senior vice president for corporate finance of SNSA.

1.1.14 "**Commitment**" means, in relation to each Bank, the amount of the Facility which that Bank agrees to advance to the Borrower as its several liability pursuant to Clause 2, as indicated against the name of that Bank in Schedule 1 Part A, as reduced from time to time in accordance with Clause 2.4.6 and the amount of any other Commitment transferred to it under this Agreement.

1.1.15 "**Commitment Commission**" means the commitment commission to be paid by the Borrower to the Agent pursuant to Clause 9.1.

1.1.16 a "**Communication**" means any notice, approval, demand, request or other communication from one party to this Agreement to any other party to this Agreement.

1.1.17 "**the Communications Address**" means c/o Stolt-Nielsen Limited, 71-91 Aldwych, London WC2B 4HN, England, fax no: +(44) 207 611 89 65 marked for the attention of Chief Financial Officer and e-mail: jce@stolt.com.

1.1.18 "**the Company**" means, in relation to any Vessel and at any given time, the company responsible for the Vessel' s compliance with the ISM Code pursuant to paragraph 1.1.2 of the ISM Code.

1.1.19 "**Consolidated Debt**" means for the SNSA Group (on a consolidated basis, without duplication and measured on a quarterly basis) at any time, the aggregate value of (i) moneys borrowed, plus (ii) notes payable (whether promissory notes or otherwise), plus (iii) amounts raised by acceptance under any acceptance credit facility, plus (iv) amounts raised pursuant to any note purchase facility or the issue of bonds, notes,

debentures or similar instruments, plus (v) the amount of any liability in respect of lease or hire purchase obligations which, according to US GAAP, would be treated as finance or capital leases, plus (vi) all contingent liabilities, including guarantee obligations, related to debt and capital lease obligations of third parties which, according to US GAAP, are considered probable and estimable, plus (vii) subordinated debt, less (viii) the amount of that part of any financial indebtedness for which there is a blocked or restricted Cash deposit which will repay such part of such financial indebtedness.

1.1.20 "**Consolidated Interest Expense**" means, for the SNSA Group (on a consolidated basis) for the most recent four fiscal quarters of SNSA for which financial statements have been prepared, interest expense (including the interest component of any capital lease obligations) on all Consolidated Debt, determined in accordance with US GAAP.

1.1.21 "**Consolidated EBITDA**" means, for the SNSA Group (on a consolidated basis) the aggregate value of (i) net income (or net loss), (ii) Consolidated Interest Expense, (iii) provisions for income taxes, (iv) depreciation, amortisation and other non-cash charges deducted in arriving at such net income (or net loss), at any time during the Facility Period as determined in accordance with US GAAP for the most recent four fiscal quarters of SNSA for which financial statements have been prepared, calculated on a pro forma historical basis to include acquisitions.

1.1.22 "**Consolidated Tangible Net Worth**" means, for the SNSA Group (on a consolidated basis) at the end of the most recent quarter for which financial statements have been prepared, (a) the sum, to the extent shown on SNSA' s consolidated balance sheet, of (i) the amount of issued and outstanding share capital, less the cost of treasury shares of SNSA, plus (ii) the amount of surplus and retained earnings, less (b) intangible assets as determined in accordance with US GAAP.

1.1.23 "**converted**" means actually or notionally (as the case may require) converted by the Agent at the rate at which the Agent, in accordance with its usual practice, is able in the relevant interbank market to purchase the Permitted Currency in which the Facility or part

thereof is to be denominated with the Permitted Currency in which the Facility or part thereof is then denominated, on the second Business Day before the value date for that conversion pursuant to Clause 5, and the words "**convert**", "**convertible**" and "**conversion**" shall be interpreted accordingly.

1.1.24 "**Currency of Account**" means, in relation to any payment to be made to a Finance Party pursuant to any of the Security Documents, the currency in which that payment is required to be made by the terms of the relevant Security Document.

1.1.25 "**the Deeds of Covenants**" means the deeds of covenants referred to in Clause 10.1 (each a "**Deed of Covenants**").

1.1.26 "**Default Interest**" means interest at the Default Rate.

1.1.27 "**Default Rate**" means the rate which is one per centum (1%) per annum over the aggregate of (i) the applicable Margin, (ii) the relevant Interbank Market Offer Rate and (iii) any Mandatory Cost.

1.1.28 "**DOC**" means a valid Document of Compliance issued for the Company by the Administration pursuant to paragraph 13.2 of the ISM Code.

1.1.29 "**Dollars**" and "**$**" each means available and freely transferable and convertible funds in lawful currency of the United States of America.

1.1.30 "**Drawdown Notice**" means a notice complying with Clause 2.3.

1.1.31 "**Drawing**" means a part (or, if requested and available, all) of the Facility advanced by the Banks to the Borrower in accordance with Clause 2.

1.1.32 "**Earnings**", in relation to a Vessel, means all hires, freights, pool income and other sums payable to or for the account of a Shipowning Guarantor in respect of that Vessel including (without limitation) all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for breach, termination or variation of any contract for the operation, employment or use of the Vessel.

1.1.33 "**Encumbrance**" means any mortgage, charge, pledge, lien, assignment, hypothecation, preferential right, option, title retention or trust arrangement or any other agreement or arrangement which, in any of the aforementioned instances, has the effect of creating security.

1.1.34 "**Equivalent Amount**" means the amount of any Permitted Currency converted from the relevant amount of Dollars.

1.1.35 "**EURIBOR**" means:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for Euro or for the Interest Period of that Drawing) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the European Euro interbank market,

at 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits for a period comparable to the Interest Period for that Drawing.

1.1.36 "**Euro**" **and** " " means the currency of participating member states of the European Monetary Union pursuant to Council Regulation (EC) 974/98 of 3 May 1998, as amended from time to time.

1.1.37 "**Event of Default**" means any of the events set out in Clause 14.2.

1.1.38 "**Execution Date**" means the date, occurring no later than 31 January 2006, on which this Agreement is signed by all parties who are a signatory to it, or such later date as may be agreed by the parties to this Agreement.

1.1.39 "**the Existing Acceptable Collateral Value**" means, from time to time, the sum (converted into Dollars) of (a) the Acceptable Market Value of all Vessels from time to time (including any Vessel which became a Total Loss within 180 days before, which Vessel shall be valued at the amount being the lesser of (i) the amount of insurance proceeds which the Agent reasonably expects to be paid in respect of any insurance claim relating to the Total Loss of such Vessel and (ii) the Acceptable Market Value of such Vessel) plus (b) 80% of the value of other collateral accepted by the

Banks pursuant to Clause 2.4.5 plus (c) the amount of any Cash pledged as collateral pursuant to Clause 2.4.5.

1.1.40 "**Facility**" means the secured multicurrency revolving credit facility made available by the Banks to the Borrower pursuant to this Agreement.

1.1.41 "**the Facility Outstandings**" at any time means the total of all Drawings made at that time and converted into Dollars, to the extent not reduced by repayments or prepayments.

1.1.42 "**the Facility Outstandings Test Date**" means a date on which any of the following occurs:

(a) a Drawing;

(b) each Interest Payment Date;

(c) a Vessel is sold or disposed of in accordance with Clause 12.1.4;

(d) one or more new Valuations are received by the Agent or the Agent obtains valuations of other collateral in accordance with the terms of the pledge of such collateral;

(e) fifteen (15) Business Days after a Total Loss; or

(f) after a Total Loss, the earliest to occur of (i) the receipt of the insurance proceeds for such Total Loss, (ii) 180 days after such Total Loss; or (iii) the Agent, after consultation with the Borrower, reasonably concludes it is likely that the insurance proceeds from such Total Loss will be less than the Acceptable Market Value of such Vessel.

1.1.43 "**the Facility Period**" means the period beginning on the Execution Date and ending on the date when (i) the whole of the Indebtedness has been repaid in full and the Borrower has ceased to be under any further actual or contingent liability to the Finance Parties under or in connection with the Security Documents and (ii) the Termination Date has occurred.

1.1.44 "**Fair Market Value**" means the aggregate of the market values of all the Vessels mortgaged in favour of the Security Trustee from time to time or any of them as determined annually and otherwise by a Valuation for each such Vessel pursuant to Clause 12.2.2.

1.1.45 "**the Fee Letter**" means the letter dated 2 December 2005 from the Citigroup Global Markets Limited and Citibank N.A. as agreed and accepted by SNSA on 5 December 2005.

1.1.46 "**the Finance Parties**" means the Banks, the Agent, the Security Trustee, the Underwriters and the Lead Arrangers.

1.1.47 "**First Reduction Date**" means the date falling sixty months after the Execution Date.

1.1.48 "**the Guarantee**" means the guarantee and indemnity of the Guarantors contained in Clause 8.

1.1.49 "**the Guarantors' Liabilities**" means all of the liabilities and obligations of the Guarantors to the Finance Parties under or pursuant to the Guarantee whether actual or contingent, including (without limitation) Default Interest.

1.1.50 "**IAPPC**" means a valid international air pollution prevention certificate for the Vessel issued under Annex VI.

1.1.51 "**the Indebtedness**" means the Facility Outstandings together with all interest thereon; all other sums of any nature including costs and fees (together with all interest on any of those sums) which from time to time may be payable by the Borrower to the Finance Parties pursuant to the Security Documents; any damages payable as a result of any breach by the Borrower of any of the Security Documents; and any damages or other sums payable as a result of any of the obligations of the Borrower under or pursuant to any of the Security Documents being disclaimed by a liquidator or any other person, or, where the context permits, the amount thereof for the time being outstanding.

1.1.52 "**Independent Managers**" means commercial and/or technical managers of the Vessels other than Stolt Managers, nominated by the Shipowning Guarantors as an Instructing Group may approve in its discretion.

1.1.53 an "**Instructing Group**" means any one or more Banks whose combined Proportionate Shares exceed fifty per centum (50%) of the aggregate of Commitments.

1.1.54 "**Insurances**", in relation to a Vessel, means all policies and contracts of insurance (including but not limited to hull and machinery, all entries in protection and indemnity or war risks associations) which are from time to time taken out or entered into in respect of or in connection with that Vessel or her increased value and (where the context permits) all benefits thereof, including all claims of any nature and returns of premium.

1.1.55 "**Insurance Proceeds Amount**" means such amount of the insurance proceeds in respect of a Total Loss which are required to be paid by the Borrower to the Agent to ensure that the Borrower remains in full compliance with its obligations under this Agreement.

1.1.56 "**Interbank Market Offer Rate**" means EURIBOR, LIBOR and/or NIBOR (as the case may be).

1.1.57 "**Interest Payment Date**" means each date for the payment of interest in accordance with Clause 7.

1.1.58 "**Interest Period**" means each interest period selected by the Borrower or agreed by the Agent pursuant to Clause 7.1.

1.1.59 "**Initial Termination Date**" means the date falling seven (7) years from the Execution Date.

1.1.60 "**the ISM Code**" means the International Management Code for the Safe Management of Ships and for Pollution Prevention, as adopted by the Assembly of the International Maritime Organisation on 4 November 1993 by resolution A.741 (18) and incorporated on 19 May 1994 as chapter IX of the Safety of Life at Sea Convention 1974.

1.1.61 "**the ISPS Code**" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation (as the same may be amended from time to time).

1.1.62 "**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

1.1.63 "**law**" means any law, statute, treaty, convention, regulation, instrument or other subordinate legislation or other legislative or quasi-legislative rule or measure, or any order or decree of any government, judicial or public or other body or authority, or any directive, code of practice, circular, guidance note or other direction issued by any competent authority or agency (whether or not having the force of law).

1.1.64 "**LIBOR**" means, in relation to any Drawing denominated in Dollars or Pounds Sterling:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Currency of Account or for the Interest Period of that Drawing) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the London interbank market,

at 11.00am on the Quotation Day for the offering of deposits in the Currency of Account and for a period comparable to the Interest Period for that Drawing.

1.1.65 "**the Managers**" means the Stolt Managers and/or the Independent Managers, as the case may be.

1.1.66 "**Management Agreement**" means, in relation to any Vessel which is not self managed by a member of the SNSA Group, the Management Agreement made between such Managers and the relevant Shipowning Guarantor.

1.1.67 "**Mandatory Cost**" means the percentage rate per annum calculated by the Agent in accordance with Appendix B.

1.1.68 "**Margin**" based on the ratio of Consolidated Debt to Consolidated EBITDA for the four fiscal quarters determined in accordance with the final sentence of this definition ("**D/EBITDA**") for which financial statements of the SNSA Group have been prepared, means, nought point seven per cent (0.70%) per annum until the date falling twelve months after the Execution Date and thereafter:-

(i) 0.60% per annum where D/EBITDA is equal to 2 or less;

(ii) 0.70% per annum where D/EBITDA is greater than 2 but equal to or less than 3;

(iii) 0.80% per annum where D/EBITDA is greater than 3 but equal to or less than 4;

(iv) 0.90% per annum where D/EBITDA is greater than 4 but equal to or less than 5; and

(v) 1.20% per annum where D/EBITDA is greater than 5 or if it is not possible to calculate D/EBITDA for that period.

The Margin shall be calculated by the Agent as of 28/29 February, 31 May, 31 August and 30 November each year (each a "**Margin Review Date**") commencing 30 November 2005 for the succeeding fiscal quarter and shall be calculated based on the Consolidated Debt as of the previous Margin Review Date over Consolidated EBITDA for the four fiscal quarters, the most recent of which shall have ended on the previous Margin Review Date.

1.1.69 "**Material Subsidiary**" means, at any time, (i) each Subsidiary of SNSA whose tangible net worth at such time is equal to or greater than five per cent of the consolidated tangible net worth of SNSA and all its Subsidiaries at such time (ii) each of any two or more Subsidiaries which would each not be a Material Subsidiary for the purposes of paragraph (i) but whose aggregate tangible net worth at such time is equal to or greater than five per cent of the consolidated tangible net worth of SNSA and all its subsidiaries at such time and (iii) each Subsidiary of SNSA the whole or any part of whose financial indebtedness at such time is guaranteed or secured in any way by the Security Parties, or any one of them (but only if the portion of the indebtedness guaranteed or secured is at least

$7,500,000). For the purposes of this definition, the term "**tangible net worth**" shall be construed in accordance with US GAAP at the time any determination of tangible net worth is being made for purposes of this Agreement.

1.1.70 "**the Maximum Facility Amount**" means the aggregate amount of the Commitments (stated in Dollars) subject to any reductions effected, from time to time, in accordance with Clauses 2.4.1, 2.4.2 or 17.8.

1.1.71 "**the Maximum Available Facility Amount**" means the lesser of, the Maximum Facility Amount and the Existing Acceptable Collateral Value as calculated by the Agent on each Facility Outstandings Test Date.

1.1.72 "**the Mortgagees' Insurances**" means all policies and contracts of mortgagees' interest insurance and any other insurance from time to time taken out by Deutsche Schiffsbank AG on behalf of the Banks in relation to the Vessels pursuant to this Agreement.

1.1.73 "**the Mortgages**" means the first priority mortgages or first preferred mortgages (as the case may be) referred to in Clause 10.1 (each a "**Mortgage**").

1.1.74 "**NIBOR**" means:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for Norwegian Kroner or for the Interest Period of that Drawing) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the Norwegian interbank market,

at 12.00 p.m. (Oslo time) on the Quotation Day for the offering of deposits in Norwegian Kroner and for a period comparable to the Interest Period for that Drawing.

1.1.75 "**Norwegian Kroner**" means available and freely transferable and convertible funds in the lawful currency of the Kingdom of Norway.

1.1.76 "**Permitted Currency**" means Dollars, the Euro, Norwegian Kroner and Pounds Sterling provided that each such preceding currency selected by the Borrower is freely convertible, transferable and available to the Banks in the relevant interbank market and in respect of which the Agent is at all material times able to ascertain the relevant Interbank Market Offer Rate.

1.1.77 "**Permitted Liens**" means (i) liens for salvage and any Encumbrance which has the prior written approval of the Agent acting upon the instructions of an Instructing Group, or (ii) any Encumbrance arising either by operation of law or in the ordinary course of the business of the relevant Security Party which is discharged in the ordinary course of business but in any event does not exist for more than sixty (60) days and/or is covered by insurance.

1.1.78 "**Potential Event of Default**" means any event which, with the giving of notice and/or the passage of time would constitute an Event of Default.

1.1.79 "**Pounds Sterling**" means pounds sterling being the available and freely transferable and convertible funds in the lawful currency of the United Kingdom.

1.1.80 "**Press Statement**" means the press releases issued in connection with SNSA' s quarterly financial results subsequent to the 20-F Filing.

1.1.81 "**Proceedings**" means any suit, action or proceedings begun by any of the Finance Parties arising out of or in connection with the Security Documents.

1.1.82 "**Proportionate Share**" means, for each Bank, the percentage indicated against the name of that Bank in Schedule 1 Part A, as amended by any Transfer Certificate executed from time to time.

1.1.83 "**Quotation Day**" means, in relation to any period for which an interest rate is to be determined:

(a) (if the currency is Pounds Sterling) on the first day of that period;

(b) (if the currency is Euro) two TARGET Days before the first day of that period; or

(c) (for any other Permitted Currency) two Business Days before the first day of that period.

1.1.84 "**Reduction Amount**" means forty million Dollars ($40,000,000).

1.1.85 "**Reference Banks**" means Citibank N.A., Deutsche Bank AG and Deutsche Schiffsbank AG.

1.1.86 "**Requisition Compensation**", in relation to a Vessel, means all compensation or other money which may from time to time be payable to the relevant Shipowning Guarantor as a result of the Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

1.1.87 "**Screen Rate**" means the British Bankers Association Interest Settlement Rate for the relevant currency and period and displayed on the appropriate page of the Telerate, Reuters or Bloomberg screen or such other screen as is customarily used for that purpose for Dollars and Pounds Sterling, Reuters screen page EURIBOR 01 for Euro or Reuters screen page NIBP for Norwegian Kroner.

1.1.88 "**Second Reduction Date**" means the date falling seventy two (72) months after the Execution Date.

1.1.89 "**the Security Documents**" means this Agreement, the Mortgages, the Deeds of Covenants, the Assignments and the Shipowners' Guarantee, or (where the context permits) any one or more of them, and any other agreement or document which may at any time be executed by a member of the SNSA Group as security for the payment of all or any part of the Indebtedness.

1.1.90 "**Security Parties**" means the Borrower, the Guarantors, the Shipowning Guarantors, the Stolt Managers and any other member of the SNSA Group who may at any time during the Facility Period be liable for, or provide security for, all or any part of the Indebtedness, and "**Security Party**" means any one of them.

1.1.91 "**the Shipowners' Guarantee**" means the joint and several guarantee and indemnity of the Shipowning Guarantors referred to in Clause 10.3.

1.1.92 "**the Shipowning Guarantors**" means the companies listed in Schedule 3, each of which is a company incorporated according to the law of the country indicated against its name in Schedule 3 with its registered office and/or principal place of business at the address indicated against its name in Schedule 3 (each "**a Shipowning Guarantor**").

1.1.93 "**SMC**" in relation to any Vessel, means a valid safety management certificate issued for the Vessel by or on behalf of the Administration pursuant to paragraph 13.4 of the ISM Code.

1.1.94 "**SMS**" in relation to any Vessel, means a safety management system for the Vessel developed and implemented in accordance with the ISM Code and including the functional requirements, duties and obligations required by the ISM Code.

1.1.95 "**SNSA**" means the Guarantor, Stolt-Nielsen S.A., being a company incorporated according to the laws of Luxembourg.

1.1.96 "**SNSA Group**" means SNSA and its Subsidiaries.

1.1.97 "**SNTG (Liberia)** means the Guarantor, Stolt-Nielsen Transportation Group Ltd, being a company incorporated according to the laws of Liberia.

1.1.98 "**Stolt Managers**" means any member of the SNSA Group acting as commercial and/or technical managers of the Vessels.

1.1.99 "**Subsequent Reduction Date**" means the Initial Termination Date and each date occurring on the anniversary thereof on which the Initial Termination Date is extended pursuant to Clause 2.6.

1.1.100 "**Subsidiary**" means a subsidiary undertaking, as defined in section 258 Companies Act 1985 or any analogous definition under any other relevant system of law.

1.1.101 "**Surety**" means any person (other than the Borrower or the Guarantors) who has given or who may in the future give to the Finance Parties or any of them any security, guarantee or indemnity for or in relation to the Borrower' s Obligations.

1.1.102 "**TARGET**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

1.1.103 "**TARGET Day**" means any day on which (a) TARGET is open for the settlement of payments in Euro and (b) banks are open for the transaction

of business of the nature contemplated by this Agreement in New York City, United States of America.

1.1.104 "**Taxes**" means all taxes, levies, imposts, duties, charges, fees, deductions and withholdings (including any related interest and penalties) and any restrictions or conditions resulting in any charge, other than taxes on the overall net income of a Finance Party or branch thereof, and "**Tax**" and "**Taxation**" shall be interpreted accordingly.

1.1.105 "**the Termination Date**" means the Initial Termination Date or such later date as may be selected or permitted (as the case may be) pursuant to Clause 2.6.

1.1.106 "**Total Loss**", in relation to a Vessel means:-

(a) an actual, constructive, arranged, agreed or compromised total loss of that Vessel; or

(b) the requisition for title, compulsory acquisition, nationalisation or expropriation of that Vessel by or on behalf of any government or other authority (other than by way of requisition for hire); or

(c) the capture, seizure, arrest, detention or confiscation of that Vessel, unless the Vessel is released and returned to the possession of the relevant Shipowning Guarantor within two months after the capture, seizure, arrest, detention or confiscation in question.

1.1.107 "**Transfer Certificate**" means a certificate materially in the form set forth in Schedule 5 signed by a Bank and a Transferee whereby:

(a) such Bank seeks to procure the transfer to such Transferee of all or a part of such Bank' s rights and obligations under this Agreement upon and subject to the terms and conditions set out in Clause 16; and

(b) such Transferee undertakes to perform the obligations it will assume as a result of delivery of such certificate to the Agent as is contemplated in Clause 16.

1.1.108 "**Transfer Date**" means, in relation to any Transfer Certificate, the date for the making of the transfer specified in the schedule to such Transfer Certificate.

1.1.109 "**Transferee**" means a bank or other financial institution to which a Bank seeks to transfer all or part of such Bank' s rights and obligations under this Agreement.

1.1.110 "**the Trust Property**" means:-

(a) the benefit of the covenant contained in Clause 10; and

(b) all benefits arising under (including, without limitation, all proceeds of the enforcement of) each of the Security Documents (other than this Agreement), with the exception of any benefits arising solely for the benefit of the Agent).

1.1.111 "**20-F Filing**" means SNSA' s 20-F filing with the United States Securities and Exchange Commission made on 31 May 2005 relating to its fiscal year ending 30 November 2004.

1.1.112 "**US GAAP**" means the generally accepted accounting principles in the United States of America, from time to time in effect, provided that if any changes to such accounting principles negatively impact SNSA' s ability to meet its financial covenants, the Banks and the Borrower will enter into good faith discussions in order to agree upon new financial covenants consistent with the original intent of Clause 12.3. If as of the effective date of the change no agreement has been reached with regard to the form and content of the new financial covenants, the Borrower shall prepay such amount of the Facility Outstandings as is necessary to ensure SNSA returns to full compliance with the covenants originally set forth in Clause 12.3.

1.1.113 "**Valuation**" means in relation to each Vessel, the arithmetic mean of three written valuations of that Vessel expressed in Dollars each prepared by an Accepted Broker. Such valuations shall be prepared at the Borrower' s expense, without a physical inspection, on the basis of a sale for prompt delivery for cash at arm' s length between a willing buyer and a willing seller without the benefit of any charterparty or other contract of

engagement, and each Vessel shall be valued as a "parcel tanker" engaged in the parcel tanker trade and operating on the spot market.

1.1.114 "**the Vessels**" means the vessels listed in Schedule 3 and any other vessel from time to time which may be mortgaged to the Security Trustee under or pursuant to this Agreement and everything now or in the future belonging to them on board and ashore (each a "**Vessel**").

1.2 **Interpretation**

In this Agreement:-

1.2.1 words denoting the plural number include the singular and vice versa;

1.2.2 words denoting persons include corporations, partnerships, associations of persons (whether incorporated or not) or governmental or quasi-governmental bodies or authorities and vice versa;

1.2.3 references to Recitals, Clauses, Schedules and Appendices are references to recitals and clauses of, and schedules and appendices to, this Agreement;

1.2.4 references to this Agreement include the Recitals, the Schedules and the Appendices;

1.2.5 the headings and contents page(s) are for the purpose of reference only, have no legal or other significance, and shall be ignored in the interpretation of this Agreement;

1.2.6 references to any document (including, without limitation, to all or any of the Security Documents) are, unless the context otherwise requires, references to that document as amended, supplemented, novated or replaced from time to time;

1.2.7 references to statutes or provisions of statutes are references to those statutes, or those provisions, as from time to time amended, replaced or re-enacted;

1.2.8 references to any of the Finance Parties include its successors, Transferees and assignees;

1.2.9 references to times of day are (unless otherwise stipulated) to London time; and

1.2.10 the word "including" means including (without limitation) to the extent not already stated.

1.3 **Joint and several liability**

1.3.1 All obligations, covenants, representations, warranties and undertakings in or pursuant to the Security Documents assumed, given, made or entered into by the Borrower and the Guarantors shall, unless otherwise expressly provided, be assumed, given, made or entered into by the Borrower and the Guarantors jointly and severally.

1.3.2 Each of the Borrower and the Guarantors agrees that any rights which it may have at any time during the Facility Period by reason of the performance of its obligations under the Security Documents to be indemnified by the other or by any Surety and/or to take the benefit of any security taken by the Finance Parties pursuant to the Security Documents shall be exercised in such manner and on such terms as the Agent may require. Each of the Borrower and the Guarantors agrees to hold any sums received by it as a result of its having exercised any such right on trust for the Agent (as agent for the Banks) absolutely.

1.3.3 Each of the Borrower and the Guarantors agrees that it will not at any time during the Facility Period claim any set-off or counterclaim against the other or against any Surety in respect of any liability owed to it by the other or by any Surety under or in connection with the Security Documents, nor prove in competition with any Finance Party in any liquidation of (or analogous proceeding in respect of) the other or of any Surety in respect of any payment made under the Security Documents or in respect of any sum which includes the proceeds of realisation of any security held by any of the Finance Parties for the repayment of the Indebtedness.

2 The Facility and its Purpose

2.1 **Agreement to lend** Subject to the terms and conditions of this Agreement, and in reliance on each of the representations and warranties made or to be made in or in

accordance with each of the Security Documents, each of the Banks agrees to advance to the Borrower its Commitment of an aggregate principal amount up to but not exceeding the Maximum Facility Amount to be used by the Borrower for the purposes referred to in Recital (B).

2.2 **Drawings** Subject to satisfaction by the Borrower of the conditions set out in Clause 3.1 (in respect of the first Drawing), Clause 3.3 (in respect of all subsequent Drawings), and subject to Clause 2.3, each Drawing shall be advanced to the Borrower, in each case by the Agent transferring the amount of the Drawing to such account of the Borrower as the Borrower shall notify to the Agent in the relevant Drawdown Notice by such same day method of funds transfer as the Agent shall select.

2.3 **Advance of Drawings** Each Drawing shall be advanced in the Permitted Currency selected in accordance with Clause 5.1. Each Drawing shall be advanced on a Business Day, provided that the Borrower shall have given to the Agent by 11.00 a.m. not more than ten and not fewer than three Business Days' notice in writing signed in accordance with a form of mandate provided by the Borrower to the Agent materially in the form set out in Appendix A of the required Advance Date of the Drawing in question. Each Drawdown Notice shall be signed on behalf of the Borrower by the chief financial officer or senior vice president for corporate finance for SNSA, the treasurer of SNTG (Liberia) or by any individual identified by any of them pursuant to notice given from time to time in accordance with Clause 18. Each Drawdown Notice once given shall be irrevocable and shall constitute a warranty by the Borrower that:-

2.3.1 all conditions precedent to the advance of the Drawing requested in that Drawdown Notice will have been satisfied on or before the Advance Date requested;

2.3.2 no Event of Default or Potential Event of Default has occurred or will then have occurred;

2.3.3 no Event of Default or Potential Event of Default will result from the advance of the Drawing in question; and

2.3.4 the advance of the Drawing in question would not result in the Facility Outstandings exceeding the Maximum Available Facility Amount.

The Agent shall promptly notify each Bank of the receipt of each Drawdown Notice, following which each Bank will make its Proportionate Share of the amount of the requested Drawing available to the Borrower through the Agent on the Advance Date requested.

2.4 **Facility Adjustments**

2.4.1 Subject to the terms and conditions of this Agreement, the Maximum Facility Amount available to the Borrower for drawing under this Agreement shall be three hundred and twenty five million Dollars ($325,000,000) during the period from the Execution Date until the First Reduction Date. On the First Reduction Date and on the Second Reduction Date the above Maximum Facility Amount shall reduce by the Reduction Amount with a final reduction occurring on the Initial Termination Date to reduce the Facility to zero. Provided that if the Initial Termination Date is extended in accordance with Clause 2.6, the Maximum Facility Amount shall not reduce to zero on the Initial Termination Date but shall further reduce by the Reduction Amount on each Subsequent Reduction Date to occur with a final reduction occurring on the actual Termination Date to reduce the facility to zero. The mandatory reductions in the Maximum Facility Amount under this Clause will be made in the amounts and at the times specified whether or not the Maximum Facility Amount is reduced pursuant to Clause 2.4.2 or Clause 17.8.

2.4.2 The Borrower may from time to time voluntarily reduce the Maximum Facility Amount in whole or in part in a minimum amount of five million Dollars ($5,000,000) or any greater whole number of millions of Dollars provided that it has first given to the Agent not fewer than five Business Days' prior written notice expiring on a Business Day of its desire to reduce the Maximum Facility Amount. Any such reduction in the Maximum Facility Amount shall not be available for re-drawing.

2.4.3 The Facility Outstandings shall not exceed the Maximum Available Facility Amount. If, from time to time, on any Facility Outstandings Test Date, the Facility Outstandings exceed the Maximum Available Facility Amount, the

Borrower shall immediately prepay such amount of the Facility Outstandings as will ensure that the Facility Outstandings are

equal to or are less than the Maximum Available Facility Amount. Clauses 6.3, 6.4 and 6.5 shall apply, mutatis mutandis, to any prepayment made pursuant to this Clause.

2.4.4 To the extent that repayments or prepayments made by the Borrower to the Agent in accordance with this Agreement reduce the Facility Outstandings to less than the Maximum Available Facility Amount the Borrower shall again be entitled to make Drawings in accordance with and subject to the terms of this Agreement.

2.4.5 At any time and from time to time when the Maximum Available Facility Amount is less than the Maximum Facility Amount, the Borrower may provide (x) Cash, (y) additional vessels acceptable to the Banks on terms substantially equivalent to the security interests in the Vessels granted pursuant to the Security Documents, or (z) other collateral acceptable to the Banks on terms acceptable in their discretion, upon which a new calculation of the Existing Acceptable Collateral Value and a corresponding adjustment in the Maximum Available Facility Amount shall be made, it being understood that if the Existing Acceptable Collateral Value, equals or exceeds the Maximum Facility Amount the Maximum Available Facility Amount will increase to the Maximum Facility Amount.

The value of any additional security provided pursuant to this Clause shall be determined by (i) the Agent, in relation to any Cash deposit, (ii) a Valuation in relation to any new ship security and (iii) the Banks in their discretion in respect of any other security.

Where the Borrower has provided additional security pursuant to this Clause 2.4.5, then, on a date falling not earlier than six months after the date such additional security was provided the Borrower may request that such security or a portion thereof (in each case as acceptable to the Agent in its reasonable discretion) be released. Any request shall be accompanied by Valuations of all the Vessels dated within thirty (30) days prior to the request together with valuations of collateral (other than the Vessels) obtained in accordance with a procedure acceptable to the Agent. If after taking into account the Valuations and these new valuations, the Existing Acceptable Collateral Value is greater than the

Maximum Facility Amount then provided that no Potential Event of Default or Event of Default has occurred and is continuing, the Agent shall release to the Borrower' s expense, such additional security provided that after its release the Maximum Available Facility Amount will at least be equal to the Maximum Facility Amount, and further provided, however, that the value of such security to be released is not less than five hundred thousand Dollars ($500,000). This paragraph shall not be interpreted to limit the ability of a company within the SNSA Group to sell or dispose of a Vessel as permitted under Clause 12.1.4 of this Agreement.

2.4.6 Simultaneously with each reduction of the Maximum Facility Amount in accordance with Clause 2.4.1 or 2.4.2 (as the case be) the Commitment of each Bank will reduce so that the Commitments of the Banks in respect of the reduced Maximum Facility Amount (from time to time) remain in accordance with their respective Proportionate Shares.

2.5 **Restrictions on Drawings** The Borrower shall not be entitled to make more than five (5) Drawings on any Business Day and no more than ten (10) Drawings may be outstanding at any one time during the Facility Period. Each Drawing shall be of a whole number of millions of Dollars and of not less than five million Dollars ($5,000,000).

2.6 **Initial Termination Date/Termination Date** No Bank shall be under any obligation to advance all or any part of its Commitment after the Initial Termination Date unless such date is extended pursuant to this Clause. The Initial Termination Date may be extended beyond the seven year term of this Agreement in the Borrower' s option by (i) firstly a period one (1) year without the Banks' consent and (ii) secondly a further two one year periods with all Banks' prior written consent in each case. If the Borrower wishes to elect to have the first such extension or requests a second and third extension of the Initial Termination Date, it shall notify the Agent in writing of such election or request one hundred and fifty (150) days prior to the end of the Initial Termination Date or any extension thereof in accordance with this Clause (as the case may be). The Agent shall then advise the Borrower in writing no later than ninety (90) days before the current Termination Date whether or not the Banks have consented to any such second or third extension of the Initial Termination Date (as the case may be). No Bank

shall be under any obligation to advance all or part of its Commitment after the Termination Date.

2.7 **Several obligations** The obligations of the Banks under this Agreement are several. The failure of a Bank to perform its obligations under this Agreement shall not affect the obligations of the Borrower to any Finance Party nor shall any Finance Party be liable for the failure of another Bank to perform any of its obligations under or in connection with this Agreement.

2.8 **Application of Facility** Without prejudice to the obligations of the Borrower under this Agreement, no Finance Party shall be obliged to concern itself with the application of the Facility by the Borrower.

2.9 **Loan facility and control accounts** The Agent will open and maintain such loan facility account or such other control accounts as the Agent shall in its discretion consider necessary or desirable in connection with the Facility.

3 Conditions Precedent and Subsequent

3.1 **Conditions Precedent - First Drawing** Before any Bank shall have any obligation to advance the first Drawing under the Facility, the Borrower shall pay to the Agent the relevant fees referred to in Clause 9 and the Fee Letter and deliver or cause to be delivered to or to the order of the Agent (in sufficient copies for all Banks) the following documents and evidence:-

3.1.1 **Evidence of incorporation** Such evidence as the Agent may reasonably require that each Security Party was duly incorporated in its country of incorporation and remains in existence and, where appropriate, in good standing, with power to enter into, and perform its obligations under, those of the Security Documents to which it is, or is intended to be, a party, including (without limitation) a copy, certified by a director or an officer of the Security Party in question as true, complete, accurate and unamended, of all documents establishing or limiting the constitution of each Security Party.

3.1.2 **Corporate authorities** A copy, certified by a director or the secretary of the Security Party in question as true, complete, accurate and neither amended nor revoked, of a resolution of the directors and (other than SNSA) a resolution of the shareholders of each Security Party (together,

where appropriate, with signed waivers of notice of any directors' or shareholders' meetings) approving, and authorising or ratifying the execution of, those of the Security Documents and each Drawdown Notice to which that Security Party is or is intended to be a party and all matters incidental thereto.

3.1.3 **Officer' s certificate** A certificate (i) signed by a duly authorised officer of each of the Security Parties setting out the names of the directors, officers and shareholders of that Security Party and (ii) issued by each Security Party' s company registry confirming due incorporation and valid existence and (when such information is maintained by the registry) the names of its directors and shareholders.

3.1.4 **Power of attorney** The power of attorney (notarially attested and legalised, if necessary, for registration purposes) of each of the Security Parties under which any documents are to be executed or transactions undertaken by that Security Party.

3.1.5 **Vessel documents** Photocopies, certified as true, accurate and complete by a director or the secretary of the relevant Shipowning Guarantor of (in respect of each Vessel):-

(a) any time charterparty or bareboat charterparty of that Vessel which will be in force on the first Advance Date and which exceeds twelve (12) months duration which is entered into with an entity which is not a member of the SNSA Group; and

(b) the Management Agreement relating to that Vessel which is in force at the time of this Agreement;

in each case together with all addenda, amendments or supplements.

3.1.6 **Evidence of ownership** In respect of each Vessel, certificate(s) of ownership and encumbrance (or equivalent) issued by the Registrar of Ships (or equivalent official) at the Vessel' s port of registry confirming that such Vessel is on the first Advance Date owned by her Shipowning Guarantor and free of registered Encumbrances other than the relevant Mortgage.

3.1.7 **Evidence of insurance** Evidence that each Vessel is insured in the manner required by the Security Documents and that letters of undertaking will be issued in the manner required by the Security Documents, together with (if required by the Agent acting on the instructions of an Instructing Group) the written approval of the Insurances by an insurance adviser appointed by the Agent.

3.1.8 **Confirmation of class** A Certificate of Confirmation of Class for hull and machinery (dated not more than seven days before the first Advance Date) confirming that each Vessel is classed 100 A 1 by Lloyd' s Register of Shipping, or + A1 by Det norske Veritas, or with the highest applicable class necessary to operate such vessel (without recommendations or extensions) of the American Bureau of Shipping or such other classification society which is a member of the International Association of Classification Societies as may be acceptable to the Agent.

3.1.9 **Valuations** A Valuation of each Vessel addressed to the Agent to be dated no earlier than 5 October 2005 for the purposes of assessing the Fair Market Value of all Vessels in order to determine the Existing Acceptable Collateral Value. For the avoidance of doubt this condition precedent has been satisfied by delivery to the Agent of (i) a Valuation Certificate in respect of the Vessels issued by Odin Marine, Inc on 5 October 2005 and (ii) a Certificate of Valuation in respect of the Vessels issued by Fearnleys dated 7 October 2005.

3.1.10 **The Security Documents** The Security Documents, together with all notices and other documents required by any of them, duly executed and, in the case of the Mortgages, registered with first priority through the Registrar of Ships (or equivalent official) at the port of registry of the Vessel concerned.

3.1.11 **Drawdown Notice** A Drawdown Notice duly signed.

3.1.12 **Process agent** A letter from Stolt-Nielsen Limited accepting their appointment by each of the Security Parties as agent for service of Proceedings pursuant to the Security Documents.

3.1.13 **Managers' subordination confirmation letter** The written confirmation of the Managers that they will (i) manage the Vessels in accordance with

good standard ship management practice (ii) subordinate all their rights in relation to the Vessels to those of the Finance Parties and (iii) assign their interests in the Insurances to the Security Trustee.

3.1.14 **The Fee Letter/Fees** The Fee Letter countersigned on behalf of the Borrower by way of acceptance of its terms and the payment of any fees due and payable thereunder and under Clause 9.

3.1.15 **Legal opinions** Confirmation satisfactory to the Agent that all legal opinions required by the Agent on behalf of the Banks will be given substantially in the form required by the Agent on behalf of the Banks.

3.1.16 **Corporate Structure** Evidence of the actual corporate structure of the SNSA Group insofar as it relates to the Security Parties.

3.1.17 "**Know your customer**" Such documents and evidence as each Bank may reasonably request in order for such Bank to comply with its "know your customer" requirements to confirm the identity of the Security Parties and/or the individuals acting on their behalf.

3.1.18 **Dutch Central Bank Notification Requirements** Evidence that the Borrower has notified the Dutch Central Bank (De Nederlandsche Bank) of its incorporation and has complied with any reporting requirements.

3.2 **Conditions Subsequent** The Borrower undertakes to deliver or to cause to be delivered to the Agent on, or with the prior approval of the Agent, as soon as practicable after the first Advance Date or otherwise within the time specified in this Clause, the following additional documents and evidence:-

3.2.1 **Evidence of registration** Evidence of registration of the Mortgages, in each case with first priority with the Registrar of Ships (or equivalent official) at the port of registry of the Vessel concerned, no later than the day after the first Advance Date.

3.2.2 **Letters of undertaking** Letters of undertaking as required by the Security Documents in form and substance acceptable to the Agent.

3.2.3 **Legal opinions** Such legal opinions as the Agent on behalf of the Banks shall require pursuant to Clause 3.1.15.

3.2.4 **Companies Act registrations** Evidence that the prescribed particulars of the Security Documents have been delivered to the Registrar of Companies of England and Wales within the statutory time limit.

3.3 **Conditions Precedent - Subsequent Drawings** Before any Bank shall have any obligation to advance any subsequent Drawings under the Facility, the Borrower shall deliver or cause to be delivered to the order of the Agent, a Drawdown Notice, in addition to the documents and evidence referred to in Clause 3.1 where such documents and evidence have not already been delivered to and received by the Agent and shall deliver to the Agent such evidence as it shall require in order to set the Margin.

3.4 **No waiver** If the Banks in their sole discretion agree to advance any part of the Facility to the Borrower before all of the documents and evidence required by Clause 3.1 or Clause 3.3 (as the case may be) have been delivered to or to the order of the Agent, the Borrower undertakes to deliver all outstanding documents and evidence to or to the order of the Agent no later than the date specified by the Agent, and the advance of any part of the Facility shall not be taken as a waiver of the Agent' s right to require production of all the documents and evidence required by Clause 3.1 or Clause 3.3 (as the case may be).

3.5 **Form and content** All documents and evidence delivered to the Agent pursuant to this Clause shall:-

3.5.1 (i) with respect to the documents and evidence referred to in Clause 3.1, be in form and substance acceptable to the Banks and (ii) otherwise be in form and substance acceptable to the Agent;

3.5.2 be accompanied, if required by the Agent, by translations into the English language, certified in a manner acceptable to the Agent;

3.5.3 if required for registration purposes, be certified, notarised, legalised or attested in a manner acceptable to the Agent.

3.6 **Event of Default** No Bank shall be under any obligation to advance any part of its Commitment nor to act on any Drawdown Notice if, at the date of the Drawdown Notice or at the Advance Date requested in the Drawdown Notice, an Event of Default or Potential Event of Default shall have occurred, or if an Event of Default or Potential Event of Default would result from the advance of the

Drawing in question or if, after giving effect to such Drawing, the Facility Outstandings would exceed the Maximum Available Facility Amount.

4 Representations and Warranties

Each of the Borrower and the Guarantors represents and warrants to each of the Finance Parties at the date of this Agreement and (by reference to the facts and circumstances then pertaining) at the date of each Drawdown Notice, at each Advance Date and at each Interest Payment Date as follows (except that the representations and warranties contained in Clauses 4.6, 4.7(a) and 4.13 shall only be made on the first Advance Date and the representation and warranty contained in Clause 4.16 shall be made by the Borrower only on a daily basis throughout the Facility Period):-

4.1 **Incorporation and capacity** Each of the Security Parties is a body corporate duly constituted, organised and validly existing and (where applicable) in good standing under the law of its country of incorporation, in each case with perpetual corporate existence and the power to sue and be sued, to own its assets and to carry on its business, and all of the corporate shareholders (if any) of each Security Party (other than SNSA) are duly constituted and existing under the laws of their countries of incorporation with perpetual corporate existence and the power to sue and be sued, to own their assets and to carry on their business and are acting on their own account.

4.2 **Solvency** None of the Security Parties is insolvent or in liquidation or administration or subject to any other insolvency procedure, and no receiver, administrative receiver, administrator, liquidator, trustee or analogous officer has been appointed in respect of any of the Security Parties or all or any part of their assets except if such insolvency should arise in relation to a Shipowner in the circumstances where a demand has been made under the Shipowners' Guarantee. For this purpose a Security Party will be deemed insolvent if it is unable to pay its debts within the meaning of S.123 of the Insolvency Act 1986 save in relation to the exception referred to in the previous sentence.

4.3 **Binding obligations** The Security Documents when duly executed and delivered will constitute the legal, valid and binding obligations of the Security Parties enforceable in accordance with their respective terms subject to applicable laws regarding creditors' rights in general, and (in the case of the Borrower) no utilisation of the Facility will cause any limit or restriction on its borrowing or

other powers (however imposed), or on the right or ability of its directors to exercise those powers, to be exceeded or breached.

4.4 **Satisfaction of conditions** All acts, conditions and things required to be done and satisfied and to have happened prior to the execution and delivery of the Security Documents in order to constitute the Security Documents the legal, valid and binding obligations of the Security Parties in accordance with their respective terms have been done, satisfied and have happened in compliance with all applicable laws.

4.5 **Registrations and consents** With the exception only of the registrations referred to in Clause 3.2, all (if any) consents, licences, approvals and authorisations of, or registrations with or declarations to, any governmental authority, bureau or agency which may be required in connection with the execution, delivery, performance, validity or enforceability of the Security Documents have been obtained or made and remain in full force and effect and neither the Borrower nor any of the

Guarantors is aware of any event or circumstance which could reasonably be expected adversely to affect the right of any of the Security Parties (as the case may be) to hold and/or obtain renewal of any such consents, licences, approvals or authorisations.

4.6 **Disclosure of material facts** Neither the Borrower nor any of the Guarantors is aware of any material facts or circumstances which have not been disclosed to the Agent in the 20-F Filing or in any Press Statement delivered by the Borrower or SNSA to the Agent and which might, if disclosed, have reasonably been expected to adversely affect the decision of a person considering whether or not to make loan facilities of the nature contemplated by this Agreement available to the Borrower, and the most recently published consolidated annual financial statements of the SNSA Group give a true and fair view of the state of affairs of the SNSA Group on the date as at which those financial statements were prepared.

4.7 **No material litigation** Except as disclosed in the 20-F Filing, there is no action, suit, arbitration or administrative proceeding nor any contemplated action, suit, arbitration or administrative proceeding pending or to its knowledge about to be pursued before any court, tribunal or governmental or other authority (a) which would, or would be likely to, have a materially adverse effect on the business, assets, condition (financial or otherwise) or creditworthiness of any of the

Security Parties or (b) which might reasonably be expected adversely to affect the legality, validity or enforceability of any of the Security Documents.

4.8 **No breach of law or contract** The execution, delivery and performance of the Security Documents will not contravene any contractual restriction or any law binding on any of the Security Parties or on any shareholder (whether legal or beneficial) of any of the Security Parties (other than SNSA), or the constitutional documents of any of the Security Parties, nor result in the creation of, nor oblige any of the Security Parties to create, any Encumbrance over all or any of its assets, with the exception of the Encumbrances created by or pursuant to the Security Documents.

4.9 **No deductions** Except as disclosed to the Agent in writing, to the best of their knowledge and belief and without undue enquiry, none of the Security Parties is required to make any deduction or withholding from any payment which it may be obliged to make to any of the Finance Parties under or pursuant to the Security Documents.

4.10 **Filings** Each Security Party has complied with all filing or registration requirements relative to each place in which it carries on business.

4.11 **Use of Facility** The Facility will be used for the purposes specified in Recital (B).

4.12 **Subsidiaries** Save as a result of any merger or amalgamation effected pursuant to Clause 12.1.3, each of the Guarantors (other than SNSA) and the Shipowning Guarantors is and will remain throughout the Facility Period a directly or indirectly wholly owned subsidiary of SNSA.

4.13 **Material Adverse Change** There has been no material adverse change in the condition (financial or otherwise) of the Borrower or any of the Guarantors since 31 August 2005.

4.14 **SNSA' s company Status** SNSA operates as a milliardaire holding company and finance holding company under Luxembourg law pursuant to the terms of a letter of the "Administration de l' Enregistrement et des Domaines" dated 14 September 1984 and its centre of main interest is and will remain in Luxembourg throughout the Facility Period.

4.15 **Liabilities** There are no liabilities (contingent or otherwise) of the SNSA Group which were not disclosed by (i) the 20-F Filing (including the notes thereto and the discussion of anticipated capital expenditures contained therein) or reserved against therein except where such disclosure or reserve is not required by US GAAP, nor any unrealised or anticipated losses arising from commitments entered into by any member of the SNSA Group which were not so disclosed or reserved

against but which, if they had been disclosed or reserved against, would have materially affected the content of those financial statements or (ii) any Press Statement delivered by the Borrower or SNSA to the Agent.

4.16 **Money Laundering** In relation to obtaining any Drawing, the performance and discharge of its obligations and liabilities under this Agreement and any of the other Security Documents and the transactions and other arrangements effected or contemplated by this Agreement and any of the other Security Documents to which the Borrower is a party, the Borrower is acting for its own account and that none of the foregoing activities will involve or lead to the contravention of any law, official requirement or other regulatory measure or procedure which has been implemented to combat "money laundering" (as defined in each of Article 1 of Directive 91/308/EEC issued by Council of the European Community and the USA Patriot Act 2001, Publ. L. No 107-56).

4.17 **No Immunity from suit** None of the Security Parties nor any of their respective assets or other property enjoys, nor will any Security Party assert or claim at any time during the Facility Period, any right of immunity from set-off, suit or execution in respect of its obligations under the Security Documents to which it is a party.

4.18 **Finance company Status** That (i) the Borrower complies with and shall throughout the Facility Period continue to comply (to the extent applicable), with the regulations of the Netherlands Ministry of Finance dated 4 February 1993 with respect to finance companies and that the application of the Facility is and will throughout the Facility Period continue to be in accordance with such regulations and (ii) all notice requirements to the Dutch central bank pursuant to the Foreign Financial relations Act ("Wet Financiele Betrekkingen Buitenland") 1994 have been complied with and shall throughout the Facility Period continue to be complied with.

4.19 **Dutch Regulatory Compliance** That:-

4.19.1 each of the Borrower, the Shipowning Guarantors, Stolt Nielsen Holdings BV and Stolt Nielsen Transportation Group BV (together the "**Dutch Companies**") has their centre of main interest (within the meaning of Council Regulation (EC) Number 1346/2000 of 29 May 2000 on Insolvency Proceedings (the "**European Insolvency Regulation**")) in The Netherlands and that none of them has an establishment (within the meaning of the European Insolvency Regulation) outside The Netherlands;

4.19.2 none of the Dutch Companies has a direct or indirect financial interest (in the form of a shareholding) in any one of the Finance Parties;

4.19.3 all payments under the Security Documents are made between (i) the Finance Parties and the Borrower or from time to time (ii) the Finance Parties or any of the other Dutch Companies and/or any other company within the SNSA Group that is entitled or obliged under the Security Documents to receive or make such payments;

4.19.4 the Facility qualifies as an ordinary (i.e. "straight forward") loan under Dutch Corporate Income Tax Law;

4.19.5 no drawings, repayments and prepayments under the Agreement qualify as informal capital contributions or a hybrid loan as meant under Article 10, Paragraph 1, of the Dutch Corporate Income Tax Act;

4.19.6 the terms and conditions of the Agreement were concluded at arm' s length;

4.19.7 the Borrower acts and performs all transactions within the scope of article 2 of the exemption regulation (vrijstellingsregeling) to the Act of Credit System 1992 (Wet toezicht Kredietwezen 1992); and

4.19.8 the shares in the share capital of each of the Dutch Companies (a) have not been repurchased, cancelled, split, reduced or combined, (b) are free from all Encumbrances, (c) are fully paid up and (d) are free from any defect which might result in rescission or avoidance of such shares.

5 Currency

5.1 **Selection of Permitted Currency** The Borrower may from time to time in accordance with this Clause select the Permitted Currency in which it wishes any Drawing to be denominated. A selection shall be made by the Borrower in the Drawdown Notice relating to the Drawing in question, in which event the Drawing shall be advanced in, and remain denominated in, the Permitted Currency selected until repayment of that Drawing in accordance with this Agreement. If the Borrower fails to select a Permitted Currency for any Drawing in a Drawdown Notice, the Borrower shall be deemed to have selected that the Drawing in question be advanced in, and denominated in, Dollars.

5.2 **Conditions precedent** The denomination of any Drawing in a Permitted Currency other than Dollars shall be subject to the following:-

5.2.1 no Drawing may at any time during the Facility Period be denominated in more than one Permitted Currency and any Drawdown Notice requesting denomination of a Drawing in more than one Permitted Currency shall be of no effect;

5.2.2 the Facility may not, at any time during the Facility Period, be denominated in more than three Permitted Currencies and any Drawdown Notice which, if acted on, would result in the Facility being denominated in more than three Permitted Currencies shall be of no effect; and

5.2.3 a Drawing may only be denominated in a Permitted Currency other than Dollars if the Agent certifies by notice in writing to the Borrower, which notice shall be final and conclusive, that deposits in the Permitted Currency selected for the amount of the Drawing and for the Interest Period selected are available to the Banks in the normal course of business in the relevant interbank market on the relevant date.

5.3 **Non-availability of Permitted Currency** If, in any Permitted Currency selected (other than Dollars), deposits of the specified amount and for the specified Interest Period are not available to any Bank in the normal course of business in the relevant interbank market on the relevant date such Bank shall notify the Agent who shall in turn notify the Borrower and offer on behalf of the Banks to advance that Drawing to the Borrower in Dollars. The Borrower may accept the advance of the Drawing in Dollars by confirming its acceptance to the Agent in

writing two (2) Business Days before the Advance Date requested in which case the Drawing in question shall be advanced and denominated in Dollars. If the Borrower does not advise the Agent that it accepts the advance of the Drawing in Dollars within the requisite period, the Drawdown Notice requesting such Drawing in the Permitted Currency which was not available shall be deemed to be cancelled and the Banks shall have no obligation thereunder.

5.4 **Repayment** During each Interest Period in which a Drawing is denominated in a Permitted Currency other than Dollars, the obligation of the Borrower to repay that Drawing and to pay interest in respect of that Drawing shall be an obligation to repay the Drawing and to pay interest in respect of the Drawing in the Permitted Currency in which the Drawing is then denominated, whether or not the Facility or any part thereof shall have become repayable by acceleration.

5.5 **Currency fluctuations** If on any Interest Payment Date the Agent shall determine that the Facility Outstandings when converted into Dollars on such date (the "**Conversion Amount**") exceed the Maximum Available Facility Amount, then the Borrower shall immediately pay to the Agent (on behalf of the Banks) the amount, denominated in any Permitted Currency on such date, by which the Conversion Amount exceeds the Maximum Available Facility Amount.

6 Repayment and Prepayment

6.1 **Repayment** Each Drawing shall be repaid by the Borrower to the Agent on behalf of the Banks on the last day of its Interest Period unless the Borrower selects a further Interest Period for that Drawing in accordance with Clause 7.1, provided that the Borrower shall not be permitted to select and shall not be deemed to have selected such further Interest Period if an Event of Default, Potential Event of Default or any of the circumstances described in Clause 17.9 has occurred and shall then be obliged to repay such Drawing on the last day of its then current Interest Period. The Borrower shall on the Termination Date repay to the Agent as agent for the Banks the Indebtedness.

6.2 **Prepayment** Subject to Clause 6.4, the Borrower may prepay the Facility Outstandings in the relevant Permitted Currency in whole or in part in a minimum amount of five million Dollars ($5,000,000) or any greater whole number of millions of Dollars or the Equivalent Amount thereof in the relevant Permitted Currency (or as otherwise may be agreed by the Agent) provided that it has first

given to the Agent not fewer than three Business Days' prior written notice expiring on a Business Day of its intention to do so. Any notice pursuant to this Clause 6.2 once given shall be irrevocable and shall oblige the Borrower to make the prepayment referred to in the notice on the Business Day specified in the notice, together with all interest accrued on the amount prepaid up to and including that Business Day.

6.3 **Prepayment indemnity** If the Borrower shall, subject always to Clause 6.2, make a prepayment on a Business Day other than the last day of an Interest Period, it shall pay to the Agent on behalf of the Banks any amount which is necessary to compensate the Banks for any Break Costs incurred by the Agent or any of the Banks as a result of the prepayment in question.

6.4 **Application of prepayments** Any prepayment (including for the avoidance of doubt any sums received by the Agent in respect of the Insurance Proceeds Amount) in an amount less than the Indebtedness shall be applied in satisfaction or reduction first of any costs and other expenses outstanding; secondly of all interest accrued with respect to the outstanding Drawings in the currency in which the prepayment is to be made and thirdly of the outstanding Drawings in the currency in which the prepayment is to be made in inverse order of maturity.

6.5 **Reborrowing of prepayments** Any amount prepaid pursuant to this Agreement may be reborrowed subject to and in accordance with Clause 2.4.4.

7 Interest

7.1 **Interest Periods** The period during which any Drawing shall be outstanding pursuant to this Agreement shall be divided into consecutive Interest Periods of one, two, three, six or twelve months' duration, as selected by the Borrower by written notice to the Agent not later than 11.00 a.m. on the third Business Day before the beginning of the Interest Period in question, or such other duration as may be agreed by the Banks in their discretion. If, in respect of any Drawing, the Borrower fails to select an Interest Period in accordance with this Clause, the Borrower shall (subject to Clause 6.1) be deemed to have selected an Interest Period for that Drawing of three months' duration.

7.2 **Beginning and end of Interest Periods** The first Interest Period in respect of each Drawing shall begin on the Advance Date of that Drawing and shall end on the last day of the Interest Period selected in accordance with Clause 7.1. Any

subsequent Interest Period selected or deemed selected in respect of each Drawing shall commence on the day following the last day of its previous Interest Period and shall end on the last day of its current Interest Period selected or deemed selected in accordance with Clause 7.1. However, in respect of any Drawings outstanding on the Termination Date, the Interest Period applicable to such Drawings shall end on the Termination Date.

7.3 **Interest rate** During each Interest Period, interest shall accrue on each Drawing at the rate determined by the Agent to be the aggregate of (a) the applicable Margin, (b) the relevant Interbank Market Offer Rate and if applicable (c) the Mandatory Cost, determined in each case, at or about 11.00 a.m. on the second Business Day prior to the beginning of the Interest Period relating to that Drawing. The Margin may be adjusted if necessary on any Margin Review Date during the Interest Period.

7.4 **Accrual and payment of interest** During the Facility Period, interest shall accrue from day to day, shall be calculated on the basis of a 360 day year or a 365 day year, as applicable, and the actual number of days elapsed (or, in any circumstance

where market practice differs, in accordance with the prevailing market practice) and shall be paid by the Borrower to the Agent on behalf of the Banks on the last day of each Interest Period and additionally, during any Interest Period exceeding three months, on the last day of each successive three month period after the beginning of that Interest Period.

7.5 **Ending of Interest Periods** If any Interest Period would end on a day which is not a Business Day, that Interest Period shall end on the next succeeding Business Day (unless the next succeeding Business Day falls in the next calendar month, in which event the Interest Period in question shall end on the next preceding Business Day).

7.6 **Default Rate** If an Event of Default shall occur, the whole of the Indebtedness shall, from the date of the occurrence of the Event of Default, bear interest up to the date of actual payment (both before and after judgment) at the Default Rate, compounded monthly, which interest shall be payable from time to time by the Borrower to the Agent on behalf of the Banks on demand.

7.7 **Determinations conclusive** Each determination of an interest rate made by the Agent in accordance with Clause 7 shall (save in the case of manifest error or on any question of law) be final and conclusive.

8 Guarantee and Indemnity

8.1 **The Borrower' s Obligations** In consideration of the agreement of the Banks to make the Facility available to the Borrower, each of the Guarantors (on a joint and several basis):-

8.1.1 irrevocably and unconditionally guarantees to discharge on demand the Borrower' s Obligations, including Default Interest from the date of demand until the date of payment, both before and after judgement; and

8.1.2 agrees, as a separate and independent obligation, that, if any of the Borrower' s Obligations are not recoverable from the Guarantors or any of them under Clause 8.1.1 for any reason, each of the Guarantors will be liable to the Finance Parties as principal debtor by way of indemnity for the same amount as that for which it would have been liable had those Borrower' s Obligations been recoverable and agrees to discharge its liability under this Clause 8.1.2 on first demand together with Default Interest from the date of demand until the date of payment, both before and after judgement.

8.2 **Continuing Security** The Guarantee is a continuing security for the full amount of the Borrower' s Obligations from time to time and shall remain in force notwithstanding the liquidation of the Borrower or any change in the constitution of the Borrower or of any Finance Party or the absorption of or amalgamation by any Finance Party in or with any other entity or the acquisition of all or any part of the assets or undertaking of any Finance Party by any other entity.

8.3 **Preservation of Guarantors' Liability**

8.3.1 The Banks may without the Guarantors' consent and without notice to the Guarantors and without in any way releasing or reducing the Guarantors' Liabilities:-

(a) amend, novate, supplement or replace all or any of the Borrower' s Security Documents;

(b) increase or reduce the amount of the Facility or vary the terms and conditions for its repayment or prepayment (including, without limitation, the rate and/or method of calculation of interest payable on the Facility);

(c) allow to the Borrower or to any other person any time or other indulgence;

(d) renew, vary, release or refrain from enforcing any of the Borrower' s Security Documents or any other security, guarantee or indemnity which the Agent may now or in the future hold from the Borrower or from any other person;

(e) compound with the Borrower or any other person;

(f) enter into, renew, vary or terminate any other agreement or arrangement with the Borrower or any other person; or

(g) make any concession to the Borrower or do or omit or neglect to do anything which might, but for this provision, operate to release or reduce the liability of the Guarantors or any of them under the Guarantee.

8.3.2 The liability of each of the Guarantors under the Guarantee shall not be affected by:-

(a) the absence of or any defective, excessive or irregular exercise of any of the powers of the Borrower or of any Surety;

(b) any security given or payment made to the Finance Parties or any of them by the Borrower or any other person being avoided or reduced under any law (whether English or foreign) relating to bankruptcy or insolvency or analogous circumstance in force from time to time;

(c) the liquidation, administration, receivership or insolvency of any of the Guarantors;

(d) any other security, guarantee or indemnity now or in the future held by the Finance Parties or any of them being defective, void or

unenforceable, or the failure of the any Finance Party to take any security, guarantee or indemnity;

(e) any compromise or arrangement under Part I or Part VII of the Insolvency Act 1986 or section 425 of the Companies Act 1985 (or any statutory modification or re-enactment of either of them for the time being in force) or under any analogous provision of any foreign law;

(f) the novation of any of the Borrower' s Obligations;

(g) anything which would not have released or reduced the liability of all or any of the Guarantors to the Finance Parties had the liability of each of the Guarantors under Clause 8.1.1 been as a principal debtor of the Finance Parties and not as a guarantor.

8.4 **Preservation of Banks' Rights**

8.4.1 The Guarantee is in addition to any other security, guarantee or indemnity now or in the future held by the Finance Parties in respect of the Borrower' s Obligations, whether from the Borrower, the Guarantors or any other person, and shall not merge with, prejudice or be prejudiced by any such security, guarantee or indemnity or any contractual or legal right of each Finance Party.

8.4.2 Any release, settlement, discharge or arrangement relating to the liabilities of all or any of the Guarantors under the Guarantee shall be conditional on no payment, assurance or security received by the Finance Parties in respect of the Borrower' s Obligations being avoided or reduced under any law (whether English or foreign) in force from time to time relating to bankruptcy, insolvency or any (in the opinion of the Agent) analogous circumstance and after any such avoidance or reduction the Finance Parties shall be entitled to exercise all of their rights, powers, discretions and remedies under or pursuant to the Guarantee and/or any other rights, powers, discretions or remedies which they would otherwise have been entitled to exercise, as if no release, settlement, discharge or arrangement had taken place.

8.4.3 Following the discharge of the Borrower' s Obligations, the Finance Parties shall be entitled to retain any security which they may hold for the liabilities of each of the Guarantors under the Guarantee until the Finance Parties are satisfied in their reasonable discretion that they will not have to make any payment under any law referred to in Clause 8.4.2.

8.4.4 Until all claims of the Finance Parties in respect of the Borrower' s Obligations have been discharged in full:-

(a) none of the Guarantors shall be entitled to participate in any security held or sums received by any Finance Party in respect of all or any part of the Borrower' s Obligations;

(b) none of the Guarantors shall stand in the place of, or be subrogated for, any of the Finance Parties in respect of any security nor take any step to enforce any claim against the Borrower or any Surety (or the estate or effects of any such person) nor claim or exercise any right of set off or counterclaim against the Borrower or any Surety nor make any claim in the bankruptcy or liquidation of the Borrower or any Surety in respect of any sums paid by any Guarantor to the Finance Parties or any of them or in respect of any sum which includes the proceeds of realisation of any security at any time held by the Finance Parties or any of them in respect of all or any part of the Guarantors' Liabilities; and

(c) none of the Guarantors shall take any steps to enforce any claim which it or they may have against the Borrower or any Security Party without the prior written consent of the Agent acting on behalf of an Instructing Group, and then only on such terms and subject to such conditions as the Agent acting on behalf of an Instructing Group may impose.

8.4.5 The Guarantors' Liabilities shall be continuing for all purposes (including Default Interest) and every sum of money which may now or in the future be or become due or owing to the Finance Parties by the Borrower under the Security Documents to which the Borrower is a party (or which would have become due or owing had it not been for the bankruptcy, liquidation

or insolvency of the Borrower) shall be deemed to continue due and owing to the Finance Parties by the Borrower until such sum is actually repaid to the Finance Parties, notwithstanding the bankruptcy, liquidation or insolvency of the Borrower.

8.4.6 The Finance Parties may, but shall not be obliged to, resort for their own benefit to any other means of payment at any time and in any order they think fit without releasing or reducing the Guarantors' Liabilities.

8.4.7 The Finance Parties may enforce the Guarantee either before or after resorting to any other means of payment or enforcement and, in the latter case, without entitling the Guarantors or any of them to any benefit from or share in any such other means of payment for so long as the Borrower' s Obligations have not been discharged in full.

8.5 **Other Security** Each of the Guarantors confirms that it has not taken and will not take without the prior written consent of the Agent acting on behalf of an Instructing Group (and then only on such terms and subject to such conditions as the Agent may impose acting on behalf of an Instructing Group) any security from the Borrower or from any Surety in connection with the Guarantee and any security taken by the Guarantors or any of them in connection with the Guarantee notwithstanding this Clause shall be held by such Guarantor(s) in trust for the Agent on behalf of the Finance Parties absolutely as a continuing security for the Guarantors' Liabilities.

8.6 **Change of Law** Each of the Guarantors shall indemnify each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party (a) if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal or (b) by operation of law. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

9 Fees

9.1 The Borrower shall pay to the Agent, for the account of the Banks in accordance with their Proportionate Shares, Commitment Commission in Dollars at the rate of forty per centum (40%) of the applicable Margin per annum on any undrawn part of the Maximum Facility Amount after the Execution Date. The Commitment Commission will accrue from day to day on the basis of a 360 day

year and the actual number of days elapsed and shall be paid quarterly in arrears on each Margin Review Date from the Execution Date until the Termination Date based upon the Margin in effect from time to time. Where any Commitment Commission is due and payable prior to the first Advance Date the applicable Margin shall be the Margin that would have applied to the Facility if all or any part of the Facility had been advanced under this Agreement.

9.2 The Borrower shall pay all other fees in the amount, at the times and in the manner set forth in the Fee Letter.

10 Security Documents

As security for the repayment of the Indebtedness, the Borrower shall execute and deliver to the Agent or cause to be executed and delivered to the Agent, on or before the first Advance Date, the following Security Documents in favour of the Security Trustee and otherwise in such forms and containing such terms and conditions as the Agent shall require:-

10.1 **the Mortgages and Deeds of Covenants** a first preferred and/or first priority mortgage together, where applicable, with a collateral deed of covenants, over each Vessel;

10.2 **the Assignments** a first priority deed of assignment of the Insurances, Earnings and Requisition Compensation of each Vessel; and

10.3 **the Shipowners' Guarantee** the joint and several guarantee and indemnity of the Shipowning Guarantors.

11 Agency and Trust

11.1 **Appointment** Each of the Banks, the Underwriters and the Lead Arrangers, appoints the Agent its agent for the purpose of administering the Facility and the Security Trustee for the purpose of administering the Security Documents and authorises the Agent and/or the Security Trustee (as the case may be) and their directors, officers, employees and agents acting on the instructions from time to time of (i) an Instructing Group, in the case of the Agent and (ii) the Agent, in the case of the Security Trustee and subject to Clauses 11.4 and 11.19, to execute the Security Documents on its behalf and to exercise all rights, powers, discretions and remedies vested in the Banks under or pursuant to the Security Documents, together with all powers reasonably incidental to them.

11.2 **Authority** Subject to Clause 11.4, each of the Banks, the Lead Arrangers and the Underwriters irrevocably authorises the Agent and/or the Security Trustee (as the case may be), acting on the instructions from time to time of (i) an Instructing Group, in the case of the Agent and (ii) the Agent, in the case of the Security Trustee:-

11.2.1 to give or withhold any consents or approvals;

11.2.2 to exercise, or refrain from exercising, any discretions;

11.2.3 to collect, receive, release or pay any money;

11.2.4 to amend or waive any covenant contained in any of the Security Documents; and/or

11.2.5 to waive the occurrence of any Potential Event of Default;

under or pursuant to any of the Security Documents. Neither the Agent nor the Security Trustee shall have duties or responsibilities as agent or as security trustee other than those expressly conferred on it by the Security Documents and shall not be obliged to act on any instructions if to do so would, in the opinion of the Agent or the Security Trustee (as the case may be), be contrary to any provision of the Security Documents or to any law, or would expose the Agent or the Security Trustee (as the case may be) to any actual or potential liability to any third party.

11.3 **Trust** The Security Trustee agrees and declares, and each of the Banks acknowledges, that, subject to the terms and conditions of this Clause, the Security Trustee holds the Trust Property on trust for the Finance Parties. The obligations, rights and benefits vested in the Security Trustee shall be performed and exercised in accordance with this Clause. The Security Trustee shall have the benefit of all the powers and discretions conferred on trustees by the Trustee Act 1925 (to the extent not inconsistent with this Agreement). In addition:-

11.3.1 the Security Trustee (and any attorney, agent or delegate of the Security Trustee) may indemnify itself or himself out of the Trust Property against all liabilities, costs, fees, damages, charges, losses and expenses sustained or incurred by it or him in relation to the taking or holding of any of the Trust Property or in connection with the exercise or purported exercise of the rights, trusts, powers and discretions vested in the

Security Trustee or any other such person by or pursuant to the Security Documents or in respect of anything else done or omitted to be done in any way relating to the Security Documents;

11.3.2 the other Finance Parties acknowledge that the Security Trustee shall be under no obligation to insure any property nor to require any other person to insure any property and shall not be responsible for any loss which may be suffered by any person as a result of the lack or insufficiency of any insurance;

11.3.3 the Finance Parties agree that the perpetuity period applicable to the trusts declared by this Agreement shall be the period of eighty years from the Execution Date; and

11.3.4 the Security Trustee' s right to be indemnified pursuant to Clause 19.5 shall remain in full force and effect notwithstanding the discharge of the Security Documents.

The provisions of Part I of the Trustee Act 2000 shall not apply to the Security Trustee or the Trust Property.

11.4 **Limitations on authority** Except with the prior written consent of each of the Banks, neither the Agent nor the Security Trustee shall be entitled to :-

11.4.1 release or vary any security given for the Borrower' s obligations (including, without limitation, security in respect of the Vessels) under this Agreement; nor

11.4.2 except as otherwise provided in this Agreement, agree to waive the payment of any sum of money payable by any of the Security Parties under the Security Documents; nor

11.4.3 change the meaning of the expression "**Instructing Group**"; nor

11.4.4 exercise, or refrain from exercising, any discretion, or give or withhold any consent, the exercise or giving of which is, by the terms of this Agreement, expressly reserved to the Banks; nor

11.4.5 extend the due date for the payment of any sum of money payable by any of the Security Parties under the Security Documents; nor

11.4.6 take or refrain from taking any step if the effect of such action or inaction may lead to the increase of the obligations of a Bank under any of the Security Documents (including, without limitation, any increase in respect of its Commitment); nor

11.4.7 agree to change the currency in which any sum is payable under the Security Documents (other than in accordance with the terms of the Security Documents); nor

11.4.8 agree to amend this Clause 11.4; nor

11.4.9 agree to amend Clauses 1.1.68 (Margin), 7.3, 9.1 or 13; nor

11.4.10 agree to increase the Maximum Facility Amount.

11.5 **Liability** Neither the Agent, the Security Trustee nor any of their directors, officers, employees or agents shall be liable to the Banks, the Underwriters or the Lead Arrangers, for anything done or omitted to be done by the Agent or the Security Trustee (as the case may be) under or in connection with the Security Documents unless as a result of the Agent' s or the Security Trustee' s wilful misconduct or gross negligence.

11.6 **Acknowledgement** Each of the Banks, the Underwriters and the Lead Arrangers acknowledges that:-

11.6.1 it has not relied on any representation made by the Agent or the Security Trustee or any of the Agent' s or the Security Trustee' s directors, officers, employees or agents or by any other person acting or purporting to act on behalf of the Agent or the Security Trustee (as the case may be) to induce it to enter into any of the Security Documents;

11.6.2 it has made and will continue to make without reliance on the Agent, and based on such documents and other evidence as it considers appropriate, its own independent investigation of the financial condition and affairs of the Security Parties in connection with the making and continuation of the Facility;

11.6.3 it has made its own appraisal of the creditworthiness of the Security Parties;

11.6.4 neither the Agent nor the Security Trustee (as the case may be) shall have any duty or responsibility at any time to provide it with any credit or other information relating to any of the Security Parties unless that information is received by the Agent or the Security Trustee (as the case may be) pursuant to the express terms of the Security Documents.

Each of the Banks, the Underwriters and the Lead Arrangers, agrees that it will not assert nor seek to assert against any director, officer, employee or agent of the Agent or the Security Trustee (as the case may be) or against any other person acting or purporting to act on behalf of the Agent or the Security Trustee (as the case may be) any claim which it might have against them in respect of any of the matters referred to in this Clause.

11.7 **Limitations on responsibility** Neither the Agent nor the Security Trustee shall have any responsibility to any of the Security Parties or to the Banks, the Underwriters or the Lead Arrangers, on account of:-

11.7.1 the failure of a Bank or of any of the Security Parties to perform any of their respective obligations under the Security Documents;

11.7.2 the financial condition of any of the Security Parties;

11.7.3 the completeness or accuracy of any statements, representations or warranties made in or pursuant to any of the Security Documents, or in or pursuant to any document delivered pursuant to or in connection with any of the Security Documents;

11.7.4 the negotiation, execution, effectiveness, genuineness, validity, enforceability, admissibility in evidence or sufficiency of any of the Security Documents or of any document executed or delivered pursuant to or in connection with any of the Security Documents.

11.8 **The Agent' s and Security Trustee' s rights** The Agent and the Security Trustee may:-

11.8.1 assume that all representations or warranties made or deemed repeated by any of the Security Parties in or pursuant to any of the Security Documents are true and complete, unless, in its capacity as the Agent or as the Security Trustee (as the case may be), it has acquired actual knowledge to the contrary; and

11.8.2 assume that no Event of Default or Potential Event of Default has occurred unless, in its capacity as the Agent or as the Security Trustee (as the case may be), it has acquired actual knowledge to the contrary; and

11.8.3 rely on any document or Communication believed by it to be genuine; and

11.8.4 rely as to legal or other professional matters on opinions and statements of any legal or other professional advisers selected or approved by it; and

11.8.5 rely as to any factual matters which might reasonably be expected to be within the knowledge of any of the Security Parties or the other Finance Parties on a certificate, declaration, instruction or other document signed by or on behalf of that Security Party or that Finance Party (as the case may be); and

11.8.6 refrain from exercising any right, power, discretion or remedy unless and until instructed to exercise that right, power, discretion or remedy and as to the manner of its exercise by the Banks (or, where applicable, by (i) an Instructing Group, in the case of the Agent and (ii) the Agent, in the case of the Security Trustee) and unless and until the Agent or the Security Trustee, as appropriate, has received from the Banks any payment which the Agent, or the Security Trustee, as appropriate, may require on account of, or any security which the Agent, or the Security Trustee, as appropriate, may require for, any costs, claims, expenses (including legal and other professional fees) and liabilities which it considers it may incur or sustain in complying with those instructions.

11.9 **The Agent' s and Security Trustee' s duties**

11.9.1 The Agent shall if requested in writing to do so by an Instructing Group, make enquiry and advise the Banks as to the performance or observance of any of the provisions of the Security Documents by any of the Security Parties or as to the existence of an Event of Default and the Security Trustee hereby authorises the Agent to make such enquiries on its behalf in relation to the Security Documents referred to in Clause 10.

11.9.2 The Agent shall inform the Banks promptly of any Event of Default of which the Agent has actual knowledge.

11.9.3 The Security Trustee will inform the Agent promptly of any Event of Default of which the Security Trustee has actual knowledge.

11.9.4 The Security Trustee will inform the Agent promptly of any notices or other communications received by the Security Trustee under the Security Documents referred to in Clause 10.

11.10 **No deemed knowledge** Neither the Agent nor the Security Trustee shall be deemed to have actual knowledge of the falsehood or incompleteness of any representation or warranty made or deemed repeated by any of the Security Parties or

actual knowledge of the occurrence of any Event of Default or Potential Event of Default unless a Bank or any of the Security Parties shall have given written notice thereof to the Agent or the Security Trustee (as the case may be).

11.11 **Other business** Each of the Agent and the Security Trustee and their affiliates may, without any liability to account to any of the Banks, the Underwriters or the Lead Arrangers generally engage in any kind of banking or trust business with any of the Security Parties or any of their respective Subsidiaries or associated companies or with a Bank as if it were not the Agent or the Security Trustee (as the case may be).

11.12 **Indemnity** The Banks shall, promptly on the Agent' s or the Security Trustee' s (as the case may be) request, reimburse the Agent or the Security Trustee (as the case may be) in their respective Proportionate Shares, for, and keep the Agent or the Security Trustee (as the case may be) fully indemnified in respect of:-

11.12.1 all amounts payable by the Borrower to the Agent pursuant to Clause 19 to the extent that those amounts are not paid by the Borrower;

11.12.2 all liabilities, damages, costs and claims sustained or incurred by the Agent or the Security Trustee, as appropriate, in connection with the Security Documents, or the performance of its duties and obligations, or the exercise of its rights, powers, discretions or remedies under or pursuant to any of the Security Documents; or in connection with any action taken or omitted by the Agent or the Security Trustee (as the case may be) under or pursuant to any of the Security Documents, unless in

any case those liabilities, damages, costs or claims arise solely from the Agent' s or the Security Trustee' s wilful misconduct or gross negligence.

11.13 **Employment of agents** In performing its duties and exercising its rights, powers, discretions and remedies under or pursuant to the Security Documents, the Agent or the Security Trustee (as the case may be) shall be entitled (i) to employ and pay agents to do anything which the Agent or the Security Trustee (as the case may be) is empowered to do under or pursuant to the Security Documents (including the receipt of money and documents and the payment of money) without any liability (a) for the acts or omissions of such agents or (b) to supervise such agents and (ii) to act or refrain from taking action in reliance on the opinion of, or advice or information obtained from, any lawyer, banker, broker, accountant, valuer or any other person believed by the Agent or the Security Trustee (as the case may be) in good faith to be competent to give such opinion, advice or information.

11.14 **Distribution of payments** Subject to Clause 11.3.1, every sum of money received by the Security Trustee under or pursuant to the Security Documents shall be paid promptly to the order of the Agent. The Agent shall pay promptly to the order of each of the Banks that Bank' s Proportionate Share of every sum of money received by the Agent from the Security Trustee or otherwise pursuant to the Security Documents or the Mortgagees' Insurances (with the exception of (a) any amounts payable pursuant to Clause 9.1 and/or the Fee Letter or (b) any amounts which, by the terms of the Security Documents, are paid to the Agent for the account of the Agent alone or specifically for the account of one or more Banks, the Underwriters or, the Lead Arrangers) which, until so paid, shall be held by the Agent or the Security Trustee on trust absolutely for that Bank, that Underwriter or that Lead Arranger (as the case may be).

11.15 **Reimbursement** Neither the Agent nor the Security Trustee shall have any liability to pay any sum to any Finance Party or Security Party until it has itself received payment of that sum. If, however, the Agent or the Security Trustee (as the case may be) does pay any sum to any Finance Party or Security Party on account of any amount prospectively due to it pursuant to Clause 11.14 before it has itself received payment of that amount, and the Agent or the Security Trustee (as the case may be) does not in fact receive payment within five Business Days after the date on which that payment was required to be made by the terms of the Security Documents or the Mortgagees' Insurances, the recipient will, on demand by the Agent or the Security Trustee (as the case may be), refund to the Agent or

Security Trustee (as appropriate) an amount equal to the amount received by it, together with an amount sufficient to reimburse the Agent or the Security Trustee (as the case may be) for any amount which the Agent or the Security Trustee (as the case may be) may certify that it has been required to pay by way of interest on money borrowed to fund the amount in question during the period beginning on the date on which that amount was required to be paid by the terms of the Security Documents or the Mortgagees' Insurances and ending on the date on which the Agent or the Security Trustee (as appropriate) receives reimbursement.

11.16 **Redistribution of payments** Unless otherwise agreed between the Finance Parties, if at any time a Bank receives or recovers by way of set-off, the exercise of any lien or otherwise (other than from any assignee or transferee of or sub-participant in that Bank' s Commitment), an amount greater than that Bank' s Proportionate Share of any sum due from any of the Security Parties under the Security Documents (the amount of the excess being referred to in this Clause as the "**Excess Amount**") then:-

11.16.1 that Bank shall promptly notify the Agent (which shall promptly notify each other Bank);

11.16.2 that Bank shall pay to the Agent an amount equal to the Excess Amount within ten days of its receipt or recovery of the Excess Amount; and

11.16.3 the Agent shall treat that payment as if it were a payment by the Security Party in question on account of the sum owed to the Banks as aforesaid and shall account to the Banks in respect of the Excess Amount in accordance with the provisions of this Clause.

However, if a Bank has commenced any Proceedings to recover sums owing to it under the Security Documents and, as a result of, or in connection with, those Proceedings has received an Excess Amount, the Agent shall not distribute any of that Excess Amount to any other Bank which had been notified of the Proceedings and had the legal right to, but did not, join those Proceedings or commence and diligently prosecute separate Proceedings to enforce its rights in the same or another court.

11.17 **Rescission of Excess Amount** If all or any part of any Excess Amount is rescinded or must otherwise be restored to any of the Security Parties or to any other third party, the Banks which have received any part of that Excess Amount

by way of distribution from the Agent pursuant to this Clause shall repay to the Agent for the account of the Bank which originally received or recovered the Excess Amount, the amount which shall be necessary to ensure that the Banks share rateably in accordance with their Proportionate Shares (or, as appropriate, their Security Shares) in the amount of the receipt or payment retained, together with interest on that amount at a rate equivalent to that (if any) paid by the Bank receiving or recovering the Excess Amount to the person to whom that Bank is liable to make payment in respect of such amount, and Clause 11.16.3 shall apply only to the retained amount.

11.18 **Proceedings** Each of the Finance Parties shall notify the Agent of the proposed commencement of any Proceedings under any of the Security Documents prior to their commencement. No such Proceedings may be commenced without the prior written consent of an Instructing Group.

11.19 **Instructions** Where the Agent or the Security Trustee is authorised or directed to act or refrain from acting in accordance with the instructions of the Banks or of an Instructing Group each of the Banks shall provide the Agent or the Security Trustee (as the case may be) with instructions within five Business Days of the Agent' s or the Security Trustee' s request (which request shall be made in writing). If a Bank does not provide the Agent or the Security Trustee (as the case may be) with instructions within that period, (i) that Bank shall be bound by the decision of the Agent or the Security Trustee (as the case may be), (ii) that Bank shall have no vote for the purposes of this Clause and (iii) the combined Proportionate Shares of the other Banks who provided such instructions shall be deemed to contribute 100%. Nothing in this Clause shall limit the right of the Agent or the Security Trustee (as the case may be) to take, or refrain from taking, any action without obtaining the instructions of the Banks if the Agent or the Security Trustee (as the case may be) in its discretion considers it necessary or appropriate to take, or refrain from taking, such action in order to preserve the rights of the Banks under or in connection

with the Security Documents. In that event, the Agent or the Security Trustee (as the case may be) will notify the Banks of the action taken by it as soon as reasonably practicable, and the Banks agree to ratify any action taken by the Agent or the Security Trustee (as the case may be) pursuant to this Clause.

11.20 **Communications** Any Communication under this Clause shall be given, delivered, made or served, in the case of the Agent (in its capacity as Agent or as

one of the Banks), in the case of the Security Trustee (in its capacity as Security Trustee or as one of the Banks) and in the case of the other Banks, at the address indicated in Schedule 1 Part A or such other addresses as shall be duly notified in writing to the Agent on behalf of the Banks.

11.21 **Payments** All amounts payable to a Bank under this Clause shall be paid to such account at such bank as that Bank may from time to time direct in writing to the Agent.

11.22 **Retirement** Subject to a successor being appointed in accordance with this Clause, the Agent or the Security Trustee may retire as agent or security trustee (as the case may be) at any time without assigning any reason by giving to the Borrower and the other Finance Parties notice of its intention to do so, in which event the following shall apply:-

11.22.1 the Agent or the Security Trustee may, by not less than fourteen days' notice to each of the other parties to this Agreement, appoint any holding or subsidiary company of the Agent or the Security Trustee, or any other subsidiary (direct or indirect) of the Agent' s ultimate holding company as its successor;

11.22.2 if the Agent or the Security Trustee does not appoint a successor in accordance with Clause 11.22.1, an Instructing Group may, with the consent of the Borrower, not to be unreasonably withheld, within thirty days after the date of the Agent' s or the Security Trustee' s notice appoint a successor to act as agent and/or security trustee or, if they fail to do so, the Agent or the Security Trustee (as the case may be) may, with the consent of the Borrower, not to be unreasonably withheld, appoint any other bank or financial institution as its successor;

11.22.3 the resignation of the Agent or the Security Trustee shall take effect simultaneously with the appointment of its successor on written notice of that appointment being given to the Borrower and the other Finance Parties;

11.22.4 the Agent or the Security Trustee (as the case may be) shall thereupon be discharged from all further obligations as agent or security trustee but shall remain entitled to the benefit of the provisions of this Clause;

11.22.5 the Agent' s or the Security Trustee' s successor and each of the other parties to this Agreement shall have the same rights and obligations amongst themselves as they would have had if that successor had been a party to this Agreement.

11.23 **No fiduciary relationship** Except as provided in Clauses 11.3 and 11.14, neither the Agent nor the Security Trustee shall have any fiduciary relationship with or be deemed to be a trustee of or for a Bank, an Underwriter or a Lead Arranger (as the case may be) and nothing contained in any of the Security Documents shall constitute a partnership between any two or more Banks, Underwriters or Lead Arrangers or between the Agent or the Security Trustee and any Bank, Underwriter or Lead Arranger (as the case may be).

12 Covenants

Each of the Borrower and the Guarantors covenants with the Finance Parties in the following terms for the duration of the Facility Period.

12.1 **Negative covenants**

Neither the Borrower nor any of the Guarantors will:-

12.1.1 **no third party rights** without the Banks' prior written consent permit any of the Shipowning Guarantors to create or permit to arise or continue any Encumbrance on or over all or any part of its assets or undertaking (including, without limitation, accounts receivable) other than Permitted Liens; nor

12.1.2 **no change in management** without the prior written consent of an Instructing Group, permit the appointment, sub-contracting or delegation of the commercial or technical management of the Vessels to anyone other than the Managers, nor terminate or amend any Management Agreement and/or the arrangements for the commercial or technical management of the Vessels in a manner which is in the reasonable opinion of the Agent, detrimental to the interests of the Finance Parties or any of them, provided that any termination, amendment, appointment, sub-contracting or delegation of any Management Agreement and/or management arrangements referred to above by, with or to a Stolt Manager shall not be deemed to be

detrimental to the interests of the Finance Parties or any of them as long as all management obligations continue to be performed by one or more Stolt Managers and each said Stolt Manager becomes or remains party to agreements with the Agent or the Security Trustee (as the case may be) subordinating its rights in the Vessels to those of the Finance Parties in terms substantially the same as contained in Schedule 6 Part A where the new Stolt Manager is also a bareboat charterer of any Vessel and Schedule 6 Part B where the new Stolt Manager is a manager only of any Vessel; nor

12.1.3 **merger, amalgamation or a voluntary liquidation in lieu of merger** without the prior written consent of an Instructing Group, permit any merger, amalgamation or (in the case of the Guarantors other than SNSA) voluntary liquidation in lieu of merger of all or part of any Security Party unless (i) the Security Party in question remains the surviving entity following any such merger, amalgamation or voluntary liquidation in lieu of merger (or if the merger, amalgamation or a voluntary liquidation in lieu of merger involves more than one Security Party, that one Security Party remains the surviving entity); and (ii) such surviving entity is not divested of any material part of the assets or operations of the merging or amalgamating entities with its core business of chemical transportation maintained; and (iii) in the case of SNSA only, such merger or amalgamation has been approved by a duly passed resolution of SNSA' s shareholders if required by applicable law; nor

12.1.4 **no sale of Vessels/Shipowning Guarantors** without the prior written consent of the Banks sell or cause to be sold or dispose or cause to be disposed of in whole or in part any Vessel or the shares in any Shipowning Guarantor nor agree to do so unless the Borrower (i) simultaneously makes such prepayments under Clause 2.4.3, (ii) offers such additional collateral pursuant to Clause 2.4.5 as may be necessary to maintain compliance with Clause 2.4.3 or (iii) would remain in compliance with Clause 2.4.3 without any such prepayment or provision of additional collateral provided in (i) and (ii) above; nor

12.1.5 **sale of other assets** without the prior written consent of an Instructing Group, procure that a member of the SNSA Group shall, sell, lease,

transfer or otherwise dispose of, by one or more transactions or series of transactions (whether related or not) the whole or any part of its property or assets (other than in accordance with Clause 12.1.4) except on arm' s length commercial terms or to another member of the SNSA Group; nor

12.1.6 **purchase of Margin Stock** utilise all or any part of the Facility for the purchase of Margin Stock as that term is defined in Regulation U of the United States Board of Governors of the Federal Reserve System.

12.2 **Positive covenants**

The Borrower and/or the Guarantors, as the case may be, will in the absence of a waiver granted by the Agent acting under instructions as set forth in the individual Sub-Clauses of Clause 12.2 or if no terms for waiver are set forth in any such Sub-Clause, then under instructions of an Instructing Group under Clause 11.2 or the Banks under Clause 11.4 (as the case may be) comply with the following covenants:-

12.2.1 **Registration of Vessels** Each of the Borrower and the Guarantors undertakes to procure the maintenance of the registration of the Vessels under the flags and ownerships indicated in Schedule 3 for the duration of the Facility Period unless otherwise approved by an Instructing Group in writing.

12.2.2 **Valuations** For the purposes of Clause 2.4 the Borrower shall at its expense throughout the Facility Period deliver to the Agent a Valuation in respect of each Vessel (i) at least annually after the Execution Date and (ii) at any one further time during each year of the Facility Period as requested by the Agent acting on behalf of an Instructing Group.

12.2.3 **Financial statements** The Borrower will supply to the Agent (with sufficient copies for distribution to each of the Banks), without request,

(a) on a consolidated basis:-

(i) SNSA' s annual consolidated audited accounts prepared in accordance with US GAAP within one hundred and eighty (180) days of the end of the fiscal year to which they relate

and such financial statements shall accurately and fairly represent the financial condition of the SNSA Group; and

(ii) SNSA' s unaudited consolidated quarterly financial statements not later than ninety (90) days after the end of the relevant fiscal quarter; and

(b) the annual update to SNSA Group' s three year plan when approved by SNSA' s board of directors; and

(c) any other financial information prepared by SNSA in the normal course of its business (including, but not limited to, cashflow forecasts) which may reasonably be requested by the Banks.

12.2.4 **Other information** The Borrower will promptly supply to the Agent (with sufficient copies for distribution to each of the Banks) copies of all financial and other information from time to time given by SNSA to its shareholders (provided that any information made available to the public on SNSA' s World Wide Web site shall be deemed supplied for this purpose) and such information and explanations as the Agent may from time to time reasonably require in connection with the operation of the Vessels and the Borrower' s and SNSA' s profit and liquidity, and will procure that the Agent be given the like information and explanations relating to all other Security Parties.

12.2.5 **ISM Code compliance** In respect of each Vessel at any time subject to the ISM Code the Borrower will:-

(a) procure that each Vessel remains for the duration of the Facility Period subject to a SMS;

(b) maintain a valid and current SMC for each Vessel throughout the Facility Period;

(c) if it is not itself the Company, procure that the Company maintains a valid and current DOC throughout the Facility Period;

(d) promptly report to the Agent in writing of any actual or threatened withdrawal, suspension, cancellation or modification of any Vessel' s SMC or of the Company' s DOC;

(e) promptly report to the Agent in writing (i) any accident involving any Vessel which may result in that Vessel' s insurers making payment directly to the Agent in accordance with the relevant Security Documents or (ii) any "*major non-conformity*", as that term is defined in the Guidelines on the Implementation of the International Safety Management Code by Administrations adopted by the Assembly of the International Maritime Organisation pursuant to Resolution A.788(19), and of the steps being taken to remedy the situation; and

(f) not without the prior written consent of the Agent (which will not be unreasonably withheld) change the identity of the Company.

12.2.6 **ISPS Code** Throughout the Facility Period the Borrower shall procure compliance, in relation to each Vessel, with the ISPS Code or any replacement of the ISPS Code and in particular, without limitation, shall:-

(a) procure that each Vessel and the company responsible for that Vessel' s compliance with the ISPS Code complies with the ISPS Code; and

(b) maintain for each Vessel throughout the Facility Period an ISSC; and

(c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC for any Vessel.

12.2.7 **Annex VI compliance** The Borrower will:

(a) for the duration of the Facility Period procure compliance with Annex VI in relation to the Vessels and procure that the Vessels' masters and other officers are familiar with, and that the Vessels comply with, Annex VI;

(b) maintain a valid and current IAPPC for each Vessel throughout the Facility Period and provide a copy to the Agent; and

(c) immediately notify the Agent in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the IAPPC.

12.2.8 **Insurances** The Borrower shall ensure that each of the Vessels is fully insured upon the terms and conditions set forth in the Mortgages or Deed of Covenants (as the case may be). In addition, each of the Borrower and the Guarantors shall ensure that its property and assets are insured against such risks and in such amounts as are customary for companies engaged in similar businesses with reputable and financially sound insurers.

12.2.9 **Classification** The Borrower shall ensure that each Vessel is classed and maintained as 100 A1 by Lloyd' s Register of Shipping, or + A1 by Det norske Veritas, (in each case modified, as appropriate, from time to time), or with the highest applicable class necessary properly to operate such Vessel of the American Bureau of Shipping or such other classification society acceptable to the Agent, and that such classification will be maintained and not changed in any way during the Facility Period, (or in the event of any change of classification immediate steps are taken to restore such classification within one (1) month from the date on which such change occurred).

12.2.10 **Certificate of Compliance** SNSA shall deliver to the Agent a duly executed Certificate of Compliance ninety (90) days after the end of each fiscal quarter of SNSA occurring during the Facility Period certifying (inter alia) compliance with the covenants contained in Clause 12.3.

12.2.11 **Inspection of records** Each of the Borrower and each of the Guarantors will each permit the inspection of its financial records and accounts from time to time during business hours by the Agent or its nominee.

12.2.12 **Notification of Event of Default** Each of the Borrower and each of the Guarantors will immediately notify the Agent in writing of the

occurrence of any Event of Default or Potential Event of Default or any event which will materially adversely affect the ability of either of the Borrower or any of the Guarantors to perform its obligations under this Agreement or the ability of any of the other Security Parties to perform any of their obligations under any of the Security Documents to which they are a party or may become a party to.

12.2.13 **Additional Filings/Notification** Each of the Borrower and each of the Guarantors shall ensure that (i) any additional filings required to ensure continuing compliance with Clause 4.10 will be made and/or effected promptly and within any applicable time limits imposed by law; and (ii) the Agent is immediately notified (a) if any of the Security Parties has an established place of business in the United Kingdom or the United States of America at any time during the Facility Period, (b) if any of the Security Parties changes the place of its chief executive office or principal place of business in the United States of America or (c) if any Shipowner Guarantor moves its registered office or chief executive office from the Netherlands.

12.2.14 **Pari Passu** Each of the Borrower and each of the Guarantors shall ensure that its respective obligations under this Agreement shall at all times rank at least pari passu with all of its other present and future unsecured and unsubordinated indebtedness with the exception of any obligations which are mandatorily preferred by any applicable laws to companies generally and not by contract.

12.2.15 **Corporate Existence** Save as permitted by Clause 12.1.3, each of the Borrower and each of the Guarantors shall ensure that throughout the Facility Period each of the Security Parties shall (i) remain duly formed and validly existing under the laws of its respective jurisdiction of incorporation, (ii) remain authorised to do business in each jurisdiction in which it transacts its business, (iii) continue to have the power to carry on its business as it is now being conducted and to enter into and perform its obligations under the Security Documents to which it is a party, and (iv) continue to comply with all statutory, regulatory and other requirements relative to its business where the failure to comply with such could reasonably be expected to have a

material adverse effect on its business, assets or operations, financial or otherwise.

12.2.16 **Admissibility In Evidence** Each of the Borrower and each of the Guarantors shall on the request of the Agent obtain all necessary authorisations, consents, approvals, licences, exemptions, filings, registrations, recordings and notarisations required or advisable in connection with the admissibility in evidence of the Security Documents or any of them in Proceedings in England or any other jurisdiction in which Proceedings have been commenced.

12.2.17 **Compliance with law** Each of the Borrower and each of the Guarantors will comply (and will procure that each of the Shipowning Guarantors complies) in all material respects with the requirements of all applicable laws and/ or regulations (including, without limitation, any environmental laws).

12.2.18 **Payment of Taxes** Each of the Borrower and each of the Guarantors will ensure that all Taxes, the non-payment of which might reasonably be expected to have a material adverse effect on the financial condition of any of the Security Parties or of the SNSA Group are paid promptly and will provide the Agent with details of any demand issued for such Taxes.

12.2.19 **Maintenance of records** Each of the Borrower and each of the Guarantors will ensure that all of their accounting and other records (including operational records relating to all vessels and containers owned by, or

leased to, members of the SNSA Group) are kept up to date and in such places as they are easily accessible in the event that the Agent wishes to inspect them pursuant to Clause 12.2.12.

12.2.20 **Finance Company Status** The Borrower will ensure that throughout the Facility Period the Borrower will comply with the regulations of the Netherlands Ministry of Finance dated 4 February 1993 with respect to finance companies to the extent applicable and that the application of the Facility will be in accordance with such regulations. The Borrower will also ensure that throughout the Facility Period all notice requirements to the Dutch Central Bank pursuant to the Foreign

Financial Relations Act ("Wet Financiele Betrekkingen Buitenland") 1994, are complied with.

12.2.21 **SNSA' s company Status** SNSA will throughout the Facility Period operate as a milliardaire holding company and finance holding company under Luxembourg law pursuant to the terms of a letter of the "Administration de l' Enregistrement et des Domaines" dated 14 September 1984.

12.3 **SNSA' s Financial Covenants** Throughout the Facility Period SNSA shall:-

12.3.1 maintain a Consolidated Tangible Net Worth of not less than six hundred million Dollars ($600,000,000) or the equivalent in any other currency calculated at the end of each fiscal quarter;

12.3.2 maintain a Consolidated Debt to Consolidated Tangible Net Worth ratio of a maximum of 2.00:1.00, as calculated at the end of each fiscal quarter; and

12.3.3 maintain a Consolidated EBITDA to Consolidated Interest Expense ratio equal to or greater than 2.00:1.00 as calculated at the end of each fiscal quarter.

13 Earnings

Remittance of earnings Immediately upon the occurrence of an Event of Default, the Borrower shall procure that all Earnings are paid to such account(s) as the Agent shall from time to time specify by notice in writing to the Borrower.

14 Events of Default

14.1 **The Agent' s rights** If any of the events set out in Clause 14.2 occurs, and such event (if, in the opinion of an Instructing Group, capable of remedy) remains unremedied for fourteen (14) days after notice thereof has been given by the Agent to the Borrower (except in relation to any of the events described in Clauses 14.2.1, 14.2.4, 14.2.5, 14.2.6, 14.2.16, 14.2.17, 14.2.18 and 14.2.20 where such remedy period shall not apply) the Agent (acting on the instructions of an Instructing Group) may at its discretion by notice to the Borrower declare the Banks to be under no further obligation to the Borrower under or pursuant to this Agreement and may declare all or any part of the Indebtedness (including such

unpaid interest as shall have accrued) to be immediately payable, whereupon the Indebtedness (or the part of the Indebtedness referred to in the Agent' s notice) shall immediately become due and payable without any further demand or notice of any kind.

14.2 **Events of Default** The events referred to in Clause 14.1 are:-

14.2.1 **payment default** if the Borrower defaults in the payment of any principal forming part of the Indebtedness when due or any other part of the Indebtedness within three (3) Business Days of its due date; or

14.2.2 **other default** if any of the Security Parties fails to observe or perform any of the covenants, conditions, undertakings, agreements or obligations on its part contained in any of the Security Documents or shall in any other way be in breach of or do or cause to be done any act repudiating or evidencing an intention to repudiate any of the Security Documents; or

14.2.3 **misrepresentation or breach of warranty** if any representation, warranty or statement made, deemed to be made, or repeated under any of the Security Documents or in any accounts, certificate, notice, instrument, written statement or opinion delivered by a Security Party under or in connection with any Security Document is incorrect in any material respect when made, deemed to be made or repeated; or

14.2.4 **execution** if a distress or execution or other process of a court or authority is levied on any of the property of any Security Party or Material Subsidiary before or after final judgment or by order of any competent court or authority for an amount in excess of seven million five hundred thousand Dollars ($7,500,000) or its equivalent in any other currency and is not satisfied or stayed (with a view to being contested in good faith) within fourteen (14) days of levy; or

14.2.5 **insolvency events** if any Security Party or Material Subsidiary:-

(a) resolves to appoint, or applies for, or consents to the appointment of, a receiver, administrative receiver, trustee, administrator or liquidator of itself or of all or part of its assets other than for the

purposes of a merger, amalgamation or voluntary liquidation in lieu of merger pursuant to Clause 12.1.3; or

(b) is unable or admits its inability to pay its debts as they fall due; or

(c) makes a general assignment for the benefit of creditors; or

(d) ceases trading or threatens to cease trading (except in the case of a Material Subsidiary as part of the ordinary course of business or with the consent of an Instructing Group, such consent not to be unreasonably withheld or for the purposes of a voluntary liquidation in lieu of merger pursuant to Clause 12.1.3); or

(e) has appointed an Inspector under the Companies Act 1985 or any statutory provision which the Agent in its discretion considers analogous thereto; or

14.2.6 **insolvency proceedings** if any proceedings are commenced or threatened, or any order or judgment is given by any court, for the bankruptcy, liquidation (whether by the means of a voluntary liquidation or otherwise except as permitted pursuant to Clause 12.1.3), winding up, administration or re-organisation of any Security Party or Material Subsidiary or for the appointment of a receiver, administrative receiver, administrator, liquidator or trustee of any Security Party or Material Subsidiary or of all or part of the assets of any Security Party or Material Subsidiary, or if any person appoints or purports to appoint such receiver, administrative receiver, administrator, liquidator or trustee which proceeding is not discharged within thirty (30) days of its commencement; or

14.2.7 **impossibility or illegality** subject to the terms of Clause 17.7, if any event occurs which would, or would with the passage of time, render performance of any of the Security Documents impossible, unlawful or unenforceable by any of the Finance Parties; or

14.2.8 **conditions subsequent** if any of the conditions set out in Clause 3.2 is not satisfied within the time reasonably required by the Agent except

where such condition has not been satisfied due to an act or omission on the part of a Finance Party; or

14.2.9 **revocation or modification of consents etc.** if any material consent, licence, approval or authorisation which is now or which at any time during the Facility Period becomes necessary to enable any of the Security Parties to comply with any of their obligations in or pursuant to any of the Security Documents is revoked, withdrawn or withheld, or modified in a manner which the Agent reasonably considers is, or may be, prejudicial to the interests of the Banks in a material manner, or any material consent, licence, approval or authorisation ceases to remain in full force and effect; or

14.2.10 **curtailment of business** if the business of any of the Security Parties is wholly or partially curtailed by any intervention by or under authority of any government, or if all or a substantial part of the undertaking, property or assets of any of the Security Parties (other than a Vessel if it is that Security Party' s only asset) is seized, nationalised, expropriated or compulsorily acquired by or under authority of any government or any Security Party disposes or threatens to dispose of a substantial part of its business or assets; or

14.2.11 **loss of Vessel** if any Vessel, or any such other vessel which may from time to time be mortgaged to the Banks (or to the Security Trustee on their behalf) as security for the repayment of all or any part of the Indebtedness is destroyed, abandoned, confiscated, forfeited, condemned as prize or otherwise becomes a Total Loss, except that a Total Loss shall not be an Event of Default if:-

(a) such Vessel or such other vessel (as the case may be) is insured in accordance with the Security Documents; and

(b) no insurer has refused to meet or has disputed the claim for Total Loss and it is not apparent to the Agent in its discretion that any such refusal or dispute is likely to occur; and

(c) payment of the Insurance Proceeds Amount to the Security Trustee on behalf of the Banks is made on or before the date

falling one hundred and eighty days (180) after the date the Total Loss occurred; or

14.2.12 **acceleration of other indebtedness** if any other indebtedness or obligation for borrowed money of any Security Party or any Subsidiary of SNSA becomes due or capable of being declared due prior to its stated maturity by reason of default on the part of that Security Party or Subsidiary of SNSA (as the case may be), or is not repaid or satisfied on the due date for its repayment or any such other loan, guarantee or indebtedness becomes enforceable save, in either case, for amounts of less than seven million five hundred thousand Dollars ($7,500,000) in aggregate, or its equivalent in any other currency, and claims contested in good faith; or

14.2.13 **reduction of capital** if any of the Security Parties reduces its authorised or issued or subscribed capital except reductions effected in compliance with Clause 12.1.3; or

14.2.14 **challenge to registration** if the registration of any Vessel or any Mortgage becomes void or voidable or liable to cancellation or termination; or

14.2.15 **war** if the country of registration of any Vessel becomes involved in war (whether or not declared) or civil war or is occupied by any other power and the Agent reasonably considers that, as a result, the security conferred by the Security Documents is materially prejudiced; or

14.2.16 **notice of termination** if any of the Guarantors or any Shipowning Guarantor gives notice to the Agent to determine its obligations under the Guarantee or the Shipowners' Guarantee, as appropriate; or

14.2.17 **claim against assets** except for Permitted Liens, if a maritime or other lien, arrest, distress or similar charge is levied upon or against any Vessel or any substantial part of the assets of any of the Guarantors (on a consolidated

basis) and is not discharged within fourteen (14) Business Days after any Security Party has become aware of the same; or

14.2.18 **Borrower' s/Guarantor' s business** if all or a substantial part of the Borrower' s or any of the Guarantors' business is destroyed, abandoned, seized, appropriated or forfeited for any reason; or

14.2.19 **ownership** if (i) the Borrower ceases to be a wholly owned subsidiary of SNSA; or (ii) any Guarantor or Shipowning Guarantor ceases to be 100% directly or indirectly owned by SNSA except as permitted under Clause 12.1.3; or (iii) members of the Stolt-Nielsen family cease for any reason to own and control, directly or indirectly, at least thirty per centum (30%) of the issued voting share capital of SNSA; or (iv) any individual shareholder, or group of shareholders acting in concert, outside the Stolt-Nielsen family owns a greater proportion of the issued voting share capital of SNSA than members of the Stolt-Nielsen family; or

14.2.20 **final judgements** if any Security Party or Material Subsidiary fails to comply with any non appealable court order or fails to pay a final unappealable judgement against it, in either case, in excess of seven million five hundred thousand Dollars ($7,500,000), within fourteen (14) days; or

14.2.21 **third party charters** if any Vessel which is on charter to a member of the SNSA Group is chartered for a period of twelve (12) months or more to a person who is not a member of the SNSA Group; or

14.2.22 **core business** if either the Borrower or any Guarantor shall, without the prior written consent of an Instructing Group, cease to carry on the business of the transportation of bulk liquid chemicals and other products customary for chemical and product tankers as its core activity.

15 Set-Off and Lien

15.1 **Set-off** Each of the Borrower and the Guarantors irrevocably authorises the Finance Parties at any time after all or any part of the Indebtedness shall have become due and payable to set off without notice any liability of the Borrower or any Guarantor to any of the Finance Parties (whether present or future, actual or contingent, and irrespective of the branch or office, currency or place of payment) against any credit balance from time to time standing on any account of the Borrower or any Guarantor (whether current or otherwise and whether or not

subject to notice) with any branch of any of the Finance Parties in or towards satisfaction of the Indebtedness and, in the name of that Finance Party, the Borrower or that Guarantor (as the case may be), to do all acts (including, without limitation, converting or exchanging any currency) and execute all documents which may be required to effect such application.

15.2 **Lien** If an Event of Default has occurred and is continuing, each Finance Party shall have a lien on and be entitled to retain and realise as additional security for the repayment of the Indebtedness any cheques, drafts, bills, notes or negotiable or non-negotiable instruments and any stocks, shares or marketable or other securities and property of any kind of any of the Security Parties (or of that Finance Party as agent or nominee of any of the Security Parties) from time to time held by that Finance Party, whether for safe custody or otherwise.

15.3 **Restrictions on withdrawal** Despite any term to the contrary in relation to any deposit or credit balance at any time on any account of the Borrower or any Guarantor (as the case may be) with any of the Finance Parties, no such deposit or balance shall be repayable or capable of being assigned, mortgaged, charged or otherwise disposed of or dealt with by the Borrower or the Guarantors or any of them (as the case may be) after an Event of Default has occurred and while such Event of Default is continuing, but any Finance Party may from time to time permit the withdrawal of all or any part of any such deposit or balance without affecting the continued application of this Clause.

15.4 **Application** Whilst an Event of Default is continuing, each of the Borrower and the Guarantors irrevocably authorises the Agent to apply all sums which the Agent or the Security Trustee may receive:-

15.4.1 pursuant to a sale or other disposition of a Vessel or any right, title or interest in a Vessel; or

15.4.2 by way of payment to the Agent of any sum in respect of the Insurances, Earnings or Requisition Compensation of a Vessel; or

15.4.3 otherwise arising under or in connection with any of the Security Documents

in or towards satisfaction, or by way of retention on account, of the Indebtedness, in such manner as the Agent may in its discretion determine.

16 Assignment and Sub-Participation

16.1 **Right to assign** Each of the Banks may assign or transfer all or any of its rights under or pursuant to the Security Documents to (i) any other branch of that Bank or to any other financial institution which is a subsidiary of that Bank or which is a subsidiary (direct or indirect) of that Bank' s ultimate holding company or to another Bank so long as such assignment or transfer does not result in the Borrower being subject to any additional Tax or other financial or legal obligations other than those contemplated by the terms of this Agreement at the time of such assignment or transfer or (ii) subject to the prior written consent of the Borrower (only where no Event of Default has occurred and is continuing) and an Instructing Group, any other bank or financial institution, and each of the Banks may grant sub-participations in all or any part of its Commitment. Unless such Bank is assigning all of its rights, the amount of the Commitment being assigned or transferred shall be at least ten million Dollars ($10,000,000) (the "**Minimum Transfer Amount**"). For the avoidance of doubt the Minimum Transfer Amount shall not apply to any sub-participations granted pursuant to Clause 16.1.

16.2 **Borrower' s co-operation** Each of the Borrower and the Guarantors will co-operate fully with the Banks in connection with any assignment, transfer or sub-participation pursuant to Clause 16.1; will execute and procure the execution of such documents as the Banks may require in connection therewith; and irrevocably authorises each of the Finance Parties to disclose to any proposed assignee, transferee or sub-participant (whether before or after any assignment, transfer or sub-participation and whether or not any assignment, transfer or sub-participation shall take place) all information relating to the Security Parties, the Facility or the Security Documents which each such Finance Party may in its discretion consider necessary or desirable (subject to any duties of confidentiality applicable to the Banks generally).

16.3 **Rights of assignee** Any assignee, transferee or sub-participant of a Bank shall (unless limited by the express terms of the assignment, transfer or sub-participation) take the full benefit of every provision of the Security Documents benefiting that Bank.

16.4 **Transfer Certificates** If any Bank wishes to transfer all or any of its Commitment as contemplated in Clause 16.1 then such transfer may be effected by the delivery to the Agent of a duly completed and duly executed Transfer Certificate in which event, on the later of the Transfer Date specified in such Transfer Certificate and the fifth Business Day after the date of delivery of such Transfer Certificate to the Agent:

16.4.1 to the extent that in such Transfer Certificate the Bank which is a party thereto seeks to transfer its Commitment in whole, the Borrower and such Bank shall be released from further obligations towards each other under this Agreement and their respective rights against each other shall be cancelled other than existing claims against such Bank for breach of this Agreement (such rights, benefits and obligations being referred to in this Clause 16.4 as "**discharged rights and obligations**");

16.4.2 the Borrower and the Transferee which is a party thereto shall assume obligations towards one another and/or acquire rights against one another which differ from such discharged rights and obligations only insofar as the Borrower and such Transferee have assumed and/or acquired the same in place of the Borrower and such Bank; and

16.4.3 the Agent or the Lead Arrangers, the Transferee and the other Banks shall acquire the same rights and benefits and assume the same obligations between themselves as they would have acquired and assumed had such Transferee been an original party to this Agreement as a Bank with the rights, benefits and/or obligations acquired or assumed by it as a result of such transfer.

16.5 **Power of Attorney** In order to give effect to each Transfer Certificate the Finance Parties and the Borrower each hereby irrevocably and unconditionally appoint the Agent as its true and lawful attorney with full power to execute on their respective behalves each Transfer Certificate delivered to the Agent pursuant to Clause 16.4 without the Agent being under any obligation to take any further instructions from or give any prior notice to, any of the Finance Parties or, subject to the Borrower' s rights under Clause 16.1, the Borrower and the Agent shall so execute each such Transfer Certificate on behalf of the other Finance Parties and the Borrower immediately on its receipt of the same pursuant to Clause 16.4.

16.6 **Notification and "kyc"** The Agent shall promptly notify the other Finance Parties, the Transferee and the Borrower of the execution by it of any Transfer Certificate together with details of the amount transferred, the Transfer Date and the parties to such transfer. Upon receipt of such notification the Borrower shall promptly deliver to the Transferee in question upon its first request such documents and evidence as such Transferee may reasonably request in order to such Transferee to comply with its "know your customer" requirements to confirm the identity of the Security Parties and/or the individuals acting on their behalf.

16.7 **Transfer Fee** Each Transferee shall on the date upon which an assignment or transfer takes effect pursuant to Clause 16.4, pay to the Agent (for its own account) a fee of one thousand five hundred Dollars ($1,500).

17 Payments, Mandatory Prepayment, Reserve Requirements and Illegality

17.1 **Payments** All amounts payable by the Borrower and/or any of the Guarantors under or pursuant to any of the Security Documents shall be paid to such accounts at such banks as the Agent may from time to time direct to the Borrower or the Guarantors (as the case may be), and (unless payable in any other Currency of Account) shall be paid in Dollars in same day funds (or such funds as are required by the authorities in the United States of America for settlement of international payments for immediate value). Payments shall be deemed to have been received by the Agent on the date on which the Agent receives authenticated advice of receipt for good value by 3pm (London time) on a Business Day. If that advice is not received by the Agent on or before 3pm (London time) and/or is received on a day other than a Business Day the payment in question shall be deemed to have been received by the Agent on the Business Day next following the date of receipt of advice by the Agent.

17.2 **No deductions or withholdings** All payments (whether of principal or interest or otherwise) to be made by the Borrower and/or any of the Guarantors pursuant to the Security Documents shall, subject only to Clause 17.3, be made free and clear of and without deduction for or on account of any Taxes or other deductions, withholdings, restrictions, conditions or counterclaims of any nature, and neither the Borrower nor any Guarantor will claim any equity in respect of any payment due from it to the Banks or to the Agent under or in relation to any of the Security Documents.

17.3 **Grossing-up** If at any time any law requires (or is interpreted to require) the Borrower or any Guarantor to make any deduction or withholding from any payment, or to change the rate or manner in which any required deduction or withholding is made, the Borrower or relevant Guarantor (as the case may be) will promptly notify the Agent and, simultaneously with making that payment, will pay to the Agent whatever additional amount (after taking into account any additional Taxes on, or deductions or withholdings from, or restrictions or conditions on, that additional amount) is necessary to ensure that, after making the deduction or withholding, the Finance Parties receive a net sum equal to the sum which they would have received had no deduction or withholding been made.

17.4 **Evidence of deductions** If at any time either the Borrower or any Guarantor is required by law to make any deduction or withholding from any payment to be made by it pursuant to any of the Security Documents, the Borrower or that Guarantor (as the case may be) will pay the amount required to be deducted or withheld to the relevant authority within the time allowed under the applicable law and will, no later than thirty days after making that payment, deliver to the Agent an

original receipt issued by the relevant authority, or other evidence reasonably acceptable to the Agent, evidencing the payment to that authority of all amounts required to be deducted or withheld. If the Borrower makes any deduction or withholding from any payment under or pursuant to any of the Security Documents, and a Bank subsequently receives a refund or allowance from any tax authority which that Bank identifies as being referable to that deduction or withholding, that Bank shall, as soon as reasonably practicable, pay to the Borrower an amount equal to the amount of the refund or allowance received, if and to the extent that it may do so without prejudicing its right to retain that refund or allowance and without putting itself in any worse financial position than that in which it would have been had the deduction or withholding not been required to have been made. Nothing in this Clause shall be interpreted as imposing any obligation on any Bank to apply for any refund or allowance, nor as restricting in any way the manner in which any Bank organises its tax affairs, nor as imposing on any Bank any obligation to disclose to the Borrower any information regarding its tax affairs or tax computations. All costs and expenses incurred by any Bank in obtaining or seeking to obtain a refund or allowance from any tax authority pursuant to this Clause shall be for the Borrower' s account.

17.5 **Adjustment of due dates** If any payment to be made under any of the Security Documents, other than a payment of interest on the Facility, shall be due on a day which is not a Business Day, that payment shall be made on the next succeeding Business Day (unless the next succeeding Business Day falls in the next calendar month in which event the payment shall be made on the next preceding Business Day). Any such variation of time shall be taken into account in computing any interest in respect of that payment.

17.6 **Change in law** If, by reason of the introduction of any law, or any change in any law, or the interpretation or administration of any law, or in compliance with any request or requirement from any central bank or any fiscal, monetary or other authority:-

17.6.1 any Finance Party (or the holding company of any Finance Party) shall be subject to any Tax with respect to payments of all or any part of the Indebtedness; or

17.6.2 the basis of Taxation of payments to any Finance Party in respect of all or any part of the Indebtedness shall be changed; or

17.6.3 any reserve requirements shall be imposed, modified or deemed applicable against assets held by or deposits in or for the account of or loans by any branch of any Finance Party or its direct or indirect holding company; or

17.6.4 any ratio (whether cash, capital adequacy, liquidity or otherwise) which any Finance Party or its direct or indirect holding company is required or requested to maintain shall be affected; or

17.6.5 there is imposed on any Finance Party (or on the direct or indirect holding company of any Finance Party) any other condition in relation to the Indebtedness or the Security Documents;

and the result of any of the above shall be to increase the cost to any Bank (or to the direct or indirect holding company of any Bank) of that Bank making or maintaining its Commitment or any Drawing, or to cause any Finance Party to suffer (in its reasonable opinion) a material reduction in the rate of return on its overall capital below the level which it reasonably anticipated at the date of this Agreement and which it would have been able to achieve but for its entering into

this Agreement and/or performing its obligations under this Agreement, the Finance Party affected shall notify the Agent and, on demand to the Borrower by the Agent, the Borrower shall from time to time pay to the Agent for the account of the Finance Party affected the amount which shall compensate that Finance Party or the Agent (or the relevant holding company) for such additional cost or reduced return. A certificate signed by an authorised signatory of the Agent or of the Finance Party affected setting out the amount of that payment and the basis of its calculation shall be submitted to the Borrower and shall be conclusive evidence of such amount save for manifest error or on any question of law. Notwithstanding the foregoing, the affected Bank shall (without any obligation on the part of such Bank to be bound)

negotiate in good faith with the Borrower to find a method to avoid any such increase. Additionally, should the Borrower and the Bank affected be unable to find a method to avoid any such increase, the Borrower shall have the right to demand that, that Bank' s obligations be terminated using the procedure set forth in Clause 17.7 subject to any claims that Bank may have against the Borrower being preserved.

17.7 **Illegality and impracticality** Notwithstanding anything contained in the Security Documents, the obligations of a Bank to advance or maintain the Facility shall terminate in the event that a change in any law or in the interpretation of any law by any authority charged with its administration shall make it unlawful for that Bank to advance or maintain its Commitment. In such event the Bank affected shall notify the Agent and the Agent shall, by written notice to the Borrower, declare the Banks' obligations to be immediately terminated. If all or any part of the Facility shall have been advanced by the Banks to the Borrower, the Indebtedness (including all accrued interest) shall be prepaid within thirty days from the date of such notice. Clause 6.3 shall apply to that prepayment if it is made on a day other than the last day of an Interest Period. During that period, the affected Bank shall negotiate in good faith with the Borrower to find an alternative method or lending base in order to maintain the Facility.

17.8 **Changes in market circumstances** If at any time a Bank determines (which determination shall be final and conclusive and binding on the Borrower) that, by reason of changes affecting the relevant Interbank market, adequate and fair means do not exist for ascertaining the rate of interest on the Facility or any part thereof pursuant to this Agreement:-

17.8.1 that Bank shall give notice to the Agent and the Agent shall give notice to the Borrower of the occurrence of such event; and

17.8.2 the Agent shall as soon as reasonably practicable certify to the Borrower in writing the effective cost to that Bank of maintaining its Commitment for such further period as shall be selected by that Bank and the rate of interest payable by the Borrower for that period; or, if that is not acceptable to the Borrower,

17.8.3 the Agent in accordance with instructions from that Bank and subject to that Bank' s approval of any agreement between the Agent and the Borrower, will negotiate with the Borrower in good faith with a view to modifying this Agreement to provide a substitute basis for that Bank' s Commitment which is financially a substantial equivalent to the basis provided for in this Agreement.

If, within thirty days of the giving of the notice referred to in Clause 17.8.1, the Borrower and the Agent fail to agree in writing on a substitute basis for such Bank' s Commitment the Borrower will immediately prepay the outstanding amount of such Bank' s Commitment and the Maximum Facility Amount will automatically decrease by the amount of such Commitment and such decrease shall not be reversed. Clause 6.3 shall apply to that prepayment if it is made on a day other than the last day of an Interest Period.

17.9 **Non-availability of currency** If a Bank is for any reason unable to obtain the relevant Permitted Currency in the relevant interbank market and is, as a result, or as a result of any other contingency affecting the relevant interbank market, unable to maintain all or part of its Commitment in the relevant Permitted Currency, that Bank shall give notice to the Agent and the Agent shall give notice to the Borrower and that Bank' s obligations to make its Proportionate Share of the Facility available in that Permitted Currency shall immediately cease. In that event, if all or any part of the Facility shall have been advanced in that Permitted Currency by that Bank to the Borrower, the Agent in accordance with instructions from that Bank and subject to that Bank' s approval of any agreement between the Agent and the Borrower, will negotiate with the Borrower in good faith with a view to establishing a mutually acceptable basis for funding the Facility or relevant part thereof from an alternative source and/or in an alternative Permitted Currency. If the Agent and the Borrower have failed to agree in writing on a

basis for funding the Facility or relevant part thereof from an alternative source and/or in an alternative Permitted Currency by 11.00 a.m. on the second Business Day prior to the end of the then current relevant Interest Period, the Borrower will

(without prejudice to its other obligations under or pursuant to this Agreement, including, without limitation, its obligation to pay interest on the Facility or relevant part thereof, arising on the expiry of the then relevant Interest Period) prepay the Indebtedness to the Agent on behalf of that Bank on the expiry of the then current relevant Interest Period.

18 Communications

18.1 **Method** Except for Communications pursuant to Clause 11, which shall be made or given in accordance with Clause 11.20, any Communication may be given, delivered, made or served (as the case may be) under or in relation to this Agreement by letter, fax or e-mail and shall be in the English language and sent addressed:-

18.1.1 in the case of any of the Finance Parties to the Agent at its address at Citibank International PLC, 5th Floor, Citigroup Centre 2, 25 Canada Square, London, E14 5LB (fax no: +44 (0) 20 8636 3824 marked for the attention of: Sonia Gosparini or e-mail: sonia.gosparini@citigroup.com); and

18.1.2 in the case of the Borrower and/or any Guarantor to the Communications Address with a copy to McLaughlin & Stern, LLP, 260 Madison Avenue, New York, NY 10016, (fax no: + (212) 448-6260 Attention: Walter Lion or e-mail: wlion@mclaughlinstern.com), provided that the failure to deliver such copy shall not affect the rights of any party under this Agreement;

or to such other address, fax number or e-mail address as the Finance Parties, the Borrower or the Guarantors may designate for themselves by written notice to the others.

18.2 **Timing** A Communication shall be deemed to have been duly given, delivered, made or served to or on, and received by a party to this Agreement:-

18.2.1 in the case of a fax when the sender receives one or more transmission reports showing the whole of the Communication to have been transmitted to the correct fax number;

18.2.2 if delivered to an officer of the relevant party or (in the case of the Borrower and/or the Guarantors) left at the Communications Address, at the time of delivery or leaving; or

18.2.3 if posted, at 9.00 a.m. on the third Business Day after posting by prepaid first class post; or

18.2.4 in the case of an e-mail when the sender receives an acknowledgement of receipt from the recipient in respect of such e-mail (it being understood that a response indicating that the intended recipient is out of the office shall not be deemed a receipt for this purpose).

19 General Indemnities

19.1 **Currency** In the event of any Finance Party receiving or recovering any amount payable under any of the Security Documents in a currency other than the Currency of Account, and if the amount received or recovered is insufficient when converted into the Currency of Account at the date of receipt to satisfy in full the amount due, the Borrower and/or the Guarantors (as the case may be) shall, on the Agent' s written demand, pay to the Agent such further amount in the Currency of Account as is sufficient to satisfy in full the amount due and that further amount shall be due to the Agent on behalf of the Finance Parties as a separate debt under this Agreement.

19.2 **Costs and expenses** The Borrower and the Guarantors will, within fourteen (14) days of the Agent' s written demand, reimburse the Agent (on behalf of each of the Finance Parties) for all reasonable out of pocket expenses including external legal costs or internal legal costs in lieu thereof (including Value Added Tax or any similar or replacement tax if applicable) of and incidental to:-

19.2.1 the negotiation, syndication, preparation, execution and registration of the Security Documents (whether or not any of the Security Documents are actually executed or registered and whether or not all or any part of the Facility is advanced);

19.2.2 any amendments, addenda or supplements to any of the Security Documents (whether or not completed);

19.2.3 any other documents which may at any time be required by any Finance Party to give effect to any of the Security Documents or which any Finance Party is entitled to call for or obtain pursuant to any of the Security Documents (including, without limitation, all premiums and other sums from time to time payable by Deutsche Schiffsbank AG in relation to the Mortgagees' Insurances); and

19.2.4 the exercise of the rights, powers, discretions and remedies of the Finance Parties under or pursuant to the Security Documents.

19.3 **Events of Default** Each of the Borrower and the Guarantors shall indemnify the Finance Parties from time to time on demand against all losses and costs incurred or sustained by any Finance Party as a consequence of any Event of Default, including (without limitation) any Break Costs.

19.4 **Funding costs** Each of the Borrower and the Guarantors shall indemnify the Finance Parties from time to time on demand against all losses and costs incurred or sustained by any Finance Party if, for any reason due to a default or other action by the Borrower, any Drawing is not advanced to the Borrower after the relevant Drawdown Notice has been given to the Agent, or is advanced on a date other than that requested in the Drawdown Notice, including (without limitation) any Break Costs.

19.5 **Protection and enforcement** Each of the Borrower and the Guarantors shall indemnify the Finance Parties from time to time on demand against all losses, costs and liabilities which any Finance Party may from time to time sustain, incur or become liable for in or about the protection, maintenance or enforcement of the rights conferred on the Finance Parties by the Security Documents or in or about the exercise or purported exercise by the Finance Parties of any of the rights, powers, discretions or remedies vested in them under or arising out of the Security Documents, including (without limitation) any losses, costs and liabilities which any Finance Party may from time to time sustain, incur or become liable for by reason of any Finance Party being mortgagees of any Vessel and/or a lender to the Borrower, or by reason of any Finance Party being deemed by any court or authority to be an operator or controller, or in any way concerned

in the operation or control, of any Vessel. No such indemnity will be given to a Finance Party where any such loss, cost or liability has occurred due to gross negligence or wilful misconduct on the part of that Finance Party however this shall not affect the right of any other Finance Party to receive any such indemnity other than where such loss, cost or liability is caused due to the gross negligence or wilful misconduct of another Finance Party.

19.6 **Liabilities of Finance Parties** Each of the Borrower and the Guarantors will from time to time reimburse the Finance Parties on demand for all sums which any Finance Party may pay on account of any of the Security Parties or in connection with any Vessel (whether alone or jointly or jointly and severally with any other person) including (without limitation) all sums which any Finance Party may pay or guarantees which any Finance Party may give in respect of the Insurances, any expenses incurred by any Finance Party in connection with the maintenance or repair of any Vessel or in discharging any lien, bond or other claim relating in any way to any Vessel, and any sums which any Finance Party may pay or guarantees which they may give to procure the release of any Vessel from arrest or detention.

19.7 **Taxes** Each of the Borrower and the Guarantors shall pay all Taxes to which all or any part of the Indebtedness or any of the Security Documents may be at any time subject and shall indemnify the Finance Parties on demand against all liabilities, costs, claims and expenses resulting from any omission to pay or delay in paying any such Taxes. The indemnity contained in this Clause shall survive the repayment of the Indebtedness.

19.8 **Security Trustee Indemnity** If an Event of Default or Potential Event of Default under the Facility Agreement shall have occurred or if the Security Trustee finds it expedient or necessary or is requested by the Borrower to undertake duties which the Borrower agrees to be of an exceptional nature or which are otherwise outside the scope of the Security Trustee' s normal duties, the Borrower will pay such additional remuneration as the Security Trustee and Borrower may agree, or failing agreement as determined by an investment bank (acting as an expert) selected by the Security Trustee and approved by the Borrower or failing such approval, nominated by the president for the time being of the Law Society of England and Wales. The expense involved in such nomination and such investment bank' s fee will be borne by the Borrower. The determination of such

investment bank will be conclusive and binding on the Security Trustee and the Borrower.

20 Miscellaneous

20.1 **Waivers** No failure or delay on the part of any Finance Party in exercising any right, power, discretion or remedy under or pursuant to any of the Security Documents, nor any actual or alleged course of dealing between any Finance Party and any of the Security Parties, shall operate as a waiver of, or acquiescence in, any default on the part of any Security Party, unless expressly agreed to do so in writing by the Agent, nor shall any single or partial exercise by any Finance Party of any right, power, discretion or remedy preclude any other or further exercise of that right, power, discretion or remedy, or the exercise by a Finance Party of any other right, power, discretion or remedy.

20.2 **No oral variations** No variation or amendment of any of the Security Documents shall be valid unless in writing and signed on behalf of the Finance Parties and the relevant Security Party.

20.3 **Severability** If at any time any provision of any of the Security Documents is invalid, illegal or unenforceable in any respect that provision shall be severed from the remainder and the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

20.4 **Successors etc.** The Security Documents shall be binding on the Security Parties and on their successors and permitted transferees and assignees, and shall inure to the benefit of the Finance Parties and their respective successors, transferees and assignees. Neither the Borrower nor any of the Guarantors may assign or transfer any of its rights or duties under or pursuant to any of the Security Documents without the prior written consent of the Banks.

20.5 **Further assurance** If any provision of the Security Documents shall be invalid or unenforceable in whole or in part by reason of any present or future law or any decision of any court, or if the documents at any time held by the Finance Parties on their behalf are considered by the Banks for any reason insufficient to carry out the terms of this Agreement, then from time to time the Borrower and/or the Guarantors (as the case may be) will promptly, on demand by the Agent, execute or procure the execution of such further documents as in the reasonable opinion of

the Banks are necessary to provide adequate security for the repayment of the Indebtedness.

20.6 **Other arrangements** The Finance Parties may, without prejudice to their rights under or pursuant to the Security Documents, at any time and from time to time, on such terms and conditions as they may in their discretion determine, and without notice to either the Borrower or the Guarantors, grant time or other indulgence to, or compound with, any other person liable (actually or contingently) to the Finance Parties or any of them in respect of all or any part of the Indebtedness, and may release or renew negotiable instruments and take and release securities and hold funds on realisation or suspense account without affecting the liabilities of the Borrower and/or the Guarantors (as the case may be) or the rights of the Finance Parties under or pursuant to the Security Documents.

20.7 **Advisers** Each of the Borrower and the Guarantors irrevocably authorise the Agent, at any time and from time to time during the Facility Period, to consult insurance advisers on any matters relating to the Insurances, including, without limitation, the collection of insurance claims, and from time to time to consult or retain advisers or consultants to monitor or

advise on any other claims relating to the Vessels. Each of the Borrower and the Guarantors will provide such advisers and consultants with all information and documents which they may from time to time reasonably require and will reimburse the Agent on demand for all reasonable costs and expenses incurred by the Agent in connection with the consultation or retention of such advisers or consultants.

20.8 **Delegation** The Finance Parties may at any time and from time to time delegate to any person any of their rights, powers, discretions and remedies pursuant to the Security Documents, other than rights relating to actions to be taken by an Instructing Group or the Banks as a group, on such terms as they may consider appropriate (including the power to sub-delegate but shall not be responsible for the acts or omissions of any such delegates or for supervising them).

20.9 **Rights etc. cumulative** Every right, power, discretion and remedy conferred on the Finance Parties under or pursuant to the Security Documents shall be cumulative and in addition to every other right, power, discretion or remedy to which they may at any time be entitled by law or in equity. The Finance Parties may exercise each of their rights, powers, discretions and remedies as often and in such order as they deem appropriate subject to obtaining the prior written consent

of an Instructing Group (or, where required by this Agreement, the Banks). The exercise or the beginning of the exercise of any right, power, discretion or remedy shall not be interpreted as a waiver of the right to exercise any other right, power, discretion or remedy either simultaneously or subsequently.

20.10 **No enquiry** The Finance Parties shall not be concerned to enquire into the powers of the Security Parties or of any person purporting to act on behalf of any of the Security Parties, even if any of the Security Parties or any such person shall have acted in excess of their powers or if their actions shall have been irregular, defective or informal, whether or not any Finance Parties had notice thereof.

20.11 **Continuing security** The security constituted by the Security Documents shall be continuing and shall not be satisfied by any intermediate payment or satisfaction until the Indebtedness shall have been repaid in full and none of the Finance Parties shall be under any further actual or contingent liability to any third party in relation to the Vessels, the Insurances, Earnings or Requisition Compensation or any other matter referred to in the Security Documents.

20.12 **Security cumulative** The security constituted by the Security Documents shall be in addition to any other security now or in the future held by the Finance Parties or any of them for or in respect of all or any part of the Indebtedness, and shall not merge with or prejudice or be prejudiced by any such security or any other contractual or legal rights of any of the Finance Parties, nor affected by any irregularity, defect or informality, or by any release, exchange or variation of any such security. Section 93 of the Law of Property Act 1925 and all provisions which the Agent considers analogous thereto under the law of any other relevant jurisdiction shall not apply to the security constituted by the Security Documents.

20.13 **Re-instatement** If any Finance Party takes any steps to exercise any of its rights, powers, remedies or discretions pursuant to the Security Documents and the result shall be adverse to the Finance Parties, the Borrower, the Guarantors and the Finance Parties shall be restored to their former positions as if no such steps had been taken.

20.14 **No liability** None of the Finance Parties, nor any agent or employee of any Finance Party, nor any receiver and/or manager appointed by the Agent, shall be liable for any losses which may be incurred in or about the exercise of any of the rights, powers, discretions or remedies of the Finance Parties under or pursuant to

the Security Documents nor liable as mortgagee in possession for any loss on realisation or for any neglect or default of any nature for which a mortgagee in possession might otherwise be liable unless such Finance Party' s action constitutes gross negligence or wilful misconduct.

20.15 **Rescission of payments etc.** Any discharge, release or reassignment by any of the Finance Parties of any of the security constituted by, or any of the obligations of any Security Party contained in, any of the Security Documents shall be (and be deemed always to have been) void if any act (including, without limitation, any payment) as a result of which such

discharge, release or reassignment was given or made is subsequently wholly or partially rescinded or avoided by operation of any law, unless such Finance Party' s action constitutes gross negligence or wilful misconduct.

20.16 **Subsequent Encumbrances** If the Agent receives notice of any subsequent Encumbrance (other than any Encumbrance permitted by this Agreement) affecting any Vessel, or all or any part of the Insurances, Earnings or Requisition Compensation, the Agent may open a new account in its books for the Borrower. If the Agent does not open a new account, then (unless the Encumbrance is permitted by the terms of this Agreement or the Agent gives written notice to the contrary to the Borrower) as from the time of receipt by the Agent of notice of such subsequent Encumbrance, all payments made to the Agent shall be treated as having been credited to a new account of the Borrower and not as having been applied in reduction of the Indebtedness.

20.17 **Releases** If any Finance Party shall at any time in its discretion release any party from all or any part of any of the Security Documents or from any term, covenant, clause, condition or obligation contained in any of the Security Documents, the liability of any other party to the Security Documents shall not be varied or diminished.

20.18 **Certificates** Any certificate or statement signed by an authorised signatory of the Agent purporting to show the amount of the Indebtedness (or any part of the Indebtedness) or any other amount referred to in any of the Security Documents shall, save for manifest error or on any question of law, be conclusive evidence as against the Borrower or the Guarantors (as the case may be) of that amount.

20.19 **Survival of representations and warranties** The representations and warranties on the part of each of the Borrower and the Guarantors contained in this Agreement shall survive the execution of this Agreement and the advance of the Facility or any part thereof.

20.20 **Counterparts** This Agreement may be executed in any number of counterparts each of which shall be original but which shall together constitute the same.

20.21 **Third Party Rights** Notwithstanding the provisions of the Contracts (Rights of Third Parties) Act 1999, no term of this Agreement is enforceable by a person who is not a party to it.

20.22 **MII Cover** Deutsche Schiffsbank AG shall take out Mortgagee' s Insurances pursuant to clause 5.7 of each Mortgage/Deed of Covenants.

21 Law and Jurisdiction

21.1 **Governing law** This Agreement shall in all respects be governed by and interpreted in accordance with English law.

21.2 **Jurisdiction** For the exclusive benefit of the Finance Parties, the parties to this Agreement irrevocably agree that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that any Proceedings may be brought in those courts. Each of the Borrower and the Guarantors irrevocably waives any objection which it may now or in the future have to the laying of the venue of any Proceedings in any court referred to in this Clause, and any claim that those Proceedings have been brought in an inconvenient or inappropriate forum.

21.3 **Alternative jurisdictions** Nothing contained in this Clause shall limit the right of the Finance Parties to commence any Proceedings against either the Borrower or any of the Guarantors in any other court of competent jurisdiction nor shall the commencement of any Proceedings against either the Borrower or any of the Guarantors in one or more jurisdictions preclude the commencement of any Proceedings in any other jurisdiction, whether concurrently or not.

21.4 **Service of process** Without prejudice to the right of the Finance Parties to use any other method of service permitted by law, each of the Borrower and the Guarantors irrevocably agrees that any writ, notice, judgment or other legal process shall be sufficiently served on it if addressed to it and left at or sent by

post to the Address for Service, and in that event shall be conclusively deemed to have been served at the time of leaving or, if posted, at 9.00 a.m. on the third Business Day after posting by prepaid first class registered post.

IN WITNESS of which the parties to this Agreement have executed this Agreement the day and year first before written.

SCHEDULE 1

PART A

The Banks, the Commitments and the Proportionate Shares

The Banks	The Commitments		The Proportionate Shares
Citibank N.A. Citigroup Centre Canada Square Canary Wharf London E14 5LB United Kingdom Tel: + 212 816 5430 Fax: + 212 816 5429 Contact: Chuck Delamater	US$	108,333,340	33.34%
Deutsche Bank AG in Hamburg Ludwig-Erhard-Strasse 1 D-20459 Hamburg Federal Republic of Germany Tel: + 49 40 3701 4334 Fax: + 49 40 3701 4649 Contact: Carola Maria Roth	US$	108,333,330	33.33%
Deutsche Schiffsbank AG Domshof 17 28195 Bremen Federal Republic of Germany Tel: + 49 421 3609 287 Fax: + 49 421 3609 329 Contact: Yves Kallina	US$	108,333,330	33.33%

PART B

The Underwriters

Citibank N.A. as book runner and underwriter

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Deutsche Bank AG in Hamburg
Ludwig-Erhard-Strasse 1
D-20459 Hamburg
Federal Republic of Germany

Deutsche Schiffsbank AG
Domshof 17
28195 Bremen
Federal Republic of Germany

PART C

The Mandated Lead Arrangers

Citigroup Global Markets Limited
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB

Deutsche Bank AG in Hamburg
Ludwig-Erhard-Strasse 1
D-20459 Hamburg
Federal Republic of Germany

Deutsche Schiffsbank AG
Domshof 17
28195 Bremen
Federal Republic of Germany

SCHEDULE 2

The Guarantors

Name of Guarantor	Country of Incorporation	Address of Registered Office
Stolt-Nielsen SA	Luxembourg with trade register number B 12.179	23 Avenue Monterey L-2086 Luxembourg

Stolt-Nielsen Transportation Group Ltd	Liberia	80 Broad Street Monrovia Liberia
Stolt-Nielsen Transporation Group Ltd	Bermuda	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
Stolt-Nielsen Investments N.V.	Netherlands Antilles	De Ruyterkade 62 Curacao Netherlands Antilles
Stolt-Nielsen Holdings B.V.	The Netherlands	Westerlaan 5 3016 CK Rotterdam The Netherlands
Stolt-Nielsen Transportation Group B.V.	The Netherlands	Westerlaan 5 3016 CK Rotterdam The Netherlands

SCHEDULE 3

The Shipowning Guarantors and the Vessels

Name of Mortgagor	Name of Vessel	Flag	Country of Incorporation	Registered Office
Stolt Avance B.V.	"STOLT AVANCE"	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Avenir B.V.	"STOLT AVENIR"	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Avocet B.V.	"STOLT AVOCET"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Condor 2005 B.V.	"STOLT CONDOR"	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Dipper B.V.	"STOLT DIPPER"	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands

Stolt Eagle 2005 B.V.	“STOLT EAGLE”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Egret B.V.	“STOLT EGRET”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Excellence 2005 B.V.	“STOLT EXCELLENCE”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Falcon B.V.	“STOLT FALCON”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Gannet B.V.	“STOLT GANNET”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Guardian B.V.	“STOLT GUARDIAN”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Guillemot B.V.	“STOLT GUILLEMOT”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands

Stolt Hawk B.V.	“STOLT HAWK”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Heron B.V.	“STOLT HERON”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Integrity B.V.	“STOLT INTEGRITY”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Kestrel B.V.	“STOLT KESTREL”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Kite B.V.	“STOLT KITE”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands

Stolt Kittiwake B.V.	“STOLT KITTIWAKE”	Cayman Islands		
Stolt Loyalty B.V.	“STOLT LOYALTY”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Osprey B.V.	“STOLT OSPREY”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Perseverance B.V.	“STOLT PERSEVERANCE”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Petrel B.V.	“STOLT PETREL”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Pride B.V.	“STOLT PRIDE”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Protector B.V.	“STOLT PROTECTOR”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Puffin B.V.	“STOLT PUFFIN”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands

Stolt Sincerity B.V.	“STOLT SINCERITY”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Tenacity B.V.	“STOLT TENACITY”	Liberian	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Tern B.V.	“STOLT TERN”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands
Stolt Viking B.V.	“STOLT VIKING”	Cayman Islands	The Netherlands	Westerlaan 5, 3016 CK Rotterdam, The Netherlands

SCHEDULE 4

STOLT NIELSEN S.A. AND SUBSIDIARIES
USD 325,000,000 Senior Secured Multicurrency Credit Facility
As of and for the period ended [ ] 200[ ] (figures in USD 000s)

A Consolidated Tangible Net Worth

Capital Stock	
Paid-in Surplus	
Retained Earnings	
less: Treasury Stock	
less: Intangible Assets	
Consolidated Tangible Net Worth	
Minimum Consolidated Tangible Net Worth	$ 600,000,000

B Consolidated Debt

Short-Term Banks Loans	
Current Maturities of Long Term Debt	
Current Maturities of Long Term Capitalized Leases	
Long Term Debt (net of current portion)	
Long Term Capitalized Lease Obligations	
Acceptance Credits	
Guarantees of third-party obligations	
less: Cash-Covered Debt	
Consolidated Debt	
Consolidated Tangible Net Worth	
Ratio of Consolidated Debt to Consolidated Tangible Net Worth	
Maximum Ratio of Consolidated Debt to Consolidated Tangible Net Worth	2.00

C Consolidated EBITDA

	Feb.28.05	May.31.05	Aug.31.05	Nov.30.05	Total
Net Income					
Interest Expense					
Taxation					
Dep' n/Amort/Non-cash					
EBITDA					
Consolidated EBITDA					
Consolidated Interest Expense					
Ratio of Consolidated EBITDA to Consolidated Interest Expense					
Minimum Ratio of Consolidated EBITDA to Consolidated Interest Expense					2.00

D Applicable Margin

Ratio of Consolidated Debt to Consolidated EBITDA	
Less than or equal to 2	0.60%
Greater than 2 but equal to or less than 3	0.70%
Greater than 3 but equal to or less than 4	0.80%
Greater than 4 but equal to or less than 5	0.90%
Greater than 5	1.20%
Applicable Margin	
Applicable Commitment Commission (40% of the applicable margin)	

E Asset Cover

Maximum Facility Amount
Most recent Valuation of the Vessels
Additional security (other than cash)
Additional cash security

STOLT-NIELSEN S.A.

By: _____

Title: _____

Date: _____

SCHEDULE 5

Form of Transfer Certificate

To: Citibank International plc (the "**Agent**")

TRANSFER CERTIFICATE

This transfer certificate relates to a loan facility agreement (as the same may be from time to time amended, varied, novated or supplemented, the "**Facility Agreement**") dated [ ] 2006 whereby a revolving credit facility of up to $325,000,000 was made available to Stolt Tankers Finance III B.V. as borrower by a group of banks on whose behalf the Agent acts.

1 Terms defined in the Facility Agreement shall, subject to any contrary indication, have the same meanings herein. The terms "Bank" and "Transferee" are defined in the schedule to this transfer certificate.

2 The Bank (i) confirms that the details in the Schedule hereto under the heading "**Bank' s Commitment**" accurately summarises its Commitment in the Facility Agreement and (ii) requests the Transferee to accept and procure the transfer to the Transferee of the portion of such Commitment specified in the Schedule hereto by counter-signing and delivering the Transfer Certificate to the Agent at its address for the service of Communications specified in the Facility Agreement.

3 The Transferee requests the Agent to accept this Transfer Certificate as being delivered to the Agent pursuant to and for the purposes of clause 16.4 of the Facility Agreement so as to take effect in accordance with the terms thereof on the Transfer Date or on such later date as may be determined in accordance with the terms thereof.

4 The Transferee confirms that it has received a copy of the Facility Agreement together with such other information as it has required in connection with this transaction and that it has not relied and will not in the future rely on the Bank or any other party to the Facility Agreement to check or enquire on its behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of any such information and further agrees that it has not relied and will not rely on the Bank or any other party to the Facility Agreement to access or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower or any other party to the Facility Agreement.

5 Execution of this Transfer Certificate by the Transferee constitutes its representation to the Transferor and all other parties to the Facility Agreement that it has power to become a party to the Facility Agreement as a Bank on the terms herein and therein set out and has taken all steps to authorise execution and delivery of this Transfer Certificate.

6 The Transferee undertakes with the Bank and each of the other parties to the Facility Agreement that it will perform in accordance with their terms all those obligations which by the terms of the Facility Agreement will be assumed by it after delivery of this Transfer Certificate to the Agent and satisfaction of the conditions (if any) subject to which the Transfer Certificate is expressed to take effect.

7 The Bank makes no representation or warranty and assumes no responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the Facility Agreement or any document relating thereto and assumes no responsibility for the financial condition of the Borrower or for the performance and observance by the Borrower of any of its obligations under the Facility Agreement or any document relating thereto and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

8 The Bank gives notice that nothing in this transfer certificate or in the Facility Agreement (or any document relating thereto) shall oblige the Bank to (i) accept a re-transfer from the Transferee of the whole or any part of its rights, benefits and/or obligations under the Facility Agreement transferred pursuant hereto or (ii) support any losses directly or indirectly sustained or incurred by the Transferee for any reason whatsoever including, without limitation, the non-performance by the Borrower or any other party to the Facility Agreement (or any document relating thereto) of its obligations under any such document. The Transferee acknowledges the absence of any such obligation as is referred to in (i) or (ii) above.

9 This Transfer Certificate and the rights and obligations of the parties hereunder shall be governed by and interpreted in accordance with English law.

THE SCHEDULE

1 Bank:

2 Transferee:

3 Transfer Date:

4 Commitment(1): Portion Transferred

[Transferor Bank] [Transferee Bank]

By: By:

Date: Date:

Citibank International plc

As agent for and on behalf of itself,
the Borrower and the other Finance Parties

By: _____

Date: [ ]

(1) Details of the Bank's Commitment should not be completed after the Termination Date.

SCHEDULE 6

PART A

To: Citicorp Trustee Company Limited
in its capacity as security trustee
for and on behalf of the Finance Parties
(as defined below)

Date: 200[ ]

Dear Sirs

US$325,000,000 Secured Revolving Loan Facility to Stolt Tankers Finance III B.V.

1 Loan Agreement

We understand that, under a Facility Agreement (the "**Facility Agreement**") dated [ ] 2006 made between (1) Stolt Tankers Finance III B.V. as borrower (the "**Borrower**") (2) Stolt-Nielsen S.A. and others as guarantors (3) the banks and financial institutions listed in Schedule 1 Part A thereto as lenders (the "**Banks**") (4) the banks and financial institutions listed in Schedule 1 Part B thereto as underwriters and the bookrunner (5) the banks and financial institutions listed in Schedule 1 Part C thereto as lead arrangers (6) Citibank International plc as facility agent (the "**Agent**") and (7) yourselves (the "**Security Trustee**") each of the Banks agreed to advance to the Borrower its respective Commitment of an aggregate principal amount not exceeding three hundred and twenty five million Dollars ($325,000,000) (the "**Loan**") upon the terms and conditions contained in the Facility Agreement and that it is a condition to (i) the Banks' agreement to continue to make any part of the Loan available to the Borrower and (ii) an Instructing Group consenting to (a) the Vessels being bareboat chartered to us and (b) our appointment as managers in accordance with clauses 8.1.4 and 8.1.5 respectively of the Shipowners' Guarantee that we (the "**Manager**") enter into this letter in favour of the Security Trustee on behalf of the Banks.

2 Definitions

Words and expressions defined in the Facility Agreement shall have the same meanings when used herein.

3 Confirmation of Appointment/ Representation & Warranties

3.1 The Manager hereby confirms that:-

(a) it has been appointed as the manager of the vessels listed in the Schedule 1 to this letter (the "**Vessels**"); and

(b) the Vessels have been bareboat chartered to the Manager in accordance with the terms and conditions of the bareboat charterparties attached to this letter and marked Exhibit "A" (together the "**Charters**").

3.2 The Manager hereby represents and warrants that (i) the Manager is duly incorporated in its country of incorporation and has the power to enter into and perform its obligations under this letter and the Charters and that this letter and the Charters constitute the legal, valid and binding obligations of the Manager enforceable in accordance with their respective terms and (ii) the copies of the Charters attached to this letter are true and complete copies and constitute the entire agreement between the Manager and the Shipowning Guarantors concerning the chartering and current management of the Vessels by the Shipowning Guarantors to the Manager.

4 Undertakings

The Manager undertakes with the Security Trustee that:

(a) subject to the provisions of clause 12.1.2 of the Facility Agreement, the Manager will remain the commercial and technical managers of the Vessels throughout the Facility Period;

(b) the Manager will manage the Vessels in accordance with good standard ship management practice throughout the Facility Period;

(c) the Manager will not, without the prior written consent of the Agent and/or the Banks, take any action or institute any proceedings or make or assert any claim on or in respect of any Vessel managed or chartered by it or its Insurances or its Earnings or any of them or any other property or assets of any of the Shipowning Guarantors which are subject to any Encumbrance or right of set-off in favour of the Finance Parties or any of them by virtue of any of the Security Documents executed in favour of the Finance Parties or any of them pursuant to the Facility Agreement;

(d) the Manager is aware that the Vessels are mortgaged to the Security Trustee pursuant to the Mortgages and Deeds of Covenant and is aware of the terms of the Security Documents and will not do anything incompatible or inconsistent with the performance by the Shipowning Guarantors of their obligations under the Security Documents to which they are a party nor will the Manager act in a way which is detrimental or prejudicial to the interests of the Finance Parties in relation to the Vessels, the Earnings, the Insurances and the Requisition Compensation;

(e) the Manager will promptly notify the Security Trustee, the Agent and/or the Banks in the event that it ceases for any reason whatsoever to be the manager or charterer of any Vessel managed or chartered by it or if the relevant Shipowning Guarantor purports to dismiss the Manager as manager and/or charterer of any Vessel;

(f) it will notify the Agent and/or the Banks immediately if at any time and from time to time the amount owed by the Shipowning Guarantors to the Manager exceeds five hundred thousand Dollars ($500,000);

(g) throughout the Facility Period, all the Manager' s rights in relation to the Vessels, their Earnings, Insurances and Requisition Compensation shall be fully subordinated to the rights of the Finance Parties under the Security Documents and the Manager acknowledges that the rights of the Security Trustee pursuant to the Mortgages and the Deeds of Covenant (including any power or right of sale, foreclosure or taking possession) shall in all respects have priority over the rights and powers of the Manager under the Charters;

(h) if at any time a sub manager is appointed pursuant to a Management Agreement or otherwise that the Manager will procure that on such appointment, the sub manager enters into an undertaking with Security Trustee, the Agent and/or the Banks in substantially the same form as this letter;

(i) the Manager shall not compete with the Finance Parties in a liquidation or other winding-up or bankruptcy of any Shipowning Guarantor or in any proceedings in connection with any Vessel, its Earnings or Insurances or Requisition Compensation;

(j) the Manager shall comply with all covenants of the Shipowning Guarantors contained in clauses 5 and 6 of the Mortgages and Deeds of Covenants in relation to the Vessels; and

(k) the Manager shall promptly deliver to the Security Trustee a certified copy of each Management Agreement as and when the same is entered into.

5 Assignment

5.1 In consideration of an Instructing Group approving the entry by the Manager and the Shipowning Guarantors into the Charters and for other good and valuable consideration (the receipt and adequacy of which the Manager acknowledges), the Manager, with full title guarantee, hereby assigns absolutely and unconditionally and agrees to assign to the Security Trustee all the Manager' s right, title and interest in and to the Insurances in respect of each of the Vessels.

5.2 The Manager agrees to give written notice of the assignment contained in paragraph 5.1 above to the relevant insurers immediately upon execution of this letter in the form attached at Schedule 2 to this letter.

5.3 The Manager agrees that at all times whilst the Manager is the manager and/or bareboat charterer of the Vessels to ensure that a loss payable clause in the form attached at Schedule 3 to this letter is endorsed on all insurance policies, cover notes and certificates of entry relating to the Vessels.

6 Third Party Rights

Notwithstanding the provisions of the Contracts (Rights of Third Parties) Act 1999, no term of this letter is enforceable by a person who is not a party to it other than the Security Trustee.

7 Jurisdiction

This letter shall be governed by and construed in accordance with English law and the Manager hereby agrees to submit to the non-exclusive jurisdiction of the English courts.

Yours faithfully

Signed and Delivered as a Deed by a
duly authorised attorney/managing director
For and on behalf of
[Stolt-Nielsen Transportation Group B.V.]

in the presence of:-

Schedule 1

Name of Vessel	Owner	Flag of Vessel

Schedule 2

Notice of Assignment

(For attachment by way of endorsement to
all policies, contracts and cover notes)

We, [Stolt Nielsen Transportation Group B.V.] of Westerlaan 5, 3016 CK, Rotterdam, The Netherlands, the managers and bareboat charterers of the m.v. "[ ]", m.v. "[ ]", m.v. "[ ]", m.v. "[ ], m.v. "[ ]", m.v. "[ ]" and m.v. "[ ]" (together the "**Vessels**") **GIVE NOTICE** that, by an assignment in writing contained in a letter dated 200[ ], we assigned to Citicorp Trustee Company Limited, acting through its office at [ ], on behalf of a syndicate of banks all our right, title and interest in and to all insurances effected or to be effected in respect of the Vessels, including the insurances constituted by the policy on which this notice is endorsed, and including all money payable and to become payable thereunder or in connection therewith (including return of premiums).

Signed: _____
For and on behalf of
[Stolt Nielsen Transportation Group B.V.]

Dated: 200[ ]

Schedule 3

Loss Payable Clause

It is noted that, by an assignment in writing contained in a letter dated 200[ ] [**STOLT NIELSEN TRANSPORTATION GROUP B.V.]** of Westerlaan 5, 3016 CK, Rotterdam, The Netherlands (the "**Manager**"), being the manager and bareboat charterer of the vessels m.v. "[ ]", m.v. "[ ]", m.v. "[ ]", m.v. "[ ]", m.v. "[ ]", m.v. "[ ]" and m.v. "[ ]" (together the "**Vessels**"), assigned absolutely to Citicorp Trustee Company Limited acting through its office at [ ] (the "**Mortgagee**") this policy and all benefits of this policy, including all claims of any nature (including return of premiums) under this policy.

Claims payable under this policy in respect of a total or constructive total or an arranged or agreed or compromised total loss or unrepaired damage and all claims which (in the opinion of the Mortgagee) are analogous thereto shall be payable to the Mortgagee up to the Mortgagee' s mortgage interest in accordance with clause 14.2.11 (c) of a Secured Revolving Facility Agreement dated [ ] 2005 made between (1) Stolt Tankers Finance III B.V. as borrower, (2) Stolt-Nielsen SA and others as guarantors, (3) the banks listed in Schedule 1 Part A thereto as lenders (the "**Banks**"), (4) the banks and financial institutions listed in Schedule 1 Part B thereto as underwriters and the bookrunner, (5) the banks and financial institutions listed in Schedule 1 Part C thereto as lead arrangers, (6) Citibank International plc as agent and (7) the Mortgagee.

Subject thereto, all other claims, unless and until underwriters have received notice from the Mortgagee that an Event of Default has occurred, in which event all claims under this policy shall be payable directly to the Mortgagee up to the Mortgagee' s mortgage interest, shall be payable as follows:-

(i) a claim in respect of any one casualty where the aggregate claim against all insurers does not exceed **ONE MILLION UNITED STATES DOLLARS** (US$1,000,000) or the equivalent in any other currency, prior to adjustment for any franchise or deductible under the terms of the policy, shall be paid directly to the Manager for the repair, salvage or other charges involved or as a reimbursement if the Manager has fully repaired the damage and paid all of the salvage or other charges;

(ii) a claim in respect of any one casualty where the aggregate claim against all insurers exceeds **ONE MILLION UNITED STATES DOLLARS** (US$1,000,000) or the equivalent in any

other currency prior to adjustment for any franchise or deductible under the terms of the policy, shall, subject to the prior written consent of the Mortgagee, be paid to the manager as and when the relevant Vessel is restored to her former state and condition and the liability in respect of which the insurance loss is payable is discharged, and provided that the insurers may with such consent make payment on account of repairs in the course of being effected, but, in the absence of such prior written consent shall be payable directly to the Mortgagee up to the Mortgagee' s mortgage interest.

Notwithstanding the terms of this loss payable clause and notwithstanding notice of assignment, unless and until brokers receive notice from the Mortgagee to the contrary, brokers, underwriters/ insurers or the P & I Club shall be empowered to arrange their proportion of any collision and/or salvage guarantee to be given in the event of bail being required in order to prevent the arrest of the Vessels or to secure the release of such Vessel from arrest following a casualty.

All collections are to be made through [*name of brokers*].

EXHIBIT "A"

Bareboat Charterparties

PART B

To: Citicorp Trustee Company Limited
in its capacity as security trustee
for and on behalf of the Finance Parties
(as defined below).

200[ ]

Dear Sirs

US$325,000,000 Secured Revolving Loan Facility to Stolt-Tankers Finance III B.V.

1 **Loan Agreement**

We understand that under a Revolving Loan Facility Agreement (the "**Facility Agreement**") dated [ ] 2006 between (1) Stolt Tankers Finance III B.V. as borrower (the "**Borrower**") (2) Stolt-Nielsen S.A. and others as guarantors (3) the banks and financial institutions listed in Schedule 1 Part A thereto as lenders (the "**Banks**") the banks and financial institutions listed in Schedule 1 Part B thereto as

underwriters and the bookrunner (5) the banks and financial institutions listed in Schedule 1 Part C thereto as lead arrangers (6) Citibank International Plc as facility agent and (7) yourselves (the "**Security Trustee**") each of the Banks agreed to advance to the Borrower its respective Commitment of an aggregate principal amount not exceeding three hundred and twenty five million Dollars ($325,000,000) (the "**Loan**") and that it is a condition to the Banks' agreement to continue to make any part of the Loan available to the Borrower that we (the "**Managers**") enter into this letter in favour of the Security Trustee on behalf of the Banks.

2 **Definitions**

Words and expressions defined in the Facility Agreement shall have the same meanings when used herein.

3 **Confirmation of Appointment/ Representation & Warranties**

3.1 The Managers hereby confirm that:-

(a) they have been appointed as the managers of the vessels listed in the attached Schedule (the "**Vessels**"); and

3.2 The Managers hereby represent and warrant that the Managers are duly incorporated in their country of incorporation and have the power to enter into and perform their obligations under this letter and that this letter constitutes the legal, valid and binding obligations of the Managers enforceable in accordance with its terms.

4 **Undertakings**

The Managers undertake with the Security Trustee that:

(a) subject to the provisions of Clause 12.1.2 of the Facility Agreement, the Managers will remain the commercial and technical managers of the Vessels throughout the Facility Period;

(b) the Managers will manage the Vessels in accordance with good standard ship management practice throughout the Facility Period;

(c) the Managers will not, without the prior written consent of the Agent and/or the Banks, take any action or institute any proceedings or make or assert any claim on or in respect of any Vessel managed by it or its Insurances or its Earnings or any of them or any other property or assets of any of the Shipowning Guarantors subject to any Encumbrance or right of set-off in favour of the Finance Parties or any of them by virtue of any of the Security Documents executed in favour of the Finance Parties or any of them pursuant to the Facility Agreement;

(d) the Managers will not do anything incompatible or inconsistent with the performance by the Shipowning Guarantors of their obligations under the Security Documents to which they are a party;

(e) the Managers will promptly notify the Security Trustee, the Agent and/or the Banks in the event that they cease for any reason whatsoever to be the managers of any Vessel managed by it or if the relevant Shipowning Guarantor purports to dismiss any Manager as manager of any Vessel;

(f) they will notify the Security Trustee, the Agent and/or the Banks immediately if at any time and from time to time the amount owed by the Shipowning Guarantors to the Managers exceeds five hundred thousand Dollars ($500,000);

(g) throughout the Facility Period, all their rights in relation to the Vessels, their Earnings, Insurances and Requisition Compensation shall be fully subordinated to the rights of the Finance Parties under the Security Documents;

(h) if at any time a sub manager is appointed pursuant to a Management Agreement or otherwise that they will procure that on such appointment, the sub manager enters into an undertaking with the Security Trustee, the Agent and/or the Banks in substantially the same form as this letter;

(i) the Managers shall not compete with the Finance Parties in a liquidation or other winding-up or bankruptcy of any Shipowning Guarantor or in any proceedings in connection with any Vessel, its Earnings or Insurances or Requisition Compensation; and

(j) the Managers shall promptly deliver to the Security Trustee a certified copy of each Management Agreement as and when the same is entered into.

5 **Jurisdiction**

This letter shall be governed by and construed in accordance with English law and the Managers hereby agree to submit to the non-exclusive jurisdiction of the English courts.

Yours faithfully

Duly authorised signatory
For and on behalf of
[insert name of Manager]

Schedule

Name of Vessel	Owner	Flag of Vessel

SIGNED by)
duly authorised for and on behalf)
of **CITIBANK N.A.**) /s/ [ILLEGIBLE]
(as a Bank))
in the presence of:-)

[ILLEGIBLE]
Westerlaan 5
/s/ [ILLEGIBLE] 3016 CK Rotterdam
The Netherlands
Executive Secretary

SIGNED by)
duly authorised for and on behalf)
of **DEUTSCHE BANK AG IN HAMBURG**) /s/ [ILLEGIBLE]
(as a Bank))

in the presence of:-)

as above

/s/ [ILLEGIBLE]

SIGNED by)

duly authorised for and on behalf)

of **DEUTSCHE SCHIFFSBANK AG**) /s/ [ILLEGIBLE]

(as a Bank))

in the presence of:-)

as above

/s/ [ILLEGIBLE]

SIGNED by)

duly authorised for and on behalf)

of **CITIBANK N.A.**) /s/ [ILLEGIBLE]

(as an Underwriter and the Bookrunner))

in the presence of:-)

as above

/s/ [ILLEGIBLE]

SIGNED by)

duly authorised for and on behalf)

of **DEUTSCHE BANK AG IN HAMBURG**) /s/ [ILLEGIBLE]

(as an Underwriter))

in the presence of:-)

as above

/s/ [ILLEGIBLE]

SIGNED by)

duly authorised for and on behalf)

of **DEUTSCHE SCHIFFSBANK AG**) /s/ [ILLEGIBLE]

(as an Underwriter))

in the presence of:-)

as above

/s/ [ILLEGIBLE]

SIGNED by)

duly authorised for and on behalf)

of **CITIGROUP GLOBAL MARKETS**) /s/ [ILLEGIBLE]

LIMITED)

(as a Mandated Lead Arranger))

in the presence of:-)

as above

/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **DEUTSCHE BANK AG IN HAMBURG**) /s/ [ILLEGIBLE]
(as a Mandated Lead Arranger))
in the presence of:-)

as above
/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **DEUTSCHE SCHIFFSBANK AG**) /s/ [ILLEGIBLE]
(as a Mandated Lead Arranger))
in the presence of:-)

as above
/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **CITIBANK INTERNATIONAL PLC**) /s/ [ILLEGIBLE]
(as the Agent))
in the presence of:-)

as above
/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **CITICORP TRUSTEE COMPANY**) /s/ [ILLEGIBLE]
LIMITED) /s/ [ILLEGIBLE]
(as the Security Trustee))
in the presence of:-)

Agency and Trust
Citigroup Centre
LE Hughes 25 Canada Square
Laura Hughes Canary Wharf
London E14 5LB

SIGNED by Walter M. Lion)
duly authorised for and on behalf)
of **STOLT TANKERS**) /s/ Walter H. Lion
FINANCE III B.V.)
in the presence of:-)

as above

/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **STOLT NIELSEN S.A.**) /s/ Walter H. Lion
in the presence of:-)

as above
/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **STOLT NIELSEN**) /s/ Walter H. Lion
TRANSPORTATION GROUP LTD)
(Liberia))
in the presence of:-)

as above
/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **STOLT NIELSEN**) /s/ Walter H. Lion
TRANSPORTATION GROUP LTD)
(Bermuda))
in the presence of:-)

as above
/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **STOLT NIELSEN**) /s/ Walter H. Lion
INVESTMENTS N.V.)
in the presence of:-)

as above
/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **STOLT NIELSEN**) /s/ Walter H. Lion
HOLDINGS B.V.)
in the presence of:-)

as above
/s/ [ILLEGIBLE]

SIGNED by)
duly authorised for and on behalf)
of **STOLT-NIELSEN**) /s/ Walter H. Lion
TRANSPORTATION GROUP B.V.)
in the presence of:-)

as above
/s/ [ILLEGIBLE]

APPENDIX A

To: **Citibank International plc**

From: **Stolt Tankers Finance III B.V.**

[Date]

Dear Sirs,

Drawdown Notice

We refer to the Loan Facility Agreement dated [ ] 2006 made between, amongst others, ourselves and yourselves ("**the Agreement**").

Words and phrases defined in the Agreement have the same meaning when used in this Drawdown Notice.

Pursuant to Clause 2.3 of the Agreement, we irrevocably request that you advance a Drawing of [ ] to us on [ ], which is a Business Day, by paying the amount of the Drawing to [ ].

We warrant that the representations and warranties contained in Clause 4 of the Agreement [(except those contained in Clauses 4.6, 4.7(a) and 4.13)](2) are true and correct at the date of this Drawdown Notice and will be true and correct on ; that no Event of Default nor Potential Event of Default has occurred and is continuing, and that no Event of Default or Potential Event of Default will result from the advance of the Drawing requested in this Drawdown Notice.

[We further confirm and certify that no material adverse change has occurred since [ ] in the business, assets, operations, condition (financial or otherwise) or prospects of SNSA or its subsidiaries or in the facts and information regarding such entities as represented to date(3)

We select the period of [ ] months as the [first] Interest Period in respect of the Drawing.

[We select [ ] as the Permitted Currency for the denomination of the Drawing requested in this Drawdown Notice.]

Yours faithfully

For and on behalf of
Stolt Tankers Finance III B.V.

(2) To be in subsequent Drawdown Notices only.
(3) To be in first Drawdown Notice only.

APPENDIX B

Mandatory Cost Formulae

1 The Mandatory Cost is an addition to the interest rate to compensate the Banks for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2 On the first day of each Interest Period (or as soon as possible thereafter) the Agent shall calculate, as a percentage rate, a rate (the "**Additional Cost Rate**") for each Bank in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Agent as a weighted average of the Banks' Additional Cost Rates (weighted in proportion to the percentage participation of each Bank in the Facility) and will be expressed as a percentage rate per annum.

3 The Additional Cost Rate for any Bank lending from an office in the euro-zone will be the percentage notified by that Bank to the Agent to be its reasonable determination of the cost (expressed as a percentage of that Bank' s participation in the Facility) of complying with the minimum reserve requirements of the European Central Bank as a result of participating in the Facility from that office.

4 The Additional Cost Rate for any Bank lending from an office in the United Kingdom will be calculated by the Agent as follows:

(a) where the Facility is denominated in Pounds Sterling:

$$BY + S(Y - Z) + F \times \frac{0.01}{100 - (B + S)} \text{ per cent per annum}$$

(b) where the Facility is denominated in any currency other than Pounds Sterling:

$$\frac{F \times 0.01}{300} \text{ per cent per annum}$$

where:

B is the percentage of eligible liabilities (assuming these to be in excess of any stated minimum) which that Bank is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements;

Y is the percentage rate of interest (excluding the Margin and the Mandatory Cost and, if the Facility is an overdue amount, the additional rate of interest specified in of Clause 7.6) payable for the relevant Interest Period on the Facility;

S is the percentage (if any) of eligible liabilities which that Bank is required from time to time to maintain as interest bearing special deposits with the Bank of England;

Z is the interest rate per annum payable by the Bank of England to that Bank on special deposits; and

F is the charge payable by that Bank to the Financial Services Authority under paragraph 2.02 or 2.03 (as appropriate) of the Fees Regulations or the equivalent provisions in any replacement regulations (with, for this purpose, the figure for the minimum amount in paragraph 2.02b or such equivalent provision deemed to be zero), expressed in pounds per £1 million of the fee base of that Bank.

5 For the purpose of this Schedule:

(a) "**eligible liabilities**" and "**special deposits**" have the meanings given to them at the time of application of the formula by the Bank of England;

(b) "**fee base**" has the meaning given to it in the Fees Regulations;

(c) "**Fees Regulations**" means the regulations governing periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits.

6 In the application of the formula B, Y, S and Z are included in the formula as figures and not as percentages, e.g. if B = 0.5% and Y = 15%, BY is calculated as 0.5. x 15. Each rate calculated in accordance with the formula is, if necessary, rounded upward to four decimal places.

7 If a Bank does not supply the information required by the Agent to determine its Additional Cost Rate when requested to do so, the applicable Mandatory Cost shall be determined on the basis of the information supplied by the remaining Banks.

8 If a change in circumstances has rendered, or will render, the formula inappropriate, the Agent shall notify the Borrower of the manner in which the Mandatory Cost will

subsequently be calculated. The manner of calculation so notified by the Agent shall, in the absence of manifest error, be binding on the Borrower.

AMENDMENT AGREEMENT

Dated: 10 February 2006

WHEREAS:

(A) The Banks (as defined below) have agreed to make available to Stolt Tankers Finance III B.V. (the "**Borrower**") a US$325,000,000 secured multi currency revolving loan facility upon the terms and subject to the conditions set out in a loan facility agreement dated 30 January 2006 (the "**Facility Agreement**") made between (1) the Borrower (2) Stolt-Nielsen SA and the other joint and several guarantors listed in Schedule 2 of the Facility Agreement (3) the banks listed in Schedule 1 Part A of the Facility Agreement as lenders (the "**Banks**") (4) the banks and financial institutions listed in Schedule 1 Part B of the Facility Agreement as underwriters and the bookrunner (5) the banks and financial institutions listed in Schedule 1 Part C of the Facility Agreement as mandated lead arrangers (6) Citibank International Plc as facility agent and Citicorp Trustee Company Limited as security trustee.

(B) The parties to the Facility Agreement wish to make certain amendments to the Facility Agreement upon the terms set out below.

(C) Words and expressions defined in the Facility Agreement shall have the same meanings when used in this Agreement and its Acknowledgement.

NOW THIS AGREEMENT WITNESSES as follows:-

1 Each of the Parties to the Facility Agreement agrees that the Facility Agreement shall be amended as follows:-

(a) as though Clause 17.4 were amended to read as follows:-

" **Evidence of deductions** If at any time either the Borrower or any Guarantor is required by law to make any deduction or withholding from any payment to be made by it pursuant to any of the Security Documents, the Borrower or that Guarantor (as the case may be) will pay the amount required to be deducted or withheld to the relevant authority within the time allowed under the applicable law and will, no later than thirty days after making that payment, deliver to the Agent an

---

original receipt issued by the relevant authority, or other evidence reasonably acceptable to the Agent, evidencing the payment to that authority of all amounts required to be deducted or withheld. If the Borrower makes any deduction or withholding from any payment under or pursuant to any of the Security Documents, and a Bank in its absolute discretion (acting reasonably) determines that it has subsequently received a refund or allowance from any tax authority which that Bank identifies as being referable to that deduction or withholding, that Bank shall, as soon as reasonably practicable after its tax year has been finally settled with the relevant tax authority, pay to the Borrower an amount equal to the amount of the refund or allowance received, if and to the extent that it may do so without prejudicing its right to retain that refund or allowance and without putting itself in any worse financial position than that in which it would have been had the deduction or withholding not been required to have been made. Nothing in this Clause shall be interpreted as imposing any obligation on any Bank to apply for any refund or allowance, nor as restricting in any way the manner in which any Bank organises its tax affairs, nor as imposing on any Bank any obligation to disclose to the Borrower any information regarding its tax affairs or tax computations. All costs and expenses incurred by any Bank in obtaining or seeking to obtain a refund or allowance from any tax authority pursuant to this Clause shall be for the Borrower' s account."; and

(b) as though Clause 17.6.1 were amended to read as follows:-

" 17.6.1 any Finance Party (or the holding Company of any Finance Party) shall be subject to any Tax (other than any withholding tax compensated for under Clause 17.3) with respect to payments of all or any part of the Indebtedness; or"; and

(c) a new Clause 19.9 and Clause 19.10 were inserted as follows:-

" 19.9 **Stamp taxes** The Borrower shall pay and, within three (3) Business Days of demand, indemnify each of the Finance Parties against any cost, loss or liability the Finance Parties or any of them incur in relation to all stamp duty, registration and other similar Taxes payable in respect of any Security Document. If the Borrower wishes to contest such taxes with the relevant tax authority, the Finance Parties will reasonably co-operate with the Borrower, provided that all out-of-pocket expenses incurred by any Finance Party in connection with such contest shall be for the Borrower' s account

and the Agent determines that to assist in pursuing such claim will not impact on Citigroup' s franchise in the jurisdiction.

19.10 **Value added tax**

19.10.1 All amounts set out, or expressed to be payable under a Security Document by the Borrower to the Finance Parties which (in whole or in part) constitute the consideration for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on a supply of services, and accordingly, subject to Clause 19.10.2, if VAT is chargeable on any such supply made by any of the Finance Parties to the Borrower under a Security Document, the Borrower shall pay to such Finance Parties (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT (and such Finance Parties shall promptly provide an appropriate VAT invoice to the Borrower).

19.10.2 Where a Security Document requires any Security Party to reimburse any Finance Party for any costs or expenses, that Security Party shall also at the same time pay and indemnify such Finance Parties against all VAT incurred by such Finance Parties in respect of the costs or expenses to the extent that the Finance Parties in question reasonably determine that none of them nor any other member of any group of which such Finance Party is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.

19.10.3 If the Borrower wishes to contest or claim a refund of VAT taxes due under this Clause 19.10 with the relevant tax authority, the Finance Parties will reasonably co-operate with the Borrower, provided that all out of pocket expenses incurred by any Finance Party in connection with such contest or refund claim shall be for the Borrower' s account and the Agent determines that to assist in pursuing such claim or refund will not impact on Citigroup' s franchise in the jurisdiction.".

2 All other terms and conditions of the Facility Agreement remain unamended and in full force and effect.

3 The amendments contained in this Agreement shall take effect from the date of this Agreement.

4 This Agreement may be executed in counterparts each of which shall be original but which taken together constitute the same.

5 This Agreement shall be governed by and construed in accordance with English law.

IN WITNESS of which the parties to this Agreement have executed this Agreement the day and year first before written.

SIGNED by)
duly authorised for and on behalf) /s/ [ILLEGIBLE]

of **CITIBANK N.A.**)
(as a Bank)) ATTORNEY-IN-FACT
in the presence of:- /s/ [ILLEGIBLE])
[ILLEGIBLE]
TRAINEE SOLICITOR
ONE ST PAUL' S CHURCHYARD
EC4M 8SH, LONDON

SIGNED by)
duly authorised for and on behalf)
of **DEUTSCHE BANK AG IN HAMBURG**) /s/ [ILLEGIBLE]
(as a Bank))
in the presence of:- /s/ [ILLEGIBLE]) ATTORNEY-IN-FACT
(As above)

SIGNED by)
duly authorised for and on behalf)
of **DEUTSCHE SCHIFFSBANK AG**)
(as a Bank)) /s/ [ILLEGIBLE]
in the presence of:- /s/ [ILLEGIBLE])
(As above) ATTORNEY-IN-FACT

SIGNED by)
duly authorised for and on behalf)
of **CITIBANK N.A.**)
(as an Underwriter and the Bookrunner)) /s/ [ILLEGIBLE]
in the presence of:- /s/ [ILLEGIBLE])
(As above) ATTORNEY-IN-FACT

SIGNED by)
duly authorised for and on behalf)
of **DEUTSCHE BANK AG IN HAMBURG**)
(as an Underwriter)) /s/ [ILLEGIBLE]
in the presence of:- /s/ [ILLEGIBLE])
(As above) ATTORNEY-IN-FACT

SIGNED by)
duly authorised for and on behalf)
of **DEUTSCHE SCHIFFSBANK AG**)
(as an Underwriter)) /s/ [ILLEGIBLE]
in the presence of:- /s/ [ILLEGIBLE])
(As above) ATTORNEY-IN-FACT

SIGNED by)
duly authorised for and on behalf)
of **CITIGROUP GLOBAL MARKETS**) /s/ [ILLEGIBLE]
LIMITED)

(as a Mandated Lead Arranger))
in the presence of:- /s/ [ILLEGIBLE])
(As above)

ATTORNEY-IN-FACT

SIGNED by)
duly authorised for and on behalf)
of **DEUTSCHE BANK AG IN HAMBURG**)
(as a Mandated Lead Arranger))
in the presence of:- /s/ [ILLEGIBLE])
(As above)

/s/ [ILLEGIBLE]

ATTORNEY-IN-FACT

SIGNED by)
duly authorised for and on behalf)
of **DEUTSCHE SCHIFFSBANK AG**)
(as a Mandated Lead Arranger))
in the presence of:- /s/ [ILLEGIBLE])
(As above)

/s/ [ILLEGIBLE]

ATTORNEY-IN-FACT

SIGNED by)
duly authorised for and on behalf)
of **CITIBANK INTERNATIONAL PLC**)
(as the Agent))
in the presence of:- /s/ [ILLEGIBLE])
[ILLEGIBLE]

/s/ [ILLEGIBLE]

ATTORNEY-IN-FACT

SIGNED by)
duly authorised for and on behalf)
of **CITICORP TRUSTEE COMPANY**)
LIMITED /s/ Laura Hughes)
(as the Security Trustee) LAURA HUGHES)
in the presence of:-)

/s/ David Maras
David Maras
Director

SIGNED by /s/ Walter H. Lion)
duly authorised for and on behalf)
of **STOLT TANKERS**)
FINANCE III B.V.)
in the presence of:- /s/ [ILLEGIBLE])
[ILLEGIBLE]
McLaughlin & Stern LLP
260 Madison Avenue
New York, NY 10016

/s/ Walter H. Lion

Attorney-in-Fact

SIGNED by)
duly authorised for and on behalf)
of **STOLT NIELSEN S.A.**)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

/s/ Walter H. Lion

Attorney-in-Fact

SIGNED by)

duly authorised for and on behalf	)	/s/ Walter H. Lion
of **STOLT NIELSEN**	)	
TRANSPORTATION GROUP LTD	)	Attorney-in-Fact
(Liberia)	)	
in the presence of:- /s/ [ILLEGIBLE]	)	
(As above)		

SIGNED by	)	
duly authorised for and on behalf	)	/s/ Walter H. Lion
of **STOLT NIELSEN**	)	
TRANSPORTATION GROUP LTD	)	Attorney-in-Fact
(Bermuda)	)	
in the presence of:- /s/ [ILLEGIBLE]	)	
(As above)		

SIGNED by	)	
duly authorised for and on behalf	)	/s/ Walter H. Lion
of **STOLT NIELSEN**	)	
INVESTMENTS N.V.	)	Attorney-in-Fact
in the presence of:- /s/ [ILLEGIBLE]	)	
(As above)		

SIGNED by	)	
duly authorised for and on behalf	)	/s/ Walter H. Lion
of **STOLT NIELSEN**	)	
HOLDINGS B.V.	)	Attorney-in-Fact
in the presence of:- /s/ [ILLEGIBLE]	)	
(As above)		

SIGNED by	)	
duly authorised for and on behalf	)	/s/ Walter H. Lion
of **STOLT-NIELSEN**	)	
TRANSPORTATION GROUP B.V.	)	Attorney-in-Fact
in the presence of:- /s/ [ILLEGIBLE]	)	
(As above)		

Acknowledgement

We agree and consent to the Amendment Agreement referred to above and hereby agree and confirm that all our obligations under the Security Documents to which we are a party remain in full force and effect notwithstanding the amendments to the Facility Agreement referred to above.

SIGNED and **DELIVERED** as a	)
deed by	)

the duly authorised attorney)
for and on behalf of) /s/ Walter H. Lion
STOLT AVANCE B.V.)
in the presence of:- /s/ [ILLEGIBLE]) Attorney-in-Fact
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT AVENIR B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT AVOCET B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT CONDOR 2005 B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by)
the duly authorised attorney) /s/ Walter H. Lion
for and on behalf of)
STOLT DIPPER B.V.) Attorney-in-Fact
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT EAGLE 2005 B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)

deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT EGRET B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT EXCELLENCE 2005 B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT FALCON B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by)
the duly authorised attorney) /s/ Walter H. Lion
for and on behalf of)
STOLT GANNET B.V.) Attorney-in-Fact
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT GUARDIAN B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT GUILLEMOT B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT HAWK B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT HERON B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT INTEGRITY B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT KESTREL B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT KITE B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT KITTIWAKE B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT LOYALTY B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT OSPREY B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT PERSEVERANCE B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT PETREL B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT PRIDE B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT PROTECTOR B.V.)
in the presence of:- /s/ [ILLEGIBLE])

(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT PUFFIN B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT SINCERITY B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT TENACITY B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT TERN B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

SIGNED and **DELIVERED** as a)
deed by) /s/ Walter H. Lion
the duly authorised attorney)
for and on behalf of) Attorney-in-Fact
STOLT VIKING B.V.)
in the presence of:- /s/ [ILLEGIBLE])
(As above)

Exhibit 4.13

KROMANN REUMERT

LOAN AGREEMENT

USD 225,779,737.18 Existing Financing and USD 100,000,000
New Financing Top Up Term Loan

BETWEEN Stolt Tankers Finance B.V.
as Borrower

AND Danish Ship Finance A/S (Danmarks Skibskredit A/S)
as Lender

Dated: 27 October 2005

"Stolt Fleet Loan"

DSF-Loan No. 4126

COPENHAGEN ÅRHUS LONDON BRUSSELS
KROMANN REUMERT, LAW FIRM
5 SUNDKROGSGADE, DK-2100 COPENHAGEN Ø, DENMARK, TEL. +45 70 12 12 11, FAX +45 70 12 13 11

CONTENTS

SCHEDULES

LOAN AGREEMENT

This loan agreement is made on 27 October 2005 between:

(1) Stolt Tankers Finance B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK, Rotterdam, The Netherlands and with company registration number 24337613 (the "Borrower");

(2) Each of the Guarantors (as defined below) as listed on the signature pages hereto; and

(3) Danish Ship Finance A/S (Danmarks Skibskredit A/S), Sankt Annæ Plads 3, DK-1250 Copenhagen K, Denmark (the "Lender").

1. BACKGROUND

1.1 The existing financing.

(i) *The Existing Loan Agreement*. In connection with the implementation of a corporate, organisational and financial restructuring of the SNSA Group, the Borrower and the Lender entered into a USD 318,989,791.10 plus DKK 196,931,797.75 loan agreement dated 20 November 2002, amended by Addendum No. 1 thereto dated in July 2003 and Addendum No. 2 thereto dated 27 July 2005 (as so amended, the "Existing Loan Agreement"), pursuant to which the Lender has assisted the Borrower to finance/refinance 14 vessels each of which is owned by a separate shipowning company. The 14 vessels covered by the Existing Loan Agreement are comprised of the seven Continuing Vessels and the seven Released Vessels.

(ii) *The Existing Guarantees*. The Borrower' s obligations under the Existing Loan Agreement are guaranteed by each of the Parent Companies, as joint and several guarantors, pursuant to a guarantee dated 29 July 2005 (the "Existing Parent Companies' Guarantee") and by each of the shipowning companies owning one of the 14 vessels financed under the Existing Loan Agreement pursuant to guarantees dated 20 November 2002 (the "Existing Shipowning Companies Guarantees").

(iii) *The Existing Intermediate Companies' Undertaking*. Each of the Intermediate Companies are parties to an undertaking dated 20 November 2002, as amended by Amendment No. 1 thereto dated 27 July 2005 (as so amended, the "Existing Intermediate Companies Undertaking") pursuant to which it has made certain undertakings in connection with the Existing Loan Agreement in favour of the Lender.

(iv) *Existing Tranches*. The financing under the Existing Loan Agreement in respect of the seven Continuing Vessels is divided into seven tranches. Pursuant to this Agreement, as from the Drawdown Date, the tranche of the financing under the Existing Loan Agreement attributed to the vessel M/S Stolt Perseverance (the "Perseverance Tranche") will be added to each of the seven tranches already allocated to the seven Continuing Vessels pro-rata in accordance with the relevant Continuing Vessel' s Proportion. For purposes of this Agreement, the term "Existing Tranche" means, in respect of each Continuing Vessel, the sum of (i) the outstanding amount allocated to such Continuing Vessel under the Existing Loan Agreement, and (ii) the relevant Continuing Vessel' s Proportion of the Perseverance Tranche (as such Existing Tranche may be repaid from time to time). The outstanding amounts of the Existing Tranches (including the allocated portion of the Perseverance Tranche as of the date of this Agreement is as shown in the table below:

Continuing Vessel	**Existing Tranche (including allocated amount of the Perseverance Tranche / Principal amount outstanding as of the date of this Agreement**	
M/S Stolt Concept	USD	40,547,161.06
M/S Stolt Confidence	USD	24,752,386.39
M/S Stolt Creativity	USD	26,906,277.07
M/S Stolt Efficiency	USD	41,396,898.32
M/S Stolt Effort	USD	43,548,589.60
M/S Stolt Innovation	USD	23,667,486.07
M/S Stolt Inspiration	USD	24,960,938.67

TOTAL	**USD**	**225,779,737.18**

1.2 This Agreement. Subject to the terms and conditions of this Agreement, the Borrower and the Lender have agreed, among other things as follows:

(i) *Transfer of Existing Tranches to this Agreement:* As from the Drawdown Date, the Existing Tranches shall be subject to the terms and conditions of this Agreement and shall no longer be subject to the Existing Loan Agreement;

(ii) *New Financing:* The Lender will provide to the Borrower a USD 100,000,000 top up term loan for general corporate purposes; and

(iii) *Released Vessels*: Upon (a) the full repayment of all amounts outstanding under the Existing Loan Agreement in respect of the Released Vessels (other than the Perseverance Tranche), and (b) the transfer of the Existing Tranches to this Agreement as contemplated in sub-clause (i) above, all of the security encumbering the Released Vessels shall be released.

2. DEFINITIONS AND CONSTRUCTION

2.1 Definitions. In this Agreement the following expressions have the meanings attributed to them below unless the context otherwise requires:

"Advance" means the advance in the amount of USD 100,000,000 to be made by the Lender to the Borrower on the Drawdown Date.

"Agreement" means this Agreement as it may be amended from time to time including its Schedules and the Security Documents.

"Availability Period" means the period commencing on the date on which all of the conditions precedent to the disbursement of the Advance hereunder are satisfied and ending on 15 November 2005.

"Banking Day" means a day, other than a Saturday or a Sunday, on which banks and foreign exchange markets are open for the transaction of business in New York, London and Copenhagen and, in respect of the CIRR Tranche, only, any day on which banks and foreign exchange markets are open for the transaction of business in New York and Copenhagen.

"CIRR" means the rate per annum advised by the Lender to the Borrower to be the USD Commercial Interest Reference Rate as published on or about the fifteenth day of every month by the Danish Agency for the Development of Trade and Industry (*Erhvervsfremme Styrelsen*) for the relevant maturity.

"CIRR Tranche" means the Existing Tranche allocated to the Vessel M/S Stolt Efficiency.

"Compliance Certificate" means a certificate of SNSA to be provided to the Lender pursuant to Clauses 17.1.1(i) and 17.1.1(ii) in the form set forth in Schedule 5.

"Consolidated Debt" means for the SNSA Group (on a consolidated basis, without duplication and measured on a quarterly basis) at any time, the aggregate value of:

(i) moneys borrowed, *plus*

(ii) notes payable (whether promissory notes or otherwise), *plus*

(iii) amounts raised by acceptance under any acceptance credit facility, *plus*

(iv) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures or similar instruments, *plus*

(v) the amount of any liability in respect of lease or hire purchase obligations which, according to US GAAP, would be treated as finance or capital leases, *plus*

(vi) all contingent liabilities, including guarantee obligations, related to debt and capital lease obligations of third parties which, according to US GAAP, are considered probable and estimable, *plus*

(vii) subordinated debt, *less*

(viii) the amount of that part of any financial indebtedness for which there is a blocked or restricted Cash deposit which will repay such part of such financial indebtedness.

"Consolidated Interest Expense" means, for the SNSA Group (on a consolidated basis) for the most recent four fiscal quarters of SNSA for which financial statements have been prepared, interest expense (including the interest component of any capital lease obligations) on all Consolidated Debt, determined in accordance with US GAAP.

"Consolidated EBITDA" means, for the SNSA Group (on a consolidated basis) the aggregate value of (i) net income (or net loss), (ii) Consolidated Interest Expense, (iii) provisions for income taxes, (iv) depreciation, amortisation and other non-cash charges deducted in arriving at such net income (or net loss), at any time during the Loan Period

as determined in accordance with US GAAP for the most recent four fiscal quarters of SNSA for which financial statements have been prepared, calculated on a pro forma historical basis to include acquisitions.

"Consolidated Tangible Net Worth" means, for the SNSA Group (on a consolidated basis) at the end of the most recent quarter for which financial statements have been prepared, (a) the sum, to the extent shown on SNSA' s consolidated balance sheet, of (i) the amount of issued and outstanding share capital, less the cost of treasury shares of SNSA, plus (ii) the amount of surplus and retained earnings, less (b) intangible assets as determined in accordance with US GAAP.

"Continuing Shipowning Companies" means each of seven limited liability companies, duly incorporated and validly existing under Dutch law, each owning one Continuing Vessel and each being 100 per cent owned by the Borrower.

"Continuing Shipowning Companies Guarantee" means the unlimited, unconditional and irrevocable guarantee issued by the Continuing Shipowning Companies on a joint and several basis (and jointly and severally with the Parent Companies Guarantee) in respect of the Borrower' s obligations under this Agreement in the form of such guarantee attached to this Agreement as Schedule 8.

"Continuing Vessels" means each of:

(i) M/S Stolt Concept;
(ii) M/S Stolt Confidence;
(iii) M/S Stolt Creativity;
(iv) M/S Stolt Efficiency;
(v) M/S Stolt Effort;
(vi) M/S Stolt Innovation;
(vii) M/S Stolt Inspiration; and
(viii) any vessel which may replace any of the above vessels or itself be replaced as contemplated in Clause 7.2(b).

"Deeds of Release" means the deeds of release appearing on each of the deeds of mortgage presently encumbering the Released Vessels and the Continuing Vessels in favour of the Lenders pursuant to which such deeds of mortgage shall be released as contemplated in Clause 5.5(ii) and 5.5(iii).

"Default Interest" means the Interest required to be paid by the Borrower in accordance with the provisions of Clause 8.12.

"DKK" means Danish Kroner, the lawful currency of the Kingdom of Denmark.

"Drawdown Date" means the Banking Day on which the Borrower has requested that the Advance be disbursed or, as the context requires, the date on which the Advance is actually disbursed.

"Drawdown Notice" means the written notice given by the Borrower pursuant to Clause 5.1 in the form set forth in Schedule 2;

"DSF" means Danish Ship Finance A/S (Danmarks Skibskredit A/S), a Danish limited liability company, duly established and validly existing pursuant to Danish legislation.

"Earnings" means all earnings and monies due and to become due to any of the Continuing Shipowning Companies arising out of any and all present and future charter-parties, including, without limitation, bareboat charterparties, bills of lading, contracts of affreightment, requisition or activities of any of the Continuing Vessels, including all claims for money, loss or damages arising out of the present or future use, chartering, operation or management of any of the Continuing Vessels.

"Earnings Assignment" means the general assignment of Earnings required to be entered into by each of the Continuing Shipowning Companies in favour of the Lender in the form of such assignment set forth in Schedule 11.

"Event of Default" means any of the events listed in Clause 18 of this Agreement.

"Existing Intermediate Companies' Undertaking" has the meaning ascribed to it in Clause 1.1(iii).

"Existing Loan Agreement" has the meaning ascribed to it in Clause 1.1(i).

"Existing Parent Companies' Guarantee" has the meaning ascribed to it in Clause 1.1(ii).

"Existing Shipowning Companies Guarantee" has the meaning ascribed to it in Clause 1.1(ii).

"Existing Tranche" has the meaning ascribed to it in Clause 1.1(iv).

"Guarantor" means each of the Parent Companies and the Continuing Shipowning Companies, in its capacity as guarantor of the obligations of the Borrower hereunder pursuant to the terms of the Parent Companies Guarantee or the Shipowning Companies Guarantee, as the case may be.

"Indebtedness" means the outstanding Tranches, as determined by the Lender, together with all Interest, Default Interest, Interest Breakage Costs, and other sums, costs and indemnities payable by the Borrower to the Lender under this Agreement.

"Insurances Assignment" means the assignment of the insurances covering each of the Continuing Vessels required to be entered into by each of the Continuing Shipowning Companies in the form of such assignment set forth in Schedule 10.

"Interest" has the meaning ascribed to it in Clause 8;

"Interest Breakage Costs" means an amount to be calculated from time to time by the Lender as:

(i) for Tranches (other than the CIRR Tranche) with an Interest Period not exceeding 6 months, the loss or gain of breaking any remaining part of the current Interest Period;

(ii) for Tranches (other than the CIRR Tranche) with an Interest Period exceeding 6 months, the loss or gain calculated on the basis of a conversion of all remaining (*i.e.* for the period during which interest has been fixed) interest payments (less the Margin) to 6 months USD LIBOR minus 0.125 per cent (on the date of prepayment), the market rate then prevailing for the remaining part of the Loan, as determined by the Lender, shall be used as discounting rate; and

(iii) for the CIRR Tranche, the difference between the outstanding principal amount of the relevant CIRR Tranche and the market value of the CIRR Tranche, which market value shall be calculated by the Lender as the net present value of the aggregate of (i) all outstanding instalments at the time of (p)repayment and (ii) all Interest that would have been payable thereon, using as the discount rate the CIRR applicable at the date of (p)repayment for a period equal to the remaining maturity of the Loan at the time of (p)repayment (or in case of a part prepayment, an amount equal to the proportional part of the above aggregate

amount); provided, however, that, if at the time of prepayment the fixing of the CIRR has been abandoned, the discount rate shall be the rate of interest per annum determined by the Danish Central Bank (*Danmarks Nationalbank*) to be the replacement for CIRR for the relevant maturity.

"Interest Payment Date" means:

(i) for all Tranches (other than the Exiting Tranches (including the CIRR Tranche) and the Perseverance Amounts thereof), only as long as the Interest Rate has been fixed for a period ending on a day which is before the final Repayment Date of the relevant Tranche and subject to Clause 8.10, the last day of the relevant Interest Period and, in respect of any Interest Period of a duration of more than six months, the last Banking Day of every six month period during such Interest Period and the last day of such Interest Period; and

(ii) for the Existing Tranches (including the CIRR Tranche) and for the Perseverance Amounts thereof, the dates set forth in respect of such Tranches and the Perseverance Amounts in the table in Clause 8.6(a).

"Interest Period" means each of the successive periods determined in accordance with Clause 8.6 into which the period for which a Tranche or any part thereof is outstanding is divided for the purpose of determining Interest.

"Intermediate Companies" means SNTG-BER, SNI, SNH and SNTG BV.

"Intermediate Companies' Undertaking" means the undertaking to be entered into by each of the Intermediate Companies in the form of such undertaking set forth in Schedule 9.

"Lender" means DSF and any other bank or financial institution to whom any part of the Loans is owed (by means of syndication, succession, assignment or otherwise).

"LIBOR" means, in relation to any Tranche denominated in USD:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that Tranche) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied

to the Lender at its request quoted by the leading banks in the London interbank market,

at 11.00am on the date for fixing of the Interest Rate for any Tranche, for the offering of deposits in USD and for a period comparable to the Interest Period for that Tranche.

"Loan Account" means the accounts in the Lender' s books and records relating to this Agreement.

"Loan Period" means the period commencing on the Drawdown Date and ending on the date on which all of the Indebtedness is full and finally repaid.

"Margin" means:

(i) in respect of each Existing Tranche (but not the Perseverance Amount thereof), 0.05% p.a. (zero point zero five per cent per annum),

(ii) in respect of the Perseverance Tranche, 0.80% p.a. (zero point eight zero per cent per annum), and

(iii) in respect of each New Tranche, 0.72% p.a. (zero point seven two per cent per annum);

in each case to be calculated by the Lender with respect to the relevant Tranche or portion thereof and paid by the Borrower.

"Market Disruption" means that

(a) objective means for fixing LIBOR among prime banks no longer exist; or

(b) the Lender' s cost of obtaining matching deposits in the interbank market would exceed LIBOR.

"Mortgage" means the first priority ship mortgage(s) over all 64/64th shares in each of the Continuing Vessels registered with the Cayman Islands Ship Registry and the related Deed(s) of Covenants which Mortgage and Deed of Covenants shall be in the form of Mortgage and Deed of Covenants attached hereto as Schedule 12 and which shall secure an amount at least equal to the full amount of the Indebtedness.

"New Tranche" means, in respect of each of the Continuing Vessels, such Continuing Vessel' s Proportion of the Advance to be attributed to it on the Drawdown Date as

shown in the table set forth below, or, as the case may be, the outstanding principal amount of such Tranche from time to time:

Continuing Vessel	New Tranche
M/S Stolt Concept	USD 15,186,547.56
M/S Stolt Confidence	USD 13,504,992.12
M/S Stolt Creativity	USD 14,030,478.19
M/S Stolt Efficiency	USD 14,555,964.27
M/S Stolt Effort	USD 15,186,547.56
M/S Stolt Innovation	USD 13,504,992.12
M/S Stolt Inspiration	USD 14,030,478.19

"Parent Companies" means SNSA, SNTG-LIB, SNTG-BER, SNI, SNH and SNTG BV.

"Parent Companies Guarantee" means the unlimited, unconditional and irrevocable guarantee issued by the Parent Companies on a joint and several basis (and jointly and severally with the Continuing Shipowning Companies Guarantee) in respect of the Borrower' s obligations under this Agreement in the form of such guarantee attached to this Agreement as Schedule 7.

"Perseverance Amount" means, in respect of each Existing Tranche, the amount thereof comprised of the portion of the Perseverance Tranche allocated to such Existing Tranche as described in Clause 1.1(iv).

"Perseverance Tranche" shall have the meaning ascribed thereto in Clause 1.1(iv).

"Potential Event of Default " means any event which, with the giving of notice, passage of time, determination of materiality or satisfaction of other conditions, could become an Event of Default.

"Proportion" means, in respect of each of the Continuing Vessels, the proportion between such Vessel' s Vessel Value and the aggregate Vessel Values of all of the Continuing Vessels determined in connection with the signing of this Agreement.

"Release Letter" means (i) the letter substantially in the form of letter attached hereto as Schedule 4a pursuant to which the security presently encumbering the Released Vessels

in favour of the Lenders is released as contemplated in Clause 5.5(ii) or (ii) the letter substantially in the form of letter attached hereto as Schedule 4b pursuant to which the mortgages and assignments of insurances presently encumbering the Continuing Vessels in favour of the Lenders is released as contemplated in Clause 5.5(iii).

"Released Vessels" means each of:

(i) M/S Stolt Dipper;
(ii) M/S Stolt Guillemot;
(iii) M/S Stolt Kite;
(iv) M/S Stolt Kittiwake;
(v) M/S Stolt Perseverance;

(vi) M/S Stolt Petrel; and
(vii) M/S Stolt Tern.

"Repayment Date" means each date on which a portion of any Tranche is required to be repaid as set forth in the repayment schedule for each Continuing Vessel attached to this Agreement as Schedule 6.

"Screen Rate" means the British Bankers Association Interest Settlement Rate for the relevant currency and period and displayed on the appropriate page of the Telerate, Reuters or Bloomberg screen or such other screen as is customarily used for that purpose for Dollars.

"Security Documents" means the Parent Companies Guarantee, each of the Continuing Shipowning Companies' Guarantees, the Intermediate Companies' Undertaking, the Mortgage(s) and Deed(s) of Covenant, the Insurances Assignment, the Earnings Assignment and each other document from time to time creating security for any of the obligations and liabilities of the Borrower under this Agreement.

"SNH" means Stolt-Nielsen Holdings B.V., a limited liability company, duly incorporated and validly existing under Dutch law, being 100 per cent owned by SNI and itself owning the entire share capital of SNTG BV.

"SNI" means Stolt-Nielsen Investments N.V., a limited liability company, duly incorporated and validly existing under Netherlands Antilles law, being 100 per cent owned by SNTG-BER, and itself owning the entire share capital of SNH.

"SNSA" means Stolt Nielsen S.A., a company duly incorporated and existing under the laws of the Grand Duchy of Luxembourg, owning the entire share capital of SNTG-LIB.

"SNSA Group " means SNSA and each of its direct or indirect Subsidiaries.

"SNTG BV" means Stolt-Nielsen Transportation Group B.V., a limited liability company duly incorporated and validly existing under Dutch law, being 100 per cent owned by SNH and itself owning the entire share capital of the Borrower.

"SNTG-BER" means Stolt-Nielsen Transportation Group Ltd., an exempted limited liability company duly incorporated and existing under the laws of Bermuda, being 100 per cent owned by SNTG-LIB, and itself owning the entire share capital of SNI.

"SNTG-LIB" means Stolt-Nielsen Transportation Group Ltd., a company duly incorporated and existing under the laws of the Republic of Liberia, being 100 per cent owned by SNSA and itself owning the entire share capital of SNTG-BER.

"Subsidiary" means a company in which a person from time to time directly or indirectly:

(a) holds or controls the majority of the shares or the voting rights;

(b) has the right to appoint or remove the majority of the board of directors or, the management board; or

(c) has the right to exercise a dominant influence on the basis of the articles of association, an agreement or otherwise.

"Total Loss" means in relation to a Vessel:

(i) the actual, agreed, constructive, compromised or arranged total loss of the Vessel;

(ii) the abandonment or condemnation of the Vessel;

(iii) the requisition for title or other compulsory acquisition, requisition, appropriation, expropriation, deprivation, forfeiture or confiscation for any reason of the Vessel by any government entity or other competent authority, whether *de jure* or *de facto* other than for hire; or

(iv) hijacking, theft, condemnation, capture, detention, confiscation or other incidents provided any such incident is adequately covered by the insurances taken out for the Vessel.

"Tranche" means each Existing Tranche and each New Tranche.

"USD" means United States Dollar, the lawful currency of the United States of America.

"US GAAP" means the generally accepted accounting principles in the United States of America, from time to time in effect.

"Vessel Value" means, in respect of a Continuing Vessel, the fair market value of the Vessel determined at any such time as the Lender may select, however, if no Event of Default has occurred and is continuing only twice annually, as the average of the valuations provided by two independent sale and purchase shipbrokers appointed by the Lender from among the shipbrokers listed on Schedule 14, such valuations to be made with or without physical inspection of the Vessel (as the Lender may reasonably require), on the basis of a sale for prompt delivery for cash at arm' s length on normal commercial terms as between a willing seller and a willing buyer and on an "as is where is" basis free of any existing charter or other contract of employment, for use in the parcel tanker trade. One appraisal per year shall be paid for by the Borrower.

"Vessel Value to Loan Ratio" means the ratio of (i) the aggregate Vessel Values of all of the Continuing Vessels to (ii) the aggregate outstanding Indebtedness (including, without limitation, principal, Interest, Default Interest, Interest Breakage Costs and fees) under this Agreement.

2.2 Construction. Clause headings are for ease of reference only. Words in the singular number include the plural and vice versa. References to Clauses and Schedules are references, respectively, to the Clauses and Schedules of this Agreement. References to any document include such document' s schedules and related security documents, if any, and are to such document, it schedules and security documents, as amended from time to time.

3. THE ADVANCE

3.1 Commitment; Availability Period. Subject to the terms and conditions of this Agreement, the Lender agrees to make the Advance available to the Borrower during the

Availability Period. If Notice of Drawdown has not been given within such time as to require funding of the Advance on or before the last Banking Day of the Availability Period, the Lender' s commitment to make the Advance available shall automatically be cancelled.

3.2 Purpose. The Advance shall be applied by the Borrower for general corporate purposes.

3.3 No liability for the Finance Parties. The Lender shall not be required to monitor or verify the application of any amount borrowed pursuant to this Agreement and the Lender shall have any liability for the use of any amount borrowed pursuant to this Agreement.

3.4 Limitation of Lender' s liability. The Lender can in no case be made liable for damage or loss due to legal provisions, public measure or the like, actual or imminent war or similar situations, revolt, civil unrest, natural catastrophe, strike, lockout, boycott or blockades, irrespective of whether the Lender is himself party to conflicts arising and irrespective of whether any conflicts arising affect only part of the functions of the Lender. The Lender cannot in any way be made liable for the consequences of any circumstances beyond its control, and the Lender cannot in any way be made liable for any consequential damages.

4. CONDITIONS PRECEDENT

4.1 On or prior to signing. Contemporaneously with or prior to the signing of this Agreement, the Borrower shall have delivered to the Lender all of the documents and other evidence listed in Part A of Schedule 3 in form and substance satisfactory to the Lender.

4.2 Conditions precedent to the Advance. The Lender shall be under no obligation to accept or act in accordance with a Drawdown Notice, unless the Lender has received all of the documents and other evidence listed in Part B of Schedule 3 in form and substance satisfactory to it not later than at 10:00 a.m. on the day which is three Banking Days prior to the Drawdown Date.

4.3 Additional conditions precedent. The obligation of the Lender to make the Advance available shall be subject to the further conditions that, at the time of the giving of the Drawdown Notice for the Advance and on the Drawdown Date for the Advance:

(i) the representations and warranties contained in Clause 16.1 are true and correct and not misleading in any material respect and will be true and correct and not misleading in any material respect immediately after the Drawdown Date;

(ii) no Event of Default or Potential Event of Default has occurred and is continuing or would result from the making of the Advance;

(iii) no Event of Default (as such term is defined in the Existing Loan Agreement) or event which with the giving of notice, passage of time, determination of materiality or satisfaction of other conditions would become such an Event of Default under the Existing Loan Agreement has occurred and is continuing;

(iv) no event has occurred which in the reasonable discretion of the Lender constitutes a material adverse change in the position (financial or otherwise) of the Borrower or any of the Guarantors;

(v) no Market Disruption shall be continuing on the such dates;

(vi) there shall have occurred no unforeseen changes in legislation or regulation or other events outside the control of the Lender which have the effect of either preventing the Lender from disbursing the Advance or materially increasing the Lender' s cost of disbursing, funding or maintaining the Advance; and

(vii) all terms and conditions of this Agreement shall have been fulfilled and continue to be fulfilled in a manner satisfactory to the Lender.

4.4 Waiver of conditions precedent. The conditions specified in this Clause 4 are solely for the benefit of the Lender and may be waived in whole or in part and with or without conditions by the Lender.

5. DRAWDOWN AND EXISTING FINANCING

5.1 Notice of Drawdown. If all of the conditions precedent to the availability of the Advance have been satisfied, the Borrower may deliver the Drawdown Notice to the Lender requesting the Advance to be made to it in full, such Drawdown Notice to be received by the Lender no later than 10 a.m. Copenhagen time three (3) Banking Days prior to the proposed Drawdown Date.

5.2 Disbursement of the Advance. Subject to the terms of this Agreement, the Lender shall disburse the Advance to the Borrower on the Drawdown Date by paying the proceeds thereof, less any fees permitted to be deducted therefrom, to the Borrower' s account as specified in the Drawdown Notice.

5.3 Irrevocability. Once delivered, the Drawdown Notice shall be irrevocable and the Borrower shall be bound to borrow in accordance therewith.

5.4 Indemnification. The Borrower shall on demand pay and indemnify the Lender for all costs, losses and expenses incurred by the Lender (including, without limitation, Interest Breakage Costs, in the event that the Borrower, whether by reason of or failure to satisfy any condition precedent or otherwise, fails to draw the Advance following the delivery of the Drawdown Notice, except if such failure to satisfy a condition results from an action or failure to act by the Lender.

5.5 The Existing Financing. On the Drawdown Date, immediately following the disbursement of the Advance, the following shall occur:

(i) *Transfer of Existing Tranches to this Agreement:* the Existing Tranches (including the Perseverance Amount thereof) shall cease to be subject to the Existing Agreement and shall become subject to the terms and conditions of this Agreement as if they had been originally advanced to the Borrower hereunder;

(ii) *Termination of existing security over the Released Vessels:* each of the Existing Parent Companies' Guarantee, the Existing Shipowning Companies Guarantees, the mortgages and deeds of covenant encumbering the Released Vessels, the insurances assignments in respect of the insurances covering the Released Vessels and the earnings assignments in respect of the earnings of each of the Released Vessels shall be terminated and the Released Vessels released from any and all security in respect thereof existing in favour of the Lender by way of the Lender' s execution and delivery to the Borrower of a Release Letter (in the form of Schedule 4a) and the relevant Deeds of Release, or such other release documents as the Borrower may reasonably request from, and provide to, the Lender;

(iii) *Termination of certain of the existing security over the Continuing Vessels:* each of the mortgages presently encumbering the Continuing Vessels and the insurances assignments presently covering the insurances in respect of the Continuing Vessels (together, the "Continuing Vessels' Released Security") shall be released and reassigned by way of the Lender' s execution and delivery to the Borrower of a Release Letter in the form of Schedule 4b and the relevant Deeds of Release, or such other release documents as the Borrower may reasonably request from, and provide to, the Lender; provided, however, that such releases and reassignments shall be conditioned and effective upon the simultaneous

taking effect of the Mortgages and the Insurances Assignment and, notwithstanding such releases and reassignments, until the Mortgages and the Insurances Assignment have become fully effective and are perfected, the Continuing Vessels' Released Security shall remain in full force and effect as between the parties.

5.6 The Tranches. As of the Drawdown Date, following the implementation of the terms of this Clause 5, the outstanding principal amount of each Tranche shall be as indicated in the repayment schedules attached hereto as Schedule 6.

6. REPAYMENT

6.1 Repayment schedules. The Borrower shall repay each Tranche on the Repayment Dates and in the amounts set forth in the repayment schedules attached hereto as Schedule 6.

6.2 Other repayments. Notwithstanding the provisions of Clause 6.1 above, (i) any outstanding balance of the Indebtedness shall be repaid in full on demand of the Lender in accordance with the provisions of Clause 18.2 upon the occurrence of an Event of Default, and (iii) any and all outstanding Indebtedness shall be repaid in full on the tenth anniversary of the Drawdown Date.

7. PREPAYMENT

7.1 Voluntary prepayment. The Borrower shall be entitled to prepay the whole or any part of the Loan on the last Banking Day of any Interest Period provided that:

(i) the Lender shall have received a written notice of such prepayment not less than five Banking Days prior to such date specifying the amount of such prepayment and the intended prepayment date, such notice, once delivered, shall be irrevocable and oblige the Borrower to make the notified prepayments;

(ii) the amount of such prepayment shall be equal to a minimum of USD 500,000 or a whole multiple thereof or the full amount of one or more Tranches or the full amount of the Indebtedness;

(iii) prepayments shall be applied to reduce the repayment instalments indicated in Schedule 6 pro rata, provided, however, that the Borrower may elect to prepay the full amount of the Existing Tranche and the New Tranche in respect of one

or more Vessels in which case such prepayments shall be applied in full and final satisfaction of the relevant Tranche(s); and

(iv) any prepayment shall be made together with accrued Interest (including Margin) on the amount prepaid, Interest Breakage Costs, if any, and all other sums payable thereon under the terms of this Agreement.

7.2 Mandatory Prepayment.

(a) *Total Loss*. If a Vessel becomes a Total Loss, the Borrower shall:

(i) within six (6) months after such Total Loss has occurred prepay the outstanding amount of the Existing Tranche and the New Tranche relevant to such Vessel which is not covered by insurance; and

(ii) repay such part of such Existing Tranche and New Tranche, which, in the reasonable opinion of the Lender, is covered by insurance on the earlier of (i) the date on which payment is received from the insurers and (ii) twelve (12) months after the Total Loss occurred.

(b) *Sale of a Vessel to third party*. If the Borrower shall sell a Vessel, the Borrower shall prepay the Existing Tranche and the New Tranche relevant to such Vessel in full on the date such sale shall take effect. In the event of a sale of a Vessel, the Lender shall not be obliged to release the mortgage or any other of the security provided under the Security Documents in

its favour over such Vessel unless the Lender is fully satisfied that the full amount of the Existing Tranche and the New Tranche relevant to such Vessel shall be received by the Lender contemporaneously with such release of the mortgage.

(c) *Application of Mandatory Prepayments*. Any mandatory prepayment in accordance with this Clause 7.2 shall be applied to reduce the repayment instalments in respect of the Tranches relevant to the Vessel which has suffered a Total Loss or the sold Vessel in the inverse order of maturity.

(d) *Waiver of Mandatory Prepayment, acceptance of replacement vessel*. Notwithstanding the above provisions of this Clause 7.2 and provided always that following the application of this sub-clause (d), the Vessel Value to Loan Ratio is equal to or greater than 125%, upon the request of the Borrower, the Lender may, in its sole and exclusive discretion:

(i) agree (which agreement shall not be unreasonably withheld) that no mandatory prepayment is required pursuant to this Clause 7.2 in view of the fact that it is sufficiently secured by the remaining Continuing Vessels; or

(ii) accept (which acceptance shall not be unreasonably withheld) a replacement vessel for the vessel that has suffered a Total Loss or is to be sold, such replacement vessel to be of at least the same age, condition and market value as the sold vessel or vessel that has suffered a Total Loss.

If a replacement vessel is provided, the relevant shipowning company shall create a first priority ship mortgage over all 64/64th shares in such vessel and enter into a related deed of covenants, a first priority assignment of insurances and a first priority assignment of earnings in respect of such replacement vessel in each case in favour of the Lender as security for the Indebtedness under this Agreement and substantially in the form of the Mortgage (including the Deed of Covenants), Insurances Assignment and Earnings Assignment, respectively. All costs and expenses incurred in connection therewith, including without limitation, the costs and expenses of legal counsel to the Lender, shall be for the account of the Borrower.

(e) *M/S Stolt Efficiency*. If the vessel M/S Stolt Efficiency suffers a Total Loss or is to be sold, the full amount of the CIRR Tranche shall be repaid. The options set forth in sub-clause (d) above shall only be relevant with respect to the New Tranche allocated to the M/S Stolt Efficiency.

7.3 No Re-borrowing. Amounts which are repaid or prepaid may not be re-borrowed.

7.4 Release of Security. In the event of a voluntary or mandatory final prepayment of the full amount of the Existing Tranche and the New Tranche in respect of any Continuing Vessel, subject always to Clause 7.2(b), (i) the mortgage and deed of covenant covering the Continuing Vessel to which such Tranches pertain shall be released by way of the signing by the Lender of the deed of release appearing on such mortgage, and (ii) the Insurances Assignment and the Earnings Assignment (in each case to the extent only that they relate to the Continuing Vessel to which such Tranches are allocated) shall be released by way of the signing by the Lender and delivery to the Borrower of a

release letter substantially in the form of such letter attached to the Insurances Assignment as Schedule 1.

8. INTEREST AND INTEREST PERIODS

8.1 Payment of Interest. On each Interest Payment Date the Borrower shall pay accrued Interest on the Loan to the Lender.

8.2 Interest rate.

(i) The New Tranches. The rate of interest applicable to each New Tranche for the duration of the Loan Period shall be the fixed rate per annum equal to 4.85% (four point eight five per cent) plus the Margin.

(ii) The Perseverance Amount of each Existing Tranche. The rate of interest applicable to the Perseverance Amount of each Existing Tranche during each Interest Period ending on or prior to 1 November 2007 shall be 5.81% per annum (five point eight one per cent per annum). The rate of interest applicable to the Perseverance Amount of each Existing Tranche for each Interest Period ending after 1 November 2007 shall be the rate per annum determined by the Lender as the aggregate of the Margin and LIBOR.

(iii) The Existing Tranches. The rate of interest applicable to each Existing Tranche (excluding the Perseverance Amount thereof) shall be as follows:

(a) *Concept:* in respect of the Existing Tranche (excluding the Perseverance Amount thereof) allocated to the Vessel M/S Stolt Concept, throughout the Loan Period, the fixed rate of 6.045 % per annum (six point zero four five per cent per annum) plus the Margin;

(b) *Confidence:* in respect of the Existing Tranche (excluding the Perseverance Amount thereof) allocated to the Vessel M/S Stolt Confidence, throughout the Loan Period, the fixed rate of 6.60% per annum (six point six zero per cent per annum) plus the Margin;

(c) *Creativity:* in respect of the Existing Tranche (excluding the Perseverance Amount thereof) allocated to the Vessel M/S Stolt Creativity, throughout the Loan Period, the fixed rate of 6.38 % per annum (six point three eight per cent per annum) plus the Margin;

(d) *Efficiency:* in respect of the Existing Tranche (excluding the Perseverance Amount thereof) allocated to the Vessel M/S Stolt Efficiency, throughout the Loan Period, the fixed rate of 8.5228 % per annum (eight point five two two eight per cent per annum) plus the Margin;

(e) *Effort:* in respect of the Existing Tranche (excluding the Perseverance Amount thereof) allocated to the Vessel M/S Stolt Effort, during each Interest Period ending on or prior to 1 December 2006, the fixed rate of 5.42% per annum (five point four two per cent per annum) and during each Interest Period ending after 1 December 2006, LIBOR plus the Lender' s cost of funding fixed at 0.3% per annum (zero point three per cent per annum) plus the Margin;

(f) *Innovation:* in respect of the Existing Tranche (excluding the Perseverance Amount thereof) allocated to the Vessel M/S Stolt Innovation, throughout the Loan Period, the fixed rate of 6.35% per annum (six point three five per cent per annum) plus the Margin;

(g) *Inspiration:* in respect of the Existing Tranche (excluding the Perseverance Amount thereof) allocated to the Vessel M/S Stolt Inspiration, throughout the Loan Period, the fixed rate of 6.60% per annum (six point six zero per cent per annum) plus the Margin.

8.3 Accrual of Interest. Interest at the rate determined in accordance with Clause 8.2 shall (i) accrue from and including the first day to but excluding the last day of an Interest Period and (ii) be paid in arrears on each Interest Payment Date.

8.4 Calculations. All sums falling due hereunder by way of Interest and/or Default Interest will be calculated by the Lender, (i) in respect of all Tranches other than the CIRR Tranche, on the basis of the actual number of days elapsed (365) over a year of 360 days, and (ii) in respect of the CIRR Tranche, on the basis of a year of 360/360 (three hundred and sixty) days.

8.5 Fixing of Interest. The Lender and the Borrower may from time to time agree to fix fluctuating interest rates in respect of (i) the Perseverance Amount of each Existing Tranche, (ii) each New Tranche for which the applicable rate of interest has not been fixed for the entire Loan Period, and (iii) the Existing Tranche allocated to the Vessel M/S Stolt Effort to the extent it has not been fixed, for periods agreed upon between them. Such fixing shall be made on terms acceptable to the Lender and the terms of the

form of Interest Fixing Agreement attached hereto as Schedule 13 shall apply with such amendments as may be requested by the Lender.

8.6 Duration of Interest Periods.

(a) Existing Tranches (excluding Perseverance Amounts) and Perseverance Amounts. The Interest Periods in respect of each Existing Tranche (excluding the Perseverance Amount thereof, but, for the avoidance of doubt, including the CIRR Tranche) and for the Perseverance Amounts of each Existing Tranche shall be each successive period of six months ending on the interest payment dates set forth below:

Tranche Allocated to the Vessel/ Perseverance Amounts	**Interest Payment Dates**
M/S Stolt Concept	25 May and 25 November
M/S Stolt Confidence	25 May and 25 November
M/S Stolt Creativity	25 May and 25 November
M/S Stolt Efficiency	25 May and 25 November
M/S Stolt Effort	1 June and 1 December
M/S Stolt Innovation	25 May and 25 November
M/S Stolt Inspiration	25 May and 25 November
Perseverance Amounts of each Existing Tranche	1 May and 1 November

(b) New Tranches. The Interest Periods in respect of each New Tranche for which the interest rate has been fixed shall be each successive period of six months ending on 1 May and 1 November. If the Borrower does not accept the proposed fixed rate for the New Tranches, then each Interest Period in respect of the New Tranches shall be of a duration of one (1), three (3), six (6), nine (9) or twelve

(12) months as may be selected by the Borrower in the Drawdown Notice or afterwards by notice to the Lender no later than 03.00 p.m. Copenhagen time three (3) Banking Days prior to the expiration of the then current Interest Period or such longer period as may be agreed by the Borrower and the Lender; provided, however, that there shall be no more than three one month Interest Periods in any calendar year. If the Borrower fails to select an Interest Period in accordance with this Clause 8.6(b), the Borrower shall be deemed to have selected an Interest Period of six months.

8.7 Current Interest Periods in respect of Existing Tranches. The Interest Period in respect of each of the Existing Tranches and the Perseverance Amounts thereof in course at the Drawdown Date shall continue uninterrupted, notwithstanding the transfer of such Tranche from the Existing Loan Agreement to this Agreement.

8.8 First Interest Periods in respect of New Tranches. The first Interest Period in respect of the New Tranches for which the interest rate has not been fixed shall commence on the Drawdown Date and shall end on the date selected by the Borrower in the Drawdown Notice and each succeeding Interest Period shall commence on the last day of the immediately preceding Interest Period. The last Interest Period shall end on the last Repayment Date.

8.9 Adjustment of Interest Periods. If any Interest Period in respect of any Tranche includes one or more Repayment Date(s) in respect of that Tranche, then such Interest Period shall relate only to the part of the Tranche that is not to be repaid on the Repayment Date(s) falling within the elected Interest Period. For each part of the Tranche which shall be repaid on a Repayment Date falling within the elected Interest Period, a separate Interest Period shall apply and such Interest Period shall be deemed to expire on the Repayment Date applicable to such part of the Tranche and the interest rate for such part of the Tranche shall be determined accordingly.

8.10 Non-Banking Days. If any Interest Period would otherwise end on a day which is not a Banking Day, such Interest Period shall be extended to the next succeeding Banking Day, unless that day falls in the next calendar month, in which event such Interest Period shall instead end on the immediately preceding Banking Day of the calendar month.

8.11 Last Day of the Month. If an Interest Period commences on the last Banking Day of a calendar month or if there is no corresponding day in the month in which it is to end, it shall end on the last Banking Day of the relevant calendar month.

8.12 Default Interest. Without prejudice to the other provisions of this Agreement, if the Borrower fails to pay when due any sum due or to become due hereunder, the Borrower shall pay, from the date when such sum fell due until the date on which it is paid, Default Interest on the unpaid sum at an annual rate to be calculated by the Lender as the higher of the aggregate of the Lender' s actual cost of funding or the six months' LIBOR plus 2% (two per cent) per annum, except for the CIRR Tranche for which the Default Interest shall be the higher of the aggregate of the Lender' s actual cost of funding or the rate of Interest otherwise applicable to the CIRR Tranche plus 2% (two per cent) per annum, in each case such rate to be determined for an Interest Period as the Lender may determine. Default Interest shall be payable on demand and at a minimum on a monthly basis.

9. FEES AND COSTS

9.1 Arrangement Fee. The Borrower shall pay to the Lender a non-refundable arrangement fee in the aggregate amount of USD 300,000 (equal to 0.30% of the maximum amount of the Advance). Such fee shall be paid in immediately available USD denominated funds to the Lender on the Drawdown Date by way of deduction from the Advance.

9.2 Commitment Fee. The Borrower shall pay to the Lender, in arrear on the Drawdown Date by way of deduction from the Advance, a commitment fee equal to 0.10% per annum applied to the full amount of the Advance calculated for the period from and including 16 September 2005 to but excluding the Drawdown Date; provided, however, that such commitment fee shall not be payable for any period exceeding 30 days.

9.3 Professional fees, court fees, duties etc. The Borrower shall pay any and all lawyer' s fees, stamp duties, court fees, notarisation fees and official duties or fees incurred by the Lender in any jurisdiction in connection with the negotiation, entering into and bringing into effect of the Agreement and the establishment and registration of the Security Documents and other documents provided hereunder.

9.4 Out-of-pocket expenses. In addition to the other payments provided for in this Agreement, the Borrower shall reimburse the Lender on demand for all costs and out-of-pocket expenses (including market valuation expenses, legal expenses, translations and costs to external advisers and experts) incurred by the Lender in connection with the execution, enforcement or attempted enforcement of, or preservation or maintenance or attempted preservation or maintenance of, any rights under this Agreement or the Security Documents or in connection with the granting of any consent or the entering

into of any amendment or waiver in connection with this Agreement or any of the Security Documents.

9.5 Maintenance, insurance etc. In respect of any asset or right included or referred to in the Security Documents the Borrower shall further pay maintenance, repair, insurance cover, surveillance, costs to prevent or release arrest, all expenses, including legal expenses reasonably incurred by the Lender and other costs to external advisers as well as any other expenses incurred by the Lender as the result of any Event of Default.

10. TAXES

10.1 No deductions; gross-up. All payments (whether of principal, Interest or otherwise) to be made by the Borrower to the Lender shall be made in full without set-off or counterclaim and free and clear of and without withholding or deduction for any taxes (except for local income tax on the Lender' s general income), levies, duties, charges, fees, deductions or withholdings of any nature now or hereinafter imposed on the Borrower or on the Lender. If at any time applicable law requires the Borrower or the Lender to make any such payment, deduction or withholding, the sum due from the Borrower shall be increased to the extent necessary to ensure that the Lender receives and retains a sum equal to the sum which it would have received had no such payment, deduction or withholding been required.

10.2 Prompt payment over to authorities; receipts. The Borrower shall pay the full amount deducted or withheld to the appropriate taxing authority or other agency within the time allowed for such payment under applicable law, and the Borrower shall hold the Lender harmless from any liability in respect of delay or failure by the Borrower to pay any such taxes or withholdings, provided the Borrower has received timely notice from the Lender. The Borrower shall deliver to the Lender within 30 days after it has made any payment from which it is required by law to make any deduction or withholding a receipt issued by the applicable tax or other authority evidencing the deduction or withholding.

10.3 No interference with Lender' s tax affairs. Nothing herein shall:

(i) require the Lender to disclose to the Borrower any details of, or any information regarding, its tax affairs; or

(ii) interfere with, or in any way effect, the right of the Lender to arrange its tax affairs in whatever manner it thinks fit in its absolute discretion.

10.4 No obligation to claim relief. The Lender shall not be under any obligation whatsoever to claim relief in respect of any tax payment, either at all or in priority to any other reliefs, claims or credits available to it.

11. INCREASED COSTS AND ILLEGALITY

11.1 Increased costs. If by reason of the introduction of or change in any applicable law, regulation or ruling (whether or not having the force of law) or by reason of any other circumstances affecting the Lender, including but not limited to the introduction or any

change in the official reserve, special deposit requirements or capital adequacy requirements for the Lender in connection with loans similar to this Loan the cost of the Lender of making, funding or maintaining the Loan is increased or any other condition is imposed on the Lender, then the Borrower shall on demand indemnify the Lender in respect of such increased cost or against the effects of any such other condition. The Lender shall co-operate with the Borrower with a view to reducing such increased costs. Without prejudice to the Borrower' s indemnification obligations pursuant to this Clause 11.1, the Borrower may exercise its prepayment rights under Clause 7.1.

11.2 Illegality. In the event that it becomes unlawful for the Lender to maintain the Loan by reason of any change after the date of this Agreement in any law, regulation or directive, then the Borrower shall on demand prepay the Indebtedness to the Lender in accordance with Clause 7.

12. SECURITY

12.1 Security Documents. The Indebtedness and all sums due now or hereafter to the Lender under this Agreement, the Security Documents or otherwise whether actual or contingent shall be and are hereby secured by the following security which shall be provided by the Borrower to the Lender in form and substance acceptable to the Lender, and where appropriate, registered and/or notified to obtain perfection and priority against third parties:

(i) the Parent Companies Guarantee;

(ii) the Continuing Shipowning Companies Guarantee;

(iii) the Intermediate Companies Undertaking;

(iv) the Mortgage(s);

(v) the Earnings Assignment covering the earnings of each of the Continuing Vessels which shall be unperfected but which shall be perfected by way of delivery of a notice of assignment to all relevant charterers and the obtaining of acknowledgements thereof from such charterers upon the request of the Lender following the occurrence of an Event of Default;

(vi) the Insurances Assignment.

12.2 Release of security. All of the security created by the Security Documents referred to in Clause 12.1 shall be maintained as long as any Indebtedness is outstanding. Only upon the full, irrevocable and unconditional payment of the Indebtedness outstanding under this Agreement, shall the Lender be obliged to release the security created by the Security Documents; provided, however, that, as contemplated in Clause 7.2 and Clause 7.4, the Lender will release the Mortgage, the Insurances Assignment and the Earnings Assignment encumbering a Continuing Vessel in connection with the full and final prepayment of the Existing Tranche and the New Tranche relevant to such Continuing Vessel.

13. NEGATIVE PLEDGE

13.1 The Continuing Vessels and the Borrower' s and Continuing Shipowning Companies assets. For as long as any Indebtedness is outstanding, neither the Borrower nor any of the Continuing Shipowning Companies shall create or permit to exist any encumbrance over any of the Continuing Vessels, their Earnings or insurances or any of their respective other assets or income, other than pursuant to the Security Documents.

13.2 Shares of the Borrower and the Guarantors (other than SNSA). For as long as any Indebtedness is outstanding, no pledge or other form of security in respect of the shares of any of the Guarantors (other than SNSA) or the Borrower shall be created or permitted to exist, except with the prior written consent of the Lender. The Borrower and each Guarantor shall take all action within their power to ensure compliance with this Clause 13.2.

14. INSURANCE

14.1 Type of insurance coverage. The Borrower and each of the Shipowning Companies shall ensure that as long as any Indebtedness is outstanding, the following insurances shall be maintained in full force and effect in respect of each Continuing Vessel and any replacement vessel as contemplated in Clause 7.2(d):

(i) hull and machinery insurance, including insurance against actual, agreed, constructive or compromised total loss;

(ii) war risk insurance, including blocking and trapping insurance covering both hull and deprivations;

(iii) protection and indemnity insurance, including freight, demurrage, oil pollution and defence;

(iv) mortgagee interest insurance in favour of the Lender for such insurance sums as the Lender may reasonably request; and

(v) such additional insurances as the Lender in its sole reasonable discretion may request; provided that the requested insurances are common for vessels similar to the Continuing Vessels.

14.2 Insured amounts. All insurances shall be denominated in USD. Hull and machinery and war risks insurance shall be effected for the higher of the full Vessel Value of each relevant vessel or 120% (one hundred and twenty per cent) of the aggregate principal amount outstanding under the Existing Tranche and the New Tranche in respect of the relevant Continuing Vessel or replacement vessel, as the case may be. For Existing Tranches and New Tranches for which the rate of interest has been fixed, the insured amounts for hull and machinery and war risks insurance shall be determined taking into account the market value of the portion of the relevant Tranche for which the rate of interest has been fixed.

14.3 Insurers. The Borrower shall ensure that all insurances are taken out with first class international insurers and brokers and on such terms and conditions as the Lender shall have previously approved in writing.

14.4 Loss payable, notices of assignment, notice of cancellation clauses. The Borrower shall ensure that the insurance policies contain loss payable clauses, notice of material changes, notice of assignment clauses and notice of cancellation clauses acceptable to the Lender, all such clauses to be endorsed on the policies. The Borrower shall ensure that all insurance policies or cover notes have clauses to the effect that any and every sum receivable in the event of a Total Loss and any and every sum receivable in respect of partial damage claims exceeding USD 1,000,000 (United States Dollars one million) can only be paid to the Borrower subject to the prior written consent of the Lender, which consent shall not be unreasonably withheld.

14.5 Information. The Borrower will supply the Lender from time to time on request (and in any event at least annually) with such information as the Lender may in its sole discretion require with regard to the insurance and the brokers, underwriters, insurers associations or clubs through or with which the insurances are placed.

14.6 Payment of premiums; renewal. The Borrower shall duly pay or procure the payment of all premiums, calls and contributions and all other sums at any time payable in connection with the insurances and shall, no later than 14 days (or in the case of war risk insurance no later than 7 days) before the expiry of any of the insurances, renew the same or procure the renewal of the same and shall immediately notify the Lender of such renewals once effected and at any time, if required by the Lender, shall provide the Lender with evidence satisfactory to the Lender in its discretion that all premiums, calls, contributions and other sums payable in respect of the insurances have been duly and punctually paid and that all declarations and notices required to be given by the owners or by the charterers to brokers, underwriters, insurers associations or clubs have been duly given.

14.7 Lender' s rights in case of Borrower' s failure. In the event that the Borrower shall fail to take out or maintain the insurances referred to in Clause 14.2 or to promptly pay premiums as required hereunder, the Lender, on behalf of the Borrower or on behalf of the Shipowning Companies, may take out such insurances and pay the premiums and the Borrower shall, on demand, reimburse the Lender for any amounts so paid.

14.8 MII Insurance. In lieu of the Borrower' s purchasing or causing to be purchased mortgagee interest insurance in respect of the Continuing Vessels and any replacement vessel, the Lender may, in its sole discretion and at the sole cost and expense of the Borrower, purchase such insurance from such insurers and through such brokers as the Lender shall in its sole discretion decide. Such insurance shall be entered into on terms, which shall substantially correspond to the standard terms prevailing in the market at the relevant time.

15. PAYMENTS AND CALCULATIONS

15.1 No deductions; timing. All payments made by the Borrower hereunder shall be made unconditionally without right of set-off or counterclaim and without any withholding or deduction whatsoever. All payments shall be received by the Lender for value at 10.00 a.m. local time on the relevant date at the place of payment in immediately available freely transferable and convertible funds to such account(s) as the Lender may from time to time notify to the Borrower.

15.2 Maintenance of Loan Account. The Lender shall open and maintain on its books a Loan Account in accordance with the Lender' s normal practice to which shall be debited the amount lent by the Lender hereunder and Interest (including any Default Interest) accrued thereon from time to time, and other expenses and charges and to which shall be credited each payment whether of principal, Interest or otherwise received by it hereunder.

15.3 Loan Account entries conclusive. In legal action or proceeding arising out of or in connection with this Agreement the entries made in the Loan Account maintained pursuant to Clause 15.2 shall be conclusive evidence of the existence and size of the obligations of the Borrower, save for manifest error. The payment of any amount being claimed by the Lender as due and payable cannot be suspended or withheld by the Borrower by reason of a dispute of what is due and payable. Payment by the Borrower shall be without prejudice, however, to the obligation of the Lender to repay any amount collected or received in excess.

15.4 Application of payments. All payments made by the Borrower hereunder shall be applied first towards costs, fees and expenses, then towards Interest and finally towards repayment of the principal amount of the Tranches unless otherwise decided by the Lender.

16. REPRESENTATIONS AND WARRANTIES

16.1 Representations and warranties. Each of the Borrower and the Guarantors represents and warrants as follows:

16.1.1 *Corporate status*: the Borrower and each Guarantor is duly organised and validly existing under the laws of its jurisdiction of incorporation as a limited liability company, and has the necessary corporate power and authority to conduct its business and to enter into and perform the Agreement and the Security Documents to which it is a party and the relevant corporate structure of the SNSA Group is as shown in the chart set forth in Schedule 15;

16.1.2 *Power and authority:* the Borrower and each Guarantor has taken all necessary corporate action to authorise the entering into of this Agreement and each of the Security Documents to which it is a party, and all of its obligations hereunder and thereunder are valid, binding and enforceable against it in accordance with their respective terms and neither the performance nor observance of any such obligation by any such party

shall conflict with or result in any breach of any law or agreement by which such party is bound or such party' s constitutional documents;

16.1.3 *Consents:* the Borrower and each of the Guarantors has obtained all consents, licenses and authorisations necessary for the entering into and the performance by it of this Agreement and each of the Security Documents to which it is a party in accordance with its terms;

16.1.4 *Valid and binding obligations*: this Agreement and each of the Security Documents, each of which has been signed by the duly authorised representative of the Borrower and each of the Guarantors to the extent that they are parties thereto, is in full force and effect and constitutes valid binding and enforceable obligations of the Borrower and each of the Guarantors to the extent that they are parties thereto;

16.1.5 *Defaults:* The Borrower is not in default under any agreement to which it is a party and no condition or event which with the giving of notice and/or the lapse of time would constitute such a default has occurred; no Guarantor is in default under any agreement to which it is a party involving obligations in excess of USD 7,500,000.00 and no condition or event which with the giving of notice and/or the lapse of time would constitute such a default has occurred; nor is the Borrower or any Guarantor in violation of any rules, laws or regulations applicable to its business, nor has any Event of Default occurred hereunder;

16.1.6 *Valid agreements:* All agreements to which any of the Borrower or the Shipowning Companies is a party, are valid, binding and enforceable and in full force and effect and no objections have been raised by any of the Borrower' s or Shipowning Companies' contract counterparties as to their validity or enforceability;

16.1.7 *Litigation*: Except as disclosed in SNSA' s 20-F filing with the United States Securities and Exchange Commission made on 31 May 2005 relating to its fiscal year ending 30 November 2004, the press release issued on 19 July 2005 in connection with SNSA' s second quarter financial results and in the press release issued on 4 October 2005, in connection with SNSA' s third quarter financial results, neither the Borrower nor any of the Guarantors is involved in any litigation or arbitration that could have an adverse effect on its condition (financial or otherwise), nor are any such proceedings pending or threatening, nor has any event occurred which can give rise to such proceedings (It is expressly understood and agreed that the adverse effect referred to above is such as in the Lender' s opinion must make it more likely than not that the Borrower or any Guarantor would be unable to pay its debts when they become due. If the Lender holds such

opinion, the Lender shall so advise the Borrower in writing, and - without prejudice to the Lender' s right to claim an Event of Default – the Borrower and the Guarantors shall have 14 days within in which to respond to the Lender' s concerns);

16.1.8 *Information*: All of the information, exhibits or financial reports furnished to the Lender by the Borrower or any of the Guarantors or on their behalf in connection with the negotiation of this Agreement and the agreements referred to herein are true and correct in all material respects and do not contain any misstatement of fact or omit to state a fact necessary in order not to make such information, exhibits or financial reports misleading in any material respect unless such misstatement or omission has been rectified;

16.1.9 *Pari passu ranking:* The obligations of the Borrower and the Guarantors under this Agreement and the Security Documents to which they are a party rank at least pari passu with the claims of the Borrower' s or the relevant Guarantors' unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;

16.1.10 *No other material agreements:* This Agreement and the Security Documents constitute the only material obligations of the Borrower and of the Shipowning Companies, except for intercompany obligations;

16.1.11 *No encumbrances on shares or dividends:* None of the shares and no dividend payments of the Borrower or any of the Guarantors (other than SNSA) has been pledged or is subject to any other security interest;

16.1.12 *Debt*: Neither the Borrower nor any of the Shipowning Companies has any debt other than debt arising in the ordinary course of business and on arm' s length terms between members of the SNSA Group; and

16.1.13 *Subordination:* All and any of the present or future claims (whether for payment of dividend, loan capital or otherwise) of the Borrower against any of the Guarantors and of any of the Guarantors against the Borrower are fully subordinated to (and can not compete with) the claims of the Lender under this Agreement and the Security Documents. Specifically, the Borrower is not, unless with the Lender' s prior approval, entitled to claim payment of any amount from the Shipowning Companies under any inter-company loans or accounts; and

16.1.14 *No action giving rise to an Event of Default:* Neither the Borrower nor any of the Guarantors will take, or cause to be taken, any action, which may give rise to an Event of Default.

16.2 Repetition. These representations and warranties shall be deemed to be made on the date hereof and shall be deemed repeated on the Drawdown Date and on the date of each Compliance Certificate until the Indebtedness has been fully repaid except for those contained in Clauses 16.1.5, 16.1.6 and 16.1.7, which shall be deemed repeated only on the Drawdown Date.

17. ADDITIONAL UNDERTAKINGS

17.1 Undertakings. Each of the Borrower and the Guarantors undertakes, in respect of itself as specifically indicated below and, to the extent within its powers, to cause the Borrower and each other Guarantor, to comply with the following undertakings:

17.1.1 *Accounts and budgets:* SNSA and the Borrower, as the case may be, shall furnish the following to the Lender:

(i) the annual consolidated audited accounts of SNSA and the annual unaudited accounts of the Borrower prepared in accordance with US GAAP or other internationally generally accepted accounting principles as soon as such accounts are available and not later than six (6) months after the end of the financial year, together with a Compliance Certificate (for the time being and until further notice, the Lender has waived the delivery of the Borrower' s annual accounts but not the delivery of the SNSA' s annual accounts);

(ii) the unaudited consolidated quarterly financial accounts of SNSA prepared in accordance with US GAAP or other internationally generally accepted accounting principles as soon as such accounts are available and not later than 90 days after the end of each financial quarter of SNSA, together with a Compliance Certificate;

(iii) the annual budget of the Borrower promptly after such budget has been approved by SNSA' s board of directors and in no event later than two (2) months after the commencement of the financial year (for the time being and until further notice, the Lender has waived the Borrower' s performance of this undertaking);

(iv) the annual accounts of each of the Shipowning Companies and each of the other Parent Companies, and the report detailing the revenue, and operating expenses, for the Stolt Tankers Joint Service, as soon as such material is available and, in any event not later than six (6) months after the end of the respective financial year (November 30) (for the time being and until further notice, the Lender has waived the Borrower' s performance of this undertaking); and

(v) the annual update to SNSA Group' s three year plan when approved by SNSA' s board of directors containing projected balance sheet, profit and loss and cash flow information, together with relevant assumptions as set out therein.

All such material shall be in a form and substance acceptable to the Lender. SNSA and the Borrower, as the case may be, shall furnish audited annual accounts of SNSA and un-audited annual accounts of the other companies mentioned above (unless audited accounts are available also in respect of these companies);

17.1.2 *Other information:* the Borrower and the Guarantors shall furnish promptly to the Lender such other information and documents (financial and other) with respect to the Borrower or any of the Guarantors as the Lender may from time to time reasonably request, including but not limited to budgets;

17.1.3 *Ownership of Continuing Vessels:* the Borrower and the Guarantors shall procure that the relevant Continuing Shipowning Company remains the sole owner of the relevant Continuing Vessel and not make or permit any changes in the ownership, the operation or the registration thereof, without the prior written consent of the Lender;

17.1.4 *No changes to documents:* the Borrower and the Guarantors shall not materially change or permit to be changed their respective articles of association or other constitutive documents, or the Continuing Vessels' participation in the Stolt Tanker Joint Service Agreement without the prior written consent of the Lender;

17.1.5 *Payment of debts:* the Borrower and each of the Shipowning Companies shall settle all its liabilities as and when they fall due and only when they fall due, immediately release its assets from expenses or attachments and not accept or demand any credit from suppliers in excess of normal credit terms;

17.1.6 *No borrowings:* the Borrower and the Shipowning Companies shall not borrow any funds or take on any obligations not contemplated in this Agreement without the consent of the Lender, which consent shall not be unreasonably withheld;

17.1.7 *Cooperate with Lender:* the Borrower and the Guarantors shall provide answers to all of the Lender' s questions concerning the Continuing Vessels and their operation and give the Lender - or experts appointed by the Lender - access to such Continuing Vessels and their documentation at reasonable times and places and at the expense of the Lender;

17.1.8 *Banking business:* the Borrower and the Shipowning Companies shall maintain any bank accounts and deposit accounts with banks approved by the Lender and move such accounts and deposits to such bank which is approved by the Lender, which approval shall not be unreasonably withheld;

17.1.9 *Listing:* SNSA shall maintain the listing of SNSA on the Oslo Stock Exchange or such other stock exchange as the Lender shall have previously approved in writing and not de-list or permit the de-listing of SNSA form the Oslo Stock Exchange or such other approved stock exchange without the prior written approval of the Lender which approval shall not be unreasonably withheld;

17.1.10 *SNSA Group corporate structure:* SNSA and the Parent Companies shall not change the relevant corporate structure of the SNSA Group from the structure shown in the chart set forth in Schedule 15, without the prior written consent of the Lender which consent shall not be unreasonably withheld;

17.1.11 *Notification of damages:* the Borrower and the Shipowning Companies shall promptly notify the Lender of any damages to or alteration of any single Continuing Vessel involving costs in excess of USD 1,000,000 (United States Dollars one million);

17.1.12 *Notification of Events of Default and Potential Events of Default:* the Borrower and the Guarantors shall notify promptly the Lender of any Events of Default or Potential Events of Default;

17.1.13 *Conduct of business:* the Borrower and the Guarantors shall procure that the business of the Borrower and the Shipowning Companies is carried out and each Continuing Vessel is operated and maintained in accordance with (i) acknowledged, careful and sound practice in the shipping industry; (ii) general responsible business and technical standards for shipping; (iii) all material rules and regulations applicable to such business; and (iv) not permit any Continuing Vessel to be used under conditions where the insurances do not fully cover or in any trade which is not lawful; and (v) not do any other business than operating the Continuing Vessels, administering its business hereunder and other agreements permitted hereunder and business in connection therewith;

17.1.14 *Maintenance and management:* the Borrower and the Guarantors shall keep up each Continuing Vessel or procure that each Continuing Vessel is kept in a state of good and seaworthy repair as to insure her compliance with the requirements from time to time of all applicable laws and regulations and requirements of her insurers, and arrange that each Continuing Vessel is always managed by first class commercial and technical ship managers approved by the Lender which approval shall not be unreasonably withheld, SNTG BV being approved as ship manager; and not change the commercial or technical managers of any of the Continuing Vessels without the prior written consent of the Lender which consent shall not be unreasonably withheld;

17.1.15 *ISM and ISPS Code:* the Borrower and the Guarantors shall arrange for and procure the punctual and continued approval and certification of the management organisation on shore and on board each of the Continuing Vessels and ensure that each of the Continuing Vessels is operated in accordance with the ISM- and ISPS-code in force from time to time.

17.1.16 *Classification:* the Borrower and the Guarantors shall ensure that each of the Continuing Vessels is classed in the highest class for a vessel of its type with a classification society acceptable to the Lender, free of any overdue recommendations; not change the class or classification society of any of the Continuing Vessels without the prior written consent of the Lender, which consent shall not be unreasonably withheld and give the Lender the right to inspect the class records of each Continuing Vessel and obtain copies of all class documents including survey reports;

17.1.17 *Inspection:* the Borrower and the Shipowning Companies shall allow the Lender or its representatives at any reasonable time, but without unduly interfering with the operation of the Continuing Vessels, to physically inspect each of the Continuing Vessels, the costs and expenses of one such inspection per Continuing Vessel per year to be borne by the Borrower;

17.1.18 *Registration and flag:* the Borrower and the Guarantors shall ensure that each of the Continuing Vessels remains registered in the Cayman Islands Ship Register and not do or allow to be done anything whereby the registration of any of the Continuing Vessels in the Cayman Islands Ship Register may be forfeited or imperilled and will not register or permit any of the Continuing Vessels to be registered in any other register or port or under any other flag without the prior written consent of the Lender which consent shall not be unreasonably withheld;

17.1.19 *Charters:* the Borrower and the Shipowning Companies shall not employ any of the Continuing Vessels under any bareboat charterparty with any charterer that is not a member of the SNSA Group, without the prior written consent of the Lender, which consent shall not be unreasonably withheld (charters with charterers that are members of the SNSA Group being permitted); and, if any bareboat charterparty is entered into in respect of any of the Continuing Vessels with any charterer that is not a member of the SNSA Group, ensure that (i) such documents as may be required in order to preserve the Lender' s rights under this Agreement and the Mortgage (including, without limitation, an acknowledgement of the Mortgage and the Lender' s rights under this Agreement from the charterer) are entered into by the charterer, and (ii) subject to the charterers' rights to quiet enjoyment of the relevant Continuing Vessel, the relevant bareboat charter and the rights to receive charter hire thereunder are assigned to the Lender by way of an assignment in form and substance satisfactory to the Lender;

17.1.20 *Changes to the Continuing Vessels:* the Borrower and the Shipowning Companies shall not without the prior written consent of the Lender, which consent shall not be unreasonably withheld, make or permit or cause to be made any material change in the structure, type or speed of any Continuing Vessel, except for such as are necessary in order to uphold the Continuing Vessel' s class or to comply with legal requirements;

17.1.21 *Compliance with the Security Documents:* each of the Borrower and the Guarantors shall comply with all terms and conditions included in the Security Documents to which it is a party;

17.1.22 *Amendments to material agreements:* the Borrower and the Guarantors shall not without the prior written consent of the Lender make any amendment to the Mortgage or any other material agreement or document to which the Borrower or any Shipowning Company is a party, except for intercompany agreements or documents;

17.1.23 *Vessel Value to Loan Ratio:* the Borrower and the Guarantors, if, at any time during the Loan Period, the Vessel Value to Loan Ratio shall be less than 125%, upon demand from the Lender shall either (i) create additional security in favour of the Lender in form and substance satisfactory to the Lender in its sole discretion, or (ii) prepay, in accordance with Clause 7.1, an amount of the Indebtedness at least equal to the amount necessary so that following such prepayment the Vessel Value to Loan Ratio is equal to at least 125% (this obligation shall continue also after an Event of Default has occurred). If the Borrower does not accept any of the Vessel Values as determined in accordance with the definition thereof in Clause 2.1, then the Lender shall disclose the names of the brokers and their respective valuations (disclosure of the individual valuations but not

the names of the brokers shall be subject to the prior consent of the brokers) to the Borrower and the Borrower may nominate one additional broker from the list of brokers appearing in Schedule 14 to provide a valuation of the relevant Continuing Vessel(s) and the Vessel Value to Loan Ratio shall be based on the average of the three valuations;

17.1.24 *Information to creditors:* the Borrower and the Guarantors shall furnish to the Lender all material accounts and information sent to the major creditors of any of the Guarantors and arrange for the Lender to be represented during any meetings held between any of the aforesaid companies and a group (minimum 2) of creditors; and

17.1.25 *Further assurances:* the Borrower and the Guarantors shall generally do or procure to be done all things and acts which in the Lender' s opinion may be reasonably necessary or advisable in order to secure the Lender' s rights pursuant to this Agreement and the Security Documents, including without limitation, for the Borrower to assign all of its rights and claims against the Shipowning Companies to the Lender.

17.2 SNSA' s Financial Undertakings. Throughout the Loan Period, SNSA shall:

17.2.1 *Consolidated Tangible Net Worth:* maintain a Consolidated Tangible Net Worth of not less than six hundred million Dollars ($600,000,000) or the equivalent in any other currency calculated at the end of each fiscal quarter;

17.2.2 *Consolidated Debt to Consolidated Tangible Net Worth:* maintain a Consolidated Debt to Consolidated Tangible Net Worth ratio of a maximum of 2.00:1.00, as calculated at the end of each fiscal quarter; and

17.2.3 *EBITDA to Consolidated Interest Expense:* maintain a Consolidated EBITDA to Consolidated Interest Expense ratio equal to or greater than 2.00:1.00 as calculated at the end of each fiscal quarter.

18. EVENTS OF DEFAULT

18.1 Events of Default. Any of the following events taking place shall constitute an Event of Default:

18.1.1 *Failure to pay:* The Borrower shall fail to pay to the Lender any sum of Interest, principal or other sums due under this Agreement on the due date for any such sums and such failure shall continue for more than 3 (three) Banking Days after such due date; or

18.1.2 *Insurances:* the Borrower shall fail to effect or at all times maintain the insurances required under this Agreement, including without limitation in the event that any Vessel' s amounts of hull and machinery and war insurances, whether due to currency fluctuations or otherwise, shall be less than 120% (one hundred and twenty per cent) of the Indebtedness relating to the relevant Tranche; or

18.1.3 *Representations and warranties:* any representation, warranty or covenant made or provided by the Borrower or any of the Guarantors in this Agreement or any of the Security Documents or any certificate or statement delivered or made hereunder, shall prove to have been invalid, unenforceable in any relevant jurisdiction, incorrect or inaccurate in any material respect when made; or

18.1.4 *Breach of other provisions:* the Borrower shall be in breach of its due performance or observance of any other provision, obligation, promise or undertaking of this Agreement or any of the Security Documents or there shall be a breach of the representations or warranties of this Agreement or any of the Security Documents and such breach shall continue unremedied for 10 calendar days after the Lender shall have given the Borrower notice of such breach or failure of due performance; or

18.1.5 *Cross-default/Borrower:* any loan, debt or other obligation of the Borrower in respect of borrowed money (including under the Loan Agreement referred to in Clause above) shall become due or declared due and payable and shall not then be paid, or other debts of the Borrower shall not be paid when due, unless in the Lender' s opinion contested in good faith by the Borrower and adequate provision made; or

18.1.6 *Cross-default/Parent Companies:* any loan, debt or other obligation of any of the Parent Companies in respect of borrowed money in excess of $7,500,000 shall become due and/or declared due and payable and shall not then be paid, or other debts of the Parent Companies shall not be paid when due, unless in the Lender' s reasonable opinion contested in good faith by the relevant Parent Company and appropriate provision is made; or

18.1.7 *Other cross-defaults:* the Borrower or any of the Guarantors shall be in default under any note purchase agreement or any other agreement, provided that such default involves a claim against such party exceeding USD 7,500,000 (United States Dollars seven million five hundred thousand); or

18.1.8 *Default under Guarantees:* any Continuing Shipowning Company shall be in default under the Continuing Shipowning Companies Guarantee or any Parent Company shall be in

default under the Parent Companies Guarantee, and such default shall continue unremedied for 10 calendar days after the Lender shall have given the Borrower notice of such default; or

18.1.9 *Security Documents:* any of the security contemplated by the Security Documents is not established, maintained, registered or perfected in accordance with this Agreement or the Security Documents or shall in good faith become contested, invalid or unenforceable in full or in part in any jurisdiction in accordance with their respective terms; or

18.1.10 *Insolvency:* the Borrower or any of the Guarantors suspends its payments, becomes insolvent within the meaning of the Danish insolvency legislation or the legislation of its jurisdiction, is wound up or is declared bankrupt or execution is levied on its assets or proceedings are commenced by or against it under any insolvency laws of any jurisdiction and such proceedings are not discharged within 30 days of having been so commenced and such proceedings shall in the absolute discretion of the Lender have a material adverse effect on such party' s ability to perform its obligations hereunder, or the Borrower or any of Guarantors shall commence proceedings or negotiations with its creditors for a reorganisation, moratorium, composition of debts or similar arrangement; or

18.1.11 *Authorisations:* any governmental or other consents, licenses, permissions, approvals, registrations or authorisations necessary or required for the operation of the Borrower' s or the Continuing Shipowning Companies' business, including, without limitation, the ownership of the Continuing Vessels, or for the validity, enforceability or legality of this Agreement, the Security Documents or other agreements to which the Borrower or the Continuing Shipowning Companies are parties are not obtained, are withdrawn or ceases to be in full force and effect; or

18.1.12 *Abandonment of Continuing Vessels:* Any of the Continuing Vessels is abandoned, condemned, looses the right to carry its flag of registration, is deleted or cancelled from the Cayman Islands Ship Register or sold or disposed of or if it is captured or seized and possession not regained within 15 days; or

18.1.13 *Operation of Continuing Vessels:* any of the Continuing Vessels is employed in a trade or operated in a manner which is contrary to this Agreement or any applicable law, regulation or convention or not covered under the insurances required under Clause 14; or

18.1.14 *Encumbrances:* any mortgage, pledge or other encumbrance is registered on any of the Continuing Vessels in violation of Clause 13.1 above; or

18.1.15 *Arrest of Continuing Vessels:* any Continuing Vessel is arrested or incurs any maritime mortgage or lien with respect to damages, repairs or otherwise and such arrest, mortgage or lien shall not have been discharged or otherwise covered within a period of one month, unless contested in good faith; or

18.1.16 *Additional obligations:* the Borrower assumes or incurs any obligation in addition to those of which the Lender has been notified prior to the entering into of this Agreement, which in the opinion of the Lender has or may have a material adverse effect on the condition of the Borrower (financial or otherwise) (It is expressly understood and agreed that the adverse effect referred to above is such as in the Lender' s opinion must make it more likely than not that the Borrower would be unable to pay its debts when such debts become due. If the Lender holds such opinion, the Lender shall so advise the Borrower in writing, and - without prejudice to

the Lender' s right to claim an Event of Default – the Borrower shall have 14 days within in which to respond to the Lender' s concerns);

18.1.17 *Breach of other undertakings:* there is a breach of any of the undertakings included in the statements referred to in Clauses 16 and 17;

18.1.18 *Non-enforceability of Agreement:* this Agreement or any of the Security Documents shall be invalid, not binding, unenforceable or illegal, in whole or in part, and, if in part, said invalidity, lack of binding effect, unenforceability, or illegality is deemed by the Lender to be material to the ability of the Borrower to perform its obligations under this Agreement.

18.2 Action following and Event of Default. In any such case as mentioned in Clause 18.1 and at any time thereafter and so long as any such Event of Default continues, the Lender may (in addition to any other remedies available to it or to the Lender by law):

(i) by written notice to the Borrower declare that the Indebtedness or any Tranche or part thereof is immediately due and payable whereupon the same shall become so payable; and/or

(ii) freely choose and decide whether and if so what Security Documents, including without limitation the Mortgage and the Parent Companies Guarantee and the Continuing Shipowning Companies Guarantee should be realised or rights exercised

under the Security Documents as well as what rights of default or other remedies are to be established or exercised.

18.3 Amount to be repaid. The amount to be repaid shall be calculated in accordance with Clause 7.1(iv), however, without prejudice to any other sums owing to the Lender as a result of the Event of Default.

19. INDEMNITY

19.1 Indemnification obligation. In addition to Default Interest, the Borrower shall indemnify the Lender against any loss or expense incurred by the Lender which is attributable to the default by the Borrower in the payment of any sum due from the Borrower hereunder.

19.2 Interest Breakage costs. If for any reason, including without limitation the occurrence of an Event of Default, and without prejudice to the foregoing the Loan or any part thereof is prepaid or repaid to the Lender on a day other than in accordance with this Agreement, the Borrower shall pay to the Lender on demand such amount as may be necessary to compensate the Lender for any funding costs, including but not limited to Interest Breakage Costs.

20. ASSIGNMENT

20.1 No assignment by Borrower. The Borrower may not without the prior written consent of the Lender assign or transfer its rights or obligations hereunder or any part thereof, and any purported assignment or transfer shall be void.

20.2 Assignment by the Lender. The Lender is entitled to assign its rights and obligations hereunder, in part or in whole, to any third party subject to the prior written approval of the identity of the assignee by the Borrower, which approval shall not be unreasonably withheld or delayed; provided that the Lender and its affiliated companies shall maintain an aggregate participation in the aggregate Tranches at least equal to 50% thereof. The Lender is entitled to transfer the whole or any portion of its rights and obligations hereunder to any affiliated companies without the consent of the Borrower. The assignment of all or part of the Lender' s rights and obligations hereunder shall be effective when the Borrower receives written notice of such assignment

together with a copy of such instrument effecting such assignment duly executed by the Lender and its assignee. No assignment by the Lender shall result in the imposition of any costs, losses and expenses or taxes on the Borrower, and no assignment may be made to any

person which is not a financial institution or bank. Upon any assignment, the assignee shall be entitled to the assignor' s rights under the Security Documents.

20.3 Right to disclose information. The Lender shall be entitled to disclose to any potential assignee or sub-participant such financial and other information regarding the Borrower as the Lender deems necessary or appropriate in connection herewith; provided that any non-public information shall be disclosed only with the consent of SNSA and provided that the Lender first obtains from the potential assignee or sub-participant a confidentiality agreement of a type generally used by banks in connection with syndications.

21. POWER OF ATTORNEY

21.1 Appointment. The Borrower hereby irrevocably appoints the Lender as its true and lawful attorney-in-fact with full power to ask, require, demand, call in, endorse, receive, compound and give acquittance in respect of all money and claims due under or arising out of this Agreement and the Security Documents and to take all actions and initiate any proceedings which the Lender in its sole discretion finds appropriate in order to maintain, enforce, realise or take possession of the assets encumbered by, the Security Documents.

21.2 No court order required. The Lender shall be entitled to enforce the Security Documents vis-à-vis third parties without the intervention of any court and this Power of Attorney shall also constitute the necessary and required authorisation towards public authorities, the Cayman Islands Ship' s Registry and any and all third parties.

21.3 No exercise until occurrence of Event of Default. The Lender shall not exercise this Power of Attorney until it has declared that an Event of Default has occurred.

21.4 No liability of Lender. The Lender shall not be responsible to the Borrower for any loss incurred by the Borrower as a consequence of the Lender' s rightful exercise of its Power of Attorney prescribed hereunder.

21.5 Separate document. If requested by the Lender, the Borrower shall issue a separate document evidencing this Power of Attorney.

22. MISCELLANEOUS

22.1 No implied waivers. The Lender' s omission to claim any event as an Event of Default or to invoke any other rights granted to the Lender hereunder shall not result in the Lender subsequently at any time not being entitled to claim such event (to the extent not remedied) or similar events as an Event of Default or invoke such rights.

22.2 This Agreement to prevail. Whenever reference is made to this Agreement it includes the Security Documents and other documents related to this Agreement. In case of any discrepancy between this Agreement and the Security Documents or such other documents, this Agreement shall prevail.

22.3 Severability. The provisions of this Agreement are severable and if any of the obligations of the Borrower or any of the Guarantors hereunder shall be invalid or unenforceable in any respect in any jurisdiction, this shall not affect the validity or enforceability of such obligation in any other jurisdiction or the validity or enforceability of the remaining obligations in that or any other jurisdiction.

22.4 Termination as a result of illegality. In the event that the Borrower or any of the Guarantors shall be prevented by law from making any payments to the Lender or performing any of its other obligations under this Agreement or any of the Security Documents to which it is a party, if such obligations are deemed by the Lender to be material to the ability of the Borrower to perform its obligations under this Agreement, then, this Agreement shall immediately terminate if so requested by the Lender upon notice to the Borrower (without prejudice to the rights of the Lender under this Agreement) whereupon all sums outstanding shall become due and payable by the Borrower to the Lender.

23. LAW AND JURISDICTION

23.1 Governing law. This Agreement shall be governed by and construed in accordance with Danish law.

23.2 Jurisdiction. Any dispute arising out of or in connection with this Agreement shall be settled by the Maritime and Commercial Court in Copenhagen, Denmark (*Sø- og Handelsretten*). This shall, however, not limit the right of the Lender to initiate proceedings against the Borrower and/or any of the Guarantors, any of their assets, or for the enforcement of any of the Security Documents in any other competent jurisdiction. Any

decision of the Maritime and Commercial Court in Copenhagen, Denmark, may be appealed to the Danish Supreme Court.

23.3 Direct enforcement. The Borrower agrees that the rights of the Lender according to this Agreement and according to the Security Documents can be enforced directly against the Borrower and the Security Documents can be enforced directly pursuant to the principles contained in the Danish Act on Civil Procedure, Section 478, 1, 5.

24. COMMUNICATIONS

24.1 Form and addresses. Each communication (including notices and service of legal proceedings) under this Agreement shall be made in writing by registered mail, delivered by hand, or sent by telex or fax in each such case followed by a confirmation in writing. Each communication or document to be delivered to any party under this Agreement shall be sent to it at the telex number, fax number or address, and marked for the attention of the person, as set forth below the relevant party' s name on the signature pages to this Agreement, or any such other address, telex number, fax number or person, as any such party may have notified to the other parties in accordance with this Clause 24.1.

24.2 Receipt of communications. Any communication to a party shall be deemed to be received by that party, if sent by registered mail, on the date of receipt indicated on the receipt in respect thereof, if delivered by hand, when delivered and receipt obtained and, if sent by telex or fax, when sent and answer back received.

24.3 Language. All communications and documents shall be in English or accompanied by a certified translation into English.

In WITNESS whereof this Agreement has been entered into on the day and in the year stated at the beginning of this Agreement and signed by the parties:

As Borrower,

Stolt Tankers Finance B.V:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

As Lender:

Danish Ship Finance A/S
(Danmarks Skibskredit A/S):

Signature:	/s/ Denis Donbo	/s/ Morten Snede Larsen	
Print Name:	Denis Donbo	Print Name:	Morten Snede Larsen
Capacity:	SVP	Capacity:	A.V.P

As joint and several guarantors (*selvskyldnerkautionister*) for the full and timely performance of all and any of the Borrower' s obligations under the Agreement and for the purposes of certain representations and warranties and undertakings contained in the Agreement:

The Parent Companies:

Stolt-Nielsen S.A.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group Ltd., Liberia:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group Ltd., Bermuda:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Investments N.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Holdings B.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group B.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

As joint and several guarantors (*selvskyldnerkautionister*) for the full and timely performance of all and any of the Borrower' s obligations under the Agreement and for the purposes of certain representations and warranties and undertakings contained in the Agreement:

The Continuing Shipowning Companies:

Stolt Concept B.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Confidence B.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Creativity B.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Efficiency B.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Effort B.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Innovation B.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Inspiration B.V.:

Signature: /s/ Walter Lion
Print Name: Walter Lion
Capacity: Attorney-in-fact

For the purpose of Article 1 of the Protocol to the Brussels Convention of 1968 on, *inter alia*, the enforceability of foreign court awards, Stolt-Nielsen S.A. expressly and specifically accepts the jurisdiction clause contained in Clause 23.2 of this Agreement.

Stolt-Nielsen S.A.:		Witnessed by:	
Signature:	/s/ Walter Lion		/s/ Morten Schoo Kierolff
Print Name:	Walter Lion	Print name:	Morten Schoo Kierolff
Capacity:	Attorney-in-fact		

KROMANN REUMERT

SCHEDULES TO LOAN AGREEMENT
USD 225,779,737.18 EXISTING FINANCING AND USD 100,000,000
NEW FINANCING TOP UP TERM LOAN

BETWEEN Stolt Tankers Finance B.V.
as Borrower

AND Danish Ship Finance A/S (Danmarks Skibskredit A/S)
as Lender

DATED 27 October 2005

"Stolt Fleet Loan"

DSF-Loan No. 4126

Schedule 1

LIST OF PARTIES AND ADDRESSES FOR NOTICES

The Borrower	**Address for Notices**
Stolt Tankers Finance B.V.	Westerlaan 5 3016 CK Rotterdam The Netherlands Telephone: 31 10 299-6640 Fax: 31 10 299-6709 Attn: Mr Piet Hoogland

with a copy to:

Stolt-Nielsen Transportation Group Ltd.
800 Connecticut Avenue
4th Floor East
Norwalk, CT 06854
U.S.A.

Telephone: 1 (203) 299-3658
Fax: 1 (203) 299-3957
Attn: Mr Howard J. Merkel

The Lender	**Address for Notices**
Danish Ship Finance A/S (Danmarks Skibskredit A/S)	Sankt Annæ Plads 3 DK-1250 Copenhagen K Denmark Telephone: +45 33 33 93 33 Fax: +45 33 33 96 66 Attn: Ms Hanne Pedersen

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Schedule 2

FORM OF DRAWDOWN NOTICE

From: Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK Rotterdam, The Netherlands

To: Danish Ship Finance A/S (Danmarks Skibskredit A/S), Sankt Annæ Plads 3, DK-1250 Copenhagen K, Denmark

Dated: [ ] 2005

Dear Sirs,

LOAN AGREEMENT- USD 225,779,737.18 EXISTING FINANCING AND USD 100,000,000 NEW FINANCING TOP UP TERM LOAN - NOTICE OF DRAWDOWN

We refer to the loan agreement dated 27 October 2005 (the "Agreement") between Stolt Tankers Finance B.V., as Borrower and Danish Ship Finance A/S (Danmarks Skibskredit A/S) as Lender. Terms defined in the Agreement shall have the same meaning when used herein.

1. Pursuant to Clause 5 of the Agreement, we hereby give a Drawdown Notice and request that the Advance in the amount of USD 100,000,000 (net of fees permitted to be deducted therefrom in accordance with the provisions of Clause 9 of the Agreement) be disbursed to account no. 40675715 in the name of Stolt Nielsen Transportation Group at Citibank N.A., New York, NY, Swift CITIUS33.

2. We confirm that

   (a) all applicable conditions precedent set forth in Clause 4 and Part A and Part B of Schedule 3 of the Agreement have been fulfilled, or that if any document required by such conditions to be an original has been accepted by the Lender in the form of a PDF copy or fax copy of such original, then such original shall be transmitted to the Lender as promptly as possible;

(b) the representations and warranties made in Clause 16 of the Agreement are true and correct on and as of the date hereof, as if made on and as of the date hereof;

(c) the undertakings made in Clause 17 of the Agreement and the requirements as to insurance contained in Clause 14 of the Agreement have been complied with; and

(d) no Event of Default or Potential Event of Default, has occurred and is continuing or will occur on the Drawdown Date.

3. We shall on demand pay and indemnify the Lender for all costs, losses and expenses incurred by the Lender (including, without limitation, Interest Breakage Costs, in the event that we, whether by reason or failure to satisfy any condition precedent or otherwise, fail to draw the Advance following the delivery of this Drawdown Notice.

4. This Drawdown Notice is irrevocable and unconditional.

Yours faithfully,

Stolt Tankers Finance B.V.

Name:
Capacity:

Schedule 3

CONDITIONS PRECEDENT

In this Schedule 3, where certified copies are required, the copies provided should be certified as true copies by a lawyer, a company director or the company secretary of the relevant entity. If an original document has been accepted by the Lender, in its discretion, in the form of a PDF or faxed copy of the original, then the original shall be transmitted to the Lender as promptly as possible.

PART A

ON OR PRIOR TO THE SIGNING OF THE AGREEMENT

1. CORPORATE DOCUMENTS

(a) The Borrower

(i) Certified copies of certificate of incorporation, articles of association and by-laws of the Borrower;

(ii) Certified copies of minutes from a meeting of the board of directors of the Borrower approving the Borrower' s entering into of the Agreement and each of the Security Documents to which the Borrower is a party;

(iii) Certified copies of minutes of a meeting of shareholders of the Borrower approving the Borrower' s entering into of the Agreement and each of the Security Documents to which the Borrower is a party, if such shareholders' meeting is a requirement for the Borrower;

(iv) A specimen of the signature of each person authorised on behalf of the Borrower to execute the Agreement and any of the Security Documents to which the Borrower is a party and to send any document or notice in connection with the Agreement or any of the Security Documents to which the Borrower is a party.

(v) To the extent necessary, original powers of attorney issued by the Borrower in favour of any person executing the Agreement or any of the Security Documents to which the Borrower is a party.

(b) Each of the Guarantors

(i) Certified copies of each such companies' certificate of incorporation, articles of association and by-laws;

(ii) Certified copies of minutes from a meeting of the board of directors of each such company approving such company' s signing of the Agreement and entering into of each of the Security Documents to which such company is a party;

(iii) Certified copies of minutes of a meeting of shareholders of such company approving such company' s signing of the Agreement and entering into of each of the Security Documents to which such Company is a party, if such shareholders' meeting is a requirement for such company;

(iv) A specimen of the signature of each person authorised on behalf of each such company to execute the Agreement and any of the Security Documents to which such company is a party and to send any document or notice in connection with the Agreement or any of the Security Documents to which such company is a party.

(v) To the extent necessary, original powers of attorney issued by such company in favour of any person executing the Agreement or any of the Security Documents to which such company is a party.

2. AGREEMENT AND SECURITY DOCUMENTS

(a) Original Agreement (together with Schedules) duly executed by all parties thereto.

(b) Original Parent Companies Guarantee duly executed by all parties thereto.

(c) Original Continuing Shipowning Companies Guarantee duly executed by all parties thereto.

(d) Original Intermediate Companies Undertaking duly executed by all parties thereto.

(e) Original Insurances Assignment securing all Tranches duly executed by all parties thereto.

(f) Original Earnings Assignment securing all Tranches duly executed by all parties thereto.

(g) Original Mortgage and Deed of Covenants in respect of each Continuing Vessel securing all Tranches duly executed by all parties thereto.

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3. CONTINUING VESSELS DOCUMENTATION

(a) Evidence that each of the Continuing Vessels is registered with the Cayman Islands Ship Register in the name of the relevant Continuing Shipowning Company and that such Continuing Vessels are free of any registered mortgages and encumbrances, other than the Mortgage in favour of the Lender.

(b) Certified copies of (i) clean class certificates and (ii) tonnage certificate for each of the Continuing Vessels.

(c) Evidence that the insurances required to be taken out pursuant to Clause 14 of the Agreement have been taken out and are in full force and effect.

(d) A certified copy of each charter to which any of the Continuing Vessels is subject.

(e) A certified copy of the Stolt Tanker Joint Service Agreement.

4. MISCELLANEOUS

(a) Such additional documents, opinions, certificates, authorisations or assurances as the Lender may reasonably require; provided however, that any such additional material is requested from the Borrower at least three days prior to the scheduled signing date.

PART B

AT LEAST THREE BANKING DAYS PRIOR TO THE DRAWDOWN DATE

1. PERFECTION OF SECURITY ARRANGEMENTS

(a) Evidence that the Insurances Assignment has been perfected in accordance with its terms by way of notice to the insurers and that loss payable and mortgagee clauses will be included in the relevant insurances in favour of the Lender.

(b) Evidence that each Mortgage and Deed of Covenants has been duly registered with the Cayman Islands Ship Register with first priority.

2. LEGAL OPINIONS

(a) Original legal opinion from Luxembourg counsel in form and substance satisfactory to the Lender.

(b) Original legal opinion from Alan Winsor in respect of Liberian law in form and substance satisfactory to the Lender.

(c) Original legal opinion from Bermuda counsel in form and substance satisfactory to the Lender.

(d) Original legal opinion from Netherlands Antilles counsel in form and substance satisfactory to the Lender.

(e) Original legal opinion from Dutch counsel in form and substance satisfactory to the Lender.

(f) Original legal opinion from Cayman Islands counsel in form and substance satisfactory to the Lender.

(g) Original legal opinion from Kromann Reumert, Danish counsel to the Lender, in form and substance satisfactory to the Lender.

3. MISCELLANEOUS

(a) Such additional documents, opinions, certificates, authorisations or assurances as the Lender may reasonably require; provided however, that any such additional material is requested from the Borrower at least three days prior to the Drawdown Date.

4. LENDER DOCUMENTS

(a) Release Letters in the form of Schedule 4a for each Released Vessel under the Existing Loan Agreement and Release Letters in the form of Schedule 4b for each Continuing Vessel.

(b) Notice of Release and Reassignment of Insurances for each Vessel.

(c) Evidence of the signing powers of the persons signing the Agreement and Security Documents to which the Lender is a party on behalf of the Lender.

Schedule 4a

FORM OF RELEASE LETTER

From: Danish Ship Finance A/S (Danmarks Skibskredit A/S) (formerly Danish Ship Finance (Danmarks Skibskreditfond), Sankt Annæ Plads 3, DK-1250 Copenhagen K, Denmark

To: Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK Rotterdam, The Netherlands

To: Each of Stolt Dipper B.V., Stolt Guillemot B.V., Stolt Kite B.V., Stolt Kittiwake B.V., Stolt Perseverance B.V., Stolt Petrel B.V., Stolt Tern B.V.
c/o Stolt Tankers Finance B.V.

cc: Stolt-Nielsen Transportation Group Ltd., 800 Connecticut Avenue, 4th Floor East, Norwalk, CT 06854, U.S.A.

Dated: [ ] 2005

Dear Sirs,

Re: LOAN AGREEMENT DATED 20 NOVEMBER 2002, as amended - USD 318,989,791.10 plus DKK 196,931,7997.75 - RELEASE LETTER

Gentlemen:

We refer to the loan agreement between Stolt Tankers Finance B.V., as Borrower and Danish Ship Finance (Danmarks Skibskreditfond) as Lender dated 20 November 2002, as amended by Addendum No. 1 thereto dated in July 2003 and Addendum No. 2 thereto dated 27 July 2005 (as so amended, the "Existing Loan Agreement"). Terms defined in the Existing Loan Agreement shall have the same meaning when used herein.

In connection with the Existing Loan Agreement, each of Stolt Dipper B.V., Stolt Guillemot B.V., Stolt Kite B.V., Stolt Kittiwake B.V., Stolt Perseverance B.V., Stolt Petrel B.V., and Stolt Tern B.V. (each a "Released Shipowning Company") entered into:

(i) a separate guarantee dated 20 November 2002 pursuant to which such Released Shipowning Company guaranteed the Borrower' s full and timely performance of all and any obligations to the Lender under the Existing Loan Agreement (each of such seven guarantees issued by the Released Shipowning Companies being herein referred to as a "Guarantees" and, together, the "Guarantees");

(ii) a separate first priority assignment of insurances dated 20 November 2002 pursuant to which such Released Shipowning Company assigned to the Lender all of its rights, title and interest in and to the insurances taken out by such Released Shipowning Company in respect of the Vessel owned by it by way of security for such Released Shipowning Companies obligations under the Guarantee issued by it (each of such seven assignments of insurances entered into by the Released Shipowning Companies being herein referred to as an "Assignment of Insurances" and, together, the "Assignments of Insurances");

(iii) a separate first priority assignment of earnings dated 20 November 2002 pursuant to which such Released Shipowning Company assigned to the Lender all of its rights, title and interest in and to all present and future charterparties, bills of lading and contracts of affreightment in respect of the Vessel owned by it (and all related earnings and moneys payable) by way of security for such Released Shipowning Companies obligations under the Guarantee issued by it (each of such seven assignments of earnings entered into by the Released Shipowning Companies being herein referred to together as an "Assignment of Earnings" and, together, the "Assignments of Earnings");

(iv) a separate deed of covenants dated 20 November 2002 pursuant to which such Released Shipowning Company supplemented the Mortgage entered into by such Released Shipowning Company (each of such seven deeds of covenant entered into by the Released Shipowning Companies being herein referred to together as a "Deed of Covenants" and, together, the "Deeds of Covenants").

Danish Ship Finance A/S (Danmarks Skibskredit A/S), as successor in interest to Danish Ship Finance (Danmarks Skibskreditfond) hereby irrevocably and unconditionally releases each of the Released Shipowning Companies from all of its obligations under (i) the Existing Loan Agreement, (ii) the Guarantee issued by it, (iii) the Assignment of Insurances entered into by it, (iv) the Assignment of Earnings entered into by it and (v) the Deed of Covenants entered into by it. Upon the signing of this letter by Danish Ship Finance A/S (Danmarks Skibskredit A/S), as successor in interest to Danish Ship Finance (Danmarks Skibskreditfond), each of the Existing Loan Agreement (as it regards the Released Shipowning Companies), the Guarantees, the Assignments of Insurances, the Assignments of Earnings and the Deeds of Covenants shall terminate and, where relevant, be reassigned to the Released Shipowning Companies and the Released Shipowning Companies and the Lender shall no longer have any rights or obligations one to the other under any of such documents.

Danish Ship Finance A/S (Danmarks Skibskredit A/S) hereby authorises the Borrower and each of the Released Shipowning Companies to send such notices and take such action as they may deem to be necessary in order to notify any relevant insurer or broker of the release of the Assignments of Insurances in respect of the Vessels owned by the Released Shipowning Companies pursuant to this letter and to cancel any co-assured or loss payee or mortgagee interest clauses created in favour of the Lender pursuant to the terms of the Assignments of Insurances. The Lender, at the Released Shipowning Companies'

expense, shall execute and deliver to the brokers and/or the managers of any association or Club in which a Vessel owned by a Released Shipowning Company may be entered, a notice of reassignment substantially in the form set out in Schedule 1 to this letter. The Lender, at the Released Shipowning Companies' expense shall execute and do all such other assurances, deeds, acts and things as the Released Shipowning Companies may reasonably request in writing, delivered to the Lender on or prior to the date which is 90 days following the date hereof, in connection with discharges, releases and reassignments contained in this Release Letter.

This letter shall be governed by and construed in accordance with Danish law.

Very truly yours,

Danish Ship Finance A/S (Danmarks Skibskredit A/S), as successor in interest to Danish Ship Finance (Danmarks Skibskreditfond)

By: _____

Name:

Title:

Notice of release and reassignment of insurances

We, Danish Ship Finance A/S (Danmarks Skibskredit A/S) as successor in interest to Danish Ship Finance (Danmarks Skibskreditfond), HEREBY GIVE NOTICE that, pursuant to a letter of release dated [ ] 2005 we have released and reassigned absolutely to [Shipowner] all our right, title and interest in and to and all benefit of all policies and contracts of insurance whatsoever and all entries of the ships referred to in the schedule attached in any protection and indemnity and war risks association which were at any time whatsoever or are now effected including all proceeds and profits thereof, all claims of whatever nature, returns of premium and all benefits thereunder and our right to negotiate and settle all claims thereunder in respect of an actual or constructive or arranged, agreed or compromised total loss which were assigned to us by an insurance assignment dated November 20, 2002.

Dated:

By: _____

Schedule of insurances to be released from assignment

[ ]

Schedule 4b

FORM OF RELEASE LETTER

From: Danish Ship Finance A/S (Danmarks Skibskredit A/S) (formerly Danish Ship Finance (Danmarks Skibskreditfond), Sankt Annæ Plads 3, DK-1250 Copenhagen K, Denmark

To: Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK Rotterdam, The Netherlands

To: Each of Stolt Concept B.V., Stolt Confidence B.V., Stolt Creativity B.V., Stolt Efficiency B.V., Stolt Effort B.V., Stolt Innovation B.V., Stolt Inspiration B.V.
c/o Stolt Tankers Finance B.V.

cc: Stolt-Nielsen Transportation Group Ltd., 800 Connecticut Avenue, 4th Floor East, Norwalk, CT 06854, U.S.A.

Dated: [ ] 2005

Dear Sirs,

Re: LOAN AGREEMENT DATED 20 NOVEMBER 2002, as amended - USD 318,989,791.10 plus DKK 196,931,7997.75 - RELEASE LETTER

Gentlemen:

We refer to the loan agreement between Stolt Tankers Finance B.V., as Borrower and Danish Ship Finance (Danmarks Skibskreditfond) as Lender dated 20 November 2002, as amended by Addendum No. 1 thereto dated in July 2003 and Addendum No. 2 thereto dated 27 July 2005 (as so amended, the "Existing Loan Agreement"). Terms defined in the Existing Loan Agreement shall have the same meaning when used herein.

In connection with the Existing Loan Agreement, each of Stolt Concept B.V., Stolt Confidence B.V., Stolt Creativity B.V., Stolt Efficiency B.V., Stolt Effort B.V., Stolt Innovation B.V., Stolt Inspiration B.V. (each a "Continuing Shipowning Company") entered into, among other things, a separate first priority assignment of insurances dated 20 November 2002 pursuant to which such Continuing Shipowning Company assigned to the Lender all of its rights, title and interest in and to the insurances taken out by such Continuing Shipowning Company in respect of the Vessel owned by it by way of security for such Continuing Shipowning Companies obligations under the guarantee issued by it of the Borrower' s performance of its obligations to the Lender under the Existing Loan Agreement (each of such seven assignments of insurances entered into by the Continuing Shipowning Companies being herein referred to as an "Assignment of Insurances" and, together, the "Assignments of Insurances").

Danish Ship Finance A/S (Danmarks Skibskredit A/S), as successor in interest to Danish Ship Finance (Danmarks Skibskreditfond) hereby irrevocably and unconditionally releases each of the Continuing Shipowning Companies from all of its obligations under the Assignment of Insurances entered into by it. Upon the signing of this letter by Danish Ship Finance A/S (Danmarks Skibskredit A/S), as successor in interest to Danish Ship Finance (Danmarks Skibskreditfond), the Assignments of Insurances shall terminate and be reassigned to the Continuing Shipowning Companies and the Continuing Shipowing Companies and the Lender shall no longer have any rights or obligations one to the other under the Assignments of Insurances.

Danish Ship Finance A/S (Danmarks Skibskredit A/S) hereby authorises the Borrower and each of the Continuing Shipowning Companies to send such notices and take such action as they may deem to be necessary in order to notify any relevant insurer or broker of the release of the Assignments of Insurances in respect of the Vessels owned by the Continuing Shipowning Companies pursuant to this letter and to cancel any co-assured or loss payee or mortgagee interest clauses created in favour of the Lender pursuant to the terms of the Assignments of Insurances. The Lender, at the Continuing Shipowning Companies' expense, shall execute and deliver to the brokers and/or the managers of any association or Club in which a Vessel owned by a Continuing Shipowning Company may be entered, a notice of reassignment substantially in the form set out in Schedule 1 to this letter. The Lender, at the Continuing Shipowning Companies' expense shall execute and do all such other assurances, deeds, acts and things as the Continuing Shipowning Companies may reasonably request in writing, delivered to the Lender on or prior to the date which is 90 days following the date hereof, in connection with discharges, releases and reassignments contained in this Release Letter.

The letter shall be governed by and construed in accordance with Danish law.

Very truly yours,

Danish Ship Finance A/S (Danmarks Skibskredit A/S), as successor in interest to Danish Ship Finance (Danmarks Skibskreditfond)

By: _____

Name:

Title:

Schedule 1 to Release Letter

Notice of release and reassignment of insurances

Without prejudice to the insurance assignment entered into by [Shipowner] in our favour pursuant to an insurance assignment dated 27 October 2005, we, Danish Ship Finance A/S (Danmarks Skibskredit A/S) as successor in interest to Danish Ship Finance (Danmarks Skibskreditfond), HEREBY GIVE NOTICE that, pursuant to a letter of release dated [ ] 2005 we have released and reassigned absolutely to [Shipowner] all our right, title and interest in and to and all benefit of all policies and contracts of insurance whatsoever and all entries of the ships referred to in the schedule attached in any protection and indemnity and war risks association which were at any time whatsoever or are now effected including all proceeds and profits thereof, all claims of whatever nature, returns of premium and all benefits thereunder and our right to negotiate and settle all claims thereunder in respect of an actual or constructive or arranged, agreed or compromised total loss which were assigned to us by an insurance assignment dated November 20, 2002.

Dated:

By: _____

Schedule of insurances to be released from assignment

[ ]

Schedule 5

STOLT NIELSEN S.A. AND SUBSIDIARIES

USD 225,779,737 Existing Financing and USD 100,000,000 New Financing Top Up Term Loan

A	**Consolidated Tangible Net Worth**		
	Capital Stock		
	Paid-in Surplus		
	Retained Earnings		
	less: Treasury Stock		
	less: Intangible Assets		
	Consolidated Tangible Net Worth		
	Minimum Consolidated Tangible Net Worth	$	600,000,000
B	**Consolidated Debt**		
	Short-Term Banks Loans		
	Current Maturities of Long Term Debt		
	Current Maturities of Long Term Capitalized Leases		
	Long Term Debt (net of current portion)		
	Long Term Capitalized Lease Obligations		
	Acceptance Credits		
	Guarantees of third-party obligations		
	less: Cash-Covered Debt		

Consolidated Debt	
Consolidated Tangible Net Worth	
Ratio of Consolidated Debt to Consolidated Tangible Net Worth	
Maximum Ratio of Consolidated Debt to Consolidated Tangible Net Worth	2.00

As of and for the period ended [ ] 200[ ] (figures in USD 000s)

		Feb.28.05	May.31.05	Aug.31.05	Nov.30.05	Total
C	**Consolidated EBITDA**					
	Net Income					
	Interest Expense					
	Taxation					
	Dep' n/Amort/Non-cash					
	EBITDA					
	Consolidated EBITDA					
	Consolidated Interest Expense					
	Ratio of Consolidated EBITDA to Consolidated Interest Expense					
	Minimum Ratio of Consolidated EBITDA to Consolidated Interest Expense					2.00

STOLT-NIELSEN S.A.

By: _____

Title: _____

Date: _____

Schedule 6

REPAYMENT SCHEDULES

Danmarks Skibskredit
Sankt Annae Plads 3
1250 Køsbenhavn K

27/10/2005

Repayment Plan

Customer: Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK Rotterdam, Netherlands

Credit no /Loan no.	4126/101451	Disbursement dale:	01/11/2005
Loan Amount:	USD 15,186,547.56	Date of 1. payment:	01/05/2006
Loan setup:	Markedslan (kontant), fixed rente	No. of payments per year	2
Interest (ex. margin)	0.000000%	Total no. of payments:	20
Interest Calculation:	366 / 360	Balloon:	5,062,182.56

Current margin | Free terms | 0

Transaction	Due date	Pay date	Interest	Instalment	Fees	Total payable	Loan balance	Status
Drawdown	01/11/2005	01/11/2005				15,186,547.56	15,186,547.56	
1. Payment	02/05/2006	02/05/2006	427,644.74	506,218.25	0.00	933,862.99	14,680,329.31	
2. Payment	01/11/2006	01/11/2006	416,661.30	506,218.25	0.00	921,879.55	14,174,111.06	
3. Payment	01/06/2007	01/05/2007	396,942.04	506,218.25	0.00	903,160.29	13,667,892.81	
4. Payment	01/11/2007	01/11/2007	389,109.73	506,218.25	0.00	895,327.08	13,161,674.56	
5. Payment	02/05/2008	02/05/2008	372,661.85	506,218.25	0.00	878,880.10	12,655,456.31	
6. Payment	03/11/2006	03/11/2008	362,244.86	506,218.25	0.00	868,463.11	12,149,238.06	
7. Payment	01/05/2009	01/05/2009	336,476.52	506,218.25	0.00	842,694.77	11,643,019.81	
8. Payment	02/11/2009	02/11/2009	333,265.27	506,218.25	0.00	839,483.52	11,136,801.56	
9. Payment	04/05/2010	04/05/2010	315,329 25	506,218.25	0.00	821,547.50	10,630,583.31	
10. Payment	01/11/2010	01/11/2010	297,706.53	506,218.25	0.00	803,924.78	10,124,365.06	
11. Payment	03/05/2011	03/05/2011	286,662.93	506,218.25	0.00	792,881.21	9,618,146.81	
12. Payment	01/11/2011	01/11/2011	270,841.67	509,218.25	0.00	777,059.92	9,111,928.56	
13. Payment	01/05/2012	01/05/2012	256,586.85	506,218.25	0,00	762,805.10	8,605,710.31	
14. Payment	01/11/2012	01/11/2012	244,995.01	506,218.25	0.00	751,213.26	8,099,492.06	
15. Payment	01/05/2013	01/05/2013	226,824.02	506,218.25	0.00	733,042.27	7,593,273.81	
16. Payment	01/11/2013	01/11/2013	218,172.07	506,218.25	0.00	722,390.32	7,087,055.56	
17. Payment	01/05/2014	01/05/2014	198,471.02	506,218.25	0.00	704,689.27	6,580,837.31	
18. Payment	03/11/2014	03/11/2014	189,385.52	506,218.25	0.00	695,603.77	6,074,619.06	
19. Payment	06/05/2015	05/05/2015	171,997.78	506,218.25	0.00	678,216.03	5,566,400.81	
20. Payment	02/11/2015	02/11/2015	155,941.52	5,568,400.81	0.00	5,724,342.33	0.00	

Repayment Plan

Customer: Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK Rotterdam, Netherlands

Credit no./Loan no	4126/101452	Disbursement date:	01/11/2005
Loan Amount:	USD 14,555,964.27	Date of 1. payment:	01/05/2006
Loan setup:	Markedslan (kontant), fixed rente	No of payments per year	2
Interest (ex margin)	0 000000%	Total no. of payments:	20
Interest Calculation:	366/360	Balloon:	4,851,988.07
Current margin		Free terms	0

Transaction	Due date	Pay date	Interest	Instalment	Fees	Total payable	Loan balance	Status
Drawdown	01/11/2005	01/11/2005				14,555,964.27	14,555,964.27	
1. Payment	02/05/2006	02/05/2006	409,887.87	485,198.81	0.00	895,086.68	14,070,765.46	
2. Payment	01/11/2006	01/11/2006	398,402.00	485,198.81	0.00	883,600.81	13,585,566.65	
3. Payment	01/05/2007	01/05/2007	380,460.02	485,198.81	0.00	865,658.83	13,100,367.84	
4. Payment	01/11/2007	01/11/2007	372,952.91	485,198.81	0.00	858,151.72	12,615,169.03	
5. Payment	02/05/2008	02/05/2008	357,188.00	485,198.81	0.00	842,386.81	12,129,970.22	
6. Payment	03/11/2008	03/11/2008	347,203.55	485,198.81	0.00	832,402.36	11,644,771.41	
7. Payment	01/05/2009	01/05/2009	322,505.18	485,198.81	0.00	807,703.99	11,159,572.60	
8. Payment	02/11/2009	02/11/2009	319,427.27	485,198.81	0.00	804,626.08	10,674,373.79	
9. Payment	04/05/2010	04/05/2010	302,236.00	485,198.81	0.00	787,434.81	10,189,174.98	
10. Payment	01/11/2010	01/11/2010	285,345.01	485,198.81	0.00	770,543.82	9,703,976.17	
11. Payment	03/05/2011	03/05/2011	274,760.00	485,198.81	0.00	759,958.81	9,218,777.36	

12. Payment	01/11/2011	01/11/2011	259,595.65	485,198.81	0.00	744,794.46	8,733,578.55
13. Payment	01/05/2012	01/05/2012	245,932.72	485,198.81	0.00	731,131.53	8,248,379.74
14. Payment	01/11/2012	01/11/2012	234,822.21	485,198.81	0.00	720,021.02	7,763,180.93
15. Payment	01/05/2013	01/05/2013	217,405.72	485,198.81	0.00	702,604.53	7,277,982.12
16. Payment	01/11/2013	01/11/2013	207,196.06	485,198.81	0.00	692,394.87	6,792,783.31
17. Payment	01/05/2014	01/05/2014	190,230.01	485,198.81	0.00	675,428.82	6,307,584.50
18. Payment	03/11/2014	03/11/2014	181,521.76	485,198.81	0.00	666,720.57	5,822,385.69
19. Payment	05/05/2015	05/05/2015	164,856.00	485,198.81	0.00	650,054.81	5,337,186.88
20. Payment	02/11/2015	02/11/2015	149,466.44	5,337,186.88	0.00	5,486,653.32	0.00

Repayment Plan

Customer: Stolt Tankers Finance B.V., WesterJaan 5, 3016 CK Rotterdam, Netherlands

Credit no. /Loan no.	4126 / 101453	Disbursement date:	01/11/2005
Loan Amount:	USD 13,504,992.12	Date of 1. payment:	01/05/2006
Loan setup:	Markedslan (kontant), fixed rente	No. of payments per year	2
Interest (ex. margin)	0.000000%	Total no. of payments:	20
Interest Calculation:	366 / 360	Balloon:	4,501,664.12
Current margin		Free terms	0

Transaction	Due date	Pay date	Interest	Instalment	Fees	Total payable	Loan balance	Status
Drawdown	01/11/2005	01/11/2005				13,504,992.12	13,504,992.12	
1. Payment	02/05/2006	02/05/2006	380,293.07	450,166.40	0.00	630.459.47	13,054,825.72	
2. Payment	01/11/2006	01/11/2006	369,636.51	450,166.40	0.00	819.802.91	12,604,659.32	
3. Payment	01/05/2007	01/05/2007	352,989.99	450,166.40	0.00	803.156.39	12,154,492.92	
4. Payment	01/11/2007	01/11/2007	346,024.90	450,166.40	0.00	796.191.30	11,704,326.52	
5. Payment	02/05/2008	02/05/2008	331,398.26	450,166.40	0.00	781.564.66	11,254,160.12	
6. Payment	03/11/2008	03/11/2008	322,134.70	450,166.40	0.00	772,301.10	10,803,993.72	
7. Payment	01/05/2009	01/05/2009	299,219.61	450,166.40	0.00	749,386.01	10,353,827.32	
8. Payment	02/11/2009	02/11/2009	296,363.93	450,166.40	0.00	746.530.33	9,903,660.92	
9. Payment	04/05/2010	04/05/2010	280,413.91	450,166.40	0.00	730.580.31	9,453,494.52	
10. Payment	01/11/2010	01/11/2010	264,742.49	450,166.40	0.00	714,908.89	9,003,328.12	
11. Payment	03/05/2011	03/05/2011	254,921.73	450,166.40	0.00	705,088.13	8,553,161.72	
12. Payment	01/11/2011	01/11/2011	240,852.28	450,166.40	0.00	691.018.68	8,102,995.32	
13. Payment	01/05/2012	01/05/2012	228,175.84	450,166.40	0.00	678.342.24	7,652,828.92	
14. Payment	01/11/2012	01/11/2012	217,867.54	450,166.40	0.00	668.033.94	7,202,662.52	
15. Payment	01/05/2013	01/05/2013	201,708.56	450,166.40	0.00	651.874.96	6,752,496.12	
16. Payment	01/11/2013	01/11/2013	192,236.07	450,166.40	0.00	642.402.47	6,302,329.72	
17. Payment	01/05/2014	01/05/2014	176,494.99	450,166.40	0.00	626,661.39	5,852,163.32	
18. Payment	03/11/2014	03/11/2014	168,415.51	450,166.40	0.00	618.581.91	5,401,996.92	
19. Payment	05/05/2015	05/05/2015	152,953.04	450,166.40	0.00	603.119.44	4,951,830.52	
20. Payment	02/11/2015	02/11/2015	138,674.64	4,951,830.52	0.00	5,090,505.16	0.00	

Repayment Plan

Customer: Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK Rotterdam, Netherlands

Credit no,/Loan no.	4126/101454	Disbursement date:	01/11/2005
Loan Amount:	USD 13,504,992.12	Date of 1 payment:	01/05/2003
Loan setup:	Markedslan (kontant), fixed rente	No. of payments per year	2
Interest (ex. margin)	0 000000%	Total no. of payments:	20
Interest Calculation:	366 / 360	Balloon:	4,501,664 12
Current margin		Free terms	0

Transaction	Due date	Pay date	Interest	Instalment	Fees	Total payable	Loan balance	Status
Drawdown	01/11/2005	01/11/2005				13,504,992.12	13,504,992.12	
1. Payment	02/05/2008	02/05/2006	380,293.07	450,166.40	0.00	830,459.47	13,054,859.72	
2. Payment	01/11/2009	01/11/2006	369,836.51	450,166.40	0.00	819,802.91	12,604,859.32	
3. Payment	01/05/2007	01/05/2007	352,989.99	450,166.40	0.00	803,156.39	12,154,492 92	
4. Payment	01/11/2007	01/11/2007	346,024.90	450,166.40	0.00	796,191.30	11,704,326.62	
5. Payment	02/05/2008	02/05/2008	331,398.26	450,166.40	0.00	781,564.66	11,254,160.12	
6. Payment	03/11/2006	03/11/2008	322,134.70	450,166.40	0.00	772,301.10	10,803,993.72	
7. Payment	01/05/2009	01/05/2009	299,219.61	450,166.40	0.00	749,386.01	10,353,927.32	
8. Payment	02/11/2009	02/11/2009	296,363.93	450,166.40	0.00	746,530.33	9,903,660.92	
9. Payment	04/05/2010	04/05/2010	280,413.91	450,166.40	0.00	730,580.31	9,453,494.52	
10. Payment	01/11/2010	01/11/2010	264,742.49	450,166.40	0.00	714,906.89	9,003,328.12	
11. Payment	03/05/2011	03/05/2011	264,921.73	450,166.40	0.00	705,086.13	8,553,161.72	
12. Payment	01/11/2011	01/11/2011	240,862.28	450,166.40	0.00	891,018.68	8,102,995.32	
13. Payment	01/05/2012	01/05/2012	228,175.84	450,166.40	0.00	678,342.24	7,652,828.92	
14. Payment	01/11/2012	01/11/2012	217,867.54	450,166.40	0.00	668,033.94	7,202,662.62	
15. Payment	01/05/2013	01/05/2013	201,708.56	450,166.40	0.00	651,874.96	6,752,496.12	
16. Payment	01/11/2013	01/11/2013	192,236.07	450,166.40	0.00	642,402.47	6,302,329.72	
17. Payment	01/05/2014	01/05/2014	176,494.99	450,166.40	0.00	626,661.39	5,852,163.32	
18. Payment	03/11/2014	03/11/2014	166,415.51	450,166.40	0.00	618,581.91	5,401,996.92	
19. Payment	05/05/2015	05/05/2015	152,953.04	450,166.40	0.00	603,119.44	4,951,830.52	
20. Payment	02/11/2015	02/11/2015	138,674.84	4,951,830.52	0.00	5,090,505.16	0.00	

Repayment Plan

Customer: Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK Rotterdam, Netherlands

Credit no./Loan no.	4126/101455	Disbursement date:	01/11/2005
Loan Amount:	USD 14,030,478.19	Date of 1. payment:	01/05/2006
Loan setup:	Markedslan (kontant), fixed rente	No. of payments per year	2
Interest (ex. margin)	0.000000%	Total no. of payments:	20
Interest Calculation:	366/360	Balloon:	4,676,825.99
Current margin		Free terms	0

Transaction	Due date	Pay date	Interest	Instalment	Fees	Total payable	Loan balance	Status
Drawdown	01/11/2005	01/11/2005				14,030,478.19	14,030,478.19	
1. Payment	02/05/2006	02/05/2006	395,090.47	467,682.61	0.00	862,773.08	13,562,795.58	
2. Payment	01/11/2006	01/11/2006	384,019.25	467,682.61	0.00	851,701.86	13,095,112.97	
3. Payment	01/05/2007	01/05/2007	366,725.00	467,682.61	0.00	834,407.61	12,627,430.36	
4. Payment	01/11/2007	01/11/2007	359,488.91	467,682.61	0.00	827,171.52	12,159,747.75	
5. Payment	02/05/2008	02/05/2008	344,293.13	467,682.61	0.00	811,975.74	11,692,085.14	

6. Payment	03/11/2008	03/11/2008	334,869.12	467,682.61	0.00	802,351.73	11,224,382.53
7. Payment	01/05/2009	01/05/2009	310,862.39	467,682.61	0.00	778,545.00	10,756,699.92
8. Payment	02/11/2009	02/11/2009	307,895.60	467,682.61	0.00	775,578.21	10,289,017.31
9. Payment	04/05/2010	04/05/2010	291,324.95	467,682.61	0.00	759,007.56	9,821,334.70
10. Payment	01/11/2010	01/11/2010	275,043.75	467,682.61	0.00	742,726.36	9,353,652.09
11. Payment	03/05/2011	03/05/2011	264,840.87	467,682.61	0.00	732,325.48	8,885,969.48
12. Payment	01/11/2011	01/11/2011	250,223.96	467,682.61	0.00	717,906.57	8,418,286.87
13. Payment	01/05/2012	01/05/2012	237,054.28	467,682.61	0.00	704,736.89	7,950,604.26
14. Payment	01/11/2012	01/11/2012	226,344.87	467,682.61	0.00	694,027.48	7,482,921.65
15. Payment	01/05/2013	01/05/2013	209,557.15	467,682.61	0.00	677,239.76	7,015,239.04
16. Payment	01/11/2013	01/11/2013	189,718.06	467,682.61	0.00	667,398.67	6,547,556.43
17. Payment	01/05/2014	01/05/2014	183,362.49	467,682.61	0.00	651,045.10	6,079,873.82
18. Payment	03/11/2014	03/11/2014	174,968.63	467,682.61	0.00	642,651.24	5,612,191.21
19. Payment	05/05/2015	05/05/2015	158,904.52	467,682.61	0.00	626,587.13	5,144,508.60
20. Payment	02/11/2015	02/11/2015	144,070.53	5,144,508.80	0.00	5,288,679.13	0.00

Repayment Plan

Customer: Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK Rotterdam, Netherlands

Credit no /Loan no.	4126/101456	Disbursement date:	01/11/2005
Loan Amount:	USD 14,030,478.19	Date of 1. payment:	01/05/2006
Loan setup:	Markedstan (kontant), fixed rente	No of payments per year	2
Interest (ex. margin)	0 000000%	Total no . of payments:	20
Interest Calculation:	366 / 360	Balloon:	4,676.825.99
Current margin		Free terms	0

Transaction	Due date	Pay date	Interest	Instalment	Fees	Total payable	Loan balance	Status
Drawdown	01/11/2005	01/11/2005				14,030,478.19	14,030,478.19	
1. Payment	02/05/2006	02/05/2006	395,090.47	467,682.61	0.00	862,773.08	13,562,795.58	
2. Payment	01/11/2006	01/11/2006	384,019.25	467,682.61	0.00	851,701.86	13,095,112.97	
3. Payment	01/05/2007	01/05/2007	388,725.00	467,682.61	0.00	834,407.81	12,627,430.36	
4. Payment	01/11/2007	01/11/2007	359,438.91	467,682.61	0.00	827,171.52	12,159,747.75	
5. Payment	02/05/2008	02/05/2008	344,293.13	467,682.61	0.00	811,975.74	11,692,085.14	
6. Payment	03/11/2008	03/11/2008	334,639.12	467,682.61	0.00	802,351.73	11,224,382.53	
7. Payment	01/05/2009	01/05/2009	310,862.39	467,682.61	0.00	778,545.00	10,756,699.92	
8. Payment	02/11/2009	02/11/2009	307,895.60	467,682.61	0.00	775,578.21	10,289,017.31	
9. Payment	04/05/2010	04/05/2010	291,324.95	467,682.61	0.00	759,007.56	9,821,334.70	
10. Payment	01/11/2010	01/11/2010	275,043.75	467,682.61	0.00	742,726.36	9,353,652.09	
11. Payment	03/05/2011	03/05/2011	264,840.87	467,682.61	0.00	732,523.48	8,885,969.48	
12. Payment	01/11/2011	01/11/2011	250,223.96	467,682.61	0.00	717,906.57	8,418,283.87	
13. Payment	01/05/2012	01/05/2012	237,654.28	467,682.61	0.00	704,736.89	7,950,604.26	
14. Payment	01/11/2012	01/11/2012	226,344.87	467,682.61	0.00	694,027.48	7,482,921.65	
15. Payment	01/05/2013	01/05/2013	209,557.15	467,682.61	0.00	677,239.76	7,015,239.04	
16. Payment	01/11/2013	01/11/2013	199,716.06	467,682.61	0.00	667,398.67	6,547,556.43	
17. Payment	01/05/2014	01/05/2014	183,362.49	467,682.61	0.00	651,045.10	6,079,873.82	
18. Payment	03/11/2014	03/11/2014	174,968.63	467,682.61	0.00	642,651.24	5,612,191.21	
19. Payment	05/05/2015	05/05/2015	158,904.52	467,682.61	0.00	626,587.13	5,144,508.60	
20. Payment	02/11/2015	02/11/2015	144,070.53	5,144,508.60	0.00	5,288,579.13	0.00	

Repayment Plan

Customer: Stolt Tankers Finance B.V., Westerlaan 5,3016 CK Rotterdam, Netherlands

Credit no/Loan no.	4126/101457	Disbursement date:	01/11/2005
Loan Amount:	USD 15,186,547.56	Date of 1. payment:	01/05/2006
Loan setup:	Markedslan (kontant), fixed rente	No. of payments per year	2
Interest (ex. margin)	0.000000%	Total no. of payments:	20
Interest Calculation:	366 / 360	Balloon:	5,062,182.56
Current margin		Free terms	0

Transaction	Due date	Pay date	Interest	Instalment	Fees	Total payable	Loan balance	Status
Drawdown	01/11/2005	01/11/2005				15,186,547.56	15,186,547.56	
1. Payment	02/05/2006	02/05/2006	427,644.74	506,218.25	0.00	933,662.99	14,680,329.31	
2. Payment	01/11/2006	01/11/2006	415,661.30	506,218.25	0.00	921,379.55	14,174,111.06	
3. Payment	01/05/2007	01/05/2007	396,942.04	506,218.25	0.00	903,160.29	13,687,892.81	
4. Payment	01/11/2007	01/11/2007	389,109.73	506,218.25	0.00	895,327.98	13,161,674.56	
5. Payment	02/05/2008	02/05/2008	372,861.85	506,218.25	0.00	878,880.10	12,655,456.31	
6. Payment	03/11/2008	03/11/2008	362,244.86	506,218.25	0.00	868,463.11	12,149,238.06	
7. Payment	01/05/2009	01/05/2009	336,476.52	506,218.25	0.00	842,694.77	11,643,019.81	
8. Payment	02/11/2009	02/11/2009	333,265.27	506,218.25	0.00	838,483.52	11,136,801.56	
9. Payment	04/05/2010	04/05/2010	315,329.25	506,218.25	0.00	821,547.50	10,630,583.31	
10. Payment	01/11/2010	01/11/2010	297,706.53	506,218.25	0.00	803,924.78	10,124,365.06	
11. Payment	03/05/2011	03/05/2011	286,662.96	506,218.25	0.00	792,881.21	9,618,146.81	
12. Payment	01/11/2011	01/11/2011	270,841.67	506,218.25	0.00	777,059.92	9,111,928.56	
13. Payment	01/05/2012	01/06/2012	256,586.85	506,218.25	0.00	762,805.10	8,605,710.31	
14. Payment	01/11/2012	01/11/2012	244,995.01	506,218.25	0.00	751,213.26	8,099,492.06	
15. Payment	01/05/2013	01/05/2013	226,824.02	506,218.25	0.00	733,042.27	7,593,273.81	
16. Payment	01/11/2013	01/11/2013	216,172.07	506,218.25	0.00	722,390.32	7,087,055.56	
17. Payment	01/05/2014	01/05/2014	198,471.02	506,218.25	0.00	704,689.27	6,580,837.31	
18. Payment	03/11/2014	03/11/2014	189,385.52	506,218.25	0.00	695,603.77	6,074,619.06	
19. Payment	05/05/2015	05/05/2015	171,997.78	506,218.25	0.00	678,216.03	5,568,400.81	
20. Payment	02/11/2015	02/11/2015	155,941.52	5,568,400.81	0.00	5,724,342.33	0.00	

Schedule 7

PARENT COMPANIES GUARANTEE

GUARANTEE
("SELVSKYLDNERKAUTION")

THIS GUARANTEE, dated 27 October 2005 (the "**Guarantee**") is made by the following companies (collectively, the "**Guarantors**"), as joint and several Guarantors:

(1) Stolt-Nielsen S.A., a company duly incorporated and existing under the laws of the Grand Duchy of Luxembourg, with registered address at 23 avenue Monterey, L-2086 Luxembourg ("**SNSA**");

(2) Stolt-Nielsen Transportation Group Ltd, Liberia, a company duly incorporated and existing under the laws of Liberia, with registered address at 80 Broad Street, Monrovia, Liberia ("**SNTG-LIB**");

(3) Stolt-Nielsen Transportation Group Ltd., Bermuda, a Bermuda an exempted limited liability company with registered address at Clarendon House, 2 Church Street, Hamilton HM11 Bermuda (the "**SNTG-BER**");

(4) Stolt-Nielsen Investments N.V., a Netherlands Antilles limited liability company with registered address at De Ruyterkade, Curacao, Netherlands Antilles (the "**SNI**");

(5) Stolt-Nielsen Holdings B.V., a Dutch limited liability company with registered address at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "**SNH**");

(6) Stolt-Nielsen Transportation Group B.V., a Dutch limited liability company with registered address at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "**SNTG BV**");

in favour of Danish Ship Finance A/S (Danmarks Skibskredit A/S) (the "**Lender**"). Capitalised terms used herein and not otherwise defined herein shall have the meaning set forth in the Loan Agreement between Stolt Tankers Finance B.V. (the "**Borrower**") and the Lender.

WHEREAS:

(A) The Loan Agreement. The Borrower and the Lender are parties to a USD 225,779,737.18 existing financing and USD 100,000,000 new financing top up term loan agreement (the

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"**Loan Agreement**") dated 27 October 2005 pursuant to which, among other things, (i) the Perseverance Tranche will be allocated, on a pro rata basis, to the outstanding Tranches in respect of the Continuing Vessels, (ii) the Existing Tranches will become subject to the terms and conditions of the Loan Agreement, and (iii) the Advance, to be allocated to the New Tranches, will be disbursed to the Borrower.

(B) The Existing Guarantee. On 29 July 2005, each of the Guarantors executed a guarantee (the "**Existing Guarantee**") pursuant to which it guaranteed on a joint and several basis, all of the Borrower' s obligations under the Existing Loan Agreement (including, without limitation, the Borrower' s obligations to repay the Existing Tranches).

(C) Corporate structure. The Borrower and each Continuing Shipowning Company is a 100 per cent owned subsidiary of SNTG BV, which is a 100 per cent owned subsidiary of SNH, which is a 100 per cent owned subsidiary of SNI, which is a 100 per cent owned subsidiary SNTG-BER, which is a 100 per cent owned subsidiary of SNTG-LIB, which is a 100 per cent owned subsidiary of SNSA.

(D) This Guarantee as a condition precedent to the signing of the Loan Agreement. It is a condition precedent to the Lender' s signing of the Loan Agreement and its obligation to make the Advance available to the Borrower under the Loan Agreement that each of the Guarantors executes and delivers this Guarantee.

NOW, THEREFORE, in consideration of the premises and for other valuable consideration, the receipt and adequacy of which the Guarantors hereby acknowledge, each of the Guarantors hereby agrees as follows:

Each of the Guarantors hereby guarantees, jointly and severally (and jointly and severally with each of the Continuing Shipowning Companies which are guaranteeing the same obligations of the Borrower pursuant to the terms of a separate guarantee), in favour of the Lender, as *selvskyldnerkautionist* (as such term is defined pursuant to Danish law), the full and punctual payment and performance when due (whether at the stated maturity, upon acceleration or otherwise) of all amounts payable by, and all other obligations to be performed by, the Borrower under the Loan Agreement, whether now due or hereafter arising. However, for the purpose of this Guarantee only, all obligations of the Borrower to perform specific obligations (other than the obligation to make payments) shall be converted by the Lender into an obligation to pay an amount fixed by the Lender in its sole discretion. Consequently, the obligations of the Guarantors hereunder shall be limited to the payment of money amounts.

Upon failure by the Borrower to pay any amount as and when the same is due under the terms of the Loan Agreement, the Guarantors, forthwith on demand, shall pay the amount which the Borrower

failed to pay (together with any and all amounts due and payable by the Borrower as a result of such failure to pay), in immediately available funds and without set-off, deduction, withholdings or counterclaim at the place specified in the Loan Agreement.

The obligations of the Guarantors hereunder shall be irrevocable, unconditional and absolute without regard to:

a) any extensions, renewals, settlements, compromises, indulgences, waivers or releases in respect of any obligation of the Borrower or any other party under the Loan Agreement or under any of the Security Documents;

b) any modification or amendment of, or supplement to, the Loan Agreement;

c) any release, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower or any other party under the Loan Agreement;

d) any change in the corporate existence, structure or ownership of, or any insolvency, bankruptcy, reorganisation or other similar proceedings affecting the Borrower, any of the Guarantors, any of the Continuing Shipowning Companies or any other party to the Loan Agreement or any of the Security Documents or any of their respective assets; or

e) any invalidity or unenforceability (for any reason relating to or against the Borrower or any other party) of the Loan Agreement or any of the Security Documents or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower or to reduce or otherwise limit the obligations of the Borrower or any other party under the Loan Agreement or the Security Documents.

The Guarantors' obligations hereunder shall remain in full force and effect until the amounts payable by the Borrower under the Loan Agreement have been paid in full and all obligations of the Borrower thereunder have been performed in full. If, at any time, any amount paid by the Borrower under the Loan Agreement is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganisation of the Borrower or otherwise, the Guarantors' obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made.

In the event of the Borrower' s default under the Loan Agreement, the Guarantors shall promptly remedy such default.

The Guarantors waive any right they may have of first requiring the Lender to proceed against or enforce any security of, or claim payment from, the Borrower, any of the Continuing Shipowning Companies, any other party to any of the Security Documents or any other person.

Each of the Guarantors confirms that its rights of subrogation and rights to proceed against the Borrower (including without limitation the right to initiate legal proceedings against the Borrower and the right to claim recoveries from the Borrower' s estate), any of the Continuing Shipowning Companies, or any of the other Guarantors, and rights to enforce the Security Documents or any other security established in favour of the Lender are subordinated to the Lender' s rights against the Borrower, each of such other parties and under the Security Documents. Each of the Guarantors agrees that it shall not exercise any such right unless either the Indebtedness has been paid in full or the Lender' s prior written approval (which may be given or withheld at the Lender' s discretion) is obtained.

Each of the Guarantors confirms that it holds free and unencumbered title to the shares in its direct subsidiary, as set forth in Whereas paragraph (C) and agrees and undertakes that it will not, without first having obtained the Lender' s prior written approval (which may be given or withheld at the Lender' s discretion), sell any of such shares or grant or allow a third party to obtain a security interest therein, or make or permit to be made any other changes to the structure of the SNSA Group as described in Whereas paragraph (C). Each of the Guarantors is aware of the guarantee of the Indebtedness provided by each of the Continuing Shipowning Companies and of the Intermediate

Companies' Undertaking entered into by SNTG-BER, SNI, SNH, and SNTG BV as contemplated by the Loan Agreement. Each of the Guarantors undertakes to perform its rights and duties as a holding company and shareholder with a view to enabling each of the other Guarantors, the Borrower, and each of the Continuing Shipowning Companies to comply with their guarantees and undertakings set forth in the Loan Agreement and each of the Security Documents.

This Guarantee is not assignable except, in whole or part, to any bank or financial institution which takes a participation in the Tranches outstanding under the Loan Agreement.

This Guarantee shall be governed by and construed according to Danish law.

Any dispute hereunder shall be settled by the Maritime and Commercial Court in Copenhagen, Denmark, with right of appeal to the Danish Supreme Court. This shall, however, not limit the right of the Lender to initiate proceedings against any of the Guarantors or any of their respective assets in any other competent jurisdiction.

The obligations of the Guarantors under this Guarantee in respect of the Existing Tranches are a continuation without interruption of their respective obligations in respect of the Existing Tranches under the Existing Guarantee. Upon execution of this Guarantee by each of the Guarantors, the Existing Guarantee shall terminate and neither the Guarantors nor the Lender shall have any rights or obligations thereunder.

Signed, sealed, delivered and executed as a deed:

Stolt-Nielsen S.A.: Witnessed by:

_____ _____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group Ltd., Liberia Witnessed by:

Signature: _____ _____

Print Name: Walter Lion
Capacity: Attorney-in-fact

SIGNED as a DEED on behalf of
STOLT-NIELSEN TRANSPORTATION GROUP LTD, Bermuda
by Walter Lion being a person who is
acting under power of attorney granted by that company

Signature: _____ _____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Investments N.V.: Witnessed by:

Signature: _____ _____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Holdings B.V.: Witnessed by:

Signature:
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group B.V.: Witnessed by:

Signature:
Print Name: Walter Lion
Capacity: Attorney-in-fact

For the purpose of Article 1 of the Protocol to the Brussels Convention of 1968 on inter alia the enforceability of foreign court awards, Stolt-Nielsen S.A. expressly and specifically accepts the jurisdiction clause contained in the last paragraph of the Guarantee.

Stolt-Nielsen S.A.: Witnessed by:

Print Name: Walter Lion
Capacity: Attorney-in-fact

Schedule 8

CONTINUING SHIPOWNING COMPANIES GUARANTEE

GUARANTEE
("SELVSKYLDNERKAUTION")

THIS GUARANTEE, dated 27 October 2005 (the "**Guarantee**") is made by the following companies (collectively, the "**Guarantors**"), as joint and several Guarantors:

(1) Stolt Concept B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341651;

(2) Stolt Confidence B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341646;

(3) Stolt Creativity B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341647;

(4) Stolt Efficiency B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341659;

(5) Stolt Effort B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341648;

(6) Stolt Innovation B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341645;

(7) Stolt Inspiration B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341658;

(each of the companies listed in 1 to 7 above being referred to herein as a "**Guarantor**" and, together, the "**Guarantors**");

in favour of Danish Ship Finance A/S (Danmarks Skibskredit A/S) (the "**Lender**"). Capitalised terms used herein and not otherwise defined herein shall have the meaning set forth in the Loan Agreement (as defined below) between Stolt Tankers Finance B.V. (the "**Borrower**") and the Lender.

WHEREAS:

(A) The Loan Agreement. The Borrower and the Lender are parties to a USD 225,779,737.18 existing financing and USD 100,000,000 new financing top up term loan agreement (the "**Loan Agreement**") dated 27 October 2005 pursuant to which, among other things, (i) the Perseverance Tranche will be allocated, on a pro rata basis, to the outstanding Tranches in respect of the Continuing Vessels, (ii) the Existing Tranches will become subject to the terms and conditions of the Loan Agreement, and (iii) the Advance, to be allocated to the New Tranches, will be disbursed to the Borrower. The Tranches have been applied, in accordance with the terms of the Loan Agreement, to the financing of the Continuing Vessels owned by each of the Guarantors.

(B) The Existing Guarantees. On 20 November 2002, each of the Guarantors entered into a separate guarantee (the seven separate guarantees being herein referred to together as the "**Existing Guarantees**") pursuant to which it guaranteed, on a joint and several basis, all of the Borrower' s obligations under the Existing Loan Agreement (including, without limitation, the Borrower' s obligations to repay the Existing Tranches).

(C) Corporate structure. Each of the Guarantors is a 100 per cent owned subsidiary of the Borrower.

(D) This Guarantee as a condition precedent to the signing of the Loan Agreement. It is a condition precedent to the Lender' s signing of the Loan Agreement and its obligation to make the Advance available to the Borrower under the Loan Agreement that each of the Guarantors executes and delivers this Guarantee.

NOW, THEREFORE, in consideration of the premises and for other valuable consideration, the receipt and adequacy of which the Guarantors hereby acknowledge, each of the Guarantors hereby agrees as follows:

Each of the Guarantors hereby guarantees, jointly and severally (and jointly and severally with each of the Parent Companies which are guaranteeing the same obligations of the Borrower pursuant

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to the terms of a separate guarantee), in favour of the Lender, as *selvskyldnerkautionist* (as such term is defined pursuant to Danish law), the full and punctual payment and performance when due (whether at the stated maturity, upon acceleration or otherwise) of all amounts payable by, and all other obligations to be performed by, the Borrower under the Loan Agreement, whether now due or hereafter arising.

Upon failure by the Borrower to pay any amount as and when the same is due under the terms of the Loan Agreement, the Guarantors, forthwith on demand, shall pay the amount which the Borrower failed to pay (together with any and all amounts due and payable by the Borrower as a result of such failure to pay), in immediately available funds and without set-off, deduction, withholdings or counterclaim at the place specified in the Loan Agreement.

The obligations of the Guarantors hereunder shall be irrevocable, unconditional and absolute without regard to:

a) any extensions, renewals, settlements, compromises, indulgences, waivers or releases in respect of any obligation of the Borrower or any other party under the Loan Agreement or under any of the Security Documents;

f) any modification or amendment of, or supplement to, the Loan Agreement;

g) any release, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower or any other party under the Loan Agreement;

h) any change in the corporate existence, structure or ownership of, or any insolvency, bankruptcy, reorganisation or other similar proceedings affecting the Borrower, any of the Guarantors, any of the Parent Companies, or any other party to the Loan Agreement or any of the Security Documents or any of their respective assets; or

i) any invalidity or unenforceability (for any reason relating to or against the Borrower or any other party) of the Loan Agreement or any of the Security Documents or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower or to reduce or otherwise limit the obligations of the Borrower or any other party under the Loan Agreement or the Security Documents.

The Guarantors' obligations hereunder shall remain in full force and effect until the amounts payable by the Borrower under the Loan Agreement have been paid in full and all obligations of the Borrower thereunder have been performed in full. If, at any time, any amount paid by the Borrower under the Loan Agreement is rescinded or must otherwise be restored or returned upon the

insolvency, bankruptcy or reorganisation of the Borrower or otherwise, the Guarantors' obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made.

In the event of the Borrower' s default under the Loan Agreement, the Guarantors shall promptly remedy such default.

The Guarantors waive any right they may have of first requiring the Lender to proceed against or enforce any security of, or claim payment from, the Borrower, any of the Parent Companies, any other party to any of the Security Documents or any other person.

Each of the Guarantors confirms that its rights of subrogation and rights to proceed against the Borrower (including without limitation the right to initiate legal proceedings against the Borrower and the right to claim recoveries from the Borrower' s estate), any of the Parent Companies, or any of the other Guarantors, and rights to enforce the Security Documents or any other security established in favour of the Lender are subordinated to the Lender' s rights against the Borrower, each of such other parties and under the Security Documents. Each of the Guarantors agrees that it shall not exercise any such right unless either the Indebtedness has been paid in full or the Lender' s prior written approval (which may be given or withheld at the Lender' s discretion) is obtained.

Each of the Guarantors has entered into the Mortgage and Deed of Covenants, the Earnings Assignment and the Insurances Assignment in respect of the Continuing Vessel owned by it. Each of the Guarantors undertakes and warrants in favour of the Lender that it will not, at any time during the Loan Period create or permit to exist any other encumbrance of any kind over the Continuing Vessel owned by it, its insurances, its other assets, its earnings or its income and, if any encumbrance arises by law, it shall promptly take all such action as may be necessary.

This Guarantee is not assignable except, in whole or part, to any bank or financial institution which takes a participation in the Tranches outstanding under the Loan Agreement.

This Guarantee shall be governed by and construed according to Danish law.

Any dispute hereunder shall be settled by the Maritime and Commercial Court in Copenhagen, Denmark, with right of appeal to the Danish Supreme Court. This shall, however, not limit the right of the Lender to initiate proceedings against any of the Guarantors or any of their respective assets in any other competent jurisdiction.

The obligations of the Guarantors under this Guarantee in respect of the Existing Tranches are a continuation without interruption of their respective obligations in respect of the Existing Tranches

under the Existing Guarantees. Upon execution of this Guarantee by each of the Guarantors, the Existing Guarantee shall terminate and neither the Guarantors nor the Lender shall have any rights or obligations thereunder.

Signed, sealed, delivered and executed as a deed:

Stolt Concept B.V.: Witnessed by:

_____ _____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Confidence B.V.: Witnessed by:

Signature: _____ _____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Creativity B.V.: Witnessed by:

Signature: _____ _____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Efficiency B.V.: Witnessed by:

Signature: _____ _____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Effort B.V.: Witnessed by:

Signature: _____ _____

Print Name: Walter Lion

Capacity: Attorney-in-fact

Stolt Innovation B.V.: Witnessed by:

Signature: _____ _____

Print Name: Walter Lion

Capacity: Attorney-in-fact

Stolt Inspiration B.V.: Witnessed by:

Signature: _____ _____

Print Name: Walter Lion

Capacity: Attorney-in-fact

Schedule 9

FORM OF INTERMEDIATE COMPANIES UNDERTAKING

INTERMEDIATE COMPANIES UNDERTAKING

THIS UNDERTAKING, dated 27 October 2005 (the "**Undertaking**"), is made by the following companies (collectively, the "**Intermediate Companies**"):

(1) Stolt-Nielsen Transportation Group Ltd., Bermuda, a Bermuda an exempted limited liability company with registered address at Clarendon House, 2 Church Street, Hamilton HM11 Bermuda (the "**SNTG-BER**");

(2) Stolt-Nielsen Investments N.V., a Netherlands Antilles limited liability company with registered address at De Ruyterkade, Curacao, Netherlands Antilles (the "**SNI**");

(3) Stolt-Nielsen Holdings B.V., a Dutch limited liability company with registered address at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "**SNH**"); and

(4) Stolt-Nielsen Transportation Group B.V., a Dutch limited liability company with registered address at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "**SNTG BV**");

in favour of Danish Ship Finance A/S (Danmarks Skibskredit A/S) (the "**Lender**"). Capitalised terms used herein and not otherwise defined herein shall have the meaning set forth in the Loan Agreement between Stolt Tankers Finance B.V. (the "**Borrower**") and the Lender.

WHEREAS:

(A) The Loan Agreement. The Borrower and the Lender are parties to a USD 225,779,737.18 existing financing and USD 100,000,000 new financing top up term loan agreement (the "**Loan Agreement**") dated 27 October 2005 pursuant to which, among other things, (i) the Perseverance Tranche will be allocated, on a pro rata basis, to the outstanding Tranches in respect of the Continuing Vessels,

(ii) the Existing Tranches will become subject to the terms and conditions of the Loan Agreement, and (iii) the Advance, to be allocated to the New Tranches, will be disbursed to the Borrower.

(B) The Existing Undertaking. On 20 November 2002, each of the Intermediate Companies and Stolt Nielsen Inter European Services B.V. ("SNIES") entered into a document entitled *Undertakings by intermediary SN-companies*, which document was amended by an amendment

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number 1 thereto dated 27 July 2005 (as so amended, the "**Existing Undertaking**") pursuant to which, among other things, the Intermediate Companies made certain undertakings in favour of the Lender in connection with the Existing Loan Agreement.

(C) Corporate structure. The Borrower and each Continuing Shipowning Company is a 100 per cent owned subsidiary of SNTG BV, which is a 100 per cent owned subsidiary of SNH, which is a 100 per cent owned subsidiary of SNI, which is a 100 per cent owned subsidiary SNTG-BER, which is a 100 per cent owned subsidiary of SNTG-LIB, which is a 100 per cent owned subsidiary of SNSA.

(D) This Undertaking as a condition precedent to the signing of the Loan Agreement. It is a condition precedent to the Lender' s signing of the Loan Agreement and its obligation to make the Advance available to the Borrower under the Loan Agreement that each of the Intermediate Companies executes and delivers this Undertaking.

Now, therefore, the parties hereto agree as follows:

1. Defined terms. Capitalised terms used herein and not otherwise defined herein are used with the meanings ascribed to them in the Loan Agreement.

2. SNSA Group structure. Each of the Intermediate Companies represents and warrants that the corporate structure of the SNSA Group is as set forth in Whereas Clause C and undertakes that it will not take any action or permit any action to be taken that would result in a change to such SNSA Group corporate structure.

3. The Loan Agreement. Each of the Intermediate Companies has signed the Loan Agreement as a Parent Company Guarantor. Each of the Intermediate Companies has made certain representations and warranties and undertakings in favour of the Lender under the Loan Agreement. Each of the Intermediate Companies represents and warrants in favour of the Lender that, to the best of its knowledge, there is no misstatement of information or omission of information which makes any statement contained in the Loan Agreement false or misleading.

4. Additional undertakings. In addition to the representations and warranties and undertakings made by each of the Intermediate Companies as Guarantors under the Loan Agreement, each of the Intermediate Companies represents, warrants and undertakes in favour of the Lender as follows:

(i) *No encumbrances*: No pledge or other security interest exists, and no pledge or other security interest will be created or permitted to exist, in respect of the

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shares owned by it in any company in the SNSA Group or in respect of any dividend payments made or to be made by any company in the SNSA Group to it; and if any such pledge or other security interest is notified to any of the Intermediate Companies in respect of its own shares, it will immediately notify the Lender thereof. SNTG-LIB also makes the representation, warranty and undertaking contained in this Clause 3(i) to the extent set forth above its signature on the signature pages to this Undertaking.

(ii) *Intermediate Companies' debt:* It has neither incurred, secured or guaranteed and will not incur, secure or guarantee, any debt except for debt between it and other companies in the SNSA Group and debt which is either subordinated to or ranks pari-passu with the Indebtedness; provided, however, that, for the avoidance of doubt, all of the security provided in favour of the Lender pursuant to the Security Documents shall secure only the Indebtedness.

(iii) *Subordination*: All of its present or future claims against the Borrower, any of the Continuing Shipowning Companies, SNSA, SNTG-LIB, or any of the other Intermediate Companies, are and shall remain fully subordinated to the claims of the Lender under the Loan Agreement and the Security Documents.

(iv) *Avoid Events of Default:* It will not take, or cause or permit to be taken, any action, which may give rise to an Event of Default or a Potential Event of Default under the Loan Agreement, including, without limitation, interfering with the Earnings of any of the Continuing Vessels or any other income of any of the Continuing Shipowning Companies or the Borrower in any manner which could or may hinder or prevent the Borrower from making any of the payments required to be made by it under the Loan Agreement.

(v) *Creditors meetings:* It will arrange for the Lender to be represented during any meetings held by it with any group (minimum 2) of its or their creditors.

(vi) *No obstruction:* It will not do anything which may obstruct or delay the exercise of any of the Lender' s rights under the Loan Agreement, this Undertaking or any of the other Security Documents before or after any Event of Default has occurred.

(vii) *Further assurances.* It will generally do or procure to be done all things and acts and enter into any documents and provide any such information as in the Lender' s opinion may be reasonably necessary or advisable in order to secure the Lender' s rights under the Loan Agreement, this Undertaking and any of the other Security

Documents and it will do and cause to be done such things as the Lender, in its reasonable opinion, may deem necessary in order to manage the Lender' s rights under the Loan Agreement, this Undertaking and any of the other Security Documents.

5. Joint and several obligations. The obligations of the Intermediate Companies hereunder are joint and several.

6. Governing law and jurisdiction. This Undertaking shall be governed by Danish law and any dispute arising hereunder, shall be settled by the Maritime and Commercial Court in Copenhagen with right of appeal to the Danish Supreme Court. The Lender may enforce any of its rights under this Undertaking directly against the Intermediate Companies in accordance with the principles contained in the Danish Act on Civil Procedure, sec. 478,1.

7. The Existing Undertaking. The obligations of the Intermediate Companies under this Undertaking in respect of the Existing Tranches are a continuation without interruption of their respective obligations in respect of the Existing Tranches under the Existing Undertaking. Upon execution of this Undertaking by each of the Intermediate Companies, the Existing Undertaking shall terminate and neither the Intermediate Companies nor SNIES nor the Lender shall have any rights or obligations thereunder.

In WITNESS whereof this Undertaking has been entered into on the day and in the year stated at the beginning of this Agreement and signed by the parties:

As Intermediate Companies,

Stolt-Nielsen Transportation Group Ltd., Bermuda:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Investments N.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Holdings B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

SNTG-LIB is signing this Undertaking below for the purposes of undertaking in favour of the Lender, in line with the provisions of Clause 3(i) of the Undertaking that no pledge or other security interest exists, and no pledge or other security interest will be created or permitted to exist, in respect of the shares owned by it in any company in the SNSA Group or in respect of any dividend payments made or to be made by any company in the SNSA Group to it.

Stolt-Nielsen Transportation Group Ltd., Liberia:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

As Lender:

Danish Ship Finance A/S
(Danmarks Skibskredit A/S):

Signature: _____ _____
Print Name: Print Name:
Capacity: Capacity:

FORM OF INSURANCES ASSIGNMENT

First Priority Assignment of Insurances
M/S Stolt Concept
M/S Stolt Confidence
M/S Stolt Creativity
M/S Stolt Efficiency
M/S Stolt Effort
M/S Stolt Innovation
M/S Stolt Inspiration

THIS ASSIGNMENT OF INSURANCES, dated 27 October 2005 (the "**Insurances Assignment**") is made by each of the following companies (collectively, the "**Continuing Shipowning Companies**"):

(1) Stolt Concept B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341651;

(2) Stolt Confidence B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341646;

(3) Stolt Creativity B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341647;

(4) Stolt Efficiency B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341659;

(5) Stolt Effort B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341648;

(6) Stolt Innovation B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341645;

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(7) Stolt Inspiration B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341658;

in favour of Danish Ship Finance A/S (Danmarks Skibskredit A/S), Sankt Annæ Plads 3, DK-1250 Copenhagen K, Denmark (the "**Lender**").

WHEREAS:

(A) The Loan Agreement. Stolt Tankers Finance B.V. (the "**Borrower**") and the Lender are parties to a USD 225,779,737.18 existing financing and USD 100,000,000 new financing top up term loan agreement (the "**Loan Agreement**") dated 27 October 2005 pursuant to which, among other things, (i) the Perseverance Tranche will be allocated, on a pro rata basis, to the outstanding Tranches in respect of the Continuing Vessels, (ii) the Existing Tranches will become subject to the terms and conditions of the Loan Agreement, and (iii) the Advance, to be allocated to the New Tranches, will be disbursed to the Borrower. The Tranches have been applied, in accordance with the terms of the Loan Agreement, to the financing of the Continuing Vessels owned by each of the Continuing Shipowning Companies.

(B) The Existing Assignments of Insurances. On 20 November 2002, each of the Continuing Shipowning Companies entered into a separate assignment of insurances (the seven separate assignments of insurances being herein referred to together as the "**Existing Insurances Assignments**") pursuant to which it assigned in favour of the Lender all of the insurances in respect of the Continuing Vessel owned by it by way of security for its obligations under its guarantee (together, the "**Existing Guarantees**") of the

Borrower' s obligations under the Existing Loan Agreement (including, without limitation, the Borrower' s obligations to repay the Existing Tranches).

(C) The Continuing Shipowning Companies Guarantee. On the date hereof, each of the Continuing Shipowning Companies is entering into a joint and several guarantee of all of the Borrower' s obligations under the Loan Agreement. Such guarantee is herein referred to as the "**Continuing Shipowning Companies' Guarantee**".

(D) This Insurances Assignment as a condition precedent to the signing of the Loan Agreement. It is a condition precedent to the Lender' s signing of the Loan Agreement and its obligation to make the Advance available to the Borrower under the Loan Agreement that each of the Continuing Shipowning Companies executes and delivers and perfects this Insurances Assignment.

NOW, THEREFORE, in consideration for the Lender entering into the Loan Agreement each of the Continuing Shipowning Companies agrees as follows:

1. Defined terms. Capitalised terms used herein and not otherwise defined herein are used with the meanings ascribed to them in the Loan Agreement.

2. Assignment. As security for the fulfilment of any and all obligations that each of the Continuing Shipowning Companies may have towards the Lender now or at any time in the future pursuant to the Continuing Shipowning Companies' Guarantee, each of the Continuing Shipowning Companies hereby irrevocably and unconditionally assigns to the Lender and grants to the Lender a first priority security interest and pledge over all of such Continuing Shipowning Companies' rights, title and interest in and to:

   (i) all those policies, cover notes and contracts of insurance which are from time to time taken out or entered into in respect of the Continuing Vessel owned by such Continuing Shipowning Company, its earnings or otherwise howsoever and all renewals of or replacements for the same (jointly the "**Insurances**");

   (ii) all claims, returns or premiums and other moneys and claims for moneys due and to become due under or in respect of the Insurances;

   (iii) all of such Continuing Shipowning Companies other rights under or in respect of the Insurances; and

   (iv) any proceeds, present or future, of any of the foregoing.

3. Undertakings. Each of the Continuing Shipowning Companies undertakes immediately

   (i) to notify the relevant insurers and insurance brokers of this Insurances Assignment;

   (ii) to give such payment instructions and notices as the Lender may from time to time request;

   (iii) generally to do and cause to be done such things as the Lender may deem necessary or advisable in order to perfect or enforce this Insurances Assignment; and

   (iv) to arrange that the relevant insurers and insurance brokers sign a Notice of Assignment and, where relevant, name the Lender as co-assured and/or issue mortgagee interest clauses, in form and substance acceptable to the Lender.

4. Payments of insurance indemnities. Each of the Continuing Shipowning Companies agrees that all payments in respect of the Insurances covering the Continuing Vessel owned by it, except for payments in respect of a Total Loss of such Continuing Vessel, may be paid by the relevant insurers directly to the relevant Continuing Shipowning Company except if (i) such damage involves a loss in excess of USD 1,000,000 or its equivalent (in which case the insurers shall not make such payment without first obtaining the Lender' s prior written consent) and except if (ii) the insurers have been notified by the Lender that any of the Continuing Shipowning Companies has defaulted under the Continuing Shipowning Companies' Guarantee.

In the event of a Total Loss of a Continuing Vessel, all insurance payments in respect thereof shall be paid to the Lender.

5. Continuing Shipowning Companies remain liable under the Insurances. Each of the Continuing Shipowning Companies shall remain liable under the Insurances to perform all of the obligations assumed by it thereunder. The Lender shall have no obligation or liability (including without limitation any obligation or liability with respect to the payment of premiums, calls or assessments) under the Insurances by reason of or arising out of this Insurances Assignment. Nor shall the Lender be required to perform any of the Continuing Shipowning Companies obligations under the Insurances or to make any payment or make any inquiry as to the nature or sufficiency of any payment received by the Lender or to present any claim or to take any other action to collect and/or enforce the payment of any amounts assigned to the Lender hereunder.

6. Rights divisible. The rights hereunder are divisible and the Lender may choose only to exercise the rights in part. Should the Lender choose only to exercise the rights in part, this shall not in any way impede the Lender from exercising the remaining rights in the future.

7. No satisfaction by intermediate payment; no prejudice. The Insurances Assignment shall not be satisfied by any intermediate payment of any amount secured by this Insurances Assignment or by any other security, which may be given to the Lender. Neither shall this Insurances Assignment be prejudiced or affected by any time or indulgence granted by the Lender to any Continuing Shipowning Company or any third party or by any invalidity in the Insurances Assignment, the Loan Agreement or any of the Security Documents or any other documents referred to therein.

8. Event of Default. If an Event of Default occurs under the Loan Agreement, the Lender shall be entitled, without having to initiate legal proceedings and without having regard to the provisions laid down in law, to:

(i) take all actions which the Lender may deem appropriate for the purpose of securing its rights under the Loan Agreement and the Security Documents; and

(ii) manage, enforce, realise and/or take possession of the Insurances or any part thereof in the way the Lender may, in its sole discretion, find appropriate.

8. Power of Attorney. Each of the Continuing Shipowning Companies hereby irrevocably appoints the Lender as its true and lawful attorney with respect to the actions mentioned above and with full power (in the name of such Continuing Shipowning Company) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for money due and to become due, to file any claim or to take any action or institute any proceedings which the Lender may deem necessary or advisable in order to perfect or enforce this Insurances Assignment, always provided that this power of attorney shall only be exercisable following the Lender' s declaration of an Event of Default under the Loan Agreement.

9. Priority. The security hereby created is a first priority security and each of the Continuing Shipowning Companies undertakes not to create second priority security interests in respect of the Insurances assigned hereunder without the Lender' s prior written consent. Each of the Continuing Shipowning Companies also undertakes to make any and all registrations or filings necessary to be made in Denmark in order to perfect the Lender' s interests in the security.

10. Release. Pursuant to Clause 7.4 of the Loan Agreement, in the event of a voluntary or mandatory final prepayment of the full amount of the Existing Tranche and the New Tranche in respect of any Continuing Vessel, subject always to Clause 7.2(b) of the Loan Agreement, this Insurances Assignment (to the extent only that it relates to the Continuing Vessel to which such Tranches are allocated) shall be released. In order to effect such partial release of this Insurances Assignment the Lender shall execute and deliver to the Borrower a release letter substantially in the form of Schedule 1 hereto.

11. Governing law and jurisdiction. This Insurances Assignment shall be governed by Danish law and any dispute arising hereunder shall be settled by the Maritime and Commercial Court in Copenhagen with right of appeal to the Danish Supreme Court. Each of the Continuing Shipowning Companies agrees that the Lender' s rights against it according to this Insurances Assignment can be enforced directly against it according to the principles contained in the Danish Act on Civil Procedure, sec. 478,1.

12. The Existing Insurances Assignments. The obligations of the Continuing Shipowning Companies under this Insurances Assignment, to the extent that it secures the Continuing Shipowning Companies' Guarantee of the Borrower' s obligations in respect of the Existing

Tranches are a continuation without interruption of the Continuing Shipowners respective obligations under the Existing Insurances Assignments to the extent that such Existing Insurances Assignments secure the Continuing Shipowning Companies' obligations under its Existing Guarantee in respect of the Existing Tranches. Upon execution of this Insurances Assignment by each of the Continuing Shipowning Companies, the Existing Insurances Assignments shall terminate and neither the Continuing Shipowning Companies nor the Lender shall have any rights or obligations thereunder.

In WITNESS whereof this Insurances Assignment has been entered into on the day and in the year stated at the beginning of this Insurances Assignment and signed by the parties:

Stolt Concept B.V.:

_____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Confidence B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Creativity B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Efficiency B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Effort B.V.:

Signature: _____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Innovation B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Inspiration B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

As Lender:

Danish Ship Finance A/S
(Danmarks Skibskredit A/S):

Signature: _____ _____
Print Name: Print Name:
Capacity: Capacity:

Schedule 1

FORM OF PARTIAL RELEASE LETTER

From: Danish Ship Finance A/S (Danmarks Skibskredit A/S), Sankt Annæ Plads 3, DK-1250 Copenhagen K, Denmark

To: [The relevant Released Shipowning Company], Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "Released Shipowning Company")

cc: Stolt-Nielsen Transportation Group Ltd., 800 Connecticut Avenue, 4th Floor East, Norwalk, CT 06854, U.S.A.

Dated: [ ]

Dear Sirs,

Re: LOAN AGREEMENT- USD 225,779,737.18 EXISTING FINANCING AND USD 100,000,000 NEW FINANCING TOP UP TERM LOAN - PARTIAL RELEASE LETTER IN RESPECT OF M/S STOLT [ ] (THE "RELEASED VESSEL")

Gentlemen:

We refer to the loan agreement dated 27 October 2005 (the "Loan Agreement") between Stolt Tankers Finance B.V., as Borrower and Danish Ship Finance A/S (Danmarks Skibskredit A/S) as Lender and the related Insurances Assignment and Earnings Assignment each dated 27 October 2005 and entered into between Stolt Concept B.V., Stolt Confidence B.V., Stolt Creativity B.V., Stolt Efficiency B.V., Stolt Effort B.V., Stolt Innovation B.V., and Stolt Inspiration B.V., in favour of the Lender. Terms defined in the Loan Agreement shall have the same meaning when used herein.

In view of the full and final prepayment of the full amount of the Existing Tranche and the New Tranche in respect of the Released Vessel and as contemplated by Clause 7.4 of the Loan Agreement, the Lender hereby releases the Released Shipowning Company from its obligations under the Insurances Assignment and the Earnings Assignment and hereby terminates the Insurances Assignment and the Earnings Assignment to the extent only that such assignments relate to the Released Shipowning Company and the Released Vessel and hereby reassigns to the Released Shipowing Company the Insurances and the Earnings in respect of the Released Vessel only.

Upon the signature of this partial release letter by the Lender, the Released Shipowing Company and the Lender shall no longer have any rights or obligations one to the other under the Insurances Assignment or the Earnings Assignment.

The Lender hereby authorises the Released Shipowning Company to send such notices and take such action as it may deem to be necessary in order to notify any relevant insurer or broker of this partial release of the Insurances Assignment and to cancel any co-assured or loss payee or mortgagee interest clauses created in favour of the Lender in respect of the Insurances covering the Released Vessel pursuant to the terms of the Insurances Assignment. The Lender, at the Released Shipowning Company' s expense, shall execute and deliver to the brokers and/or the managers of any association or Club in which the Released Vessel may be entered, a notice of reassignment substantially in the form set out in Schedule 1 to this letter. The Lender, at the Released Shipowning Company' s expense shall execute and do all such other assurances, deeds, acts and things as the Released Shipowning Company may reasonably request in writing, delivered to the Lender on or prior to the date which is 90 days following the date hereof, in connection with discharges, releases and reassignments contained in this Release Letter.

Except as specifically set forth in this partial release letter [and pursuant to any other partial release letters which the Lender has signed and delivered], the Insurances Assignment and the Earnings Assignment shall continue in full force and effect in accordance with their respective terms.

The letter shall be governed by and construed in accordance with Danish law.

Very truly yours,

Danish Ship Finance A/S (Danmarks Skibskredit A/S)

By: _____
Name:
Title:

Schedule 1 to Partial Release Letter

Notice of release and reassignment of insurances covering M/S Stolt [ ]

We, Danish Ship Finance A/S (Danmarks Skibskredit A/S), HEREBY GIVE NOTICE that, pursuant to a letter of partial release dated [ ] we have released and reassigned absolutely to [Released Shipowing Company] all our right, title and interest in and to and all benefit of all policies and contracts of insurance whatsoever and all entries of the ship M/S Stolt [ ] in any protection and indemnity and war risks association which were at any time whatsoever or are now effected including all proceeds and profits thereof, all claims of whatever nature, returns of premium and all benefits thereunder and our right to negotiate and settle all claims thereunder in respect of an actual or constructive or arranged, agreed or compromised total loss which were assigned to us by an insurances assignment dated 27 October 2005.

Dated:

By: _____

Schedule 11

FORM OF EARNINGS ASSIGNMENT

First Priority Assignment of Earnings

M/S Stolt Concept
M/S Stolt Confidence
M/S Stolt Creativity
M/S Stolt Efficiency
M/S Stolt Effort
M/S Stolt Innovation
M/S Stolt Inspiration

THIS ASSIGNMENT OF EARNINGS, dated 27 October 2005 (the "**Earnings Assignment**") is made by each of the following companies (collectively, the "**Continuing Shipowning Companies**"):

(1) Stolt Concept B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341651;

(2) Stolt Confidence B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341646;

(3) Stolt Creativity B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341647;

(4) Stolt Efficiency B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341659;

(5) Stolt Effort B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341648;

(6) Stolt Innovation B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341645;

(7) Stolt Inspiration B.V., a Dutch limited liability company with registered office in Schiedam, The Netherlands and with offices at Westerlaan 5, 3016 CK Rotterdam, The Netherlands and with company registration number 24341658;

in favour of Danish Ship Finance A/S (Danmarks Skibskredit A/S), Sankt Annæ Plads 3, DK-1250 Copenhagen K, Denmark (the "**Lender**") (the "**Lender**").

WHEREAS:

(A) The Loan Agreement. Stolt Tankers Finance B.V. (the "**Borrower**") and the Lender are parties to a USD 225,779,737.18 existing financing and USD 100,000,000 new financing top up term loan agreement (the "**Loan Agreement**") dated 27 October 2005 pursuant to which, among other things, (i) the Perseverance Tranche will be allocated, on a pro rata basis, to the outstanding Tranches in respect of the Continuing Vessels, (ii) the Existing Tranches will become subject to the terms and conditions of the Loan Agreement, and (iii) the Advance, to be allocated to the New Tranches, will be disbursed to the Borrower. The Tranches have been applied, in accordance with the terms of the Loan Agreement, to the financing of the Continuing Vessels owned by each of the Continuing Shipowning Companies.

(B) The Existing Assignments of Earnings. On 20 November 2002, each of the Continuing Shipowning Companies entered into a separate assignment of earnings (the seven separate assignments of earnings being herein referred to together as the "**Existing Earnings Assignments**") pursuant to which it assigned in favour of the Lender all of the earnings in respect of the Continuing Vessel owned by it by way of security for its obligations under its guarantee (together, the "**Existing Guarantees**") of the Borrower' s obligations under the Existing Loan Agreement (including, without limitation, the Borrower' s obligations to repay the Existing Tranches).

(C) The Continuing Shipowning Companies Guarantee. On the date hereof, each of the Continuing Shipowning Companies is entering into a joint and several guarantee of all of the Borrower' s obligations under the Loan Agreement. Such guarantee is herein referred to as the "**Continuing Shipowning Companies' Guarantee**".

(D) This Earnings Assignment as a condition precedent to the signing of the Loan Agreement. It is a condition precedent to the Lender' s signing of the Loan Agreement and its obligation

to make the Advance available to the Borrower under the Loan Agreement that each of the Continuing Shipowning Companies executes and delivers and perfects this Earnings Assignment.

NOW, THEREFORE, in consideration for the Lender entering into the Loan Agreement each of the Continuing Shipowning Companies agrees as follows:

1. Defined terms. Capitalised terms used herein and not otherwise defined herein are used with the meanings ascribed to them in the Loan Agreement.

2. Assignment. As security for the fulfilment of any and all obligations that each of the Continuing Shipowning Companies may have towards the Lender now or at any time in the future pursuant to the Continuing Shipowning Companies' Guarantee, each of the Continuing Shipowning Companies hereby irrevocably and unconditionally assigns to the Lender and grants to the Lender a first priority security interest and pledge over all of such Continuing Shipowning Companies' rights, title and interest in and to:

   (i) any and all present and future charterparties, bills of lading and contracts of affreightment in respect of the Continuing Vessel owned by such Continuing Shipowning Company; and

   (ii) all earnings and moneys from time to time due or payable to us arising out of any present and future charterparties in respect of the Continuing Vessel owned by such Continuing Shipowning Company, bills of lading, contracts of affreightment, requisition or any other activities whatsoever of such Continuing Vessel, including but without limitation all claims for money, loss or damages arising out of the present or future use, chartering, operation or management of such Continuing Vessel.

3. Payments. The Earnings Assignment implies *inter alia* that any and all payments of the earnings assigned in favour of the Lender pursuant to Clause 2 can only be made with releasing effect if made into such bank account as may from time to time be nominated by the Lender.

4. Undertakings. Each of the Continuing Shipowning Companies undertakes immediately to give such payment instructions and notices and generally to do and cause to be done such things as the Lender may deem necessary or advisable in order to perfect or enforce this Earnings Assignment.

5. Rights divisible. The rights hereunder are divisible and the Lender may choose only to exercise the rights in part. Should the Lender choose only to exercise the rights in part, this shall not in any way impede the Lender from exercising the remaining rights in the future.

6. No satisfaction by intermediate payment; no prejudice. The Earnings Assignment shall not be satisfied by any intermediate payment of any amount secured by this Earnings Assignment or by any other security, which may be given to the Lender. Neither shall this Earnings Assignment be prejudiced or affected by any time or indulgence granted by the Lender to any Continuing Shipowning Company or any third party or by any invalidity in the Earnings Assignment, the Loan Agreement or any of the Security Documents or any other documents referred to therein.

7. Event of Default. If an Event of Default occurs under the Loan Agreement, the Lender shall be entitled, without having to initiate legal proceedings and without having regard to the provisions laid down in law, to:

(i) take all actions which the Lender may deem appropriate for the purpose of securing its rights under the Loan Agreement and the Security Documents; and

(ii) manage, enforce, realise and/or take possession of the earnings assigned pursuant to this Earnings Assignment and the contracts related thereto or any part thereof in the way the Lender, in its sole discretion, may find appropriate.

8. Priority. The security hereby created is a first priority security and each of the Continuing Shipowning Companies undertakes not to create second priority security interests in respect of the earnings assigned hereunder without the Lender' s prior written consent.

9. Perfection. Each of the Continuing Shipowning Companies undertakes to make any and all registrations or filings necessary to be made in Denmark in order to perfect the Lender' s interests in the security and to notify the counterparties to any contracts pursuant to which the earnings assigned hereunder arise and obtain a written acknowledgement and acceptance of this Earnings Assignment from such counterparties promptly upon the request of the Lender following the occurrence of an Event of Default under the Loan Agreement.

13. Power of Attorney. Each of the Continuing Shipowning Companies hereby irrevocably appoints the Lender as its true and lawful attorney with respect to the actions mentioned above and with full power (in the name of such Continuing Shipowning Company) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for money due and to become due, to file any claim or to take any action or institute any proceedings which the Lender may deem necessary or advisable in order to perfect or enforce this Earnings Assignment, always provided that this power of attorney shall only be

exercisable following the Lender' s declaration of an Event of Default under the Loan Agreement.

14. Release. Pursuant to Clause 7.4 of the Loan Agreement, in the event of a voluntary or mandatory final prepayment of the full amount of the Existing Tranche and the New Tranche in respect of any Continuing Vessel, subject always to Clause 7.2(b) of the Loan Agreement, this Earnings Assignment (to the extent only that it relates to the Continuing Vessel to which such Tranches are allocated) shall be released. In order to effect such partial release of this Earnings Assignment the Lender shall execute and deliver to the Borrower a release letter substantially in the form of Schedule 1 to the Insurances Assignment entered into by the parties hereto on the date hereof.

10. Governing law and jurisdiction. This Earnings Assignment shall be governed by Danish law and any dispute arising hereunder shall be settled by the Maritime and Commercial Court in Copenhagen with right of appeal to the Danish Supreme Court. Each of the Continuing Shipowning Companies agrees that the Lender' s rights against it according to this Earnings Assignment can be enforced directly against it according to the principles contained in the Danish Act on Civil Procedure, sec. 478,1.

11. The Existing Earnings Assignments. The obligations of the Continuing Shipowning Companies under this Earnings Assignment, to the extent that it secures the Continuing Shipowning Companies' Guarantee of the Borrower' s obligations in respect of the Existing Tranches are a continuation without interruption of the Continuing Shipowners respective obligations under the Existing Earnings Assignments to the extent that such Existing Earnings Assignments secure the Continuing Shipowning Companies' obligations under its Existing Guarantee in respect of the Existing Tranches. Upon execution of this Earnings Assignment by each of the Continuing Shipowning Companies, the Existing Earnings Assignments shall terminate and neither the Continuing Shipowning Companies nor the Lender shall have any rights or obligations thereunder.

In WITNESS whereof this Earnings Assignment has been entered into on the day and in the year stated at the beginning of this Earnings Assignment and signed by the parties:

Stolt Concept B.V.:

_____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Confidence B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Creativity B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Efficiency B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Effort B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Innovation B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

Stolt Inspiration B.V.:

Signature: _____
Print Name: Walter Lion
Capacity: Attorney-in-fact

As Lender:

Danish Ship Finance A/S
(Danmarks Skibskredit A/S):

Signature: _____ _____
Print Name: Print Name:
Capacity: Capacity:

Schedule 12

FORM OF MORTGAGE AND DEED OF COVENANTS

DRAFT PROFORMA MORTGAGE

WHEREAS there is an account current (for a maximum principal amount of USD [ ]), between [VESSEL OWNER], whose principal place of business is at 5 Westerlaan, 3016 ROTTERDAM, The Netherlands, and whose registered office is at 25 Karel Doormanweg, 3115 JD SCHIELDAM, The Netherlands (hereinafter sometimes the "**Mortgagor**") and DANISH SHIP FINANCE A/S (DANMARKS SKIBSKREDIT A/S), whose registered address is at 1-3 Sankt Annæ Plads, DK-1021 Copenhagen K, Denmark (hereinafter sometimes the "**Mortgagee**"), the terms and conditions of which are regulated by: (i) a loan agreement dated [ ] 2005 between the Mortgagee (as creditor) and Stolt Tankers Finance B.V. (as debtor) (the "**Loan Agreement**"); (ii) a guarantee dated [ ] by the Mortgagor, among others, of all of the obligations of Stolt Tankers Finance B.V. under such Loan Agreement (the "**Guarantee**"), (iii) a first priority assignment of earnings dated [ ] by the Mortgagor, among others, pursuant to which, among other things, all earnings of the Ship described above are assigned in favour of the Mortagee, (the "**Earnings Assignment**") (iv) a first priority assignment of insurances dated [ ] by the Mortgagor, among others, pursuant to which, among other things, all insurances and rights in respect thereof covering the Ship described above are assigned in favour of the Mortagee, (the "**Insurances Assignment**") and (v) a deed of covenants dated [ ] entered into by the Mortgagor in favour of the Mortgagee (the "**Deed of Covenants**" and together with the Loan Agreement, the Guarantee, the Earnings Assignment and the Insurances Assignment, each as may be amended, varied, supplemented or novated from time to time being referred to herein as the "**Security Documents**") and whereas pursuant to the Security Documents, the Mortgagor has agreed to execute this Mortgage for the purpose of securing payment by the Mortgagor to the Mortgagee of all sums for the time being owing to the Mortgagee in the manner and at the time set forth in the Security Documents and in order to secure the performance of all obligations of the Mortgagor under the Security Documents, the Mortgagor has

agreed to execute this mortgage and whereas the amount of principal and interest or other monies due to the Mortgagee at any given time can be ascertained by reference to the Security Documents and/or the books of account (or other accounting records) of the Mortgagee.

Now we ([b]) the Mortgagor in consideration of the premises for ourselves and our successors, covenant with the said ([c]) DANISH SHIP FINANCE A/S (DANMARKS SKIBSKREDIT A/S) and ([d]) its assigns, to pay to him or them or it the sums for the time being due on this security, whether by way of principal or interest, at the times and manner aforesaid. And for the purpose of better securing to the said ([c]) DANISH SHIP FINANCE A/S (DANMARKS SKIBSKREDIT A/S) the payment of

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such sums as last aforesaid, we do hereby mortgage to the said ([c]) DANISH SHIP FINANCE A/S (DANMARKS SKIBSKREDIT A/S) all 64/64 shares, of which we are the Owners in the Ship above particularly described, and in her boats and appurtenances.

Furthermore it is hereby provided that it is prohibited to create further mortgages over the Ship, transfer ownership of the Ship or any of her shares, change the name of the Ship or terminate the registration of the Ship on application of the Mortgagor without, in each case, the prior written consent of the Mortgagee.

Lastly, we for ourselves and our successors, covenant with the said ([c]) DANISH SHIP FINANCE A/S (DANMARKS SKIBSKREDIT A/S) and ([d]) its assigns that we have power to mortgage in manner aforesaid the above-mentioned shares, and that the same are free from encumbrances ([e])

DEED OF COVENANTS

BETWEEN [*Insert name of Continuing Shipowning Company*]
(the "Owner" which expression shall include its successors and permitted assignees)

AND Danish Ship Finance A/S
(Danmarks Skibskredit A/S)
(the Mortgagee which expression shall include its successors and assignees)

DATED 27 October 2005

CONTENTS

DEED OF COVENANTS

This Deed of Covenants (the "Deed") is made on 27 October between:

(1) [*Name of Continuing Shipowning Company*], Westerlaan 5, 3016 CK, Rotterdam, The Netherlands, (the "Owner"), and

(2) Danish Ship Finance A/S (Danmarks Skibskredit A/S), Sankt Annæ Plads 3, DK-1250 Copenhagen K, Denmark (the "Mortgagee").

WHEREAS

(A) Ownership of Ship. The Owner is the sole, absolute, legal and beneficial owner of sixty-four sixty-fourth shares in the Ship described in Clause 1.1 hereof.

(B) The Loan Agreement. Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK, Rotterdam, The Netherlands (the "Borrower" which expression shall include its successors and assigns) and the Mortgagee are parties to a USD 225,779,737.18 existing financing and USD 100,000,000 new financing top up term loan agreement (the "**Loan Agreement**") dated 27 October 2005 pursuant to which, among other things, (i) certain existing indebtedness of the Borrower outstanding from the Mortgagee will become subject to the terms and conditions of the Loan Agreement, and (ii) the Mortgagee agrees to make available to the Borrower an additional advance in the amount of USD 100,000,000. Stolt-Nielsen S.A. ("SNSA"), Stolt-Nielsen Transportation Group Ltd., Liberia ("SNTG-LIB"), Stolt-Nielsen Transportation Group Ltd., Bermuda ("SNTG-BER"), Stolt-Nielsen Investments N.V. ("SNI"), Stolt-Nielsen Holdings B.V. ("SNH"), Stolt-Nielsen Transportation Group B.V. ("SNTG BV"), the Owner and the Sister Companies (as defined below) have agreed, irrevocably, unconditionally and as debtors for own debt, to guarantee the Borrower' s full and timely performance of all obligations under the Loan Agreement. The guarantee to be entered into by SNSA, SNTG-LIB, SNTG-BER, SNI, SNH and SNTG is referred to as the "Parent Companies Guarantee" and the guarantee to be entered into by Owner and the Sister Companies is referred to as the "Continuing Shipowning Companies' Guarantee".

(C) The Assignments of Earnings and Insurances. Pursuant to the terms of the Loan Agreement, the Owner and the Sister Companies are required to enter into an assignment of Earnings and an assignment of Insurances pursuant to which the Owner assigns the

Earnings and the Insurances in respect of the Ship and the Sister Companies assign the Earnings and the Insurances in respect of the ships owned by each of them to the Mortgagee by way of security for the Owner' s and the Sister Companies obligations under the Continuing Shipowning Companies' Guarantee. Such assignment of Earnings and such assignment of Insurances are referred to herein as the "Assignment of Earnings" and the "Assignment of Insurances", respectively.

(D) The Statutory Mortgage. The Loan Agreement provides (inter alia) that there should be executed in favour of the Mortgagee a Mortgage of the said Ship to secure (inter alia) all sums of money (all "Indebtedness" as defined in the Loan Agreement) from time to time owing to the Mortgagee under the Loan Agreement and under the aforesaid Continuing Shipowning Companies Guarantee. There has contemporaneously with the execution of this Deed been executed by the Owner in favour of the Mortgagee a Statutory Mortgage in account current form constituting a first priority Mortgage of sixty-four sixty-fourth shares in the said Ship.

(E) Deed as supplement to Mortgage. This Deed is supplemental to the Mortgage aforesaid and to the security thereby created.

NOW THIS DEED WITNESSETH AND IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions. In this Deed unless the context otherwise requires:

"Approved Brokers" means such firm of insurance brokers, appointed by the Owner, as may from time to time be approved in writing by the Mortgagee for the purposes of this Deed;

"Banking Day" means any day on which banks and foreign exchange markets are open for the transaction of business in New York, London, and Copenhagen;

"Dollars" and "$" means the lawful currency of the United States of America;

"Earnings" means all monies whatsoever from time to time due or payable to the Owner during the Security Period arising out of the use or operation of the Ship including (but without limiting the generality of the foregoing) all freight, hire and passage monies, compensation in the event of requisition of the Ship for hire, remuneration for salvage and towage services, demurrage and detention monies, and damages for breach (or

payments for variation or termination) of any charterparty or other contract for the employment of the Ship;

"Expenses" means the aggregate at any relevant time (to the extent that the same have not been received or recovered by the Mortgagee or any Receiver) of

a) all losses, liabilities, costs, charges, expenses and outgoings of whatever nature (including without limitation) taxes, stamp duty, registration fees and insurance premiums (suffered, incurred or paid by the Mortgagee or any Receiver in connection with the exercise of the powers referred to in this Deed or otherwise) payable by the Owner in accordance with Clause 13; and

b) interest on all such losses, liabilities, charges, costs, expenses and outgoings from the date on which the same was suffered, incurred or paid by the Mortgagee or any Receiver until the date of receipt or the recovery thereof (whether before or after judgment) at a rate per annum equal to the aggregate of 2 (two) per cent and the cost to the Mortgagee or such Receiver (as the case may be) of funding the amount in question (as conclusively certified by the Mortgagee or such Receiver as the case may be);

"Insurances" means all policies and contracts of insurance (which expression includes all entries of the Ship in a protection and indemnity or war risks association) from time to time during the Security Period taken out or entered into by or for the benefit of the Owner in respect of the Ship, her Earnings or otherwise howsoever in connection with the Ship and all benefits thereof (including claims of whatsoever nature and return of premiums);

"Loan" means the principal amount advanced by the Mortgagee to the Borrower pursuant to the Loan Agreement or, as the context may require, the amount thereof for the time being outstanding;

"Loss Payable Clauses" means the provisions regulating the manner of payment of sums receivable under the Insurances which are to be incorporated in the relevant insurance documents, such Loss Payable Clauses to be in the form set out in Schedule I or in such other form as may from time to time be agreed in writing by the Mortgagee;

"Mortgage" means the statutory mortgage mentioned in Recital (C) hereto;

"Mortgaged Premises" means:

the Ship,

the Insurances,

the Earnings, and

any Requisition Compensation;

"Loan Agreement" means the Loan Agreement dated 27 October 2005 as mentioned in Recital (B) hereto;

"Outstanding Indebtedness" means the aggregate of the Indebtedness as determined by the Mortgagee, including all outstanding principal amounts, all interest accrued and accruing thereon, the Expenses and all other sums of money from time to time owing to the Mortgagee (whether the same shall be due and payable or not) under the Security Documents or any of them;

"Person" includes any body of persons corporate or unincorporated;

"Receiver" means any receiver and/or manager appointed pursuant to Clause 9;

"Requisition Compensation" means all monies or other compensation from time to time payable during the Security Period by reason of requisition for title or other compulsory acquisition of the Ship otherwise than by requisition for hire;

"Security Documents" means the Loan Agreement, this Deed, the Mortgage, the deeds of covenants and mortgages required by the terms of the Loan Agreement to be entered into by the Sister Companies as security for the Outstanding Indebtedness, the Parent Companies Guarantee, the Continuing Shipowning Companies' Guarantee, the Assignment of Earnings, the Assignment of Insurances, the undertaking entered into by SNTG-BER, SNI, SNH, and SNTG BV in connection with the Loan Agreement, and any other document or instrument from time to time executed as security for the Outstanding Indebtedness or any part thereof;

"Security Period" means the period terminating upon payment of all moneys payable under the Security Documents and the discharge of all other obligations secured thereby;

"Ship" means the vessel M/S Stolt [ ] registered at the Port of George Town, Cayman Islands under Official Number [ ] and includes any share or interest therein and her engines

machinery boats tackle outfit equipment spare gear fuel consumable or other stores belongings and appurtenances whether on board or ashore and whether now owned or hereafter acquired;

"Sister Companies" means Stolt Concept B.V., Stolt Confidence B.V., Stolt Creativity B.V., Stolt Efficiency B.V., Stolt Effort B.V., Stolt Innovation B.V., and Stolt Inspiration B.V.; [*Delete the name of the Owner*]

"Total Loss" means:

(i) the actual, agreed, constructive, compromised or arranged total loss of the Ship;

(ii) the abandonment or condemnation of the Ship;

(iii) the requisition for title or other compulsory acquisition, requisition, appropriation, expropriation, deprivation, forfeiture or confiscation for any reason of the Ship by any government entity or other competent authority, whether *de jure* or *de facto* other than for hire; or

(iv) hijacking, theft, condemnation, capture, detention, confiscation or other incidents provided any such incident is adequately covered by the insurances taken out for the Ship.

1.2 Construction. In the Mortgage:

a) references to "interest" shall be construed as references to interest covenanted to be paid in accordance with Clause 3, any interest payable by or recoverable from the Owner under Clauses j)m) and 8.1 f) and interest specified in paragraph a) of the definition of "Expenses" in Clause 1.1;

b) references to "principal" shall be construed as references to all other sums of money for the time being comprised within the Outstanding Indebtedness;

c) the expression "all sums for the time being owing to the Mortgagee" means the whole of the Outstanding Indebtedness.

1.3 Relationship to Loan Agreement. The obligations and liabilities of the Owner according to this Deed shall be the same as its and the Borrower' s obligations and liabilities stated in the Loan Agreement. Consequently, this Deed shall be read together with the

Loan Agreement but in case of any conflict between this Deed and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

1.4 Construction of additional terms. In this Deed, unless the context otherwise requires:

a) references to Clauses are to be construed as references to clauses of this Deed;

b) references to (or to any specified provision of) this Deed or any other document shall be construed as references to this Deed, that provision or that document as in force for the time being and as amended in accordance with the terms thereof, and (where such consent is, by the terms of this Deed or the relevant document, required to be obtained as a condition to such amendment being permitted) the prior written consent of the Mortgagee;

c) words importing the plural shall include the singular and vice versa; and

d) references to a person shall be construed as references to an individual, firm, company, corporation or unincorporated body of persons or any state or any agency thereof.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and warranties. The Owner hereby represents and warrants to the Mortgagee that:

a) it is the sole, absolute, legal and beneficial owner of the Ship;

b) the Ship is not subject to any charter which, if entered into after the date of this Deed, would have required the consent of the Mortgagee under Clause j)k) and there is no existing agreement or arrangement whereby the Earnings may be shared with any other person; and

c) neither the Mortgaged Premises nor any part thereof is subject to any mortgage, charge, assignment or other encumbrance save as constituted by the Mortgage and this Deed or otherwise permitted by the terms of this Deed.

3. COVENANT AND GUARANTEE TO PAY PRINCIPAL, INTEREST AND OTHER MONEYS

3.1 Covenant and guarantee. In consideration of the continuation of the Existing Tranches (as defined in the Loan Agreement) and the disbursement of the Advance (as defined in

the Loan Agreement) by the Mortgagee to the Borrower on or before the date hereof in accordance with the provisions of the Loan Agreement the Owner hereby covenants with and guarantees to the Mortgagee:

a) to repay the Tranches by the instalments and on the dates referred to and otherwise in the manner and upon the terms set out in the Loan Agreement;

b) to pay interest on the Tranches, and on any overdue interest or other moneys payable under the Loan Agreement, at the rate or rates from time to time applicable thereto in the manner and upon the terms set out in the Loan Agreement; and

c) to pay all other moneys payable by the Owner or by the Borrower under the Security Documents or any of them at the times and in the manner therein specified.

4. MORTGAGE AND ASSIGNMENT OF THE MORTGAGED PREMISES

4.1 Mortgage and assignment. By way of security for the Owner' s obligations under the Continuing Shipowning Companies Guarantee to pay the Outstanding Indebtedness, the Owner as BENEFICIAL OWNER HEREBY MORTGAGES AND CHARGES with first priority to and in favour of the Mortgagee all its interest, rights and title, present and future, in and to the Mortgaged Premises and without prejudice to the generality of the foregoing the Owner hereby assigns and agrees to assign to the Mortgagee all its rights, title and interest in and to the Earnings, the Insurances and any Requisition Compensation and all its benefits and interests present and future therein PROVIDED HOWEVER THAT:

(i) any sums recoverable in respect of the Insurances shall (unless and until there shall happen any of the events specified in Clause 7 hereof whereupon all insurance recoveries shall be receivable by the Mortgagee in accordance with Clause 8.1 b) hereof) be payable as follows:

there shall be paid to the Mortgagee any and every sum recoverable under the Insurances against fire and usual marine risks and war risks in respect of a Total Loss and any and every sum recoverable under such insurances in respect of a major casualty (that is to say any casualty in respect whereof the claim or the aggregate of the claims exceeds $1,000,000. inclusive of any deductible);

all other sums recoverable in respect of the Insurances against fire and usual marine risks and war risks shall be paid to the Owner and shall be applied by it for the purpose of making good the loss and fully repairing all damage in respect whereof the insurance moneys shall have been received;

(ii) the Earnings shall be payable to such account of the Owner as the Mortgagee shall from time to time agree and shall be at the disposal of the Owner until such time as the Mortgagee shall direct to the contrary, whereupon the Owner shall

forthwith, and the Mortgagee may at any time thereafter, instruct the persons from whom the Earnings are then payable to pay the same to the Mortgagee or as it may direct and any Earnings then in the hands of the Owner' s brokers or other agents shall be deemed to have been received by them for the use and on behalf of the Mortgagee;

(iii) upon payment and discharge in full to the satisfaction of the Mortgagee of the Outstanding Indebtedness the Mortgagee shall, at the request and cost of the Owner, release it from the guarantee regarding the Loan Agreement and reassign the Earnings, the Insurances and any Requisition Compensation to the Owner or as it may direct;

(iv) for the sake of clarity, it is agreed that the Outstanding Indebtedness includes all Tranches outstanding under the Loan Agreement and that, consequently, the Mortgage on the Ship secures not only obligations regarding the Tranche relating to the Ship, but obligations regarding all Tranches under the Loan Agreement; and

(v) in accordance with Clause 7.4 of the Loan Agreement, in event of the full and final prepayment of the full amount of the Existing Tranche and the New Tranche in relation to the Ship, the Mortgage and Deed of Covenant covering the Ship shall be released by way of the signing by the Lender of the deed of release appearing on such mortgage, and the Insurances Assignment and the Earnings Assignment (in each case to the extent only that they relate to the Ship) shall be released by way of the signing by the Lender and delivery to the Borrower of letter of partial release of such assignments in the form set forth in Schedule 1 to the Insurances Assignment.

5. COVENANTS

5.1 Covenants. THE OWNER COVENANTS with the Mortgagee AND UNDERTAKES throughout the Security Period:

5.1.1 Insurances.

a) *Types of Insurances:* to effect and maintain at the expense of the Owner, with such amounts on such terms and with such insurers as have been approved by the Mortgagee, the following insurances on the Ship:

(i) hull and machinery insurance, including insurance against actual, agreed, constructive or compromise total loss;

(ii) war risk insurance, including blocking and trapping insurance, covering both hull and deprivations;

(iii) protection and indemnity insurance, including oil pollution, freight, demurrage and defence;

(iv) all such insurances to cover innocent mortgagee interest in favour of the Mortgagee; and

(v) such additional insurances as the Mortgagee in its sole reasonable discretion may request;

b) *Insured amounts and Approved Brokers:* to effect the Insurances aforesaid (a) in such amounts and upon such terms as shall from time to time be approved by the Mortgagee (b) through the Approved Brokers and with such insurance companies and/or underwriters as shall from time to time be approved in writing by the Mortgagee;

c) *Expiry of Insurances:* at least fourteen days before the relevant policies, contracts or entries expire to notify the Mortgagee of the names of the brokers and/or entities proposed to be employed by the Owner for the purposes of the renewal of the Insurances and of the amounts in which such insurances are proposed to be renewed and the risks to be covered and, subject to compliance with any requirements of the Mortgagee pursuant to this Clause, to procure that appropriate instructions for the renewal of such insurances on the terms so specified are given to the Approved Brokers; and to renew all such Insurances

at least seven days before the relevant policies, contracts or entries expire and procure that the Approved Brokers will at least seven days before such expiry (or within such shorter period as the Mortgagee may from time to time agree) confirm in writing to the Mortgagee as and when such renewals have been effected in accordance with the instructions so given;

d) *Payment of premiums:* punctually to pay all premiums calls contributions or other sums payable in respect of all such Insurances and to produce all relevant receipts or other evidence of payment when so required by the Mortgagee;

e) *Endorsement of Mortgagee's interest*: to procure that the interest of the Mortgagee shall be duly endorsed upon all slips, cover notes, policies, certificates of entry or other instruments of insurance issued or to be issued in connection with the Insurances aforesaid;

f) *Cooperate in collection*: to do all things necessary and provide all documents, evidence and information to enable the Mortgagee to collect and recover any monies which shall at any time become due in respect of the Insurances;

g) *Insurance report*: if so requested by the Mortgagee, but at the cost of the Owner (provided that the Owner shall be required to bear such cost no more than once per year and any report in excess of one per year shall be paid for by the Mortgagee), to furnish the Mortgagee with a detailed report signed by an independent firm of marine insurance brokers appointed by the Mortgagee dealing with the insurances maintained on the Ship and stating the opinion of such firm as to the adequacy thereof;

h) *Loss payable and cancellation clauses*: to deposit with the Approved Brokers (or procure the deposit of) all slips, cover notes, policies, certificates of entry and other instruments of insurance from time to time issued in connection with such of the Insurances referred to in Clause 5.1.1a) as are effected through the Approved Brokers and procure that the interest of the Mortgagee shall be endorsed thereon by incorporation of a Loss Payable Clause and Notice of Cancellation Clause and by means of a Notice of Assignment (signed by the Owner) in such form as may from time to time be agreed in writing by the Mortgagee and that the Mortgagee shall be furnished with pro forma copies thereof and a letter or letters of undertaking from the Approved Brokers in such form as shall from time to time be reasonably required by the Mortgagee;

i) *Comply with terms of Insurances*: not to employ the Ship or suffer the Ship to be employed otherwise than in conformity with the terms of the Insurances

(including any warranties express or implied therein) without first obtaining the consent to such employment of the insurers and complying with such requirements as to extra premium or otherwise as the insurers may prescribe; and

j) *Application of insurance indemnities paid to Owner*: To apply all such sums receivable in respect of the Insurances as are paid to the Owner in accordance with Clause c)(i) 0 hereof for the purpose of making good the loss and fully repairing all damages in respect whereof the insurance moneys shall have been received.

5.1.2 Management of the Ship.

a) *Registration*: to keep the Ship registered at the port of George Town, Cayman Islands and not do or suffer to be done anything or omit to do anything whereby such registration may be forfeited or imperilled;

b) *Changes to Ship*: not without the previous consent in writing of the Mortgagee to:

(i) make any modification to the Ship which would involve material alteration of her structure type or performance characteristics or could reduce her value;

(ii) remove any material part of the Ship or any equipment the value of which is such that its removal from the Ship would materially reduce the value of the Ship without replacing the same with the equivalent part or equipment owned by the Owner free from encumbrances; or

(iii) install on the Ship any equipment owned by a third party which cannot be removed without causing damage to the structure or fabric of the Ship;

c) *Maintenance and repair*: to keep the Ship in a good and efficient state of repair and so as to comply with the provisions of the Merchant Shipping Acts and all other regulations and requirements (statutory or otherwise) from time to time applicable to vessels registered at George Town, Cayman Islands and to procure that all repairs to or replacement of any damaged worm or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Ship and to maintain the present class of the Ship;

d) *Inspection*: to permit the Mortgagee by surveyors or other persons appointed by it for such purpose to board the Ship at all reasonable times, but without unduly interfering with the operation of the Ship, for the purpose of inspecting her condition or for the purpose of satisfying themselves in regard to proposed or executed repairs and to afford all proper facilities for such inspections and to submit the Ship to such periodical and other surveys required for classification purposes or otherwise and to supply to the Mortgagee copies of all survey reports issued in respect thereof;

e) *Discharge of liens*: to promptly pay and discharge all debts, damages, liabilities and outgoings whatsoever which have given or may give rise to maritime statutory or possessory liens on or claims enforceable against the Ship and in the event of arrest of the Ship pursuant to legal process or purported legal process or in the event of her detention in exercise or purported exercise of any such lien or claim as aforesaid to procure the release of the Ship from such arrest or detention forthwith upon receiving notice thereof by providing bail or procuring the provision of security or otherwise as the circumstances may require;

f) *Employment of Ship*: not to employ the Ship or suffer her employment in any trade or business which is forbidden by International Law or which is otherwise illicit or unlawful under the law of any relevant jurisdiction or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation in a Prize Court or to destruction, seizure, confiscation, penalty or sanctions and in the event of hostilities in any part of the world (whether war be declared or not) nor to employ the Ship or suffer her employment in carrying any contraband goods or enter or trade to any zone which is declared a war zone by any Government or by the Insurers unless the Mortgagee shall have first given its consent thereto in writing and there shall have been effected by the Owner and at its expense such special insurance cover as the Mortgagee may require;

g) *Information*: promptly to furnish to the Mortgagee all such information as it may from time to time require regarding the Ship her position and copies of all charters and other contracts for her employment or otherwise howsoever concerning her;

h) *Notifications:* to notify the Mortgagee forthwith by telex or telecopy of:

any accident to the Ship requiring repairs the cost of which will or is likely to exceed $1,000,000 (or the equivalent in any other currency);

any occurrence in consequence whereof the Ship has or may become a Total Loss;

any requirement or recommendation made by any insurer or classification society or by any competent authority which is not immediately complied with;

any arrest of the Ship or any exercise or purported exercise of any lien on the Ship or the Earnings or any part thereof; and

any petition or notice of a meeting to consider any resolution to wind up the Owner;

i) *Payments and accounts*: promptly to pay all tolls dues and other outgoings whatsoever in respect of the Ship and to keep proper books of account in respect of the Ship and her Earnings and, as and when the Mortgagee may so require, to make such books available for inspection on behalf of the Mortgagee and to furnish satisfactory evidence that the wages and allotments of the Master and crew are being regularly paid;

j) *Negative pledge:* not to or purport to mortgage charge or otherwise assign the Ship or other part of the Mortgaged Premises or to suffer the creation of any such mortgage charge or assignment as aforesaid to or in favour of any person other than the Mortgagee;

k) *No sale of Ship without consent:* not without the previous consent in writing of the Mortgagee (and then only subject to such terms as the Mortgagee may impose) to sell agree to sell or otherwise dispose of the Ship or any share or interest therein;

l) *Charters:* not without the previous written consent of the Mortgagee (and then only subject to such conditions as the Mortgagee may impose) to let the Ship (except for any contract with a company in the SNSA Group):

on demise charter for any period;

by any time or consecutive voyage charter for a term which exceeds or which by virtue of any optional extensions therein contained may exceed thirteen months' duration; or

on terms whereby more than two months' hire (or the equivalent) is payable in advance; or

by any charter or other arrangement below the market rate prevailing at the time when the charter is fixed;

m) *Work on Ship:* not without the previous consent in writing of the Mortgagee to put the Ship into the possession of any person for the purpose of work being done upon her in an amount exceeding or likely to exceed $1,000,000 (or the equivalent in any other currency);

n) *Payment of Mortgagee expenses*: to pay to the Mortgagee on demand all moneys whatsoever which the Mortgagee shall or may expend be put to or become liable for in or about the protection maintenance or enforcement of the security created by this Deed and the other Security Documents or in or about the exercise by the Mortgagee of any of the powers vested in it hereunder or thereunder and to pay interest thereon at the rate prescribed in the Loan Agreement from the date whereon such expense or liability was incurred by the Mortgagee until the date of payment whether before or after any relevant judgment.

o) *Sharing of Earnings*: not without the prior written consent of the Mortgagee (and then only subject to such conditions as the Mortgagee may impose) to enter into any agreement or arrangement whereby the Earnings may be shared with any other person; and

p) *Payment of Earnings to Mortgagee after Event of Default*: to procure that the Earnings are paid to the Mortgagee at all times after the Mortgagee shall have directed pursuant to Clause c)(ii) that the same shall no longer be receivable by the Owner and that any Earnings which at the time such direction is given are in the hands of the Owner' s agents are duly accounted for and paid over to the Mortgagee forthwith on demand.

6. POWERS OF MORTGAGEE TO PROTECT SECURITY AND REMEDY DEFAULTS

6.1 Protection of security. The Mortgagee shall without prejudice to its other rights remedies and powers hereunder be entitled (but not bound) at any time and as often as may be necessary to take any such action as it may in its discretion think fit for the purpose of protecting or maintaining the security created by this Deed and the other Security Documents and all Expenses so incurred by the Mortgagee in or about the protection of the security shall be repayable to it by the Owner on demand.

6.2 Specific powers of Mortgagee. Without prejudice to the generality of the foregoing:

a) in event that the Owner does not comply with the provisions of Clause 5.1.1a) hereof or any of them the Mortgagee shall be at liberty to effect and thereafter to maintain all such Insurances upon the Ship as in its discretion it may think fit;

b) in the event that the Owner does not comply with the provisions of Clause 5.1.2 j)c) hereof the Mortgagee shall be at liberty to arrange for the carrying out of such repairs as it deems expedient or necessary;

c) in event that the Owner does not comply with the provisions of Clause 5.1.2 j)e) hereof or any of them the Mortgagee shall be at liberty to pay and discharge all such debts damages and liabilities as are therein mentioned and/or to take any such measures as it deems expedient or necessary for the purpose of securing the release of the Ship.

6.3 Expenses. The Expenses attributable to the exercise by the Mortgagee of any of its powers pursuant to this Clause 6 shall be repayable by the Owner to the Mortgagee on demand.

7. EVENTS OF DEFAULT

7.1 Events. Upon the Loan becoming due or payable or the happening of any of the following events the security created by this Deed and the Mortgage shall immediately become enforceable:

a) *Failure to pay*: the Borrower shall fail to pay to the Mortgagee any sum of interest, principal, or other sums due under the Loan Agreement on the due date for any such sums and such failure shall continue for more than three (3) Banking days after the due date;

b) *Breach of covenant by Owner*: the Owner does not observe or perform any of the covenants or obligations on its part contained in the Security Documents;

c) *Winding up; receivership; composition with creditors*: a petition is filed or an order is made or an effective resolution is passed for the winding up of the Owner (otherwise than for the purpose of any such reconstruction or amalgamation as shall have been previously approved in writing by the Mortgagee) or a receiver is appointed of the undertaking or property of the Owner or the Owner suspends

payment or ceases to carry on its business or makes special arrangements or composition with its creditors; or

d) *Event of Default under the Loan Agreement*: any Event of Default as defined in the Loan Agreement occurs.

8. POWERS OF MORTGAGEE ON EVENT OF DEFAULT

8.1 Powers. Upon the happening of any of the events specified in Clause 7 hereof the Mortgagee shall become forthwith entitled as and when it may see fit to put into force and to exercise all the powers possessed by it as mortgagee and chargee of the Mortgaged Premises and in particular (without limiting the generality of the foregoing):

a) *Take possession*: to take possession of the Ship;

b) *Delivery of Insurances documents to brokers*: to require that all policies, contracts, certificates of entry, and other records relating to the Insurances (including details of and correspondence concerning outstanding claims) be forthwith delivered to such brokers as the Mortgagee may nominate;

c) *Take over Insurances collections and proceedings*: to collect, recover, compromise, and give a good discharge for all claims then outstanding or thereafter arising under the Insurances or any of them and to take over or institute (if necessary using the name of the Owner) all such proceedings in connection therewith as the Mortgagee in its discretion thinks fit and to permit the brokers through whom collection or recovery is effected to charge the usual fees for their services;

d) *Discharge* claims: to discharge, compound, release, or compromise claims in respect of the Ship which have given or may give rise to any charge or lien on the Ship or which are or may be enforceable by proceedings against the Ship;

e) *Sell Ship*: to sell the Ship or any share therein with notice to the Owner and with or without the benefit of any charterparty by public auction or private contract at such place and upon such terms as the Mortgagee in its discretion may determine with power to postpone any such sale and without being answerable for any loss occasioned by such sale or resulting from postponement thereof;

f) *Maintain and employ Ship pending sale*: pending sale of the Ship to manage, insure, maintain and repair the Ship and to employ sail or lay up the Ship in such

manner and for such period as the Mortgagee in its discretion deems expedient and for the purposes aforesaid the Mortgagee shall be entitled to do all acts and things incidental or conducive thereto and in particular (but without prejudice to the generality of the foregoing) to enter into such arrangements respecting the Ship, her insurance, maintenance, repair, classification and employment in all respects as if the Mortgagee were the owner of the Ship but without being responsible for any loss incurred as a result of the Mortgagee doing or omitting to do any such acts or things as aforesaid;

g) *Recover losses*: to recover from the Owner on demand any such losses as may be incurred by the Mortgagee in or about the exercise of the power vested in the Mortgagee under Clause 8.1 e) above with interest thereon at the rate provided for in Clause5.1.2 j)n) hereof from the date when such losses were incurred by the Mortgagee until the date of payment whether before or after any relevant judgment;

h) *Recover Expenses*: to recover from the Owner on demand all Expenses incurred by the Mortgagee in or about or incidental to the exercise by it of any of the powers aforesaid;

PROVIDED ALWAYS that upon any sale of the Ship or any share therein by the Mortgagee pursuant to Clause 8.1 d) above or by the Receiver pursuant to Clause 9.1 below the purchaser shall not be bound to see or inquire whether the Mortgagee' s power of sale has arisen in the manner herein provided and the sale shall be deemed to be within the power of the Mortgagee (or the Receiver, as the case may be) and the receipt of the Mortgagee (or the Receiver, as the case may be) for the purchase money shall effectively discharge the purchaser who shall not be concerned with the manner of application of the proceeds of sale or be in any way answerable therefor.

9. RECEIVER

9.1 Entitlement to appoint. At any time after the Loan shall have become due and payable, the Mortgagee shall be entitled (but not bound) by writing under its common seal or under the hand of any director of the Mortgagee to appoint any person or persons to be a receiver and/or manager of the Mortgaged Premises or any part thereof (with power to authorise any joint receiver and/or manager to exercise any power independently of any other joint receiver and/or manager) and may from time to time fix his remuneration or remove any receiver and/or manager so appointed and appoint another in his place. Any receiver and/or manager so appointed shall be the agent of the Owner and the Owner shall be responsible for his acts or defaults and for his remuneration and

such receiver or manager so appointed shall have all powers to do or omit to do anything which the Owner could do or omit to do in relation to the Mortgaged Premises or any part thereof and in particular (but without prejudice to the generality of the foregoing) any such receiver and/or manager may exercise all the powers and discretions conferred on the Mortgagee by the Mortgage and this Deed.

9.2 Remuneration of Receiver. Any Receiver shall be entitled to remuneration appropriate to the work and responsibilities involved upon the basis of charging from time to time adopted by the Receiver in accordance with the current practice of his firm.

9.3 Limitation of liability. Neither the Mortgagee nor any receiver shall be liable as mortgagee in possession of all of any of the Mortgaged Premises to account or be liable for any loss on the realisation or for any neglect or default of any nature whatsoever in connection therewith for which a Mortgagee in possession may be liable as such.

10. APPLICATION OF MONEYS

10.1 Application. All monies received by the Mortgagee in respect of:

a) sale of the Ship or any share therein;

b) recovery under the Insurances (other than any such sum or sums as may have been received by the Mortgagee in accordance with Clause 4.10 hereof in respect of a major casualty as therein defined and which has or have been paid to the Owner as therein provided), and

c) Requisition Compensation shall be held by it upon trust in the first place to pay or make good all Expenses as may have been incurred by the Mortgagee in or about or incidental to the exercise by the Mortgagee of the powers specified or otherwise referred to in Clause 8 hereof or any of them and the balance shall be applied in manner following:

FIRST towards costs, fees and expenses;

SECOND in or towards payment of any interest accrued and owing by the Owner in respect of the Outstanding Indebtedness;

THIRD in or towards payment of any balance of the Outstanding Indebtedness, unless otherwise decided by the Mortgagee.

10.2 Other monies. Any monies received by the Mortgagee or any Receiver in respect of the Earnings or in respect of the employment of the Ship pursuant to the provisions of Clause 8 shall be applied by the Mortgagee or the Receiver in the manner specified in Clause 10.1.

11. CONTINUING SECURITY

11.1 No implied waivers, cumulative rights. No delay or omission of the Mortgagee to exercise any right or power vested in it under the Security Documents or any of them shall impair such right or power to be construed as a waiver of or as acquiescence in any default by the Owner and no express waiver given by the Mortgagee in relation to any default by the Owner or breach by the Owner of any of its obligations under this Deed shall prejudice the rights of the Mortgagee under the Mortgage and/or this Deed

arising from any subsequent default or breach (whether or not such subsequent default or breach is of a nature different from the previous default or breach) nor shall the giving by the Mortgagee of any consent to the doing of any act which, by the terms hereof, require the consent of the Mortgagee prejudice the right of the Mortgagee to give or withhold as it sees fit its consent to the doing of any other such similar act. The remedies provided in the Security Documents are cumulative and not exclusive of any remedies provided by law.

11.2 No obligation to inquire as to sufficiency or make claims. The Mortgagee shall not be obliged to make any inquiry as to the nature or sufficiency of any payment received by it hereunder or to make any claim or to take any action to collect any moneys hereby assigned or to enforce any rights and benefits hereby assigned to the Mortgagee or to which the Mortgagee may at any time be entitled hereunder.

11.3 Continuing security. The security created by the Mortgage and this Deed shall be a continuing security for the payment of the Outstanding Indebtedness and accordingly the security so created shall not be satisfied by any intermediate payment or the satisfaction of any part of the Outstanding Indebtedness. The security so created shall be in addition to and shall not in any way prejudice or affect the security created by, any deposit of documents, or any guarantee, lien, bill, note, mortgage or other security now or hereafter held by the Mortgagee or any right or remedy of the Mortgagee thereunder and shall not in any way be prejudiced or affected thereby or by the invalidity or unenforceability thereof or by the Mortgagee releasing, modifying or refraining from perfecting or enforcing any of the same or granting time or indulgence or compounding with any person liable. All the rights and remedies and powers vested in the Mortgagee by the Mortgage and this Deed may be exercised from time to time as often as the Mortgagee may deem expedient. Notwithstanding that this Deed is expressed to be

supplemental to the Mortgage, it shall continue in full force and effect after any discharge of the Mortgage.

12. DELEGATION

12.1 Power to delegate. The Mortgagee shall be entitled at any time and as often as may be expedient to delegate all or any of the powers and discretions vested in it by the Security Documents or any of them (including the power vested in it by virtue of Clause **Error! Reference source not found.** hereof) in such manner upon such terms and to such persons as the Mortgagee in its absolute discretion may think fit.

13. INDEMNITY AND COSTS

13.1 Indemnity. THE OWNER HEREBY AGREES AND UNDERTAKES to indemnify the Mortgagee and any Receiver against all obligations and liabilities whatsoever and whensoever arising which the Mortgagee or Receiver may incur in good faith in respect of or in relation to or in connection with the Ship or otherwise howsoever in relation to or in connection with any of the matters dealt with in the Security Documents.

13.2 Costs. The Owner shall pay to the Mortgagee on demand all expenses (including legal fees, fees of insurance advisers, printing and out of pocket expenses, together with any tax payable in respect thereof) incurred by the Mortgagee in connection with the enforcement of, or preservation of any rights under, the Mortgage and this Deed or otherwise in respect of the Outstanding Indebtedness and all stamp duties, registration fees and other duties or charges from time to time payable in connection with the execution and registration of the Mortgage and this Deed.

14. POWER OF ATTORNEY

14.1 Appointment. THE OWNER HEREBY IRREVOCABLY APPOINTS the Mortgagee as its attorney for the duration of the Security Period for the purpose of doing in its name all acts which the Owner itself could do in relation to the Mortgaged Premises and to execute, seal and deliver or otherwise perfect and do all such deeds, assurances, agreements, instruments, acts or things

which may be required for the full exercise of all or any of the rights powers or remedies hereby conferred which may be proper in or in connection with all or any of the purposes aforesaid. The Owner ratifies and confirms and agrees to ratify and confirm any deed, assurance, agreement, instrument, act or thing which the Mortgagee shall execute or do pursuant to this Clause 14.1, PROVIDED HOWEVER that such power shall not be exercisable by or on behalf of the Mortgagee

until the security created by this Deed and the Mortgage shall have become enforceable pursuant to Clause 8 hereof.

14.2 Third parties not required to inquire as to rights of attorney to act. The exercise of such power by or on behalf of the Mortgagee shall not put any person dealing with the Mortgagee upon any inquiry as to whether the said security has become enforceable nor shall such person be in any way affected by notice that the said security has not become so enforceable and the exercise by the Mortgagee of such power shall be conclusive evidence of its right to exercise the same.

15. FURTHER ASSURANCES

15.1 Further assurances. THE OWNER HEREBY FURTHER UNDERTAKES at its own expense to execute sign perfect do and (if required) register every such further assurance document act or thing as in the opinion of the Mortgagee may be necessary or desirable for the purpose of more effectually mortgaging and charging the Mortgaged Premises or perfecting the security constituted by the Security Documents.

16. NOTICES

16.1 Deemed receipt. Any demand notice or other communication required to be made or given in writing under the provisions of this Deed or any other Security Document shall be deemed to have been duly received by the other party (i) if the same be communicated by telex or telecopier during ordinary business hours on the date upon which the telex or telecopy was transmitted or if transmitted outside business hours at the start of the next business day (ii) if the same be communicated by letter upon the business day next following the date of dispatch by Recorded Delivery service.

16.2 Notification of changes. Any change of address or of telex or telecopier number shall be promptly notified in writing by either party to the other. In default of notification of change of address any communication duly dispatched to the other party at the address of its office hereinbefore set out (or any notified new address) shall be deemed to have been received in accordance with the foregoing provision.

16.3 Confirmation by letter. Any communication by telex shall be thereafter confirmed by letter.

17. SEVERABILITY

17.1 Severability. Any provision of the Security Documents prohibited by or unlawful or unenforceable under any applicable law shall (to the extent required by such law) be ineffective without modifying the remaining provisions of the Security Documents but where the provisions of any such applicable law may be waived they are hereby waived to the full extent permitted by such law to the end that the Security Documents shall be valid and binding documents enforceable in accordance with their respective terms.

18. RELEASE OF EXISTING DEED OF COVENANTS

The Owner and the Mortgagee are parties to a Deed of Covenants dated 20 November 2002 in respect of the Ship (the "Existing Deed of Covenants"). The obligations of the Owner under this Deed of Covenants, to the extent that it secures the Owner' s guarantee of the Borrower' s obligations in respect of the Existing Tranches (as defined in the Loan Agreement) are a continuation without interruption of the Owner' s obligations under the Existing Deed of Covenants to the extent that such Existing Deed of Covenants secures the Owner' s obligations under its guarantee of the Existing Tranches. Upon execution of this Deed of Covenants by the Owner, the Existing Deed of Covenants shall terminate and neither the Owner nor the Lender shall have any rights or obligations thereunder.

19. GOVERNING LAW AND JURISDICTION

19.1 Governing law. To the extent the laws of the Cayman Islands are not compulsorily applicable, the Mortgage and this Deed shall be governed by Danish law.

19.2 Jurisdiction. Any dispute arising out of or in connection with the Mortgage and this Deed shall be settled by the Maritime and Commercial Court in Copenhagen, Denmark ("Sø- og Handelsretten"). This shall, however, not limit the rights of the Mortgagee to initiate proceedings against the Owner, the Vessel or any other of the Owner' s assets in any other competent jurisdiction. Any decision by the Maritime and Commercial Court in Copenhagen, Denmark, may be appealed to the Danish Supreme Court.

IN WITNESS whereof the parties hereto have caused this instrument to be executed as a Deed the day and year first before written.

Executed as a Deed

For and on behalf of Stolt [ ] B.V.
as Owner

In the presence of:

_____

Print Name: Walter Lion
Capacity: Attorney-in-fact

Executed as a Deed

For and on behalf of Danish Ship Finance A/S
(Danmarks Skibskredit A/S) as Mortgagee

In the presence of:

_____

Schedule 13

FORM OF INTEREST FIXING AGREEMENT

To: Stolt Tankers Finance B.V., Westerlaan 5, 3016 CK, Rotterdam, The Netherlands

From: Danish Ship Finance A/S (Danmarks Skibskredit A/S), Sankt Annæ Plads 3, DK-1250 Copenhagen K, Denmark

Dear Sirs,

LOAN AGREEMENT DATED 27 OCTOBER 2005 - USD 225,779,737.18 EXISTING FINANCING AND USD 100,000,000 NEW FINANCING TOP UP TERM LOAN - INTEREST FIXING AGREEMENT
USD [ ] TRANCHE IN RESPECT OF THE M/S STOLT [ ] (THE "TRANCHE")

We confirm that Danish Ship Finance A/S (Danmarks Skibskredit A/S) offers to lock in the USD rate of interest on the abovementioned Tranche in accordance with the e-mail message from you, dated [ ] attached to this letter. Capitalised terms used herein and not defined herein are used with the meanings ascribed to them in the Loan Agreement identified above.

If you wish to lock in the rate of interest for the Tranche, please return this letter indicating the exact period for interest fixing, duly signed by you, which signature shall indicate your acceptance of the following conditions:

1. With binding effect Stolt Tankers Finance B.V. hereby authorizes each of

   Howard J. Merkel
   James R. Johnson, and
   Dennis Conetta

   to enter into an interest rate agreement with Danish Ship Finance A/S (Danmarks Skibskredit A/S) for locking-in the rate of interest.

2. The interest rate agreement may be entered into by phone with Danish Ship Finance A/S (Danmarks Skibskredit A/S), who shall subsequently fax a confirmation to Stolt Tankers Finance B.V.

3. Danish Ship Finance A/S (Danmarks Skibskredit A/S) shall not be liable for any tax consequences for Stolt Tankers Finance B.V. caused by this interest rate agreement. The locking-

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   in has been decided solely by Stolt Tankers Finance B.V. and is not the result of advice from Danish Ship Finance A/S (Danmarks Skibskredit A/S).

4. Stolt Tankers Finance B.V. hereby declares that it will indemnify Danish Ship Finance A/S (Danmarks Skibskredit A/S) on demand for all costs, including Interest Breakage Costs as determined in the sole discretion of Danish Ship Finance A/S (Danmarks Skibskredit A/S) and costs for external assistance in connection with the entering into, funding of, and possible termination for whatever reason, of the interest rate agreement, including if the documentation referred to under item 8 is not agreed upon or duly executed. Transaction gains net of costs for terminating an interest rate agreement shall be for the account of the Borrower.

5. As far as reasonably possible, Danish Ship Finance A/S (Danmarks Skibskredit A/S) shall attempt to fulfil Stolt Tankers Finance B.V. wish to enter into an interest rate agreement immediately; however, Danish Ship Finance A/S (Danmarks Skibskredit A/S) shall not become liable if, for any reason whatsoever, it is not possible to establish an interest rate agreement.

6. This agreement shall be subject to Danish law.

7. Any dispute between Danish Ship Finance A/S (Danmarks Skibskredit A/S) and Stolt Tankers Finance B.V. regarding this agreement shall be submitted to the Maritime and Commercial Court in Copenhagen, Denmark.

8. Stolt Tankers Finance B.V. hereby undertakes to agree to all necessary changes to the existing documentation in respect of the Agreement and the Tranche and sign all such documents as reasonably required by Danish Ship Finance A/S (Danmarks Skibskredit A/S).

9. Stolt Tankers Finance B.V. further agrees to pay all costs related to the necessary changes of the documentation.

10. Otherwise, the terms and conditions of the Loan Agreement identified above remain in full force and effect.

The parties agree to use their best efforts to complete all documents required for the interest rate fixing by [ ].

[Place and date]

Danish Ship Finance A/S
(Danmarks Skibskredit A/S):

Signature: _____
Print Name:
Capacity:

We hereby accept the conditions stated above.

[Place and date]

Stolt Tankers Finance B.V.

Signature: _____
Print Name:
Capacity: Attorney-in-fact

Accepted by us as guarantors for the obligations (amended as above) of Stolt Tankers Finance B.V.:

[Place and date]

The Parent Companies:

Stolt-Nielsen S.A.:

Signature: _____
Print Name:
Capacity:

Stolt-Nielsen Transportation Group Ltd., Liberia:

Signature: _____
Print Name:

Capacity:

Stolt-Nielsen Transportation Group Ltd., Bermuda:

Signature: _____
Print Name:
Capacity:

Stolt-Nielsen Investments N.V.:

Signature: _____
Print Name:
Capacity:

Stolt-Nielsen Holdings B.V.:

Signature: _____
Print Name:
Capacity:

Stolt-Nielsen Transportation Group B.V.:

Signature: _____
Print Name:
Capacity:

The Continuing Shipowning Companies:

Stolt Concept B.V.:

Signature: _____
Print Name:
Capacity:

Stolt Confidence B.V.:

Signature: _____
Print Name:
Capacity:

Stolt Creativity B.V.:

Signature: _____
Print Name:
Capacity:

Stolt Efficiency B.V.:

Signature: _____
Print Name:
Capacity:

Stolt Effort B.V.:

Signature: _____
Print Name:
Capacity:

Stolt Innovation B.V.:

Signature: _____
Print Name:
Capacity:

Stolt Inspiration B.V.:

Signature: _____
Print Name:
Capacity:

For the purpose of Article 1 of the Protocol to the Brussels Convention of 1968 on, *inter alia*, the enforceability of foreign court awards, Stolt-Nielsen S.A. expressly and specifically accepts the jurisdiction clause contained in Clause 7 of the above letter.

Stolt-Nielsen S.A.: Witnessed by:

Signature: _____ _____

Print Name: Print name:

Capacity:

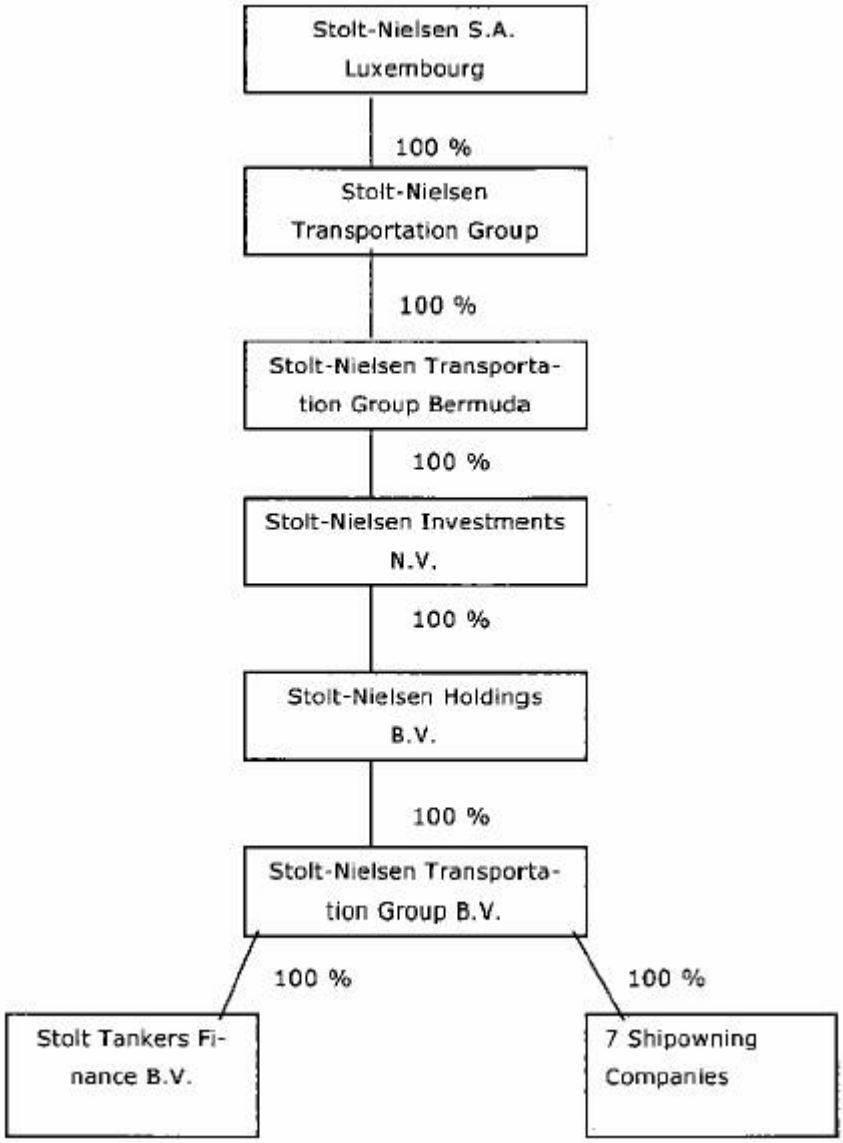
Schedule 14

LIST OF APPROVEED SHIPBROKERS

1. P. F. Bassoe A/S (Norway)
2. Fearnleys (Norway)
3. Steinsland
4. O.K. Maritime
5. Odin
6. Compass
7. Barry Rogliano Salles (France)

Schedule 15

CORPORATE STRUCTURE CHART



27 October 2005
CH/lgu/166246/1209646-9

Exhibit 4.14

KROMANN REUMERT

AMENDMENT NO. 1 TO THE
LOAN AGREEMENT
USD 39,285,714.26

BETWEEN STOLT TANKERS FINANCE B.V.
as Borrower

AND Danish Ship Finance A/S
(Danmarks Skibskredit A/S)
and
DVB Bank A.G.
as Lenders

"M/V Stolt Achievement"
DSF-Loan No. 4153

Dated 27 July 2005

COPENHAGEN ÅRHUS LONDON BRUSSELS
KROMANN REUMERT, LAW FIRM
5 SUNDKROGSGADE, DK-2100 COPENHAGEN Ø, DENMARK, TEL. +45 70 12 12 11, FAX +45 70 12 13 11

CONTENTS

AMENDMENT NO. 1 TO THE
LOAN AGREEMENT

This Amendment No. 1 to the Loan Agreement (the "**Amendment**") is made on 27 July 2005 between:

(1) Stolt Tankers Finance B.V., a Dutch limited liability company with registered address at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "**Borrower**"); and

(2) Danish Ship Finance A/S (Danmarks Skibskredit A/S), with address at Sankt Annæ Plads 3, 1250 Copenhagen, K, Denmark and DVB Bank A.G., acting through its London Office, with address at 80 Cheapside, London EC2V 6EE, UK (together, the "**Lender**").

1. BACKGROUND

1.1 The Loan Agreement. In connection with the implementation of a corporate, organisational and financial restructuring of the corporate group comprised of Stolt-Nielsen S.A. and its direct and indirect subsidiaries, the Borrower and the Lender entered into a USD 39,285,714.26 loan agreement (as amended, the "**Loan Agreement**") dated 20 May 2003 for the purpose of restructuring the financing of the Vessel M/V Stolt Achievement.

1.2 The existing guarantees and undertakings. The Borrower' s obligations under the Loan Agreement are presently guaranteed by the SNSA-Guarantee, the SNTG-LIB Guarantee and the guarantee of the Shipowning Company. In addition, each of SNTG-BER, SNI, SNH and SNTG BV has entered into an undertaking (the "**Undertaking**") in favour of the Lender pursuant to which such companies make certain undertakings related to themselves and the Loan Agreement.

1.3 The parties' agreements. The parties hereto have agreed that: (i) the Loan Agreement shall be amended, among other things, to reduce the Margin, add SNTG-BER, SNI, SNH, SNTG BV as joint guarantors, and implement the other amendments all as set forth below in this Amendment; (ii) each of SNSA, SNTG-LIB, SNTG-BER, SNI, SNH and SNTG BV, as joint guarantors (*selvskuldnerkautionister*), shall enter into a new guarantee of

the full and timely performance of all and any of the Borrower' s obligations under the Loan Agreement; and (iii) that certain amendments shall be made to the Undertaking.

2. DEFINITIONS AND INTERPRETATION

2.1 Incorporation of Loan Agreement definitions. Terms defined in the Loan Agreement shall have the same meaning when used in this Amendment unless otherwise stated herein or the context otherwise requires.

2.2 Interpretation. In this Amendment, unless the context otherwise requires

(a) words denoting the singular number shall include the plural and *vice versa*; and

(b) references to a "person" includes any person, individual, firm, partnership, joint venture, company, corporation, trust, fund, body corporate, unincorporated body of persons, or any state or any agency of a state or association (whether or not having separate legal personality).

2.3 Clause Headings. In this Amendment clause headings are for ease of reference only.

3. AMENDMENTS TO THE LOAN AGREEMENT

3.1 Clause 2 (Definitions).

(i) *Definition of "Margin".* The definition of "Margin" in Clause 2 of the Loan Agreement is amended to read in its entirety as follows:

""*Margin" means, commencing from 1 June 2005, 0.85% p.a. (point eight five per cent per annum), to be calculated by the Agent with respect to the Loan.*"

(ii) *Definition of "Guarantor".* The definition of "Guarantor" in Clause 2 of the Loan Agreement is amended to read in its entirety as follows:

"Guarantor" means each of the Parent Companies and the Shipowning Company.

(iii) *Definitions of "Parent Companies" and "Parent Companies Guarantee".* The following definitions are added to Clause 2 of the Loan Agreement in the appropriate alphabetical order:

" *"Parent Companies" means SNSA, SNTG-LIB, SNTG-BER, SNI, SNH and SNTG BV.*

"Parent Companies Guarantee" means an unlimited, unconditional and irrevocable guarantee issued by the Parent Companies in respect of the Borrower's obligations under this Agreement."

(iv) *Deletion of definitions*. The definitions "SNSA-Guarantee" and "SNTG-LIB Guarantee" are deleted from the Loan Agreement.

3.2 Clause 15.1.5 (Security - Guarantees). Clause 15.1.5 of the Loan Agreement is amended to read in its entirety as follows:

"15.1.5 The Parent Companies Guarantee (Schedule 5)."

Schedule 5a (*SNSA-Guarantee*) and Schedule 5b (*SNTG-LIB-Guarantee*) of the Loan Agreement are deleted in their entirety and replaced by the Parent Companies Guarantee (in the form attached to this Amendment as Schedule 1) which shall become Schedule 5 to the Loan Agreement.

3.3 Clause 19 (Representations and Warranties).

(i) *Clause 19.1*. Clause 19.1 of the Loan Agreement is amended to read in its entirety as follows:

"19.1 The Borrower, the Shipowning Company, and the Parent Companies each represents and warrants as follows:"

(ii) *Clause 19.1.9*. Clause 19.1.9 of the Loan Agreement is amended to read in its entirety as follows:

"19.1.9 The obligations of the Borrower under the Loan Agreement, the obligations of the Shipowning Company under the guarantee issued by it and the obligations of each of the Parent Companies under the Parent Companies Guarantee rank at least pari passu with the claims of the Borrower's, the Shipowning Company's and the Parent Companies' unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;"

(iii) *Clause 19.1.11*. The introductory phrase to Clause 19.1.11 of the Loan Agreement is amended to read in its entirety as follows:

"*The following applies in respect of the Shipowning Company:*"

(iv) New *Clause 19.1.11A*. The following new Clause 19.1.11A is added to the Loan Agreement after Clause 19.1.11:

"*19.1.11A The following applies in respect of each of the Parent Companies:*

a) It is a company duly formed and validly existing under the laws of its incorporation;

b) No pledge or other security interest exists in respect of its shares and its dividend-payments;

c) It has not incurred any Consolidated Debt, except for debt between any members of the Stolt-Nielsen S.A. group of companies and debt which is either subordinated to or ranks pari-passu with the Indebtedness;

d) All and any of its present or future claims against the Borrower, the Shipowning Company, or any of the Parent Companies are fully subordinated to the claims of the Lender hereunder;

e) *It will not take, or cause to be taken, any action, which may give rise to an Event of Default hereunder.*"

(v) *Clause 19.1.12*. The first sentence of Clause 19.1.12 is amended to read in its entirety as follows:

"*All and any of the Borrower's, the Shipowning Company's, and each of the Parent Companies' present or future claims (whether for payment of dividend, loan capital or otherwise) against each other are fully subordinated to (and shall not compete with) the claims of the Lender hereunder."*

3.4 Clause 20 (Further Undertakings of the Borrower).

(i) *Clause 20.1*. Clause 20.1 of the Loan Agreement is amended to read in its entirety as follows:

"20.1 The Borrower, the Shipowning Company, and the Parent Companies each undertake with the Lender that as long as any Indebtedness is outstanding, the Borrower shall:"

(ii) *Clause 20.1.1(iii)*. Clause 20.1.1(iii) of the Loan Agreement is amended by the removal of the word "*audited*" from the first line thereof and by the addition of the following parenthetical expression at the end thereof:

"*(for the time being and until further notice, the Lender has waived the Borrower's performance of this undertaking);*"

3.5 Clause 22 (Events of Default).

(i) *New Clause 22.1.5A*. A new Clause 22.1.5A is added to the Loan Agreement after Clause 22.1.5 as follows:

"22.1.5A any loan, debt or other obligation of any of the Parent Companies in respect of borrowed money in excess of $7,500,000 shall become due and/or declared due and payable and shall not then be paid, or other debts

of the Parent Companies shall not be paid when due, unless in the Agent's reasonable opinion contested in good faith by the relevant Parent Company and appropriate provision is made; or"

(ii) *Clause 22.1.7*. Clause 22.1.7 is amended to read in its entirety as follows:

"22.1.7 the Shipowning Company shall be in default under its guarantee or any Parent Company shall be in default under the Parent Companies Guarantee, and such default shall continue unremedied for 10 calendar days after the Agent shall have given the Borrower notice of such default;"

4. OTHER PROVISIONS REMAIN EFFECTIVE

4.1 Except as specifically set forth in Clause 3 of this Amendment, the Loan Agreement shall remain valid and effective in accordance with its terms.

5. EFFECTIVE DATE

5.1 The amendments to the Loan Agreement contained in this Amendment shall become effective as of the date on which all of the following conditions precedent are, in the sole discretion of the Agent, satisfied:

(i) each of the parties whose names appears on the signature pages to this Amendment has duly executed this Amendment;

(ii) each of the Parent Companies has duly executed the Parent Companies Guarantee;

(iii) each of the parties to the Undertaking has duly executed the amendment thereto substantially in the form of amendment set forth in Schedule 2 hereto;

(iv) certified copies of the certificates of incorporation, articles of association and by-laws of the Borrower, each of the Parent Companies and the Shipowning Company have been delivered to the Agent, or, in cases where the versions of such documents previously delivered to the Agent remain current, certificates to this effect duly signed by the appropriate corporate officer have been delivered to the Agent;

(v) certified copies of minutes of the board of directors meetings of each of the Parent Companies authorising and approving the execution by it of the Parent Companies Guarantee have been delivered to the Agent;

(vi) original powers of attorney, if any, in favour of the persons signing this Amendment, the Parent Companies Guarantee or the amendment to the Undertaking on behalf of the Borrower, the Shipowning Company or any of the Parent Companies have been delivered to the Agent;

(vii) a specimen signatures certificate in respect of the persons signing this Amendment, the Parent Companies Guarantee or the amendment to the Undertaking on behalf of the Borrower, the Shipowning Company or any of the Parent Companies have been delivered to the Agent;

(viii) the Borrower, the Parent Companies, and the Shipowning Company have delivered to the Agent such financial and other information and evidence as the Agent may have specifically requested;

(ix) legal opinions, in form and substance satisfactory to the Agent, in respect of the Parent Companies, this Amendment, the Parent Companies Guarantee and the amendment to the Undertaking from Luxembourg counsel, Liberia counsel,

Bermuda counsel, Netherlands Antilles counsel, Dutch counsel and Kromann Reumert (as to this Amendment, the Parent Companies Guarantee and the amendment to the Undertaking) have been provided to the Agent; and

(x) the Agent has received evidence satisfactory to it that the following agreements in respect of borrowed money have been terminated by way of full repayment of amounts outstanding thereunder or amended in a manner similar to the amendments made to the Loan Agreement by this Amendment:

1. FACILITY AGREEMENT Dated: 30 March 2004 BETWEEN STOLT-NIELSEN TRANSPORTATION GROUP LTD., Liberia (as Borrower), STOLT-NIELSEN S.A. (as Guarantor), the banks and financial institutions listed in Schedule 1 thereto, SCHIFFSHYPOTHEKENBANK ZU LÜBECK AG acting as facility agent, SCHIFFSHYPOTHEKENBANK ZU LÜBECK AG acting as security trustee, the banks and financial institutions listed in Schedule 2 Part A thereto, each acting as a joint lead arranger, the banks and financial institutions listed in Schedule 2 Part B thereto, each acting as a joint arranger, and DEUTSCHE SCHIFFSBANK AG acting as co-arranger.

2. AMENDED AND RESTATED FACILITY AGREEMENT Dated 19 July 2001 BETWEEN STOLT-NIELSEN TRANSPORTATION GROUP LTD., Liberia (as Borrower); STOLT-NIELSEN S.A. (as Guarantor), the banks and financial institutions listed in Schedule 1 thereto, HSBC INVESTMENT BANK PLC, acting as facility agent, HSBC BANK PLC acting as security trustee the banks and financial institutions listed in Schedule 2 thereto, each acting as a joint arranger, the banks and financial institutions listed in Schedule 3 thereto, each acting as a syndication agent and joint book manager, and NORDEA, acting as documentation agent.

Notwithstanding the fact that the above conditions precedent were not satisfied as of 1 June 2005, the Margin applicable to the Loan, as indicated in Clause 3.1(i) above, shall be 0.85% p.a. (zero point eight five per cent per annum) commencing from 1 June 2005.

6. LAW AND JURISDICTION

6.1 Law. This Amendment shall be governed by Danish law.

6.2 Main jurisdiction. Any dispute arising out of or in connection with this Amendment shall be settled by the Maritime and Commercial Court in Copenhagen (*Sø- og Handelsretten i København*). This shall, however, not limit the right of the Agent or the Lender to initiate proceedings against the Borrower, any of its assets or any of the Securities in any other competent jurisdiction. Any decision of the Maritime and Commercial Court in Copenhagen, Denmark may be appealed to the Danish Supreme Court.

The Parties have entered into this Amendment on the date set forth in the beginning of this Amendment.

As Borrower,

Stolt Tankers Finance B.V:

Signature: /s/ John E. Greenwood
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

As Lender and Agent:

Danish Ship Finance A/S
(Danmarks Skibskredit A/S):

Signature:	/s/ Erik I. Lassen	/s/ Morten Snede Larsen
Print Name:	Erik I. Lassen	Morten Snede Larsen
Capacity:	S.V.P.	A.V.P.

As Lender:

DVB Bank A.G., acting through its London representative office:

Signature: /s/ Christian Hennings
Print Name: Christian Hennings
Capacity: Attorney-in-fact

As joint guarantors (*selvskyldnerkautionister*) for the full and timely performance of all and any of the Borrower' s obligations under the Loan Agreement (becoming such by way of execution of the Parent Companies Guarantee):

The Parent Companies:

Stolt-Nielsen S.A.:

Signature: /s/ John E. Greenwood
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group Ltd., Liberia:

Signature: /s/ John E. Greenwood
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group Ltd., Bermuda:

Signature: /s/ John E. Greenwood
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Investments N.V.:

Signature: /s/ John E. Greenwood

Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Holdings B.V.:

Signature: /s/ John E. Greenwood
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group B.V.:

Signature: /s/ John E. Greenwood
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

The Shipowning Company:

On 20 May 2003, the Shipowning Company issued a guarantee in favour of the Lender pursuant to which it guaranteed the obligations of the Borrower under the Loan Agreement. By its signature below, the Shipowning Company acknowledges the terms of this Amendment and confirms that the guarantee issued by it remains in full force and effect in respect of the obligations of the Borrower under the Loan Agreement, as amended by this Amendment.

Stolt Achievement B.V.:

Signature: /s/ John E. Greenwood
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

For the purpose of Article 1 of the Protocol to the Brussels Convention of 1968 on, *inter alia*, the enforceability of foreign court awards, Stolt-Nielsen S.A. expressly and specifically accepts the jurisdiction clause contained in Clause 6.2 of this Amendment No. 1 to the Loan Agreement.

Stolt-Nielsen S.A.:

/s/ John E. Greenwood
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Witnessed by:

/s/ Walter H. Lion

GUARANTEE

(“SELVSKYLDNERKAUTION”)

THIS GUARANTEE, dated 29 July 2005 (the "**Guarantee**") is made by the following companies (collectively, the "**Guarantors**"), as joint and several Guarantors:

(1) Stolt-Nielsen S.A., a company duly incorporated and existing under the laws of the Grand Duchy of Luxembourg, with registered address at 23 avenue Monterey, L-2086 Luxembourg ("**SNSA**");

(2) Stolt-Nielsen Transportation Group Ltd, Liberia, a company duly incorporated and existing under the laws of Liberia, with registered address at 80 Broad Street, Monrovia, Liberia ("**SNTG-LIB**");

(3) Stolt-Nielsen Transportation Group Ltd., Bermuda, a Bermuda exempted limited liability company with registered address at Clarendon House, 2 Church Street, Hamilton HM11 Bermuda (the "**SNTG-BER**");

(4) Stolt-Nielsen Investments N.V., a Netherlands Antilles limited liability company with registered address at De Ruyterkade, Curacao, Netherlands Antilles (the "**SNI**");

(5) Stolt-Nielsen Holdings B.V., a Dutch limited liability company with registered address at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "**SNH**");

(6) Stolt-Nielsen Transportation Group B.V., a Dutch limited liability company with registered address at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "**SNTG BV**");

in favour of Danish Ship Finance A/S (Danmarks Skibskredit A/S) and DVB Bank A.G., acting through its London Representative Office (jointly, the "**Lender**"). Capitalised terms used herein and not otherwise defined herein shall have the meaning set forth in the Loan Agreement between Stolt Tankers Finance B.V. (the "**Borrower**") and the Lender.

WHEREAS:

(A) The Loan Agreement. In connection with the implementation of a corporate, organisational and financial restructuring of the corporate group comprised of Stolt-Nielsen S.A. and its

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direct and indirect subsidiaries, the Borrower and the Lender entered into a USD 39,285,714.26 loan agreement (as may be amended from time to time, the "**Loan Agreement**") dated 20 May 2003 for the purpose of restructuring the financing of the Vessel M/V Stolt Achievement owned by the Shipowning Company. The Loan Agreement, prior to its amendment by the Amendment (as defined below), required SNSA and SNTG-LIB to guarantee the obligations of the Borrower thereunder and each such company entered into a guarantee for this purpose in favour of the Lender dated 20 May 2003 (collectively, the "**Old Guarantees**").

(B) The Amendment. On 27 July 2005, Amendment No. 1 to the Loan Agreement (the "**Amendment**") was executed by the relevant parties. The Amendment provides, among other things, that (i) the Margin shall be reduced as of 1 June 2005, (ii) each of the Guarantors, as joint guarantors (*selvskuldnerkautionister*), shall enter into this Guarantee, and (iii) the Parent Companies shall be permitted to incur debt to unrelated parties subject to the terms set forth herein and therein.

(C) Corporate structure. The Borrower and the Shipowning Company is a 100 per cent owned subsidiary of SNTG BV, which is a 100 per cent owned subsidiary of SNH, which is a 100 per cent owned subsidiary of SNI, which is a 100 per cent owned subsidiary SNTG-BER, which is a 100 per cent owned subsidiary of SNTG-LIB, which is a 100 per cent owned subsidiary of SNSA.

(D) This Guarantee as a condition precedent to the Amendment. It is a condition precedent to the effectiveness of the Amendment that each of the Guarantors executes and delivers this Guarantee.

NOW, THEREFORE, in consideration of the premises and for other valuable consideration, the receipt and adequacy of which the Guarantors hereby acknowledge, each of the Guarantors hereby agrees as follows:

Each of the Guarantors hereby guarantees, jointly and severally, in favour of the Lender, as *selvskyldnerkautionist* (as such term is defined pursuant to Danish law), the full and punctual payment and performance when due (whether at the stated maturity, upon acceleration or

otherwise) of all amounts payable by, and all other obligations to be performed by, the Borrower under the Loan Agreement, whether now due or hereafter arising. However, for the purpose of this Guarantee only, all obligations of the Borrower to perform specific obligations (other than the obligation to make payments) shall by the Lender be converted into an obligation to pay an amount fixed by the Lender in its sole discretion. Consequently, the obligations of the Guarantors hereunder shall be limited to the payment of amounts.

Upon failure by the Borrower to pay any amount as and when the same is due under the terms of the Loan Agreement, the Guarantors, forthwith on demand, shall pay the amount which the Borrower failed to pay, in immediately available funds and without set-off, deduction, withholdings or counterclaim at the place specified in the Loan Agreement.

The obligations of the Guarantors hereunder shall be irrevocable, unconditional and absolute without regard to:

a) any extensions, renewals, settlements, compromises, indulgences, waivers or releases in respect of any obligation of the Borrower or any other party thereto under the Loan Agreement or under any Securities;

b) any modification or amendment of or supplement to the Loan Agreement;

c) any release, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower or any other party thereto under the Loan Agreement;

d) any change in the corporate existence, structure or ownership of, or any insolvency, bankruptcy, reorganisation or other similar proceedings affecting the Borrower, any of the Guarantors or any other party to the Loan Agreement or any of their respective assets; or

e) any invalidity or unenforceability (for any reason relating to or against the Borrower or any other party thereto), of the Loan Agreement or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower or to reduce or otherwise limit the obligation of the Borrower under the Loan Agreement or the Securities.

The Guarantors' obligations hereunder shall remain in full force and effect until the amounts payable by the Borrower under the Loan Agreement have been paid in full and all obligations of the Borrower thereunder have been performed in full. If, at any time, any amount paid by the Borrower under the Loan Agreement is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganisation of the Borrower or otherwise, the Guarantors' obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made.

In the event of the Borrower' s default under the Loan Agreement, the Guarantors shall promptly remedy such default.

The Guarantors waive any right they may have of first requiring the Lender to proceed against or enforce any security of, or claim payment from, the Borrower or any other person.

Each of the Guarantors confirms that its rights of subrogation and rights to proceed against the Borrower (including without limitation the right to initiate legal proceedings against the Borrower and the right to claim dividends from the Borrower' s estate), the Shipowning Company or any of the other Guarantors, the Securities and any securities established by the Borrower in our favour are subordinated to the Lender' s rights against the Borrower and under the Securities. Each of the Guarantors agrees that it shall not exercise any such right unless either the Indebtedness has been paid in full or the Lender' s prior written approval (which may be given or withheld at the Lender' s discretion) is obtained.

Each of the Guarantors confirms that it holds free and unencumbered title to the shares in its direct subsidiary, as set forth in Whereas paragraph (C) and agrees and undertakes that it will not, without first having obtained the Lender' s prior written approval (which may be

given or withheld at the Lender' s discretion), sell any of such shares or grant or allow a third party to obtain a security interest therein, or make or permit to be made any other changes to the structure of the Stolt-Nielsen group as described in paragraph (C). Each of the Guarantors is aware of the guarantee of the Indebtedness provided by the Shipowning Company and of the undertakings, as amended, given by SNTG-BER, SNI, SNH and SNTG BV as contemplated by Schedule 6 to the Loan Agreement and by the Amendment. Each of the Guarantors undertakes to perform its rights and duties as a holding company and shareholder with a view to enabling each of the other Guarantors, the Borrower, and the Shipowning Company to comply with their guarantees and undertakings set forth in the Loan Agreement and the Securities, as amended.

This Guarantee is not assignable except, in whole or part, to any bank or financial institution which takes a participation in the Loan.

This Guarantee shall be governed by and construed according to Danish law.

Any dispute hereunder shall be settled by the Maritime and Commercial Court in Copenhagen, Denmark, with right of appeal to the Danish Supreme Court. This shall, however, not limit the right of the Lender to initiate proceedings against any of the Guarantors or any of their respective assets in any other competent jurisdiction.

The obligations of SNSA and SNTG-LIB under this Guarantee are a continuation without interruption of their respective obligations under the Old Guarantees.

Signed, sealed, delivered and executed as a deed:

Stolt-Nielsen S.A.: Witnessed by:

Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group Ltd., Liberia Witnessed by:

Signature:
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

SIGNED as a DEED on behalf of
STOLT-NIELSEN TRANSPORTATION GROUP LTD
by John E. Greenwood being a person who is
acting under power of attorney granted by that company

Signature:
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Investments N.V.: Witnessed by:

Signature: _____ _____

Print Name: John E. Greenwood

Capacity: Attorney-in-fact

Stolt-Nielsen Holdings B.V.: Witnessed by:

Signature: _____ _____

Print Name: John E. Greenwood

Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group B.V.: Witnessed by:

Signature: _____ _____

Print Name: John E. Greenwood

Capacity: Attorney-in-fact

For the purpose of Article 1 of the Protocol to the Brussels Convention of 1968 on inter alia the enforceability of foreign court awards, Stolt-Nielsen S.A. expressly and specifically accepts the jurisdiction clause contained in the last paragraph of the Guarantee.

Stolt-Nielsen S.A.: Witnessed by:

_____ _____

Print Name: John E. Greenwood

Capacity: Attorney-in-fact

AMENDMENT NO. 1 TO UNDERTAKINGS
BY INTEMEDIARY SN-COMPANIES

Made in connection with the USD 39,285,714.26

BETWEEN STOLT TANKERS FINANCE B.V.
as Borrower

AND Danish Ship Finance A/S
(Danmarks Skibskredit A/S)
and
DVB Bank A.G.

as Lenders

"M/V Stolt Achievement"
DSF-Loan No. 4153

Dated 27 July 2005

COPENHAGEN ÅRHUS LONDON BRUSSELS
KROMANN REUMERT, LAW FIRM
5 SUNDKROGSGADE, DK-2100 COPENHAGEN Ø, DENMARK, TEL. +45 70 12 12 11, FAX +45 70 12 13 11

CONTENTS

AMENDMENT NO. 1 TO UNDERTAKINGS BY INTERMEDIARY SN-COMPANIES

This Amendment No. 1 to the Undertakings by Intermediary SN-Companies (the "**Amendment** ") is made on 27 July 2005 between:

(1) Stolt-Nielsen Transportation Group Ltd., Bermuda, a Bermuda exempt limited liability company with registered address at Clarendon House, 2 Church Street, Hamilton HM11 Bermuda (the "**SNTG-BER**");

(2) Stolt-Nielsen Investments N.V., a Netherlands Antilles limited liability company with registered address at De Ruyterkade, Curacao, Netherlands Antilles (the "**SNI**");

(3) Stolt-Nielsen Holdings B.V., a Dutch limited liability company with registered address at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "**SNH**");

(4) Stolt-Nielsen Transportation Group B.V., a Dutch limited liability company with registered address at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (the "**SNTG BV**"); and

(5) Danish Ship Finance A/S (Danmarks Skibskredit A/S), with address at Sankt Annæ Plads 3, 1250 Copenhagen, K, Denmark and DVB Bank A.G., acting through its London Office, with address at 80 Cheapside, London EC2V 6EE, UK (together, the "**Lender**").

1. BACKGROUND

1.1 The Loan Agreement and the Undertaking. In connection with the implementation of a corporate, organisational and financial restructuring of the corporate group comprised of Stolt-Nielsen S.A. and its direct and indirect subsidiaries, Stolt Tankers Finance B.V. (the "**Borrower**") and the Lender entered into a USD 39,285,714.26 loan agreement (as may be amended from time to time,

the "**Loan Agreement**") dated 20 May 2003 for the purpose of restructuring the financing of the Vessel M/V Stolt Achievement owned by the Shipowning Company. In connection with the Loan Agreement, the parties

hereto executed a document entitled *Undertakings by intermediary SN-companies* (the "**Undertaking**").

1.2 Loan Agreement Amendment and this Amendment. On the date hereof the Loan Agreement is being amended by way of the execution of Amendment No. 1 thereto (the "**Loan Agreement Amendment**"). It is a condition precedent to the effectiveness of the amendments to the Loan Agreement set forth in Amendment No. 1 thereto that the parties to the Undertaking enter into this Amendment.

2. AMENDMENTS TO THE UNDERTAKING

2.1 Paragraph 3 (*Confirmation of terms of Loan Agreement, no implication of guarantee of Borrower's obligations under the Loan Agreement*). In view of the fact that pursuant to the Loan Agreement Amendment, each of SNTG-BER, SNI, SNH and SNTG BV is required to guarantee the obligations of the Borrower under the Loan Agreement, the proviso at the end of paragraph 3 shall be deleted.

2.2 Paragraph 4(c) (Undertaking not to incur, secure or guarantee any extra-group Consolidated Debt). In view of the fact that pursuant to the Loan Agreement Amendment, SNTG-BER, SNI, SNH and SNTG BV are no longer restricted from incurring debt which is either subordinated to or ranks pari-passu with the Indebtedness, Paragraph 4(c) of the Undertaking is amended to read in its entirety as follows:

"c) it has neither incurred, secured or guaranteed and will not incur, secure or guarantee, any Consolidated Debt except for debt between any members of the Stolt-Nielsen S.A. group of companies and debt which is either subordinated to or ranks pari-passu with the Indebtedness."

3. OTHER PROVISIONS REMAIN EFFECTIVE

3.1 Except as specifically set forth in Clause 2 of this Amendment, the Undertaking shall remain valid and effective in accordance with its terms.

4. EFFECTIVE DATE

4.1 This Amendment shall become valid and effective on the date on which the Loan Agreement Amendment becomes valid and effective.

5. LAW AND JURISDICTION

5.1 Law. This Amendment shall be governed by Danish law and any dispute arising hereunder shall be settled by the Maritime and Commercial Court in Copenhagen (*Sø- og Handelsretten i København*) with right of appeal to the Danish Supreme Court.

The Parties have entered into this Amendment on the date set forth in the beginning of this Amendment.

Stolt-Nielsen Transportation Group Ltd., Bermuda:

Signature: _____
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Investments N.V.:

Signature: _____
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Holdings B.V.:

Signature: _____
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

Stolt-Nielsen Transportation Group B.V.:

Signature: _____
Print Name: John E. Greenwood
Capacity: Attorney-in-fact

As Lender:

Danish Ship Finance A/S
(Danmarks Skibskredit A/S):

Signature: _____ _____
Print Name: Erik I. Lassen Morten Snede Larsen
Capacity: S.V.P. A.V.P.

DVB Bank A.G., acting through its London Representative Office:

Signature: _____
Print Name: Christian Hennings
Capacity: Attorney-in-fact

Exhibit 4.15

TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT
PROVIDING FOR
US$150,000,000
SENIOR SECURED CREDIT FACILITIES

STOLTHAVEN HOUSTON INC.
and
STOLTHAVEN NEW ORLEANS LLC,
as Borrowers,

DNB NOR BANK ASA,
acting through its New York Branch, as
Administrative Agent and Collateral Agent,

the Banks and Financial Institutions
identified on Schedule 1, as Lenders,

and

STOLT-NIELSEN S.A.
and
STOLT-NIELSEN TRANSPORTATION GROUP LTD.
as Joint and Several Guarantors

as of August 13, 2004

CONTENTS

TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT

THIS TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT (this "Agreement") is made as of the 13th day of August, 2004, by and among (1) STOLTHAVEN HOUSTON INC., a corporation incorporated under the laws of the State of Texas ("Stolthaven Houston") and STOLTHAVEN NEW ORLEANS LLC, a limited liability company organized under the laws of the State of Louisiana ("Stolthaven New Orleans"), as joint and several borrowers (collectively, the "Borrowers" and each a "Borrower"), (2) the banks and financial institutions listed on Schedule 1, as lenders (together with any bank or financial institution which becomes a Lender pursuant to Section 10, the "Lenders"), and (3) DNB NOR BANK ASA, acting through its New York Branch, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Lenders (in such capacity, the "Collateral Agent" and together with the Administrative Agent, the "Agents" and each an "Agent") and as arranger for the Lenders.

WITNESSETH THAT:

WHEREAS, at the request of the Borrowers, each of the Agents has agreed to serve in its respective capacity under the terms of this Agreement and the Lenders have agreed to provide to the Borrowers a secured term loan in the amount of up to One Hundred Fifty Million Dollars (US$150,000,000) (the "Term Loan") and a secured revolving credit facility in the amount of up to Twenty Million

Dollars (US$20,000,000) (the "Revolver" and together with the Term Loan, the "Credit Facilities"), which Credit Facilities shall not in the aggregate exceed US$150,000,000 in principal amount outstanding at any given time.

NOW, THEREFORE, in consideration of the premises set forth above, the covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as set forth below:

1. DEFINITIONS

1.1 Definitions. Capitalized terms used as defined terms but not otherwise defined in this Agreement shall have the meaning attributed to them in Appendix A hereto.

1.2 Computation of Time Periods; Other Definitional Provisions. In this Agreement, the Notes and the Security Documents, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; words importing either gender include the other gender; references to "writing" include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections), exhibits, annexes or schedules are to this Agreement, the Notes or such Security Document, as applicable; references to agreements and other contractual instruments (including this Agreement, the Notes and the Security Documents) shall be deemed to include all subsequent amendments, amendments and restatements, supplements, extensions, replacements and other modifications to such instruments (without, however, limiting any prohibition on any

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such amendments, extensions and other modifications by the terms of this Agreement, the Notes or any Security Document); references to any matter that is "approved" or requires "approval" of a party shall mean approval given in the sole and absolute discretion of such party unless otherwise specified.

1.3 Accounting Terms. Unless otherwise specified herein, all accounting terms used in this Agreement, the Notes and in the Security Documents shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to any Agent or to the Lenders under this Agreement shall be prepared, in accordance with GAAP.

1.4 Certain Matters Regarding Materiality. To the extent that any representation, warranty, covenant or other undertaking of any Security Party in this Agreement is qualified by reference to those which are not reasonably expected to result in a "Material Adverse Effect" or language of similar import, no inference shall be drawn therefrom that any Agent or Lender has knowledge or approves of any noncompliance by any Security Party with any governmental rule.

1.5 Forms of Documents. Except as otherwise expressly provided in this Agreement, references to documents or certificates "substantially in the form" of Exhibits to another document shall mean that such documents or certificates are duly completed in the form of the related Exhibits with substantive changes subject to the provisions of Section 17.6 of this Agreement, as the case may be, or the correlative provisions of the Security Documents.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties. In order to induce the Agents and the Lenders to enter into this Agreement and to induce the Lenders to grant the Credit Facilities, the Borrowers hereby, jointly and severally, represent and warrant to the Agents and the Lenders (which representations and warranties shall survive the execution and delivery of this Agreement) that:

(a) Due Organization and Power. each Security Party is duly formed and is validly existing and, to the extent that such concept exists, in good standing under the laws of its jurisdiction of incorporation or formation, has full power to carry on its business as now being conducted to own and mortgage its properties and to enter into and perform its obligations under this Agreement, the Notes and the Security Documents to which it is a party, and has complied with all statutory, regulatory and other requirements other than those that would not have a Material Adverse Effect and each Security Party is duly qualified to do business and is in good standing in its jurisdiction of formation or organization and in each other jurisdiction in which its business is being conducted, except where such failure would not have a Material Adverse Effect.

(b) Authorization and Consents. all necessary corporate action has been taken to authorize, and all necessary consents and authorities have been obtained and remain in full force and effect to permit, each Security Party to enter into and perform its obligations under this Agreement, the Notes and the Security Documents and, in the case of the Borrowers, to own and mortgage the Terminals and to borrow, service and repay the Credit Facilities and, as of the date of this Agreement, no further consents or authorities are necessary for the service and repayment of the Advances or any part thereof. All Governmental Action required in connection with the

execution and delivery of, and performance by the Security Parties of their obligations under, this Agreement, the Notes and the Security Documents has been obtained, given or made.

(c) Binding Obligations. this Agreement, the Notes and the Security Documents constitute or will, when executed and delivered, constitute the legal, valid and binding obligations of each Security Party as is a party thereto enforceable against such Security Party in accordance with their respective terms, except to the extent that such enforcement may be limited by equitable principles, principles of public policy or applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors' rights.

(d) No Violation. the execution and delivery of, and the performance of the provisions of, this Agreement, the Notes and those of the Security Documents to which it is to be a party by each Security Party do not contravene any Applicable Law existing at the date hereof or any contractual restriction binding on such Security Party or the certificate of incorporation or by-laws (or equivalent instruments) thereof and that the proceeds of the Credit Facilities shall be used by the Borrowers exclusively for their own account or for the account of a Subsidiary or Affiliate of the Borrowers; the use of the Terminals does not violate in any material manner Applicable Law, including Environmental Laws, or any Governmental Action; no notice, notification, demand, request for information, citations, summons, complaint or order has been issued or filed to or with respect to any Security Party, no penalty has been assessed on any Security Party and no investigation or review is pending or, to its best knowledge, threatened by any Governmental Authority or other Person in each case relating to the Terminals with respect to any alleged material violation or liability of any Security Party under any Environmental Law; the Security Parties are not aware of (x) any material notice, notification, demand, request for information, citations, summons, complaint or order that has been issued or filed to or with respect to any other Person, (y) any material penalty has been assessed on any other Person or (z) any investigation or review pending or threatened by any Governmental Authority or other Person relating to the Terminals with respect to any alleged material violation or liability under any Environmental Law by any other Person.

There are no present or, to any Security Party' s best knowledge, past facts, circumstances, activities, events, conditions or occurrences regarding the Terminals (including without limitation the Release or presence of Hazardous Materials) that could reasonably be anticipated to (A) form the basis of a material Claim against the Terminals, any Creditor or any Security Party, (B) cause the Terminals to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law, (C) require the filing or recording of any notice or restriction relating to the presence of Hazardous Materials in the real estate records in the county or other appropriate municipality in which a Terminal is located, or (D) prevent or interfere with the continued operation and maintenance of the Terminals as contemplated by this Agreement, the Notes and the Security Documents.

(e) Event of Loss; Eminent Domain. since January 29, 1998, no Event of Loss has occurred; no event or condition has occurred which would, with the passage of time or the giving of notice, or both, constitute an Event of Loss; and no damage, loss, condemnation, confiscation, theft or seizure has occurred with respect to the Terminals, or any portion thereof, which would result in the potential for any other party to this Agreement, the Notes or the Security Documents to fail to consummate the transactions contemplated hereby; there is no action pending or, to the

knowledge of any Security Party, threatened by any Governmental Authority or other person to initiate a taking or use of the Terminals or any part or portion thereof through condemnation, seizure, requisition of title, power of eminent domain or otherwise.

(f) Certificates, Permits. each Borrower has obtained and is in compliance with all Governmental Actions and all certificates, licenses, and permits, required from all Governmental Authorities or from private parties, for the normal use and operation of the Terminals (including, without limitation, those required for the use, treatment, storage, transport, disposal or disposition of any Hazardous Materials on, at, under or from the Terminals) that the failure to obtain or comply with could reasonably be expected to have a Material Adverse Effect and all such certificates, licenses, permits and the like will be in full force and effect on the Closing Date.

(g) Filings; Stamp Taxes. other than the recording of the Mortgages with the appropriate authorities in the states in which each of the Terminals is located, the filing of UCC Financing Statements in Texas and Louisiana, and the payment and filing or recording fees consequent thereto, it is not necessary for the legality, validity, enforceability or admissibility into evidence of this Agreement, the Notes or the Security Documents that any of them or any document relating thereto be registered, filed, recorded or enrolled with any court or authority in any relevant jurisdiction or that any stamp, registration or similar Taxes be paid on or in relation to this Agreement, the Notes or any of the Security Documents.

(h) Litigation. except as disclosed on Schedule (2), no action, suit or proceeding is pending or to the knowledge of any Security Party threatened against any Security Party or any Subsidiary or a Terminal before any court, board of arbitration or administrative agency that (i) might question the validity or enforceability of this Agreement, the Notes or the Security Documents to which any Security Party is or is to become a party or (ii) if adversely determined, could (whether individually or when aggregated with other actions, suits or proceedings) be reasonably expected to have a Material Adverse Effect; no Security Party is in default with respect to any order of any Governmental Authority.

(i) Use of Proceeds. none of the transactions contemplated by this Agreement, the Notes or the Security Documents will result in a violation of Section 7 of the Act or any regulations issued pursuant thereto, including, without limitation, Regulations G, T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II.

(j) Title. on the Closing Date, each Borrower will have good, marketable and indefeasible title to the Terminal owned by it subject only to Permitted Liens (including the claims and easements indicated on the description thereof annexed hereto).

(k) No Default. no Event of Default nor any event which with the lapse of time, the giving of notice or both would become an Event of Default has occurred; no Security Party is a party to any agreement or instrument or subject to any charter or other corporate restriction affecting its business, properties, financial condition, prospects or results of operations that could reasonably be expected to have a Material Adverse Effect; no Security Party is in default in, nor has any non-permanent waiver been granted to any Security Party with respect to the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could be reasonably expected

to have a Material Adverse Effect or (ii) any other agreement or instrument evidencing or governing an outstanding principal amount of indebtedness equal to or in excess of One Million Dollars (US$1,000,000) for the Borrowers and Five Million Dollars (US$5,000,000) for the Guarantors.

(l) Financial Information. on or prior to the date hereof, all financial statements, information and other data furnished by any Security Party to the Administrative Agent are complete and correct, such financial statements have been prepared in accordance with GAAP and accurately and fairly present the financial condition of the parties covered thereby as of the respective dates thereof and the results of the operations thereof for the period or respective periods covered by such financial statements, and, since the date of the financial statements most recently delivered to the Administrative Agent, there has been no Material Adverse Effect as to any of such parties and none thereof has any contingent obligations, liabilities for taxes or other outstanding financial obligations, except as disclosed in such statements, information and data

(m) Taxes. all Federal and local income tax returns or allowable extensions therefor required to be filed by any Security Party or any of its Subsidiaries have, in fact, been filed, and all taxes which are shown to be due and payable in such returns have been paid; no material controversy in respect of additional income taxes due is pending or, to the knowledge of any Security Party threatened, which controversy if determined adversely could reasonably be expected to have a Material Adverse Effect.

(n) ERISA. the execution and delivery of this Agreement and the consummation of the transactions hereunder will not involve any prohibited transaction within the meaning of ERISA or Section 4975 of the Code and no condition exists or event or transaction has occurred in connection with any ERISA Plan maintained or contributed by any Security Party or any Subsidiary or any ERISA Affiliate resulting from the failure of any thereof to comply with ERISA insofar as ERISA applies thereto which is reasonably likely to result in any Security Party or any such Subsidiary or any ERISA Affiliate incurring any liability, fine or penalty which individually or in the aggregate would have a Material Adverse Effect. Prior to the date hereof, each Security Party has delivered to the Administrative Agent a list of all the employee benefit plans to which either of the Borrowers or any Subsidiary or any ERISA Affiliate is a "party in interest" (within the meaning of Section 3(14) of ERISA) or a "disqualified person" (within the meaning of Section 4975(e)(2) of the Code);

(o) Chief Executive Office. each Borrower' s chief executive office and chief place of business and the office in which the records relating to the earnings and other receivables of each Borrower are kept is, and will continue to be, the address set forth below each Borrowers' signature on the signature page hereto;

(p) Foreign Trade Control Regulations. none of the transactions contemplated herein will violate any of the provisions of the Foreign Assets Control Regulations of the United States of America (Title 31, Code of Federal Regulations, Chapter V, Part 500, as amended), any of the provisions of the Cuban Assets Control Regulations of the United States of America (Title 31, Code of Federal Regulations, Chapter V, Part 515, as amended), any of the provisions of the Libyan Assets Control Regulations of the United States of America (Title 31, Code of Federal Regulations, Chapter V, Part 550, as amended), any of the provisions of the Iranian

Transaction Regulations of the United States of America (Title 31, Code of Federal Regulations, Chapter V, Part 560, as amended), any of the provisions of the Iraqi Sanctions Regulations (Title 31, Code of Federal Regulations, Chapter V, Part 575, as amended), any of the provisions of the Federal Republic of Yugoslavia (Serbia and Montenegro) and Bosnia Serb-controlled areas of the Republic of Bosnia and Herzegovina Assets Control Regulations (Title 31, Code of Federal Regulations, Chapter V, Part 585 as amended) or any of the provisions of the Regulations of the United States of America Governing Transactions in Foreign Shipping of Merchandise (Title 31, Code of Federal Regulations, Chapter V, Part 505, as amended);

(q) Equity Ownership. on the Closing Date each of the Borrowers will be wholly owned indirect subsidiaries of SNSA;

(r) Environmental Matters and Claims. except as heretofore disclosed in Schedule 2, no Security Party is in, or has been notified of, any violation of any Environmental Law, which could have a Material Adverse Effect;

(s) No Proceedings to Dissolve. there are no proceedings or actions pending or contemplated by any Security Party, or, contemplated by any third party, to dissolve or terminate any Security Party;

(t) True and Full Disclosure. no information furnished by or on behalf of any Security Party to the Administrative Agent or any Lender, or any insurer in connection with the Agreement, the Notes or any Security Document or any transaction contemplated thereby contains any untrue statement of a material fact or omits to state material fact necessary to make the statements contained herein or therein not misleading. There is no fact known to any Security Party that the respective party has not disclosed to the Administrative Agent in writing which has, or could reasonably be expected to have, a Material Adverse Effect.

(u) Condition of Terminals. No event or condition currently exists that (i) presently materially adversely affects the operation or maintenance of either Terminal, or any part thereof, or (ii) causes any Security Party to believe that the functional ability of the

either Terminal is materially less than the functional ability for which either Terminal was designed. Neither Terminal encroaches in any manner onto any adjoining land (except as permitted by express written easements). There are no material defects in either Terminal or any part thereof and all water, sewer, electric, gas, telephone and other utilities required to service neither Terminal for its intended use are available pursuant to adequate permits (including any that may be required under applicable Environmental Laws).

(v) Intellectual Property. All third party licenses, patents, trademarks, tradenames and similar rights, if any, necessary for the operation of either Terminal, or any part thereof, by a third party are in full force and effect.

(w) Flood Hazard Area. No portion of either Terminal is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, or, if either Terminal is located in such an area, then flood insurance has been obtained for such Terminal in accordance with the Mortgage thereon and in accordance with the National Flood Insurance Act of 1968, as amended.

(x) No Money Laundering. in the performance and discharge of its obligations and liabilities under and as contemplated by this Agreement, the Notes and the Security Documents, each Security Party is acting for its own account.

(y) Corporate Benefit. the entering into by each Security Party of this Agreement, the Notes and the Security Documents to which it is a party is in its corporate interest, and such party benefits from the transactions pursuant this Agreement.

(z) Solvency. in the case of each of the Security Parties, (a) the sum of its assets, at a fair valuation, does and will exceed its liabilities, including, to the extent they are reportable as such in accordance with GAAP, contingent liabilities, (b) the present fair market salable value of its assets is not and shall not be less than the amount that will be required to pay its probable liability on its then existing debts, including, to the extent they are reportable as such in accordance with GAAP, contingent liabilities, as they mature, (c) it does not and will not have unreasonably small working capital with which to continue its business and (d) it has not incurred, does not intend to incur and does not believe it will incur, debts beyond its ability to pay such debts as they mature;

(aa) Compliance with Laws. each of the Security Parties is in compliance with all Applicable Laws, including Environmental Laws except where the failure to comply would not alone or in the aggregate result in a Material Adverse Effect; no notice, notification, demand, request for information, citations, summons, complaint or order has been issued or filed to or with respect to any Security Party with respect to a material violation of Applicable Law; no penalty has been assessed on any Security Party and no investigation or review is pending or, to their best knowledge, threatened by any Governmental Authority or other Person in each case relating to the Terminals with respect to any alleged material violation or liability of any Security Party under any Environmental Law; and

(bb) Survival. all representations, covenants and warranties made herein and in any certificate or other document delivered pursuant hereto or in connection herewith shall survive the making of the Advances and the issuance of the Notes.

3. THE CREDIT FACILITIES

3.1 The Credit Facilities.

(a) Purposes. The Lenders shall make the Credit Facilities available to the Borrowers for the purposes of refinancing existing debt and for general corporate purposes;

(b) Making of the Term Loan. Subject to the limitations set forth in Section 3.5 hereof, each of the Lenders, relying upon each of the representations and warranties set out in Section 2, hereby severally and not jointly agrees with the Borrowers that, subject to and upon the terms of this Agreement, it will, not later than 11:00 A.M. (New York City time) on the Closing Date, make its portion of the Term Loan, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address set forth on Schedule 1 or to such account of the Administrative Agent most recently designated by it for such purpose by timely notice to the Lenders. Unless the

Administrative Agent determines that any applicable condition specified in Section 4.1 or 4.2 has not been satisfied, the Administrative Agent will

make the funds so received from the Lenders available to the Borrowers at the aforesaid address, subject to the receipt of the funds by the Administrative Agent as provided in the immediately preceding sentence, not later than 3:00 P.M. (New York City time) on the Closing Date.

(c) Making of the Revolver Advances. Subject to the limitations set forth in Section 3.5 hereof, each of the Lenders, relying upon each of the representations and warranties set out in Section 2, hereby severally and not jointly agrees with the Borrowers that, subject to and upon the terms of this Agreement, it will, not later than 11:00 A.M. (New York City time) on each Revolver Drawdown Date, make its portion of the Revolver Advance, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address set forth on Schedule 1 or to such account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. Unless the Administrative Agent determines that any applicable condition specified in Section 4.1 or 4.2 has not been satisfied, the Administrative Agent will make the funds so received from the Lenders available to the Borrowers at the aforesaid address, subject to the receipt of the funds by the Administrative Agent as provided in the immediately preceding sentence, not later than 3:00 P.M. (New York City time) on the Drawdown Date.

3.2 Drawdown Notice. The Borrowers shall, at least three (3) Business Days before each Drawdown Date, serve a notice (a "Drawdown Notice"), substantially in the form of Exhibit H, on the Administrative Agent, which notice shall (a) be in writing addressed to the Administrative Agent, (b) be effective on receipt by the Administrative Agent, (c) specify the amount of the Term Loan and/or the Revolver Advance to be drawn down, (d) specify the Business Day on which such Advance is to be drawn down, (e) specify the Interest Period, (f) specify the disbursement instructions and (g) be irrevocable.

3.3 Effect of Drawdown Notice. Such Drawdown Notice shall be deemed to constitute a warranty by the Borrowers (a) that the representations and warranties stated in Section 2 (updated mutatis mutandis) are true and correct on and as of the date of the Drawdown Notice and will be true and correct on and as of the relevant Drawdown Date as if made on such date, and (b) that no Event of Default nor any event which with the giving of notice or lapse of time or both would constitute an Event of Default has occurred and is continuing.

3.4 Notation of Advances on Revolver Note. Each Revolver Advance made by the Lenders to the Borrowers may be evidenced by a notation of the same made by the Administrative Agent on the grid attached to the Revolver Note, which notation, absent manifest error, shall be *prima facie* evidence of the amount of the relevant Revolver Advance.

3.5 Limitation on Advances. Notwithstanding anything to the contrary contained within this Agreement, the Notes or any Security Documents, at no time shall the aggregate amount of all outstanding Advances be greater than One Hundred Fifty Million Dollars (US$150,000,000.00).

3.6 Conversion of Revolver to Term Loan. On the Revolver Maturity Date, subject to the limitation contained in Section 3.5, the Term Loan shall be increased by an amount equal to the aggregate of all outstanding Advances with respect to the Revolver and the Revolver shall be cancelled. Any and all amounts of interest accrued but not yet due and payable on the Revolver

Maturity Date with respect to the Revolver shall be deemed payable with respect to the Term Loan as increased pursuant to this Section 3.6.

4. CONDITIONS

4.1 Conditions Precedent. The obligation of the Lenders to make the Credit Facilities available to the Borrowers under this Agreement shall be expressly subject to the following conditions precedent:

(a) Corporate Authority. the Administrative Agent shall have received the following documents in form and substance satisfactory to the Administrative Agent:

(i) copies, certified as true and complete by an officer of each Security Party, of the resolutions of the board of directors and shareholders (except in the case of SNSA), or members thereof, as the case may be, evidencing approval of the Agreement, the Notes, and those Security Documents to which each Security Party is or is to be a party and authorizing an appropriate officer or officers or attorney-in-fact or attorneys-in-fact to execute the same on its behalf, or other evidence of such approvals and authorizations;

(ii) copies, certified as true and complete by an officer of each Security Party, of all documents evidencing any other necessary action (including actions by such parties thereto other than such Security Party as may be required by the Administrative Agent), approvals or consents with respect to this Agreement, the Notes and the Security Documents to which it is a party;

(iii) copies, certified as true and complete by an officer of the respective Security Party, of the certificate of incorporation and by-laws, certificate of formation and operating agreement, or equivalent instruments thereof;

(iv) certificate of an authorized officer of SNSA certifying that it legally and beneficially owns, directly or indirectly, all of the issued and outstanding capital stock, or limited liability company membership interests, as the case may be, of each of the other Security Parties and that such capital stock or membership interests are free and clear of any liens, claims, pledges or other encumbrances whatsoever;

(v) certificate of an authorized officer of each Security Party (other than SNSA) certifying as to the record ownership of all of its issued and outstanding capital stock, or limited liability company membership interests, as the case may be; and

(vi) where such concept exists, certificates of the jurisdiction of incorporation or formation, as the case may be, of each Security Party as to the good standing thereof;

(vii) copies, certified as true and complete by an officer of the relevant Security Party and/or such evidence as a Lender may reasonably request in order for such Lender to comply with its "know your customer" requirements to confirm the identity of the Security Parties and/or the individuals acting on their behalf.

(b) This Agreement and the Notes. the Borrowers shall have duly executed and delivered to the Administrative Agent this Agreement and the Notes;

(c) Terminals. the Administrative Agent shall have received evidence satisfactory to it that each Terminal is owned by such Borrower listed opposite its name in Appendix B and that such Terminal shall be unencumbered, save and except for the Mortgage thereon in favor of the Collateral Agent, and as otherwise permitted thereby or as set out in the description thereof annexed hereto;

(d) Insurance Evidence and Opinions. the Administrative Agent shall have received (i) a favorable report and opinion, satisfactory to all Lenders, of JLT Risk Solutions Ltd. with respect to insurances on each Terminal opining, *inter alia*, that the Insurance Requirements are sufficient to protect the interests of each Creditor and that the insurances with respect to each Terminal are in compliance with the Insurance Requirements and (ii) if requested, copies of all policies evidencing compliance with the Insurance Requirements and copies of any exceptions to coverage of the insurance policies;

(e) Recording and Filing.

(i) each Mortgage and all financing or other similar statements or notices as requested by the Administrative Agent, shall have been duly recorded or filed under the laws of the appropriate federal, state or local jurisdiction, or be in proper form to be duly recorded or filed in such appropriate jurisdiction, and all recording and filing fees and Taxes with respect to any such recording or filing shall have been paid in full (or arrangements, satisfactory to the Administrative Agent and the Lenders, for such payment shall have been made); and

(ii) a perfected security interest having first priority shall have been created in the interests assigned under the Mortgages in favor of the Collateral Agent;

(f) Permits. all applicable Permits shall have been obtained (excepting those Permits for which the failure to obtain would not likely result in a Material Adverse Effect). All such obtained Permits shall be in proper form, shall be in full force and effect and not subject to any appeal, consent or contest or to any condition that, if unsatisfied, is likely to result, in the

Administrative Agent' s or the Lender' s reasonable judgment, in the forfeiture or revocation of such Permit;

(g) Legality. the execution, delivery and issuance of the Notes by the Borrowers shall not be subject to the registration requirements of the Act or any state securities or blue sky Law, and shall not be prohibited by any applicable Law (including Regulation T, Regulation U or Regulation X and any applicable usury Laws) and shall not subject any Creditor to any Tax (other than Excluded Taxes), penalty, liability or other onerous condition under or pursuant to any applicable Law;

(h) Transaction Costs. all Transaction Costs as may be required to be paid on the Closing Date shall have been paid in accordance with the terms of the Agreement, the Notes, the Security Documents;

(i) Taxes. all Taxes (other than Excluded Taxes), fees and other charges which have become due and payable in connection with the execution and delivery of the Agreements, the Notes, the Security Documents in effect on the Closing Date shall have been paid by or on behalf of the Borrowers;

(j) Guarantor Documents. each Guarantor shall have duly executed and delivered to the Administrative Agent:

(i) the Guaranty; and

(ii) the Consent and Agreement (set forth below) to this Agreement;

(k) Pledge Agreements. SNTGI shall have duly executed and delivered to the Administrative Agent the Pledge Agreements.

(l) Security Documents. each of the Borrowers shall have duly executed (where execution is necessary) and delivered to the Administrative Agent:

(i) the Mortgages over the Terminals;

(ii) Uniform Commercial Code Financing Statements for filing with Texas and Louisiana and in such other jurisdictions as the Administrative Agent may reasonably require;

(m) Guarantor Solvency. the Administrative Agent shall have received a certificate of an officer of each Guarantor confirming the representations and warranties with respect to solvency set forth in its Guaranty and containing conclusions as to the solvency of such Guarantor;

(n) Environmental Actions. the Administrative Agent shall be satisfied that no Security Party nor any of its Subsidiaries or its Affiliates is subject to any material Environmental Action;

(o) Fees. the Administrative Agent shall have received payment in full of all fees and expenses then due to the Administrative Agent and/or the Lenders under Section 13;

(p) Termination of Existing CIBC Facility. the Administrative Agent shall have received evidence of repayment and termination of the existing CIBC facility in form and substance satisfactory to the Administrative Agent;

(q) Repayment of Third Party Debt. the Administrative Agent shall have received evidence, in form and substance satisfactory to the Administrative Agent, that any and all existing Indebtedness from the Borrowers to any third party (including their Affiliates) has been repaid;

(r) Receipt of SNSA 2003 Audited Financial Statements. the Administrative Agent shall have received the audited financial statements for SNSA for the year 2003;

(s) Appraisal. the Administrative Agent shall have received an appraisal on the Terminals from Stone & Webster Management Consultants, Inc. which appraisal shall be in form and substance satisfactory to all Lenders, and which appraisal shall state that the aggregate Fair Market Value of the Terminals is at least 125% of the Credit Facilities;

(t) Title Insurance. On the Closing Date, the Administrative Agent shall receive from Chicago Title Insurance Company, with respect to the Terminal owned by Stolthaven Houston, a Form T-2 Mortagee Policy of Title Insurance as issued in the State of Texas, and from First American Title Insurance Company, with respect to the Terminal owned by Stolthaven New Orleans, an ALTA Mortgagee' s Policy of Title Insurance, in respect of each Mortgage in an amount, in the aggregate, at least equal to $ 150,000,000.

(u) Environmental Audit. On the Closing Date, the Administrative Agent shall have received from the Borrowers (i) satisfactory evidence that an Environmental Audit of each Terminal to be conducted in accordance with American Society for Testing and Materials standards has been commenced and is underway and (ii) funds sufficient to cover the costs of the Environmental Audit with respect to each Terminal, which funds shall be remitted by the Administrative Agent to the respective auditor of the Terminals in accordance with the terms of the auditing agreement; provided, however, that the Administrative Agent shall be under no obligation to remit funds to any auditor in excess of the funds received pursuant to this Section 4.1(u).

(v) Survey. The Administrative Agent shall have received from the Borrowers (i) satisfactory evidence that the Borrowers have engaged a surveyor or surveyors to conduct surveys with respect to each Terminal and (ii) funds sufficient to cover the costs of the surveys with respect to each Terminal, which funds shall be remitted by the Administrative Agent to the respective surveyor of the Terminals in accordance with the terms of the surveying agreement; provided, however, that the Administrative Agent shall be under no obligation to remit funds to any surveyor in excess of the funds received pursuant to this Section 4.1(v).

(w) Legal Opinions. the Administrative Agent, on behalf of the Lenders, shall have received legal opinions addressed to the Administrative Agent from (i) Campbell & Riggs P.C., special Texas counsel for the Borrowers, (ii) Phelps Dunbar LLP, special Louisiana counsel

for the Borrowers, (iii) Alan B. Winsor the general counsel of Stolt-Nielsen Inc., in respect of Security Parties, (iv) Elvinger Hoss & Prussen, Luxembourg counsel to SNSA and (v) Seward & Kissel LLP, special counsel to the Creditors, in each case in such form as the Administrative Agent may require, as well as such other legal opinions as the Administrative Agent shall have required as to all or any matters under the laws of the United States of America, the State of New York, the State of Texas, the State of Louisiana, the Duchy of Luxembourg and the Republic of Liberia covering the representations and conditions which are the subjects of Sections 2 and this Section 4.1.

4.2 Further Conditions Precedent. The obligation of the Lenders to make any Advance available to the Borrowers under this Agreement shall be expressly and separately subject to the following further conditions precedent on the Closing Date:

(a) Drawdown Notice. the Administrative Agent shall have received a Drawdown Notice in accordance with Section 3.2;

(b) Representations and Warranties. the representations stated in Section 2 (updated mutatis mutandis to such date) being true and correct as if made on and as of that date;

(c) No Event of Default. no Event of Default having occurred and being continuing and no event having occurred and being continuing which, with the giving of notice or lapse of time, or both, would constitute an Event of Default;

(d) No Change in Laws. the Administrative Agent being satisfied that no change in any applicable laws, regulations, rules or in the interpretation thereof shall have occurred which make it unlawful for any Security Party to make any payment as required under the terms of this Agreement, the Notes, the Security Documents or any of them; and

(e) No Material Adverse Effect. there having been no Material Adverse Effect since the date hereof.

4.3 Satisfaction after Drawdown. Without prejudice to any of the other terms and conditions of this Agreement, in the event the Lenders, in their sole discretion, make any Advance prior to the satisfaction of all or any of the conditions referred to in Sections 4.1 or 4.2, the Borrowers hereby covenant and undertake to satisfy or procure the satisfaction of such condition or conditions within fourteen (14) days after the relevant Drawdown Date (or such longer period as the Lenders, in their sole discretion, may agree).

4.4 Post-Closing Conditions.

(a) Environmental Survey. Within thirty (30) days of the Closing Date, the Administrative Agent shall have received a complete Environmental Audit of each Terminal in accordance with American Society for Testing and Materials standards and which shall not include a recommendation for further investigation and is otherwise satisfactory to the Administrative Agent and each Lender in all material respects.

(b) Survey. Within ninety (90) days of the Closing Date or such later date as the Majority Lenders in their sole discretion shall agree, the Administrative Agent shall have

received (i) an accurate survey with respect to each Terminal certified to the Administrative Agent prepared in accordance with ALTA/ACSM standards with the following Table A options: 1, 2, 3, 4, 6, 7(a), 7(b)(1) and (2), 7(c), 8, 9, 10, 11(b), 13 and 14 and otherwise in form and substance satisfactory to the Administrative Agent and (ii) amended and updated title insurance policies, in form and substance satisfactory to the Administrative Agent, with respect to each Terminal evidencing the removal of any pre-printed survey exceptions contained in the title insurance policies received by the Administrative Agent pursuant to Section 4.1(t) and containing, without limitation, with respect to the Terminal owned by Stolthaven Houston, the Comprehensive (T-19), Access (T-23) and Contiguity (T-25) Endorsements and containing, without limitation, with respect to the Terminal owned by Stolthaven New Orleans, the Access, Same as Survey, Contiguity, ALTA 9 and Zoning (with Parking), Mechanic' s Lien and Creditor' s Rights Endorsements.

5. REPAYMENT AND PREPAYMENT

5.1 Repayment. Subject to the provisions of this Section 5 regarding application of prepayments, the Borrowers shall repay the principal amount of the Credit Facilities in sixteen (16) consecutive quarterly installments commencing on the Initial Payment Date and on each Payment Date thereafter, the first fifteen (15) of such installments shall be in the principal amount of one-fifteenth ($1/15^{th}$) of sixty percent (60%) of the aggregate amount of all Advances outstanding as of the one year anniversary of the Closing Date and the sixteenth (16^{th}) and final installment, payable on the Final Payment Date, shall be in an amount equal to the Balloon Amount. Each such payment to be made

under this Section 5.1 shall be made together with accrued but unpaid interest thereon. Any amounts due under this Agreement not paid when due, whether by acceleration or otherwise, shall bear interest thereafter until paid at the Default Rate.

5.2 Voluntary Prepayment. The Borrowers may prepay, upon three (3) Business Days written notice, any outstanding Credit Facility or any portion thereof, without penalty, provided that if such prepayment is made on a day other than the last day of the Interest Period of such Credit Facility such prepayment shall be made together with the costs and expenses provided for in Section 5.4. Each prepayment shall be in a minimum amount of Five Million Dollars ($5,000,000) plus any One Million Dollar ($1,000,000) multiple thereof or the full amount of any Credit Facility. No part of the Term Loan shall be available for re-borrowing. The Revolver shall be available for re-borrowing only until the Revolver Maturity Date.

5.3 Mandatory Prepayment.

(a) Sale of Collateral. On any sale of a Terminal or any other collateral that has a value in excess of Two Million Dollars (US$2,000,000), the Borrowers shall apply the proceeds of any such sale toward the repayment of the Credit Facilities. All payments received by the Administrative Agent under this Section 5.3 shall be applied to reduce the aggregate outstanding Advances in inverse order of maturity.

(b) Casualty and Condemnation. (i) In the event of any Casualty or Condemnation with respect to a Terminal, the estimated cost of restoration of which is in excess of Five Million Dollars ($5,000,000), any such award, compensation or insurance proceeds shall be delivered in accordance with the instruction of the Administrative Agent for application pursuant to this

Agreement to be held and applied to the costs of repair or restoration of such Terminal. If, contrary to such provision, any such award, compensation or insurance proceeds are paid to a Security Party rather than to the Administrative Agent, such Security Party hereby agrees to transfer any such payment to the Administrative Agent. All amounts held by the Administrative Agent pursuant to this Section 5.3(b) on account of any award, compensation or insurance proceeds either paid directly to the Administrative Agent or turned over to the Administrative Agent shall be held as security for the performance of the Borrowers' obligations hereunder, until restoration of such Terminal is complete, whereupon such amounts, to the extent not previously applied to Borrowers' obligations hereunder, shall be delivered to the Borrowers. In the event of any Casualty or Condemnation with respect to a Terminal, the estimated cost of restoration of which is Five Million Dollars ($5,000,000) or less, any such award, compensation or insurance proceeds shall be delivered in accordance with the instruction of the Borrower whose Terminal suffered the Casualty or Condemnation;

(ii) The Borrowers may appear in any proceeding or action to negotiate, prosecute, adjust or appeal any claim for any award, compensation or insurance payment on account of any such Casualty or Condemnation and shall pay all expenses thereof. At the Borrowers' reasonable request, and at the Borrowers' sole cost and expense, the Borrowers and the Administrative Agent shall participate in any such proceeding, action, negotiation, prosecution or adjustment;

(iii) If any Security Party shall receive notice of a Casualty or of an actual, pending or threatened Condemnation of a Terminal or any interest therein, such Security Party shall give notice thereof to the Administrative Agent promptly after the receipt of such notice.

(iv) In the event of a Casualty that is not a Significant Casualty or receipt of notice by a Security Party of a Condemnation that is not a Significant Condemnation, the Borrowers shall, not later than thirty (30) days after such occurrence, deliver to Administrative Agent an Officer' s Certificate stating that such Condemnation is not a Significant Condemnation or that such Casualty is not a Significant Casualty (as the case may be), and that, at the Borrowers' sole cost and expense, the Borrowers' shall promptly and diligently restore by the date stated therein the Terminal in accordance with this Agreement and the other Security Documents. If the Borrowers' timely deliver the Officer' s Certificate described above, then the Borrowers shall, at the Borrowers' sole cost and expense, promptly and diligently restore (by the date stated in such Officer' s Certificate) the Terminal in conformity with the requirements of this Agreement and the Security Documents and all requirements of Applicable Law so as to restore such Terminal to the same or better condition, operation, function and value as existed immediately prior to such Casualty or Condemnation. Upon completion of such restoration, the Borrowers shall furnish to the Administrative

Agent an architect' s certificate of substantial completion and an Officer' s Certificate confirming that such restoration has been completed pursuant to this Agreement and the Security Documents.

(v) In the event of (A) a Significant Casualty, (B) the receipt of notice by a Security Party of a Significant Condemnation or (C) the failure of the Borrowers to timely deliver the Officer' s Certificate described in subclause (iv) above, the Borrowers shall either: (1), in the case of subclauses (A) or (B) above, provide to the Administrative Agent such evidence as may be satisfactory to the Lenders in their sole discretion to demonstrate that the Borrowers (x) are sufficiently insured against the event or condition giving rise to the Significant Casualty or Significant Condemnation and (y) that such Significant Casualty or Significant Condemnation will not materially impair the operation of the affected Terminal; or (2) prepay on the next Payment Date (or, if such Payment Date is within fifteen (15) days of the Administrative Agent' s receipt of such notice of prepayment in full or the expiration of such thirty-day period, as the case may be, on the Payment Date next following such Payment Date) such amount of the Credit Facilities (together with interest thereon and any other monies payable in respect of such prepayment pursuant to this Article 5) as shall result in the Fair Market Value (after giving effect to any Casualty or Condemnation) of the Terminals being at least equal to One Hundred Thirty-Two percent (132%) of the outstanding aggregate balance of the Credit Facilities.

5.4 Interest and Costs with Prepayments/Application of Prepayments. Any prepayment of the Advances made hereunder shall be subject to the condition that on the date of prepayment all accrued interest to the date of such prepayment shall be paid in full, together with any and all costs or expenses incurred by any Lender in connection with any breaking of funding (as certified by such Lender, which certification shall, absent any manifest error, be conclusive and binding on the Borrowers) and provided that the Borrowers shall have no obligation regarding breaking of funding with respect to any prepayment made in accordance with Section 5.2 on an Interest Payment Date.

6. INTEREST AND RATE

6.1 Applicable Rate. (a) The Credit Facilities shall bear interest at the Applicable Rate, which shall be the rate per annum which is equal to the aggregate of (a) the LIBO Rate for the relevant Interest Period plus (b) the Applicable Margin. The Applicable Rate shall be determined by the Administrative Agent two (2) Business Days prior to the first (1st) day of the relevant Interest Period and the Administrative Agent shall promptly notify the Borrowers in writing of the Applicable Rate as and when determined. Each such determination, absent manifest error, shall be conclusive and binding upon the Borrowers.

6.2 Default Rate. Any amounts due under this Agreement, not paid when due, whether by acceleration or otherwise, shall bear interest thereafter from the due date thereof until the date of payment at a rate per annum equal to the Default Rate.

6.3 Interest Periods. The Borrowers shall give the Administrative Agent an Interest Notice specifying the Interest Period selected at least three (3) Business Days prior to the end of any then existing Interest Period. If at the end of any then existing Interest Period the Borrowers fail to give an Interest Notice the relevant Interest Period shall be three (3) months. The Borrowers' right to select an Interest Period shall be subject to the restriction that no selection of an Interest Period shall be effective unless each Lender is satisfied that the necessary funds will be available to such Lender for such period and that no Event of Default or event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing.

6.4 Interest Payments. Accrued interest on the Credit Facilities shall be payable in arrears on the last day of each Interest Period, except that if the Borrowers shall select an Interest Period in excess of three (3) months, accrued interest shall be payable during such Interest Period on each three (3) month anniversary of the commencement of such Interest Period and upon the end of such Interest Period.

7. PAYMENTS

7.1 Place of Payments, No Set Off. All payments to be made hereunder by the Borrowers shall be made to the Administrative Agent, not later than 11 a.m. New York time (any payment received after 11 a.m. New York time shall be deemed to have been paid on the next Business Day) on the due date of such payment, at its office located at 200 Park Avenue, New York, New York 10166 or to such other office of the

Administrative Agent as the Administrative Agent may direct, without set-off or counterclaim and free from, clear of, and without deduction or withholding for, any Taxes (other than Excluded Taxes), provided, however, that if the Borrowers shall at any time be compelled by law to withhold or deduct any Taxes (other than Excluded Taxes) from any amounts payable to the Lenders hereunder, then the Borrowers shall pay such additional amounts in Dollars as may be necessary in order that the net amounts received after withholding or deduction shall equal the amounts which would have been received if such withholding or deduction were not required and, in the event any withholding or deduction is made, whether for Taxes or otherwise, the Borrowers shall promptly send to the Administrative Agent such documentary evidence with respect to such withholding or deduction as may be required from time to time by the Lenders.

7.2 Tax Credits. If any Lender obtains the benefit of a credit against the liability thereof for Taxes imposed by any taxing authority for all or part of the Taxes as to which the Borrowers or any Security Party have paid additional amounts as aforesaid, then such Lender shall pay an amount to the Borrowers or such Security Party, as the case may be, which that Lender determines will leave it (after such payment) in the same position as it would have been had the Tax payment not been made by the Borrowers or such Security Party, as the case may be. Each Lender agrees that in the event that Taxes (other than Excluded Taxes) are imposed on account of the situs of its loans hereunder, such Lender, upon acquiring knowledge of such event, shall, if, in the opinion of that Lender, commercially reasonable and if, in the reasonable opinion of

that Lender, not prejudicial to it, shift such loans on its books to another office of such Lender so as to avoid the imposition of such Taxes. Nothing contained in this clause shall in any way prejudice the right of the Lenders to arrange their tax affairs in such way as they, in their sole discretion, deem appropriate. In particular, no Lender shall be required to obtain such tax credit, if this interferes with the way such Lender normally deals with its tax affairs.

7.3 Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker' s lien, setoff or counterclaim or pursuant to a secured claim under Section 506 of the Federal Bankruptcy Code or other security or interest arising from, or in lieu of, such secured claim, exercised or received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of the Credit Facilities as a result of which its funded Commitment shall be proportionately less than the funded Commitment of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the funded Commitment of such other Lender so that the aggregate funded Commitment of each Lender shall be in the same proportion to the aggregate funded Commitments then outstanding as its funded Commitment prior to such exercise of banker' s lien, setoff or counterclaim or other event was to the principal amount of all funded Commitments outstanding prior to such exercise of banker' s lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 7.3 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. Any Lender holding a participation in a funded Commitment deemed to have been so purchased may exercise any and all rights of banker' s lien, setoff or counterclaim with respect to any and all moneys owing to such Lender by reason thereof as fully as if such Lender had made an advance in the amount of such participation. The Borrowers expressly consent to the foregoing arrangement.

7.4 Computations; Business Days.

(a) All computations of interest and fees shall be made by the Administrative Agent or the Lenders, as the case may be, on the basis of a 360-day year, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which interest or fees are payable. Each determination by the Administrative Agent or the Lenders of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error;

(b) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be due and payable on the next succeeding Business Day unless the next succeeding Business Day falls in the following calendar month, in which case it shall be payable on the immediately preceding Business Day.

8. EVENTS OF DEFAULT

8.1 Events of Default. The occurrence of any of the following events shall be an Event of Default:

(a) Payment Default. If either of the Borrowers defaults in the payment of any principal or interest, within three (3) Business Days of its due date;

(b) Other default. (x) except as set forth in subclause (y) of this Section 8. 1(b), if any Security Party fails to observe or perform any of the covenants, conditions, undertakings, agreements or obligations on its part contained in the Agreement, the Notes and any of the Security Documents or shall in any other way be in breach of or do or cause to be done any act repudiating or evidencing an intention to repudiate the Agreement, the Notes and any of the Security Documents and such default (if in the reasonable opinion of the Administrative Agent capable of remedy) is not remedied within thirty (30) days after notice of the default has been given to the Borrowers or (y) if either of the Borrowers fails to have in effect at any time any insurances required to be maintained by the Borrowers hereunder or under the Mortgages; or

(c) Misrepresentation or Breach of Warranty. If any representation, warranty or statement made, or deemed to be made under the Agreement, the Notes and any of the Security Documents or in any accounts, certificate, notice instrument, written statement or opinion delivered by any Security Party under or in connection with the Agreement, the Notes and any of the Security Documents is incorrect in any material respect when made, or deemed to be made; or

(d) Execution. If a distress or execution or other process of a court of authority is levied on any of the property of any Security Party, SNTG Bermuda or the members of a Significant Subsidiary Group before or after final judgment or by order of any competent court or authority for an amount in excess of Five Million Dollars ($5,000,000), or with respect to the Borrowers One Hundred Thousand Dollars ($100,000), or the equivalent in any other currency and is not satisfied or stayed (with a view to being contested in good faith) within thirty (30) days of levy; or

(e) Insolvency Events. If any Security Party, SNTG Bermuda or the members of a Significant Subsidiary Group:

(i) resolves to make any filing under any Bankruptcy Law or to appoint, or applies for, or consents to the appointment of, a receiver, administrative receiver, trustee, administrator or liquidator of itself or of all or part of its assets other than for the purposes of a merger or amalgamation pursuant to Section 9.2(h); or

(ii) is unable or admits its inability to pay its debts as they fall due; or

(iii) makes a general assignment for the benefit of creditors; or

(iv) ceases trading or threatens to cease trading (except in the case of SNTG Bermuda or a Significant Subsidiary Group as part of the ordinary course of business or with the consent of the Agents and the Lenders, such consent not to be unreasonably withheld); or

(v) appoints a receiver, administrative receiver, administrator, liquidator or trustee under any Bankruptcy Law or any statutory provision which the Administrative Agent in its discretion considers analogous thereto; or

(vi) makes any filing under any Bankruptcy Law.

(f) Insolvency Proceedings. If any proceedings are commenced or threatened, or any order or judgment is given by any court, for the bankruptcy, liquidation, winding up, administration or re-organization of any Security Party, SNTG Bermuda or the members of any Significant Subsidiary Group or for the appointment of a receiver, administrative receiver, administrator, liquidator or trustee of any Security Party, SNTG Bermuda or the members of any Significant Subsidiary Group or of all or part of the assets of any Security Party, SNTG Bermuda or the members of any Significant Subsidiary Group, or if any person appoints or purports to appoint such receiver, administrative receiver, administrator, liquidator or trustee, which proceeding is not discharged within thirty (30) days of its commencement; or

(g) Impossibility or Illegality. Unless covered by Section 11, if any event occurs which would, or would with the passage of time, render performance of any of the Agreement, the Notes and any of the Security Documents impossible, unlawful or unenforceable by any of the Creditors; or

(h) Revocation or Modification of Consents Etc. If any material consent, license, approval or authorization which is now or which at any time becomes necessary to enable any Security Party to comply with any of its respective obligations under or pursuant to the Agreement, the Notes and any of the Security Documents is revoked, withdrawn or withheld, or modified in a manner which the Administrative Agent reasonably considers is, or may be, prejudicial to the interests of it, the Administrative Agent, or the Lenders, in a material manner, or any material consent, license, approval or authorization ceases to remain in full force and effect; or

(i) Curtailment of Business. If the business of any Security Party is wholly or substantially curtailed by an intervention by or under authority of any government, or if all or a substantial part of the undertaking, property or assets of any Security Party is seized, nationalized, expropriated or compulsorily acquired by or under authority of any government or any Security Party disposes or threatens to dispose of a substantial part of its business or assets; or

(j) Acceleration of Other Indebtedness. If any other indebtedness or obligation for borrowed money of any Security Party or SNTG Bermuda becomes due or capable of being declared due prior to its stated maturity by reason of default on the part of that entity or the members of any Significant Subsidiary Group (as the case may be), or is not repaid or satisfied on the due date for its repayment or any such other loan, guarantee or indebtedness becomes enforceable save, in either case, for amounts (except with respect to the Borrowers) of less than Five Million Dollars ($5,000,000) in aggregate or, with respect to the Borrowers Ten Thousand Dollars ($10,000), or the equivalent in any other currency, and claims contested in good faith; or

(k) Cross-Default. If there is a default by any Security Party or SNTG Bermuda under any other material contract or agreement with respect to indebtedness or obligations for borrowed money and such default is not cured within any applicable cure period save, in either case, for amounts (except with respect to the Borrowers) of less than Five Million Dollars ($5,000,000) in aggregate or, with respect to the Borrowers Ten Thousand Dollars ($10,000), or the equivalent in any other currency, and claims contested in good faith; or

(l) Claims Against the Guarantors' Assets. Except for Permitted Liens, if a lien, arrest, distress or similar charge is levied upon or against any Terminal or any substantial part of the assets of either Guarantor (on a consolidated basis) and is not discharged within fourteen (14) Business Days after either Borrower or such Guarantor has become aware of the same; or

(m) Guarantors' Business. If all or a substantial part of either Guarantor' s business is destroyed, abandoned, seized, appropriated or forfeited for any reason; or

(n) SNSA' s Business. If SNSA, through its subsidiaries, ceases to carry on the business of transportation of bulk liquids including liquid chemicals as a core business; or

(o) Ownership. If (i) either of the Borrowers cease to be a wholly owned indirect subsidiary of SNSA or (ii) members of the Stolt-Nielsen family cease for any reason to own and control, directly or indirectly, at least thirty per centum (30%) of the issued voting share capital of SNSA; or (iii) any individual shareholder, or group of shareholders acting in concert, outside the Stolt-Nielsen family, owns a greater proportion of the issued voting share capital of SNSA than members of the Stolt-Nielsen family; or

(p) Final Judgment. If any Security Party, SNTG Bermuda or any Shipowning Subsidiary fails to comply with any non appealable court order or fails to pay a final unappealable judgement against it, in either case, in excess of five million dollars ($5,000,000), within fourteen (14) days of such order or judgment (save for judgments against Shipowning Subsidiaries which are covered by insurance where insurance has not been disavowed); or

(q) Mortgages. There is a "Default" under either of the Mortgages, as such term is defined therein; or

(r) Surveys. If the Administrative Agent shall fail to have received either (i) a satisfactory Environmental Audit with respect to each Terminal or (ii) satisfactory and accurate surveys with respect to each Terminal together with satisfactory amended title insurance policies, within the time frames specified for their delivery in Sections 4.4(a) and 4.4(b) respectively.

Upon and during the continuance of any Event of Default, the Lenders' obligation to make the Credit Facilities available shall cease and the Administrative Agent may, and on the instructions of the Majority Lenders shall, by notice to the Borrowers, declare the entire unpaid balance of the then outstanding Advances, accrued interest and any other sums payable by the Borrowers hereunder or under the Notes due and payable, whereupon the same shall forthwith be due and payable without presentment, demand, protest or notice of any kind,

all of which are hereby expressly waived; provided that upon the happening of an event specified in subsections (e) or (f) of this Section 8.1 with respect to the Borrowers, the Notes shall be immediately due and payable without declaration or other notice to the Borrowers. In such

event, the Lenders may proceed to protect and enforce their rights by action at law, suit in equity or in admiralty or other appropriate proceeding, whether for specific performance of any covenant contained in this Agreement, in the Notes or in any Security Document, or in aid of the exercise of any power granted herein or therein, or the Lenders may proceed to enforce the payment of the Notes or to enforce any other legal or equitable right of the Lenders, or proceed to take any action authorized or permitted under the terms of any Security Document or by applicable law for the collection of all sums due, or so declared due, on the Notes. Without limiting the foregoing, the Borrowers agree that during the continuance of any Event of Default each of the Lenders shall have the right to appropriate and hold or apply (directly, by way of set-off or otherwise) to the payment of the obligations of the Borrowers to the Lenders hereunder and/or under the Notes (whether or not then due) all moneys and other amounts of the Borrowers then or thereafter in possession of any Lender, the balance of any deposit account (demand or time, mature or unmatured) of the Borrowers then or thereafter with any Lender and every other claim of the Borrowers then or thereafter against any of the Lenders.

8.2 Indemnification. The Borrowers agree to, and shall, indemnify and hold the Agents and the Lenders harmless against any loss, as well as against any costs or expenses (including legal fees and expenses), which the Agents or the Lenders sustain or incur as a consequence of any default in payment of the principal amount of the Credit Facilities, interest accrued thereon or any other amount payable hereunder, under the Notes or under any Security Documents, including, but not limited to, all actual losses incurred in liquidating or re-employing fixed deposits made by third parties or funds acquired to effect or maintain the Credit Facilities or any portion thereof. Any Agent' s or Lender' s certification of such costs and expenses shall, absent any manifest error, be conclusive and binding on the Borrowers.

8.3 Application of Moneys. Except as otherwise provided in any Security Document, all moneys received by the Agents or the Lenders under or pursuant to this Agreement, the Notes or any of the Security Documents after the happening of any Event of Default (unless cured to the satisfaction of the Majority Lenders) shall be applied by the Administrative Agent in the following manner:

(a) first, in or towards the payment or reimbursement of any expenses or liabilities incurred by the Administrative Agent and the Collateral Agent, or the Lenders in connection with the ascertainment, protection or enforcement of their rights and remedies hereunder, under the Notes and under any of the Security Documents,

(b) secondly, in or towards payment of any interest owing in respect the Credit Facilities,

(c) thirdly, in or towards repayment of principal of the Credit Facilities,

(d) fourthly, in or towards payment of all other sums which may be owing to the Administrative Agent or the Lenders under this Agreement, under the Notes or under any of the Security Documents, and

(e) fifthly, the surplus (if any) shall be paid to the Borrowers or to whosoever else may be entitled thereto.

9. COVENANTS

9.1 Affirmative Covenants. The Borrowers hereby covenant and undertake with the Lenders that, from the date hereof and so long as any principal, interest or other moneys are owing in respect of this Agreement, under the Notes or under any of the Security Documents, the Borrowers will:

(a) Performance of Agreements. duly perform and observe, and procure the observance and performance by all other parties thereto (other than the Agents and the Lenders) of, the terms of this Agreement, the Notes and the Security Documents;

(b) Notice of Default, etc. promptly upon, and in any event no later than five (5) Business Days after, obtaining knowledge thereof, inform the Administrative Agent of the occurrence of (a) any Event of Default or of any event which, with the giving of

notice or lapse of time, or both, would constitute an Event of Default, (b) any litigation or governmental proceeding pending or threatened (by means of written notification from the adverse party or its counsel) against it, any other Security Party or against any of its or any other Security Party' s Subsidiaries which could reasonably be expected to have a Material Adverse Effect, including but not limited to, in respect of any Environmental Action or Environmental Event, and (c) any other event or condition which is reasonably likely to have a Material Adverse Effect;

(c) Obtain Consents. without prejudice to Section 2.1 and this Section 9.1, obtain every consent and do all other acts and things which may from time to time be necessary or advisable for the continued due performance of all its and the other Security Parties' respective obligations under this Agreement, under the Notes and under the Security Documents;

(d) Additional Filings/Notifications. each Security Party shall ensure that (i) any filings required to ensure that it is properly authorized to do business in any relevant jurisdiction will be made and/or effected promptly and within any applicable time limits imposed by law; and (ii) the Lenders and the Agents are immediately notified if any Security Party changes the place of its chief executive office or principal place of business in the United States of America.

(e) Financial Statements. (i) SNSA will supply to the Administrative Agent (with sufficient copies for distribution to each of the Lenders), without request on a consolidated basis:

(A) SNSA' s annual consolidated audited accounts prepared in accordance with GAAP within one hundred twenty (120) days (or such earlier date on which such accounts are generally released by SNSA) after the end of the fiscal year to which they relate and such financial statements shall accurately and fairly represent the financial condition of SNSA and its Consolidated Subsidiaries; and

(B) SNSA' s unaudited consolidated quarterly financial statements not later than ninety (90) days (or such earlier date on which such accounts are generally released by SNSA) after the end of the relevant fiscal quarter together with a duly executed Certificate of

Compliance certifying (inter alia) compliance with the covenants contained in Section 9.3; and

(C) the annual update to SNSA' s three year plan when approved by SNSA' s board of directors within 30 days of such approval.

(ii) each of the Borrowers will supply to the Administrative Agent (with sufficient copies for distribution to each of the Lenders), without request on a consolidated basis:

(A) each of the Borrowers' unaudited year-end financial statements, certified by the Chief Financial Officer of SNSA within ninety (90) days after the end of the fiscal year to which they relate and such financial statement shall accurately and fairly represent the financial condition of each of the Borrowers and their subsidiaries; and

(B) each of the Borrowers' unaudited quarterly financial statements, certified by the Chief Financial Officer of SNSA within sixty (60) days after the end of the relevant fiscal quarter.

(f) Other information. each Security Party shall promptly supply to the Administrative Agent (with sufficient copies for distribution to each of the Lenders) copies of all financial and other information from time to time given by SNSA to its shareholders and/ or filed with the Securities and Exchange Commission (provided that any information made available to the public on SNSA' s World Wide Web site (the "Web Site") shall, subject to the Administrative Agent having been duly notified in writing by the Borrowers or a Guarantor that new information has been made available on the Web Site, be deemed supplied for this purpose) and such information and explanations as the Administrative Agent may from time to time reasonably require in connection with the operation of the Terminals and the Borrowers' and the Guarantors' profits and liquidity.

(g) Certificate of Compliance. the Borrowers and the Guarantors shall deliver to the Administrative Agent together with the accounts described in Section 9.1(e) a duly executed Certificate of Compliance (with copies sufficient for the Lenders) not more than ninety (90) days after the end of each of the first three fiscal quarters of SNSA and not more than ninety (90) days after the end of the fiscal year of SNSA, certifying (inter alia) compliance with the covenants contained in Section 9.3 and Section 9.4.

(h) Corporate Existence. the Borrowers shall, and will procure that each Guarantor shall, (i) remain duly formed and validly existing under the laws of its respective jurisdiction of incorporation, (ii) remain authorized to do business in each jurisdiction in which it transacts its business, (iii) continue to have the power to carry on its business as it is now being conducted and to enter into and perform its obligations under this Agreement and the Security Documents to which it is a party, and (iv) continue to comply with all statutory, regulatory and other requirements relative to its business which could reasonably be expected to have a Material Adverse Effect on its business, assets or operations, financial or otherwise;

(i) Books and Records. at all times keep, and cause each Guarantor to keep, proper books of record and account into which full and correct entries shall be made in

accordance with GAAP, and keep such records in such places to ensure that they are easily accessible in the event that the Administrative Agent wishes to inspect them;

(j) Taxes and Assessments. pay and discharge, and cause each Guarantor to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or property prior to the date upon which penalties attach thereto; provided, however, that it shall not be required to pay and discharge, or cause to be paid and discharged, any such tax, assessment, charge or levy so long as the legality thereof shall be contested in good faith and by appropriate proceedings or other acts and it shall set aside on its books adequate reserves with respect thereto;

(k) Inspection. allow, and cause each Guarantor to allow any representative or representatives designated by the Administrative Agent, subject to applicable laws and regulations, to visit and inspect any of its properties (including, without limitation, the Terminals), and, on request, to examine its books of account, records, reports, agreements and other papers and to discuss its affairs, finances and accounts with its officers, all at such times during business hours and on reasonable notice and as often as the Administrative Agent requests;

(l) Inspection and Survey Reports. if the Administrative Agent shall so request, the Borrowers shall provide the Administrative Agent with copies of all internally generated inspection or survey reports on the Terminals;

(m) Compliance with Statutes, Agreements, etc. do or cause to be done, and cause each Guarantor to do and cause to be done, all things necessary to comply with all contracts or agreements to which it, or any Guarantor is a party, and all laws, and the rules and regulations thereunder, applicable to the Borrowers or such Guarantor, including, without limitation, those laws, rules and regulations relating to employee benefit plans and environmental matters;

(n) Environmental Matters. promptly upon the occurrence of an Environmental Event that could reasonably be expected to have a Material Adverse Effect, provide to the Administrative Agent a certificate of a chief executive officer thereof, specifying in detail the nature of such condition and its proposed response.

(o) Brokerage Commissions, etc. indemnify and hold the Agents and the Lenders harmless from any claim for any brokerage commission, fee, or compensation from any broker or third party resulting from the transactions contemplated hereby;

(p) Insurance. maintain, and cause each other Security Party to maintain, with financially sound and reputable insurance companies, insurance on all their respective properties and against all such risks and in at least such amounts (in any event, at least $100,000,000 per any one accident or occurrence) as are usually insured against by companies of established reputation engaged in the same or similar business from time to time; and

(q) Pari Passu. each of the Borrowers and the Guarantors shall ensure that its respective obligations under the Agreement, the Notes, and the Security Documents shall at all times rank at least pari passu with all its other present and future unsecured and unsubordinated

indebtedness with the exception of any obligations which are mandatorily preferred by any applicable laws to companies generally and not by contract.

(r) Admissibility in Evidence. each of the Borrowers and the Guarantors shall on the request of the Lenders or the Administrative Agent obtain all necessary authorizations, consents, approvals, licenses, exemptions, filings, registrations, recordings and notarizations required or advisable in connection with the admissibility in evidence of the Agreement, the Notes, and the Security Documents or any of them in any relevant jurisdiction in which proceedings have been commenced.

(s) Most Favored Nation. if any of the covenants or events of default provided by any Security Party to any other banks or financial institutions between the Closing Date and November 30, 2004, on terminal or vessel secured agreements for indebtedness should be more favorable to such banks than those contained in this Agreement or any of the Security Documents (the "Revised Terms"), the Borrowers and/or SNSA, as the case may be, shall (i) notify the Administrative Agent in writing of the Revised Terms as soon as it becomes aware of the same and (ii) upon the request of the Administrative Agent enter into such documents or execute such amendments to this Agreement and/or any other Security Documents as the Administrative Agent shall require in order to incorporate those Revised Terms (or their substantial equivalent), on a proportional basis, into this Agreement accompanied by such legal opinions as the Administrative Agent shall require and in the meantime this Agreement shall be deemed so amended; *provided that* this clause is not intended to cause the Borrowers to become bound by clauses generally associated with vessel-related financings but not with real estate related financings. The Borrowers hereby represent and warrant that no such Revised Terms have been granted to any other banks or financial institutions between June 28, 2004 and the Closing Date.

(t) ERISA. forthwith upon learning of the occurrence of any material liability of any Security Party, any Subsidiary thereof or any ERISA Affiliate pursuant to ERISA in connection with the termination of any ERISA Plan or withdrawal or partial withdrawal of any multi-employer plan (as defined in ERISA) or of a failure to satisfy the minimum funding standards of Section 412 of the Code or Part 3 of Title I of ERISA by any ERISA Plan for which any Security Party, any Subsidiary thereof or any ERISA Affiliate is plan administrator (as defined in ERISA), furnish or cause to be furnished to the Lenders written notice thereof.

9.2 Negative Covenants. the Borrowers hereby covenant and undertake with the Lenders that, from the date hereof and so long as any principal, interest or other moneys are owing in respect of this Agreement, under the Notes or under any of the Security Documents, the Borrowers will not, and will procure that no other Security Party, where so specified, will, without the prior written consent of the Majority Lenders (or all of the Lenders if required by Section 15.8):

(a) Liens. create, assume or permit to exist, any mortgage, pledge, lien, charge, encumbrance or any security interest whatsoever upon any of its assets except Permitted Liens.

(b) No Voluntary Bankruptcy. with respect to any Security Party, (i) commence any case, proceeding or action under the Bankruptcy Law or any existing or future Law of any jurisdiction (domestic or foreign) relating to bankruptcy, insolvency, reorganization, arrangement, winding up, liquidation, dissolution, composition or other relief with respect to the Borrowers or their debts, or (ii) seek appointment of a receiver, trustee, custodian or other similar official for the Borrowers or for the benefit of all or substantially all of its creditors.

(c) Change in Business. materially change the nature of its business or commence any business materially different from its current business of chemical storage;

(d) Sale or Pledge of Shares. with respect to any Security Party, sell, assign, transfer, pledge or otherwise convey or dispose of any of the shares (including by way of spin-off, installment sale or otherwise) of the capital stock of either of the Borrowers;

(e) Sale of Assets. sell, or otherwise dispose of, any Terminal (except that the Borrowers may sell a Terminal if no Event of Default or event which with the lapse of time, the giving of notice or both would become an Event of Default has occurred and is continuing and it complies with Section 5.3 hereof) or, with respect to any Guarantor, any other asset (including by way of spin-off, installment sale or otherwise) which is substantial in relation to its assets taken as a whole, other than such sales by one Guarantor to another;

(f) Changes in Offices or Names. change jurisdiction of incorporation or the location of the chief executive office of any Security Party, the office of the chief place of business of any such parties or the office of the Security Parties in which the records relating to the earnings or insurances of any Terminal are kept unless the Lenders shall have received sixty (60) days prior written notice of such change;

(g) Merger or Amalgamation. without the prior written consent of the Administrative Agent, with respect to any Security Party, permit any merger or amalgamation of all or part of any Security Party unless (i) such Security Party, as the case may be, remains the surviving entity following any such merger or amalgamation; and (ii) such surviving entity is not divested of any material part of the assets or operations of the merging or amalgamating entities with its core business of chemical transportation maintained; and (iii) in the case of SNSA only, such merger or amalgamation has been approved by a duly passed resolution of SNSA' s shareholders if required by applicable Law.

(h) Restrictions on Investments. except as expressly permitted under this Section 9.2(h) without the prior written consent of the Majority Lenders, with respect to any Security Party, make any Investment or permit any of its Subsidiaries to make any Investments in a non-consolidated entity and/or in business areas other than the core business of the transportation, storage and distribution of bulk liquid chemicals and other products customary for chemical and product tankers, including without limitation:

(i) no further Investments in SOSA except (A) in relation to the conversion of SNTG' s subordinated shareholder loan of Fifty Million Dollars ($50,000,000) into SOSA equity and (B) the guarantee of SOSA obligations up to a maximum aggregate

amount not exceeding $96,000,000 which may arise from time to time under (I) a guarantee and indemnity in favor of Nordea Bank Norge ASA dated 30 June 2003 of certain obligations arising under a secured $100,000,000 bank loan and guarantee facility agreement amended and restated on 30 June 2003 (II) a guarantee and indemnity in favor of DnB NOR Bank ASA dated 21 August 2003 of certain obligations arising under a secured $44,000,000 bank guarantee facility agreement dated 21 August 2003 (III) a guarantee and indemnity dated 27 August 2003 in favor of DnB NOR Bank ASA of certain obligations arising under a $28,000,000 reimbursement agreement dated 27 August 2003 and/or (IV) a guarantee and indemnity dated 20 February 2004 in favor of HSBC Bank plc of certain obligations arising under a $100,000,000 bonding line facility agreement dated 20 February 2004, provided that the guarantees referred to in (I), (II), (III) and (IV) above shall not be extended beyond the relevant termination dates specified, as at the date of this Agreement, for and in the various facilities referred to in (I), (II), (III) and (IV) above;

(ii) no Investments in excess of an aggregate amount of Two Million Dollars ($2,000,000) per annum except (A) where SNSA has, on a consolidated basis, freely available Liquidity in excess of Fifty Million Dollars ($50,000,000) after such Investment and (B) for Investments by Stolt Sea Farm plc in any of its Subsidiaries or any other entity or project within the sea farming industry;

9.3 Financial Covenants. each of the Borrowers hereby covenants and undertakes with the Lenders that, from the date hereof and so long as any principal or interest are outstanding or other moneys are owing in respect of this Agreement, under the Notes or under any of the Security Documents, it shall:

(a) Positive Net Worth. maintain a positive Net Worth;

(b) No additional Indebtedness. not incur any Indebtedness, excluding Indebtedness to the Agents or any of the Lenders hereunder, unless such Indebtedness is subordinated to Indebtedness to the Agents or any of the Lenders hereunder on terms satisfactory to the Majority Lenders; provided, however, that the Borrowers may raise funds for customers for specific customer related capital expenditures, which funds shall not exceed Twenty Million Dollars (US$20,000,000) in the aggregate;

9.4 Financial Covenants of SNSA. each of the Borrowers hereby covenants and undertakes with the Lenders that, from the date hereof and so long as any principal or interest are outstanding or other moneys are owing in respect of this Agreement, under the Notes or under any of the Security Documents, it shall procure that SNSA will:

(a) Consolidated Debt to Consolidated Tangible Net Worth. maintain a Consolidated Debt to Consolidated Tangible Net Worth ratio of a maximum 2.00 to 1.00 as calculated at the end of each fiscal quarter of SNSA;

(b) Consolidated Tangible Net Worth. maintain at all times a Consolidated Tangible Net Worth of not less than Six Hundred Million Dollars ($600,000,000) or the equivalent in any other currency as calculated at the end of each fiscal quarter of SNSA;

(c) Consolidated EBITDA to Consolidated Interest Expense. maintain a Consolidated EBITDA to Consolidated Interest Expense ratio equal to or greater than 2.00 to 1.00 in each instance based on the four most recent fiscal quarters for which financial information is available;

10. ASSIGNMENT

This Agreement shall be binding upon, and inure to the benefit of, the Borrowers and the Lenders, the Agents and their respective successors and assigns, except that the Borrowers may not assign any of its rights or obligations hereunder. Each Lender shall be entitled to assign its rights and obligations under this Agreement or grant participation(s) in the Credit Facilities to any Eligible Assignee (in a minimum amount of not less than $5,000,000), and such Lender shall forthwith give notice of any such assignment or participation to the Borrowers and pay the Administrative Agent an assignment fee of $2,500 for each such assignment or participation which is not made to a subsidiary, holding company or affiliate of the assigning Lender; provided, however, that any such assignment must be made pursuant to an Assignment and Assumption Agreement. The Borrowers will take all reasonable actions requested by the Agents or any Lender to effect such assignment, including, without limitation, the execution of a written consent to any Assignment and Assumption Agreement.

11. ILLEGALITY, INCREASED COST, NON-AVAILABILITY, ETC.

11.1 Illegality. In the event that by reason of any change in any applicable law, regulation or regulatory requirement or in the interpretation thereof, a Lender has a basis to conclude that it has become unlawful for any Lender to maintain or give effect to its obligations as contemplated by this Agreement, such Lender shall inform the Administrative Agent and the Borrowers to that effect, whereafter the liability of such Lender to make its Commitment available shall forthwith cease and the Borrowers shall be required either to repay to such Lender that portion of the Credit Facilities advanced by such Lender immediately or, if such Lender so agrees, to repay such portion of the Credit Facilities to such Lender on the last day of any then current Interest Period in accordance with and subject to the provisions of Section 11.5. In any such event, but without prejudice to the aforesaid obligations of the Borrowers to repay such portion of the Credit Facilities, the Borrowers and the relevant Lender shall negotiate in good faith with a view to agreeing on terms for making such portion of the Credit Facilities available from another jurisdiction or otherwise restructuring such portion of the Credit Facilities on a basis which is not unlawful.

11.2 Increased Costs. If any change in applicable law, regulation or regulatory requirement (including any applicable law, regulation or regulatory requirement which relates to capital

adequacy or liquidity controls or which affects the manner in which any Lender allocates capital resources under this Agreement), or in the interpretation or application thereof by any governmental or other authority, shall:

(i) subject any Lender to any Taxes (other than Excluded Taxes) with respect to its income from the Credit Facilities, or any part thereof, or

(ii) change the basis of taxation to any Lender of payments of principal or interest or any other payment due or to become due pursuant to this Agreement (other than a change in the basis effected by the jurisdiction of organization of such Lender, the jurisdiction of the principal place of business of such Lender, the United States of America, the State or City of New York or any governmental subdivision or other taxing authority having jurisdiction over such Lender (unless such jurisdiction is asserted by reason of the activities of the Borrowers or any of the other Security Parties) or such other jurisdiction where the Credit Facilities may be payable), or

(iii) impose, modify or deem applicable any reserve requirements or require the making of any special deposits against or in respect of any assets or liabilities of, deposits with or for the account of, or loans by, a Lender, or

(iv) impose on any Lender any other condition affecting the Credit Facilities or any part thereof,

and the result of the foregoing is either to increase the cost to such Lender of making available or maintaining its Commitment or any part thereof or to reduce the amount of any payment received by such Lender, then and, in any such case, if such increase or reduction, in the opinion of such Lender, materially affects the interests of such Lender under or in connection with this Agreement:

(i) the Lender shall notify the Administrative Agent and the Borrowers of the happening of such event, and

(ii) the Borrowers agree forthwith upon demand to pay to such Lender such amount as such Lender certifies to be necessary to compensate such Lender for such additional cost or such reduction.

11.3 Nonavailability of Funds. If the Administrative Agent shall determine that, by reason of circumstances affecting the London Interbank Market generally, adequate and reasonable means do not or will not exist for ascertaining the interest rate for the Credit Facilities for any Interest Period, the Administrative Agent shall give notice of such determination to the Borrowers. The Majority Lenders shall then determine the interest rate and/or Interest Period to be substituted for those which would otherwise have applied under this Agreement. If the Majority Lenders are unable to agree upon such a substituted interest rate and/or Interest Period within thirty (30) days

of the giving of such determination notice, the Administrative Agent shall set an interest rate and Interest Period to take effect from the expiration of the Interest Period in effect at the date of determination, which rate shall be equal to the Applicable Margin plus the cost to the Lenders (as certified by each Lender) of funding the Credit Facilities. In the event the state of affairs referred to in this Section 11.3 shall extend beyond the end of the Interest Period, the foregoing procedure shall continue to apply until circumstances are such that the interest rate may be determined pursuant to Section 6.

11.4 Lender' s Certificate Conclusive. A certificate or determination notice of any Lender as to any of the matters referred to in this Section 11 shall, absent manifest error, be conclusive and binding on the Borrowers.

11.5 Compensation for Losses. Where the Credit Facilities or any portion thereof is to be repaid by the Borrowers pursuant to this Section 11, the Borrowers agree simultaneously with such repayment to pay to the relevant Lender all accrued interest to the date of actual payment on the amount repaid and all other sums then payable by the Borrowers to the relevant Lender pursuant to this Agreement, together with such amounts as may be certified by the relevant Lender to be necessary to compensate such Lender for any actual loss, premium or penalties incurred or to be incurred thereby on account of funds borrowed to make, fund or maintain its Commitment or such portion thereof for the remainder (if any) of the then current Interest Period or Interest Periods, if any, but otherwise without penalty or premium.

12. CURRENCY INDEMNITY

12.1 Currency Conversion. If, for the purpose of obtaining or enforcing a judgment in any court in any country, it becomes necessary to convert into any other currency (the "judgment currency") an amount due in Dollars under this Agreement, the Notes or any of the Security Documents, then the conversion shall be made, in the discretion of the Administrative Agent, at the rate of exchange prevailing either on the date of default or on the day before the day on which the judgment is given or the order for enforcement is made, as the case may be (the

"conversion date"), provided that the Administrative Agent shall not be entitled to recover under this section any amount in the judgment currency which exceeds at the conversion date the amount in Dollars due under this Agreement, the Notes, the Guaranty and/or any of the Security Documents.

12.2 Change in Exchange Rate. If there is a change in the rate of exchange prevailing between the conversion date and the date of actual payment of the amount due, the Borrowers shall pay such additional amounts (if any, but, in any event, not a lesser amount) as may be necessary to ensure that the amount paid in the judgment currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount then due under this Agreement, the Notes and/or any of the Security Documents in Dollars; any excess over the amount due received or collected by the Lenders shall be remitted to the Borrowers.

12.3 Additional Debt Due. Any amount due from the Borrowers under this Section 12 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement, the Notes and/or any of the Security Documents.

12.4 Rate of Exchange. The term "rate of exchange" in this Section 12 means the rate at which the Administrative Agent in accordance with its normal practices is able on the relevant date to purchase Dollars with the judgment currency and includes any premium and costs of exchange payable in connection with such purchase.

13. FEES AND EXPENSES

13.1 Fees. During the period beginning on the date of the acceptance of the Offer Letter and ending on the Final Payment Date, the Borrowers shall pay, quarterly in arrears from the date of this Agreement, to the Administrative Agent (for the account of the Lenders) a commitment fee which fee shall be a per annum percentage equal to fifty one hundredths of one percent (0.50%) payable on the difference between the maximum aggregate amount of the Credit Facilities and the average amount of the aggregate of the outstanding Advances. The Borrowers shall also pay to the Agents such fees as the parties have agreed pursuant to the Offer Letter.

13.2 Expenses. Each of the Borrowers agrees, whether or not the transactions hereby contemplated are consummated, on demand to pay, or reimburse the Agents for their payment of, the reasonable expenses of the Agents and (after the occurrence and during the continuance of an Event of Default) the Lenders incident to said transactions (and in connection with any supplements, amendments, waivers or consents relating thereto or incurred in connection with the enforcement or defense of any of the Agents' and the Lenders' rights or remedies with respect thereto or in the preservation of the Agents' and the Lenders' priorities under the documentation executed and delivered in connection therewith), including, without limitation, all costs and expenses of preparation, negotiation, execution and administration of this Agreement and the documents referred to herein (including, but not limited to, Taxes imposed on any Lender related to those expenses), the fees and disbursements of the Agents' and Lenders' counsel in connection therewith, as well as the reasonable fees and expenses of any independent appraisers, surveyors, engineers, inspectors and other consultants retained by the Agent in connection with this Agreement and the transactions contemplated hereby and under the Security Documents, all costs and expenses, if any, in connection with the enforcement of this Agreement, the Notes and the Security Documents and stamp and other similar taxes, if any, incident to the execution and delivery of the documents (including, without limitation, the Notes) herein contemplated and to hold the Agents and the Lenders free and harmless in connection with any liability arising from the nonpayment of any such stamp or other similar taxes. Such taxes and, if any, interest and penalties related thereto as may become payable after the date hereof shall be paid immediately by the Borrowers to the Agents or the Lenders, as the case may be, when liability therefor is no longer contested by such party or parties or reimbursed immediately by the Borrowers to such party or parties after payment thereof (if the Agents or the Lenders, at their sole discretion, chooses to make such payment).

14. APPLICABLE LAW, JURISDICTION AND WAIVER

14.1 Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

14.2 Jurisdiction. The Borrowers hereby irrevocably submit to the jurisdiction of the courts of the State of New York and of the United States District Court for the Southern District of New

York in any action or proceeding brought against it by any of the Lenders or Agents under this Agreement or under any document delivered hereunder and hereby irrevocably agrees that valid service of summons or other legal process on it may be effected by serving a copy of the summons and other legal process in any such action or proceeding on the Borrowers by mailing or delivering the same by hand to the Borrowers at the address indicated for notices in Section 16.1. The service, as herein provided, of such summons or other legal process in any such action or proceeding shall be deemed personal service and accepted by the Borrowers as such, and shall be legal and binding upon the Borrowers for all the purposes of any such action or proceeding. Final judgment (a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness of the Borrowers to the Lenders or the Agents) against the Borrowers in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment. The Borrowers will advise the Administrative Agent promptly of any change of address for the purpose of service of process. Notwithstanding anything herein to the contrary, the Lenders may bring any legal action or proceeding in any other appropriate jurisdiction.

14.3 **WAIVER OF JURY TRIAL. IT IS MUTUALLY AGREED BY AND AMONG THE BORROWERS, THE OTHER SECURITY PARTIES, THE AGENTS AND THE LENDERS THAT EACH OF THEM HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY HERETO AGAINST ANY OTHER PARTY HERETO ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE NOTES OR THE SECURITY DOCUMENTS.**

15. THE AGENTS

15.1 Appointment of Agents. Each of the Lenders irrevocably appoints and authorizes the Agents severally each to take such action as agent on its behalf and to exercise such powers under this Agreement, the Notes and the Security Documents as are delegated to such Agent by the terms hereof and thereof. No Agent nor any of their respective directors, officers, employees or agents shall be liable for any action taken or omitted to be taken by it or them under this Agreement, the Notes or the Security Documents or in connection therewith, except for its or their own gross negligence or willful misconduct.

15.2 Collateral Agent. Each of the Lenders irrevocably appoints the Collateral Agent as collateral agent on its behalf with regard to (i) the security, powers, rights, titles, benefits and interests (both present and future) constituted by and conferred on the Lenders or any of them or for the benefit thereof under or pursuant to this Agreement, the Notes or any of the Security Documents (including, without limitation, the benefit of all covenants, undertakings, representations, warranties and obligations given, made or undertaken to any Lender in the Agreement, the Notes or any Security Document), (ii) all moneys, property and other assets paid or transferred to or vested in any Lender or any agent of any Lender or received or recovered by any Lender or any agent of any Lender pursuant to, or in connection with, this Agreement, the Notes or the Security Documents whether from any Security Party or any other person and (iii) all money, investments, property and other assets at any time representing or deriving from any of the foregoing, including all interest, income and other sums at any time received or receivable

by any Lender or any agent of any Lender in respect of the same (or any part thereof). The Collateral Agent hereby accepts such appointment.

15.3 Distribution of Payments. Whenever any payment is received by the Administrative Agent from the Borrowers or any other Security Party for the account of the Lenders, or any of them, whether of principal or interest on the Notes, commissions, fees under Section 13 or otherwise, it will thereafter cause to be distributed on the same day if received before 3 p.m. New York time, or on the next day if received thereafter, like funds relating to such payment ratably to the Lenders according to their respective Commitments, in each case to be applied according to the terms of this Agreement.

15.4 Holder of Interest in Notes. The Agents may treat each Lender as the holder of all of the interest of such Lender in the Notes.

15.5 No Duty to Examine, Etc. The Agents shall not be under a duty to examine or pass upon the validity, effectiveness or genuineness of any of this Agreement, the Notes, the Security Documents or any instrument, document or communication furnished pursuant to this Agreement or in connection therewith or in connection with the Notes or any Security Document, and the Agents shall be entitled to assume that the same are valid, effective and genuine, have been signed or sent by the proper parties and are what they purport to be.

15.6 Agents as Lenders. With respect to that portion of the Facilities made available by it, each Agent shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not an Agent, and the term "Lender" or "Lenders" shall include each Agent in its capacity as a Lender. Each Agent and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with, the Borrowers and the other Security Parties, as if it were not an Agent.

15.7 Acts of the Agents. Each Agent shall have duties and reasonable discretion, and shall act as follows:

(A) Obligations of the Agents. the obligations of each Agent under this Agreement, under the Notes and under the Security Documents are only those expressly set forth herein and therein.

(B) No Duty to Investigate. no Agent shall at any time be under any duty to investigate whether an Event of Default, or an event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred or to investigate the performance of this Agreement, the Notes or any Security Document by any Security Party.

(C) Discretion of the Agents. each Agent shall be entitled to use its discretion with respect to exercising or refraining from exercising any rights which may be vested in it by, and with respect to taking or refraining from taking any action or actions which it may be able to take under or in respect of, this Agreement, the Notes and the Security Documents, unless the Administrative Agent shall have been instructed by the Majority Lenders to exercise such rights or to take or refrain from

taking such action; provided, however, that no Agent shall be required to take any action which exposes such Agent to personal liability or which is contrary to this Agreement or applicable law.

(D) Instructions of Majority Lenders. each Agent shall in all cases be fully protected in acting or refraining from acting under this Agreement, under the Notes, or under any Security Document in accordance with the instructions of the Majority Lenders, and any action taken, or failure to act pursuant to such instructions, shall be binding on all of the Lenders.

15.8 Certain Amendments. Neither this Agreement, the Notes nor any of the Security Documents nor any terms hereof or thereof may be amended unless such amendment is approved by the Borrowers and the Majority Lenders, provided that no such amendment shall, without the written consent of each Lender affected thereby, (i) reduce the interest rate or extend the time of a scheduled payment of principal or interest or fees on the Facilities, or reduce the principal amount of the Facilities or any fees hereunder, (ii) increase or decrease the Commitment of any Lender or subject any Lender to any additional obligation (it being understood that a waiver of any Event of Default, other than a payment default, or any mandatory repayment of the Facilities shall not constitute a change in the terms of any Commitment of any Lender), (iii) amend, modify or waive any provision of this Section 15.8, (iv) amend the definition of Majority Lenders or any other definition referred to in this Section 15.8, (v) consent to the assignment or transfer by the Borrowers of any of their rights and obligations under this Agreement, or (vi) release any Security Party from any of its obligations under any Security Document except as expressly provided in Section 2.2(k) of the Mortgages (provided that the requirement under this subparagraph (vi) is not intended to extend to amendments to, or temporary waivers of, obligations unless the subject matter of such obligation is identified elsewhere in this Section 15.8); provided, further, that approval by all Lenders shall be required for any amendment or waivers with respect to the prepayment provisions contained in Section 5.3 of this Agreement. All amendments approved by the Majority Lenders under this Section 15.8 must be in writing and signed by the Borrowers, each of the Lenders comprising the Majority Lenders and, if applicable, each Lender affected thereby and any such amendment shall be binding on all the Lenders; provided, however, that any amendments or waivers with respect to the prepayment provisions contained in Section 5.3 of this Agreement must be in writing and signed by the Borrowers and all of the Lenders.

15.9 Assumption re Event of Default. Except as otherwise provided in Section 15.15, the Administrative Agent shall be entitled to assume that no Event of Default, or event which with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing, unless the Administrative Agent has been notified by any Security Party of such fact, or has been notified by a Lender that such Lender considers that an Event of Default or such an event which with the giving of notice or lapse of time, or both, would constitute an Event of Default (specifying in detail the nature thereof) has occurred and is continuing. In the event that the Administrative Agent shall have been notified, in the manner set forth in the preceding sentence, by any Security Party or any Lender of any Event of Default or of an event which with the giving of notice or lapse of time, or both, would constitute an Event of Default, the Administrative Agent shall notify the Lenders and shall take action and assert such rights under

this Agreement, under the Notes and under Security Documents as the Majority Lenders shall request in writing.

15.10 Limitations of Liability. Except as otherwise provided in Section 15.1, neither any Agent nor any of the Lenders shall be under any liability or responsibility whatsoever:

(A) to any Security Party or any other person or entity as a consequence of any failure or delay in performance by, or any breach by, any other Lenders or any other person of any of its or their obligations under this Agreement or under any Security Document;

(B) to any Lender or Lenders as a consequence of any failure or delay in performance by, or any breach by, any Security Party of any of its respective obligations under this Agreement, under the Notes or under the Security Documents; or

(C) to any Lender or Lenders for any statements, representations or warranties contained in this Agreement, in any Security Document or in any document or instrument delivered in connection with the transaction hereby contemplated; or for the validity, effectiveness, enforceability or sufficiency of this Agreement, the Notes, any Security Document or any document or instrument delivered in connection with the transactions hereby contemplated.

15.11 Indemnification of the Agents. The Lenders agree to indemnify each Agent (to the extent not reimbursed by the Security Parties or any thereof), pro rata according to the respective amounts of their Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including legal fees and expenses incurred in investigating claims and defending itself against such liabilities) which may be imposed on, incurred by or asserted against, such Agent in any way relating to or arising out of this Agreement, the Notes or any Security Document, any action taken or omitted by such Agent thereunder or the preparation, administration, amendment or enforcement of, or waiver of any provision of, this Agreement, the Notes or any Security Document, except that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent' s gross negligence or willful misconduct.

15.12 Consultation with Counsel. Each of the Agents may consult with legal counsel reasonably selected by such Agent and shall not be liable for any action taken, permitted or omitted by it in good faith in accordance with the advice or opinion of such counsel.

15.13 Resignation. Any Agent may resign at any time by giving thirty (30) days' written notice thereof to the other Agents, the Lenders and the Borrower. Upon any such resignation, the Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent' s giving notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent which shall be a bank or trust company of recognized standing. Any resignation by an Agent pursuant to this Section 15.13 shall be effective only upon the appointment of a successor Agent. The appointment of any successor Agent shall be

subject to the prior written consent of the Borrower, such consent not to be unreasonably withheld. After any retiring Agent' s resignation as Agent hereunder, the provisions of this Section 15 shall continue in effect for its benefit with respect to any actions taken or omitted by it while acting as Agent.

15.14 Representations of Lenders. Each Lender represents and warrants to each other Lender and each Agent that:

(A) in making its decision to enter into this Agreement and to make its Commitment available hereunder, it has independently taken whatever steps it considers necessary to evaluate the financial condition and affairs of the Security Parties, that it has made an independent credit judgment and that it has not relied upon any statement, representation or warranty by any other Lender or any Agent; and

(B) so long as any portion of its Commitment remains outstanding, it will continue to make its own independent evaluation of the financial condition and affairs of the Security Parties.

15.15 Notification of Event of Default. The Administrative Agent hereby undertakes to promptly notify the Lenders, and the Lenders hereby promptly undertake to notify the Administrative Agent and the other Lenders, of the existence of any Event of Default, which shall have occurred and be continuing, of which the Administrative Agent or Lender has actual knowledge.

15.16 No Agency or Trusteeship if DNB NOR only Lender. If at any other time DNB NOR Bank ASA, New York branch, is the only Lender, all references to the terms "Administrative Agent" and "Collateral Agent" shall be deemed to be references to DNB NOR Bank ASA, New York branch as Lender and not as Administrative Agent or Collateral Agent.

16. NOTICES AND DEMANDS

16.1 Notices. All notices, requests, demands and other communications to any party hereunder shall be in writing (including prepaid overnight courier, facsimile transmission or similar writing) and shall be given to the Borrowers and the Agents at the address or facsimile number set forth in the signature pages to this Agreement and to the Lenders at their address and facsimile numbers set forth in Schedule 1 or at such other address or facsimile numbers as such party may hereafter specify for the purpose by notice to each other party hereto. Each such notice, request or other communication shall be deemed to have been received (provided that it is received prior to 2 p.m. New York time), (i) if given by facsimile, on the date of dispatch thereof (provided that if the date of dispatch is not a Business Day in the locality of the party to whom such notice or communication is sent it shall be deemed to have been received on the next following Business Day in such locality), and (ii) if given by mail, prepaid overnight courier or any other means, when received at the address specified in this Section or when delivery at such address is refused.

17. MISCELLANEOUS

17.1 Time of Essence. Time is of the essence with respect to this Agreement but no failure or delay on the part of any Lender or the Agents to exercise any power or right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by any Lender or the Agents of any power or right hereunder preclude any other or further exercise thereof or the exercise of any other power or right. The remedies provided herein are cumulative and are not exclusive of any remedies provided by law.

17.2 Unenforceable, etc., Provisions- Effect. In case any one or more of the provisions contained in this Agreement, the Notes or in any Security Document would, if given effect, be invalid, illegal or unenforceable in any respect under any law applicable in any relevant jurisdiction, said provision shall not be enforceable against the relevant Security Party, but the validity, legality and enforceability of the remaining provisions herein or therein contained shall not in any way be affected or impaired thereby.

17.3 References. References herein to Sections, Exhibits and Schedules are to be construed as references to sections of, exhibits to, and schedules to, this Agreement, unless the context otherwise requires.

17.4 Further Assurances. The Borrowers agree that if this Agreement or any Security Document shall, in the reasonable opinion of the Lenders, at any time be deemed by the Agents or the Lenders for any reason insufficient in whole or in part to carry out the true intent and spirit hereof or thereof, it will execute or cause to be executed such other and further assurances and documents as in the opinion of the Lenders may be required in order to more effectively accomplish the purposes of this Agreement, the Notes or any Security Document.

17.5 Prior Agreements, Merger. Any and all prior understandings and agreements heretofore entered into between the Security Parties on the one part, and the Agents or the Lenders, on the other part, whether written or oral, other than the Fee Letter, are superseded by and merged into this Agreement and the other agreements (the forms of which are exhibited hereto) to be executed and delivered in connection herewith to which the Security Parties, the Agents and/or the Lenders are parties, which alone fully and completely express the agreements between the Security Parties, the Agents and the Lenders.

17.6 Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the parties hereto. Subject to Section 15.8, any provision of this Agreement, the Notes or any Security Document may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrowers, the Agents and the Majority Lenders. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

17.7 Indemnification. The Borrowers and, by its execution and delivery of the Consent and Agreement set forth below, each of the other Security Parties jointly and severally agree to indemnify each Lender and the Agents, their respective successors and assigns, and their respective officers, directors, employees, representatives and agents (each an "Indemnitee") from, and hold each of them harmless against,

any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements of any kind or nature whatsoever (including, without limitation, the fees and disbursements of counsel for such

Indemnitee in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated a party thereto) that may at any time (including, without limitation, at any time following the payment of the obligations of the Borrowers hereunder) be imposed on, asserted against or incurred by, any Indemnitee as a result of, or arising out of or in any way related to or by reason of, (a) any violation by any Security Party of any applicable Environmental Law, (b) any Environmental Action arising out of the management, use, control, ownership or operation of property or assets by any Security Party (or, after foreclosure, by any Lender or the Agents or any of their respective successors or assigns), (c) the breach of any representation, warranty or covenant set forth in Sections 2.1 (p) or 9.1(l), (d) the Credit Facilities (including the use of the proceeds of the Credit Facilities and any claim made for any brokerage commission, fee or compensation from any Person), or (e) the execution, delivery, performance or non-performance by a Security Party of this Agreement, the Notes, any Security Document, or any of the documents referred to herein or contemplated hereby (whether or not the Indemnitee is a party thereto). If and to the extent that the obligations of the Security Parties under this Section are unenforceable for any reason, the Borrowers and, by its execution and delivery of the Consent and Agreement set forth below, each of the other Security Parties jointly and severally agree to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law. The obligations of the Security Parties under this Section 17.7 shall survive the termination of this Agreement and the repayment to the Lenders of all amounts owing thereto under or in connection herewith.

17.8 Headings. In this Agreement, section headings are inserted for convenience of reference only and shall not be taken into account in the interpretation of this Agreement.

17.9 WAIVER OF IMMUNITY. TO THE EXTENT THAT ANY SECURITY PARTY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM SUIT, JURISDICTION OF ANY COURT OR ANY LEGAL PROCESS (WHETHER THROUGH ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION, EXECUTION OF A JUDGMENT, OR FROM ANY OTHER LEGAL PROCESS OR REMEDY) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH SECURITY PARTY HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS LOAN AGREEMENT AND THE OTHER SECURITY DOCUMENTS.

IN WITNESS whereof, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives as of the day and year first above written.

STOLTHAVEN HOUSTON INC., Borrower

By: /s/ John Greenwood
Name: John Greenwood
Title: Attorney-in-Fact

Address for Notices:
c/o Stolt-Nielsen Inc.
8 Sound Shore Drive
P.O. Box 2300
Greenwich, CT 06836
Attn: Howard J. Merkel

Facsimile: (203) 625-3957

STOLTHAVEN NEW ORLEANS LLC, Borrower

By: /s/ John Greenwood
Name: John Greenwood
Title: Attorney-in-Fact

Address for Notices:
c/o Stolt-Nielsen Inc.
8 Sound Shore Drive
P.O. Box 2300
Greenwich, CT 06836
Attn: Howard J. Merkel
Facsimile: (203) 625-3957

The Lenders

DNB NOR BANK ASA, NEW YORK BRANCH

By: /s/ Alfred C. Jones
Name: Alfred C. Jones, III
Title: Senior Vice President

By: /s/ Sanjiv Nayar
Name: Sanjiv Nayar
Title: Senior Vice President

DEUTSCHE BANK AG IN HAMBURG

By: /s/ Lawrence Rutkowski
Name: Lawrence Rutkowski
Title: Attorney-in-Fact

By: /s/ Matthew Cooley
Name: Matthew Cooley
Title: Attorney-in-Fact

KFW

By: /s/ Lawrence Rutkowski

Name: Lawrence Rutkowski
Title: Attorney-in-Fact

By: /s/ Matthew Cooley
Name: Matthew Cooley
Title: Attorney-in-Fact

DNB NOR BANK ASA, NEW YORK BRANCH,
as Administrative Agent and Collateral Agent

By: /s/ Alfred C. Jones
Name: Alfred C. Jones, III
Title: Senior Vice President

By: /s/ Sanjiv Nayar
Name: Sanjiv Nayar
Title: Senior Vice President

Address for Notices:
DnB NOR Bank ASA, New York Branch
200 Park Avenue, 31st Floor
New York, New York 10166
Attn: Sanjiv Nayar
Fax: (212) 681-3900

CONSENT AND AGREEMENT

Each of the undersigned, referred to in the foregoing Agreement as the "Guarantors", hereby consents and agrees to said Agreement and to the documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the undersigned pursuant to or in connection with said Agreement and agrees particularly to be bound by the representations, warranties and covenants relating to the undersigned contained in Sections 2 and 9 of said Agreement to the same extent as if the undersigned were a party to said Agreement.

STOLT-NIELSEN S.A.

By: /s/ John Greenwood
Name: John Greenwood
Title: Attorney-in-Fact

Address for Notices:
c/o Stolt-Nielsen Inc.

8 Sound Shore Drive
Greenwich, CT 06836
Attn: Howard J. Merkel
Fax: (203) 661-7695

STOLT-NIELSON TRANSPORTATION GROUP LTD.

By: /s/ John Greenwood
Name: John Greenwood
Title: Attorney-in-Fact

Address for Notices:
c/o Stolt-Nielsen Inc.
8 Sound Shore Drive
Greenwich, CT 06836
Attn: Howard J. Merkel
Fax: (203) 661-7695

SCHEDULE 1

PERCENTAGES AND MAXIMUM DOLLAR COMMITMENTS

Name of Lender	Percentage	Maximum Dollar Amount
DNB Nor Bank ASA, New York Branch	33.333%	USD$ 50,000,000
(i) Address for Notices:		
DnB Nor Bank ASA, New York Branch 200 Park Avenue 31st Floor New York, NY 10166 Attn: Sanjiv Nayar Fax: (212) 681-3900		
(ii) Payment Instructions:		
Deutsche Bank AG in Hamburg	33.333%	USD$ 50,000,000
(i) Address for Notices:		
Brandstwiete 1 20457 Hamburg Germany Attn: Carola Roth, Vice President Fax: +49 (0)40 3701-4649		
(ii) Payment Instructions:		

KfW	33.333%	USD$	50,000,000

(i) Address for Notices:

Palmengartenstr 5-9
60325 Frankfurt a. M.
Germany
Attn: Christoph Gruen
Fax: + 49 69 7431-4790

(ii) Payment Instructions:

SCHEDULE 2

LITIGATION AND ENVIRONMENTAL MATTERS

LEGAL PROCEEDINGS

Stolthaven Houston Inc.

Crompton Corporation v. Stolthaven Houston Inc. et al, District Court of Harris County, Texas. This litigation involves the contamination of two chemicals at the Stolthaven Houston facility. On January 23, 2002 a railcar containing 79.990 MT of Flo-Mo 1407 was mistakenly discharged into Shore Tank No E12-21. At the time, such tank contained 596.100 MT of Flo-Mo TD-201. Both cargoes were owned by Witco, a division of Crompton Corporation. Crompton claims the contamination completely destroyed both cargoes. Crompton sold the contaminated product and has sued Stolthaven Houston Inc. for the difference in value, approximately $744,000. The parties are attempting to negotiate a settlement before incurring significant legal costs. If reasonable settlement cannot be achieved, the Company intends to vigorously contest the claim.

Stolthaven New Orleans L.L.C.

Shelly Alphonso-Ferro v. Stolthaven New Orleans L.L.C., United States District Court (Eastern District of Louisiana). Plaintiff asserts claims under the federal Family and Medical Leave Act (FMLA) and the Employee Retirement Income Security Act of 1974 (ERISA). Plaintiff claims that her termination by the Company on July 18, 2003, for misappropriation of Company funds and falsifying documents, was in violation of FMLA as she asserts she was on “protected leave” at the time She also claims that her termination violated ERISA on the grounds that the Company interfered with her eligibility to seek long-term disability benefits by terminating her before the 180 day waiting period. The Company terminated her when her absence caused the discovery of a series of unpaid debts that she had charged to the Company. This litigation is in discovery and the Company is vigorously defending the matter.

Quick Recovery Coating Systems, Inc. v. Stolthaven New Orleans L.L.C., Stolt Offshore Inc. and Stolt-Nielsen Transportation Group Ltd., Civil District Court, Parish of Plaquemines, Louisiana. This action, consolidated with two related actions involving Quick Recovery’ s subcontractors and lenders, relates to services provided by plaintiff in connection with the construction of storage tanks at Stolthaven New Orleans. Plaintiff seeks damage in the amount of $407,109.86 plus unstated damages for breach of contract and for violation of unfair trade practices and consumer protection laws as a result of delays incurred in connection with the construction of storage tanks at Stolthaven New Orleans. The action is in the early stages of discovery and it is therefore premature to predict an outcome.

King Fabrication, LLC v. Stolthaven New Orleans L.L.C. and Stolt-Nielsen Transporation Group Inc., Civil District Court, Parish of Plaquemines, Louisiana. Plaintiff seeks damages in the amount of $570,422.45 as a result of delays and revisions to design drawings incurred in connection with the construction of the Stolthaven New Orleans faciliy. The Company has asserted a counterclaim seeking damages in excess of that being claimed in the principal demand. The case is in the early stages of discovery and it is therefore premature to predict an outcome. The parties are presently in mediation.

Arsenio Arias v. Stolthaven New Orleans L.L.C., ABC Insurance Company, Stolt-Nielsen Transportation Group Inc. (aka Stolt-Nielsen S.A.), DEF Insurance Company, Certified Coating Inc., GHI Insurance Company, Kenneth R. Hebert, Per Voie individually and as Employer of and Kirk Skiles individually, Civil District Court, Parish of Orleans, Louisiana. Plaintiff has sued for damages allegedly sustained as a result of an exposure to acrylonitrile while working for Certified Coating at the Stolthaven New Orleans facility. Arias' workers' compensation carrier has also intervened in this suit. Initial investigation reveals that there was an accidental, infinitesimal and inconsequential leak of acrylonitrile from Tank B50-0, which was discovered by Kirk Skiles and immediately remedied. Various procedural motions have been filed. The Company and the individual defendants are vigorously contesting liability in this matter. The case is in the early stages of discovery and it is therefore premature to predict an outcome. The matter is insured, with a $250,000 deductible.

International-Matex Tank Terminals LLC and Ventura Foods LLC v. Stolthaven New Orleans L.L.C., Stolt-Nielsen Transportation Group Inc. and Stolt Offshore Inc., Civil District Court for Parish of Orleans, Louisiana. Plaintiffs allege illegal monopoly power over the business of transporting and storing tropical oils from Southeast Asia to Mississippi River, violating the State of Louisiana' s antitrust laws and Unfair Trade Practices Act (LUPTA). Stolthaven moved for partial summary judgment seeking dismissal with prejudice of plaintiffs' claims against it. By decision dated June 30, 2004, all of such claims were dismissed with the exception of the claim under LUPTA. The Company is (and has) vigorously contesting all of IMTT' s and Ventura' s allegations and claims and is seeking dismissal of the remaining claim.

Louisiana Department of Environmental Quality ("LDEQ"). The LDEQ issued Consolidated Compliance Orders and Notices of Potential Penalty to Stolthaven New Orleans L.L.C. on February 10, 2003 and July 3, 2003 alleging various violations of the facility' s air and water permits (the "Compliance Orders"). The deviations upon which the Compliance Orders are based were discovered by Stolthaven New Orleans L.L.C. and self reported to LEDQ. All violations and deviations have been tentatively resolved in settlement wherein Stolthaven New Orleans L. L C. has agreed to pay $113,775.50 to resolve same, while neither admitting or denying the allegations.

Stolt Nielsen S.A. and Stolt-Nielsen Transportation Group

Investigations by the U.S. Department of Justice and European Commission

In 2002, we became aware of information that caused us to undertake an internal investigation regarding potential improper collusive behavior in our parcel tanker and intra-Europe inland barge operations. As a consequence of the internal investigation, we voluntarily reported certain conduct to the Antitrust Division of the DOJ and the Competition Directorate of the EC.

As a result of our voluntary report to the DOJ, we entered into an Amnesty Agreement with the Antitrust Division, which provided immunity to us subject to the terms and conditions of the Amnesty Agreement. On February 25, 2003, we announced that we had been conditionally accepted into the DOJ' s Corporate Leniency Program with respect to possible collusion in the parcel tanker industry. Pursuant to such program and provided the program' s stated terms and conditions were

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met, including continued cooperation, our directors, officers and employees were promised amnesty from criminal antitrust prosecution and fines in the U.S. for anticompetitive conduct in the parcel tanker business.

At the same time, we also announced that the EC had admitted us into its Immunity Program with respect to deep-sea parcel tanker and intra-Europe inland barge operations. Acceptance into the EC program affords us immunity from EC fines with respect to anticompetitive behavior, subject to our fulfillment the conditions of the program, including continued cooperation. There can be no assurance that in the future national authorities in Europe or elsewhere will not assert jurisdiction over the alleged conduct and/or seek to take action against us.

Subsequently, the Antitrust Division' s staff informed us that it was suspending our obligation to cooperate because the Antitrust Division was considering whether or not to remove us from the DOJ' s Corporate Leniency Program. Thereafter, in March 2004, the Antitrust Division voided the Amnesty Agreement and revoked our conditional acceptance into the DOJ Corporate Leniency Program. We intend to vigorously challenge the Antitrust Division' s decision. If our challenge to the Antitrust Division' s decision is not successful, it is possible that we or our directors officers or employees could be subject to criminal prosecution and, if found guilty, substantial fines and penalties. Even if

our challenge were successful, our continuing immunity and amnesty under the Antitrust Division' s Corporate Leniency Program would depend on the DOJ' s satisfaction that going forward we and our directors, officers and employees were meeting their obligations to cooperate and otherwise comply with the conditions of the Corporate Leniency Program. It is possible that the Antitrust Division could, once again, determine that we or such directors, officers or employees did not or have not fully complied with those terms and conditions. If this were to happen, SNTG or such directors or employees could, once again, be partly or fully removed from the Corporate Leniency Program, subject to criminal prosecution and, if found guilty, substantial fines and penalties.

We remain in the EC' s Immunity Program. Our directors, officers, and employees continuing immunity and amnesty under the EC' s Immunity Program depends on the EC' s satisfaction that going forward we and our directors and employees are meeting our obligations to cooperate and otherwise comply with the conditions of the Immunity Program. It is possible that the EC could determine that we or such directors or employees did not or have not fully complied with those terms and conditions. If this were to happen, we or such directors or employees could be partly or fully removed from the Immunity Program, subject to criminal prosecution and, if found guilty, substantial fines and penalties.

The DOJ has taken the position that the Executive Vice President and Managing Director of SNTG Tanker Trading, Richard Wingfield, who we have suspended from his employment with SNTG, has not complied with the cooperation requirements of the conditional immunity. In June 2003, the DOJ arrested Mr. Wingfield and filed a criminal complaint against him. To date, Mr. Wingfield has not been indicted.

We are challenging the DOJ' s withdrawal of conditional immunity and remain in the EC' s Immunity Program. Because of this and the inherent difficulty of predicting the outcome of an

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investigation and the challenge to the DOJ' s determination, we have made no provision for any fines or other penalties related to the DOJ or EC investigations in our Consolidated Financial Statements.

We have also received a subpoena from the U. S. Department of Justice seeking documents with respect to our tank container business.

Investigations by Korea Fair Trade Commission and Canada Competition Bureau

The KFTC and the CCB have each notified SNTG that they are conducting investigations of the parcel tanker shipping industry and SNTG. SNTG has informed the KFTC and the CCB that it is committed to cooperating fully with the investigations.

Because of the early stages of these investigations and the inherent unpredictability of the outcome of such proceedings, we are unable to determine whether or not an unfavorable outcome is probable and have made no provision for any fines or other penalties related to the KFTC or CCB investigations in our Consolidated Financial Statements.

Employment Litigation

In an action filed in the Superior Court in Connecticut, SNTG and its former chairman have been sued by a former in house legal counsel, Paul E. O' Brien, who resigned in early 2002

In the Paul E. O' Brien action, the plaintiff seeks damages for constructive discharge and alleges that SNTG was engaging in ongoing "illegal antitrust activities that violated U S. and international law against price fixing and other illegal collusive conduct." The O' Brien action also seeks an order allowing the plaintiff to disclose client confidences regarding these allegations and protecting the plaintiff from civil or disciplinary proceedings after such revelation. The complaint, as amended, does not specify the range of damages sought other than to state they are in excess of the $15,000 jurisdictional minimum. We have moved for summary judgment on the entire complaint. The motion is fully briefed and under consideration by the Court.

We intend to vigorously defend ourselves against this lawsuit and, in accordance with SFAS No. 5, "Accounting for Contingencies," we have not made any provision for any liability related to the action in the accompanying Consolidated Financial Statements.

Antitrust Civil Class Action Litigations

To date we are aware of twelve putative private class actions filed against SNSA and SNTG for alleged violations of antitrust laws. The actions set forth almost identical claims of collusion and bid rigging that track information in media reports regarding the DOJ and EC investigations. The suits seek treble damages in unspecified amounts and allege violations of the Sherman Antitrust Act and various state antitrust and unfair trade practices acts. The actions typically name as defendants SNSA and SNTG, along with several of SNTG' s competitors, Odfjell, Jo Tankers and Tokyo Marine. The actions are as follows:

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l. JLM Industries, Inc., JLM International, Inc., JLM Industries (Europe) BV, JLM Europe BV, and Tolson Holland, individually and on behalf of all other similarly situated v. Stolt-Nielsen SA, Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc., Jo Tankers BV, Jo Tankers, Inc., and Tokyo Marine Co. LTD., 3:03 CV 348 (DJS) (D. Conn.) ("JLM");

2. Nizhnekamskneftekhim USA, Inc., on behalf of itself and all others similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc. (Houston,) Jo Tankers BV, Jo Tankers USA Inc., and Tokyo Marine Co., H-03-1202 (S.D.Tex.)("Nizh");

3. Fleurchem, Inc ., on behalf of itself and all others similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc., Jo Tankers BV, Jo Tankers USA, Inc., and Tokyo Marine Co., H-03-3385 (S.D. Tex.) ("Fleurchem");

4. AnimalFeeds International Corp., Inversions Pesqueras S.A., Central Pacific Protein Corp, and Atlantic Shippers of Texas, Inc., individually and on behalf of all other similarly situated v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; Jo Tankers USA, Inc.; and Tokyo Marine Co., 2:03-CV-5002 (E.D. Pa.);

5. Allchem Industries Industrial Chemicals Group, Inc., individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; .Jo Tankers USA, Inc.; and Tokyo Marine Co., 2:03-CV-3476 (E.D. Pa.) ("Allchem");

6. Basic Chemical Solutions LLC, individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; Jo Tankers USA, Inc.; and Tokyo Marine Co., 2:03-CV-4080 (E.D. Pa.);

7. GFI Chemicals, LP; and GFI Sweden AB, individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; .Jo Tankers USA, Inc.; and Tokyo Marine Co., 2:03-CV-4079 (E.D. Pa.);

8. Illovo Sugar Limited, individually and on behalf of all others similarly situated, individually and on behalf of all others similarly situated, v. Stolt-Nielsen S.A.; Stolt-Nielsen Transportation Group Ltd.; Odfjell ASA; Odfjell USA Inc.; Jo Tankers BV; Jo Tankers USA, Inc.; and Tokyo Marine Co., 3:03-CV-1200 (D. Conn..) ("Illovo");

9. Scott Sutton, on behalf of himself and all others similarly situated in the State of Tennessee v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, and Odfjell Seachem AS, Odfjell USA Inc., Jo Tankers BV, Jo Tankers USA Inc.; and Tokyo Marine Co. Ltd, No. 28,713-II (Cir. Ct. Cocke County, Tenn.) ("Sutton");

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10. KP Chemical Corporation, on behalf of itself and all others similarly situated, v. Jo Tankers AS, Jo Tankers NV, Jo Tankers Asia Pte, Ltd., Jo Tankers Japan, Stolt-Nielsen Transportation Group Ltd., Stolt Parcel Tankers, Inc., Stolt-Nielsen Netherlands BV, Stolthaven Terminals, Inc., Anthony Radcliffe Steamship Company, Ltd., Copenhagen Tankers, Inc., Parcel Tankers de Columbian y Cia Ltda., Tokyo Marine Co., Ltd. and Ilno Kaiun Kaisha, Ltd., 3:04-cv-00249-RNC (D. Conn.) ("KP Chemical");

11. Tulstar Products, Inc. individually and on behalf of all others similarly situated, v. Stolt-Nielsen SA, Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers USA, Inc., and Tokyo Marine Co., Ltd., 3:04-cv-00318-AWT (D. Conn.) ("Tulstar"); and

12. Karen Brock, on behalf of herself and all others similarly situated, v. Stolt-Nielsen SA, Stolt Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers USA, Inc., Tokyo Marine Co., Ltd and Does 1 through 100 inclusive, No. CGC 04429758 (Superior Court of California, County of San Francisco) ("Brock").

In nine of these actions, the customers claim they paid higher prices under the contracts they had with the defendants as a result of defendants' alleged collusive conduct. The remaining three actions, Fleurchem, Sutton and Brock, are on behalf of indirect purchasers who claim that such alleged collusion resulted in higher prices being passed on to them. We have removed the Brock California state court action to federal court to consolidate it with the other federal actions. We have not been served in the KP Chemical or Tulstar actions.

In the Allchem action listed above, the plaintiff recently filed a notice of voluntary dismissal. Additionally, we have settled with one of the named plaintiffs, Illovo Sugar, without material financial impact.

In July 2003, we moved for the Judicial Panel on Multidistrict Litigation ("JPML") to consolidate all of the then-pending litigation into a single multidistrict litigation ("MDL") court for pretrial proceedings. None of the plaintiffs opposed this motion and the JPML consolidated the earliest filed cases into a single MDL proceeding before Judge Covello in the U.S. District Court for the District of Connecticut. Motions to consolidate the remainder of the cases (except for the recently filed KP Chemical and Tulstar actions and Sutton State Court action) as "tag-a-long" actions in that same Connecticut MDL court have been filed without opposition. Other than a case management conference, no proceedings have begun in the MDL action as yet due to the stay described below.

SNTG' s contracts with its customers contain arbitration clauses. Accordingly, prior to the JPML consolidation, in two of the earliest filed class actions (Nizh and JLM) we filed motions to compel arbitration. In the JLM action SNTG' s motion to compel arbitration was denied by the U.S. District Court for the District of Connecticut. All proceedings in the district court were stayed pending the appeal to the United States Court of Appeals for the Second Circuit. In the meanwhile, the JLM action has been consolidated before the MDL court, which has continued the stay and applied it to all the actions before the MDL Court. The Second Circuit heard oral argument on

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February 3, 2004 and the parties await the Court' s ruling on the arbitration issues. In the Nizh action in the U.S. District Court for the Southern District of Texas, the motion to compel arbitration was granted. Subsequently, in December 2003, Nizh served on the named defendants a demand for arbitration in New York. The MDL court has stayed the Nizh arbitration along with the other actions pending a ruling by the Second Circuit in the JLM matter regarding the arbitration issues.

The proceedings described above are at an early stage. The claims made appear to track media reports regarding the DOJ and EC investigations and are not based on any factual discovery. Consequently, and because of the inherent uncertainty involved in evaluating potential litigation outcomes, we are not able to determine whether or not a negative outcome in any of these actions is probable or a reasonable range for any such outcome and we have not made any provision for any of these claims in our Consolidated Financial Statements.

Private Civil Antitrust Actions By Direct Opt-Out Plaintiffs

On November 7, 2003, The Dow Chemical Company filed antitrust claims against us in the Federal District Court for the District of Connecticut. The claims track the allegations in the putative class actions described above. The claims are presented in two complaints, which reflect that for part of the period at issue Dow had not then merged with Union Carbide Corporation. The actions are captioned as follows:

1. The Dow Chemical Company v. Stolt-Nielsen Transportation Group Ltd., Stolt-Nielsen, S.A., Odfjell ASA, Odfjell Seachem AS, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers, Inc., and Tokyo Marine Co., LTD., 3:03 CV 01920 (GLG) (D. Conn);

2. Union Carbide Corporation v. Stolt-Nielsen Transportation Group Ltd., Stolt-Nielsen, S.A., Odfjell ASA, Odfjell Seachem AS, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers, Inc., and Tokyo Marine Co., LTD., 3:03 CV 01919 (SRU) (D. Conn.)

On June 7, 2004, Huntsman Petrochemical Corporation filed antitrust claims against SNSA and SNTG in the Federal District Court for the District of Connecticut. The claims generally track the allegations in the putative class actions described above. This action is captioned as follows:

1. Huntsman Petrochemical Corporation, Huntsman International Trading Corporation, Huntsman Chemical Company Australia Pty Limited and Huntsman Petrochemicals (UK) Ltd. v. Stolt-Nielsen S.A, Stolt-Nielsen Transportation Group Ltd., and Tokyo Marine Co., Ltd.

The Dow and Union Carbide actions have been consolidated into the JPML proceedings. All pretrial proceedings in these actions would be handled by the same court that addresses the pretrial proceedings in the consolidated putative class actions. The Huntsman action has not yet been consolidated into the JPML proceedings although we have been informed by the plaintiff that it intends to consolidate this action. SNTG' s contracts with Dow, Union Carbide and Huntsman Petrochemical Corporation contained arbitration clauses. Like the other actions before the MDL court, these actions are stayed pending a ruling by the Second Circuit on the arbitration issues.

These actions name the same defendants as the putative class actions, make similar allegations, and seek the same type of damages under the Sherman Act as sought by the putative class actions. In effect, Dow has asserted claims in its own name that were already included within the purported scope of the putative class actions.

The proceedings described above are at an early stage. The claims made appear to track media reports regarding the DOJ and EC investigations and are not based on any factual discovery. Consequently, and because of the inherent uncertainty involved in evaluating potential litigation outcomes, we are not able to determine whether or not a negative outcome in any of these actions is probable or a reasonable range for any such outcome and we have not made any provision for any of these claims in our Consolidated Financial Statements.

Other Antitrust Related Litigation

The Chapter 7 trustee of the liquidated estate of O.N.E. Shipping Inc. brought an action against us and others in U.S., federal court for alleged antitrust violations that resulted in O.N.E. Shipping' s liquidation.

Securities Litigation

In March 2003 an individual claiming to have purchased SNSA American depositary receipts, Joel Menkes, fled a putative civil securities class action in the U.S. District Court for the District of Connecticut against the SNSA Group and certain officers. The action is captioned as follows: Joel Menkes, individually and on behalf of all others similarly situated v. Stolt-Nielsen SA, Jacob Stolt-Nielsen, Niels G. Stolt-Nielsen, Samuel Cooperman, and Reginald J.R. Lee, 3:03 CV 409 (AWT) (D. Conn.) The complaint appears to be based significantly on media reports about the O' Brien action and the DOJ and EC investigations described above. Pursuant to the Private Securities Litigation Reform Act ("PSLRA") the Court allowed for the consolidation of any other class actions with this one. No other class actions were brought during the time allowed, but on June 27, 2003, at plaintiffs' request, the Court appointed Irene and Gustav Rucker as lead plaintiffs in the action.

On September 8, 2003, the plaintiffs fled their Consolidated Amended Class Action Complaint against the same defendants. The consolidated complaint is brought on behalf of "all purchasers of SNSA' s ADR' s from May 31, 2000 through February 20,2003 and all U.S. located purchasers of SNSA' s securities traded on the Oslo Børs to recover damages caused by defendants' violations of the U.S. Securities Exchange Act of 1934." The complaint asserts that our failure to disclose alleged corrupt or illegal behavior, coupled with allegedly "false and misleading" statements, caused plaintiff to pay inflated prices for the our securities by making it appear that we were "immune to an economic downturn that was afflicting the rest of the shipping industry" and "misleading them to believe that the Companies' earnings came from legitimate transactions."

On October 27, 2003 the SNSA Group filed a motion to dismiss the consolidated complaint in its entirety. Briefing of the motion was completed in January 2004 and the parties await a ruling from the Court.

We intend to vigorously defend ourselves against this lawsuit and, in accordance with SFAS No. 5, we have not made any provision for any liability related to the action in our Consolidated Financial Statements.

Customer Relations Issues

We have actively engaged in discussion with a number of customers regarding the subject matter of the DOJ and EC antitrust investigations. A number of companies have indicated their support and some have expressed concerns. We have participated in business discussions and formal mediation with some customers seeking to address any concerns and avoid additional litigation. We have reached commercial agreements with several customers pursuant to which the customers have relinquished any claims arising out of the matters that are the subject of the antitrust investigations. Although the impact of these agreements is difficult to assess until they are fully performed over time, we expect that they will not have a material negative impact on SNTG' s earnings or cash flows. If favorable market conditions continue in the future, these agreements may have a more positive financial impact over time than the commercial arrangements that they replaced. Based on our interaction with our other significant customers, we expect to continue doing business with those customers on terms that reflect the market for our services.

Investigations by the U.S. Department of the Treasury' s Office of Foreign Assets Control

The U.S. Department of the Treasury' s OFAC currently is investigating certain payments by SNTG of incidental port expenses to entities in Iran as possible violations of the IEEPA and the Iranian Transactions Regulations. OFAC concluded an investigation of similar payments by SNTG to entities in the Sudan as possible violations of IEEPA and the Sudanese Sanctions Regulations. SNTG is cooperating fully with OFAC, and has implemented policies and procedures to comply with U.S. sanctions regulations.

With respect to OFAC' s Sudan investigation, on March 20, 2003 SNTG settled the matter with OFAC for a payment of $95,000 by SNTG and without any determination by OFAC that SNTG' s payments of incidental port expenses to entities in the Sudan violated U.S. sanctions regulations.

With respect to OFAC' s Iran investigation, on April 3, 2002 OFAC issued a Cease and Desist Order to SNTG covering payments by SNTG of incidental port expenses involving unlicensed shipments to, from or involving Iran. OFAC' s Iran investigation is currently pending and OFAC has not made any formal determination of whether a violation has occurred as a result of SNTG' s payments of incidental port expenses to entities in Iran. OFAC has referred this matter to the U.S. Attorney' s Office in Connecticut for investigation.

Because of the stages of the Iran investigation and the inherent unpredictability of the outcome of such proceedings, we are unable to determine whether or not an unfavorable outcome is probable and we have made no provision for any fines or other penalties related to OFAC' s Iran investigation in the accompanying Consolidated Financial Statements.

Investigation by U.S. Attorney' s Office in Connecticut

The U.S. Attorney' s Office in Connecticut has opened an investigation regarding whether SNTG' s "trade with embargoed countries violated U.S. laws." We are cooperating fully with the U.S. Attorney' s Office.

Because of the early stage of this investigation and the inherent unpredictability of the outcome of such proceedings, we are unable to determine whether or not an unfavorable outcome is probable and we have made no provision for any fines or other penalties related to the U.S. Attorney' s investigation in our Consolidated Financial Statements.

Compliance with Existing Debt Documents

At fiscal year end 2003, we were in compliance with the financial covenants under various creditor agreements. Such compliance was a result of certain waiver agreements which were in effect until December 15, 2003. On December 29, 2003, new waiver agreements became effective extending the waiver period until May 21, 2004, except as discussed below. For additional information on compliance with terms of our former $240 million credit facility, see Item 13. "Defaults, Dividends, Arrearages and Delinquencies."

On February 20, 2004, the waiver agreement with respect to our Senior Notes was terminated. Representatives of the holders of our Senior Notes informed us that the Senior Note holders believed that upon termination of the waiver agreement and the deconsolidation of SOSA, we were in breach of each of: (i) our leverage covenant; (ii) our limitations on dividends and stock purchases; (iii) our limitations on consolidations and mergers and sales of assets; and (iv) guaranties under the Senior Note agreements. The representatives did not provide specific details in support of such allegations. We have informed the representatives of the Senior Note holders that we disagree with these assertions. On June 16, 2004, we resolved the dispute with our Senior Note holders regarding the asserted defaults under the Senior Notes and entered into the Amendment Agreement to amend the Senior Notes Pursuant to the Amendment Agreement, a permanent waiver was granted by the Senior Note holders in respect of the defaults they asserted. For additional information, see Item 5, "Operating and Financial Review and Prospects−Liquidity and Capital Resources−Indebtedness−The Senior Notes."

As a result of the termination of the waiver with the note holders, waivers in respect of certain other financings also expired on February 20, 2004. Waivers that did not automatically terminate on February 20, 2004, terminated on May 21, 2004, in accordance with their terms. At that time, we were in compliance with the financial covenants in the original agreements for those financings, therefore no default resulted from those waiver terminations.

Stolt Offshore

Technip

In 1996, Coflexip SA and Cofexip Stena Offshore Limited (now known as Technip S.A. and Technip Offshore Limited) ("Technip"), commenced legal proceedings in the UK High Court against three subsidiaries of SOSA for infringement of a certain patent held by Technip on flexible flowline laying technology. The claim related to SOSA' s use of the fexible lay system on the Seaway Falcon. The claim was heard by the UK High Court in 1998 and on January 27, 1999 the disputed patent was held valid in favor of Technip. Following this judgment, Technip claimed damages relating to lost profit for five projects, plus legal costs and interest. However, the damages claim was stayed pending the appeal by both parties against the January 1999 decision. The Court of Appeal dismissed the defendant' s appeal and maintained the validity of the patent. SOSA applied for leave to appeal the Court of Appeal decision to the House of Lords, which was denied. As a result, the equipment part as well as the process part of the patent were held valid.

During 2001, Technip submitted an amended claim for damages claiming the lost profits on a total of 15 projects. In addition there was a claim for alleged price depreciation on certain other projects. The total claim was for UK pounds 63 million (approximately $118 million), plus interest, legal fees and a royalty for each time that the flexible lay system tower on the Seaway Falcon was brought into UK waters. SOSA estimated that the total claim would be approximately UK pound 88 million (approximately $165 million). In the alternative, Technip claimed a reasonable royalty for each act of infringement, interest and legal costs. Technip did not quantify the claim.

During 2003, the UK High Court held that the same patent, the subject of the proceedings against SOSA, was invalid in a separate and unrelated litigation between a company of the Halliburton Group and Technip. That decision has been appealed by Technip.

In light of the decision in the Halliburton case, SOSA applied to the UK High Court to stay the damages inquiry in the Stolt Offshore case, pending the resolution of the Halliburton case. The UK High Court denied the request. SOSA appealed this decision to the UK Court of Appeal and the UK Court of Appeal, subsequent to a hearing in January 2004, decided that SOSA could not benefit from the patent being revoked in the Halliburton case. However, the UK Court of Appeal did not decide on whether or not to stay the damages inquiry, nor on whether or not to recommend that leave to appeal to the House of Lords be given. These two issues were expected to be considered by the UK Court of Appeal after the decision in the Halliburton case was known. The damages inquiry in the infringement case with Technip was scheduled to be heard beginning in late April 2004.

As of November 30, 2002, SOSA, in consultation with its advisers, had assessed that the range of possible outcomes for the resolution of damages was $1.5 million to $130.0 million and determined that no amount within the range was a better estimate than any other amount. Consequently, in accordance with SFAS No. 5, as interpreted by the FASB Interpretation No. 14 “Reasonable Estimation of the Amounts of a Loss,” SOSA provided $1.5 million in the financial statements, being the lower amount of the range.

As of November 30, 2003, SOSA, in consultation with its advisers, provided for an increased contingency reserve of $9.3 million related to this litigation, reflecting SOSA’ s best estimate of the then expected settlement.

On March 18, 2004, SOSA announced that it and Technip had reached a settlement of this matter. The settlement involves (i) a cash payment by SOSA of an amount within its contingency reserve described above, (ii) Technip’ s grant of a license to SOSA for the use of the allegedly infringing technology covering the North Sea area for future periods for an immaterial annual fee, (iii) the termination of arbitration proceedings in the U.S. with respect to an unrelated matter, with neither party making payment to the other, and (iv) a transfer to Technip of a portion of SOSA’ s minority equity interest in a project joint venture involving Technip and SOSA. SOSA estimates the fair value of this interest to be approximately $6.0 million. Technip has not granted to SOSA a license to use the allegedly infringing technology or process in any other jurisdiction.

Duke Hubline

In October 2003, SOSA commenced arbitration proceedings against Algonquin Gas Transmission Company, claiming approximately $57.8 million in unpaid invoices for work performed while laying an offshore gas pipeline off the coast of Massachusetts for the Duke Hubline project (a conventional project in the U.S., executed in 2002 and 2003). Algonquin Gas Transmission, the owner of the pipeline, challenged its obligation to pay any of the invoice amounts and asserted counterclaims totaling an additional $39 million for alleged mismanagement and inadequate performance by SOSA. Due to Algonquin Gas Transmission’ s non-payment of invoiced amounts, SOSA was unable to pay certain of its subcontractors employed to work on the pipeline, two of which, Bisso Marine Company and Torch Offshore Inc., filed lawsuits against SOSA in Louisiana state courts for non-payment of amounts invoiced. These same subcontractors claimed liens over the pipeline, which liens are the subject of proceedings commenced by them against SOSA and Algonquin Gas Transmission in Massachusetts state court.

SOSA’ s dispute with Algonquin Gas Transmission was referred to mediation in late January 2004, at which the parties reached a “settlement in principle” whereby (i) Algonquin Gas Transmission agreed to pay SOSA $37 million in full and final settlement of SOSA’ s claims and (ii) SOSA agreed to withdraw the arbitration proceedings and use its best efforts to secure the release of the above-mentioned subcontractor liens in full and final settlement of Algonquin Gas Transmission’ s counterclaims. A definitive settlement agreement was executed on February 26, 2004 reflecting the terms of the “settlement in principle” and Algonquin Gas Transmission paid the settlement amount to SOSA. The value of the settlement is consistent with the receivable of $37 million recorded as of November 30, 2003. SOSA has also reached agreements in principle with Bisso Marine Company and Torch Offshore Inc. to settle the related subcontractor litigation.

West African Contract

In connection with a major West African contract, SOSA received a letter dated December 12, 2003 from the customer notifying SOSA of a potential claim for an unspecified amount of liquidated damages. The claim relates to delays in completion of certain milestones. SOSA believes that the customer does not have a valid case for liquidated damages, and on that basis has not recorded a provision.

Stolt Sea Farm

Several SSF companies and almost 45 companies in the aquaculture industry, as well as processing companies, seafood distributors and grocery retailers, were served with a Notice of Violation, by the Attorney General, State of California, on January 30, 2004. The alleged

violation is for sale of salmon without warning labels regarding PCB content. This is a so-called “Proposition 65” proceeding under Californian Law.

The outcome of this action is uncertain, and this could end with decree by the court that salmon as merchandise has to carry certain labels indicating the PCB content. It is also possible that the companies subject to this proceeding become liable for a monetary fine.

In April 2003, two lawsuits were filed against SSF pertaining to its operations in the Broughton Archipelago, British Columbia. Both actions were brought in the name of aboriginal organizations. The lawsuit filed in the Federal Court of Canada seeks to set aside the decision of the Minister of Fisheries and Oceans to permit the relocation of an aquaculture site from Eden Island to Humphrey Rock. The other, filed in the Supreme Court of British Columbia, seeks damages and other relief arising from the stocking of aquaculture facilities in territory claimed to be subject to aboriginal title of the plaintiffs. In this action, the plaintiffs have given notice of an intention to apply for an interlocutory injunction to restrain the continuance of aquaculture operations pending resolution of the dispute. The federal and provincial governments and Heritage Salmon Ltd. are co-defendants in the suit along with SSF. Both actions are being vigorously defended by all named defendants, and we have not made any provision for any liability related to these actions in our Consolidated Financial Statements.

General

We are a party to various other legal proceedings arising in the ordinary course of business. We believe that none of the matters covered by such legal proceedings will have a material adverse effect on our business or financial condition.

The ultimate outcome of governmental and third party legal proceedings are inherently difficult to predict. It is reasonably possible that actual expenses and liabilities could be incurred in connection with both asserted and unasserted claims in a range of amounts that cannot reasonably be estimated. It is possible that such expenses and liabilities could have a material adverse affect on our financial condition, cash flows or results of operations in a particular reporting period.

APPENDIX A

DEFINITIONS

APPENDIX A TO TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT

PART I

Rules of Construction

The following rules of usage shall apply to the Credit Agreement, the Notes and the other Security Documents (and each appendix, schedule, exhibit and annex thereto) unless otherwise required by the context or unless otherwise specified therein:

(a) Unless otherwise specified, definitions set forth herein, in the Notes or in any other Security Document shall be equally applicable to the singular and plural forms of the terms defined.

(b) References to any Person in the Credit Agreement, the Notes or any Security Document shall include such Person, its successors and permitted assigns and transferees

(c) References to any law in the Credit Agreement, the Notes or any Security Document includes any amendment or modification to such law and any rules or regulations issued thereunder or any law enacted in substitution or replacement thereof.

(d) Words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import used in the Credit Agreement, the Notes or any Security Document shall, unless the context clearly indicates to the contrary, refer to the whole of such document and not to any particular article, section, subsection, paragraph or clause thereof.

PART II

Glossary of Terms

"Act" means the Securities Act of 1933, as amended, and the Laws promulgated or issued from time to time thereunder.

"Administrative Agent" means DnB NOR Bank ASA, New York Branch, with its offices at 200 Park Avenue, New York, NY 10166, not in its individual capacity, but in its capacity as administrative agent for the Lenders.

"Advances" means any amount advanced to the Borrowers with respect to the Credit Facilities or (as the context may require) the aggregate amount of all such Advances for the time being outstanding.

"Affiliate" when used with respect to a Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person A Person shall be, deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent(s)" means each of the Administrative Agent and the Collateral Agent.

"Agency Fee" means the fee payable pursuant to the Offer Letter.

"Applicable Margin" means that rate per annum to be determined, subject to any adjustments pursuant to Section 6.1 of the Credit Agreement, according to SNSA' s Debt/EBITDA Ratio as determined by the most recent Certificate of Compliance of SNSA (delivered to the Administrative Agent pursuant to Section 9.1(g) of the Credit Agreement) in accordance with the following:

Debt/EBITDA Ratio	Applicable Margin
≤3.0	1.375%
>3.0 but <4.0	1.625%
≥4.0 but <5.0	1.750%
≥5.0	1.875%

provided, that during the six-month period commencing on the Closing Date, the Applicable Margin shall be 1.875%; provided, further, that should SNSA fail to deliver a Certificate of Compliance in accordance with the Credit Agreement, the Debt/EBITDA Ratio shall be deemed to be greater than 5.0.

"Applicable Rate" means any rate of interest applicable to the Credit Facilities from time to time pursuant to Section 6.1 of the Credit Agreement.

"Assignment and Assumption Agreement" means the Assignment and Assumption Agreement executed pursuant to Section 10 substantially in the form set out in Exhibit G.

"Balloon Amount" means an amount equal to forty percent (40%) of the of the aggregate amount of all Advances outstanding as of the one year anniversary of the Closing Date.

"Bankruptcy Law" means Title 11 of the United States Code, and any applicable non-United States or United States Federal, state or local insolvency, reorganization, moratorium, fraudulent conveyance or similar Law now or hereafter in effect for the relief of debtors.

"Business Day" means (x) any day other than a Saturday, Sunday or any other day on which banking institutions in New York, New York, London, England, Frankfurt, Germany or Hamburg, Germany are required or authorized by Law to suspend operations and (y) that is a day on which dealings are carried on in the London interbank market.

"Cash" means cash at a bank or in hand which is not subject to any charge back or other Lien and to which SNSA has free, immediate and direct access.

"Cash Equivalents" means the following where SNSA has free, immediate and direct access:

(a) any security issued directly or fully guaranteed or insured by the United States of America or any Organisation for Economic Co-operation and Development (OECD) government whose securities are readily marketable in London, Paris, Frankfurt or New York City, or any agency or instrumentality thereof;

(b) other readily marketable securities or other easily realizable investments having a rating of at least A from Standard and Poor' s Ratings Group or Moody' s Investors Service, Inc;

(c) any Eurodollar time deposit, overnight deposit or banker' s acceptance, issued by, or time deposit of a commercial banking institution which has, on a combined basis, capital, surplus and undivided profit of not less than $250,000,000 and has a Moody' s Bank Credit Service rating for short term bank deposits of at least P2;

(d) repurchase obligations with a term of not more than ninety (90) days for underlying securities of the types described in paragraph (a) above entered into with any commercial banking institution meeting the qualifications specified in paragraph (c) above;

(e) short term commercial paper issued by any person, having one of the top two investment ratings from either Standard & Poor' s Ratings Group or Moody' s investors Service, Inc;

(f) investments in money market funds substantially all of whose assets are comprised of securities of the types described in paragraphs (a) to (e) above; and

(g) deposits which are unrestricted as to withdrawal with commercial banking institutions meeting the criteria set forth in paragraph (c) above.

"Casualty" means any damage or destruction of all of any portion of the Terminals as a result of fire or other casualty.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.G. Section 9601 et seq. and as further amended from time to time.

"Certificate of Compliance" means a certificate substantially in the form set forth in Exhibit I, signed by the chief financial officer or another senior finance officer or representative of SNSA acceptable to the Administrative Agent

"CIBC Facility" means that certain leasing transaction more thoroughly described by that certain Participation Agreement dated January 29, 1998 by and among Stolthaven Houston as lessee, SNSA as guarantor, First Security Bank, National Association as owner trustee, CIBC Inc. as owner participant, certain financial institutions as note purchasers and Canadian Imperial Bank of Commerce as agent for the note purchasers.

"Cleanup" means all actions required to: (1) cleanup, remove, treat or remediate Hazardous Materials in the indoor or outdoor environment; (2) prevent the Release of Hazardous Materials so that they do not migrate, endanger or threaten to endanger public health or welfare of the indoor or outdoor environment; (3) perform pre-remedial studies and investigations and post-remedial monitoring and care; or (4) respond to any government requests for information or documents in any way relating to cleanup, removal, treatment or remediation or potential cleanup, removal, treatment or remediation of Hazardous Materials in the indoor or outdoor environment.

"Closing Date" means the date (which shall be a Business Day) on which the first Advance is granted to the Borrowers by the Lenders pursuant to the Credit Agreement which date shall not be later than August 31, 2004.

"Code" means the Internal Revenue Code of 1986, as amended, and the Laws promulgated or issued from time to time thereunder.

"Collateral Agent" means DnB NOR Bank ASA, New York Branch, with its offices at 200 Park Avenue, New York, NY 10166, not in its individual capacity, but in its capacity as collateral agent for the Lenders.

"Commitment" means with respect to each Lender the amount set forth opposite its name in Schedule 1.

"Condemnation" means any condemnation, requisition, confiscation, seizure or other taking or sale of the use, access, occupancy, easement rights of title to the Terminals or any part thereof, wholly or partially (temporarily or permanently), by or on account of any actual or threatened eminent domain proceeding or other taking of action by any Person having the power of eminent domain, including an action by a Governmental Authority to change the grade of, or widen the streets adjacent to, the Terminals or alter the pedestrian or vehicular traffic flow to the Terminals so as to result in change in access to the Terminals, or by or on account of an eviction by paramount title or any transfer made in lieu of any such proceeding or action. A "Condemnation" shall be deemed to have occurred on the earliest of the dates that use, occupancy or title is taken.

"Consolidated Debt" means for SNSA and its Subsidiaries (on a consolidated basis) at any time, the aggregate value of (i) moneys borrowed, plus (ii) notes payable (whether promissory notes or otherwise), plus (iii) amounts raised by acceptance under any acceptance credit facility, plus (iv) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures or similar instruments, plus (v) the amount of any liability in respect of lease or hire purchase obligations which, according to GAAP, would be treated as finance or capital leases, plus (vi) all contingent liabilities, including guarantee obligations, related to debt and capital lease obligations of third parties which, according to GAAP, are considered probable

and estimable, plus (vii) subordinated debt, less (viii) the amount of debt for which there is restricted cash deposit which will repay all or part of such financial debt obligation.

"Consolidated EBITDA" means, for SNSA and its Subsidiaries (on a consolidated basis) the aggregate value of (i) net income (or net loss), (ii) Consolidated Interest Expense, (iii) provisions for income taxes, (iv) depreciation, amortization and other non-cash charges deducted in arriving at such net income (or net loss), at any time during the term of this Credit Agreement as determined in accordance with GAAP for the most recent four fiscal quarters of SNSA, calculated on a pro *forma* basis to include acquisitions.

"Consolidated Interest Expense" means, for SNSA and its Subsidiaries (on a consolidated basis) for the most recent four fiscal quarters of SNSA, interest expense (including the interest component of any capital lease obligations) on all Consolidated Debt, determined in accordance with GAAP.

"Consolidated Tangible Net Worth" means, for SNSA and its Subsidiaries (on a consolidated basis) at any time, (a) the sum, to the extent shown on SNSA' s consolidated balance sheet, of (i) the amount of issued and outstanding share capital, less the cost of treasury shares of SNSA, plus (ii) the amount of surplus and retained earnings, less (b) intangible assets as determined in accordance with GAAP.

"Credit Agreement" means the Term Loan and Revolving Credit Facility Agreement dated as of the Closing Date, by and among (1) STOLTHAVEN HOUSTON INC., a corporation incorporated under the laws of the State of Texas ("Stolthaven Houston"), and STOLTHAVEN NEW ORLEANS LLC, a Louisiana Limited Liability Company ("Stolthaven New Orleans") (the "Borrowers" and each a "Borrower"), (2) the banks and financial institutions listed on Schedule 1, as lenders (together with any bank or financial institution which becomes a Lender pursuant to Section 10, the "Lenders"), and (3) DNB NOR BANK ASA, acting through its New York Branch ("DNB"), as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Lenders (in such capacity, the "Collateral Agent") and as arranger for the Lenders.

"Credit Facilities" means, collectively, the Revolver and the Term Loan.

"Creditor(s)" means the Lenders and the Agents.

"Debt/EBITDA Ratio" means , at any time, the ratio of SNSA' s Consolidated Debt to Consolidated EBITDA determined on a trailing four quarter basis.

"Default Rate" means a rate equal at all times to two percent (2.0%) per annum above the Applicable Rate.

"Dollars"or "$" means lawful currency of the United States of America.

"Drawdown Date" means the date(s), each being a Business Day, upon which the Borrowers have requested that an Advance be made available to the Borrowers, and such Advance is made, as provided in Section 3.

"Drawdown Notice" has the meaning ascribed thereto in Section 3.2 of the Credit Agreement.

"Eligible Assignee" means (a) any Lender, (b) any Affiliate of a Lender or (c) a financial institution with a total net worth of not less than $50,000,000 approved by the Borrowers, such approval shall be deemed to be given by the Borrowers in the absence of written notice to the contrary within fifteen (15) Business Days of receipt of the request to the Borrowers; provided, however, that upon the occurrence and during the continuation of an Event of Default no such approval from the Borrowers shall be necessary.

"Environmental Action" means any administrative, regulatory or judicial action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement arising under any Environmental Law or Environmental Permit relating to Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment in connection with or arising from exposure to or the actual or potential release of Hazardous Materials, including (a) by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any Governmental Authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Audit" shall mean the phase one environmental audit with respect to each Terminal delivered on or before the Closing Date pursuant to Section 4.1(u) of the Credit Agreement.

"Environmental Event" means (i) an environmental event that has occurred or any environmental condition that is discovered in, on, beneath, from or involving a Terminal (including the presence, emission or release of Hazardous Materials or the violation of any applicable Environmental Law) for which a remediation or reporting could reasonably be required under applicable Environmental Law or (ii) notification received by any Security Party that it, any other Security Party, or a Terminal is the subject of an Environmental

Action relating to such Terminal that could reasonably be expected to result in any ordered remediation or corrective action or other liability under applicable Environmental Law.

"Environmental Law" means any and all applicable international, foreign, Federal, state, regional and local Laws (as well as obligations, duties and requirements relating thereto under common law) relating to: (a) emissions, discharges, spills, releases or threatened releases of pollutants, contaminants, Hazardous Materials, materials containing Hazardous Materials, or hazardous or toxic materials or wastes into ambient air, surface water (including, without limitation, all inland and ocean waters), groundwater, watercourses, publicly or privately-owned treatment works, drains, sewer systems, wetlands, septic systems or onto land; (b) the use, treatment, storage, disposal, handling, manufacturing, transportation, or shipment of Hazardous Materials, materials containing Hazardous Materials or hazardous and/or toxic wastes, materials, products or by-products (or, of equipment or apparatus containing Hazardous Materials); or (c) pollution or the protection of human health, safety or the environment from exposure to or injury or damage caused by Hazardous Materials: Without limitation, "Environmental Law" includes CERCLA and OPA 90 and IMO 13(g) (when and if the latter comes into effect).

"Environmental Permit" means any Permit, approval, identification number, license or other authorization required under any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, any regulations and the Laws promulgated or issued from time to time thereunder and any successor legislation.

"ERISA Affiliate" means a trade or business (whether or not incorporated) which is under common control with a Person within the meaning of Sections 414(b), (c), (m) or (o) of the Code.

"ERISA Plan" means an "employee benefit plan" within the meaning of Section 3(3) of ERISA which is subject to Title I of ERISA, or a "plan" within the meaning of Section 4975 of the Code or a Person that is deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101 of any such employee benefit plan or plan

"Event of Default" has the meaning set forth in Section 8.01 of the Credit Agreement.

"Event of Loss" means a Casualty or a Condemnation.

"Excluded Tax" means any Tax which is imposed on the net income of a Lender by a taxing authority in the jurisdiction of organization of such Lender or in a jurisdiction in which such Lender has an office or fixed place of business.

"Fair Market Value" means the fair market value of a Terminal as determined by an independent appraiser approved by the Administrative Agent, which appraisal shall not be dated more than thirty (30) days prior to the date on which such determination of "Fair Market Value" is required.

"Final Payment Date". means the date which is five (5) years from the Closing Date unless such date is not a Business Day in which case the Final Payment Date shall be the Business Day immediately preceding such fifth (5^{th}) anniversary of the Closing Date.

"Financial Statements" has the meaning set forth in GAAP.

"GAAP" means the generally accepted accounting principles in the United States of America, from time to time in effect, subject to any changes in the rules of GAAP, consistently applied, always provided that, if SNSA wishes to change accounting principles within the applicable rules of GAAP, the SNSA shall notify the Administrative Agent of the intention together with an explanation of the effects on the financial covenants contained in the Credit Agreement. Should the Administrative Agent, and/or SNSA, find that such change will impact upon the result of the calculation of the financial covenants contained in the Credit Agreement, the Administrative Agent will, following consultation with SNSA, stipulate amendments to the financial covenants so that the ratio of the performance of SNSA and its

Subsidiaries (on a consolidated basis) in respect of the covenants reflects the position which would have been the case had no changes to SNSA' s accounting principles taken place.

"Governmental Action(s)" shall mean all consents, approvals or authorizations of, or filings, registrations or qualifications with, or the giving of notice or taking of any other action with respect to, any Governmental Authority.

"Governmental Authority" means any international, national, state, municipal or other government (or any department, ministry, commission, bureau, court or other subdivision thereof, or any agency, instrumentality or regulatory agency of any thereof) in any jurisdiction.

"Guarantor" means individually, and "Guarantors" means collectively, SNSA and SNTG.

"Guaranty" means the Guaranty executed by the Guarantors in favor of the Collateral Agent substantially in the form set out in Exhibit C.

"Hazardous Materials" means (a) hazardous materials, hazardous wastes, and hazardous substances as those or similar terms are defined under any Environmental Laws, including, but not limited to, the following: the Hazardous Materials Transportation Act, 49 U.S.C Section 1801 et se q., as amended from time to time, the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., as amended from time to time, CERCLA, the Clean Water Act, 33 U.S.C. Section 1251 et seq., as amended from time to time the Clean Air Act, 42 U.S.C. Section 7401 et seq., as amended from time to time and/or the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., as amended from time to time; OPA 90; (b) petroleum and petroleum products including crude oil and any fractions thereof; (c) natural gas, synthetic gas, and any mixtures thereof; (d) asbestos and/or any material which contains any hydrated mineral silicate, including, but not limited to, chrysolite, amosite, crocidolite, tremolite, anthophylite and/or actinolite, whether friable or non-friable; (e) polychlorinated biphenyls ("PCBs"), or PCB-containing materials, or fluids; (f) radon; (g) any other hazardous radioactive, toxic or noxious substance, material, pollutant, or solid, liquid or gaseous waste; and (h) any hazardous substance that, whether by its nature or its use, is subject to regulation under any Environmental Law or with respect to which any international, Federal, state or local Environmental Law or governmental agency requires environmental investigation, monitoring or remediation.

"IMO 13(g)" means Regulation 13(g) of the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the 1978 Protocol, as amended from time to time, promulgated by the International Maritime Organization.

"Indebtedness" means with respect to any Person at any date of determination (without duplication), (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds (excluding bonds obtained to secure contractual obligations in the ordinary course of business), debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto but excluding undrawn letters of credit obtained to secure contractual obligations in the ordinary course of business), (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than six months after the date of placing such property in service or taking delivery thereof or the completion of such services, except trade payables, (v) all obligations on

account of principal of such Person as lessee under capitalized leases, (vi) all indebtedness of other Persons secured by a lien on any asset of such Person, whether or not such indebtedness is assumed by such Person; provided that the amount of such indebtedness shall be the lesser of (a) the fair market value of such asset at such date of determination and (b) the amount of such indebtedness, and (vii) all indebtedness of other Persons guaranteed by such Person to the extent guaranteed; the amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, provided that the amount outstanding at any time of any

indebtedness issued with original issue discount is the face amount of such indebtedness less the remaining unamortized portion of the original issue discount of such indebtedness at such time as determined in conformity with GAAP;

"Initial Payment Date" means the date occurring three months after the first anniversary of the Closing Date.

"Insurance Requirements" means the insurance requirements contained in Section 2.2(h) of the Mortgages.

"Interest Notice" means a notice from the Borrowers to the Administrative Agent specifying the duration of any relevant Interest Period

"Interest Period" means with respect to any Advance the period commencing on the last day of the immediately preceding Interest Period and ending on the numerically corresponding day in the calendar month that is one (1), three (3) or six (6) months (as selected by the Borrowers pursuant to an Interest Notice) thereafter (or if no such date exists for any month, on the last day of such month) and each successive period commencing on the last day of the preceding Interest Period and ending on the numerically corresponding day in the calendar month that is one (1), three (3) or six (6) months, as applicable, thereafter provided, however, that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day, unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of the then commencing Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;

(iii) no Interest Period shall extend beyond the Final Payment Date; and

(iv) for purposes of calculating interest for any Interest Period, such calculations shall include the first day but exclude the last day of any such Interest Period.

"Investment(s)" means the lending of any money, the granting of any credit (other than to customers in the ordinary course of business), the guarantee of any obligations or the making of any advance or capital contribution

"Law" means any law, treaty, directive, statute, rule, regulation, ordinance, order, directive, code, interpretation, judgment, decree, injunction, writ, determination, award, Permit, license, authorization, direction, requirement or decision of or agreement with or by any government or governmental department, commission, board, court, authority, agency, official or officer having jurisdiction of the matter in question.

"LIBO Rate" for each Interest Period, means the rate appearing on the Bloomberg Screen British Banker' s LIBOR fixing, at approximately 11:00 AM, (London time) two (2) Business Days before the first day of such Interest Period, as the rate for Dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" applicable to such Interest Period shall be the average (rounded upward, if necessary, to the next higher 1/100 of 1%) of the respective rates per annum at which deposits in Dollars are offered to the Administrative Agent in the London interbank market at approximately 11:00 A.M. (London time) two-(2) Business Days before the first day of such Interest Period in an amount approximately equal to the amount of the Notes and the Certificates and for a period of time comparable to such Interest Period.

"Lien" means any mortgage, deed or agreement to secure debt, deed of trust, pledge, security interest, security title, encumbrance, lien, judgment lien, writ of execution, attachment or charge of any kind, including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give, any security

interest or financing statements under the UCC or under any applicable personal property security act or any comparable Law of any jurisdiction.

"Liquidity" means the aggregate of Cash, Cash Equivalents and the aggregate unused, committed credit lines available to the SNSA and its Subsidiaries with a remaining tenor of no less than one (1) year.

"Majority Lenders" means Lenders holding at least fifty-one percent (51%) of the aggregate unpaid principal amount of the Credit Facilities.

"Material Adverse Effect" means (i) a material adverse effect on the financial condition of SNSA and its Subsidiaries, taken as a whole, (ii) a material adverse effect on the ability of any Security Party to perform its obligations under the Credit Agreement, the Notes or Security Documents to which it is a party, (iii) a material adverse effect on the value, useful life, utility or function of a Terminal or both Terminals, (iv) a material adverse effect on the rights or remedies of the Creditors under the Credit Agreement, the Notes or the Security Documents, (v) a material adverse effect on the status, priority, enforceability, existence or perfection of the Creditors right, title or interest in the Terminals, the Credit Agreement, the Note or any Security Document, or (vi) the imposition, be it by preliminary or final determination, of any criminal or material civil liability on a Creditor.

"Mortgage" means any of, and "Mortgages" means each of the Texas and Louisiana deeds of trust with respect to the Terminals granted by the Borrowers, as mortgagors, to the Collateral Agent, as mortgagee substantially in the forms set out in Exhibit E and Exhibit D, respectively.

"Multiemployer PIan" means at any time a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA either (i) to which any ERISA Affiliate is then making or accruing an obligation to make contributions or (ii) has at any time within the preceding five plan years been maintained, or contributed to, by any Person who was at such time an ERISA Affiliate for employees of any Person who was at such time an ERISA Affiliate.

"Net Worth" means, at any time, shareholders equity (excluding treasury stock) of a Person determined in accordance with GAAP.

"Notes" means the Term Loan Note and the Revolver Note.

"Offer Letter" means that certain letter dated June 24, 2004 from DNB NOR Bank, ASA, New York branch to the Borrowers and accepted on June 29, 2004 with respect to the terms and conditions of the Credit Facilities.

"OPA 90" means the United States Oil Pollution Act, 1990, as amended from time to time and the Environmental Law of any jurisdiction, whether or not in effect on the Closing Date, the violation of which includes either strict liability of a Security Party or unlimited liability of a Security Party.

"Payment Date" means with respect to the Credit Facilities, the fifteen (15) month anniversary of the Closing Date and each date falling every three (3) months thereafter during the term of the Credit Facilities corresponding to the day of the month on which the Closing Date falls (or if no such date exists for any month, on the last day of such month) and including the Final Payment Date

"Permit" means any approval, certificate of occupancy, consent, waiver, exemption, variance, franchise, order, permit, authorization, right or license of or from any United States or other applicable jurisdiction, federal, state, regional or local government or agency or subdivision thereof.

"Permitted Lien" means (i) the respective rights and interests of the parties to the Credit Agreement, the Notes and the other Security Documents as provided in such agreements; (ii) any Liens for taxes, assessments, levies, fees and other governmental and similar

charges not due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings so long as (a) there exists no material risk of sale, forfeiture or loss of, or loss or interference with use or possession of, or diminution of value, utility or useful life of, a Terminal or any interest therein, or any risk of interference with the repayment of the Credit Facilities, (b) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Creditor, (c) such contest would not materially and adversely affect the rights, titles and interests of any Creditor in or to a Terminal or any interest therein, and (d) appropriate reserves with respect thereto are maintained in accordance with GAAP; (iii) any Liens of mechanics, suppliers, vendors, materialmen, laborers, employees, repairmen and other like Liens arising in

the ordinary course of the Borrowers' business securing obligations which are not due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings so long as (a) there exists no material risk of sale, forfeiture or loss of, or loss or interference with use or possession of, or diminution of value, utility or useful life of, a Terminal or any interest therein, or any risk of interference with the repayment of the Credit Facilities, (b) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Creditor, (c) such contest would not materially and adversely affect the rights, titles and interests of any Creditor in or to a Terminal or any interest therein, and (d) appropriate reserves with respect thereto are maintained in accordance with GAAP; (iv) Liens arising out of any judgment or award against the Borrowers with respect to which an appeal or proceeding for review is being taken in good faith and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review so long as (a) there exists no material risk of sale, forfeiture or loss of, or loss or interference with use or possession of, or diminution of value, utility or useful life of, a Terminal or any interest therein, or any risk of interference with the repayment of the Credit Facilities, (b) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Creditor, (c) such contest would not materially and adversely affect the rights, titles and interests of any Creditor in or to a Terminal or any interest therein, and (d) appropriate reserves with respect thereto are maintained in accordance with GAAP; (v) salvage rights of insurers under insurance policies maintained by the Borrowers pursuant to the Credit Agreement and the Security Documents; and (vi) claims and easements with respect to a Terminal indicated in the description thereof on Appendix B to the Credit Agreement.

"Person" means any individual, corporation, limited liability partnership, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government

"Pledge Agreement(s) means the pledge agreement(s) to be executed by SNIGI in favor of the Collateral Agent pursuant to Section 4.1(k), substantially in the form set out in Exhibit F.

"Proceeding" means any action, suit or proceeding in equity or at law or otherwise.

"Regulatory Change" means any change after the Closing Date in Federal, state or foreign law or regulations or the adoption or making after such date of any interpretation, directive or request applying to a class of financial institutions including any Creditor or under any Federal, state or foreign law or regulation (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Release" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"Revised Terms" has the meaning set forth in Section 9 1(s)

"Revolver" means the revolving credit facility in an aggregate amount not to exceed Twenty Million United States Dollars (US$20,000,000) to be made available to the Borrowers pursuant to Section 3.1(c) of the Agreement.

"Revolver Advance" means any amount advanced to the Borrowers with respect to Revolver or (as the context may require) the aggregate amount of all such Revolver Advances for the time being outstanding.

"Revolver Drawdown Date" means the dates, each being a Business Day not later than the date immediately preceding the first anniversary of the Closing, upon which the Borrowers have requested that a Revolver Advance be made available to the Borrowers as provided in Section 3.1(c).

"Revolver Maturity Date" means the Business Day immediately preceding the one year anniversary of the Closing Date.

"Revolver Note" means the promissory note to be executed by the Borrowers to the order of the Administrative Agent pursuant to Section 4.1(b), to evidence the Revolver substantially in the form set out in Exhibit A.

"Security Documents" means, collectively, the Guaranty, the Mortgages, the Pledge Agreements and any financing or similar statements filed in connection therewith.

"Security Party(ies)" means, collectively, the Borrowers, the Guarantors and SNTGI.

"Shipowning Subsidiary" means any vessel-owning Subsidiary of Stolt-Nielsen Transportation Group Ltd. (Bermuda).

"Significant Casualty" means a Casualty that in the reasonable, good faith judgment of the Borrowers (as evidenced by an Officer' s Certificate) either (a) renders a Terminal unsuitable for continued use as commercial property of the type of such Terminal immediately prior to such Casualty or (b) is so substantial in nature that restoration of such Terminal to substantially its condition as existed immediately prior to such Casualty would be impracticable or impossible or is reasonably expected to cost in excess of $10,000,000 with respect to the Terminal owned by Stolthaven New Orleans and $25,000,000 with respect to the Terminal owned by Stolhaven Houston.

"Significant Condemnation" means (i) a Condemnation that involves a taking of a Borrower' s entire title to its Terminal (or Land with respect thereto), or (ii) a Condemnation that in the reasonable, good faith judgment of the Borrowers (as evidenced by an Officer' s Certificate) either (a) renders the Terminal unsuitable for continued use as commercial property of the type of such Terminal immediately prior to such Condemnation or (b) is such that restoration of the Terminal to substantially its condition as existed to immediately prior to such Condemnation would be impracticable or impossible or would cost in excess of $10,000,000 with respect to the Terminal owned by Stolthaven New Orleans and $25,000,000 with respect to the Terminal owned by Stolthaven Houston.

"Significant Subsidiary Group" means, at any date, any group of Shipowning Subsidiaries whose annual revenues in the aggregate exceed Fifty Million Dollars ($50,000,000)

"SNSA" means Stolt-Nielsen S,A., a Luxembourg company.

"SNTG" means Stolt-Nielsen Transportation Group Ltd., a Liberian corporation.

"SNTG Bermuda" means Stolt-Nielsen Transportation Group Ltd. (Bermuda), a Bermuda company.

"SNTGI" means Stolt-Nielsen Transportation Group Inc., a Delaware corporation.

"SOSA" means Stolt Offshore S. A., a Luxembourg company.

"Subsidiary" means, with respect to any Person, (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture

or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of SNSA.

"Tax" means any fee (including, but not limited to, any license, filing, recording, documentary or registration fee), tax (including, but not limited to, any gross receipts, gross or net income, franchise, doing business, occupational, sales, use, property, ad valorem, value-added, goods and services, excise, recording, registration or stamp tax), levy, impost, duty, assessment, withholding or other charge of any nature whatsoever (together with any penalties, fines and interest relating thereto and other additions thereto) which may be imposed by any Governmental Authority or other taxing authority or by any international taxing or regulatory authority.

"Term Loan" means the term loan facility in an aggregate amount not to exceed One Hundred Fifty United States Dollars (US$150,000,000) to be made available to the Borrowers pursuant to Section 3.1(b) of the Agreement

"Term Loan Note" means the promissory note to be executed by the Borrowers to the order of the Administrative Agent pursuant to Section 4.1(b), to evidence the Term Loan substantially in the form set out in Exhibit B.

"Terminal(s)" means each of the Borrowers' chemical storage facilities, including tank farms, drum storage areas, waste water plant laboratories, waste water treatment plant, clarifiers and sludge driers, ship docks, truck and railcar loading and unloading areas and racks and shall include the parcels of real property and improvements thereon, each of which is more thoroughly described on Appendix B to the Credit Agreement.

"Transaction Costs" means all costs payable by the Borrowers to the Creditors pursuant to Sections I 1 and 13 of the Credit Agreement.

"UCC" means the Uniform Commercial Code as in effect from time to time in any jurisdiction whose Law governs the document in which such term is used and/or rights thereunder.

"Web Site" has the meaning set forth in Section 9.1(f) of the Credit Agreement

APPENDIX B

DESCRIPTION OF TERMINALS

Stolthaven Houston Terminal

GF# TNB1609
Mortgagee Policy No. : 44-901-101- TNB1609

DESCRIPTION

TRACT I: 14.35 Acres

A tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a Deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a Deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21,

1977 recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coodinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, and being more particularly described by metes and bounds on Exhibit "A" as follows:

EXHIBIT "A"
TRACT I

ANNEX I TERMINAL PREMISES
14.35 ACRES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 00 deg. 53 min. 15 sec. East, 2989.19 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,227,875.87 and Y equals 714,365.04, also being the Northwest corner of the following described parcel of real estate:

THENCE South 75 deg. 57 min. 19 sec. East, a distance of 257.77 feet to an iron rod set for a corner;

THENCE South 10 deg. 45 min. 58 sec. West, a distance of 180.93 feet to an iron rod set for a corner;

THENCE South 74 deg. 01 min. 08 sec. East, a distance of 104.51 feet to an iron rod set for a corner;

THENCE North 10 deg. 45 min. 58 sec. East, a distance of 106.17 feet to a point;

THENCE South 75 deg. 27 min. 38 sec. East, a distance of 235.00 feet to an iron rod set for a corner;

THENCE South 14 deg. 32 min. 22 sec. West, a distance of 391.26 feet to an iron rod set for a corner;

THENCE South 01 deg. 51 min. 20 sec. West, a distance of 356.80 feet to a point;

THENCE North 88 deg. 24 min. 13 sec. West, a distance of 138.23 feet to an iron rod set for a corner;

THENCE South 01 deg. 19 min. 00 sec. West, a distance of 199.94 feet to an iron rod set for a corner;

THENCE South 87 deg. 23 min. 19 sec. West, a distance of 224.60 feet to an iron rod set for a corner;

THENCE South 02 deg. 36 min. 41 sec. East, a distance of 21.96 feet to an iron rod set for a corner;

THENCE South 88 deg. 23 min. 19 sec. West, a distance of 279.29 feet to an iron rod set for a corner;

THENCE North 02 deg. 10 min. 43 sec. East, a distance of 502.86 feet to an iron rod set for a corner;

THENCE South 86 deg. 21 min. 31 sec. East, a distance of 21.73 feet to an iron rod set for a corner;

THENCE North 08 deg. 27 min. 32 sec. East, a distance of 75.28 feet to an iron rod set for a corner;

THENCE North 76 deg. 33 min. 52 sec. West, a distance of 21.36 feet to an iron rod set for a corner;

THENCE North 14 deg. 34 min. 59 sec. East, a distance of 635.07 feet to the POINT OF BEGINNING. The herein described tract contains 14.35 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT II:

ANNEX I
TERMINAL PREMISES
5.16 ACRES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 12 deg. 31 min. 46 sec. East, 3220.29 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having state plane coordinates of X equals 3,228,528.18 and Y equals 714,210.27, also being the Northwest corner of the following described parcel of real estate;

THENCE South 75 deg. 30 min. 28 sec. East, a distance of 483.84 feet to an iron rod set for a corner;

THENCE South 00 deg. 46 min. 49 sec. West, a distance of 380.79 feet to an iron rod set for a corner;

THENCE North 88 deg. 13 min. 35 sec. West, along a northern line of Road Premises (Part C), a distance of 543.44 feet to an iron rod set for a corner;

THENCE continuing along said northern line of Road Premises (Part C), South 13 deg. 58 min. 33 sec. West, a distance of 12.01 feet to an iron rod set for a corner;

THENCE continuing along said northern line of Road Premises (Part C), North 80 deg. 34 min. 48 sec. West, a distance of 17.31 feet to a point;

THENCE North 14 deg. 23 min. 30 sec. East, a distance of 194.25 feet to an iron rod set for a corner, also being a property line of Pipeline Premises (Part A);

THENCE continuing along said Pipeline Premises (Part A) property line, South 77 deg. 10 min. 13 sec. East, a distance of 10.97 feet to an iron rod set for a corner;

THENCE continuing along said Pipeline Premises (Part A) property line, North 13 deg. 51 min. 59 sec. East, a distance of 94. 80 feet to an iron rod set for a corner;

THENCE continuing along said Pipeline Premises (Part A) property line, North 74 deg. 12 min. 11 sec. West, a distance of 36.46 feet to an iron rod set for a corner;

THENCE continuing along said Pipeline Premises (Part A) property line North 14 deg. 29 min. 19 sec. East, a distance of 212.94 feet to the POINT OF BEGINNING. The herein described tract contains 5.16 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT III:

ANNEX I SHIP DOCK
2/3 PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 06 deg. 46 min. 49 sec. East, 4277.07 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228,334.53 and Y equals 713,106.71;

THENCE along the South property line of Dock 2/3 Access Premises, North 82 deg. 38 min. 22 sec. East, a distance of 75.52 feet to a point;

THENCE South 02 deg. 05 min. 07 sec. West, a distance of 1228.21 feet to a point on a Southerly property line of aforementioned 289 acre tract;

THENCE along a curve to the right having a radius of 5349.86 feet and a delta angle of 00 deg. 48 min. 23 sec., an arc distance of 75.31 feet along a Southerly property line of aforementioned 289 acre tract to a point;

THENCE North 02 deg. 05 min. 07 sec. East, a distance of 1226.81 feet to the POINT OF BEGINNING. The herein described tract contains 2.10 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT IV:

ANNEX IV SLIP 2/3 PREMISES
SHIP 2 AREA

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on

February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 03 deg. 37 min. 31 sec. East, 4363.35 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having state plane coordinates of X equals 3,228,105.47 and Y equals 712,999,25:

THENCE South 87 deg. 54 min. 53 sec. East, a distance of 225.00 feet to a point on the West property line of Ship Dock 2/3 Premises;

THENCE South 02 deg. 05 min. 07 sec. West, along the West property line of said Ship Dock 2/3 Premises, a distance of 1111.11 feet to a point on a Southerly property line of aforementioned 289 acre tract;

THENCE along said Southerly property line of aforementioned 289 acre tract along a curve to the right having a radius of 5349.86 feet and a delta angle of 02 deg. 25 min. 36 sec., an arc distance of 226.60 feet to a point;

THENCE North 02 deg. 05 min. 07 sec. East, a distance of 1137.84 feet to the POINT OP BEGINNING, said tract contains 5.81 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract V: Slip 2/3 Premises Ship 3 Area

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 07 deg. 30 min. 22 sec. East, 4403.25 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289.29 acre tract, said point having state plane coordinates of X equals 3,228,404.77 and Y equals 712,988.35, also being on the East line of Ship Dock 2/3 Premises;

THENCE South 87 deg. 54 min. 53 sec. East, a distance of 65.00 feet pass the Southern most Southwest corner of Barge Dock C Premises described in Deed (Waterfront) recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number L685064 (the "Waterfront Deed"), continuing along the South line of said Barge Dock C Premises a distance of 150.00 feet pass the Southeast corner of Barge Dock C Premises same being the Southwest corner of Slip 2/3 Premises Barge C Area described in the Waterfront Deed and continuing a total distance of 225.00 feet to a point, said point also being a mid point on the South line of said Slip 2/3 Premises Barge C Area;

THENCE South 02 deg. 05 min. 07 sec. West, a distance of 1060.69 feet to a point on a Southerly property line of the 289.29 acre tract same being on the Northerly right-of-way line of the Houston Ship Channel;

THENCE along said Southerly property line of the 289.29 acre tract and the Northerly right-of-way line of the Houston Ship Channel, along a curve to the right having a radius of 5349.86 feet, a delta angle of 02 deg. 26 min. 50 sec. and a chord bearing of South 82 deg. 08 min. 44 sec. West, an arc distance of 228.51 feet to a point also being the Southeast corner of Ship Dock 2/3 Premises described in the Waterfront Deed;

THENCE North 02 deg. 05 min. 07 sec. East along the East line of said Ship Dock 2/3 Premises, a distance of 1100.12 feet to the POINT OF BEGINNING. The herein described tract contains 5.58 acres of land, more or less.

The foregoing field notes were prepared in connection with a survey of the above described property prepared by the undersigned dated October 4, 1990 and most recently revised and updated on August 5, 1992, which survey is set forth on Sheets 5 or 7, and on Sheet 11 of an 11-page survey prepared by the undersigned and identified as Job No. 1629 and Drawing Number OTI-1629D-2305.

NOTE: This Company does not represent that the above acreage or square footage

calculations are correct.

TRACT VI:

ANNEX III BARGE DOCK C PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 08 deg. 19 min. 20 sec, East, 4118.15 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228,425.65 and Y equals 713,278.96 also being on the East line of Dock 2/3 Access Premises;

THENCE South 88 deg. 05 min. 42 sec. East, a distance of 54.97 feet to a point;

THENCE North 02 deg. 05 min. 07 sec. East, a distance of 208.58 feet to a point;

THENCE South 87 deg. 54 min. 53 sec. East, a distance of 85.00 feet to a point, being a common (Northeast) corner of Slip 2/3 Premises Barge C Area;

THENCE South 02 deg. 05 min. 07 sec. West, along the West property line of said Barge C Area, a distance of 500.00 feet to a point being a common (Southwest) corner of Slip 2/3 Premises Barge C Area, and on the North line of Slip 2/3 Premises Ship 3 Area;

THENCE North 87 deg. 54 min. 53 sec. West, along the North property line of said Ship 3 Area, a distance of 85.00 feet to a point;

THENCE North 02 deg. 05 min. 07 sec. East, a distance of 251.46 feet to a point;

THENCE North 88 deg. 05 min. 42 sec. West, a distance of 55.55 feet to a point on the East line of Dock 2/3 Access Premises;

THENCE North 02 deg. 55 min. 08 sec. East, along the East line of said Dock 2/3 Access Premises, a distance of 39.97 feet to the POINT OF BEGINNING. The herein described tract contains 1.03 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT VII:

ANNEX IV SLIP 2/3 PREMISES
BARGE C AREA

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 10 deg. 52 min. 07 sec. East, 3942.02 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228,572.86 and Y equals 713,482.56, also being the Northwest corner of Barge Dock C Premises;

THENCE South 87 deg. 54 min. 53 sec. East, a distance of 150. 00 feet to a point;

THENCE South 02 deg. 05 min. 07 sec. West, a distance of 500.00 feet to a point;

THENCE North 87 deg. 54 min. 53 sec. West, a distance of 75.00 feet pass the Northeast corner of Slip 2/3 Premises Ship 3 Area, continuing along said North property line of said Ship 3 Area a total distance of 150.00 feet to a point, also being the Southeast corner of Barge Dock C Premises;

THENCE North 02 deg. 05 min. 07 sec. East, along the East property line of said Barge Dock C Premises, a distance of 500.00 feet to the POINT OF BEGINNING. The herein described tract contains l.72 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT VIII:

ANNEX II DOCK 2/3 ACCESS PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 08 deg. 01 min. 24 sec. East, 3661.13 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228.340.57 and Y equals 713,728.58, also being on the East line of Terminal premises 14.35 acre tract described in Deed (Terminal) dated May 26, 1988 and recorded in the Real Property Records of Harris County under Harris County, Texas Clerk' s File Number L085063 ("Terminal Deed");

THENCE South 88 deg. 13 min. 35 sec. East, a distance of 90.14 feet to a point on the West property line of said Terminal Premises 5.16 acre tract described in the Terminal Deed;

THENCE South 14 deg. 23 min. 30 sec. West, continuing along said 5.16 acre tract property line, a distance of 9.67 feet to a point, also being the Southwest corner of aforementioned 5.16 acre tract;

THENCE South 80 deg. 34 min. 48 sec. East, continuing along said 5.16 acre tract property line, a distance of 17.31 feet to a point;

THENCE North 13 deg. 58 min. 33 sec. East, continuing along said 5.16 acre tract property line, a distance of 12.01 feet to a point;

THENCE South 88 deg. 13 min. 35 sec. East, continuing along said 5.16 acre tract Southerly property line, a distance of 119.69 feet to a point;

THENCE South 77 deg. 49 min 27 sec. West, a distance of 79.24 feet to a point;

THENCE along a curve to the left having a radius of 58.50 feet and a delta angle of 74 deg. 54 min. 19 sec., an arc distance of 76.48 feet to a point;

THENCE South 02 deg. 55 min. 08 sec. West, a distance of 372.06 feet pass a western corner of Barge Dock C Premises, corner having State Plane Coordinates of X equals 3,228,425.65 and Y equals 713,278.96, and continuing a total distance of 412.03 feet to a point, also being the most Westerly Southwest corner of aforesaid Barge Dock C

Premises;

THENCE South 02 deg. 43 min. 42 sec. West, a distance of 121. 83 feet to a point;

THENCE South 82 deg. 38 min, 22 sec. West, a distance of 8.18 feet pass the Northeast corner of Ship Dock 2/3 Premises, and 83.70 feet pass the Northwest corner of aforementioned Ship Dock 2/3 Premises, and continuing a total distance of 92.77 feet to a point;

THENCE North 03 deg. 16 min. 18 sec. West, a distance of 80.88 feet to a point;

THENCE North 02 deg. 23 min. 51 sec. East, a distance of 219. 81 feet to a point, also being Southeasterly corner of the Terminal Premise 14.35 acre tract;

THENCE North 01 deg. 51 min. 20 sec. East, continuing along said Easterly property line of said 14.35 acre tract, a distance of 322.83 feet to the POINT OF BEGINNING. The herein described tract contains 1.42 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT IX:

ANNEX II ROAD PREMISES
(PART A)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land (“the 289 acre tract”) described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk’ s File No. E372837 and in a deed of Oiltanking of Texas, Inc., from Jacintoport Corporation on

February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, and being more particularly described by metes and bounds as follows:

COMMENCING at an iron rod found for the Northwest corner of said 289 acre tract, said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87;

THENCE along a North property line of said 289 acre tract South 75 deg. 29 min. 13 sec. East, a distance of 580.93 feet to an iron pin found for a property corner;

THENCE along a North property line of said 289 acre tract South 62 deg. 27 min. 44 sec. East, a distance of 167.53 feet to the POINT OF BEGINNING of the following described tract of land, said point-having State Plane Coordinates of X equals 3,228,540.51 and Y equals 717,130.83;

THENCE South 32 deg. 08 min. 44 sec. West, a distance of 103.67 feet to a point;

THENCE South 14 deg. 41 min. 07 sec. West, a distance of 394.85 feet to a point;

THENCE South 14 deg. 32 min. 01 sec. West, a distance of 3004.18 feet to a point;

THENCE along a curve to the left, having a radius of 308.16 feet and a delta angle of 12 deg. 11 min. 23 sec. an arc distance of 65.56 feet to a point;

THENCE South 02 deg. 17 min. 27 sec. West, a distance of 536.74 feet to a point;

THENCE along a curve to the left, having a radius of 68.35 feet and a delta angle of 93 deg. 35 min. 35 sec. an arc distance of 111.65 feet to a point;

THENCE South 89 deg. 03 min. 15 sec. East, a distance of 138,60 feet to a point;

THENCE North 87 deg. 15 min. 22 sec. East, a distance of 453.61 feet to a point;

THENCE North 82 deg. 38 min. 22 sec. East, a distance of 54.42 feet to a point;

THENCE along a curve to the left, having a radius of 37.53 feet and a delta angle of 85 deg. 42 min. 01 sec., an arc distance of 56.14 feet to a point;

THENCE North 03 deg. 16 min. 18 sec. West, a distance of 42.86 feet to a point;

THENCE North 02 deg. 12 min. 28 sec. East, a distance of 581.90 feet to a point;

THENCE North 14 deg. 32 min. 22 sec. East, a distance of 777.03 feet to a point;

THENCE along a curve to the right, having a radius of 25 feet and a delta angle of 90 deg. 00 min. 00 sec., an arc distance of 39.27 feet to a point;

THENCE South 75 deg. 27 min. 38 sec. East, a distance of 18.61 feet to a point;

THENCE North 14 deg. 29 min. 15 sec. East, a distance of 23.37 feet to a point;

THENCE North 75 deg. 27 min. 38 sec. West, a distance of 19.39 feet to a point;

THENCE along a curve to the left, having a radius of 48.40 feet and a delta angle of 90 deg. 00 min. 00 sec., an arc distance of 76.03 feet to a point;

THENCE South 14 deg. 32 min. 22 sec. West, at a distance of 397. 39 feet pass an iron pin found for the eastern most Northeast corner of the Terminal Premises 14.35 acre tract, for a total distance of 788.65 feet to an iron pin;

THENCE continuing along an Easterly property line of said 14.35 acre tract, South 01 deg. 51 min. 20 sec. West, a distance of 356.80 feet to a point;

THENCE South 02 deg. 23 min. 51 sec. West, a distance of 219.81 feet to a point;

THENCE South 03 deg. 16 min. 18 sec. East, a distance of 44.31 feet to a point;

THENCE along a curve to the right, having a radius of 13.53 feet and a delta angle of 85 deg. 42 min. 01 sec. an arc distance of 20.24 feet to a point;

THENCE South 82 deg. 38 min. 22 sec. West, a distance of 50.10 feet to a point;

THENCE South 87 deg. 15 min. 22 sec. West, a distance of 489.99 feet to a point;

THENCE North 89 deg. 03 min. 15 sec. West, a distance of 102.73 feet to a point;

THENCE along a curve to the right, having a radius of 44.35 feet and a delta angle of 93 deg. 35 min. 35 sec. an arc distance of 72.45 feet to a point;

THENCE North 02 deg. 17 min. 27 sec. East, a distance of 536.74 feet to a point;

THENCE along a curve to the right, having a radius of 284.16 feet and a delta angle of 12 deg. 11 min. 23 sec. an arc distance of 60.46 feet to a point;

THENCE North 14 deg. 32 min. 01 sec. East, a distance of 3004.01 feet to a point;

THENCE North 24 deg. 40 min. 03 sec. East, a distance of 162.59 feet to a point;

THENCE North 11 deg. 26 min. 02 sec. East, a distance of 248.80 feet to a point;

THENCE North 28 deg. 17 min. 58 sec. East, a distance of 81.58 feet to a point on North property line of said tract;

THENCE along said North property line of the 289 acre tract North 62 deg. 27 min. 44 sec. West, a distance of 26.29 feet to the POINT OP BEGINNING. The herein described tract contains 3.70 acres of land, more or less.

SAVE AND EXCEPT the “Road Premises (Part A) (Partial Abandonment)” as immediately hereafter described

ROAD PREMISES (PART A)
(Partial Abandonment)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas, Clerk' s File No. E372837 and a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, and being more particularly described by metes and bounds as follows:

BEGINNING at a point that bears South 72 deg. 34 min. 55 sec. East, a distance of 745.11 feet from the Northwest corner of the 289 acre tract (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) and having a State Plane Coordinates X equals 3,228,540.51 and Y equals 717,130.83, said point being in a Northerly bound of the 289 acre tract;

THENCE South 32 deg. 08 min. 44 sec. West, a distance of 103.67 feet to a point;

THENCE South 14 deg. 41 min. 07 sec. West, a distance of 394. 85 feet to a point;

THENCE South 14 deg. 32 min. 01 sec West, a distance of 1266.33 feet to a point;

THENCE South 76 deg. 26 min. 09 sec. East, a distance of 23.46 feet to a point;

THENCE North 14 deg. 32 min. 01 sec. East, a distance of 1265.95 feet to a point;

THENCE North 24 deg. 40 min. 03 sec. East, a distance of 162.59 feet to a point;

THENCE North 11 deg. 26 min. 02 sec. East, a distance of 248.80 feet to a point;

THENCE North 28 deg. 17 min. 58 sec. East, a distance of 81.58 feet to a point on North property line of the 289.29 acre tract;

THENCE along said North property line North 62 deg. 27 min. 44 sec. West, a distance of 26.29 feet to the POINT OF BEGINNING, said abandoned easement contains 1.13 acres, more or less.

ANNEX II ROAD PREMISES
(PART B)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of a 25.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 06 deg. 48 min. 41 sec. East, 4154.64 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228,322.31 and Y equals 713,228.55, also being on a West line of Road Premises (Part A);

THENCE South 87 deg. 23 min. 19 sec. West, a distance of 134.80 feet to a point, also point being on an Easterly property line of the Terminal Premises 14.35 acre tract. The herein described tract contains 0.08 acres of land, more or less.

ANNEX II ROAD PREMISES
(PART C)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 06 deg. 43 min. 28 sec. East, a distance of 4196.43 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228,321.20 and Y equals 713,186.22, also being on a West line of Road Premises (Part A);

THENCE South 89 deg. 54 min. 50 sec. East, a distance of 24.68 feet to a point on the

East line of Road Premises (Part A);

THENCE South 01 deg. 53 min. 39 sec. West, a distance of 13.34 feet to a point;

THENCE South 07 deg. 19 min. 05 sec. East, a distance of 19.37 feet to a point;

THENCE South 51 deg. 38 min. 47 sec. East, a distance of 18.78 feet to a point;

THENCE North 86 deg. 31 min. 52 sec. East, a distance of 21.15 feet to a point;

THENCE North 40 deg. 54 min. 07 sec. East, a distance of 18.01 feet to a point;

THENCE North 02 deg. 54 min. 50 sec. East, a distance of 552.70 feet to a point;

THENCE North 33 deg. 16 min. 27 sec. East, a distance of 8.94 feet to a point on the South line of Terminal Premises 5.16 acre tract;

THENCE along a Southerly property line of the Terminal Premises 5.16 acre tract, South 80 deg. 34 min. 48 sec. East, a distance of 17.31 feet to a point;

THENCE continuing along said Southerly property line of the Terminal Premises 5.16 acre tract, North 13 deg. 58 min. 33 sec. East, a distance of 12.01 feet to a point;

THENCE continuing along said Southerly property line of the said Terminal Premises 5.16 acre tract, South 88 deg. 13 min. 35 sec. East, a distance of 543.44 feet to an iron rod for the Southeast corner of the said Terminal Premises 5.16 acre tract;

THENCE South 01 deg. 46 min. 25 sec. West, a distance of 24.00 feet to a point;

THENCE North 88 deg. 13 min. 35 sec. West, a distance of 400.00 feet to a point;

THENCE North 85 deg. 26 min. 26 sec. West, a distance of 100.77 feet to a point;

THENCE along a curve to the left having a radius of 58.50 feet and a delta angle of 74 deg. 54 min. 19 sec., an arc distance of 76.48 feet to a point;

THENCE South 02 deg. 55 min. 08 sec. West, a distance of 372.06 feet pass a Western corner of Barge Dock C Premises described in Deed (Waterfront) dated May 26, 1988 and recorded in the Real Property Records of Harris County, under Harris County Clerk' s File Number(s) L685064 ("Waterfront Deed") said point having State Plane Coordinates of X equals 3,228,425.65 and Y equals 713,278.96, and continuing along the western line a total distance of 412.03 feet to a point, also being the most Westerly Southwest corner of aforesaid Barge Dock C Premises;

THENCE South 02 deg. 43 min. 42 sec. West, a distance of 121.83 feet to a point;

THENCE South 82 deg. 38 min. 22 sec. West, a distance of 8.18 feet pass the Northeast corner of Ship Dock 2/3 premises described in the Waterfront Deed and 83.70 feet pass the Northwest corner of aforesaid Ship Dock 2/3 Premises and continuing a total distance of 92.77 feet to a point;

THENCE North 03 deg. 16 min. 18 sec. West, a distance of 80.88 feet to the POINT OF BEGINNING. The herein described tract contains 0.70 acres of land, more or less.

ANNEX II ROAD PREMISES
(PART D)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of a 25.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 02 deg. 48 min. 31 sec. West, 4162.09 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,227,625.63 and Y equals 713,196.78, also being on the East line of Road Premises (Part A);

THENCE North 87 deg. 23 min. 19 sec. East, a distance of 60.65 feet to a point on a Westerly property line of the Terminal Premises 14.35 acre tract. The herein described tract contains 0.03 acres of land, more or less.

ROAD PREMISES (PART E)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres ("the 289 acre tract") a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File No. E372837 and a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation dated February 21, 1977, recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 07 deg. 47 min. 55 sec. East, a distance of 1942.71 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said POINT OF BEGINNING having State Plane Coordinates of X equals 3,228,090.29 and Y

equals 715,435.83, also being in an Easterly line of a tract called “Road Premises” (Part A)” in a Deed to Stolt Terminals (Houston), Inc., recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File Number L685063;

THENCE South 76 deg. 26 min. 09 sec. East, a distance of 729.87 feet to a point;

THENCE South 73 deg. 20 min. 01 sec. East, a distance of 764.05 feet to a point;

THENCE along a curve to the left, having a radius of 37.00 feet and a delta of 96 deg. 31 min. 55 sec. a chord bearing of North 58 deg. 24 min. 01 sec. East, an arc length of 62.34 feet to a point;

THENCE North 10 deg. 08 min. 03 sec. East, a distance of 65.80 feet to a point;

THENCE North 15 deg. 25 min. 58 sec. West, a distance of 33.78 feet to a point;

THENCE North 10 deg. 24 min. 43 sec. East, a distance of 187.80 feet to a point;

THENCE along a curve to the right, having a radius of 98.00 feet and a delta angle of 45 deg. 08 min. 14 sec., a chord bearing of North 32 deg. 58 min. 50 sec. East, an arc length of 77.20 feet to a point;

THENCE North 55 deg. 32 min. 57 sec. East, a distance of 171.83 feet to a point in an Easterly line of a 33.947 acre tract of land described in a deed to Oiltanking Houston, Inc., (formerly called Oiltanking of Texas, Inc.) recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk’ s File Number L732406;

THENCE along said Easterly line South 10 deg. 11 min. 49 sec. West, a distance of 56.33 feet to a point;

THENCE South 55 deg. 31 min. 42 sec. West, a distance of 93.82 feet to a point;

THENCE along a curve to the left, having a radius of 42.00 feet and a delta of 45 deg. 02 min. 07 sec., a chord bearing of South 33 deg. 00 min. 38 sec. West, an arc length of 33.01 feet;

THENCE South 10 deg. 29 min. 35 sec. West, a distance of 1353.66 feet to a point;

THENCE North 88 deg. 20 min. 34 sec. West, a distance of 451.58 feet to a point in the Easterly line of a 5.16 acre tract called “Terminal Premises” described in a deed to Stolt Terminals (Houston), Inc., recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File No. L685063;

THENCE along said Easterly line North 01 deg. 40 min. 13 sec. East, a distance of 32.00 feet to an iron rod found for the Northeast corner of said 5.16 and a Southerly corner of a 20.00 acre tract called “Option Premises” described in a deed to Stolt Terminals (Houston), Inc., recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File Number M457165;

THENCE along a Southerly line of said 20.00 acre tract, South 88 deg. 20 min. 34 sec. East, a distance of 416.07 feet to a set iron rod;

THENCE North 10 deg. 29 min. 35 sec. East, at 733.07 feet pass an iron rod found for the Easterly corner of said 20.00 acre tract, at 910.85 feet pass an iron rod found for the Northeast corner of said 20.00 acre tract and continue to a total distance of 929.55 feet to a set iron rod;

THENCE North 73 deg. 20 min. 01 sec. West, a distance of 825.36 feet to a set iron rod;

THENCE South 14 deg. 29 min. 15 sec. West, a distance of 8.04 feet to a point;

THENCE North 76 deg. 26 min. 09 sec. West, a distance of 728.69 feet to a point in said Easterly line of said Road Premises (Part A);

THENCE along said Easterly line North 14 deg. 32 min. 01 sec. East, a distance of 40.00 feet to the POINT OF BEGINNING. The herein described tract contains 3.22 acres, more or less.

ROAD PREMISES (PART J)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres (“the 289 acre tract”) a portion of which 289.29 acres is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975, recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File No. E372837 and a portion of which 289.29 acres is described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation dated February 21, 1977, recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk’ s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point on the Northerly line of the Road Premises (Part E), that bears South 10 deg. 53 min. 01 sec. East, 1981.01 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said point having State Plane Coordinates of X equals 3,228,203.61 and Y equals 715,408.49;

THENCE North 14 deg. 41 min. 23 sec. East, a distance of 215.86 feet to a point;

THENCE North 60 deg. 08 min. 17 sec. East, a distance of 19.49 feet to a point;

THENCE North 15 deg. 08 min. 17 sec. East, a distance of 470.70 feet to a point;

THENCE South 75 deg. 26 min. 53 sec. East, a distance of 20.00 feet to a point;

THENCE South 15 deg. 08 min. 17 sec. West, a distance of 479.96 feet to a point;

THENCE South 60 deg. 08 min. 17 sec. West, a distance of 18.29 feet to a point;

THENCE South 14 deg. 41 min. 23 sec. West, a distance of 207.09 feet to a point on the Northerly line of said Road Premises (Part E);

THENCE North 76 deg. 26 min. 09 sec. West, along said Northerly line a distance of 20.00 feet to the POINT OF BEGINNING. The herein described tract contains 0.32 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT X:

ANNEX III RAILROAD PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of a 20 foot wide tract and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

RAILROAD PREMISES (PART A)

COMMENCING at an iron rod found for the Northwest corner of said 289 acre tract, said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87;

THENCE South 75 deg. 29 min. 13 sec. East, a distance of 546.50 feet along the South right-of-way of the Missouri Pacific Railroad described in Volume 4245, Page 527, of the Deed Records of Harris County, Texas, also being the North line of said tract, to THE POINT OF BEGINNING of the herein described tract of land, said point being in the centerline of an existing railroad spur and having State Plane Coordinates of X equals 3,228,358.63 and Y equals 717,236.92;

THENCE along a curve to the right, having a radius of 457.62 feet and a delta angle of 63 deg. 22 min. 28 sec., an arc distance of 554.09 feet to a point;

THENCE South 14 deg. 34 min. 49 sec. West, a distance of 2452.83 feet to a point on the North line of the Terminal Premises 14.35 acre tract;

RAILROAD PREMISES (PART B)

BEGINNING at a point in the centerline of Railroad Premises (Part A), also being the

start of a spur, located by State Plane Coordinates X equals 3,227,949.32 and Y equals 714,346.64;

THENCE along a curve to the left, having a radius of 514.14 feet and a delta angle of 09 deg. 22 min. 51 sec., an arc distance of 84.18 feet to a point of a reverse curve;

THENCE along a curve to the right, having a radius of 1613.20 feet, and a delta angle of 06 deg. 31 min. 13 sec., an arc distance of 183.58 feet to a point;

THENCE South 13 deg. 49 min. 56 sec. West, a distance of 78.50 feet to a point on the North line of the Terminal Premises 14.35 acre tract;

RAILROAD PREMISES RAIL SCALE (PART C)

BEGINNING at a point that bears South 30 deg. 02 min. 42 sec. East, 1199.95 feet from the Northeast corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228,430.36 and Y equals 716,315.16, also point being in the centerline of Railroad Premises (Part A);

THENCE along a curve to the left having a radius of 284.61 feet, and a delta angle of 16 deg. 00 min. 00 sec., an arc distance of 79.48 feet to a point;

THENCE South 01 deg. 25 min. 11 sec. East, a distance of 30.00 feet to a point;

THENCE along a curve to the right having a radius of 284.61 feet, and a delta angle of 16 deg. 00 min. 00 sec., an arc distance of 79.48 feet to a point;

THENCE South 14 deg. 34 min. 49 sec. West, a distance of 188.53 feet to a point;

THENCE along a curve to the right having a radius of 284.61 feet, and a delta angle of 16 deg. 00 min. 00 sec., an arc distance of 79.48 feet to a point;

THENCE South 30 deg. 34 min. 49 sec. West, a distance of 30.00 feet to a point;

THENCE along a curve to the left having a radius of 284.61 feet, and a delta angle of 16 deg. 00 min. 00 sec., an arc distance of 79.48 feet to a point, also point also being in the centerline of Railroad Premises (Part A);

The herein described three tracts contain 1.80 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XI:

ANNEX IV UTILITY PREMISES
(PART A)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land (“the 289 acre tract”) described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1975, recorded in Harris county, Texas, Clerk’ s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk’ s File No. F051641, being a centerline of a 3.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 13 deg. 35 min. 22 sec. West, 2929.36 feet from the Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,227,100.64 and Y equals 714,511.63, also being a Westerly property line of said 289 acre tract;

THENCE South 82 deg. 49 min. 53 sec. East, a distance of 115.15 feet to a point;

THENCE South 10 deg. 51 min. 00 sec. West, a distance of 282.75 feet to a point;

THENCE South 12 deg. 57 min. 07 sec. West, a distance of 206.40 feet to a point;

THENCE South 74 deg. 56 min. 37 sec. East, a distance of 648.73 feet to a point on the West line of the Terminal Premises 14.35 acre tract. The herein described tract contains 0.03 acres of land, more or less.

ANNEX IV UTILITY PREMISES
(PART B)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No, 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No, E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of a 3.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 07 deg. 33 min. 05 sec. West, 104.74 feet from the Northwest corner (said Northwest corner having State Plan Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,227,803,49 and Y equals 717,253.13, also being on a Westerly property line of said 289 acre tract;

THENCE South 75 deg. 54 min. 39 sec. East, a distance of 30.49 feet to a point;

THENCE South 16 deg. 13 min. 08 sec. West, a distance of 204.41 feet to a point;

THENCE South 14 deg. 34 min. 16 sec. West, a distance of 1452.05 feet to a point;

THENCE South 80 deg. 16 min. 20 sec. East, a distance of 287.70 feet to a point;

THENCE South 72 deg. 36 min. 49 sec. East, a distance of 432.02 feet to a point;

THENCE South 14 deg. 31 min. 31 sec. West, a distance of 1804.33 feet to a point;

THENCE South 02 deg. 26 min. 52 sec. West, a distance of 560.95 feet to a point;

THENCE North 88 deg. 05 min. 59 sec. East, a distance of 629.84 feet to a point;

THENCE South 88 deg. 43 min. 07 sec. East, a distance of 124.62 feet to a point within the Pipeline Premises (Part A). The herein described tract contains 0.13 acres of land, more or less.

ANNEX IV UTILITY PREMISES
(PART C)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No, E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No, F051641, being a centerline of an 8.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows;

BEGINNING at a point in the West property line of Houston Light and Power Company' s ground easement (F.C. No. ###-##-####) that bears South 21 deg. 34 min. 28 sec. East, 53.47 feet from the Northwest, corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,227,849.23 and Y equals 717,304.15;

THENCE North 74 deg. 53 min. 07 sec. West, a distance of 22.98 feet to a point;

THENCE South 14 deg. 12 min. 26 sec. West, a distance of 1613.43 feet to a point;

THENCE South 75 deg. 21 min. 28 sec. East, a distance of 772.19 feet to a point;

THENCE South 14 deg. 34 min. 59 sec. West, a distance of 1901.62 feet to a point;

THENCE South 02 deg. 10 min. 43 sec West, a distance of 556.90 feet to a point;

THENCE North 87 deg. 57 min. 51 sec. East, a distance of 599.86 feet to a point;

THENCE North 03 deg. 22 min. 57 sec. West, a distance of 143.44 feet to a point;

THENCE North 88 deg 28 min. 06 sec. East, a distance of 123.17 feet to a point;

THENCE North 01 deg. 52 min. 06 sec. East, a distance of 399.59 feet to a point,

THENCE North 10 deg. 44 min. 01 sec. East, a distance of 98.85 feet to a point;

THENCE North 14 deg. 29 min. 18 sec. East, a distance of 369.17 feet to a point;

THENCE North 75 deg. 04 min. 42 sec. West, a distance of 82.40 feet to a point;

THENCE North 14 deg. 15 min. 00 sec. East, a distance of 103.43 feet to a point;

THENCE North 16 deg. 15 min. 07 sec. East, a distance of 42.68 feet to a point, said point being South 12 deg. 03 min. 40 sec. East, 3083.77 feet from the Northwest corner of aforesaid 289 acre tract of land. The herein described tract contains 1.26

acres of land, more or less.

ANNEX IV UTILITY PREMISES
(PART D)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land (“the 289 acre tract”) described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk’ s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk’ s File No. F051641, being a centerline of a 2.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 12 deg. 27 min. 47 sec. East, 3722.04 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228,632.82 and Y equals 713,719.54 also being a Southerly property line of Terminal Premises 5.16 acre tract;

THENCE South 00 deg. 00 min. 00 sec. East, a distance of 239.16 feet to a point on the North property line of Slip 2/3 Premises Barge C Area described in the Waterfront Deed. The herein described tract contains 0.01 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XII:

ANNEX V STORM DRAINAGE PREMISES
(PART B)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975, recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of a 25 foot wide tract, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 12 deg. 43 min. 38 sec. East, 3225.99 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 285 acre tract, said point having State Plane Coordinates of X equals 3,228,540.28 and Y equals 714,207.14, also being on the North line of Terminal Premises 5.16 acre tract;

THENCE North 14 deg. 29 min. 15 sec. East, a distance of 1031.95 feet to a point having State Plane coordinates of X equals 3,228,798.44 and Y equals 715,205.29. The herein described tract contains 0.59 acres of land, more or less.

STORM DRAINAGE PREMISES
(PART C)
CENTERLINE DESCRIPTION

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres ("the 289 acre tract") a portion of which 283.29 acre tract is described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas, Clerk' s File No. E372837 and a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation dated February 21, 1977, recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File No. F051641, being a centerline of a tract with various widths and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, and being more particularly described by metes and bounds as follows:

BEGINNING at a point that bears South 24 deg. 16 min. 56 sec. East, 2356.02 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said point having State Plane Coordinates of X equals 3,228,803.09 and Y equals 715,224.30;

THENCE North 14 deg. 29 min. 15 sec. East, a distance of 78.16 feet to a point, said easement extending 12.5 feet either side of said line;

THENCE South 73 deg. 08 min. 31 sec. East, a distance of 865.98 feet to a point, said easement extending twenty (20) feet either side of said line;

THENCE South 10 deg. 33 min. 55 sec. West, a distance of 279. 88 feet to a point, said easement extending twenty (20) feet either side of said line;

THENCE South 07 deg. 15 min. 57 sec. West, a distance of 772.15 feet to a point, said easement extending thirty (30) feet either side of said line;

THENCE South 01 deg. 57 min. 26 sec. West, a distance of 1665.76 feet to a point, said easement extending forty (40) feet either side of said line;

THENCE South 09 deg. 58 min. 04 sec. East, a distance of 60.37 feet to a point, said easement extending forty (40) feet either side of said line;

THENCE South 70 deg. 32 min. 51 sec. West, a distance of 34.09 feet to a point, said easement extending forty (40) feet either side of said line;

THENCE South 19 deg. 17 min. 56 sec. East, a distance of 179.97 feet to a point, said easement extending forty (40) feet either side of said line; also being a point on a

Southerly property line of the 289 acre tract. The herein described tract contains 5.72 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XIII:

ANNEX VI PIPELINE PREMISES
(PART A)

Field notes of a tract, of land in the Richard and Robert Vines Surrey, Abstract No. 76, Harris County, Texas, said tract, of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc, from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas, Clerk' s File No. E372837 in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation dated February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, and being more particularly described by metes and bounds as follows:

BEGINNING at a point that bears South 07 deg. 34 min. 45 sec. East, 4276.88 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.37) of a 289 acre tract, said point having State Plane Coordinates of X equals 3,228,393.94 and Y equals 713,114.26;

THENCE North 02 deg. 09 min. 13 sec. East, a distance of 42.64 feet to a point;

THENCE North 03 deg. 01 min. 56 sec. East, a distance of 40.95 feet to a point;

THENCE North 87 deg. 42 min. 53 sec. West, a distance of 13.58 feet to a point;

THENCE North 03 deg. 20 min. 34 sec. East, a distance of 229.48 feet to a point;

THENCE North 14 deg. 10 min. 19 sec. East, a distance of 20.12 feet to a point;

THENCE North 00 deg. 09 min. 43 sec. West, a distance of 304.01 feet to a point;

THENCE North 14 deg. 47 min. 02 sec. East, a distance of 168.00 feet to a point;

THENCE South 74 deg. 41 min. 31 sec. East, a distance of 33.58 feet to a point, also being the Southerly Southwest, corner of Terminal Premises 5.16 acre tract;

THENCE South 77 deg. 10 min. 13 sec. East, continuing along said property line of said 5.16 acre tract, a distance of 10.97 feet to a point;

THENCE North 13 deg. 51 min. 59 sec. East, continuing along said property line of said 5.16 acre tract, a distance of 94.80 feet to a point;

THENCE North 74 deg. 12 min. 11 sec. West, continuing along said property line of

said 5.16 acre tract, a distance of 36.46 feet to a point;

THENCE North 14 deg. 29 min. 19 sec. East, along the West line of said 5.16 acre tract distance of 212.94 feet pass the Northwest corner of said 5.16 acre tract, and continuing a total distance of 502.56 feet to a point;

THENCE North 75 deg. 05 min. 08 sec. West, a distance of 43.66 feet to a point;

THENCE South 14 deg. 32 min. 22 sec. West, a distance of 386.09 feet to a point;

THENCE North 74 deg. 34 min. 57 sec. West, a distance of 24.20 feet to a point on the Easterly property line of Terminal Premises 14.35 acre tract;

THENCE South 14 deg. 32 min. 22 sec. West, continuing along said property line, a distance of 5.80 feet to a point;

THENCE South 74 deg. 34 min. 20 sec. East, a distance of 24.20 feet to a point;

THENCE South 14 deg. 32 min. 22 sec. West, a distance of 38.84 feet to a point;

THENCE North 74 deg. 44 min. 36 sec. West, a distance of 24.20 feet to a point on an Easterly property line of aforementioned 14.35 acre tract;

THENCE South 14 deg. 32 min. 22 sec. West, continuing along said property line, a distance of 44.11 feet to a point;

THENCE South 69 deg. 43 min. 15 sec. East, a distance of 24.21 feet to a point;

THENCE South 14 deg. 36 min. 18 sec. West, a distance of 281.51 feet to a point;

THENCE South 02 deg. 09 min. 57 sec. West, a distance of 309.30 feet to a point;

THENCE North 75 deg. 43 min. 10 sec. West, a distance of 24.65 feet to a point on an Easterly property line of aforementioned 14.35 acre tract;

THENCE South 01 deg. 51 min. 20 sec. West, continuing along said property line, a distance of 20.18 feet to a point;

THENCE South 75 deg. 22 min. 13 sec. East, a distance of 24.57 feet to a point;

THENCE South 02 deg. 09 min. 57 sec. West, a distance of 252.39 feet to a point;

THENCE South 03 deg. 15 min. 42 sec. East, a distance of 12.35 feet to a point;

THENCE South 88 deg. 18 min. 55 sec. East, a distance of 36.76 feet to a point;

THENCE South 04 deg. 28 min. 35 sec. East, a distance of 15.71 feet to a point;

THENCE South 02 deg. 27 min. 24 sec. West, a distance of 44.33 feet to a point;

THENCE North 82 deg. 39 min. 12 sec. East, a distance of 11.38 feet to the POINT OF

BEGINNING. The herein described tract contains 1.43 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

ANNEX VI PIPELINE PREMISES
(PART B)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation dated February 21, 1975 recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, and being more particularly described by metes and bounds as follows:

BEGINNING at a point that bears South 10 deg. 45 min. 25 sec. East, a distance of 3270.06 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228,439.91 and Y equals 714,141.27, also being the most Northeasterly corner of the Terminal Premises 14.35 acre tract;

THENCE along a Northerly property line of said 14.35 acre tract, North 75 deg. 27 min. 38 sec. West, a distance of 235.00 feet to a point, said point being a Northeasterly interior corner of said 14.35 acre tract;

THENCE North 10 deg. 45 min. 58 sec. East, a distance of 15.00 feet to a point;

THENCE South 75 deg. 27 min. 38 sec. East, a distance of 235.99 feet to a point, said point being on a Westerly line of Road Premises (Part A);

THENCE along said Westerly line, South 14 deg. 32 min. 22 sec. West, a distance of 14.98 feet to the POINT OF BEGINNING. The herein described tract contains 0.08 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

PIPELINE PREMISES
(Part C)

Fields notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract comprising 289.29 acres ("the 289 acre tract") a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas,

Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File No. E372837 and a portion of which 289.29

acre tract is described in a deed to Oiltanking Texas, Inc. from Jacintoport Corporation dated February 21, 1977 recorded in the Official Records of Real Property of Harris County, Texas under Clerk' s File No. F051641, and being more particularly described by coordinate bearings and distances based on the Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 15 deg. 04 min. 39 sec. East, a distance of 2965.27 feet from the Northwest corner of the 289 acre tract (said Northwest corner having state plane coordinates X equals 3,227,829.57 and Y equals 717,353.87) and having state plane coordinates of X equals 228,600.63 and Y equals 714,490.68, said point also being on the West line of a 20 acre tract of land called the "Option Premises" in a deed to Stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number M457165, said point also being the Northeast corner of a 1.43 acre tract of land called "Pipeline Premises (Part A)" in a deed to Stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number L685063;

THENCE North 14 deg. 29 min. 15 sec. East, along the West line of said 20 acre tract a distance of 683.55 feet to a point in the Southerly line of a tract of land called "Railroad Spur Premises" in a deed to Stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number M-457165;

THENCE, along said Southerly line of said "Railroad Spur Premises", North 73 deg. 24 min. 03 sec. West, a distance of 43.07 feet to a point;

THENCE South 14 deg. 32 min. 22 sec. West, a distance of 684.81 feet to a point;

THENCE, South 75 deg. 05 min. 08 sec. East, a distance of 43.66 feet to the POINT OF BEGINNING. The herein described tract contains 0.68 acres, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XIV:

ANNEX VII
NORTH DIKE PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation dated February 21, 1975 recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc., from Jacintoport Corporation on February 21, 1977, recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of a tract with various widths, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, and being more particularly described by metes and bounds as follows:

BEGINNING at a point that bears South 04 deg. 38 min. 55 sec. East, a distance of 3239.79 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,228,092.13 and Y equals 714,124.74, also being a North interior corner of the Terminal Premises 14.35 acre tract;

THENCE North 10 deg. 45 min. 58 sec. East, along the centerline of a 15.0 foot wide tract a distance of 203.03 feet to a point, also being the western most East line of aforesaid 14.35 acre tract;

THENCE South 76 deg. 01 min. 44 sec. East, along the centerline of a 20.0 foot wide tract a distance of 305.87 feet to a point;

THENCE South 14 deg. 32 min. 19 sec. West, along the centerline of a 20.0 foot wide tract a distance of 102.31 feet to a point on the central most northern property line of aforesaid 14.35 acre tract. The herein described tract contains 0.26 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XV - A:

MPR TRACT

The appurtenant non-exclusive right to construct, use and maintain across, over or under that portion of the Missouri-Pacific Railroad right-of-way (The "MPR Tract") shown on Exhibit "A" of that certain Contract for Purchase dated September 30, 1964, executed by and between the United States of America and Houston Channel Industrial Development, Inc., recorded in Volume 5679, Pages 176-227, inclusive, of the Deed Records of Harris County, Texas, located immediately North of and adjacent to the most Northerly boundary line of the Retained Premises as defined in Part V of the Deed (Terminal) dated May 26, 1988 from Oiltanking of Texas, Inc. ("OTI"), Grantor, to Stolt Terminals (Houston), Inc., Grantee, filed for record in the Real Property of Harris County Clerk' s File No. L685063, roads, electrical transmission, telephone, telegraph, water, gas, and sewer lines, lines for other materials and other facilities in keeping with customary conditions set forth in the deed from the United States of America to Missouri-Pacific Railroad Company dated December 20, 1960, recorded in Volume 4245, Page 527, of the Deed Records of Harris County, Texas, same being further described in deeds to Oiltanking of Texas, Inc. filed for record in the office of the County Clerk of Harris County, Texas, under County Clerk' s File Nos. E372837 and F051641.

TRACT XV - B:

ANNEX XVIB
TEN FOOT STRIP

The appurtenant non-exclusive easement and right-of-way to use that portion of the following described tract of land:

A strip of land approximately ten feet (10') in width lying between the northern boundary line of the MPR tract and the southern boundary lines of Jacintoport Boulevard and Peninsula Boulevard as described in right-of-way deed from the United States of America and Jacintoport Corporation to the County of Harris dated December 11, 1968, recorded in Volume 7546, Page 7, of the Deed Records of Harris County, Texas (The "Ten Foot Strip"); reasonably necessary for purposes of ingress and egress to and from Terminal Premises, as set forth in Deed filed for record in the Office of the County Clerk of Harris County, Texas, under File Nos. L685063 and L685064.

Tract XVI:

The following described two (2) tracts, Option Premises and Option Premises Addition:

OPTION PREMISES

Tract of land containing approximately 20.00 acres, more or less, SAVE AND EXCEPT 0.35 acres (Option Premises Deletion), out of the Richard and Robert Vince Survey, Abstract Number 76, Harris County, Texas, said premises being out of a tract

described in that certain Contract for Purchase dated September 30, 1964, and executed by and between the United States of America and Houston Channel Industrial Development, Inc., recorded in Volume 5679 at Pages 176-227, inclusive, of the Deed Records of Harris County, Texas (hereinafter "Said Contract"), with the Option Premises being more particularly described as follows:

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File F051641, and being more particularly described by coordinates, bearings and distance based on The State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 12 deg. 31 min. 46 sec. East, 3220.29 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having state plane coordinates of X equals 3,228,528.18 and Y equals 714,210.27, also being the Northwest corner of the Terminal Premises 5.16 acre tract, described in Deed (Terminal) dated May 26, 1988 and recorded in the Real Property Records of Harris County under Harris County, Texas Clerk' s File Number L685063 ("Terminal Deed");

THENCE, North 14 deg. 29 min. 15 sec. East, a distance of 1032.43 feet to an iron rod set for a corner;

THENCE, South 73 deg. 20 min. 01 sec. East, a distance of 826.66 feet to an iron rod set for a corner;

THENCE, South 10 deg. 29 min. 35 sec. West, along the West line of an Access Road Premises (Part A) and (Part B), a distance of of 177.75 feet to an iron rod set for a corner;

THENCE, continuing along said Access Road Premises (Part B) South 07 deg. 11 min. 37 sec. West, a distance of 727.81 feet to an iron rod set for a corner;

THENCE North 88 deg. 20 min. 34 sec. West, a distance of 458.45 feet to an iron rod set for a corner also being the Northeast corner of the aforesaid 5.16 acre tract;

THENCE, North 75 deg. 30 min. 28 sec. West, along the entire North line of aforesaid 5.16 acre tract a distance of 483.84 feet to the POINT OF BEGINNING. The herein described tract contains 20.00 acres of land, more or less.

SAVE AND EXCEPT the following described tract:

OPTION PREMISES DELETION

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No.

76, Harris County, Texas, said tract of land being a part of a 20 acre tract described in a Deed to Stolt Terminals (Houston) Inc. from Oiltanking Houston Inc. dated December 19, 1989, recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number M457165, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at an iron rod found that bears South 25 deg. 47 min. 04 sec. East, a distance of 3639.04 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said point having state plane coordinates X equals 3,229,412.51 and Y equals 714,077.15 and being in the most Easterly South line of said 20 acre tract;

THENCE, along said Southerly line South 88 deg. 20 min. 34 sec. East, a distance of 42.39 feet to a point in Road Premises (Part E), being the Southeast corner of said 20 acre tract;

THENCE, along the Easterly line of said 20 acre tract North 07 deg. 11 min. 37 sec. East, a distance of 727.77 feet to a set iron rod;

THENCE, South 10 deg. 29 min. 35 sec. West, a distance of 733.07 feet to the POINT OF BEGINNING. The herein described tract contains 0.35 acres, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

OPTION PREMISES ADDITION

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres ("the 289 acre tract") a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number E372837 and a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number F051641, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a set iron rod that bears South 24 deg. 03 min. 05 sec. East, a distance of 2347.86 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said point having state plane coordinates of X equals 3,228,786.46 and Y equals 715,209.87, also being the Northwest corner of a 20 acre tract of land called "Option Premises" in a Deed to Stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number M457165;

THENCE, along the North line of said 20 acre tract, South 73 deg. 20 min. 01 sec. East, a distance of 826.66 feet to a set iron rod, being the Northeast corner of said 20 acre tract;

THENCE, North 10 deg. 29 min. 35 sec. East, a distance of 18.70 feet to a set iron rod;

THENCE, North 73 deg. 20 min. 01 sec. West, a distance of 825.36 feet to a set iron rod;

THENCE, South 14 deg. 29 min. 15 sec. West, a distance of 18.61 feet to the POINT OF BEGINNING. The herein described tract contains 0.35 acres, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XVII:

ANNEX I The Premises

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File E372837 and in a deed to Oiltanking of Texas, Inc. from Janintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 07 deg. 12 min. 45 sec. West, 3014.63 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having state plane coordinates of X equals 3,227,447.03 and Y equals 714,364.13, also being the Northwest corner of the following described parcel of real estate:

THENCE, South 75 deg. 34 min. 58 sec. East, a distance of 331.54 feet to a point on the Westerly line of Road Premises (Part A) described in the Deed (Terminal) dated May 26, 1988 from Oiltanking of Texas, Inc. to Stolt Terminals (Houston) Inc. and recorded under County, Clerk' s File Number L-685063 in the Real Property Records of Harris County, Texas ("Terminal Deed");

THENCE, South 14 deg. 25 min. 01 sec. West along said Westerly line of Road Premises (Part A), a distance of 227.35 feet to a point;

THENCE, South 38 deg. 52 min. 03 sec. West, a distance of 45.59 feet to a point on a curve to the right;

THENCE, along a curve to the right (along the Northerly edge of an existing road) having a radius of 216.82 feet, a delta angle of 66 deg. 14 min. 42 sec., an arc distance of 250.69 feet to a point;

THENCE, North 75 deg. 06 min. 31 sec. West, a distance of 116.38 feet (along the Northerly edge of an existing road) to a point;

THENCE, North 14 deg. 53 min. 02 sec. East a distance of 395.73 feet to a point for the said Northwest corner and the PLACE OF BEGINNING. The herein described tract of land contains 2.80 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

The Premises Addition

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract comprising 289.29 acres ("the 289 acre tract") a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21,1975 recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File E372837 and a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21,1977 recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File No F051641, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a 1/2 inch iron pin found that bears South 02 deg. 04 min. 03 sec. West, a distance of 3297.25 feet from the Northwest corner of the 289 acre tract (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) and having state plane coordinates of X equals 3,227,710.61 and Y equals 714,058.77, said point also being on the West line of a 3.70 acre tract called "Road Premises (Part A)" in a deed to Stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number L685063;

THENCE, South 38 deg. 52 min. 03 sec. West, along the Southeasterly line of a 2.80 acre tract called "The Premises" in a deed to Stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number M048685, a distance of 42.49 feet to a set iron rod;

THENCE continuing along the Southeasterly line of said 2.80 acre tract along a curve to the right, having a radius of 216.82 feet, a delta of 66 deg. 14 min. 42 sec., a chord bearing of South 71 deg. 46 min. 12 sec. West, an arc length of 250.69 feet to a set iron rod;

THENCE, South 75 deg. 06 min. 31 sec. East, a distance of 216.77 feet to an iron rod set on the West line of said "Road Premises (Part A)";

THENCE, North 14 deg. 32 min. 01 sec. East, along the West line of said "Road Premises (Part A)", a distance of 168.30 feet to the POINT OF BEGINNING. The herein described tract contains 0.2260 acres, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XVIII:

(Railroad Strip Premises)

Terminal Premises
0.25 Acre

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 00 deg. 53 min. 15 sec. East, 2989.19 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having State Plane Coordinates of X equals 3,227,875.87 and Y equals 714,365.04, also being the Northwest corner of terminal premises 14.35 acre tract and the Southwest corner of the following described parcel of real estate;

THENCE, North 14 deg. 34 min. 59 sec. East, a distance of 317.36 feet to an iron rod set for a corner;

THENCE, South 75 deg. 26 min. 26 sec. East, a distance of 35.05 feet to an iron rod set for a corner, and to a point on the West lien of Railroad Premises (Part A);

THENCE, South 14 deg. 34 min. 49 sec. West, along with and abutted to the said West line of Railroad Premises (Part A), a distance of 317.05 feet to an iron rod set on the said North line of Terminal Premises 14.35 acre tract;

THENCE, North 75 deg. 57 min. 19 sec. West, along with and abutted to the said North line of Terminal Premises 14.35 acre tract, a distance of 35.06 feet to the POINT OF BEGINNING. The herein described tract contains 0.25 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XIX:

Road Premises (Part F)

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract comprising 289.29 acres of land ("the 289 acre tract"), a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File No. E372837 and a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a set iron rod that bears South 07 deg. 33 min. 53 sec. West, a distance of 3582.57 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289.29 acre tract, said point having state plane coordinates of X equals 713,981.47, said point also being the Southwest corner of a 2.80 acre tract called "The Premises", in a Deed to Stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number M048685;

THENCE, along the South line of said 2.80 acre tract, South 75 deg. 06 min. 31 sec. East, leaving the South line of said 2.80 acre tract at a distance of 116.38 feet, and continuing a total distance of 333.15 feet to an iron rod set in the West line of a 3.70 acre tract of land called "Road Premises (Part A)" in a Deed to Stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File Number L685063;

THENCE, South 14 deg. 32 min. 01 sec. West, along the West line of said 3.70 acre tract, a distance of 17.00 feet to a point;

THENCE, North 75 deg. 06 min. 31 sec. West, a distance of 333.25 feet to a point;

THENCE, North 14 deg. 53 min. 02 sec. East, a distance of 17.00 feet to the POINT OF BEGINNING. The herein described tract contains 0.13 acres, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XX:

(Option Premises)

Railroad Spur Premises

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of a 20.00 foot wide tract, and being more particularly described by coordinates, bearings and distances on The Texas State Plan Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 15 deg. 31 min. 16 sec. East, 1680.68 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having state plane coordinates of X equals 3,228,279.31 and Y equals 715,734.48, also point being in the centerline of Railroad Premises (Part A) as described in the Terminal Deed;

THENCE, along a curve to the left having a radius of 422.47 feet, and a delta angle of 87 deg. 54 min. 50 sec., an arc distance of 648.23 feet to a point;

THENCE, South 73 deg. 24 min. 03 sec. East, a distance of 216.00 feet to a point on the West property line of the Option Premises. The herein described tract contains 0.02 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XXI:

Railroad Spur Premises Addition

Field notes of the centerline of a 20 foot wide tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres ("the 289 acre tract") a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Janintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File Number E372837 and a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977 recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File Number F051641, and being more particularly described by coordinates, bearing and distances based on the Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point in the centerline of a tract referred to as "Railroad Spur premises", described in a deed to stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File No, M457165, that bears South 19 deg. 38 min. 02 sec. East, 2268.88 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 7171,353.87) of the 289 acre tract, said point having state plane coordinates of X equals 3,228,591.84 and y equals 715,216.52;

THENCE, along a curve to the left, having a radius of 506.52 feet, a delta of 14 deg. 48 min. 06 sec. a chord bearing of South 81 deg. 28 min. 57 sec. East and an arc length of 130.85 feet, to a point;

THENCE, South 88 deg. 12 min. 09 sec. East, a distance of 61.82 feet to a point in the west line of a 20 acre tract of land called "Option Premises" in a deed to Stolt Terminals (Houston) Inc. recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File No. M457165. The herein described tract contains 0.088 acres of land more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XXII:

Behring Road Premises

The non-exclusive easement and right-of-way to use those certain premises described as the "Road Premises" (hereinafter "Behring Road"), in that certain Deed dated September 12, 1975, from Jacintoport Corporation to Behring International, Inc. and recorded in the Official Public Records of Real Property of Harris County, Texas, under Film Code No. 127-03-1518 under Harris County Clerk' s File Number(s) E540411 and Film Code No. 127-05-1481 under Harris County Clerk' s File Number (s) E542098.

Tract XXIII:

ANNEX II Access Premises

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File No. F051641, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 01 deg. 08 min. 45 sec. West, 3072.89 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87 of said 289 acre tract, said point having state plane coordinates of X equals 3,227,768.12 and Y equals 714,281.59, being the Southern most corner of the following described easement, said point also being on a Westerly line of Road Premises (Part A) and being the Northeast corner of the Premises described in Annex I hereto;

THENCE, North 75 deg. 34 min. 58 sec. West along the North property line of said 2.80 acre tract, a distance of 60.00 feet to a point;

THENCE, North 59 deg. 28 min. 31 sec. East a distance of 84.94 feet to a point on said Westerly line of Road Premises (Part A);

THENCE, South 14 deg. 32 min. 01 sec. West along said property line of Road Premises (Part A), a distance of 60.00 feet to a POINT OF BEGINNING. The herein described easement contains 0 04 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XXIV:

ANNEX III Walkway Premises

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of a 4.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 00 deg. 29 min. 26 sec. West, 3274.68 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having state plane coordinates of X equals 3,227,801.53 and Y equals 714,079.31, also being a Northwesterly property line of a 14.35 acre tract described in the Terminal Deed;

THENCE, North 75 deg. 59 min. 03 sec. West a distance of 83.11 feet to a point on the East property line of the Premises described in Annex I hereto, and a Westerly line of Road Premises (Part A). The herein described tract contains 0.01 acres of land more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XXV:

ANNEX IV Sewer Premises

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of 3.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System South Central Zone, as follows:

BEGINNING at a point that bears South 00 deg. 50 min. 33 sec. West, 3356.89 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having state plane coordinates of X equals 3,227,780.21 and Y equals 713,997.34 also being on the Westerly property line of a 14.35 acre tract described in the Terminal Deed;

THENCE, North 76 deg. 04 min. 52 sec. West, a distance of 57.03 feet to a point;

THENCE, South 14 deg. 32 min. 01 sec. West, a distance of 145.54 feet to a point;

THENCE, North 75 deg. 27 min. 59 sec. West, a distance of 192.86 feet to a point;

THENCE, North 12 deg. 08 min. 45 sec. East, a distance of 26.80 feet to a point on a Southerly property line of the Premises described in Annex I hereto. The herein described tract contains 0.03 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XXVI:

ANNEX V Waterline Premises

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of 3.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System South Central Zone, as follows:

BEGINNING at a point that bears South 02 deg. 59 min. 07 sec. West, 1649.64 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having state plane coordinates of X equals 3,227,743.66 and Y equals 715,706.47, also being in the centerline of Utility Premises (Part B) described in the Terminal Deed;

THENCE, South 13 deg. 20 min. 25 sec. West, a distance of 1312.59 feet to a point;

THENCE, South 73 deg. 39 min. 55 sec. East, a distance of 57.01 feet to a point on the Easterly property line of the Premises described in Annex I hereto. The herein described tract contains 0.03 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XXVII:

ANNEX VI POWER LINE PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1975 recorded in Harris County, Texas, Clerk' s File E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File F051641, being a centerline of a 8.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 00 deg. 30 min. 05 sec. West, 3252.44 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of said 289 acre tract, said point having state plane coordinates of X equals 3,227,801.11 and Y equals 714,101.55, also being in the centerline of Utility Premises (Part C) described in the Terminal Deed;

THENCE North 63 deg. 11 min. 41 sec. West a distance of 80.24 feet to a point in the East property line of the Premises described in Annex I hereto, and a Westerly line of Road Premises (Part A). The herein described tract contains 0.01 acres of land, more or less.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Tract XXVIII:

ANNEX VII Gas Line Premises

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land ("the 289 acre tract") described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1973 recorded in Harris County, Texas, Clerk' s File No. E372837 and in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation on February 21, 1977 recorded in Harris County, Texas, Clerk' s File No. F051641, being a centerline of a 3.0 foot wide tract, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 04 deg. 27 min. 14 sec. West, 3465.64 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87 of said 289 acre tract), said point having state plane coordinates of X equals 3,227,560.44 and Y equals 713,898.70 also being on the Southern most line of Utility Premises (Part A), described in Annex IV to the Terminal Deed;

THENCE North 14 deg. 00 min. 21 sec. East, at a distance of 4.49 feet pass Southern most line of a sewer premise described in "Stolt Sewer Premises", at a distance of 26.75 feet pass an existing South edge of a road, continuing a total distance of 56.05 feet to a point on a curve being a Southeasterly property line of the Premises described in Annex I hereto. The herein described tract contains 0.004 acres of land, more or less.

LB *NOTE: This Company does not represent that the above acreage or square footage calculations are correct.*

Tract XXIX:

Slip 4 Premises
Barge D Area

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acre (“the 289 acre tract”) a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk’ s File Number E372837 and a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk’ s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point for the Southwest corner of this tract that bears South 11 deg. 18 min. 23 sec. East, a distance of 4463.04 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said point having state plane coordinates of X equals 3,228,704.57 and Y equals 712,977.44 also being a point on the North property line of Slip 4 Premises Ship 4 Area described on the 11-page survey referred to below:

THENCE North 02 deg. 05 min. 07 sec. East, a distance of 500.00 feet to a point for the Northwest corner of this tract;

THENCE South 87 deg. 54 min. 53 sec. East, a distance of 180.00 feet to an iron rod set for the Northeast corner of this tract and being the Northwest corner of Barge Dock D Premises described on the 11-page survey referred to below:

THENCE South 02 deg. 05 min. 07 sec. West, along the West property line of Barge Dock D Premises, described on the 11-page survey referred to below, a distance of 500.00 feet to a point for the Southeast corner of this tract also being the Southwest corner of Barge Dock D Premises described on the 11-page survey referred to below, the Northwest corner of Ship Dock 4 Premises described on the 11-page survey referred to below and the Northeast corner of Slip 4 Premises Ship 4 Area described on the 11-page survey referred to below;

THENCE North 87 deg. 54 min. 53 sec. West along the North property line of Slip 4 Premises Ship 4 Area described on the 11-page survey referred to below, a distance of 180.00 feet to the POINT OF BEGINNING. The herein described tract contains 2.07 acres of land, more or less.

The foregoing field notes were prepared in connection with a survey of the above described property prepared by the undersigned dated October 4, 1990 and most recently revised and updated on August 5, 1992, which survey is set forth on Sheets 5 and 7, and on Sheet 11 of an 11-page survey prepared by the undersigned and identified as Job No. 1629 and Drawing Number OTI-1629D-2305.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Slip 4 Premises
Ship 4 Area

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acre (“the 289 acre tract”) a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk’ s File Number E372837 and a portion of which 285.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk’ s File No. F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point for the Northwest corner of this tract that bears South 10 deg. 21 min. 58 sec. East, a distance of 4446.27 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said point having state plane coordinates of X equals 3,228,629.62 and Y equals 712,980.17;

THENCE South 87 deg. 54 min. 53 sec. East, a distance of 255.00 feet to a point for the Northeast corner of this tract, also being the Southeast corner of Slip 4 Premises Barge D Area described on the 11-page survey referred to below, the Southwest corner of Barge Dock D Premises described on the 11-page survey referred to below and the northwest corner of Ship Dock 4 Premises described on this 11-page survey referred to below;

THENCE South 02 deg. 05 min. 07 sec. West, along the West property line of Ship Dock 4 Premises described on the 11-page survey referred to below, a distance of 1003.58 feet to a point for the Southeast corner of this tract, also being a point on the North right-of-way line of the Houston Ship Channel and the Southerly property line of the 289 acre tract;

THENCE along the North right-of-way line of the Houston Ship Channel along a curve to the right (also being a Southerly property line of the 289 acre tract) having a radius of 5349.86 feet, a delta angle of 02 deg. 47 min. 56 sec. and an arc length of 261.34 feet to a point for the Southeast corner of this tract;

THENCE North 02 deg. 05 min. 07 sec. East, a distance of 1060.69 feet to the POINT OF BEGINNING. The herein described tract contains 6.05 acres of land, more or less.

The foregoing field notes was prepared in connection with a survey of the above described property prepared by the undersigned dated October 4, 1990, and most recently revised and updated on August 5, 1992, which survey is set forth on Sheets 5 or 7, and on Sheet 11 of an 11-page survey prepared by the undersigned and identified as Job No. 1629 and Drawing Number OTI-1629D-2305.

Tract XXX:

SHIP DOCK 4 PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land compromising 289.29 acre tract is described in deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk' s File No. E372837 and a portion of which 289.29 acre tract is described to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977 recorded in the Official Public Records of Real Property of Harris County, Texas under Harris County Clerk' s File Number(s) F051641, and being more particularly described by coordinates, bearings and distances based on the Texas State Plane Coordinate System, South

BEGINNING at a point for the Northwest corner of this tract that bears South 13 deg. 31 min. 57 sec. East, a distance of 4508.14 feet from the Northwest corner (said Northwest corner having state plane coordinates of X equals 3,227,829.57 and Y equals 717,353. 87) of the 289 acre tract, said point having state plane coordinates of X equals 3,228,884.45 and Y equals 712,970.89, also being the Southwest corner of Barge Dock D Premises described on the 11-page survey referred to below, the Southeast corner of Slip 4 Premises Barge D Area described on the 11-page survey referred to below and the Northeast corner of Slip 4 Premises Ship 4 Area described on the 11-page survey referred to below;

THENCE, South 87 deg. 54 min. 53 sec. East, along the South property line of Barge Dock D Premises, described on the 11-page survey referred to below, a distance of 40.00 feet, to an iron rod set for the Northeast corner of this tract also being the Northwest corner of Ship Dock 5 Premises, described on the 11-page survey referred to below and the Southwest corner of Barge Dock E Premises described on the 11-page survey referred to below;

THENCE, South 02 deg. 05 min. 07 sec. West, along the West property line of Ship Dock Premises, described on the 11-page survey referred to below, a distance of 1024.45 feet to a point for a Southeast corner of this tract also being the Southwest corner of Ship Dock 5 Premises

described on the 11-page survey referred to below, and a point on the Southerly property line of the 289 acre tract and the North right-of-way line of the Houston Ship Channel;

THENCE, along the North right-of-way line of the Houston Ship Channel along a curve to the right (also being a Southerly property line of the 289 acre tract) having a radius of 5379.91 feet, a delta angle of 00 deg. 00 min. 59 sec., an arc distance of 1.54 feet to a point;

THENCE, continuing along the North right-of-way line of the Houston Ship Channel (also being the Southerly property line of the 289 acre tract) North 12 deg. 17 min. 01 sec. West, a distance of 30.05 feet to a point;

THENCE, continuing along the North right-of-way line of the Houston Ship Channel (also being the Southerly property line of the 289 acre tract) along a curve to the right having a radius of 5349.86 feet, a delta angle of 00 deg. 20 min. 36 sec. and

an arc length of 32.06 feet to a point for the Southwest corner of this tract also being the Southeast corner of Slip 4 Premises Ship 4 Area described on the 11-page survey referred to below;

THENCE, North 02 deg. 05 min. 07 sec. East, along the East property line of Slip 4 Premises Slip 4 Area described on the 11-page survey referred to below, a distance of 1003.58 feet to the POINT OP BEGINNING. The herein described tract contains 0.92 acres, more or less.

Ship Dock 5 Premises

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres (“the 289 acre tract”) a portion of which 289.29 acre tract is described in deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk’ s File Number E372837 and a portion of which 289.29 acre tract is described in a deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977 recorded in the Official Public Records of Real Property of Harris County, Texas under Clerk’ s File Number F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at an iron rod that bears South 14 deg. 01 min. 15 sec. East, a distance of 4519.07 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said point having State Plane Coordinates of X equals 3,228,924.42 and Y equals 712,969.43, said point being a common corner with the Northeast corner of Ship Dock 4 Premises, described on the 11-page survey referred to below;

THENCE South 87 deg. 54 min. 53 sec. East, along the South property line of Barge Dock E Premises, described on the 11-page survey referred to below, a distance of 40.00 feet to an iron rod for a corner of this tract also being the Southwest corner of Slip 5 Premises Barge E Area, described on the 11-page survey referred to below;

THENCE South 02 deg. 05 min. 07 sec. West, along the West property line of Slip 5 Premises Ship 5 Area, described on the 11-page survey referred to below, a distance of 1014. 03 feet to a point on a Southerly property line of the 289 acre tract and the North right-of-way line of the Houston Ship Channel;

THENCE along the North right-of-way line of the Houston Ship Channel along a curve to the right (also being a Southerly property line of the 289 acre tract) having a radius of 5379.91 feet, a delta angle of 00 deg. 26 min. 26 sec. an arc distance of 41.37 feet to a point;

THENCE North 02 deg. 05 min. 07 sec. East, along the East property line of said Ship Dock 4 Premises, a distance of 1024.45 feet to an iron rod at the POINT OF BEGINNING. The herein described tract contains 0.94 acres, more or less.

The foregoing field notes were prepared in connection with a survey of the above described property prepared by the undersigned dated October 4, 1990 and most

recently revised and updated on August 5, 1992, which survey is set forth on Sheets 5 or 7, and on Sheet 11 of an 11-page survey prepared by the undersigned and identified as Job No. 1629 and Drawing Number OTI-1629D-2305.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

BARGE DOCK D PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres ("the 289 acre tract") a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File Number E372837 and a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977, recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File Number F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at an iron rod set for the Northwest corner of this tract that bears South 15 deg. 26 min. 49 sec. East, a distance of 4028.85 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said point having State Plane Coordinates of X equals 3,228,902.64 and Y equals 713,470.55, also being the Northwest corner of Barge Dock D Premises described on the 11-page survey referred to below, the Southwest corner of Dock 4/5 Access Premises, described on the 11-page survey referred to below and the Northeast corner of Slip 4 Premises Barge D Area described on the 11-page survey referred to below;

THENCE South 87 deg. 54 min. 53 sec. East, along the North property line of Barge Dock D Premises, described on the 11-page survey referred to below, a distance of 40.00 feet to an iron rod set for the Northeast corner of this tract, also being the Northwest corner Barge Dock E Premises, described on the 11-page survey referred to below and the Northwest corner of Barge Dock E Premises described on the 11-page survey referred to below;

THENCE South 02 deg. 05 min. 07 sec. West, along the East property line of Barge Dock D Premises, described on the 11-page survey referred to below, a distance of 500.00 feet to a point for a Southeast corner of this tract also being the Southwest corner of Barge Dock E Premises described on the 11-page survey referred to below, the Northwest corner Ship Dock 5 Premises described on the 11-page survey referred to below, and the Northeast corner Ship Dock 4 Premises described on the 11-page survey referred to below;

THENCE N 87 deg. 54 min. 53 sec. W, along the North property line of Ship Dock 4 Premises described on the 11-page survey referred to below, a distance of 40.00 feet to a point for the Southwest corner of this tract, also being the Northwest corner of Ship Dock 4 Premises described on the 11-page survey referred to below, the Northeast corner of Slip 4 Premises Ship 4 Area described on the 11-page survey referred to below, and the Southeast corner of Slip 4 Premises Barge D Area designated on the 11-page survey referred to below;

THENCE North 02 deg. 05 min. 07 sec. East, along the East property line of Slip 4 Premises Barge D Area described on the 11-page survey referred to below, a distance of 500.00 feet to the POINT OF BEGINNING. The herein described tract contains 0.46 acres, more or less.

The foregoing field notes were prepared in connection with a survey of the above described property prepared by the undersigned dated October 4, 1990 and most recently revised and updated on August 5, 1992, which survey is set forth on Sheets 5 or 7, and on Sheet 11 of an 11-page survey prepared by the undersigned and identified as Job No. 1629 and Drawing Number OTI-1629D-2305.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

BARGE DOCK E PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres ("the 289 acre tract") a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File Number E372837 and a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977, recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk' s File Number F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at an iron rod that bears South 15 deg. 59 min. 16 sec. East, a distance of 4041.09 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289 acre tract, said point having State Plane Coordinates of X equals 3,228,942.61 and Y equals 713,469.09;

THENCE South 87 deg. 54 min. 53 sec. East, along the South property line of Dock 4/5 Access Premises, described on the 11-page survey referred to below, a distance of 40.00 feet to an iron rod for a corner of this tract, also being the Northwest corner of Slip 5 Premises Barge E Area, described on the 11-page survey referred to below;

THENCE South 02 deg. 05 min. 07 sec. West, along the entire West property line of said Slip 5 Premises Barge E Area, a distance of 500.00 feet to an iron rod for a corner of this tract, also being the Northwest corner of Slip 5 Premises Ship 5 Area, described on the 11-page survey referred to below, and the Northeast corner of Ship Dock 5 Premises, described on the 11-page survey referred to below;

THENCE North 87 deg. 54 min. 53 sec. West, along the entire North property line of said Ship Dock 5 Premises, a distance of 40.00 feet to an iron rod for the Southwest corner of this tract and being a common point on the East property line of Ship Dock 4 Premises, described on the 11-page survey referred to below;

THENCE North 02 deg. 05 min. 07 sec. East, along said East property line of Barge Dock D Premises, described on the 11-page survey referred to below, a distance of 500.00 feet to an iron rod at the POINT OF BEGINNING. The herein described tract contains 0.46 acres, more or less.

The foregoing field notes were prepared in connection with a survey of the above described property prepared by the undersigned dated October 4, 199AO and most recently revised and updated on August 5, 1992, which survey is set forth on Sheets 5 or 7, and on Sheet 11 of an 11-page survey prepared by the undersigned and identified as Job No. 1629 and Drawing Number OTI-1629D-2305.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

DOCK 4/5 ACCESS PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres (“the 289 acre tract”) a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File Number E372837 and a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977, recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File Number F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at an iron rod set that bears South 15 deg. 59 min. 36 sec. East, a distance of 4041.09 feet from the Northwest corner (said nw corner having State Plane Coordinates of X equals 3,227,829.57 and Y equals 717,353.87) of the 289.29 acre tract, said point having State Plane Coordinates X equals 3,228,942.61 and Y equals 713,469.09, also being a common comer with the Northwest corner of Barge Dock E Premises described on the 11-page survey referred to below and the Northeast corner of Barge Dock D Premises described on the 11-page survey referred to below;

THENCE North 87 deg. 54 min. 53 sec. West, along the North property line of Barge Dock D Premises described on the 11-page survey referred to below, a distance of 40.00 feet to an iron rod set;

THENCE North 02 deg. 05 min. 07 sec. East, a distance of 240.62 feet to an iron rod set;

THENCE South 88 deg. 13 min. 35 sec. East, a distance of 80.00 feet to an iron rod set;

THENCE South 02 deg. 05 min. 07 sec. West, a distance of 241.06 feet to an iron rod set for a corner of this tract, also being the Northeast corner of Barge Dock E Premises described on the 11-page survey referred to below;

THENCE North 87 deg. 54 min. 53 sec. West, along the North property line of Barge Dock E Premises described on the 11-page survey referred to below, a distance of 40.00 feet to the POINT OF BEGINNING. The herein described tract contains 0.44 acres of land, more or less.

The foregoing field notes were prepared in connection with a survey of the above described property prepared by the undersigned dated October 4, 1990 and most recently revised and updated on August 5, 1992, which survey is set forth on Sheets 5 or 7, and on Sheet 11 of an 11-page survey prepared by the undersigned and identified as Job No. 1629 and Drawing Number OTI-1629D-2305.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

SLIP 5 PREMISES
SHIP 5 AREA

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres (“the 289 acre tract”) a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File Number E372837 and a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977, recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File Number F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point that bears South 14 deg. 30 min. 25 sec. East, a distance of 4530.34 feet from the Northwest corner (said Northwest corner having State Plane Coordinates of X equals 3,227, 829.57 and Y equals 717,353.87) of the 289 acre tract, said point having State Plane Coordinates of X equals 3,228,964.40 and Y equals 712,967.97, also being a common corner with the Southwest corner of Slip 5 Premises

Barge E Area, described on the 11-page survey referred to below, the Southeast corner of Barge Dock E Premises described on the 11-page survey referred to below, and the Northeast corner of Ship Dock 5 Premises, described on the 11-page survey referred to below;

THENCE South 87 deg. 54 min. 53 sec. East, along the entire South property line of said Slip 5 Premises Barge E Area, a distance of 250.00 feet to a iron rod for a distance of this tract;

THENCE South 02 deg. 05 min. 07 sec. West, a distance of 941.34 feet to a point on a Southerly property line of the 289 acre tract and the North right-of-way line of the Houston Ship Channel;

THENCE along the North right-of-way line of the Houston Ship Channel along a curve to the right (also being a Southerly property line of the 289 acre tract) having a radius of 5379.91 feet, a delta angle of 02 deg. 46 min. 23 sec., an arc distance of 260.38 feet to a point;

THENCE North 02 deg. 05 min. 07 sec. East, along the entire East property line of said Ship Dock 5 Premises a distance of 1014.03 feet to an iron rod at the POINT OF BEGINNING. The herein described tract contains 5.62 acres, more or less.

The foregoing field notes were prepared in connection with a survey of the above described property prepared by the undersigned dated October 4, 1990 and most recently revised and updated on August 5, 1992, which survey is set forth on Sheets 5 or 7, and on Sheet 11 of an 11-page survey prepared by the undersigned and identified as Job No. 1629 and Drawing Number OTI-1629D-2305.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XXXI:

SLIP 1 PREMISES

Field notes of a tract of land in the Richard and Robert Vince Survey, Abstract No. 76, Harris County, Texas, said tract of land being a part of a larger tract of land comprising 289.29 acres (“the 289 acre tract”) a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1975 recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File Number E372837 and a portion of which 289.29 acre tract is described in a Deed to Oiltanking of Texas, Inc. from Jacintoport Corporation dated February 21, 1977, recorded in the Official Public Records of Real Property of Harris County, Texas, under Clerk’ s File Number F051641, and being more particularly described by coordinates, bearings and distances based on The Texas State Plane Coordinate System, South Central Zone, as follows:

BEGINNING at a point for the Northwest corner of this tract that bears South 00 deg. 36 min. 39 sec. East, a distance of 4446.62 feet from the Northeast corner (said Northwest corner having State Plane Coordinates of X equals 3,227, 829.57 and Y equals 717,353.87) of the 289 acre tract, said point having State Plane Coordinates of X equals 3,227,876.98 and Y equals 712,907.50;

THENCE South 87 deg. 54 min. 53 sec. East, a distance of 225.00 feet to a point for the Northeast corner;

THENCE South 02 deg. 05 min. 07 sec. West, a distance of 1037.84 feet to a point on the Southerly property line of the 289 acre tract and the North right-of-way line of the Houston Ship Channel;

THENCE along the North right-of-way line of the Houston Ship Channel (also being the Southerly property line of the 289 acre tract) along a curve to the right having a radius of 5349.86 feet, a delta angle of 02 deg. 25 min. 01 sec. and an arc length of 225.68 feet to a point for the Southwest corner of this tract;

THENCE North 02 deg. 05 min. 07 sec. East, a distance of 1,055.10 feet to the POINT OF BEGINNING; The herein described tract contains 5.41 acres of land, more or less.

The foregoing field notes were prepared in connection with a survey of the above described property prepared by the undersigned dated October 4, 1990 and most recently revised and updated on August 5, 1992, which survey is set forth on Sheets 5 or 7, and on Sheet 11 of an 11-page survey prepared by the undersigned and identified as Job No. 1629 and Drawing Number OTI-1629D-2305.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XXXII:

0.6066 ACRE STOLT TANKAGE AREA BOUNDARY

Metes and bounds description of a 0.6066 acre tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code ###-##-####, Harris County Official Public Records of Real Property, said 0.6066 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.6066 acre tract being more particularly described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01;

BEGINNING at a 5/8" iron rod with a plastic cap set for the Northwest corner of the herein described 0.6066 acre tract, said corner being a corner of a call 14.35 acre Stolt Terminals Premises tract as recorded in File Number L685063, said "POINT OF BEGINNING" having coordinates X equals 3,228,125.93, Y equals 714,302.48;

THENCE, South 75 deg. 27 min. 38 sec. East, 203.40 feet to a set 5/8" iron rod with cap;

THENCE, South 14 deg. 32 min. 22 sec. West, 77.23 feet to a 5/8" iron rod with cap set in the most Easterly North line of said 14.35 acre tract;

THENCE, along said North line, North 75 deg. 27 min. 38 sec. West, 94.00 feet to a 5/8" iron rod with cap set at an interior corner of said 14.35 acre tract;

THENCE, along an interior line of said 14.35 acre tract, South 10 deg. 45 min. 59 sec. West, 106.17 feet to a 5/8" iron rod with cap set at an interior corner of said 14.35 acre tract;

THENCE, along an interior line of said 14.35 acre tract, North 74 deg. 01 min. 08 sec. West, 104.51 feet to a 5/8" iron rod with plastic cap set for an interior corner of said 14.35 acre tract;

THENCE, along an interior line of said 14.35 acre tract, North 10 deg. 45 min. 59 sec. East, 180.93 feet to the "POINT OF BEGINNING" and containing 0.6066 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XXXIII:

0.0134 ACRE STOLT TRANSFORMED AREA BOUNDARY

Metes and bounds description of a 0.0134 acre tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code 116-79-2489, Harris County Official Public Records of Real Property, said 0.0134 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.0134 acre tract being more fully described by metes and bounds as follows;

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8" iron rod with a plastic cap set for the Southeast corner of the herein described 0.0134 acre tract, said corner being the most Easterly Northeast corner of a call 14.35 acre Stolt Terminals Premises tract as recorded in File Number L685063, said "POINT OF BEGINNING" having coordinates X equals 3,228,439.91, Y equals 714,141.27;

THENCE, along the most Easterly North line of said 14.35 acre tract, North 75 deg. 27 min. 38 sec. West, 20.00 feet to a set 5/8" iron with cap;

THENCE, North 14 deg. 32 min. 22 sec. East, 29.30 feet to the Northwest corner of an existing transformer concrete pad;

THENCE, South 75 deg. 27 min. 38 sec. East, 20.00 feet to a set 5/8" iron rod with cap;

THENCE, South 14 deg. 32 min. 22 sec. West, 29.30 feet to the "POINT OF BEGINNING" and containing 0.0134 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

EASEMENT:

0.0077 ACRE STOLT EASEMENT AT 'B' MANIFOLD

Metes and bounds description of a 0.0077 acre (10' wide) tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code 116-79-2489, Harris County Official Public Records of Real Property, said 0.0077 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.0077 acre tract being more fully described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established form the Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8 inch iron rod with a plastic cap set for the Northwest corner of the herein described 0.0077 acre tract, said corner being South 14 deg. 32 min. 22 sec. West, 112.02 feet from a 5/8" iron rod with plastic cap previously set for the most Easterly Northeast corner of a call 14.35 acre Stolt Terminals Premises tract as recorded in File Number L685063, said "POINT OF BEGINNING" having coordinates X equals 3,228,411.79, Y equals 714,032.84;

THENCE, South 75 deg. 27 min. 38 sec. East, 33.68 feet to a 5/8" iron rod with cap set at the edge of an existing piperack;

THENCE, along the edge of said existing piperack, South 14 deg. 32 min. 22 sec. West, 10.00 feet to a cut "X" set in a concrete footing;

THENCE, North 75 deg. 27 min. 38 sec. West, 33.68 feet to a 5/8" iron rod with cap set in the most Northerly East line of said 14.35 acre tract;

THENCE, along said East line, North 14 deg. 32 min. 22 sec. East, 10.00 feet to the "POINT OF BEGINNING" and containing 0.0077 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

EASEMENT:

0.0067 ACRE STOLT EASEMENT AT 'J' MANIFOLD

Metes and bounds description of a 0.0067 acre (10' wide) tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code 116-79-2489, Harris County Officials Public Records of Real Property, said 0.0067 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.0067 acre tract being more fully described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8" iron rod with a plastic cap set for the Northwest corner of the herein described 0.0067 acre tract, said corner being South 14 deg. 32 min. 22 sec. West, 254.29 feet from a 5/8" iron rod with plastic cap previously set for the most Easterly Northeast corner of a call 14.35 acre Stolt Terminals Premises tract as recorded in File Number L685063, said "POINT OF BEGINNING" having coordinates X equals 3,228,376.08, Y equals 713,895.13;

THENCE, South 75 deg. 27 min. 38 sec. East, 28.80 feet to a 5/8" iron rod with cap set at the edge of an existing piperack;

THENCE, along the edge of said existing piperack, South 14 deg. 32 min. 22 sec. West, 10.00 feet to a set 5/8" iron rod with cap;

THENCE, North 75 deg. 27 min. 38 sec. West, 28.80 feet to a 5/8" iron rod with cap set in the most Northerly East line of said 14.35 acre tract;

THENCE, along said East line, North 14 deg. 32 min. 22 sec. East, 10.00 feet to the "POINT OF BEGINNING" and containing 0.0067 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

EASEMENT:

0.0033 ACRE STOLT EASEMENT AT 'J' MANIFOLD

Metes and bounds description of a 0.0033 acre (5' wide) tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code ###-##-####, Harris County Officials Public Records of Real Property, said 0.0033 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.0033 acre tract being more fully described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8” iron rod with a plastic cap set for the Northwest corner of the herein described 0.0033 acre tract, said corner being South 14 deg. 32 min. 22 sec. West, 225.09 feet from a 5/8” iron rod with plastic cap previously set for the most Easterly Northeast corner of a call 14.35 acre Stolt Terminals Premises tract as recorded in File Number L685063, said “POINT OF BEGINNING” having coordinates X equals 3,228,382.15, Y equals 713,918.55;

THENCE, South 75 deg. 27 min. 38 sec. East, 33.68 feet to a 5/8” iron rod with cap set at the edge of an existing piperack;

THENCE, along the edge of said existing piperack, South 14 deg. 32 min. 22 sec. West, 5.00 feet to a “X” cut in a concrete footing;

THENCE, North 75 deg. 27 min. 38 sec. West, 33.68 feet to a 5/8” iron rod with cap set in the most Northerly East line of said 14.35 acre tract;

THENCE, along said East line, North 14 deg. 32 min. 22 sec. East, 5.00 feet to the “POINT OF BEGINNING” and containing 0.0033 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

EASEMENT:

POWER POLE PREMISES

Metes and bounds description of a 0.0053 acre tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code ###-##-####, Harris County Officials Public Records of Real Property, said 0.0053 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.0053 acre tract being more fully described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

COMMENCING for reference at a 5/8” iron rod with a plastic cap set for the Southeast corner of the herein described 0.0053 acre tract, said corner being the most Easterly Northeast corner of a call 14.35 acre Stolt Terminals Premises tract as recorded in File Number L685063, having coordinates X equals 3,228,439.91, Y equals 714,141.27;

THENCE, along the most Easterly North line of said 14.35 acre tract, North 75 deg. 27 min. 38 sec. West, 20.00 feet to a set 5/8” iron rod with cap;

THENCE, North 14 deg. 32 min. 22 sec. East, 29.3 feet to the Northwest corner of an existing transformer concrete pad, and being the “POINT OF BEGINNING” of the herein described tract;

THENCE, North 14 deg. 32 min. 22 sec. East, 29.0 feet to a set 5/8” iron rod with cap;

THENCE, South 75 deg. 27 min. 38 sec. East, 8.00 feet to a 5/8” iron rod with cap;

THENCE, South 14 deg. 32 min. 22 sec. West, 29.00 feet to a set 5/8” iron rod with cap;

THENCE, North 75 deg. 27 min. 36 sec. West, 8.00 feet to the “POINT OF BEGINNING” and containing 0.0053 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XXXIV:

Boiler House Premises, Steam Lines and Water Treatment Equipement

Metes and bounds description of a 0.6144 acre tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code ###-##-####, Harris County Official Public Records of Real Property, Harris County, Texas, said 0.6144 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.6144 acre tract being more fully described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Stolt/Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8" iron rod with a plastic cap set for the Southwest corner of the herein described 0.6144 acre tract, said Southwest corner being a Southeast corner of a call 14.35 acre Terminal Premises tract, conveyed to Stolt Terminals as recorded and described in File Number L685063, Film Code 117-75-1850, said "POINT OF BEGINNING" having coordinates X equals 3,228,187.37, Y equals 713,209.89;

THENCE, along an East line of said 14.35 acre tract, North 01 deg. 19 min. 00 sec. East, 199.94 feet to a set PK nail with washer;

THENCE, along a South line of said 14.35 acre tract, a distance of 88 deg. 24 min. 13 sec. East, 138.23 feet to a set 5/8" iron rod with cap;

THENCE, South 01 deg. 51 min. 20 sec. West, 189.90 feet to a PK nail with washer set for the Southeast corner of the herein described 0.6144 acre tract;

THENCE, South 87 deg. 23 min. 19 sec. West, 136.76 feet to the "POINT OF BEGINNING" and containing 0.6144 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

EASEMENT:

A non-exclusive easement and righ-of-way to use the premises as further described in that certain Deed (Boiler House Premises, Steam Lines and Water Treatment Equipment) recorded under County Clerk' s File No. T806126 of the Real Property Records of Harris County, Texas.

TRACT XXXV:

Barge Dock C Expansion Premises

Parcel One:

Metes and bounds description of a 0.0365 acre tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code 116-79-2439, Harris County Official Public Records of Real Property, Harris County, Texas, said 0.0365 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.0365 acre tract being more fully described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Stolt/Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8" iron rod with a plastic cap set for the Southwest corner of the herein described 0.0365 acre tract, said Southwest corner being a corner of a call 1.03 acre Barge Dock "C" Premises tract as recorded in File Number L685064, Film Code 117-75-1928, said "POINT OF BEGINNING" having coordinates X equals 3,228,425.39, Y equals 713,279.04;

THENCE, North 02 deg. 55 min. 08 sec. East, 29.00 feet to a set 5/8" iron rod with cap;

THENCE, South 88 deg. 05 min. 42 sec. East, 54.55 feet to a 5/8" iron rod with cap set in the most Northerly West line of said 1.03 acre Barge Dock "C" Premises tract;

THENCE, along said West line of said 1.03 acre tract, South 02 deg. 05 min. 07 sec. West, 29.00 feet to a 5/8" iron rod with cap set at a corner of said 1.03 acre tract;

THENCE along a North line of said 1.03 acre tract, North 88 deg. 05 min. 42 sec. West, 54.97 feet to the "POINT OF BEGINNING" and containing 0.0365 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Parcel Two:

Metes and bounds description of a 0.0513 acre tract of land out. of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code 116-79-2439, Harris County Official Public Records of Real Property, Harris County, Texas, said 0.0513 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.0513 acre tract being more fully described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Stolt/Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8" iron rod with a plastic cap set for the Northwest corner of the herein described 0.0513 acre tract, said Northwest corner being a corner of a call 1.03 acre Barge Dock "C" Premises tract as recorded in File Number L685064, Film Code 117-75-1928, said "POINT OF BEGINNING" having coordinates X equals 3,228,423.35, Y equals 713,239.12;

THENCE, along a line of said 1.03 acre Barge Dock "C" Premises tract, South 88 deg. 05 min. 42 sec. East, 55.55 feet to a 5/8" iron rod with cap set for a corner of said 1.03 acre tract;

THENCE, along the most Southerly West line of said 1.03 acre tract, South 02 deg. 05 min. 07 sec. West, 40.00 feet to a set 5/8" iron rod with cap;

THENCE, North 88 deg. 05 min. 42 sec. West, 56.13 feet to a 5/8" iron rod with cap set for the Southwest corner of the herein described 0.0513 acre tract;

THENCE, North 02 deg. 55 min. 08 sec. East, 40.01 feet to the "POINT OF BEGINNING" and containing 0.0513 acres of land.

EASEMENT:

Easement estates created by that certain Deed (Barge Dock C Expansion Premises) recorded under County Clerk' s File No. T806131 of the Real Property Records of Harris County, Texas.

TRACT XXXVI:

0.5084 Acre Stolt Easement Tract

Metes and bounds description of a 0.5084 acre tract of land out of a call 150.097 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code ###-##-####, out of a call 33.9470 acre tract conveyed to Oiltanking as recorded in File Number L732406, Film Code 120-73-0460, and out of a proposed 6.000 acre tract out of a call 99.7144 acre tract conveyed to Stolthaven Houston, Inc. as recorded in File Number S313758, Film Code 511-77-3558, all in the Harris County Official Public Records of Real Property, said 0.5084 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, and the Harris & Carpenter Survey, Abstract 28, Harris County, Texas, said 0.5084 acre tract being more particularly described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central zone established from the Stolt/Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8" iron rod with a plastic cap set for the Northwest corner of the herein described tract, said "POINT OF BEGINNING" being South 00 deg. 46 min. 49 sec. West, 25.00 feet from a 5/8" iron rod with cap set at the Northeast corner of a call 5.16 acre Terminal Premises tract conveyed to Stolt Terminals as recorded in File Number L685063, Film Code 117-75-1850, said "POINT OF BEGINNING" being in the East line of said 5.16 acre tract, said "POINT OF BEGINNING" having coordinates X equals 3,228,996.28, Y equals 714,064.19;

THENCE, along a line 25 feet South of and parallel to the South line of a call 20.00 acre Option Premises tract, as recorded in File Number M457165, FC ###-##-####, South 88 deg. 20 min. 32 sec. East, 435.00 feet to a set 5/8" iron rod with cap;

THENCE, South 74 deg. 57 min. 54 sec. East, 64.83 feet to a set 5/8" iron rod with cap;

THENCE, South 88 deg. 20 min. 32 sec. East, 361.90 feet to a set 5/8" iron rod with cap;

THENCE, North 69 deg. 32 min. 46 sec. East, at 136.83 feet pass a point in an East line of said 33.9470 acre tract, said East line being a West line of said 99.7144 acre tract, said point being South 20 deg. 25 min. 44 sec. East, along said common line, 171.80 feet from from a 5/8" iron rod with cap set for the Northwest corner of said proposed 6.000 acre tract, and continuing for a total distance of 360.33 feet to a 5/8" iron rod with cap set in an East line of said proposed 6.000 acre tract to be swapped with Oiltanking, said point being South 20 deg. 25 min. 44 sec. East 171.70 feet from a 5/8" iron rod with cap set for the Northeast comer of said 6.000 acre tract;

THENCE, along said East line of said 6.000 acre tract, South 20 deg. 25 min. 44 sec. East, 20.00 feet to a 5/8" iron rod with cap set for the Southeast corner of the

herein described 0.5084 acre tract;

THENCE, South 69 deg. 32 min. 46 sec. West, at 223.50 feet pass a point in the West line of said proposed 6.00 acre tract, and continuing for a total distance of 364.23 feet to a set 5/8" iron rod with cap;

THENCE, North 88 deg. 20 min. 32 sec. West, 365.81 feet to a set 5/8" iron rod with cap;

THENCE, North 74 deg. 57 min. 54 sec. West, 65.95 feet to a set 5/8" iron rod with cap;

THENCE, along a line 40 feet South of and parallel to said South line of said 20.00 acre tract, North 88 deg. 20 min. 32 sec. West, 435.00 feet to a 5/8" iron rod with cap set in the East line of said 5.16 acre tract;

THENCE, along said East line, North 00 deg. 46 min. 49 sec. East, 15.00 feet to the “POINT OF BEGINNING” and containing 0.5084 acre of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XXXVII:

0.1713 Acre Dock 2/3 Pipeline & Utility Easement

Metes and bounds description of a 0.1713 acre tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code ###-##-####, Harris County Official Public Records of Real Property, Harris County, Texas, said 0.1713 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.1713 acre tract being more particularly described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Shell Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8 inch iron rod with a plastic cap set for a corner of the herein described 0.1713 acre tract, said corner being the Northwest corner of a call 2.10 acre Ship Dock 2/3 Premises tract conveyed to Stolt Terminals as recorded and described in File Number L685064, Film Code 117-75-1928, said “POINT OF BEGINNING” having coordinates X equals 3,228,334.53, Y equals 713,106.71;

THENCE, along the West line of said 2.10 acre tract, South 02 deg. 05 min. 05 sec. West, at 65.73 feet pass a 5/8 inch iron rod with cap set for reference, and continuing for a total distance of 115.73 feet to a point, said point being the Northeast corner of a call 5.81 acre tract conveyed to Stolt Terminals as recorded and described in File Number L685064;

THENCE, along the North line of said 5 81 acre tract, North 87 deg. 54 min. 50 sec. West, 38.62 feet to a point;

THENCE, North 01 deg. 51 min. 20 sec. East, at 50.00 feet pass a 5/8 inch iron rod with cap set for reference and continuing for a total distance of 222.63 feet to a 5.8 inch iron rod with cap set in the South line of a proposed 0.6144 acre tract;

THENCE, along the South line of said proposed 0.6144 acre tract, North 67 deg. 23 min. 19 sec. East, 25.08 feet to a set PK nail with washer;

THENCE, South 00 deg. 48 min. 06 sec. East, 110.59 feet to a 5/8 inch iron rod with cap set for a corner of the 1.42 acre Ship Dock 2/3 Access Premises tract as recorded in File Number L685064;

THENCE, North 82 deg. 38 min. 22 sec. East, 9.07 feet to the POINT OF BEGINNING and containing 0.1713 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XXXVIII:

Stolt Office Property Easements

Parcel One:

Metes and bounds description of a 0.0956 acre tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code 116-79-2439, Harris County Official Public Records of Real Property, said 0.0956 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.0956 acre tract being more particularly described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Stolt/Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8 inch iron rod with a plastic cap set set for the Southwest corner of the herein described 0.0956 acre tract, said Southwest corner being in the East line of a call 2.80 acre Premise tract conveyed to Stolt Terminals as recorded in File Number M048685, Film Code 140-64-0338, said "POINT OF BEGINNING" having coordinates X equals 3,227,747.02, Y equals 714,200.82;

THENCE, along the East line of said 2.80 acre tract, North 14 deg. 39 min. 03 sec. East, 50.00 feet to a set 5/8 inch iron rod with cap, said rod being South 14 deg. 39 min. 03 sec. West, 33.47 feet from the calculated Northeast corner of said 2.80 acre tract;

THENCE, South 75 deg. 06 min. 31 sec. East, 83.30 feet to a 5/8 inch iron rod with cap set in an East line of a call 14.35 acre Terminal Premises tract conveyed to Stolt Terminals as recorded in File Number L685062, Film Code 117-75-1850;

THENCE, along said East line of said 14.35 acre tract, South 14 deg. 34 min. 58 sec. West, 50.00 feet to a 5/8 inch iron rod with cap set for the Southeast corner of the herein described 0.0956 acre tract;

THENCE, North 75 deg. 06 min. 31 sec. West, 83.36 feet to the "POINT OF BEGINNING" and containing 0.0956 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

Parcel Two:

Metes and bounds description of a 0.0961 acre tract of land out of a call 99.203 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code 116-79-2439, Harris County Official Public Records of Real Property, said 0.0961 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.0961 acre tract being more particularly described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Stolt/Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8 inch iron rod with a plastic cap set for the Southwest corner of the herein described 0.0961 acre tract, said Southwest corner being the Southeast corner of a call 0.2260 acre Premises Addition tract conveyed to Stolt Terminals as recorded in File Number N053274, said "POINT OF BEGINNING" having coordinates X equals 3,227,667.34, Y equals 713,896.06;

THENCE, along the East line of said 0.2260 acre tract, North 14 deg. 39 min. 03 sec. East, 50.00 feet to a set 5/8 inch iron rod with cap;

THENCE, South 75 deg. 06 min. 31 sec. East, 83.67 feet to a 5/8 inch iron rod with cap set in an East line of a call 14.35 acre Terminal Premises tract conveyed to Stolt Terminals as recorded in File Number L685063, Film Code 117-75-1850;

THENCE, along said East line of said 14.35 acre tract, South 14 deg. 34 min. 58 sec. West, 50.00 feet, to a 5/8 inch iron rod with cap set for the Southeast corner of the herein described 0.0961 acre tract;

THENCE, North 75 deg. 06 min. 31 sec. West, 83.73 feet to the "POINT OF BEGINNING" and containing 0.0961 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

TRACT XXXIX:

Stolthaven North Easement

Metes and bounds description of a 0.4313 acre tract of land out of a call 150.097 acre tract of land conveyed to Oiltanking of Texas, Inc. as recorded in File Number E372837, Film Code ###-##-####, and out of a call 33.9470 acre tract conveyed to Oiltanking as recorded in File Number L732406, Film Code 120-73-0460, Harris County Official Public Records of Real Property, said 0.4313 acre tract being situated in the Richard & Robert Vince Survey, Abstract 76, Harris County, Texas, said 0.4313 acre tract being more particularly described by metes and bounds as follows:

All bearings and coordinates are based on the Texas Coordinate System, South Central Zone established from the Stolt/Oiltanking plant coordinate system monuments as shown on Oiltanking drawing number 92-008-01.

BEGINNING at a 5/8 inch iron rod with a plastic cap set set at the Northeast corner of a call 20.00 acre Option Premises tract conveyed to Stolt Terminals as recorded in File Number M457156, Film Code 165-73-1935, said "POINT OF BEGINNING" having coordinates X equals 3,229,578.39, Y equals 714,972.79;

THENCE, North 10 deg. 39 min. 35 sec. East, 49.44 feet to an "X" cut in a concrete road;

THENCE, along a line three (3) feet North of the projection of an existing concrete road. South 73 deg. 19 min. 52 sec. East, 121.59 feet to a 5/8 inch iron rod with cap set in a West line of a call 99.7144 acre tract conveyed to Stolthaven Houston Inc. as recorded in File Number S313756, Film Code 511-77-3558;

THENCE, along said East line of said 99.7144 acre tract, South 10 deg. 11 min. 38 sec. West, 154.99 feet to a 5/8 inch iron rod with cap set for the Southeast corner of the herein described 0.4313 acre tract;

THENCE, North 73 deg. 19 min. 52 sec. West, 122.40 feet to a set 5/8 inch iron rod with cap;

THENCE, North 10 deg. 39 min. 35 sec. East, 105.46 feet to the "POINT OF BEGINNING" and containing 0.4313 acres of land.

NOTE: This Company does not represent that the above acreage or square footage calculations are correct.

STOLTHAVEN NEW ORLEANS TERMINAL

TRACT I

All that tract, piece or parcel of land situated, lying and being East of the Mississippi River in Section 1 of Township 13 South, Range 12 East, Section 24 of Township 14 South, Range 12 East, Sections 1 and 2 of Township 13 South, Range 13 East, and Sections 1 and 2 of Township

14 South, Range 13 East, Braithwaite Plantation, formerly known as Orange Grove Plantation, Plaquernines Parish, State of Louisiana, being more particularly described as follows:

Commencing at a point marked by an iron rail set in concrete in The Alabama Great Southern Railroad Company' s ("Railroad") Easterly or Upper property line as described in the deed recorded in the Conveyance Office of Plaquemines Parish, Louisiana at Book 225, Folio 23, said point being 75.00 feet distant Southwardly, as measured normal, from the original centerline of main track of the former Louisiana Southern Railway Company; then go N15°24' 00"W as measured along said Railroad' s Easterly or Upper property line, intersecting said original centerline of main track at Railway Valuation Station 709+83.7, a distance of 203.46 feet to a point on the Northerly right-of-way line of State of Louisiana Highway No. 39; then go N70°42' 17"W along said Northerly right-of-way line a distance of 2116.42 feet to a point on the Easterly line of a railroad spur track servitude conveyed by Railroad to Stolthaven New Orleans, L.L.C. by Servitude Agreement dated August 10, 2000, recorded in the Conveyance Office of Plaquemines Parish, Louisiana in Book 980, Folio 145; then go S41°00' 11"E a distance of 100.91 feet to a point at the Southeast corner of said spur track servitude; then go N70°42' l 7"W along the centerline of State of Louisiana Route No. 39 (100 feet wide along this course) a distance of 797.82 feet to a point on the East line of said Section 2 of Township 13 South, Range 13 East, and Section 2 of Township 14 South, Range 13 East, said point being the TRUE POINT OF BEGINNING for the herein described tract of land;

thence along said centerline of State of Louisiana Highway No. 39 (100 feet wide) the following five (5) courses:

1) N70°42' 17"W a distance of 320.06 feet to a point of curvature

2) 600.00 feet along a curve deflecting to the right, said curve having a radius of 22918.30 feet and being subtended by a chord bearing N69°57' 17"W a chord distance of 599.98 feet to a point of tangency

3) N69°12' 17"W a distance of 1243.28 feet to a point of curvature

4) 629.17 feet along a curve deflecting to the right, said curve having a radius of 2864.79 feet and being subtended by a chord bearing N62°54' 47"W a chord distance of 627.90 feet to a point of tangency

5) N56°37' l7"W a distance of 355.99 feet to a point of curvature;

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thence along the "old" centerline of said State of Louisiana Highway No.39 and centerline of said State of Louisiana Highway No. 3137 (80 feet wide) the following four (4) courses:

1) 773.89 feet along a curve deflecting to the right, said curve having a radius of 1909.86 feet and being subtended by a chord bearing N45°00' 47"W a chord distance of 768.61 feet to a point of tangency

2) N33°24' 17"W a distance of 592.80 feet to a point of curvature

3) 1020.87 feet along a curve deflecting to the left, said curve having a radius of 2864.90 feet and being subtended by a chord bearing N43°36' 47"W a chord distance of 1015.48 feet to a point of tangency

4) N53°49' 17"W a distance of 328.03 feet to a point on Railroad' s Westerly or Lower property line as described in the deed recorded in the Conveyance Office of Plaquemines Parish, Louisiana at Book 226, Folio 63;

thence N26°30' 48"W along said Lower property line a distance of 570.00 feet, more or less, to a point on the Mean Low Water Line of said Mississippi River;

thence Southeastwardly 5160 feet, more or less, along the meanders of said Mean Low Water Line being subtended by a chord bearing S63°55' 14"E; a chord distance of 5143.75 feet to a point on said East line of said Section 2 of Township 13 South, Range 13 East, and Section 2 of Township 14 South, Range 13 East;

thence leaving said Mean Low Water Line S13°42' 50"E along said East line of said Section 2 of Township 13 South, Range 13 East, and Section 2 of Township 14 South, Range 13 East, a distance of 1493.00 feet, more or less, to the Point of Beginning

Together with all buildings, improvements, appurtenances, attachments, rights, ways, privileges, servitudes, advantages, batture and batture rights thereunto belonging or in anywise appertaining to the said property

Said tract of land containing 118.1 acres, more or less, and being substantially as shown on a Drawing of Braithwaite Plantation prepared by DUFRENE SURVEYING & ENGINEERING INC. dated October 19, 1998, last revised August 4, 2000.

Being the property acquired by Stolthaven New Orleans, L.L.C from Railroad by act dated August 10, 2000, recorded in the Conveyance Office of Plaquemines Parish, Louisiana at Book 980, Folio 134

TRACT II

A certain portion of ground located in Braithwaite Plantation, Plaquemines Parish, Louisiana, in Section 1, Township 13 South, Range 12 East, Section 24, Township 14 South, Range 13 East, Sections 1 and 2, Township 14 South, Range 13 East, and part of Section 3, Township 14 South, Range 13 East, being a portion of Lots 22 & 23 of Tract I, portion of Lot 29 of Tract 2, portion of Lot 28 of the Kenilworth Tract, portion of the former E.Z. Opener Bag Company Tract, portion of property formerly of Gaston Dauterive and portion of property formerly of Valerie B. Dauterive, and is described as follows:

Commence from the intersection of the upper property line of the Louisiana Southern Railroad which is the line between Lots 9 & 10, Orange Grove Plantation, with the northerly right of way line of La. State Highway No. 39 and go North 70 degrees 42 minutes 17 seconds West along the

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northerly right of way line of La. State Highway No. 39 a distance of 2,116.42 feet to a point; thence go South 41 degrees 00 minutes 11 seconds East a distance of 100.91 feet to a point; thence go North 70 degrees 42 minutes 17 seconds West a distance of 708.53 feet to a point; thence go South 15 degrees 26 minutes 46 seconds East a distance of 21631 feet to the POINT OF BEGINNING; thence continue South 15 degrees 26 minutes 46 seconds East a distance of 5,685.50 feet to a point on the Forty Arpent Line; thence go North 86 degrees 16 minutes 46 seconds West along the Forty Arpent Line a distance of 265.49 feet to a point; thence go North 76 degrees 16 minutes 46 seconds West along the Forty Arpent Line a distance of 966.90 feet to a point; thence go North 61 degrees 01 minutes 46 seconds West along the Forty Arpent Line a distance of 3,116.03 feet to a point; thence go North 61 degrees 46 minutes 46 seconds West along the Forty Arpent Line a distance of 748.27 feet to a point; thence go North 11 degrees 26 minutes 46 seconds West a distance of 5,384.74 feet to a point on the southerly right of way line of La. State Highway No. 39; thence go in an Easterly direction along the Southerly right of way line of La. State Highway No. 39 on a curve to the right with a radius of 2,241.83 feet, an arc length of 382.34 feet, a chord bearing of South 76 degrees 14 minutes 58 seconds East and a chord distance of 381.87 feet to a point; thence go South 56 degrees 37 minutes 17 seconds East a distance of 324.93 feet to a point; thence go South 11 degrees 26 minutes 46 seconds East a distance of 70.50 feet to a point; thence go South 56 degrees 37 minutes 17 seconds East a distance of 1,014.06 feet to a point of curvature; thence go in an easterly direction on a curve to the left with a radius of 2,770.00 feet, an arc length of 682.13 feet, a chord bearing of South 63 degrees 40 minutes 34 seconds East and a chord distance of 680.41 feet to a point of tangency; thence go South 70 degrees 43 minutes 51 seconds East a distance of 859.91 feet to a point; thence go South 70 degrees 46 minutes 43 seconds East a distance of 1291.39 feet to the POINT OF BEGINNING.

All of which is shown on a plat of survey by Dufrene Surveying & Engineering, Inc., dated June 10, 2003, revised August 1, 2003.

Being the property acquired by Stolthaven New Orleans, L.L.C. from The Alabama Great Southern Railroad Company by act dated September 26, 2003, recorded in the Conveyance Office of Plaquemines Parish, Louisiana at Book 1055, Folio 522, Entry No. 03006963.

EXHIBIT A

TERM LOAN
PROMISSORY NOTE

U.S. $150,000,000.00

August 13, 2004
New York, New York

FOR VALUE RECEIVED, each of STOLTHAVEN HOUSTON INC., a Texas corporation, and STOLTHAVEN NEW ORLEANS LLC, a Louisiana limited liability company, as joint and several borrowers (collectively, the "Borrowers"), hereby promises to pay to the order of DNB NOR BANK ASA, a Norwegian banking company acting through its New York Branch, as administrative agent and collateral agent for the Lenders (as defined below), at its office at 200 Park Avenue, 31st Floor, New York, New York 10166, or as it may otherwise direct, the principal sum of One Hundred Fifty Million United States Dollars (U.S. $150,000,000.00) or, if less, the aggregate unpaid principal amount of the Term Loan from time to time outstanding made by the Lenders to the Borrowers pursuant to the Term Loan and Revolving Credit Facility Agreement dated as of the 13th day of August, 2004 (the "Credit Agreement") by and among (i) the Borrowers, (ii) DnB NOR Bank ASA, acting through its New York branch, as administrative agent (in such capacity, the "Administrative Agent") and as collateral agent, and (iii) the banks and financial institutions listed on Schedule 1 of the Credit Agreement (together with any bank or financial institution which becomes a lender pursuant to Section 10 of the Credit Agreement, the "Lenders"). The Borrowers shall repay the indebtedness represented by this Note as provided in Section 5 of the Credit Agreement. This Note may be prepaid on such terms as provided in the Credit Agreement.

Words and expressions used herein (including those in the foregoing paragraph) and defined in the Credit Agreement shall have the same meaning herein as therein defined.

The Borrowers shall also pay interest on the Term Loan from the date of drawdown until payment in full at the rates determined from time to time in accordance with Section 6 of the Credit Agreement, which provisions are incorporated herein with full force and effect as if they were fully set forth herein. Any principal payment not paid when due, whether on an installment payment date or by acceleration, shall bear interest thereafter at the Default Rate. All interest shall accrue and be calculated on the actual number of days elapsed and on the basis of a 360-day year.

Both principal and interest are payable in Dollars to the Administrative Agent, for the account of the Lenders, as the Administrative Agent may direct, in immediately available same day funds.

The Administrative Agent shall endorse the amount and the date of the making of the Term Loan (and, if applicable, the conversion of the Revolver to the Term Loan pursuant to Section 3.6 of the Credit Agreement) and any prepayment or payment of principal hereunder on the grid annexed hereto and made a part hereof, which endorsement shall constitute prima facie evidence of the accuracy of the information so endorsed; provided, however, that any failure to endorse such information on such grid shall not in any manner affect the obligation of the

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Borrowers to make payment of principal and interest in accordance with the terms of the Credit Agreement and this Note.

If this Note or any payment required to be made hereunder becomes due and payable on a day which is not a Business Day, the due date thereof shall be extended until the next following Business Day and interest shall be payable during such extension at the rate applicable immediately prior thereto, unless such next following Business Day falls in the following calendar month, in which case the due date thereof shall be adjusted to the immediately preceding Business Day.

This Note is the Term Loan Note referred to in the Credit Agreement and is entitled to the security and benefits therein provided, including, but not limited to, such security as provided in the Security Documents, as defined in the Credit Agreement. Upon the occurrence of any Event of Default under Section 8 of the Credit Agreement, the principal hereof and accrued interest hereon may be declared to be (or, with respect to certain Events of Default, automatically shall become) immediately due and payable.

In the event that any holder of this Note shall institute any action for the enforcement or the collection of this Note, there shall be immediately due and payable, in addition to the unpaid balance hereof, all late charges and all costs and expenses of such action, including attorneys' fees.

Each of the Borrowers hereby waives presentment, protest, demand for payment, diligence, notice of dishonor and of nonpayment, and any and all other notices or demands in connection with the delivery, acceptance, performance, default or enforcement of this Note, hereby waives and renounces all rights to the benefits of any statute of limitations and any moratorium, appraisement, exemption and homestead now provided or which may hereafter be provided by any federal or state statute, including, without limitation, exemptions provided by any federal or state statute, including, without limitation, exemptions provided by or allowed under any federal or state bankruptcy or insolvency laws, both as to itself and as to all of its property, whether real or personal, against the enforcement and collection of the obligations evidenced by this Note and any and all extensions, renewals and modifications hereof and hereby consents to any extensions of time, renewals, releases of any party this Note, waiver or modification that may be granted or consented to by the holder of this Note.

Each of the Borrowers agrees that its liabilities hereunder are absolute and unconditional without regard to the liability of any other party and that no delay on the part of the holder hereof in exercising any power or right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right hereunder preclude other or further exercise thereof or the exercise of any other power or right.

If at any time this transaction would be usurious under applicable law, then regardless of any provision contained in the Credit Agreement or this Note or any other agreement made in connection with this transaction, it is agreed that (a) the total of all consideration which constitutes interest under applicable law that is contracted for, charged or received upon the Credit Agreement, this Note or any other agreement shall under no

circumstances exceed the maximum rate of interest authorized by applicable law, if any, and any excess shall be credited to the Borrowers and (b) if the Lenders elects to accelerate the maturity of, or if the Borrowers prepay the indebtedness described in this Note, any amounts which because of such action would constitute interest may never include more than the maximum rate of interest authorized by applicable law and any excess interest, if any, provided for in the Credit Agreement, in this Note or otherwise, shall be credited to the Borrowers automatically as of the date of acceleration or prepayment.

THE UNDERSIGNED, AND THE ADMINISTRATIVE AGENT BY ITS ACCEPTANCE HEREOF, EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING IN RESPECT OF ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS NOTE.

This Note shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Borrowers has executed and delivered this Note on the date and year first above written.

STOLTHAVEN HOUSTON INC.

By _____
Name: John Greenwood
Title: Attorney-in-Fact

STOLTHAVEN NEW ORLEANS LLC

By _____
Name: John Greenwood
Title: Attorney-in-Fact

TERM LOAN

PAYMENTS OF PRINCIPAL

Date	Amount of Advance(1)	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

(1) (or, if applicable, amount converted from Revolver to Term Loan pursuant to Section 3.6 of the Credit Agreement)

EXHIBIT B

REVOLVING CREDIT FACILITY
PROMISSORY NOTE

U.S. $20,000,000.00

August 13, 2004
New York, New York

FOR VALUE RECEIVED, each of STOLTHAVEN HOUSTON INC., a Texas corporation, and STOLTHAVEN NEW ORLEANS LLC, a Louisiana limited liability company, as joint and several borrowers (collectively, the "Borrowers"), hereby promises to pay to the order of DNB NOR BANK ASA, a Norwegian banking company acting through its New York Branch, as administrative agent and collateral agent for the Lenders (as defined below), at its office at 200 Park Avenue, 31st Floor, New York, New York 10166, or as it may otherwise direct, the principal sum of Twenty Million United States Dollars (U.S. $20,000,000.00) or, if less, the aggregate unpaid principal amount of the Revolver Advances from time to time outstanding made by the Lenders to the Borrowers pursuant to the Term Loan and Revolving Credit Facility Agreement dated as of the 13th day of August, 2004 (the "Credit Agreement") by and among (i) the Borrowers, (ii) DnB NOR Bank ASA, acting through its New York branch, as administrative agent (in such capacity, the "Administrative Agent") and as collateral agent, and (iii) the banks and financial institutions listed on Schedule 1 of the Credit Agreement (together with any bank or financial institution which becomes a lender pursuant to Section 10 of the Credit Agreement, the "Lenders"). The Borrowers shall repay the indebtedness represented by this Note as provided in Section 5 of the Credit Agreement. This Note may be prepaid on such terms as provided in the Credit Agreement.

Words and expressions used herein (including those in the foregoing paragraph) and defined in the Credit Agreement shall have the same meaning herein as therein defined.

The Borrowers shall also pay interest on the Revolver Advances from the date of drawdown until payment in full at the rates determined from time to time in accordance with Section 6 of the Credit Agreement, which provisions are incorporated herein with full force and effect as if they were fully set forth herein. Any principal payment not paid when due, whether on an installment payment date or by acceleration, shall bear interest thereafter at the Default Rate. All interest shall accrue and be calculated on the actual number of days elapsed and on the basis of a 360-day year.

Both principal and interest are payable in Dollars to the Administrative Agent, for the account of the Lenders, as the Administrative Agent may direct, in immediately available same day funds.

The Administrative Agent shall endorse the amount and the date of the making of the Revolver Advances and any prepayment or payment of principal hereunder on the grid annexed hereto and made a part hereof, which endorsement shall constitute prima facie evidence of the accuracy of the information so endorsed; provided, however, that any failure to endorse such information on such grid shall not in any manner affect the obligation of the Borrowers to make payment of principal and interest in accordance with the terms of the Credit Agreement and this Note.

If this Note or any payment required to be made hereunder becomes due and payable on a day which is not a Business Day, the due date thereof shall be extended until the next following Business Day and interest shall be payable during such extension at the rate applicable immediately prior thereto, unless such next following Business Day falls in the following calendar month, in which case the due date thereof shall be adjusted to the immediately preceding Business Day.

This Note is the Revolver Note referred to in the Credit Agreement and is entitled to the security and benefits therein provided, including, but not limited to, such security as provided in the Security Documents, as defined in the Credit Agreement. Upon the occurrence of any Event of Default under Section 8 of the Credit Agreement, the principal hereof and accrued interest hereon may be declared to be (or, with respect to certain Events of Default, automatically shall become) immediately due and payable.

In the event that any holder of this Note shall institute any action for the enforcement or the collection of this Note, there shall be immediately due and payable, in addition to the unpaid balance hereof, all late charges and all costs and expenses of such action, including attorneys' fees.

Each of the Borrowers hereby waives presentment, protest, demand for payment, diligence, notice of dishonor and of nonpayment, and any and all other notices or demands in connection with the delivery, acceptance, performance, default or enforcement of this Note, hereby waives and renounces all rights to the benefits of any statute of limitations and any moratorium, appraisement, exemption and homestead now provided or which may hereafter be provided by any federal or state statute, including, without limitation, exemptions provided by any federal or state statute, including, without limitation, exemptions provided by or allowed under any federal or state bankruptcy or insolvency laws, both as to itself and as to all of its property, whether real or personal, against the enforcement and collection of the obligations evidenced by this Note and any and all extensions, renewals and modifications hereof and hereby consents to any extensions of time, renewals, releases of any party this Note, waiver or modification that may be granted or consented to by the holder of this Note.

Each of the Borrowers agrees that its liabilities hereunder are absolute and unconditional without regard to the liability of any other party and that no delay on the part of the holder hereof in exercising any power or right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right hereunder preclude other or further exercise thereof or the exercise of any other power or right.

If at any time this transaction would be usurious under applicable law, then regardless of any provision contained in the Credit Agreement or this Note or any other agreement made in connection with this transaction, it is agreed that (a) the total of all consideration which constitutes interest under applicable law that is contracted for, charged or received upon the Credit Agreement, this Note or any other agreement shall under no circumstances exceed the maximum rate of interest authorized by applicable law, if any, and any excess shall be credited to the Borrowers and (b) if the Lenders elects to accelerate the maturity

of, or if the Borrowers prepay the indebtedness described in this Note, any amounts which because of such action would constitute interest may never include more than the maximum rate of interest authorized by applicable law and any excess interest, if any, provided for in the Credit Agreement, in this Note or otherwise, shall be credited to the Borrowers automatically as of the date of acceleration or prepayment.

THE UNDERSIGNED, AND THE ADMINISTRATIVE AGENT BY ITS ACCEPTANCE HEREOF, EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING IN RESPECT OF ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS NOTE.

This Note shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Borrowers has executed and delivered this Note on the date and year first above written.

STOLTHAVEN HOUSTON INC.

By _____
Name: John Greenwood
Title: Attorney-in-Fact

STOLTHAVEN NEW ORLEANS LLC

By _____
Name: John Greenwood
Title: Attorney-in-Fact

REVOLVER ADVANCES

PAYMENTS OF PRINCIPAL

Date	Amount of Revolver Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

EXHIBIT C

GUARANTY

STOLT-NIELSEN S.A.
and

STOLT-NIELSEN TRANSPORTATION GROUP LTD.

in favor of

DNB NOR BANK ASA,
NEW YORK BRANCH

August 13, 2004

GUARANTY

THIS GUARANTY, dated as of August 13, 2004 (as amended, modified, and/or supplemented from time to time, this "Guaranty"), is made jointly and severally by STOLT-NIELSEN S.A., a Luxembourg corporation, and STOLT-NIELSEN TRANSPORTATION GROUP LTD., a Liberian corporation (collectively the "Guarantors" and each, individually, a "Guarantor"), in favor of DNB NOR BANK ASA, New York Branch, as collateral agent for the Lenders (as defined the Credit Agreement referred to below).

WHEREAS

A. Pursuant to a term loan and revolving credit facility agreement dated August 13, 2004 (the "Credit Agreement") made by and among (i) Stolthaven Houston, Inc., a Texas corporation ("Stolthaven Houston"), and Stolthaven New Orleans LLC, a Louisiana limited liability company ("Stolthaven New Orleans"), as borrowers (collectively, the "Borrowers"), (ii) the banks and financial institutions listed on Schedule 1 of the Credit Agreement, as lenders (together with any bank or financial institution which becomes a Lender pursuant to Section 10 of the Credit Agreement, the "Lenders"), (iii) DnB NOR Bank ASA, acting through its New York Branch ("DnB NOR"), as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), and (iv) DnB NOR as collateral agent for the Lenders (in such capacity, the "Collateral Agent" and, together with the Administrative Agent, the "Agents"), the Agents have agreed to serve in their respective capacities under the Credit Agreement and the Lenders have agreed to provide to the Borrowers a secured term loan in the amount of up to US$150,000,000 (the "Term Loan") and a secured revolving credit facility in the amount of up to US$20,000,000 (the "Revolver" and together with the Term Loan, the "Credit Facilities");

B. The Guarantors intend this Guaranty to be an inducement for the Creditors (each a "Guaranteed Party" and collectively the "Guaranteed Parties") to enter into the transactions contemplated by the Credit Agreement, the Notes and the Security Documents (collectively, the "Operative Documents" and each an "Operative Document").

C. Each of the Borrowers and Stolt-Nielsen Transportation Group Ltd. is a wholly-owned Subsidiary of Stolt-Nielsen S.A., and each of the Borrowers is a Subsidiary of Stolt-Nielsen Transportation Group, Ltd. and each Guarantor will obtain benefits from the transactions contemplated by the Operative Documents and, accordingly, desires to execute this Guaranty in order to satisfy the conditions described in the Operative Documents.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound by this Guaranty, each Guarantor, jointly and severally, hereby agrees to be bound as follows:

1. Guaranty. Each Guarantor, as primary obligor and not merely as surety, jointly and severally, irrevocably, unconditionally and absolutely guarantees to the Collateral Agent, for the account of the Guaranteed Parties, on first demand the due and punctual payment, when due, whether by acceleration or otherwise, of all sums owing by the Borrowers to any of

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the Guaranteed Parties under the Operative Documents, together with any and all out-of-pocket legal costs and other expenses incurred in connection therewith by any of the Guaranteed Parties and, in case of extension of time of payment or renewal in whole or in part of the said obligations of the Borrowers, the prompt payment when due of all said sums according to such extension or extensions or renewal or renewals, whether by acceleration or otherwise.

2. Nature of the Guaranty. (a) This Guaranty is a guaranty of payment and not of collection only. This Guaranty shall be irrevocable, and in all events shall be continuing, unconditional and absolute, and if any sums stated in the Operative Documents to be payable by the Borrowers shall not be paid promptly when due, or any other obligation, covenant, term, condition or undertaking of the Borrowers contained in any Operative Document shall not be performed, complied with or observed in accordance with said Operative Document, then in each such instance upon demand of payment, performance, compliance or observance, made by any Guaranteed Party to either Guarantor, such Guarantor shall pay, perform, comply with or observe the same strictly in accordance with the provisions of the Operative Documents, regardless of any defenses or rights of set-off or counterclaim, regardless of whether the Collateral Agent or any other Guaranteed Party shall have taken any steps to enforce its rights against the other Guarantor, the Borrowers or any other Person, to collect such sums, or any part thereof, and regardless of any other condition or contingency. Each Guarantor, jointly and severally, also agrees to pay to the relevant Guaranteed Party such further amounts as shall be sufficient to pay the reasonable costs and expense of collecting such sums, or any part thereof, or of otherwise enforcing this Guaranty, including, in any case, reasonable, documented compensation to its attorneys for all services rendered in that connection.

(b) Any and all payments by either Guarantor hereunder shall be made free and clear of, and without deduction or withholding for or on account of, any and all Taxes (other than Excluded Taxes), monetary transfer fees or other amounts except to the extent such deduction or withholding of any Tax is required by applicable Law. If either Guarantor shall be required by applicable Law to deduct or withhold any Tax or other amount from or in respect of any sum payable hereunder to or for the benefit of any Guaranteed Party, such Guarantor shall pay to such Guaranteed Party, such additional amount as shall be necessary to enable such Guaranteed Party to receive, after such withholding (including any withholding with respect to such additional amount), the amount it would have received if such withholding had not been required. Each Guarantor shall prepare and file in a timely and proper manner all reports and other documents required by applicable Law to be filed with respect to any Tax withheld by such Guarantor and shall deliver a copy of such document to the Guaranteed Parties together with documentary evidence satisfactory to such Guaranteed Parties of such Guarantor' s proper and timely payment of such Tax.

3. Waivers, Covenants, Undertakings. Each Guarantor hereby unconditionally (a) waives any requirement that any Guaranteed Party first makes demand upon, or seek to enforce remedies against, the Borrowers or any other Person or any property of the Borrowers or such other Person before demanding payment from, or seeking to enforce this Guaranty against, either Guarantor; (b) covenants that this Guaranty will not be discharged except by complete and indefeasible satisfaction of all obligations of the Borrowers contained in the Operative Documents; (c) agrees that this Guaranty shall remain in full force and effect without regard to, and shall not be affected or impaired by, any invalidity, illegality, irregularity

or unenforceability in whole or in part of any Operative Document, or any limitation of the liability of the Borrowers or either Guarantor thereunder, or any limitation on the method or terms of payment thereunder which may now or hereafter be caused or imposed in any manner whatsoever; (d) waives diligence, presentment and protest with respect to the payment of any amount at any time payable under or in connection with the Operative Documents; and (e) agrees that each and every right, power and remedy given under this Guaranty or any other Operative Document shall be cumulative and not exclusive, and be in addition to all other rights, powers and remedies now or hereafter granted or otherwise existing.

4. Subrogation. Upon making any payment under this Guaranty, the paying Guarantor shall be subrogated to the rights of the payee against the Borrowers with respect to such payment; provided, that such Guarantor' s right of subrogation shall be subordinate in right of payment to the rights of the Guaranteed Parties, and each Guarantor covenants and agrees that it shall not enforce any

payment by way of subrogation until all sums payable under the Operative Documents have been paid in full and all obligations of each Guarantor hereunder have been performed.

5. Preservation of Rights. The obligations, undertakings and conditions to be performed or observed by each Guarantor under this Guaranty shall not be affected or impaired by reason of the happening from time to time of any of the following with respect to the Operative Documents, all of which may occur without notice to, or the further consent of, either Guarantor:

(a) the waiver by any Guaranteed Party or any other Person of the observance or performance by the Borrowers or either Guarantor of any of the obligations, undertakings or conditions contained in any of the Operative Documents, except to the extent of such waiver;

(b) the extension, in whole or in part, of the time for payment of any amount owing or payable under any of the Operative Documents or of any other sums or obligations under or arising out of or on account of any Operative Document, except to the extent of such extension;

(c) the supplement, modification or amendment (whether material or otherwise) of any of the obligations of the Borrowers or either Guarantor under any of the Operative Documents, except to the extent of such supplement, modification or amendment;

(d) any failure, omission, delay or lack on the part of any Guaranteed Party, or any other Person, to enforce, assert or exercise any right, power or remedy conferred on any Guaranteed Party or any other Person in any of the Operative Documents or any action on the part of any Guaranteed Party or any other Person granting an indulgence or extension in any form, except to the extent of such extension;

(e) any action, inaction or election of remedies by any Guaranteed Party or any other Person which results in any impairment or destruction of any subrogation rights

of either Guarantor, or any rights of either Guarantor to proceed against any other Person for reimbursement;

(f) the surrender by any Guaranteed Party or any other Person of any security at any time held for the performance or observance of any of the agreements, covenants, terms or conditions contained in any of the Operative Documents;

(g) any event or circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor, indemnitor or surety under the laws of the State of New York, the Duchy of Luxembourg, the Republic of Liberia, or any other jurisdiction;

(h) any other circumstances whatsoever (with or without notice to or knowledge of either Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of either Guarantor with respect to its obligations hereunder or under the other Operative Documents, in bankruptcy or in any other instance, except based on payment or performance;

(i) any change in circumstances, whether or not foreseen or foreseeable, whether or not imputable to either Guarantor or the Borrowers and whether or not such change in circumstances shall or might in any manner and to any extent vary the risk of either Guarantor hereunder;

(j) any lease or sub-lease or other use of any Terminal, or any sale, transfer or disposition, or grant of security interest, mortgaging or assignment by the Borrowers of any of its interest, rights or obligations, in, to and under or with respect to any Terminal, whether or not permitted by the terms of any of the Operative Documents;

(k) any assignment, mortgaging or grant of security interest by a Borrower, or its successors or assigns, of all or any part of its respective rights, title and interests in any Terminal, or other rights, title and interest in the property of the Borrowers;

(l) any consolidation or merger of the Borrowers or either Guarantor, whether permitted under the terms of the Operative Documents or otherwise, or the sale, transfer or other disposition by the Borrowers or either Guarantor, of all or substantially all of its respective assets and/or liabilities or any change in the ownership of the Borrowers or either Guarantor;

(m) the voluntary or involuntary liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of the Borrowers or either Guarantor, or any other similar proceeding affecting the status, existence, assets or obligations of the Borrowers or either Guarantor, or the limitation of damages for the breach of, or the disaffirmation of, any of the Operative Documents in any such proceeding;

(n) any termination, invalidity or unenforceability, for any reason, of any Operative Document, or of any provision of any thereof, or of any of the obligations

thereunder, or any defect in the Borrower' s title to, or any Mortgage or any other security interest granted in, any Terminal;

(o) any other cause, whether similar or dissimilar to the foregoing; it being the intention of each Guarantor that this Guaranty be joint and several, irrevocable, absolute and unconditional in any and all circumstances and that this Guaranty shall be discharged only by the indefeasible payment in full of all sums and the performance of all obligations with respect to which this Guaranty relates.

6. Independent Obligations. The obligations of each Guarantor hereunder are independent of the obligations of the other Guarantor, and a separate action may be brought and prosecuted against each Guarantor whether or not action is brought against the other Guarantor and whether or not the other Guarantor be joined in any such action or actions.

7. Notice of Acceptance Waived. Notice of acceptance of this Guaranty and notice of the execution and delivery of any other instrument referred to in this Guaranty are hereby waived by each Guarantor.

8. Insolvency; No Partial Satisfaction. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the obligations to be paid, is rescinded or must otherwise be restored or returned by any Person, upon the insolvency, bankruptcy or reorganization of either Guarantor, or otherwise, all as though such payment had not been made. The provisions of this paragraph shall survive the termination of this Guaranty. This Guaranty shall remain in full force and effect until payment in full of all sums payable by the Borrowers under the Operative Documents and the performance in full of all obligations of each Guarantor, in accordance with the provisions of this Guaranty. Each Guarantor' s payment obligations hereunder shall be deemed satisfied upon the actual and timely receipt by the relevant Guaranteed Party or its assignee of all amounts payable hereunder in full in cash (in United States currency).

9. Severability. If any provision of this Guaranty or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and any other application thereof shall not in any way be affected or impaired thereby.

10. Benefit of Guaranty; Successors and Assigns. This Guaranty shall be binding upon each Guarantor and its successors and shall inure to the benefit of, and be enforceable by, each Guaranteed Party and its respective successors and assigns as to the obligations owed it and guaranteed hereunder. This Guaranty may not be changed, waived, discharged or terminated orally, but only by a statement in writing signed by the Collateral Agent. This Guaranty may be enforced as to any one or more defaults either separately or cumulatively.

11. **Governing Law. THIS GUARANTY SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

12. **Submission o Jurisdiction**. Each Guarantor hereby irrevocably submits to the jurisdiction of the courts of the State of New York and of the United States District Court for the Southern District of New York in any action or proceeding brought against it by any of the Creditors under this Guaranty or under any document delivered hereunder and hereby irrevocably agrees that valid service of summons or other legal process on it may be effected by serving a copy of the summons and other legal process in any such action or proceeding on each Guarantor by mailing or delivering the same by hand to each Guarantor at the address indicated for notices in Section 14. The service, as herein provided, of such summons or other legal process in any such action or proceeding shall be deemed personal service and accepted by each Guarantor as such, and shall be legal and binding upon each Guarantor for all the purposes of any such action or proceeding. Final judgment (a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness of each Guarantor to the Collateral Agent) against each Guarantor in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment. Each Guarantor will advise the Collateral Agent promptly of any change of address for the purpose of service of process. Notwithstanding anything herein to the contrary, the Collateral Agent may bring any legal action or proceeding in any other appropriate jurisdiction.

13. **Waiver of Trial by Jury. IN ANY ACTION OR PROCEEDING UNDER OR RELATED TO THIS GUARANTY, THE OTHER OPERATIVE DOCUMENTS OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, EACH GUARANTOR HEREBY AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.**

14. Notices. Notices and other communications hereunder shall be in writing and may be given or made by facsimile as follows:

If to a Guarantor:

c/o Stolt-Nielsen Inc.
8 Sound Shore Drive
Greenwich, CT 06836
Attention: Howard J. Merkel
Fax: (203) 661-7695

If to the Collateral Agent:

200 Park Avenue, 31st Floor
New York, New York 10166
Attention: Sanjiv Nayar
Fax: (212) 681-3900

or to such other address as any party shall from time to time specify in writing. Any notice sent by facsimile shall be confirmed by letter dispatched as soon as practicable thereafter.

Every notice or demand shall, except so far as otherwise expressly provided by this Guaranty, be deemed to have been received (provided that it is received prior to 2 p.m. New York time), (i) if given by facsimile, on the date of dispatch thereof (provided that if

the date of dispatch is not a Business Day in the locality of the party to whom such notice or communication is sent it shall be deemed to have been received on the next following Business Day in such locality), and (ii) if given by mail, prepaid overnight courier or any other means, when received at the address specified in this Section or when delivery at such address is refused.

15. Reliance. The obligations of the Borrowers under the Operative Documents shall conclusively be deemed to have been created, contracted, incurred, renewed, extended, amended or waived in reliance upon this Guaranty, and all dealings between either Guarantor and any Guaranteed Party (or its assigns) shall likewise be conclusively presumed to have been completed or consummated in reliance upon this Guaranty.

16. Consent to Operative Documents. Each Guarantor agrees with, and consents to, all the terms, conditions, duties, obligations and other agreements of the Borrowers as set forth in the Credit Agreement and the other Operative Documents.

17. Headings. In this Guaranty, section headings are inserted for convenience of reference only and shall be ignored in the interpretation thereof.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed as of the day and year first above written.

STOLT-NIELSEN S.A.

By: _____
Name: John Greenwood
Title: Attorney-in-Fact

STOLT-NIELSEN TRANSPORTATION GROUP LTD.

By: _____
Name: John Greenwood
Title: Attorney-in-Fact

EXHIBIT D

MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS AND LEASES	*	UNITED STATES OF AMERICA
	*	STATE OF NEW YORK
BY	*	COUNTY OF NEW YORK
STOLTHAVEN NEW ORLEANS, LLC	*	
IN FAVOR OF	*	
DNB NOR BANK ASA, NEW YORK	*	

BRANCH, AS COLLATERAL AGENT

* * * * * * *

BE IT KNOWN, that on this 13th day of August, 2004, before me, the undersigned Notary Public, duly commissioned and qualified, personally came and appeared

STOLTHAVEN NEW ORLEANS, LLC, a Louisiana limited liability company, having federal taxpayer identification number 72-1464261 and a mailing address of 2444 English Turn Road, Braithwaite, Louisiana 70040, appearing herein through its duly authorized agent pursuant to unanimous written consent adopted by its sole member and manager, a certified copy of which is annexed hereto ("**Grantor**"),

who declared that Grantor does by these presents declare and acknowledge an indebtedness unto:

DNB NOR BANK ASA, a Norwegian banking company, acting through its New York Branch, having federal taxpayer identification number _____ and a mailing address of 200 Park Avenue, 31st Floor, New York, New York 10166, in its capacity as Collateral Agent (in such capacity, together with its successors and assigns in such capacity, the "**Collateral Agent**" or the "**Mortgagee**") for itself and the Lenders (hereinafter defined) and the Creditors (hereinafter defined) party to the Credit Agreement (hereinafter defined).

ARTICLE I
MORTGAGE AND SECURITY INTEREST HYPOTHECATION; SECURED INDEBTEDNESS

1.1 **Hypothecation**. Grantor, in order to secure the payment of the Indebtedness (as hereinafter defined) and the performance of the obligations, covenants, agreements and undertakings of Grantor hereinafter described, does hereby GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN, PLEDGE , AFFECT, HYPOTHECATE, SPECIALLY MORTGAGE and SET OVER to Mortgagee, and grant a continuing security interest to Mortgagee in, all for the ratable benefit of the Lenders (hereinafter defined), the real estate (the "**Land**") situated in the Parish of Plaquemines and State of Louisiana described in **Exhibit "A"** attached hereto and made a part hereof, TOGETHER WITH all of Grantor' s interests, rights and titles in and to the following, whether now owned or hereafter acquired by Grantor: (a) all buildings, structures, component parts, other constructions and other improvements now or hereafter attached to or placed, erected, constructed or developed on the Land together with all component parts of the foregoing and all appurtenances to such buildings, structures or improvements, including sidewalks, utility pipes, conduits, docks, tanks and lines, parking areas and roadways, and including all alterations, improvements, modifications, renovations and other additions to or changes in thereto at any time (the "**Improvements**"); (b) all materials, equipment, fixtures, furnishings, inventory, apparatus, fittings and articles of Personal Property (hereinafter defined) whatsoever now or hereafter delivered to, attached to, installed in, or used in or about the Improvements or which are necessary or useful for the complete use and occupancy of the Improvements for the purposes for which they were or are to be attached, placed, erected, constructed or developed, or which Personal Property is or may be used in the development of the Improvements (including, without limiting the generality of the foregoing, , all desks, chairs, filing cabinets, tables, book cases, credenzas, wall hangings and similar items, power feed wiring, service piping, storage tanks, product piping, pumps, tank truck racks, foam piping system, chemical sewer system, wastewater treatment facility, air emission system, scales, compressed air system, foam pumper truck, crane truck, backhoe, bulldozer, rail car mover, forklift, spill boat, vacuum truck and cranes), and all renewals of or replacements or substitutions for any of the foregoing whether or not the same shall be attached to the Land or Improvements; (c) all water and water rights, timber, crops, and minerals and equipment now or hereafter delivered to and intended to be installed in or on the Land or Improvements; (d) all building materials and equipment now or hereafter delivered to and intended to be installed in or on the Land or Improvements; (e) all security deposits and advance rentals under any lease agreements now or at any time hereafter arising from or by virtue of any transactions related to the Land, Improvements or the Personal Property and held by or for the benefit of Grantor; (f) all monetary deposits which Grantor has given to any public or private utility with respect to utility services furnished to the Land or Improvements; (g) all rents, issues, profits, revenues, royalties, bonuses or other benefits of the Land, the

Improvements or the Personal Property, including, without limitation, cash or securities deposited pursuant to leases of all or any part of the Land, Improvements or Personal Property; (h) all proceeds (including premium refunds) of each policy

of insurance relating to the Land, Improvements or Personal Property (including without limitation as provided in La. R.S. 9:5386); (i) all proceeds from the taking of the Land, Improvements, Personal Property or any part thereof or any interest or right or estate appurtenant thereto by eminent domain or by purchase in lieu thereof; (j) all Grantor' s rights (but not its obligations) under any contracts related to the Land or Improvements; (k) all Grantor' s rights (but not its obligations) under any documents, contract rights, commitments, accounts, general intangibles (including trademarks, trade names and symbols used in connection therewith) arising by virtue of any transactions related to the Land, Improvements or Personal Property; (l) all deposits, bank accounts, funds, instruments, notes or chattel paper arising from or related to the Land, Improvements or Personal Property; (m) all permits, licenses, franchises, certificates and other rights and privileges obtained in connection with the Land, Improvements or Personal Property; (n) all plans, specifications, maps, surveys, reports, architectural, engineering and construction contracts, books of account, insurance policies and other documents, of whatever kind or character, relating to the use, construction upon, occupancy, leasing, sale or operation of the Land or Improvements; (o) all oil, gas and other hydrocarbons and other minerals produced from or allocated to the Land or Improvements and all products processed or obtained therefrom, the proceeds thereof, and all accounts and general intangibles under which such proceeds may arise and all proceeds of the Personal Property; (p) all agreements, easements, servitudes and rights of way or use, rights of ingress or egress, privileges, appurtenances, tenements, hereditaments, prescriptions, advantages and other rights and benefits at any time belonging to, pertaining to or used in connection with the Land or Improvements; (q) all right, title and interest of Grantor in and to all streets, roads, ways, alleys, vaults, public places, easements and rights-of-way, existing or proposed, public or private, adjoining, abutting, adjacent or contiguous to or used in connection with, belonging or pertaining to the Land or any part thereof; and (r) all permits, licenses, rights, estates, powers, privileges and interests of whatever kind or character, whether or not of record, appurtenant or incident to the foregoing. All of the personal property of Grantor which is related in anyway to the Land and/or the Improvements and all fixtures, accessions and appurtenances thereto and all renewals or replacements of or substitutions therefore, and all of the foregoing property above which is personal property is herein collectively referred to as the "**Personal Property**", and all of the above is herein collectively referred to as the "**Mortgaged Property**". If the estate of Grantor in any of the above-described property is a leasehold estate ("**Leasehold Estate**"), this conveyance shall include, and the lien and security interest created hereby shall encumber, all additional title, estate, interest and other rights that may hereafter be acquired by Grantor in the property demised under the Leasehold Estate.

The Mortgaged Property shall remain so specially mortgaged, affected and hypothecated unto and in favor of the Collateral Agent until the full and final payment or discharge of all of the Indebtedness, and the Grantor is herein and hereby bound and obligated not to sell or alienate the Mortgaged Property to the prejudice of this act.

The Collateral Agent shall have all of the rights and remedies with respect to the Personal Property as provided in this Mortgage or at law or in equity, including without limitation, the remedies provided under Paragraph 5.8 of this Mortgage.

1.2 **Secured Indebtedness.** This Mortgage, Security Agreement and Assignment of Rents and Leases (the "**Mortgage**") is made to secure and enforce the payment of the following obligations, indebtedness, promissory notes and liabilities: (a) that certain term loan and revolving credit facility agreement dated August 13, 2004 (as amended, modified, supplemented or restated from time to time, the "**Credit Agreement**") made by and among (i) the Grantor and Stolthaven Houston Inc., a Texas corporation ("**Stolthaven Houston**"), as borrowers (collectively, the "**Borrowers**"), (ii) the banks and financial institutions listed on Schedule 1 of the Credit Agreement, as lenders (together with any bank or financial institution which becomes a Lender pursuant to Article 10 of the Credit Agreement, the "**Lenders**"), (iii) DnB NOR Bank ASA, acting through its New York Branch ("**DnB NOR**"), as administrative agent for the Lenders (in such capacity, the "**Administrative Agent**"), and (iv) the Collateral Agent, pursuant to which the Lenders have agreed to provide to the Borrowers a secured term loan in the amount of up to US$150,000,000 (the "**Term Loan**") and a secured revolving credit facility in the amount of up to US$20,000,000 (the "**Revolver**"); (b) that certain promissory note dated August 13, 2004 with respect to the Term Loan in the original principal amount of One Hundred Fifty Million and No/100 DOLLARS (US$150,000,000.00), made by Grantor and Stolthaven Houston,

jointly and severally and payable to the order of the Administrative Agent, with interest at the rate or rates therein provided, with principal, interest and other sums being payable as therein provided; (c) that certain promissory note dated August 13, 2004 with respect to the Revolver in the original principal amount of Twenty Million and No/100 Dollars (US$20,000,000.00) made by Grantor and Stolthaven Houston, jointly and severally, and payable to the order of the Administrative Agent, with interest at the rate or rates therein provided, with principal, interest and other sums being payable as therein provided (such promissory notes referenced in the preceding clause (b) and this clause (c) and all modifications, increases, renewals or extensions thereof, in whole or in part, and all other notes given in substitution therefor or in modification, increase, renewal or extension thereof, in whole or in part, are collectively referred to herein as the "**Notes**", and the Administrative Agent as said payee, the Collateral Agent, the Lenders and all subsequent holders of the Notes or any part thereof or any of the Indebtedness, as hereinafter defined, are collectively referred to herein as the "**Creditors**"); and (d) all future loans and advances made by a Creditor to Grantor in connection with the Credit Agreement and all other indebtedness, obligations and liabilities of every kind and character of Grantor now or hereafter existing in favor of the Creditors in connection with the Credit Agreement. The indebtedness, obligations, and liabilities referred to in this Paragraph are hereinafter collectively referred to as the "**Indebtedness.**" This Mortgage, the Notes, the Credit Agreement and any other instruments, documents and agreements now or hereafter evidencing, securing, governing, guaranteeing and/or pertaining to the Indebtedness or any part thereof are hereinafter collectively referred to as the "**Loan Documents**."

1.3 **Defined Terms.** Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

ARTICLE II
REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF GRANTOR

2.1 **Representations and Warranties.** Grantor does hereby represent and warrant to the Collateral Agent as follows:

(a) **Financial Matters.** Grantor is solvent, is not bankrupt and has no outstanding liens, suits, garnishments, bankruptcies or court actions which could render Grantor insolvent or bankrupt. There has not been filed by or against Grantor a petition in bankruptcy or a petition or answer seeking an assignment for the benefit of creditors, the appointment of a receiver, Mortgagee, custodian or liquidator with respect to Grantor or any portion of Grantor' s property, reorganization, arrangement, rearrangement, composition, extension, liquidation or dissolution or similar relief under the United States Bankruptcy Code or any state law. All reports, statements and other data furnished by Grantor to the Creditors in connection with the loan evidenced by the Notes are true and correct in all material respects and do not omit to state any fact or circumstance necessary to make the statements contained therein not misleading. No material adverse change has occurred since the dates of such reports, statements and other data in the financial condition of Grantor or of any tenant under leases described in such reports, statements and other data. For the purposes of this Paragraph, Grantor shall also include any joint venturer or general partner of Grantor.

(b) **Title and Authority.** Grantor is the lawful owner of good and indefeasible fee simple and marketable title to those tracts which constitute part of the Land and are described as the fee tracts on Exhibit A to this Mortgage, of good and indefeasible easement estates in and to those tracts which constitute part of the Land and are described as the easement tracts on Exhibit A to this Mortgage, and the Improvements and has good right and authority to grant, bargain, sell, transfer, assign and mortgage the Land and Improvements and to grant a security interest in the Personal Property. Grantor does not do business with respect to the Mortgaged Property under any trade name.

(c) **Permitted Encumbrances.** The Mortgaged Property is free and clear from all liens, security interests and encumbrances except the lien and security interest evidenced hereby and, as applicable, (i) the liens and/or encumbrances set forth in **Exhibit "B"** attached hereto and made a part hereof, if any, or (ii) the matters, if any, set forth as exceptions on Schedule B of the Policy (as defined hereinbelow), if any, or (iii) such liens or other encumbrances, if any, as are permitted by the Credit Agreement or (iv) if no Exhibit "B" is attached hereto and no Policy is issued, then any liens and/or encumbrances affecting the Mortgaged Property appearing in the Real Property Records of the parish(es) in which the Land is situated, but only to the extent the same are

valid and subsisting (hereinafter called the "**Permitted Encumbrances**"). There are no mechanic' s or materialmen' s liens, lienable bills or other claims constituting a lien on the

Mortgaged Property, or any part thereof other than permitted under the Credit Agreement.

(d) **No Financing Statement.** There is no financing statement covering all or any part of the Mortgaged Property or its proceeds on file in any public office which has not been terminated or assigned to the Collateral Agent.

(e) **Location of Personal Property.** All tangible Personal Property is located on the Land.

(f) **No Homestead.** No portion of the Mortgaged Property is being used as Grantor' s business or residential homestead.

(g) **No Default or Violation.** The execution, delivery and performance of this Mortgage, the Notes and all of the other Loan Documents do not contravene, result in a breach of or constitute a default under any mortgage, deed of trust, lease, promissory note, loan agreement or other contract or agreement to which Grantor is a party or by which Grantor or any of its properties may be bound or affected and do not violate or contravene any law, order, decree, rule or regulation to which Grantor is subject.

(h) **Compliance with Covenants and Laws.** The Mortgaged Property and the intended use thereof by Grantor comply (except where failure to comply would not alone or in the aggregate result in a Material Adverse Effect) with all applicable restrictive covenants, zoning ordinances and building codes, flood disaster laws, applicable health and environmental laws and regulations and all other applicable laws, statutes, ordinances, rules, regulations, orders, determinations and court decisions, including, without limitation, the Americans With Disabilities Act of 1990 and the Fair Housing Amendments Act of 1988, 42 U.S.C. §§3601 et. seq. (all of the foregoing hereinafter sometimes collectively referred to as "**Applicable Laws**"), without reliance upon grandfather provisions or adjacent or other properties. Grantor has obtained all requisite zoning, utility, building, health and operating permits from each governmental authority or municipality having jurisdiction over the Mortgaged Property. All engineering specifications with respect to the Mortgaged Property are within applicable environmental standards.

(i) **Environmental.** Without limitation of any of the foregoing, no asbestos, material containing asbestos which is or may become friable or material containing asbestos deemed hazardous by Applicable Laws has been installed in the Mortgaged Property and the Mortgaged Property and Grantor are not in violation of or subject to any existing, pending or, to the best knowledge of Grantor, threatened investigation or inquiry by any governmental authority or to any remedial obligations under any Applicable Laws pertaining to health or the environment (such Applicable Laws as they now exist or are hereafter enacted and/or amended hereinafter sometimes collectively referred to as "**Applicable Environmental Laws**"), including without limitation, the Comprehensive

Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (collectively, together with any subsequent amendments hereinafter referred to as "**CERCLA**"), the Resource Conservation and Recovery Act of 1976, as amended by the Used Oil Recycling Act of 1980, the Solid Waste Disposal Act Amendments of 1980, and the Hazardous and Solid Waste Amendments of 1984 (collectively, together with any subsequent amendments hereinafter called "**RCRA**"), the Louisiana Environmental Quality Act, La. R.S. 30: 2001, et seq., except where any such violation, investigation or inquiry (if adversely determined against the Grantor) or remedial obligation would not alone or in the aggregate result in a Material Adverse Effect, and this representation would continue to be true and correct following disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to the Mortgaged Property and Grantor. Grantor has obtained all permits, licenses or similar authorizations required to construct, occupy, operate or use

any buildings, improvements, fixtures and equipment forming a part of the Mortgaged Property by reason of any Applicable Environmental Laws. Grantor undertook, at the time of acquisition of the Mortgaged Property, all appropriate inquiry into the previous ownership and uses of the Mortgaged Property consistent with good commercial or customary practice to determine that the Mortgaged Property, at the time of Grantor' s purchase of same, was in material compliance with all Applicable Environmental Laws. Grantor has taken all steps necessary to determine and has determined that no hazardous substances or solid wastes have been disposed of or otherwise released on or to the Mortgaged Property. The use which Grantor makes and intends to make of the Mortgaged Property will not result in the disposal or other release of any hazardous substance or solid waste on or to the Mortgaged Property. The terms "**hazardous substance**" and "**release**" as used in this Mortgage shall have the meanings specified in CERCLA, and the terms "**solid waste**" and "**disposal**" (or "**disposed**") shall have the meanings specified in RCRA; provided, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, then such broader meaning shall apply subsequent to the effective date of such amendment and provided further, to the extent that the laws of the State of Louisiana establish a meaning for the terms "**hazardous substance,**" "**release,**" "**solid waste,**" or "**disposal**" (or "**disposed**") which is broader than that specified in either CERCLA or RCRA, such broader meaning shall apply.

(j) **No Suits.** Except as otherwise disclosed to the Collateral Agent in writing, there are no judicial or administrative actions, suits or proceedings pending or, to the best of Grantor' s knowledge, threatened against or affecting Grantor, any other person liable, directly or indirectly, for the Indebtedness, or the Mortgaged Property, either (i) involving the validity, enforceability or priority of any of the Loan Documents or (ii) if adversely determined could (whether individually or when aggregated with other such actions suits or proceedings) be reasonably expected to have a Material Adverse Effect.

(k) **Condition of Property.** The Mortgaged Property is served by electric, gas, storm and sanitary sewers, sanitary water supply, telephone and other utilities

required for the use thereof as represented by Grantor at or within the boundary lines of the Mortgaged Property. All streets, alleys and easements necessary to serve the Mortgaged Property for the use represented by Grantor have been completed and are serviceable and such streets have been dedicated and accepted by applicable governmental entities. As of the date hereof, the Mortgaged Property is in good condition and repair with no material deferred maintenance and is free from damage caused by fire or other casualty. Grantor is aware of no latent or patent structural or other significant defect or deficiency in the Mortgaged Property. Design and as-built conditions of the Mortgaged Property are such that no drainage or surface or other water will drain across or rest upon either the Mortgaged Property or land of others. To the best of Grantor' s knowledge after due inquiry and investigation, none of the improvements on the Mortgaged Property create an encroachment over, across or upon any of the Mortgaged Property boundary lines, rights of way or easements and no buildings or other improvements on adjoining land create such an encroachment other than as shown on that certain survey of a portion of the Land prepared by Dufrene Surveying and Engineering Inc. ("Dufrene") last revised August 4, 2000 and that certain survey of a portion of the Land prepared by Dufrene last revised August 1, 2003.

(l) **Organization.** Grantor is duly incorporated and validly existing under the laws of the state of its incorporation and is duly qualified to do business in the State of Louisiana. Grantor has all requisite power and has, except where failure to obtain would not alone or in the aggregate result in a Material Adverse Effect, all governmental certificates of authority, licenses, permits, qualifications and other documentation to own, lease and operate its properties and to carry on its business as now conducted and as contemplated to be conducted.

(m) **Enforceability.** The Notes, this Mortgage and all other Loan Documents constitute the legal, valid and binding obligations of Grantor enforceable in accordance with their respective terms. The execution and delivery of, and performance under, the Notes, this Mortgage and all other Loan Documents are within Grantor' s powers and have been duly authorized by all requisite action and are not in contravention of the powers of Grantor' s charter, bylaws or other corporate papers.

(n) **Not a Foreign Person.** Grantor is not a "**foreign person**" within the meaning of the Internal Revenue Code of 1986, as amended (hereinafter called the "**Code**"), Sections 1445 and 7701 (i.e. Grantor is not a non-resident alien, foreign

corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Code and regulations promulgated thereunder).

2.2 **Covenants and Agreements.** So long as the Indebtedness or any part thereof remains unpaid, Grantor covenants and agrees with the Collateral Agent as follows:

(a) **Payment and Performance.** Grantor will make prompt payment, as the same becomes due, of the Indebtedness and shall punctually and properly perform all of Grantor' s covenants, obligations and liabilities under the Loan Documents.

(b) **Existence.** Grantor will continuously maintain its existence and its right to do business in the State of Louisiana together with its franchises and trade names.

(c) **Taxes on Notes and Other Taxes.** Grantor will promptly pay all income, franchise and other taxes owing by Grantor and any stamp taxes which may be required to be paid with respect to this Mortgage.

(d) **Operation of Mortgaged Property.** Grantor will operate the Mortgaged Property in a good and workmanlike manner and in accordance with all Applicable Laws and will pay all fees or charges of any kind in connection therewith. Grantor will keep the Mortgaged Property occupied so as not to impair the insurance carried thereon. Grantor will not use or occupy, or allow the use or occupancy of, the Mortgaged Property in any manner which violates any Applicable Law or which constitutes a public or private nuisance or which makes void, voidable or cancelable, or increases the premium of, any insurance then in force with respect thereto. Grantor will not initiate or permit any zoning reclassification of the Mortgaged Property or seek any variance under existing zoning ordinances applicable to the Mortgaged Property or use or permit the use of the Mortgaged Property in such a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances or other Applicable Laws. Grantor will not impose any restrictive covenants or encumbrances upon the Mortgaged Property, execute or file any subdivision plat affecting the Mortgaged Property or consent to the annexation of the Mortgaged Property to any municipality, without the prior written consent of the Collateral Agent or unless and to the extent otherwise permitted hereby. Grantor shall not cause or permit any drilling or exploration for, or extraction, removal or production of, minerals from the surface or subsurface of the Mortgaged Property. Grantor will not do or suffer to be done any act whereby the value of any part of the Mortgaged Property may be materially lessened. During normal business hours and so long as Grantor' s business is not materially interrupted, Grantor will allow the Collateral Agent or its authorized representative to enter the Mortgaged Property at any reasonable time to inspect the Mortgaged Property and Grantor' s books and records pertaining thereto and Grantor will assist the Collateral Agent or said representative in whatever way necessary to make such inspection. If Grantor receives a notice or claim from any federal, state or other governmental entity pertaining to the Mortgaged Property, including, without limitation, a notice that the Mortgaged Property is not in compliance with any Applicable Law material to Grantor' s business, Grantor will promptly furnish a copy of such notice or claim to the Collateral Agent.

(e) **Debts for Construction.** Grantor will cause all debts and liabilities of any character, including without limitation, all debts and liabilities for labor, material and equipment and all debts and charges for utilities servicing the Mortgaged Property,

incurred in the construction, maintenance, operation and development of the Mortgaged Property, to be promptly paid; provided, that Grantor may in good faith contest the validity of any such debts and liabilities, and pending such contest Grantor shall not be deemed in default hereunder if (i) there exists no material risk of sale, forfeiture or loss of, or loss or interference with use or possession of, or diminution of value, utility or useful life of the Mortgaged Property or any interest therein, or any risk of interference with the repayment of the Notes, (ii) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Creditor, (iii) such contest would not materially and adversely affect the rights, titles and interests of any Creditor in or to the Mortgaged Property or any interest therein, and (iv) appropriate reserves with respect thereto are maintained in accordance with

GAAP; provided, however, that in any event each such contest shall be concluded and the debt or liability shall be paid prior to the date any writ or order is issued under which the Mortgaged Property or any part thereof may be sold.

(f) **Ad Valorem Taxes.** Grantor will cause to be paid prior to delinquency all taxes and assessments heretofore or hereafter levied or assessed against the Mortgaged Property, or any part thereof, or against the Mortgagee for or on account of the Notes or any other Indebtedness or the interest created by this Mortgage and will furnish the Collateral Agent with receipts showing payment of such taxes and assessments at least ten (10) days prior to the applicable default date therefor; provided that Grantor may in good faith, by appropriate proceedings, contest the validity, applicability, or amount of any asserted tax or assessment, and pending such contest Grantor shall not be deemed in default hereunder if (i) there exists no material risk of sale, forfeiture or loss of, or loss or interference with use or possession of, or diminution of value, utility or useful life of the Mortgaged Property or any interest therein, or any risk of interference with the repayment of the Notes, (ii) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Creditor, (iii) such contest would not materially and adversely affect the rights, titles and interests of any Creditor in or to the Mortgaged Property or any interest therein, and (iv) appropriate reserves with respect thereto are maintained in accordance with GAAP; provided, however, that in any event each such contest shall be concluded and the tax, assessment, penalties, interest and costs shall be paid prior to the date any writ or order is issued under which the Mortgaged Property or any part thereof may be sold.

(g) **Repair and Maintenance.** Grantor will keep the Mortgaged Property in good order, repair, operating condition and appearance, causing all necessary repairs, renewals, replacements, additions and improvements to be promptly made, and will not allow any of the Mortgaged Property to be misused, abused or wasted or to deteriorate. To the extent necessary for the operation of the Mortgaged Property, Grantor will promptly replace all worn-out or obsolete fixtures or personal property covered by this Mortgage with fixtures or personal property comparable to the replaced fixtures or personal property when new. Grantor will make all renovations, modifications and alterations to the Mortgaged Property in compliance with all Applicable Laws.

Notwithstanding any of the foregoing, Grantor will not, without the prior written consent of the Collateral Agent, (i) remove from the Mortgaged Property any fixtures or personal property covered by this Mortgage except those replaced by Grantor by an article of equal suitability and value, owned by Grantor, free and clear of any lien or security interest (except that created by this Mortgage); (ii) make any structural alteration to the Mortgaged Property or any other alterations thereto which impair the value thereof; or (iii) make any alteration to the Mortgaged Property involving an estimated expenditure exceeding $250,000 except pursuant to plans and specifications approved in writing by the Collateral Agent; provided, however, that the tank construction currently underway on the Mortgaged Property with an estimated cost of approximately $16,000,000 shall be deemed approved by the Collateral Agent for purposes of this subsection (g)(iii). Upon request of the Collateral Agent, Grantor will within thirty (30) days after such request deliver to the Collateral Agent an inventory describing and showing the make, model, serial number and location of all fixtures and personal property used in the management, maintenance and operation of the Mortgaged Property with a certification by Grantor that, to the best of its knowledge, said inventory is a true and complete schedule of all such fixtures and personal property used in the management, maintenance and operation of the Mortgaged Property, that such items specified in the inventory constitute all of the fixtures and personal property required in the management, maintenance and operation of the Mortgaged Property, and that all such items are owned by Grantor free and clear of any lien or security interest (except that created by this Mortgage) or otherwise permitted hereunder or under the Credit Agreement.

(h) **Insurance and Casualty.** Subject to the coverage amounts set forth in the Credit Agreement, Grantor will keep the Mortgaged Property insured against loss or damage by fire, explosion, windstorm, hail, flood (if the Mortgaged Property shall at any time be located in an identified "**flood prone area**" in which flood insurance has been made available pursuant to the Flood Disaster Protection Act of 1973), tornado and such other hazards as may be required by the Collateral Agent by policies of fire, extended coverage and other insurance in such company or companies, in such amounts, upon such terms and provisions, and with such endorsements, all as may be acceptable to the Collateral Agent. Grantor will also provide such other insurance as the Collateral Agent may from time to time reasonably require, in such companies, upon such terms and provisions, in such amounts, and with such endorsements, all as are approved by the Collateral Agent. Grantor further agrees that Grantor will deliver to the Collateral Agent the

original policies evidencing such insurance and any additional insurance which shall be taken out upon any part of the Mortgaged Property and receipts evidencing the payment of all premiums, and will deliver certificates evidencing renewals of all such policies of insurance to the Collateral Agent at least thirty (30) days before any such insurance shall expire. Without limiting the discretion of the Collateral Agent with respect to required endorsements to insurance policies, Grantor further agrees that all such policies shall provide that proceeds thereunder will be payable to the Collateral Agent as its interest may appear pursuant and subject to a mortgage clause (without contribution) of standard form attached to or otherwise made a part of the applicable

policy. In the event of foreclosure of this Mortgage, or other transfer of title to the Mortgaged Property in extinguishment in whole or in part of the Indebtedness, all right, title and interest of Grantor in and to such policies then in force concerning the Mortgaged Property and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or the Collateral Agent or other transferee in the event of such other transfer of title. In the event any of the Mortgaged Property covered by such insurance is destroyed or damaged by fire, explosion, windstorm, hail or by any other casualty against which insurance shall have been required hereunder, (i) the Collateral Agent may, but shall not be obligated to, make proof of loss if not made promptly by Grantor; (ii) each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Collateral Agent or to Grantor, as provided for and in accordance with Section 5.3 of the Credit Agreement; and (iii) the Collateral Agent shall have the right to apply the insurance proceeds first, to reimburse the Collateral Agent or Mortgagee for all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with the collection of such proceeds and, second, the remainder of said proceeds shall be applied or disbursed as provided in Section 5.3 of the Credit Agreement. In any event the unpaid portion of the Indebtedness shall remain in full force and effect and Grantor shall not be excused in the payment thereof. If any act or occurrence of any kind or nature (including any casualty on which insurance was not obtained or obtainable) shall result in damage to or loss or destruction of the Mortgaged Property, Grantor shall give immediate written notice thereof to the Collateral Agent and, unless otherwise so instructed by the Collateral Agent or otherwise permitted by the Credit Agreement, shall promptly, at Grantor' s sole cost and expense and regardless of whether the insurance proceeds, if any, shall be sufficient for the purpose, restore, repair, replace and rebuild the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction in accordance with plans and specifications submitted to and approved by the Collateral Agent.

(i) **Condemnation.** Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Mortgaged Property or any portion thereof, or any other proceedings arising out of injury or damage to the Mortgaged Property, or any portion thereof, Grantor will notify the Collateral Agent of the pendency of such proceedings. The Collateral Agent may participate in any such proceedings, and Grantor shall from time to time deliver to the Collateral Agent all instruments requested by it to permit such participation. Grantor shall, at its expense, diligently prosecute any such proceedings, and shall consult with the Collateral Agent, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Except as otherwise provided in Section 5.3 of the Credit Agreement, all proceeds of condemnation awards or proceeds of sale in lieu of condemnation with respect to the Mortgaged Property and all judgments, decrees and awards for injury or damage to the Mortgaged Property shall be paid to the Collateral Agent and shall be applied, first, to reimburse the Mortgagee for all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with collection of such proceeds and,

second, the remainder of said proceeds shall be applied or disbursed as provided in Section 5.3 of the Credit Agreement. In any event the unpaid portion of the Indebtedness shall remain in full force and effect and Grantor shall not be excused in the payment thereof. In the event any of the foregoing proceeds are applied to the repair, restoration or replacement of the Mortgaged Property, Grantor shall promptly commence and complete such repair, restoration or replacement of the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage or taking in accordance with plans and specifications submitted to and approved by the Collateral Agent. Grantor hereby assigns and transfers all such proceeds, judgments, decrees and awards to the Collateral Agent and agrees to execute such further assignments of all such proceeds, judgments, decrees and awards as the Collateral Agent may request. Grantor hereby grants an irrevocable power of attorney to the Collateral Agent, such appointment being coupled

with an interest, for the Collateral Agent, after the occurrence and during the continuance of a Default (as hereinafter defined), in the name of Grantor, to execute and deliver valid acquittances for, and to appeal from, any such judgment, decree or award. The Collateral Agent shall not be, in any event or circumstances, liable or responsible for the failure to collect, or the failure to exercise diligence in the collection of, any such proceeds, judgments, decrees or awards.

(j) **Protection and Defense of Lien.** If the validity or priority of this Mortgage or of any rights, titles, liens or security interests created or evidenced hereby with respect to the Mortgaged Property or any part thereof shall be endangered or questioned or shall be attacked directly or indirectly or if any legal proceedings are instituted against Grantor with respect thereto, Grantor will give prompt written notice thereof to the Collateral Agent and at Grantor' s own cost and expense will diligently endeavor to cure any defect that may be developed or claimed, and will take all necessary and proper steps for the defense of such legal proceedings, including, without limitation, the employment of counsel, the prosecution or defense of litigation and the release or discharge of all adverse claims, and the Mortgagee (whether or not named as parties to legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this Mortgage and the rights, titles, liens and security interests created or evidenced hereby, including, without limitation, the employment of counsel, the prosecution or defense of litigation, the compromise or discharge of any adverse claims made with respect to the Mortgaged Property, the purchase of any tax title and the removal of prior liens or security interests (including, without limitation, the payment of debts as they mature or the payment in full of matured or unmatured debts, which are secured by these prior liens or security interests), and all expenses so incurred of every kind and character shall be subject to and covered by the provisions of Paragraph 2.3 hereof.

(k) **No Other Liens.** Grantor will not, without the prior written consent of the Collateral Agent (who, with respect to the addition of servitudes on the Mortgaged Property, shall grant its consent only with the consent of the Majority Lenders), create,

place or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any Mortgage, mortgage, voluntary or involuntary lien, whether statutory, constitutional or contractual (except for the lien for ad valorem taxes on the Mortgaged Property which are not delinquent), security interest, encumbrance or charge, or conditional sale or other title retention document, against or covering the Mortgaged Property, or any part thereof, other than the Permitted Encumbrances, regardless of whether the same are expressly or otherwise subordinate to the lien or security interest created in this Mortgage, and should any of the foregoing become attached hereafter in any manner to any part of the Mortgaged Property without the prior written consent of the Collateral Agent, Grantor will cause the same to be promptly discharged and released. Grantor will own all parts of the Mortgaged Property and will not acquire any fixtures, equipment or other property forming a part of the Mortgaged Property pursuant to a lease, license or similar agreement, without the prior written consent of the Collateral Agent.

(l) **Books and Records.** Grantor will keep accurate books and records in accordance with sound accounting principles in which full, true and correct entries shall be promptly made as to all operations on the Mortgaged Property, and will permit all such books and records (including, without limitation, all contracts, statements, invoices, bills and claims for labor, materials and services supplied for the construction and operation of the improvements forming a part of the Mortgaged Property) to be inspected and copied by the Collateral Agent and its duly authorized representatives at all times during reasonable business hours such inspections not to unreasonably interfere with the conduct of Grantor' s business.

(m) **Rent Roll.** Within ten (10) business days after the Collateral Agent' s request, Grantor shall provide to the Collateral Agent a leasing report and rent roll of the Mortgaged Property containing the name and address of all tenants then occupying portions of the Mortgaged Property under valid and subsisting lease agreements and, with respect to each lease, the rentals payable, square footage of the leased premises, amount of security deposit, lease commencement date, lease expiration date, date through which rent is paid and the nature and extent of any defaults by any tenant, all certified as to accuracy by a representative of Grantor acceptable to the Collateral Agent. Grantor shall use its best efforts to obtain and examine financial and credit information on all proposed lessees and provide copies of same to the Collateral Agent upon its request. If, and as often as, reasonably requested by

the Collateral Agent, Grantor will make further reports of operations in such form as the Collateral Agent prescribes, setting out full data requested by the Collateral Agent.

(n) **Escrow.** If requested by the Collateral Agent at any time following and during the continuance of a Default (as defined in Article IV hereof) in order to secure the performance and discharge of Grantor' s obligations under Subparagraphs (f) and (h) of this Paragraph 2.2, but not in lieu of such obligations, Grantor will deposit with the Collateral Agent a sum equal to ad valorem taxes, assessments and charges (which

charges for the purpose of this Subparagraph shall include without limitation ground rents and water and sewer rents and any other recurring charge which could create or result in a lien against the Mortgaged Property) against the Mortgaged Property for the current year and the premiums for such policies of insurance for the current year, all as estimated by the Collateral Agent and prorated to the end of the calendar month following the month during which this Mortgage is executed and delivered, and thereafter will deposit with the Collateral Agent, on each date when an installment of principal and/or interest is due on the Notes, sufficient funds (as estimated from time to time by the Collateral Agent) to permit the Collateral Agent to pay, at least thirty (30) days prior to the due date thereof, the next maturing ad valorem taxes, assessments and charges and premiums for such policies of insurance. The Collateral Agent shall have the right to rely upon tax information furnished by applicable taxing authorities in the payment of such taxes or assessments and shall have no obligation to make any protest of any such taxes or assessments. Any excess over the amounts required for such purposes shall be held by the Collateral Agent for future use, applied to any Indebtedness or refunded to Grantor, at the Collateral Agent' s option, and any deficiency in such funds so deposited shall be made up by Grantor upon demand of the Collateral Agent. All such funds so deposited shall bear no interest whatsoever, shall be kept separate and not be mingled with the general funds of the Collateral Agent and shall be applied by the Collateral Agent toward the payment of such taxes, assessments, charges and premiums when statements therefor are presented to the Collateral Agent by Grantor (such statements to be presented by Grantor to the Collateral Agent within a reasonable time before the applicable amount is due); provided, however, that, if a Default (as hereinafter defined) shall have occurred and be continuing hereunder, such funds may at the Collateral Agent' s option be applied to the payment of the Indebtedness in the order determined by the Collateral Agent in its sole discretion, and that the Collateral Agent may at any time, in its sole discretion, apply all or any part of such funds toward the payment of any such taxes, assessments, charges or premiums which are past due, together with any penalties or late charges with respect thereto. The conveyance or transfer of Grantor' s interest in the Mortgaged Property for any reason (including, without limitation, the foreclosure of a subordinate lien or security interest or a transfer by operation of law) shall constitute an assignment or transfer of Grantor' s interest in and rights to such funds held by the Collateral Agent under this Subparagraph but subject to the rights of the Collateral Agent hereunder.

(o) **Further Assurances.** Grantor will, on request of the Collateral Agent, promptly (i) correct any defect, error or omission which may be discovered in the contents of this Mortgage or in any other instrument now or hereafter executed in connection herewith or in the execution or acknowledgment thereof; (ii) execute, acknowledge, deliver and record or file such further instruments (including, without limitation, further deeds of trust, security agreements, financing statements, continuation statements and assignments of rents and leases) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Mortgage and such other instruments and to subject to the liens and security interests hereof and thereof any property intended by the terms hereof and thereof to be covered hereby and

thereby including, without limitation, any renewals, additions, substitutions, replacements or appurtenances to the Mortgaged Property; (iii) execute, acknowledge, deliver, procure and record or file any document or instrument (including, without limitation, any financing statement) deemed advisable by the Collateral Agent to protect the lien or security interest hereunder against the rights or interests of third persons; and (iv) provide such certificates, documents, reports, information, affidavits and other instruments and do such further acts as may be necessary, desirable or proper in the reasonable determination of the Collateral Agent to enable the Collateral Agent to comply with the requirements or requests of any agency having jurisdiction over the Collateral Agent or any

examiners of such agencies with respect to the Indebtedness, Grantor or the Mortgaged Property and Grantor will pay all costs connected with any of the foregoing.

(p) **Title Insurance.** Grantor shall, at its sole cost and expense obtain and maintain title insurance in the form of a commitment, binder or policy (collectively, "**Policy**") as the Collateral Agent may require, issued by a title company acceptable to the Collateral Agent. If for any reason during the period the Indebtedness is outstanding such title insurance is no longer valid or the issuing title company is insolvent or unable to adequately insure the validity and priority of the lien evidenced by this Mortgage (as determined by the Collateral Agent in its sole discretion), Grantor agrees to obtain, at its sole cost and expense, a replacement Policy issued by a title company acceptable to the Collateral Agent in favor of the Collateral Agent as mortgagee, in such amount and form as required by the Collateral Agent, insuring the validity and priority of the lien evidenced by this Mortgage.

(q) **Fees and Expenses; Indemnification.** Grantor will pay all appraisal fees, filing and recording fees, inspection fees, survey fees, taxes (excluding taxes imposed on the net income of the Collateral Agent by a taxing authority in the jurisdiction of organization of the Collateral Agent or in a jurisdiction in which the Collateral Agent has an office or fixed place of business), brokerage fees and commissions, abstract fees, title policy fees, uniform commercial code search fees, escrow fees, reasonable attorneys' fees, and all other costs and expenses of every character incurred by Grantor or the Collateral Agent in connection with the Indebtedness, either at the closing thereof or at any time during the term thereof, or otherwise attributable or chargeable to Grantor as owner of the Mortgaged Property, and will reimburse the Collateral Agent for all such costs and expenses incurred by the Collateral Agent. Grantor shall pay all expenses and reimburse the Collateral Agent for any expenditures, including, without limitation, reasonable attorneys' fees and legal expenses, incurred or expended in connection with (i) the breach by Grantor of any covenant herein or in any other Loan Document; (ii) the Collateral Agent' s exercise of any of its rights and remedies hereunder or under the Notes or any other Loan Document or the Collateral Agent' s protection of the Mortgaged Property and its lien and security interest therein; or (iii) any amendments to this Mortgage, the Notes or any other Loan Document or any matter requested by Grantor or any approval required hereunder. Grantor will indemnify and hold harmless Mortgagee and any Creditor (for purposes of this Subparagraph, the terms "**Mortgagee**" and

"**Creditor**" shall include the directors, officers, partners, employees, representatives and agents of Mortgagee and such Creditor, respectively, and any persons or entities owned or controlled by, owning or controlling, or under common control or affiliated with Mortgagee and such Creditor, respectively) from and against, and reimburse them for, all claims, demands, liabilities, losses, damages, causes of action, judgments, penalties, costs and expenses (including, without limitation, reasonable attorneys' fees) which may be imposed upon, asserted against or incurred or paid by them by reason of, on account of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of the Mortgaged Property through any cause whatsoever or asserted against them on account of any act performed or omitted to be performed hereunder or on account of any transaction arising out of or in any way connected with the Mortgaged Property or with this Mortgage, the Notes or any other Loan Documents. **WITHOUT LIMITATION OF THE FOREGOING, IT IS THE INTENTION OF GRANTOR AND GRANTOR AGREES THAT THE FOREGOING INDEMNITIES SHALL APPLY TO EACH INDEMNIFIED PARTY WITH RESPECT TO CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES, CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES) WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNIFIED PARTY OR ANY STRICT LIABILITY. HOWEVER, SUCH INDEMNITIES SHALL NOT APPLY TO ANY INDEMNIFIED PARTY TO THE EXTENT THE SUBJECT OF THE INDEMNIFICATION IS CAUSED BY OR ARISES OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY**. The foregoing indemnities shall not terminate upon release, foreclosure or other termination of this Mortgage but will survive foreclosure of this Mortgage or conveyance in lieu of foreclosure and the repayment of the Indebtedness and the discharge and release of this Mortgage and the other Loan Documents. Any amount to be paid hereunder by Grantor to a Creditor and/or Mortgagee shall be subject to and governed by the provisions of Paragraph 2.3 hereof.

(r) **Liability Insurance.** Grantor shall maintain Commercial General Liability insurance against claims for bodily injury or death and property damage occurring in or upon or resulting from the Mortgaged Property, in standard form and with such insurance company or companies as may be acceptable to the Collateral Agent, such insurance to afford immediate protection, to the limit of not less than $100,000,000 in respect of any one accident or occurrence with not more than $125,000 deductible. Such Commercial General Liability insurance shall include Blanket Contractual Liability coverage which insures contractual liability under the indemnification of the Mortgagee by Grantor set forth in this Mortgage (but such coverage or the amount thereof shall in no way limit such indemnification). Grantor shall maintain with respect to each policy or agreement evidencing such Commercial General Liability insurance such endorsements as may be required by the Collateral Agent and shall at all times deliver and maintain with the Collateral Agent a certificate with respect to such insurance in form satisfactory

to the Collateral Agent. Not less than thirty (30) days prior to the expiration date of each policy of insurance required of Grantor pursuant to this Subparagraph, Grantor shall deliver to the Collateral Agent a renewal policy or policies marked "**premium paid**" or accompanied by other evidence of payment satisfactory to the Collateral Agent. In the event of a foreclosure of this Mortgage, the purchaser of the Mortgaged Property shall succeed to all the rights of Grantor, including, without limitation, any right to unearned premiums, in and to all policies of insurance assigned pursuant to the provisions of this Subparagraph, and Grantor hereby authorizes the Collateral Agent to notify any or all insurance carriers of this assignment.

(s) **Warranty.** Grantor will warrant and forever defend the title to the Mortgaged Property against the claims of all persons making any claim to the same or any part thereof, subject to the Permitted Encumbrances.

(t) **Tax on Lien.** In the event of the enactment after the date hereof of any law of the State of Louisiana or of any other governmental entity deducting from the value of property for the purpose of taxation any lien or security interest thereon, or imposing upon the Collateral Agent the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Grantor, or changing in any way the laws relating to the taxation of deeds of trust or mortgages or security agreements or debts secured by deeds of trust or mortgages or security agreements or the interest of the mortgagee or secured party in the property covered thereby, or the manner of collection of such taxes, so as to affect this Mortgage or the Indebtedness or the Collateral Agent, then, and in any such event, Grantor upon demand by the Collateral Agent, shall pay such taxes, assessments, charges or liens, or reimburse the Collateral Agent therefor; provided, however, that if in the opinion of counsel for the Collateral Agent (i) it might be unlawful to require Grantor to make such payment; or (ii) the making of such payment might result in the contracting for, charging or receiving of interest beyond the maximum amount permitted by law, then and in such event, the Collateral Agent may elect, by notice in writing given to Grantor, to declare all of the Indebtedness to be and become due and payable sixty (60) days from the giving of such notice.

(u) **Location and Use of Personal Property.** All tangible Personal Property will be used in the business of Grantor and shall remain in Grantor' s possession or control at all times at Grantor' s risk of loss and shall be located on the Land.

(v) **Estoppel Certificate.** Grantor shall at any time and from time to time furnish promptly upon request by the Collateral Agent a written statement in such form as may be required by the Collateral Agent stating that the Notes, this Mortgage and the other Loan Documents are valid and binding obligations of Grantor, enforceable against Grantor in accordance with their terms; the unpaid principal balance of the Notes; the date to which interest on the Notes is paid; that the Notes, this Mortgage and the other Loan Documents have not been released, subordinated or modified; and that there are no

offsets or defenses against the enforcement of the Notes, this Mortgage or any other Loan Documents, or if any of the foregoing statements are untrue, specifying the reasons therefor.

(w) **Proceeds of Personal Property.** Grantor shall account fully and faithfully for and, if the Collateral Agent so elects, shall promptly pay or turn over to the Collateral Agent all proceeds in whatever form received from any disposition of any of the Personal Property, except as otherwise specifically authorized herein. Grantor shall at all times keep the Personal Property and its proceeds separate and distinct from other property of Grantor and shall keep accurate and complete records of the Personal Property and its proceeds.

(x) **Credit Agreement.** Grantor will punctually perform and discharge each and every obligation and undertaking of Grantor under the Credit Agreement and will not permit a default to occur thereunder.

(y) **Permitted Encumbrances.** Grantor will comply with and will perform all of the covenants, agreements and obligations imposed upon it or the Mortgaged Property in the Permitted Encumbrances in accordance with their respective terms and provisions. Grantor will not modify or permit any modification of any Permitted Encumbrance without the prior written consent of the Collateral Agent.

(z) **Environmental.** Grantor will not cause or permit the Mortgaged Property or Grantor to be in violation of, or do anything or permit anything to be done which will subject the Mortgaged Property to any remedial obligations under, any Applicable Environmental Laws, including, without limitation, CERCLA, RCRA, the Louisiana Environmental Quality Act, La. R.S. 30: 2001, et seq., assuming disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to Grantor and/or the Mortgaged Property, and Grantor will promptly notify the Collateral Agent in writing of any existing, pending or, to the best knowledge of Grantor, threatened investigation or inquiry (which investigation or inquiry if adversely determined against the Grantor would not alone or in the aggregate result in a Material Adverse Effect) by any governmental authority in connection with any Applicable Environmental Laws. Grantor shall obtain any permits, licenses or similar authorizations to construct, occupy, operate or use any buildings, improvements, fixtures and equipment forming a part of the Mortgaged Property by reason of any Applicable Environmental Laws. Grantor shall take all steps necessary to determine that no hazardous substances or solid waste are being disposed of or otherwise released on or to the Mortgaged Property. Grantor will not cause or permit the disposal or other release of any hazardous substance or solid waste on or to the Mortgaged Property and covenants and agrees to keep or cause the Mortgaged Property to be kept free of any hazardous substance or solid waste and to remove the same (or if removal is prohibited by law, to take whatever action is required by law) promptly upon discovery at its sole expense. Upon the Collateral Agent' s reasonable request, at any time and from time to time during

the existence of this Mortgage, Grantor will provide at Grantor' s sole expense an inspection or audit of the Mortgaged Property from an engineering or consulting firm approved by the Collateral Agent, indicating the presence or absence of hazardous substances and solid wastes on the Mortgaged Property. If Grantor fails to provide same after thirty (30) days' notice, the Collateral Agent may order same, and Grantor grants to the Collateral Agent and its agents, employees, contractors and consultants access to the Mortgaged Property and a license (which is coupled with an interest and irrevocable while this Mortgage is in effect) to perform inspections and tests. The cost of such inspections and tests shall be a demand obligation owing by Grantor to the Collateral Agent pursuant to this Mortgage and shall be subject to and covered by the provisions of Paragraph 2.3 hereof.

(aa) **Asbestos.** Grantor covenants and agrees that it will not install in the Mortgaged Property, nor permit to be installed in the Mortgaged Property, asbestos, material containing asbestos which is or may become friable or material containing asbestos deemed hazardous by any Applicable Environmental Law, and that if any such asbestos or material containing asbestos exists in or on the Mortgaged Property, whether installed by Grantor or others, Grantor will remove the same (or if removal is prohibited by law, will take whatever action is required by law, including, without limitation, implementing any required operation and maintenance program) promptly upon discovery at its sole expense. Upon the Collateral Agent' s reasonable request, at any time and from time to time during the existence of this Mortgage, Grantor shall provide at Grantor' s sole expense an inspection or audit of the Mortgaged Property from an engineering or consulting firm approved by the Collateral Agent, indicating the presence or absence of asbestos or material containing asbestos on the Mortgaged Property. If Grantor fails to provide same after thirty (30) days' notice, the Collateral Agent may order same, and Grantor grants to the Collateral Agent and its agents, employees, contractors and consultants access to

the Mortgaged Property and a license (which is coupled with an interest and irrevocable while this Mortgage is in effect) to perform inspections and tests. The cost of such inspections and tests shall be subject to and covered by the provisions of Paragraph 2.3 hereof.

2.3 **Right of the Collateral Agent to Perform.** Grantor agrees that if Grantor fails to perform any act or to take any action which Grantor is required to perform or take hereunder or under any of the other Loan Documents, or to pay any money which Grantor is required to pay hereunder or under any of the other Loan Documents, or takes any action prohibited hereby or thereby, the Collateral Agent, in Grantor' s name or in its own name, may but shall not be obligated to perform or cause to be performed such act or take such action, including, without limitation, entering the Mortgaged Property for such purpose and to take all such action thereon as it may deem necessary or appropriate, or pay such money or remedy any action so taken, and any expenses so incurred by the Collateral Agent, and any money paid by the Collateral Agent in connection therewith, shall be a demand obligation owing by Grantor to the Collateral Agent and the Collateral Agent, upon making such payment, shall be subrogated to all of the rights of the party receiving such payment. Any amounts due and owing by Grantor to any Creditor pursuant

to this Mortgage shall bear interest from the date such amount becomes due until paid at the rate of interest payable on matured but unpaid principal of or interest on the Notes and shall be a part of the Indebtedness and shall be secured by this Mortgage and by all of the other Loan Documents.

2.4 **Indemnification Regarding Environmental Matters.** Grantor agrees to indemnify and hold the Mortgagee (for purposes of this Paragraph, the term "**Mortgagee**" shall include the directors, officers, partners, employees, representatives and agents of the Mortgagee and any persons or entities owned or controlled by, owning or controlling, or under common control or otherwise affiliated with the Mortgagee) harmless from and against, and to reimburse the Mortgagee with respect to, any and all claims, demands, losses, damages (including consequential damages), liabilities, causes of action, judgments, penalties, costs and expenses (including reasonable attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, imposed on, asserted against or incurred by the Mortgagee at any time and from time to time by reason of, in connection with or arising out of (a) the breach of any representation or warranty of Grantor as set forth herein regarding asbestos, material containing asbestos or Applicable Environmental Laws, (b) the failure of Grantor to perform any obligation herein required to be performed by Grantor regarding asbestos, material containing asbestos or Applicable Environmental Laws, (c) any violation on or before the Release Date (as hereinafter defined) of any Applicable Environmental Law in effect on or before the Release Date, (d) the removal of hazardous substances or solid wastes from the Mortgaged Property (or if removal is prohibited by law, the taking of whatever action is required by law), (e) the removal of asbestos or material containing asbestos from the Mortgaged Property (or if removal is prohibited by Applicable Environmental Laws, the taking of whatever action is required by Applicable Environmental Laws, including, without limitation, the implementation of any required operation and maintenance program), (f) any act, omission, event or circumstance existing or occurring on or prior to the Release Date (including, without limitation, the presence on the Mortgaged Property or release from the Mortgaged Property of any hazardous substance or solid waste disposed of or otherwise released on or prior to the Release Date), resulting from or in connection with the ownership, construction, occupancy, operation, use and/or maintenance of the Mortgaged Property, regardless of whether the act, omission, event or circumstance constituted a violation of any Applicable Environmental Law at the time of its existence or occurrence, and (g) any and all claims or proceedings (whether brought by private party or governmental agency) for bodily injury, property damage, abatement or remediation, environmental damage or impairment or any other injury or damage resulting from or relating to any hazardous substance or solid waste located upon or migrating into, from or through the Mortgaged Property (whether or not any or all of the foregoing was caused by Grantor or its tenant or subtenant, or a prior owner of the Mortgaged Property or its tenant or subtenant, or any third party and whether or not the alleged liability is attributable to the handling, storage, generation, transportation or disposal of such substance or waste or the mere presence of such substance or waste on the Mortgaged Property). **WITHOUT LIMITATION, THE FOREGOING INDEMNITIES SHALL APPLY TO EACH INDEMNIFIED PARTY WITH RESPECT TO CLAIMS, DEMANDS, LOSSES, DAMAGES (INCLUDING CONSEQUENTIAL DAMAGES), LIABILITIES, CAUSES OF ACTION, JUDGMENTS,**

PENALTIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES AND COURT COSTS) WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNIFIED PARTY OR ANY STRICT LIABILITY. HOWEVER, SUCH INDEMNITIES SHALL NOT APPLY TO ANY INDEMNIFIED PARTY TO THE EXTENT THE SUBJECT OF THE INDEMNIFICATION IS CAUSED BY OR ARISES OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY. The term "**Release Date**" as used herein shall mean the earlier of the following two dates: (i) the date on which the Indebtedness has been paid and performed in full and this Mortgage has been released, or (ii) the date on which the lien of this Mortgage is foreclosed or a conveyance by deed in lieu of such foreclosure is fully effective; provided, if such payment, performance, release, foreclosure or conveyance is challenged, in bankruptcy proceedings or otherwise, the Release Date shall be deemed not to have occurred until such challenge is rejected, dismissed or withdrawn with prejudice. The foregoing indemnities shall not terminate upon the Release Date or upon the release, foreclosure or other termination of this Mortgage but will survive the Release Date, foreclosure of this Mortgage or conveyance in lieu of foreclosure, and the repayment of the Indebtedness and the discharge and release of this Mortgage and the other Loan Documents. Any amount to be paid hereunder by Grantor to the Mortgagee shall be a demand obligation owing by Grantor to the Mortgagee and shall be subject to and covered by the provisions of Paragraph 2.3 hereof. Nothing in this Paragraph, elsewhere in this Mortgage or in any other Loan Document shall limit or impair any rights or remedies of the Mortgagee against Grantor or any third party under Applicable Environmental Laws, including without limitation, any rights of contribution or indemnification available hereunder or thereunder.

ARTICLE III
ASSIGNMENT OF RENTS, LEASES, PROFITS, INCOME, CONTRACTS AND BONDS

3.1 **Assignment of Rents.** Pursuant to and to the extent permitted by La. R.S. 9:4401 et seq., and as security for the payment and performance of the Notes, the Indebtedness and the obligations set forth in the Loan Documents, Grantor does hereby absolutely and unconditionally assign, transfer and set over to the Collateral Agent all rents, income, receipts, revenues, issues, profits and proceeds to be derived from the Mortgaged Property, including, without limitation, the immediate and continuing right to collect and receive all of the rents, income, receipts, revenues, issues, profits and other sums of money that may now or at any time hereafter become due and payable to Grantor under the terms of any leases now or hereafter covering the Mortgaged Property, or any part thereof, including, but not limited to, minimum rents, additional rents, percentage rents, deficiency rents and liquidated damages following default, all proceeds payable under any policy of insurance covering the loss of rents resulting from untenantability caused by destruction or damage to the Mortgaged Property, and all of Grantor' s rights to recover monetary amounts from any tenant in bankruptcy, including, without limitation, rights of recovery for use and occupancy and damage claims arising out of lease defaults, including rejections, under any applicable bankruptcy law (as hereinafter defined), together with any sums of money that may now or at any time hereafter become due and payable to Grantor by virtue of

any and all royalties, overriding royalties, bonuses, delay rentals and any other amount of any kind or character arising under any and all present and future oil, gas and mining leases covering the Mortgaged Property or any part thereof (collectively, the "**Rents**"); and all proceeds and other amounts paid or owing to Grantor under or pursuant to any and all contracts and bonds relating to the construction, erection or renovation of the Mortgaged Property; subject however to a license hereby granted by the Collateral Agent to Grantor to collect and receive all of the foregoing (such license evidenced by the Collateral Agent' s acceptance of the Mortgage), subject to the terms and conditions hereof. Notwithstanding anything contained herein or in any of the other Loan Documents to the contrary, the assignment in this Paragraph is an absolute, unconditional and presently effective assignment and not merely a security interest; provided, however, upon the occurrence of a Default (as hereinafter defined) hereunder or upon the occurrence of any event or circumstance which with the lapse of time or the giving of notice or both would constitute a Default hereunder, such license shall automatically and immediately terminate and Grantor shall hold all Rents paid to Grantor thereafter in trust for the use and benefit of the Collateral Agent and the Collateral Agent shall have the right, power and authority, whether or not it takes possession of the Mortgaged Property, to seek enforcement of any such lease, contract or bond and to demand, collect, receive, sue for and recover in its own name any and all of the above described amounts assigned hereby and to apply the sum(s) collected, first to the payment of expenses incident to the collection of the same, and the balance to the payment of the Indebtedness; provided further, however, that the Collateral Agent shall not be deemed to have taken possession of the Mortgaged Property except on the

exercise of its option to do so, evidenced by its demand and overt act for such purpose. It shall not be necessary for the Collateral Agent to institute any type of legal proceedings or take any other action whatsoever to enforce the assignment provisions in this Paragraph 3.1.

3.2 **Assignment of Leases.** As security for the payment and performance of the Notes, the Indebtedness and the obligations set forth in the Loan Documents, Grantor hereby assigns to the Collateral Agent all existing and future leases, including, without limitation, all subleases thereof, and any and all extensions, renewals, modifications and replacements thereof, upon any part of the Mortgaged Property (collectively, the "**Leases**") and Grantor hereby further assigns to the Collateral Agent all guaranties of tenants' performance under the Leases. Prior to a Default, Grantor shall have the right, without joinder of the Collateral Agent, to enforce the Leases, unless the Collateral Agent directs otherwise.

3.3 **Warranties Concerning Leases and Rents.** Grantor represents and warrants that:

(a) Grantor has (or will have, with respect to any future leases) good title to the Leases and Rents and authority to assign them, and no other person or entity has any right, title or interest therein;

(b) all existing Leases are valid, unmodified and in full force and effect, except as indicated herein, and, to Grantor' s knowledge, no default exists thereunder;

(c) unless otherwise provided herein, no Rents have been or will be assigned, mortgaged or pledged;

(d) no Rents have been or will be anticipated, waived, released, discounted, set off or compromised; and

(e) except as indicated in the Leases, Grantor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents or not more than one (1) month in advance.

3.4 **Grantor' s Covenants of Performance.** Grantor covenants to:

(a) perform all of its obligations under the Leases and give prompt notice to the Collateral Agent of any failure to do so;

(b) give immediate notice to the Collateral Agent of any notice Grantor receives from any tenant or subtenant under any Leases, specifying any claimed default by any party under such Leases, excluding, however, notices of default under residential leases;

(c) enforce the tenant' s obligations under the Leases;

(d) defend, at Grantor' s expense, any proceeding pertaining to the Leases, including, if the Collateral Agent so requests, any such proceeding to which the Collateral Agent is a party;

(e) neither create nor permit any encumbrance upon its interest as lessor of the Leases, except this Mortgage and any other encumbrances permitted by this Mortgage; and

(f) until otherwise directed by the Collateral Agent upon the occurrence of an Event of Default, cause all sums payable to the Grantor and assigned hereby, whether as rent, purchase proceeds or avails, income, and all other sums or otherwise, to be paid directly to the such account(s) as the Collateral Agent may specify (each an "Earnings Account") and cause all Leases to specify that payments due the Grantor be made directly to the Earnings Account.

3.5 **Prior Approval for Actions Affecting Leases.** Grantor shall not, without the prior written consent of the Collateral Agent:

(a) receive or collect Rents more than one month in advance;

(b) encumber or assign future Rents;

(c) waive or release any obligation of any tenant under the Leases;

(d) cancel, terminate or modify any of the Leases; cause or permit any cancellation, termination or surrender of any of the Leases; or commence any proceedings for dispossession of any tenant under any of the Leases, except upon default by the tenant thereunder;

(e) renew or extend any of the Leases, except pursuant to terms in existing Leases;

(f) permit any assignment of the Leases; or

(g) enter into any Leases after the date hereof.

3.6 **Settlement for Termination.** Grantor agrees that no settlement for damages for termination of any of the Leases under the Federal Bankruptcy Code, or under any other federal, state or local statute, shall be made without the prior written consent of the Collateral Agent, and any check in payment of such damages will be made payable to both Grantor and the Collateral Agent. Grantor hereby assigns any such payment to the Collateral Agent to be applied to the Indebtedness as the Collateral Agent may elect and agrees to endorse any check for such payment to the order of the Collateral Agent.

3.7 **The Collateral Agent in Possession.** The Collateral Agent' s acceptance of this assignment shall not, prior to entry upon and taking possession of the Mortgaged Property by the Collateral Agent, be deemed to constitute the Collateral Agent a "**mortgagee in possession,**" nor obligate the Collateral Agent to appear in or defend any proceedings relating to any of the Leases or to the Mortgaged Property, take any action hereunder, expend any money, incur any expenses, or perform any obligation or liability under the Leases, or assume any obligation for any deposits delivered to Grantor by any tenant and not delivered to the Collateral Agent. The Collateral Agent shall not be liable for any injury or damage to any person or property in or about the Mortgaged Property.

3.8 **Appointment of Attorney**. Grantor hereby irrevocably appoints the Collateral Agent its attorney-in-fact, coupled with an interest, empowering the Collateral Agent to subordinate any Leases to this Mortgage.

3.9 **Indemnification.** Grantor hereby indemnifies and holds the Collateral Agent (which shall include the directors, officers, partners, employees, representatives and agents of the Collateral Agent and any persons or entities owned or controlled by, owning or controlling, or under common control or affiliated with the Collateral Agent) harmless from all liability, damage or expense imposed on or incurred by the Collateral Agent from any claims under the Leases, including, without limitation, any claims by Grantor with respect to payments of Rents made directly to the Collateral Agent after Default and claims by any tenant for security deposits or for rental payments more than one (1) month in advance and not delivered to the Collateral Agent.

All amounts indemnified against hereunder, including, without limitation, reasonable attorneys' fees, if paid by the Collateral Agent shall bear interest at the Default Rate (as defined in the Credit Agreement) and shall be payable by Grantor in accordance with Paragraph 2.3 hereof. The foregoing indemnities shall not terminate upon the foreclosure, release or other termination of this Mortgage but will survive foreclosure of this Mortgage or conveyance in lieu of foreclosure and the repayment of the Indebtedness and the discharge and release of this Mortgage and the other Loan Documents.

3.10 **Records.** Upon request by the Collateral Agent, Grantor shall deliver to the Collateral Agent executed originals of all Leases and copies of all records relating thereto.

3.11 **Merger.** There shall be no merger of the leasehold estates, created by the Leases, with the fee estate of the Land without the prior written consent of the Collateral Agent.

3.12 **Right to Rely.** Grantor hereby irrevocably authorizes and directs the tenants under the Leases to pay Rents to the Collateral Agent upon written demand by the Collateral Agent without further consent of Grantor, and the tenants may rely upon any written statement delivered by the Collateral Agent to the tenants. Any such payment to the Collateral Agent shall constitute payment to Grantor under the Leases. The provisions of this Paragraph are intended solely for the benefit of the tenants and shall never inure to the benefit of Grantor or any person claiming through or under Grantor, other than a tenant who has not received such notice. The assignment of Rents set forth in Paragraph 3.1 is not contingent upon any notice or demand by the Collateral Agent to the tenants.

ARTICLE IV
EVENTS OF DEFAULT

Defaults. The term "**Default**" as used in this Mortgage shall mean the occurrence of any of the following events:

4.1 **Abandonment**. Grantor abandons all or a portion of the Mortgaged Property; or

4.2 **Destruction of Mortgaged Property.** The Mortgaged Property is demolished, destroyed or damaged and Grantor fails to perform in accordance with Section 5.3 of the Credit Agreement; or

4.3 **Condemnation.** The Mortgaged Property or a portion thereof is taken in condemnation, or sold in lieu of condemnation and Grantor fails to perform in accordance with Section 5.3 of the Credit Agreement; or

4.4 **Default under Credit Agreement.** An Event of Default (as such term is defined in the Credit Agreement) has occurred and is continuing.

ARTICLE V
REMEDIES AND RELATED RIGHTS

If a Default shall occur, the Collateral Agent may exercise any one or more of the following remedies and shall, in addition to any other rights afforded to the Collateral Agent under the Credit Agreement or otherwise, have the following related rights, without notice (unless notice is required by Applicable Laws):

5.1 **Possession.** Upon the occurrence of a Default, or any event or circumstance which, with the lapse of time or the giving of notice, or both, would constitute a Default hereunder, the Collateral Agent is authorized prior or subsequent to the institution of any foreclosure proceedings to enter upon the Mortgaged Property, or any part thereof, and to take possession of the Mortgaged Property and of all books, records and accounts relating thereto and to exercise without interference from Grantor any and all rights which Grantor has with respect to the management, possession, operation, protection or preservation of the Mortgaged Property, including the right to rent the same for the account of Grantor and to deduct from such rents all costs, expenses and liabilities of every character incurred by the Collateral Agent in collecting such rents and in managing, operating, maintaining, protecting or preserving the Mortgaged Property and to apply the remainder of such rents to the Indebtedness in such manner as the Collateral Agent may elect in its sole discretion. All such costs, expenses and liabilities incurred by the Collateral Agent in collecting such rents and in managing, operating, maintaining or preserving the Mortgaged Property, if not paid out of rents as hereinabove provided, shall constitute a demand obligation owing by Grantor and shall be subject to and covered by Paragraph 2.3 hereof. If necessary to obtain the possession provided for above, the Collateral Agent may invoke any and all legal remedies to dispossess Grantor, including, without limitation, one or more actions for forcible entry and detainer, trespass to try title and restitution. In connection with any action taken by the Collateral Agent pursuant to this Paragraph, the Collateral Agent shall not be liable for any loss

sustained by Grantor resulting from any failure to rent the Mortgaged Property, or any part thereof, or from any other act or omission of the Collateral Agent in managing the Mortgaged Property **(REGARDLESS OF WHETHER SUCH LOSS IS CAUSED BY THE NEGLIGENCE OF THE COLLATERAL AGENT)** unless such loss is caused by the willful misconduct or gross negligence of the Collateral Agent, nor shall the Collateral Agent be obligated to perform or discharge any obligation, duty or liability under any Lease covering the Mortgaged Property or any part thereof or under or by reason of this instrument or the exercise of rights or remedies hereunder. Grantor shall and does hereby agree to indemnify the Collateral Agent for, and to hold the Collateral Agent (which shall include the directors, officers, partners, employees, representatives and agents of the Collateral Agent and any persons or entities owned or controlled by, owning or controlling or under common control or affiliated with the Collateral Agent) harmless from, any and all liability, loss or damage which may or might be incurred by the Collateral Agent under any Lease or under or by reason of this Mortgage or the exercise of rights or remedies hereunder and from any and all claims and demands whatsoever which may be asserted against the Collateral Agent by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in any Lease, **REGARDLESS OF WHETHER SUCH**

LIABILITY, LOSS, DAMAGE, CLAIMS OR DEMANDS ARE THE RESULT OF THE NEGLIGENCE OF THE COLLATERAL AGENT, UNLESS SUCH LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE COLLATERAL AGENT. Should the Collateral Agent incur any such liability, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be subject to and covered by Paragraph 2.3 hereof. Nothing in this Paragraph shall impose any duty, obligation or responsibility upon the Collateral Agent for the control, care, management or repair of the Mortgaged Property, nor for the carrying out of any of the terms and conditions of any such Lease; nor shall it operate to make the Collateral Agent responsible or liable for any waste committed on the Mortgaged Property by the tenants or by any other parties or for any dangerous or defective condition of the Mortgaged Property, **OR FOR ANY NEGLIGENCE IN THE MANAGEMENT, UPKEEP, REPAIR OR CONTROL OF THE MORTGAGED PROPERTY RESULTING IN LOSS OR INJURY OR DEATH TO ANY TENANT, LICENSEE, EMPLOYEE OR STRANGER, UNLESS SUCH LOSS OR INJURY RESULTS FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE COLLATERAL AGENT.** Grantor hereby assents to, ratifies and confirms any and all actions of the Collateral Agent with respect to the Mortgaged Property taken under this Paragraph and agrees that the foregoing indemnity shall not terminate upon release, foreclosure or other termination of this Mortgage.

5.2 **Remedies**. (a) Upon the occurrence of any Default, the Collateral Agent may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against the Grantor and in and to the Mortgaged Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Collateral Agent may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Collateral Agent: (i) institute proceedings for the complete foreclosure of this Mortgage in which case the Mortgaged Property may be sold for cash or upon credit in one or more parcels under ordinary or executory process, at the Collateral Agent' s sole option, and with or without appraisement, appraisement being expressly waived; or (ii) to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Indebtedness then due and payable, subject to the continuing lien of this Mortgage for the balance of the Indebtedness not then due; or (iii) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained in this Mortgage, the Credit Agreement or any other Loan Document; or (iv) recover judgment on the Indebtedness either before, during or after any proceedings for the enforcement of this Mortgage; or (v) apply for the appointment of a trustee, receiver, liquidator or conservator of the Mortgaged Property, without regard for the adequacy of the security for the Indebtedness and without regard for the solvency of the Grantor or the Borrowers or of any other person, firm or other entity liable for the payment of the Indebtedness; or (vi) pursue such other remedies as the Collateral Agent may have under applicable law, including, without limitation, as a secured party under the Uniform Commercial Code. In conjunction with the Collateral Agent' s rights and remedies under the preceding clause (vi), upon the occurrence of a Default, the Collateral Agent may exercise its rights of enforcement with respect to the Personal Property under La. R.S. 10:9-101 et seq. (the

"**UCC**"), and in conjunction with, in addition to or in substitution for those rights and remedies:

(1) the Collateral Agent may enter upon the Mortgaged Property to take possession of, assemble and collect the Personal Property or to render it unusable; and

(2) the Collateral Agent may require Grantor to assemble the Personal Property and make it available at a place the Collateral Agent designates which is mutually convenient to allow the Collateral Agent to take possession or dispose of the Personal Property; and

(3) written notice mailed to Grantor as provided herein ten (10) days prior to the date of public sale of the Personal Property or prior to the date after which any private sale of the Personal Property will be made shall constitute reasonable notice; and

(4) any sale made pursuant to the provisions of this Paragraph shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the sale of the Mortgaged Property under power of sale as provided herein upon giving the same notice with respect to the sale of the Personal Property hereunder as is required for such sale of the Mortgaged Property under power of sale; and

(5) in the event of a foreclosure sale, the Personal Property and the Mortgaged Property may, at the option of the Collateral Agent, be sold as a whole; and

(6) it shall not be necessary that the Collateral Agent take possession of the Personal Property or any part thereof prior to the time that any sale pursuant to the provisions of this Paragraph is conducted and it shall not be necessary that the Personal Property or any part thereof be present at the location of such sale; and

(7) prior to application of proceeds of disposition of the Personal Property to the Indebtedness, such proceeds shall be applied to the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses incurred by the Collateral Agent; and

(8) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the Indebtedness or as to the occurrence of any Default, or as to the Collateral Agent having declared all of such Indebtedness to be due and payable, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by the Collateral Agent, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and

(9) the Collateral Agent may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by the Collateral

Agent, including the sending of notices and the conduct of the sale, but in the name and on behalf of the Collateral Agent.

(b) The proceeds or avails of any sale made under or by virtue of this Section, together with any other sums which then may be held by the Collateral Agent under this Mortgage, whether under the provisions of this Section or otherwise, shall be applied by the Collateral Agent to payment of the Indebtedness in the following order unless a court of competent jurisdiction shall otherwise direct:

(i) FIRST, to payment of all costs and expenses of the Collateral Agent incurred in connection with the collection and enforcement of the Indebtedness or of the mortgage, security interest and collateral assignment granted to the Collateral Agent pursuant to this Mortgage;

(ii) SECOND, in accordance with Section 8.3 of the Credit Agreement.

(c) Upon any sale made under or by virtue of this Section, the Collateral Agent may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Indebtedness the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which the Collateral Agent is authorized to deduct under this Mortgage.

(d) The Collateral Agent may proceed under this Mortgage solely as to the immovable property interests separate and apart from any other collateral documents by the Mortgagor or any other Security Party securing the payment and performance of the Indebtedness (including without limitation any security agreement by the Grantor covering its personal (movable) properties, including without limitation equipment and inventory located on or about the Land), or as to both the immovable and movable property interests in accordance with its rights and remedies in respect of the immovable property interests. The Collateral Agent may proceed under this Mortgage solely as to the immovable property interests, or under the UCC solely as to the movable property interests, or as to both the immovable and movable property interests in accordance with its rights and remedies in respect of the immovable property interests.

(e) Upon the occurrence of any Default, the Collateral Agent may additionally take any one or more of the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Collateral Agent may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the : (i) the Collateral Agent may notify any and all tenants of the Land or the Improvements to pay all Rents due thereafter directly to the Collateral Agent at the address set forth in the Collateral Agent' s notice to such tenants; the Grantor irrevocably agrees that all such tenants shall be authorized to pay the Rents directly to the Collateral Agent without liability of such tenants for the determination of the actual existence of any Default claimed by the Collateral Agent, and the tenants shall be expressly relieved of any and all duty, liability and obligation to the Grantor in

connection with any and all Rents so paid; or (ii) the Collateral Agent may enter upon and take possession of the Mortgaged Property, to manage and operate the Mortgaged Property and the Grantor' s business on the Mortgaged Property, and take possession of and use all books of account and financial records of the Grantor and its property managers or representatives, if any, relating to the Mortgaged Property; or (iii) the Collateral Agent may alter, modify, amend, terminate or permit the surrender of any or all Leases, and the Collateral Agent may execute new Leases of any part of the Mortgaged Property, including Leases that extend beyond the maturity date of the Indebtedness. The enforcement of any and all such rights available to the Collateral Agent hereunder shall continue for so long as the Collateral Agent shall elect, notwithstanding that the collection and application of the Rents may have cured the original default. Following the exercise of any of the foregoing rights, the Collateral Agent may, at its sole option, through written notice to the Grantor, permit the Grantor to reenter and take possession of the Mortgaged Property or any part thereof, and to perform all acts necessary for the operation and maintenance of the Mortgaged Property, including the right to collect the Rents, but the Collateral Agent shall nevertheless have the right, effective upon written notice, to demand, sue for possession of and collect the Rents under the Leases and otherwise exercise its rights under this Mortgage again.

5.3 **Set-Off**. Upon the occurrence of any Default, the Collateral Agent shall have the right to set-off any funds of the Grantor in the possession of any Lender (other than tenant security deposits under Leases) against any amounts then due by the Grantor or the Borrowers pursuant to the Credit Agreement or by the Grantor pursuant to this Mortgage or any other collateral document securing the Indebtedness.

5.4 **Confession of Judgment**. For purposes of foreclosure under Louisiana executory process procedures, the Grantor hereby acknowledges the Indebtedness and confesses judgment in favor of Collateral Agent and the Lenders and the Creditors for the full amount of the Indebtedness.

5.5 **Attorney Fees**. In case the Indebtedness is placed in the hands of attorneys at law for the filing of foreclosure proceedings, to protect the rights of the Collateral Agent or the Lenders or the Creditors or to enforce any of the agreements contained in this Mortgage, the Grantor will pay all costs of collection, including but not limited to reasonable attorneys' fees, incurred in connection with the protection of or realization of collateral or in connection with any of the Collateral Agent' s collection efforts, whether or not suit on the Indebtedness or any foreclosure proceedings are filed. The Grantor further agrees that the Indebtedness shall be increased by the amount of said costs and fees.

5.6 **Keeper**. In the event the Mortgaged Property, or any part thereof, is seized as an incident to an action for the recognition or enforcement of this Mortgage by executory process, ordinary process, sequestration, writ of fieri facias or otherwise, the Grantor agrees that the court issuing any such order shall, if petitioned for by the Collateral Agent, direct the applicable sheriff to appoint as a keeper of the Mortgaged Property, the Collateral Agent or any agent designated by Collateral Agent or any person named by the Collateral Agent at the time such seizure is effected. This designation is pursuant to La. R.S. 9:5136 through 5140.2, inclusive, as the same

may be amended, and the Collateral Agent shall be entitled to all the rights and benefits afforded thereunder. It is hereby agreed that the keeper shall be entitled to receive reasonable compensation in excess of its reasonable costs and expenses incurred in the administration or preservation of the Mortgaged Property. The designation of keeper made herein shall not be deemed to require the Collateral Agent to provoke the appointment of such a keeper.

5.7 **Waivers**. The Grantor waives in favor of the Collateral Agent and the Lenders and the Creditors any and all homestead exemptions and other exemptions of seizure or otherwise to which the Grantor is or may be entitled under the constitution and statutes of the State of Louisiana insofar as the Mortgaged Property is concerned. The Grantor further waives: (a) the benefit of appraisement as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2723 and 2724, and all other laws conferring the same; (b) the demand and three days

delay accorded by Louisiana Code of Civil Procedure Articles 2639 and 2721; (c) the notice of seizure required by Louisiana Code of Civil Procedure Articles 2293 and 2721; (d) the three days delay provided by Louisiana Code of Civil Procedure Articles 2331 and 2722; and (e) the benefit of the other provisions of Louisiana Code of Civil Procedure Articles 2331, 2722 and 2723, not specifically mentioned above.

5.8 **Authentic Evidence**. Any and all declarations of facts made by authentic act before a notary public in the presence of two witnesses by a person declaring that such facts lie within his knowledge, shall constitute authentic evidence of such facts for the purpose of executory process.

5.9 **Partial Foreclosure.** In the event of a Default in the payment of any part of the Indebtedness, the Collateral Agent shall have the right to proceed with foreclosure of the liens and security interests evidenced hereby without declaring the entire Indebtedness due, and in such event any such foreclosure sale may be made subject to the unmatured part of the Indebtedness; and any such sale shall not in any manner affect the unmatured part of the Indebtedness, but as to such unmatured part this Mortgage shall remain in full force and effect just as though no sale had been made. The proceeds of any such sale shall be applied as provided in Section 5.2(b) except that the amount paid under subparagraph SECOND thereof shall be only the matured portion of the Indebtedness and any proceeds of such sale in excess of those provided for in subparagraphs FIRST and SECOND (modified as provided above) shall be applied to installments of principal of and interest on the Notes in the inverse order of maturity. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness.

5.10 **Remedies Cumulative.** All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any of the other Loan Documents, or any part thereof, or otherwise benefiting the Collateral Agent, and the Mortgagee shall, in addition to the remedies herein provided, be entitled to avail themselves of all such other remedies as may now or hereafter exist at law or in equity for the collection of the Indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and security interests evidenced hereby, and

resort to any remedy provided for hereunder or under any such Loan Documents or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

5.11 **Waiver.** To the full extent Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force pertaining to the rights and remedies of sureties or providing for any appraisement, valuation, stay, extension or redemption, and Grantor, for Grantor and Grantor' s heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of intention to mature or declare due the whole of the Indebtedness, notice of election to mature or declare due the whole of the Indebtedness and all rights to a marshaling of the assets of Grantor, including, without limitation, the Mortgaged Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and security interests hereby created. Grantor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents or other matters whatever to defeat, reduce or affect the right of the Collateral Agent under the terms of this Mortgage to a sale of the Mortgaged Property for the collection of the Indebtedness without any prior or different resort of collection, or the right of the Collateral Agent under the terms of this Mortgage to the payment of such Indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other claimant whatever. If any law referred to in this Paragraph and now in force, of which Grantor or Grantor' s heirs, devisees, representatives, successors and assigns and such other persons claiming any interest in the Mortgaged Property might take advantage despite this Paragraph, shall hereafter be repealed or cease to be enforced, such law shall not thereafter be deemed to preclude the application of this Paragraph.

5.12 **Delivery of Possession After Foreclosure.** Except as provided in any applicable subordination, nondisturbance and attornment agreement between the Collateral Agent and a tenant of the Mortgaged Property, in the event there is a foreclosure sale hereunder and at the time of such sale Grantor or Grantor' s heirs, devisees, representatives, successors or assigns or any other persons claiming any interest in the Mortgaged Property by, through or under Grantor are occupying or using the Mortgaged Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day-to-day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain an action for forcible entry and detainer of said property in the appropriate court having jurisdiction.

5.13 **Tender After Acceleration.** If, following the occurrence of a Default and the acceleration of the Indebtedness but prior to the foreclosure of this Mortgage, Grantor shall tender to the Collateral Agent payment of an amount sufficient to pay the entire Indebtedness,

such tender shall be deemed to be a voluntary prepayment under the Notes and, consequently, Grantor shall also pay to the Collateral Agent any charge or premium required under the Notes or any other Loan Documents to be paid in order to prepay principal and, if such principal payment is made during any period when prepayment is prohibited by this Mortgage, the Notes or any of the other Loan Documents the applicable charge or premium shall be the maximum prepayment penalty provided for in the Notes; provided, however, that in the event any amount payable under this Paragraph is deemed interest, in no event shall such amount when added to the interest otherwise payable on the Notes and the other Indebtedness exceed the maximum interest permitted under applicable law.

ARTICLE VI
MISCELLANEOUS

6.1 **Defeasance.** If all of the Indebtedness is paid as the same becomes due and payable and if all of the covenants, warranties, undertakings and agreements made in this Mortgage are kept and performed, then and in that event only, all rights under this Mortgage shall terminate and the Mortgaged Property shall become wholly clear of the liens, security interests, conveyances and assignments evidenced hereby, which shall be released by the Collateral Agent in due form at Grantor' s cost.

6.2 **Maximum Indebtedness**. The maximum amount of the Indebtedness that may be outstanding at any time and from time to time that this Mortgage, including without limitation as a mortgage and as an assignment of the Rents and the Leases and including any amounts incurred by Collateral Agent under Section 2.2(j) hereof, secures is Three Hundred Million Dollars ($300,000,000.00).

6.3 **Maturity**. A portion of the Indebtedness matures on August 13, 2009.

6.4 **Waiver by the Collateral Agent.** The Collateral Agent may at any time and from time to time in writing (a) waive compliance by Grantor with any covenant herein made by Grantor to the extent and in the manner specified in such writing; (b) consent to Grantor doing any act which hereunder Grantor is prohibited from doing, or consent to Grantor failing to do any act which hereunder Grantor is required to do, to the extent and in the manner specified in such writing; (c) release any part of the Mortgaged Property, or any interest therein, from the lien and security interest of this Mortgage without the joinder of Mortgagee; or (d) release any party liable, either directly or indirectly, for the Indebtedness or for any covenant herein or in any of the other Loan Documents now or hereafter securing the payment of the Indebtedness, without impairing or releasing the liability of any other party. No such act shall in any way impair the rights of the Collateral Agent hereunder except to the extent specifically agreed to by the Collateral Agent in such writing.

6.5 **Actions by the Collateral Agent.** The lien, security interest and other security rights of the Collateral Agent hereunder shall not be impaired by any indulgence, moratorium or release granted by the Collateral Agent, including but not limited to (a) any renewal, extension,

increase or modification which the Collateral Agent may grant with respect to any of the Indebtedness; (b) any surrender, compromise, release, renewal, extension, exchange or substitution which the Collateral Agent may grant in respect of the Mortgaged Property, or any part thereof or any interest therein; or (c) any release or indulgence granted to any endorser, guarantor or surety of any of the Indebtedness. The taking of additional security by the Collateral Agent shall not release or impair the lien, security interest or other security rights of the Collateral Agent hereunder or affect the liability of Grantor or of any endorser or guarantor or other surety or improve the rights of any permitted junior lienholder in the Mortgaged Property.

6.6 **Rights of the Collateral Agent.** The Collateral Agent may waive any Default without waiving any other prior or subsequent Default. The Collateral Agent may remedy any default without waiving the Default remedied. Neither the failure by the Collateral Agent to exercise, nor the delay by the Collateral Agent in exercising, any right, power or remedy upon any Default shall be construed as a waiver of such Default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by the Collateral Agent of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Grantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent and then such waiver or consent shall be effective only in the specific instances, for the purpose for which

given and to the extent therein specified. No notice to nor demand on Grantor in any case shall of itself entitle Grantor to any other or further notice or demand in similar or other circumstances. Acceptance by the Collateral Agent of any payment in an amount less than the amount then due on any of the Indebtedness shall be deemed an acceptance on account only and shall not in any way affect the existence of a Default hereunder.

6.7 **Notification of Account Debtors.** The Collateral Agent may at any time after Default by Grantor notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness included in the Personal Property to pay the Collateral Agent directly.

6.8 **Reproduction as Financing Statement.** A carbon, photographic or other reproduction of this Mortgage or of any financing statement relating to this Mortgage shall be sufficient as a financing statement.

6.9 **Fixture Filing.** This Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all fixtures now or hereafter included within the Mortgaged Property and is to be filed for record in the real property records in the Office of the Parish Clerk for the parish or counties where the Mortgaged Property (including said fixtures) is situated. This Mortgage shall also be effective as a financing statement covering as-extracted collateral, and is to be filed for record in the real property records of the parish where the Mortgaged Property is situated. The mailing address of Grantor (debtor) is set forth on the first page of this

Mortgage and the address of the Collateral Agent (secured party) from which information concerning the security interest may be obtained is the address of the Collateral Agent set forth in Paragraph 1.1 of this Mortgage. Grantor is a corporation, the Grantor' s jurisdiction of organization is Louisiana, and the Grantor' s organizational identification number is 105301600.

6.10 **Filing and Recordation.** Grantor will cause this Mortgage and all amendments and supplements thereto and substitutions therefor and all financing statements and continuation statements relating hereto to be recorded, filed, re-recorded and refiled in such manner and in such places as the Mortgagee shall reasonably request, and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges. Grantor hereby authorizes the Mortgagee to file any financing statement or financing statement amendment covering the Personal Property or relating to the security interest created herein.

6.11 **Dealing with Successor.** In the event the ownership of the Mortgaged Property or any part thereof becomes vested in a person other than Grantor, the Collateral Agent may, without notice to Grantor, deal with such successor or successors in interest with reference to this Mortgage and to the Indebtedness in the same manner as with Grantor, without in any way vitiating or discharging Grantor' s liability hereunder or for the payment of the Indebtedness; provided, however, nothing in this Paragraph shall be construed as permitting any transfer of the Mortgaged Property which would constitute a Default under this Mortgage. No sale of the Mortgaged Property, no forbearance on the part of the Collateral Agent and no extension of the time for the payment of the Indebtedness given by the Collateral Agent shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Grantor hereunder or for the payment of the Indebtedness or the liability of any other person hereunder or for the payment of the Indebtedness, except as agreed to in writing by the Collateral Agent.

6.12 **Place of Payment.** The Indebtedness shall be payable at the place designated in the Credit Agreement, or if no such designation is made, at the office of the Collateral Agent at the address indicated in this Mortgage, or at such other place as the Collateral Agent may designate in writing.

6.13 **Subrogation.** To the extent that proceeds of the Notes are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Mortgaged Property, such proceeds have been advanced by the Collateral Agent at Grantor' s request and the Collateral Agent shall be subrogated to any and all rights, security interests and liens owned or held by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released; provided, however, that the terms and provisions of this Mortgage shall govern the rights and remedies of the Collateral Agent and shall supersede the terms, provisions, rights and remedies under and pursuant to the instruments creating the liens, security interests, charges or encumbrances to which the Collateral Agent is subrogated hereunder.

6.14 **Application of Indebtedness.** If any part of the Indebtedness cannot be lawfully secured by this Mortgage or if any part of the Mortgaged Property cannot be lawfully subject to

the lien and security interest hereof to the full extent of the Indebtedness, then all payments made shall be applied on said Indebtedness first in discharge of that portion thereof which is unsecured by this Mortgage.

6.15 **Usury.** This Mortgage has been executed under, and shall be construed and enforced in accordance with, the laws of the State of Louisiana, except as such laws are preempted by federal law. This Mortgage and all of the other Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable usury laws. If any provision hereof or of any of the other Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the application of such provision to any other person or circumstance nor the remainder of the instrument in which such provision is contained shall be affected thereby and shall be enforced to the greatest extent permitted by Applicable Laws. It is expressly stipulated and agreed to be the intent of Grantor and the Collateral Agent to at all times comply with the usury and other applicable laws now or hereafter governing the interest payable on the Indebtedness. If the applicable law is ever revised, repealed or judicially interpreted so as to render usurious any amount called for under the Notes or under any of the other Loan Documents, or contracted for, charged, taken, reserved or received with respect to the Indebtedness, or if the Collateral Agent' s exercise of the option to accelerate the maturity of the Indebtedness, or if any prepayment of the Indebtedness results in the payment of any interest in excess of that permitted by law, then it is the express intent of Grantor and the Collateral Agent that all excess amounts theretofore collected by the Collateral Agent be credited on the principal balance of the Notes (or, if the Notes and all of such other Indebtedness have been paid in full, refunded), and the provisions of the Notes and the other Loan Documents immediately be deemed reformed and the amounts thereafter collectable hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the then Applicable Laws, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid, or agreed to be paid, for the use, forbearance , detention, taking, charging, receiving or reserving on the Indebtedness shall, to the extent permitted by Applicable Laws, be amortized, prorated, allocated and spread throughout the full term of such Indebtedness until payment in full so that the rate or amount of interest on account of such Indebtedness does not exceed the usury ceiling from time to time in effect and applicable thereto for so long as debt is outstanding under the Indebtedness.

6.16 **Notice.** Any notice, request, demand or other communication required or permitted hereunder shall be given and received in accordance with Article 16 of the Credit Agreement.

6.17 **Heirs, Successors and Assigns.** The terms, provisions, covenants and conditions hereof shall be binding upon Grantor, and the heirs, devisees, representatives, successors and assigns of Grantor including all successors in interest of Grantor in and to all or any part of the Mortgaged Property, and shall inure to the benefit of the Mortgagee and its heirs, successors, substitutes and assigns and shall constitute covenants running with the Land. All references in

this Mortgage to Grantor or the Mortgagee or the Collateral Agent shall be deemed to include all such heirs, devisees, representatives, successors, substitutes and assigns.

6.18 **Severability.** A determination that any provision of this Mortgage is unenforceable or invalid shall not affect the enforceability or validity of any other provision and any determination that the application of any provision of this Mortgage to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

6.19 **Gender and Number.** Within this Mortgage, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural and words in the plural number shall be held and construed to include the singular, unless in each instance the context otherwise requires.

6.20 **Counterparts.** This Mortgage may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart.

6.21 **Joint and Several.** Where two or more persons or entities have executed this Mortgage, unless the context clearly indicates otherwise, the term "**Grantor**" as used in this Mortgage means the grantors hereunder or either or any of them and the obligations of Grantor hereunder shall be joint and several.

6.22 **Reporting Requirements.** Grantor agrees to comply with any and all reporting requirements applicable to the transaction evidenced by the Notes and secured by this Mortgage which are set forth in any law, statute, ordinance, rule, regulation, order or determination of any governmental authority (including, but not limited to, The International Investment Survey Act of 1976, The Agricultural Foreign Investment Disclosure Act of 1978, The Foreign Investment in Real Property Tax Act of 1980 and the Tax Reform Act of 1984) and further agrees upon request of the Collateral Agent to furnish the Collateral Agent with evidence of such compliance.

6.23 **Headings.** The Paragraph headings contained in this Mortgage are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several Paragraphs hereof.

6.24 **Consent of the Collateral Agent.** Except where otherwise provided herein, in any instance hereunder where the approval, consent or the exercise of judgment of the Collateral Agent is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of the Collateral Agent, and the Collateral Agent shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner, regardless of the reasonableness of either the request or the Collateral Agent' s judgment.

6.25 **Modification or Termination.** The Loan Documents may only be modified or terminated by a written instrument or instruments executed by the party against which enforcement of the modification or termination is asserted. Any alleged modification or termination which is not so documented shall not be effective as to any party. Grantor agrees that it shall be bound by any modification of this Mortgage or any of the other Loan Documents made by the Collateral Agent and any subsequent owner of the Mortgaged Property, with or without notice to or consent of Grantor, and no such modification shall impair the obligations of Grantor under this Mortgage or under any other Loan Document.

6.26 **Negation of Partnership.** Nothing contained in the Loan Documents is intended to create any partnership, joint venture or association between Grantor and the Collateral Agent, or in any way make the Collateral Agent a co-principal with Grantor with reference to the Mortgaged Property, and any inferences to the contrary are hereby expressly negated.

6.27 **Entire Agreement.** The Loan Documents constitute the entire understanding and agreement between Grantor and the Collateral Agent with respect to the transactions arising in connection with the Indebtedness and supersede all prior written or oral understandings and agreements between Grantor and the Collateral Agent with respect thereto. Grantor hereby acknowledges that, except as incorporated in writing in the Loan Documents, there are not, and were not, and no persons are or were authorized by the Collateral Agent to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Loan Documents.

6.28 **Applicable Law**. **THIS MORTGAGE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF LOUISIANA (WITHOUT GIVING EFFECT TO LOUISIANA' S PRINCIPLES OF CONFLICTS OF LAW) AND THE LAW OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN SUCH STATE; PROVIDED, HOWEVER, WITH RESPECT TO THE MAXIMUM RATE OF INTEREST THAT CAN BE CHARGED AND COLLECTED, THE LAWS GOVERNING THE NOTES SHALL BE APPLICABLE. GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY LOUISIANA OR FEDERAL COURT SITTING IN NEW ORLEANS, LOUISIANA (OR ANY PARISH IN LOUISIANA WHERE ANY PORTION OF THE PROPERTY IS LOCATED) OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, AND GRANTOR HEREBY AGREES AND CONSENTS THAT, IN ADDITION TO ANY METHODS OF SERVICE OF PROCESS PROVIDED FOR UNDER APPLICABLE LAW, ALL SERVICE OF PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY LOUISIANA OR FEDERAL COURT SITTING IN NEW ORLEANS, LOUISIANA (OR SUCH OTHER PARISH IN LOUISIANA) MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO GRANTOR AT THE ADDRESS OF GRANTOR FOR THE GIVING OF NOTICES SET FORTH IN THIS MORTGAGE, AND SERVICE SO MADE SHALL BE**

COMPLETE FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO MAILED. Without limiting the generality of the foregoing, as an assignment of Rents and Leases, this Mortgage shall be governed by and construed in accordance with La. R.S. 9:4401, as amended from time to time, and as a security agreement, this Mortgage shall be governed by and construed in accordance with the UCC;

provided, that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interests in any Personal Property is governed by the Uniform Commercial Code as in effect in a jurisdiction other than Louisiana, then this Mortgage, in such regard, shall be governed by the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

6.29 **Waiver of Jury Trial. GRANTOR AND THE COLLATERAL AGENT, FOR ITSELF AND THE CREDITORS (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY, AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN GRANTOR AND THE COLLATERAL AGENT ARISING OUT OF OR IN ANY WAY RELATED TO THIS MORTGAGE OR ANY OTHER LOAN DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE CREDITORS TO PROVIDE THE FINANCING DESCRIBED HEREIN OR IN THE OTHER LOAN DOCUMENTS**.

6.30 **Certificates**. The production of mortgage and conveyance certificates, tax researches, and other usual and customary certificates is waived by consent and all parties hereby agree to hold me, Notary, harmless for failure to procure and attach same to this Mortgage.

6.31 **Lender Acceptance**. Grantor acknowledges and agrees that this Mortgage need not be signed by Collateral Agent, whose consent is presumed and whose acceptance is tacit.

THUS DONE AND PASSED on the day and in the month and year hereinabove first written, in the presence of the undersigned witnesses who hereunto sign their names with the Grantor and me, Notary, after due reading of the whole.

WITNESSES:

_____

Printed Name:Michael Timpone

_____

Printed Name: John Greenwood

Grantor:

STOLTHAVEN NEW ORLEANS, LLC

By: _____

Name: Alan Winsor

Title: Attorney-in-Fact

_____

NOTARY PUBLIC

EXHIBIT "A"

TO

MORTGAGE, SECURITY AGREEMENT AND
ASSIGNMENT OF RENTS AND LEASES
EXECUTED BY STOLTHAVEN NEW ORLEANS L.L.C.,
AS GRANTOR

TRACT I

All that tract, piece or parcel of land situated, lying and being East of the Mississippi River in Section 1 of Township 13 South, Range 12 East, Section 24 of Township 14 South, Range 12 East, Sections 1 and 2 of Township 13 South, Range 13 East, and Sections 1 and 2 of Township 14 South, Range 13 East, Braithwaite Plantation, formerly known as Orange Grove Plantation, Plaquemines Parish, State of Louisiana, being more particularly described as follows:

Commencing at a point marked by an iron rail set in concrete in The Alabama Great Southern Railroad Company' s ("Railroad") Easterly or Upper property line as described in the deed recorded in the Conveyance Office of Plaquemines Parish, Louisiana at Book 225, Folio 23, said point being 75.00 feet distant Southwardly, as measured normal, from the original centerline of main track of the former Louisiana Southern Railway Company; then go N15°24' 00"W as measured along said Railroad' s Easterly or Upper property line, intersecting said original centerline of main track at Railway Valuation Station 709+83.7, a distance of 203.46 feet to a point on the Northerly right-of-way line of State of Louisiana Highway No. 39; then go N70°42' 17"W along said Northerly right-of-way line a distance of 2116.42 feet to a point on the Easterly line of a railroad spur track servitude conveyed by Railroad to Stolthaven New Orleans, L.L.C. by Servitude Agreement dated August 10, 2000, recorded in the Conveyance Office of Plaquemines Parish, Louisiana in Book 980, Folio 145; then go S41°00' 11"E a distance of 100.91 feet to a point at the Southeast corner of said spur track servitude; then go N70°42' 17"W along the centerline of State of Louisiana Route No. 39 (100 feet wide along this course) a distance of 797.82 feet to a point on the East line of said Section 2 of Township 13 South, Range 13 East, and Section 2 of Township 14 South, Range 13 East, said point being the TRUE POINT OF BEGINNING for the herein described tract of land;

thence along said centerline of State of Louisiana Highway No. 39 (100 feet wide) the following five (5) courses:

1) N70°42' 17"W a distance of 320.06 feet to a point of curvature

2) 600.00 feet along a curve deflecting to the right, said curve having a radius of 22918.30 feet and being subtended by a chord bearing N69°57' 17"W a chord distance of 599.98 feet to a point of tangency

3) N69°12' 17"W a distance of 1243.28 feet to a point of curvature

4) 629.17 feet along a curve deflecting to the right, said curve having a radius of 2864.79 feet and being subtended by a chord bearing N62°54' 47"W a chord distance of 627.90 feet to a point of tangency

5) N56°37' 17"W a distance of 355.99 feet to a point of curvature;

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thence along the "old" centerline of said State of Louisiana Highway No. 39 and centerline of said State of Louisiana Highway No. 3137 (80 feet wide) the following four (4) courses:

1) 773.89 feet along a curve deflecting to the right, said curve having a radius of 1909.86 feet and being subtended by a chord bearing N45°00' 47"W a chord distance of 768.61 feet to a point of tangency

2) N33°24' 17"W a distance of 592.80 feet to a point of curvature

3) 1020.87 feet along a curve deflecting to the left, said curve having a radius of 2864.90 feet and being subtended by a chord bearing N43°36' 47"W a chord distance of 1015.48 feet to a point of tangency

4) N53°49' 17"W a distance of 328.03 feet to a point on Railroad' s Westerly or Lower property line as described in the deed recorded in the Conveyance Office of Plaquemines Parish, Louisiana at Book 226, Folio 63;

thence N26°30' 48"W along said Lower property line a distance of 570.00 feet, more or less, to a point on the Mean Low Water Line of said Mississippi River;

thence Southeastwardly 5160 feet, more or less, along the meanders of said Mean Low Water Line being subtended by a chord bearing S63°55' 14"E; a chord distance of 5143.75 feet to a point on said East line of said Section 2 of Township 13 South, Range 13 East, and Section 2 of Township 14 South, Range 13 East;

thence leaving said Mean Low Water Line S13°42' 50"E along said East line of said Section 2 of Township 13 South, Range 13 East, and Section 2 of Township 14 South, Range 13 East, a distance of 1493.00 feet, more or less, to the Point of Beginning.

Together with all buildings, improvements, appurtenances, attachments, rights, ways, privileges, servitudes, advantages, batture and batture rights thereunto belonging or in anywise appertaining to the said property.

Said tract of land containing 118.1 acres, more or less, and being substantially as shown on a Drawing of Braithwaite Plantation prepared by DUFRENE SURVEYING & ENGINEERING INC. dated October 19, 1998, last revised August 4, 2000.

Being the property acquired by Stolthaven New Orleans, L.L.C. from Railroad by act dated August 10, 2000, recorded in the Conveyance Office of Plaquemines Parish, Louisiana at Book 980, Folio 134.

TRACT II

A certain portion of ground located in Braithwaite Plantation, Plaquemines Parish, Louisiana, in Section 1, Township 13 South, Range 12 East, Section 24, Township 14 South, Range 13 East, Sections 1 and 2, Township 14 South, Range 13 East, and part of Section 3, Township 14 South, Range 13 East, being a portion of Lots 22 & 23 of Tract I, portion of Lot 29 of Tract 2, portion of Lot 28 of the Kenilworth Tract, portion of the former E.Z. Opener Bag Company Tract, portion of property formerly of Gaston Dauterive and portion of property formerly of Valerie B. Dauterive, and is described as follows:

Commence from the intersection of the upper property line of the Louisiana Southern Railroad which is the line between Lots 9 & 10, Orange Grove Plantation, with the northerly right of way line of La. State Highway No. 39 and go North 70 degrees 42 minutes 17 seconds West along the

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northerly right of way line of La. State Highway No. 39 a distance of 2,116.42 feet to a point; thence go South 41 degrees 00 minutes 11 seconds East a distance of 100.91 feet to a point; thence go North 70 degrees 42 minutes 17 seconds West a distance of 708.53 feet to a point; thence go South 15 degrees 26 minutes 46 seconds East a distance of 216.31 feet to the POINT OF BEGINNING; thence continue South 15 degrees 26 minutes 46 seconds East a distance of 5,685.50 feet to a point on the Forty Arpent Line; thence go North 86 degrees 16 minutes 46 seconds West along the Forty Arpent Line a distance of 265.49 feet to a point; thence go North 76 degrees 16 minutes 46 seconds West along the Forty Arpent Line a distance of 966.90 feet to a point; thence go North 61 degrees 01 minutes 46 seconds West along the Forty Arpent Line a distance of 3,116.03 feet to a point; thence go North 61 degrees 46 minutes 46 seconds West along the Forty Arpent Line a distance of 748.27 feet to a point; thence go North 11 degrees 26 minutes 46 seconds West a distance of 5,384.74 feet to a point on the southerly right of way line of La. State Highway No. 39; thence go in an Easterly direction along the Southerly right of way line of La. State Highway No. 39 on a curve to the right with a radius of 2,241.83 feet, an arc length of 382.34 feet, a chord bearing of South 76 degrees 14 minutes 58 seconds East and a chord distance of 381.87 feet to a point; thence go South 56 degrees 37 minutes 17 seconds East a distance of 324.93 feet to a point; thence go South 11 degrees 26 minutes 46 seconds East a distance of 70.50 feet to a point; thence go South 56 degrees 37 minutes 17 seconds East a distance of 1,014.06 feet to a point of curvature; thence go in an easterly direction on a curve to the left with a radius of 2,770.00 feet, an arc length of 682.13 feet, a chord bearing of South 63 degrees 40 minutes 34 seconds East and a chord distance of 680.41 feet to a point of tangency; thence go South 70 degrees 43 minutes 51 seconds East a distance of 859.91 feet to a point; thence go South 70 degrees 46 minutes 43 seconds East a distance of 1291.39 feet to the POINT OF BEGINNING.

All of which is shown on a plat of survey by Dufrene Surveying & Engineering, Inc., dated June 10, 2003, revised August 1, 2003.

Being the property acquired by Stolthaven New Orleans, L.L.C. from The Alabama Great Southern Railroad Company by act dated September 26, 2003, recorded in the Conveyance Office of Plaquemines Parish, Louisiana at Book 1055, Folio 522, Entry No. 03006963.

EXHIBIT "B"

TO

MORTGAGE, SECURITY AGREEMENT AND
ASSIGNMENT OF RENTS AND LEASES
EXECUTED BY STOLTHAVEN NEW ORLEANS L.L.C.,
AS GRANTOR

PERMITTED ENCUMBRANCES

None.

EXHIBIT E

When Recorded, Return To:

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER' S LICENSE NUMBER.

**DEED OF TRUST, SECURITY AGREEMENT AND
ASSIGNMENT OF RENTS AND LEASES**

STATE OF TEXAS ‘
‘ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS ‘

THAT, STOLTHAVEN HOUSTON INC, ("**Grantor**", whether one or more), whose address is 15602 Jacintoport Boulevard, Houston, Texas 77015 for and in consideration of the sum of TEN DOLLARS ($10.00) to Grantor in hand paid by Stephen C. Jacobs, Esq., Trustee, of Harris County, Texas ("**Trustee**"), for the benefit of DnB NOR Bank ASA, as Collateral Agent for the Lenders (as hereinafter defined), in order to secure the payment of the Indebtedness (as hereinafter defined) and the performance of the obligations, covenants, agreements and undertakings of Grantor hereinafter described, does hereby GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN and SET OVER to Trustee the real estate (the "**Land**") situated in the County of Harris and State of Texas described in **Exhibit "A"** attached hereto and made a part hereof, TOGETHER WITH all of Grantor' s interests, rights and titles in and to the following, whether now owned or hereafter acquired by Grantor: (a) all buildings, structures, component parts, other constructions and other improvements now or hereafter attached to or placed, erected, constructed or developed on the Land together with all component parts of the foregoing and all appurtenances to such buildings, structures or improvements, including sidewalks, utility pipes, conduits, docks, tanks and lines, parking areas and roadways, and including all alterations, improvements, modifications, renovations and other additions to or changes in thereto at any time (the "**Improvements**"); (b) all materials, equipment, fixtures, furnishings, inventory, apparatus, fittings and articles of Personal Property (hereinafter defined) whatsoever now or hereafter delivered to, attached to, installed in, or used in or about the Improvements or which are

necessary or useful for the complete use and occupancy of the Improvements for the purposes for which they were or are to be attached, placed, erected, constructed or developed, or which Personal Property is or may be used in the development of the Improvements (including, without limiting the generality of the foregoing, , all desks, chairs, filing cabinets, tables, book cases, credenzas, wall hangings and similar items, power feed wiring, service piping, storage tanks, product piping, pumps, tank truck racks, foam piping system, chemical sewer system, wastewater treatment facility, air emission system, scales, compressed air system, foam pumper truck, crane truck, backhoe, bulldozer, rail car mover, forklift, spill boat, vacuum truck and cranes), and all renewals of or replacements or substitutions

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for any of the foregoing whether or not the same shall be attached to the Land or Improvements; (c) all water and water rights, timber, crops, and minerals and equipment now or hereafter delivered to and intended to be installed in or on the Land or Improvements; (d) all building materials and equipment now or hereafter delivered to and intended to be installed in or on the Land or Improvements; (e) all security deposits and advance rentals under any lease agreements now or at any time hereafter arising from or by virtue of any transactions related to the Land, Improvements or the Personal Property and held by or for the benefit of Grantor; (f) all monetary deposits which Grantor has given to any public or private utility with respect to utility services furnished to the Land or Improvements; (g) all rents, issues, profits, revenues, royalties, bonuses or other benefits of the Land, the Improvements or the Personal Property, including, without limitation, cash or securities deposited pursuant to leases of all or any part of the Land, Improvements or Personal Property; (h) all proceeds (including premium refunds) of each policy of insurance relating to the Land, Improvements or Personal Property; (i) all proceeds from the taking of the Land, Improvements, Personal Property or any part thereof or any interest or right or estate appurtenant thereto by eminent domain or by purchase in lieu thereof; (j) all Grantor' s rights (but not its obligations) under any contracts related to the Land or Improvements; (k) all Grantor' s rights (but not its obligations) under any documents, contract rights, commitments, accounts, general intangibles (including trademarks, trade names and symbols used in connection therewith) arising by virtue of any transactions related to the Land, Improvements or Personal Property; (l) all deposits, bank accounts, funds, instruments, notes or chattel paper arising from or related to the Land, Improvements or Personal Property; (m) all permits, licenses, franchises, certificates and other rights and privileges obtained in connection with the Land, Improvements or Personal Property; (n) all plans, specifications, maps, surveys, reports, architectural, engineering and construction contracts, books of account, insurance policies and other documents, of whatever kind or character, relating to the use, construction upon, occupancy, leasing, sale or operation of the Land or Improvements; (o) all oil, gas and other hydrocarbons and other minerals produced from or allocated to the Land or Improvements and all products processed or obtained therefrom, the proceeds thereof, and all accounts and general intangibles under which such proceeds may arise and all proceeds of the Personal Property; (p) all agreements, easements, servitudes and rights of way or use, rights of ingress or egress, privileges, appurtenances, tenements, hereditaments, prescriptions, advantages and other rights and benefits at any time belonging to, pertaining to or used in connection with the Land or Improvements; (q) all right, title and interest of Grantor in and to all streets, roads, ways, alleys, vaults, public places, easements and rights-of-way, existing or proposed, public or private, adjoining, abutting, adjacent or contiguous to or used in connection with, belonging or pertaining to the Land or any part thereof; and (r) all permits, licenses, rights, estates, powers, privileges and interests of whatever kind or character, whether or not of record, appurtenant or incident to the foregoing. All of the personal property of Grantor which is related in anyway to the Land and/or the Improvements and all fixtures, accessions and appurtenances thereto and all renewals or replacements of or substitutions therefore, and all of the foregoing property above which is personal property is herein collectively referred to as the "**Personal Property**", and all of the above is herein collectively referred to as the "**Mortgaged Property**". If the estate of Grantor in any of the above-described property is a leasehold estate ("**Leasehold Estate**"), this conveyance shall include, and the lien and security interest created hereby shall encumber, all additional title,

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estate, interest and other rights that may hereafter be acquired by Grantor in the property demised under the Leasehold Estate.

TO HAVE AND TO HOLD the Mortgaged Property, together with the rights, privileges and appurtenances thereto belonging unto the Trustee and his successors or substitutes, forever in this trust and to his or their successors and assigns, IN TRUST, however, upon the terms, provisions and conditions herein set forth.

In order to the secure the payment of the Indebtedness and performance of the obligations, covenants, agreements and undertakings of Grantor hereinafter described, Grantor hereby grants to the Collateral Agent (as hereinafter defined) a security interest in all of the Personal

Property, and agrees that the Collateral Agent shall have all of the rights and remedies with respect to such Personal Property as provided in this Deed of Trust or at law or in equity, including without limitation, the remedies provided under Paragraph 5.8 of this Deed of Trust.

ARTICLE I
SECURED INDEBTEDNESS

1.1 **Secured Indebtedness.** This Deed of Trust, Security Agreement and Assignment of Rents and Leases (the "**Deed of Trust**") is made to secure and enforce the payment of the following obligations, indebtedness, promissory notes and liabilities: (a) that certain term loan and revolving credit facility agreement dated August 13, 2004 (as amended, modified, supplemented or restated from time to time, the "**Credit Agreement**") made by and among (i) the Grantor and Stolthaven New Orleans LLC, a Louisiana limited liability company ("**Stolthaven New Orleans**"), as borrowers (collectively, the "**Borrowers**"), (ii) the banks and financial institutions listed on Schedule 1 of the Credit Agreement, as lenders (together with any bank or financial institution which becomes a Lender pursuant to Article 10 of the Credit Agreement, the "**Lenders**"), (iii) DnB NOR Bank ASA, acting through its New York Branch ("**DnB NOR**"), as administrative agent for the Lenders (in such capacity, the "**Administrative Agent**"), and (iv) DnB NOR as collateral agent for the Lenders (in such capacity, the "**Collateral Agent**"), pursuant to which the Lenders have agreed to provide to the Borrowers a secured term loan in the amount of up to US$150,000,000 (the "**Term Loan**") and a secured revolving credit facility in the amount of up to US$20,000,000 (the "**Revolver**"); (b) that certain promissory note dated August 13, 2004 with respect to the Term Loan in the original principal amount of One Hundred Fifty Million and No/100 DOLLARS (US$150,000,000.00), made by Grantor and Stolthaven New Orleans, jointly and severally and payable to the order of the Administrative Agent, with interest at the rate or rates therein provided, with principal, interest and other sums being payable as therein provided; (c) that certain promissory note dated August 13, 2004 with respect to the Revolver in the original principal amount of Twenty Million and No/100 Dollars (US$20,000,000.00) made by Grantor and Stolthaven New Orleans, jointly and severally, and payable to the order of the Administrative Agent, with interest at the rate or rates therein provided, with principal, interest and other sums being payable as therein provided (such promissory notes referenced in the preceding clause (b) and this clause (c) and all modifications, increases, renewals or extensions thereof, in whole or in part, and all other notes given in substitution therefor or in modification, increase, renewal or extension thereof, in whole or in

part, are collectively referred to herein as the "**Notes**", and the Administrative Agent as said payee, the Collateral Agent, the Lenders and all subsequent holders of the Notes or any part thereof or any of the Indebtedness, as hereinafter defined, are collectively referred to herein as the "**Creditors**"); and (d) all future loans and advances made by a Creditor to Grantor in connection with the Credit Agreement and all other indebtedness, obligations and liabilities of every kind and character of Grantor now or hereafter existing in favor of the Creditors in connection with the Credit Agreement. The indebtedness, obligations, and liabilities referred to in this Paragraph are hereinafter collectively referred to as the "**Indebtedness.**" This Deed of Trust, the Notes, the Credit Agreement and any other instruments, documents and agreements now or hereafter evidencing, securing, governing, guaranteeing and/or pertaining to the Indebtedness or any part thereof are hereinafter collectively referred to as the "**Loan Documents**."

1.2 **Defined Terms.** Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

ARTICLE II
REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF GRANTOR

2.1 **Representations and Warranties.** Grantor does hereby represent and warrant to the Collateral Agent as follows:

(a) **Financial Matters.** Grantor is solvent, is not bankrupt and has no outstanding liens, suits, garnishments, bankruptcies or court actions which could render Grantor insolvent or bankrupt. There has not been filed by or against Grantor a petition in bankruptcy or a petition or answer seeking an assignment for the benefit of creditors, the appointment of a receiver, trustee, custodian or liquidator with respect to Grantor or any portion of Grantor' s property, reorganization, arrangement, rearrangement, composition, extension, liquidation or dissolution or similar relief under the United States Bankruptcy Code or any state law. All reports, statements and other data furnished by Grantor to the Creditors in connection with the loan evidenced by the Notes are true and correct in all material respects and do not omit to state any fact or circumstance necessary to make the statements contained therein not misleading. No material adverse change has occurred since the dates of such reports, statements and other data in the financial condition of Grantor or of any tenant under leases described in such reports, statements and other data. For the purposes of this Paragraph, Grantor shall also include any joint venturer or general partner of Grantor.

(b) **Title and Authority.** Grantor is the lawful owner of good and indefeasible fee simple and marketable title to those tracts which constitute part of the Land and are described as the fee tracts on Exhibit A to this Deed of Trust, of good and indefeasible easement estates in and to those tracts which constitute part of the Land and are described as the easement tracts on Exhibit A to this Deed of Trust, and the Improvements and has good right and authority to grant, bargain, sell, transfer, assign and

mortgage the Land and Improvements and to grant a security interest in the Personal Property. Grantor does not do business with respect to the Mortgaged Property under any trade name.

(c) **Permitted Encumbrances.** The Mortgaged Property is free and clear from all liens, security interests and encumbrances except the lien and security interest evidenced hereby and, as applicable, (i) the liens and/or encumbrances set forth in **Exhibit "B"** attached hereto and made a part hereof, if any, or (ii) the matters, if any, set forth as exceptions on Schedule B of the Policy (as defined hereinbelow), if any, or (iii) such liens or other encumbrances, if any, as are permitted by the Credit Agreement or (iv) if no Exhibit "B" is attached hereto and no Policy is issued, then any liens and/or encumbrances affecting the Mortgaged Property appearing in the Real Property Records of the county(ies) in which the Land is situated, but only to the extent the same are valid and subsisting (hereinafter called the "**Permitted Encumbrances**"). There are no mechanic' s or materialmen' s liens, lienable bills or other claims constituting a lien on the Mortgaged Property, or any part thereof other than permitted under the Credit Agreement.

(d) **No Financing Statement.** There is no financing statement covering all or any part of the Mortgaged Property or its proceeds on file in any public office which has not been terminated or assigned to the Collateral Agent.

(e) **Location of Personal Property.** All tangible Personal Property is located on the Land.

(f) **No Homestead.** No portion of the Mortgaged Property is being used as Grantor' s business or residential homestead.

(g) **No Default or Violation.** The execution, delivery and performance of this Deed of Trust, the Notes and all of the other Loan Documents do not contravene, result in a breach of or constitute a default under any mortgage, deed of trust, lease, promissory note, loan agreement or other contract or agreement to which Grantor is a party or by which Grantor or any of its properties may be bound or affected and do not violate or contravene any law, order, decree, rule or regulation to which Grantor is subject.

(h) **Compliance with Covenants and Laws.** The Mortgaged Property and the intended use thereof by Grantor comply (except where failure to comply would not alone or in the aggregate result in a Material Adverse Effect) with all applicable restrictive covenants, zoning ordinances and building codes, flood disaster laws, applicable health and environmental laws and regulations and all other applicable laws, statutes, ordinances, rules, regulations, orders, determinations and court decisions, including, without limitation, the Americans With Disabilities Act of 1990 and TEX. REV. CIV. STAT. ANN. art. 9102, as amended, and the Fair Housing Amendments Act of 1988, 42 U.S.C. §§3601 et. seq. (all of the foregoing hereinafter sometimes

collectively referred to as "**Applicable Laws**"), without reliance upon grandfather provisions or adjacent or other properties. Grantor has obtained all requisite zoning, utility, building, health and operating permits from each governmental authority or municipality having jurisdiction over the Mortgaged Property. All engineering specifications with respect to the Mortgaged Property are within applicable environmental standards.

(i) **Environmental.** Without limitation of any of the foregoing, no asbestos, material containing asbestos which is or may become friable or material containing asbestos deemed hazardous by Applicable Laws has been installed in the Mortgaged Property and the Mortgaged Property and Grantor are not in violation of or subject to any existing, pending or, to the best knowledge of Grantor, threatened investigation or inquiry by any governmental authority or to any remedial obligations under any Applicable Laws pertaining to health or the environment (such Applicable Laws as they now exist or are hereafter enacted and/or amended hereinafter sometimes collectively referred to as "**Applicable Environmental Laws**"), including without limitation, the

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (collectively, together with any subsequent amendments hereinafter referred to as "**CERCLA**"), the Resource Conservation and Recovery Act of 1976, as amended by the Used Oil Recycling Act of 1980, the Solid Waste Disposal Act Amendments of 1980, and the Hazardous and Solid Waste Amendments of 1984 (collectively, together with any subsequent amendments hereinafter called "**RCRA**"), the Texas Water Code and the Texas Solid Waste Disposal Act, except where any such violation, investigation or inquiry (if adversely determined against the Grantor) or remedial obligation would not alone or in the aggregate result in a Material Adverse Effect, and this representation would continue to be true and correct following disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to the Mortgaged Property and Grantor. Grantor has obtained all permits, licenses or similar authorizations required to construct, occupy, operate or use any buildings, improvements, fixtures and equipment forming a part of the Mortgaged Property by reason of any Applicable Environmental Laws. Grantor undertook, at the time of acquisition of the Mortgaged Property, all appropriate inquiry into the previous ownership and uses of the Mortgaged Property consistent with good commercial or customary practice to determine that the Mortgaged Property, at the time of Grantor' s purchase of same, was in material compliance with all Applicable Environmental Laws and that no hazardous substances or solid wastes had been disposed of or otherwise released on or to the Mortgaged Property. Since the Grantor' s acquisition of the Mortgaged Property no hazardous substances or solid wastes have been disposed of or otherwise released on or to the Mortgaged Property. The use which Grantor makes and intends to make of the Mortgaged Property will not result in the disposal or other release of any hazardous substance or solid waste on or to the Mortgaged Property. The terms "**hazardous substance**" and "**release**" as used in this Deed of Trust shall have the meanings specified in CERCLA, and the terms "**solid waste**" and "**disposal**" (or "**disposed**") shall have the meanings specified in RCRA; provided, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined

thereby, then such broader meaning shall apply subsequent to the effective date of such amendment and provided further, to the extent that the laws of the State of Texas establish a meaning for the terms "**hazardous substance,**" "**release,**" "**solid waste,**" or "**disposal**" (or "**disposed**") which is broader than that specified in either CERCLA or RCRA, such broader meaning shall apply.

(j) **No Suits.** Except as otherwise disclosed to the Collateral Agent in writing, there are no judicial or administrative actions, suits or proceedings pending or, to the best of Grantor' s knowledge, threatened against or affecting Grantor, any other person liable, directly or indirectly, for the Indebtedness, or the Mortgaged Property, either (i) involving the validity, enforceability or priority of any of the Loan Documents or (ii) if adversely determined could (whether individually or when aggregated with other such actions suits or proceedings) be reasonably expected to have a Material Adverse Effect.

(k) **Condition of Property.** The Mortgaged Property is served by electric, gas, storm and sanitary sewers, sanitary water supply, telephone and other utilities required for the use thereof as represented by Grantor at or within the boundary lines of the Mortgaged Property. All streets, alleys and easements necessary to serve the Mortgaged Property for the use represented by Grantor have been completed and are serviceable and access to the Mortgaged Property is via Jacintoport Boulevard which has been dedicated and accepted by applicable governmental entities. As of the date hereof, the Mortgaged Property is in good condition and repair with no material deferred maintenance and is free from damage caused by fire or other casualty. Grantor is aware of no latent or patent structural or other significant defect or deficiency in the Mortgaged Property. Design and as-built conditions of the Mortgaged Property are such that no drainage or surface or other water will drain across or rest upon either the Mortgaged Property or land of others. To the best of Grantor' s knowledge after due inquiry and investigation, none of the improvements on the Mortgaged Property create an encroachment over, across or upon any of the Mortgaged Property boundary lines, rights of way or easements and no buildings or other improvements on adjoining land create such an encroachment.

(l) **Organization.** Grantor is duly incorporated and validly existing under the laws of the state of its incorporation and is duly qualified to do business in the State of Texas. Grantor has all requisite power and has, except where failure to obtain would not alone or in the aggregate result in a Material Adverse Effect, all governmental certificates of authority, licenses, permits, qualifications and other documentation to own, lease and operate its properties and to carry on its business as now conducted and as contemplated to be conducted.

(m) **Enforceability.** The Notes, this Deed of Trust and all other Loan Documents constitute the legal, valid and binding obligations of Grantor enforceable in accordance with their respective terms. The execution and delivery of, and performance under, the Notes, this Deed of Trust and all other Loan Documents are within Grantor' s

powers and have been duly authorized by all requisite action and are not in contravention of the powers of Grantor' s charter, bylaws or other corporate papers.

(n) **Not a Foreign Person.** Grantor is not a "**foreign person**" within the meaning of the Internal Revenue Code of 1986, as amended (hereinafter called the "**Code**"), Sections 1445 and 7701 (i.e. Grantor is not a non-resident alien, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Code and regulations promulgated thereunder).

2.2 **Covenants and Agreements.** So long as the Indebtedness or any part thereof remains unpaid, Grantor covenants and agrees with the Collateral Agent as follows:

(a) **Payment and Performance.** Grantor will make prompt payment, as the same becomes due, of the Indebtedness and shall punctually and properly perform all of Grantor' s covenants, obligations and liabilities under the Loan Documents.

(b) **Existence.** Grantor will continuously maintain its existence and its right to do business in the State of Texas together with its franchises and trade names.

(c) **Taxes on Notes and Other Taxes.** Grantor will promptly pay all income, franchise and other taxes owing by Grantor and any stamp taxes which may be required to be paid with respect to this Deed of Trust.

(d) **Operation of Mortgaged Property.** Grantor will operate the Mortgaged Property in a good and workmanlike manner and in accordance with all Applicable Laws and will pay all fees or charges of any kind in connection therewith. Grantor will keep the Mortgaged Property occupied so as not to impair the insurance carried thereon. Grantor will not use or occupy, or allow the use or occupancy of, the Mortgaged Property in any manner which violates any Applicable Law or which constitutes a public or private nuisance or which makes void, voidable or cancelable, or increases the premium of, any insurance then in force with respect thereto. Grantor will not initiate or permit any zoning reclassification of the Mortgaged Property or seek any variance under existing zoning ordinances applicable to the Mortgaged Property or use or permit the use of the Mortgaged Property in such a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances or other Applicable Laws. Grantor will not impose any restrictive covenants or encumbrances upon the Mortgaged Property, execute or file any subdivision plat affecting the Mortgaged Property or consent to the annexation of the Mortgaged Property to any municipality, without the prior written consent of the Collateral Agent or unless and to the extent otherwise permitted hereby. Grantor shall not cause or permit any drilling or exploration for, or extraction, removal or production of, minerals from the surface or subsurface of the Mortgaged Property. Grantor will not do or suffer to be done any act whereby the value of any part of the Mortgaged Property may be materially lessened. During normal business hours and so long as Grantor' s business is not materially interrupted, Grantor will allow the Collateral Agent or its authorized representative to enter the Mortgaged Property at any

reasonable time to inspect the Mortgaged Property and Grantor' s books and records pertaining thereto and Grantor will assist the Collateral Agent or said representative in whatever way necessary to make such inspection. If Grantor receives a notice or claim from any federal, state or other governmental entity pertaining to the Mortgaged Property, including, without limitation, a notice that the Mortgaged Property is not in compliance with any Applicable Law material to Grantor' s business, Grantor will promptly furnish a copy of such notice or claim to the Collateral Agent.

(e) **Debts for Construction.** Grantor will cause all debts and liabilities of any character, including without limitation, all debts and liabilities for labor, material and equipment and all debts and charges for utilities servicing the Mortgaged Property, incurred in the construction, maintenance, operation and development of the Mortgaged Property, to be promptly paid; provided, that Grantor may in good faith contest the validity of any such debts and liabilities, and pending such contest Grantor shall not be deemed in default hereunder if (i) there exists no material risk of sale, forfeiture or loss of, or loss or interference with use or possession of, or diminution of value, utility or useful life of the Mortgaged Property or any interest therein, or any risk of interference with the repayment of the Notes, (ii) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Creditor, (iii) such contest would not materially and adversely affect the rights, titles and interests of any Creditor in or to the Mortgaged Property or any interest therein, and (iv) appropriate reserves with respect thereto are maintained in accordance with GAAP; provided, however, that in any event each such contest shall be concluded and the debt or liability shall be paid prior to the date any writ or order is issued under which the Mortgaged Property or any part thereof may be sold.

(f) **Ad Valorem Taxes.** Grantor will cause to be paid prior to delinquency all taxes and assessments heretofore or hereafter levied or assessed against the Mortgaged Property, or any part thereof, or against Trustee or the Collateral Agent for or on account of the Notes or any other Indebtedness or the interest created by this Deed of Trust and will furnish the Collateral Agent with receipts showing payment of such taxes and assessments at least ten (10) days prior to the applicable default date therefor; provided that Grantor may in good faith, by appropriate proceedings, contest the validity, applicability, or amount of any asserted tax or assessment, and pending such contest Grantor shall not be deemed in default hereunder if (i) there exists no material risk of sale, forfeiture or loss of, or loss or interference with use or possession of, or diminution of value, utility or useful life of the Mortgaged Property or any interest therein, or any risk of interference with the repayment of the Notes, (ii) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Creditor, (iii) such contest would not materially and adversely affect the rights, titles and interests of any Creditor in or to the Mortgaged Property or any interest therein, and (iv) appropriate reserves with respect thereto are maintained in accordance with GAAP; provided, however, that in any event each such contest shall be concluded and the tax, assessment, penalties, interest and costs shall be paid prior to the date any writ or order is issued under which the Mortgaged Property or any part thereof may be sold.

(g) **Repair and Maintenance.** Grantor will keep the Mortgaged Property in good order, repair, operating condition and appearance, causing all necessary repairs, renewals, replacements, additions and improvements to be promptly made, and will not allow any of the Mortgaged Property to be misused, abused or wasted or to deteriorate. To the extent necessary for the operation of the Mortgaged Property, Grantor will promptly replace all worn-out or obsolete fixtures or personal property covered by this Deed of Trust with fixtures or personal property comparable to the replaced fixtures or personal property when new. Grantor will make all renovations, modifications and alterations to the Mortgaged Property in compliance with all Applicable Laws. Notwithstanding any of the foregoing, Grantor will not, without the prior written consent of the Collateral Agent, (i) remove from the Mortgaged Property any fixtures or personal property covered by this Deed of Trust except those replaced by Grantor by an article of equal suitability and value, owned by Grantor, free and clear of any lien or security interest (except that created by this Deed of Trust); (ii) make any structural alteration to the Mortgaged Property or any other alterations thereto which impair the value thereof; or (iii) make any alteration to the Mortgaged Property involving an estimated expenditure exceeding $250,000 except pursuant to plans and specifications approved in writing by the Collateral Agent. Upon request of the Collateral Agent, Grantor will within thirty (30) days after such request deliver to the Collateral Agent an inventory describing and showing the make, model, serial number and location of all fixtures and personal property used in the management, maintenance and operation of the Mortgaged Property with a certification by Grantor that, to the best of its knowledge, said inventory is a true and complete schedule of all such fixtures and personal property used in the management, maintenance and operation of the Mortgaged Property, that such items specified in the inventory constitute all of the fixtures and personal property required in the management, maintenance and operation of the Mortgaged Property, and that all such items are owned by Grantor free and clear of any lien or security interest (except that created by this Deed of Trust) or otherwise permitted hereunder or under the Credit Agreement.

(h) **Insurance and Casualty.** Subject to the coverage amounts set forth in the Credit Agreement, Grantor will keep the Mortgaged Property insured against loss or damage by fire, explosion, windstorm, hail, flood (if the Mortgaged Property shall at any time be located in an identified "**flood prone area**" in which flood insurance has been made available pursuant to the Flood Disaster Protection Act of 1973), tornado and such other hazards as may be required by the Collateral Agent by policies of fire, extended coverage and other insurance in such company or companies, in such amounts, upon such terms and provisions, and with such endorsements, all as may be acceptable to the Collateral Agent. Grantor will also provide such other insurance as the Collateral Agent may from time to time reasonably require, in such companies, upon such terms and provisions, in such amounts, and with such endorsements, all as are approved by the Collateral Agent. Grantor further agrees that Grantor will deliver to the Collateral Agent the original policies evidencing such insurance and any additional insurance which shall be taken out upon any part of the Mortgaged Property and receipts evidencing the payment of all premiums, and will deliver certificates evidencing renewals of all such

policies of insurance to the Collateral Agent at least thirty (30) days before any such insurance shall expire. Without limiting the discretion of the Collateral Agent with respect to required endorsements to insurance policies, Grantor further agrees that all such policies shall provide that proceeds thereunder will be payable to the Collateral Agent as its interest may appear pursuant and subject to a mortgage clause (without contribution) of standard form attached to or otherwise made a part of the applicable policy. In the event of foreclosure of this Deed of Trust, or other transfer of title to the Mortgaged Property in extinguishment in whole or in part of the Indebtedness, all right, title and interest of Grantor in and to such policies then in force concerning the Mortgaged Property and

all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or the Collateral Agent or other transferee in the event of such other transfer of title. In the event any of the Mortgaged Property covered by such insurance is destroyed or damaged by fire, explosion, windstorm, hail or by any other casualty against which insurance shall have been required hereunder, (i) the Collateral Agent may, but shall not be obligated to, make proof of loss if not made promptly by Grantor; (ii) each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Collateral Agent or to Grantor, as provided for and in accordance with Section 5.3 of the Credit Agreement; and (iii) the Collateral Agent shall have the right to apply the insurance proceeds first, to reimburse the Collateral Agent or Trustee for all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with the collection of such proceeds and, second, the remainder of said proceeds shall be applied or disbursed as provided in Section 5.3 of the Credit Agreement. In any event the unpaid portion of the Indebtedness shall remain in full force and effect and Grantor shall not be excused in the payment thereof. If any act or occurrence of any kind or nature (including any casualty on which insurance was not obtained or obtainable) shall result in damage to or loss or destruction of the Mortgaged Property, Grantor shall give immediate written notice thereof to the Collateral Agent and, unless otherwise so instructed by the Collateral Agent or otherwise permitted by the Credit Agreement, shall promptly, at Grantor' s sole cost and expense and regardless of whether the insurance proceeds, if any, shall be sufficient for the purpose, restore, repair, replace and rebuild the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction in accordance with plans and specifications submitted to and approved by the Collateral Agent.

(i) **Condemnation.** Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Mortgaged Property or any portion thereof, or any other proceedings arising out of injury or damage to the Mortgaged Property, or any portion thereof, Grantor will notify the Collateral Agent of the pendency of such proceedings. The Collateral Agent may participate in any such proceedings, and Grantor shall from time to time deliver to the Collateral Agent all instruments requested by it to permit such participation. Grantor shall, at its expense, diligently prosecute any such proceedings, and shall consult with the Collateral Agent, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Except as otherwise provided in Section 5.3 of the Credit Agreement, all proceeds of

condemnation awards or proceeds of sale in lieu of condemnation with respect to the Mortgaged Property and all judgments, decrees and awards for injury or damage to the Mortgaged Property shall be paid to the Collateral Agent and shall be applied, first, to reimburse the Collateral Agent or Trustee for all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with collection of such proceeds and, second, the remainder of said proceeds shall be applied or disbursed as provided in Section 5.3 of the Credit Agreement. In any event the unpaid portion of the Indebtedness shall remain in full force and effect and Grantor shall not be excused in the payment thereof. In the event any of the foregoing proceeds are applied to the repair, restoration or replacement of the Mortgaged Property, Grantor shall promptly commence and complete such repair, restoration or replacement of the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage or taking in accordance with plans and specifications submitted to and approved by the Collateral Agent. Grantor hereby assigns and transfers all such proceeds, judgments, decrees and awards to the Collateral Agent and agrees to execute such further assignments of all such proceeds, judgments, decrees and awards as the Collateral Agent may request. Grantor hereby grants an irrevocable power of attorney to the Collateral Agent, such appointment being coupled with an interest, for the Collateral Agent, after the occurrence and during the continuance of a Default (as hereinafter defined), in the name of Grantor, to execute and deliver valid acquittances for, and to appeal from, any such judgment, decree or award. The Collateral Agent shall not be, in any event or circumstances, liable or responsible for the failure to collect, or the failure to exercise diligence in the collection of, any such proceeds, judgments, decrees or awards.

(j) **Protection and Defense of Lien.** If the validity or priority of this Deed of Trust or of any rights, titles, liens or security interests created or evidenced hereby with respect to the Mortgaged Property or any part thereof shall be endangered or questioned or shall be attacked directly or indirectly or if any legal proceedings are instituted against Grantor with respect thereto, Grantor will give prompt written notice thereof to the Collateral Agent and at Grantor' s own cost and expense will diligently endeavor to cure any defect that may be developed or claimed, and will take all necessary and proper steps for the defense of such legal proceedings, including, without limitation, the employment of counsel, the prosecution or defense of litigation and the release or discharge of all adverse claims, and Trustee and the Collateral Agent, or either of them (whether or not named as parties to legal proceedings with respect thereto) are hereby authorized and empowered to take such additional steps as in their judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this

Deed of Trust and the rights, titles, liens and security interests created or evidenced hereby, including, without limitation, the employment of counsel, the prosecution or defense of litigation, the compromise or discharge of any adverse claims made with respect to the Mortgaged Property, the purchase of any tax title and the removal of prior liens or security interests (including, without limitation, the payment of debts as they mature or the payment in full of matured or unmatured debts, which are secured by these prior liens or security interests), and all expenses so incurred of every

kind and character shall be subject to and covered by the provisions of Paragraph 2.3 hereof.

(k) **No Other Liens.** Grantor will not, without the prior written consent of the Collateral Agent (who, with respect to the addition of servitudes on the Mortgaged Property, shall grant its consent only with the consent of the Majority Lenders), create, place or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any deed of trust, mortgage, voluntary or involuntary lien, whether statutory, constitutional or contractual (except for the lien for ad valorem taxes on the Mortgaged Property which are not delinquent), security interest, encumbrance or charge, or conditional sale or other title retention document, against or covering the Mortgaged Property, or any part thereof, other than the Permitted Encumbrances, regardless of whether the same are expressly or otherwise subordinate to the lien or security interest created in this Deed of Trust, and should any of the foregoing become attached hereafter in any manner to any part of the Mortgaged Property without the prior written consent of the Collateral Agent, Grantor will cause the same to be promptly discharged and released. Grantor will own all parts of the Mortgaged Property and will not acquire any fixtures, equipment or other property forming a part of the Mortgaged Property pursuant to a lease, license or similar agreement, without the prior written consent of the Collateral Agent.

(l) **Books and Records.** Grantor will keep accurate books and records in accordance with sound accounting principles in which full, true and correct entries shall be promptly made as to all operations on the Mortgaged Property, and will permit all such books and records (including, without limitation, all contracts, statements, invoices, bills and claims for labor, materials and services supplied for the construction and operation of the improvements forming a part of the Mortgaged Property) to be inspected and copied by the Collateral Agent and its duly authorized representatives at all times during reasonable business hours such inspections not to unreasonably interfere with the conduct of Grantor' s business.

(m) **Rent Roll.** Within ten (10) business days after the Collateral Agent' s request, Grantor shall provide to the Collateral Agent a leasing report and rent roll of the Mortgaged Property containing the name and address of all tenants then occupying portions of the Mortgaged Property under valid and subsisting lease agreements and, with respect to each lease, the rentals payable, square footage of the leased premises, amount of security deposit, lease commencement date, lease expiration date, date through which rent is paid and the nature and extent of any defaults by any tenant, all certified as to accuracy by a representative of Grantor acceptable to the Collateral Agent. Grantor shall use its best efforts to obtain and examine financial and credit information on all proposed lessees and provide copies of same to the Collateral Agent upon its request. If, and as often as, reasonably requested by the Collateral Agent, Grantor will make further reports of operations in such form as the Collateral Agent prescribes, setting out full data requested by the Collateral Agent.

(n) **Escrow.** If requested by the Collateral Agent at any time following and during the continuance of a Default (as defined in Article IV hereof) in order to secure the performance and discharge of Grantor' s obligations under Subparagraphs (f) and (h) of this Paragraph 2.2, but not in lieu of such obligations, Grantor will deposit with the Collateral Agent a sum equal to ad valorem taxes, assessments and charges (which charges for the purpose of this Subparagraph shall include without limitation ground rents and water and sewer rents and any other recurring charge which could create or result in a lien against the Mortgaged Property) against the Mortgaged Property for the current year and the premiums for such policies of insurance for the current year, all as estimated by the Collateral Agent and prorated to the end of the calendar month following the month during which this Deed of Trust is executed and delivered, and thereafter will deposit with the Collateral Agent, on each date when an installment of principal and/or interest is due on the Notes, sufficient funds (as estimated from time to time by the Collateral Agent) to permit the Collateral Agent to pay, at least thirty (30) days prior to the due date thereof, the next maturing ad valorem taxes, assessments and charges and premiums for such policies of insurance. The Collateral Agent shall have the right to rely upon tax information furnished by applicable taxing authorities in the payment of such taxes or assessments and shall have no obligation to make any protest of any such taxes or assessments. Any excess over the amounts required for such purposes shall be held by the Collateral Agent for future use, applied to any Indebtedness or refunded to Grantor, at the Collateral Agent' s option, and any deficiency in such funds so deposited shall be made up by Grantor upon demand of the Collateral Agent. All such funds so deposited shall bear no interest whatsoever, shall be kept separate and not be mingled with the general funds of the Collateral Agent and shall be applied by the Collateral Agent toward the

payment of such taxes, assessments, charges and premiums when statements therefor are presented to the Collateral Agent by Grantor (such statements to be presented by Grantor to the Collateral Agent within a reasonable time before the applicable amount is due); provided, however, that, if a Default (as hereinafter defined) shall have occurred and be continuing hereunder, such funds may at the Collateral Agent' s option be applied to the payment of the Indebtedness in the order determined by the Collateral Agent in its sole discretion, and that the Collateral Agent may at any time, in its sole discretion, apply all or any part of such funds toward the payment of any such taxes, assessments, charges or premiums which are past due, together with any penalties or late charges with respect thereto. The conveyance or transfer of Grantor' s interest in the Mortgaged Property for any reason (including, without limitation, the foreclosure of a subordinate lien or security interest or a transfer by operation of law) shall constitute an assignment or transfer of Grantor' s interest in and rights to such funds held by the Collateral Agent under this Subparagraph but subject to the rights of the Collateral Agent hereunder.

(o) **Further Assurances.** Grantor will, on request of the Collateral Agent, promptly (i) correct any defect, error or omission which may be discovered in the contents of this Deed of Trust or in any other instrument now or hereafter executed in connection herewith or in the execution or acknowledgment thereof; (ii) execute, acknowledge, deliver and record or file such further instruments (including, without limitation, further deeds of trust, security agreements, financing statements, continuation

statements and assignments of rents and leases) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Deed of Trust and such other instruments and to subject to the liens and security interests hereof and thereof any property intended by the terms hereof and thereof to be covered hereby and thereby including, without limitation, any renewals, additions, substitutions, replacements or appurtenances to the Mortgaged Property; (iii) execute, acknowledge, deliver, procure and record or file any document or instrument (including, without limitation, any financing statement) deemed advisable by the Collateral Agent to protect the lien or security interest hereunder against the rights or interests of third persons; and (iv) provide such certificates, documents, reports, information, affidavits and other instruments and do such further acts as may be necessary, desirable or proper in the reasonable determination of the Collateral Agent to enable the Collateral Agent to comply with the requirements or requests of any agency having jurisdiction over the Collateral Agent or any examiners of such agencies with respect to the Indebtedness, Grantor or the Mortgaged Property and Grantor will pay all costs connected with any of the foregoing.

(p) **Title Insurance.** Grantor shall, at its sole cost and expense obtain and maintain title insurance in the form of a commitment, binder or policy (collectively, "**Policy**") as the Collateral Agent may require, issued by a title company acceptable to the Collateral Agent. If for any reason during the period the Indebtedness is outstanding such title insurance is no longer valid or the issuing title company is insolvent or unable to adequately insure the validity and priority of the lien evidenced by this Deed of Trust (as determined by the Collateral Agent in its sole discretion), Grantor agrees to obtain, at its sole cost and expense, a replacement Policy issued by a title company acceptable to the Collateral Agent in favor of the Collateral Agent as mortgagee, in such amount and form as required by the Collateral Agent, insuring the validity and priority of the lien evidenced by this Deed of Trust.

(q) **Fees and Expenses; Indemnification.** Grantor will pay all appraisal fees, filing and recording fees, inspection fees, survey fees, taxes (excluding taxes imposed on the net income of the Collateral Agent by a taxing authority in the jurisdiction of organization of the Collateral Agent or in a jurisdiction in which the Collateral Agent has an office or fixed place of business), brokerage fees and commissions, abstract fees, title policy fees, uniform commercial code search fees, escrow fees, reasonable attorneys' fees, and all other costs and expenses of every character incurred by Grantor or the Collateral Agent in connection with the Indebtedness, either at the closing thereof or at any time during the term thereof, or otherwise attributable or chargeable to Grantor as owner of the Mortgaged Property, and will reimburse the Collateral Agent for all such costs and expenses incurred by the Collateral Agent. Grantor shall pay all expenses and reimburse the Collateral Agent for any expenditures, including, without limitation, reasonable attorneys' fees and legal expenses, incurred or expended in connection with (i) the breach by Grantor of any covenant herein or in any other Loan Document; (ii) the Collateral Agent' s exercise of any of its rights and remedies hereunder or under the Notes or any other Loan Document or the Collateral Agent' s protection of the Mortgaged

Property and its lien and security interest therein; or (iii) any amendments to this Deed of Trust, the Notes or any other Loan Document or any matter requested by Grantor or any approval required hereunder. Grantor will indemnify and hold harmless Trustee and any Creditor (for purposes of this Subparagraph, the terms "**Trustee**" and "**Creditor**" shall include the directors, officers,

partners, employees, representatives and agents of Trustee and such Creditor, respectively, and any persons or entities owned or controlled by, owning or controlling, or under common control or affiliated with Trustee and such Creditor, respectively) from and against, and reimburse them for, all claims, demands, liabilities, losses, damages, causes of action, judgments, penalties, costs and expenses (including, without limitation, reasonable attorneys' fees) which may be imposed upon, asserted against or incurred or paid by them by reason of, on account of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of the Mortgaged Property through any cause whatsoever or asserted against them on account of any act performed or omitted to be performed hereunder or on account of any transaction arising out of or in any way connected with the Mortgaged Property or with this Deed of Trust, the Notes or any other Loan Documents. **WITHOUT LIMITATION OF THE FOREGOING, IT IS THE INTENTION OF GRANTOR AND GRANTOR AGREES THAT THE FOREGOING INDEMNITIES SHALL APPLY TO EACH INDEMNIFIED PARTY WITH RESPECT TO CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES, CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES) WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNIFIED PARTY OR ANY STRICT LIABILITY**. **HOWEVER, SUCH INDEMNITIES SHALL NOT APPLY TO ANY INDEMNIFIED PARTY TO THE EXTENT THE SUBJECT OF THE INDEMNIFICATION IS CAUSED BY OR ARISES OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY**. The foregoing indemnities shall not terminate upon release, foreclosure or other termination of this Deed of Trust but will survive foreclosure of this Deed of Trust or conveyance in lieu of foreclosure and the repayment of the Indebtedness and the discharge and release of this Deed of Trust and the other Loan Documents. Any amount to be paid hereunder by Grantor to a Creditor and/or Trustee shall be subject to and governed by the provisions of Paragraph 2.3 hereof.

(r) **Liability Insurance.** Grantor shall maintain Commercial General Liability insurance against claims for bodily injury or death and property damage occurring in or upon or resulting from the Mortgaged Property, in standard form and with such insurance company or companies as may be acceptable to the Collateral Agent, such insurance to afford immediate protection, to the limit of not less than $100,000,000 in respect of any one accident or occurrence with not more than $125,000 deductible. Such Commercial General Liability insurance shall include Blanket Contractual Liability coverage which insures contractual liability under the indemnification of the Collateral Agent and the Trustee by Grantor set forth in this Deed of Trust (but such coverage or the amount thereof shall in no way limit such indemnification). Grantor shall maintain with

respect to each policy or agreement evidencing such Commercial General Liability insurance such endorsements as may be required by the Collateral Agent and shall at all times deliver and maintain with the Collateral Agent a certificate with respect to such insurance in form satisfactory to the Collateral Agent. Not less than thirty (30) days prior to the expiration date of each policy of insurance required of Grantor pursuant to this Subparagraph, Grantor shall deliver to the Collateral Agent a renewal policy or policies marked "**premium paid**" or accompanied by other evidence of payment satisfactory to the Collateral Agent. In the event of a foreclosure of this Deed of Trust, the purchaser of the Mortgaged Property shall succeed to all the rights of Grantor, including, without limitation, any right to unearned premiums, in and to all policies of insurance assigned pursuant to the provisions of this Subparagraph, and Grantor hereby authorizes the Collateral Agent to notify any or all insurance carriers of this assignment.

(s) **Warranty.** Grantor will warrant and forever defend the title to the Mortgaged Property against the claims of all persons making any claim to the same or any part thereof, subject to the Permitted Encumbrances.

(t) **Tax on Lien.** In the event of the enactment after the date hereof of any law of the State of Texas or of any other governmental entity deducting from the value of property for the purpose of taxation any lien or security interest thereon, or imposing upon the Collateral Agent the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Grantor, or changing in any way the laws relating to the taxation of deeds of trust or mortgages or security agreements or debts secured by deeds of trust or mortgages or security agreements or the interest of the mortgagee or secured party in the property covered thereby, or the manner of collection of such taxes, so as to affect this Deed of Trust or the Indebtedness or the Collateral Agent, then, and in any such event, Grantor upon demand by the Collateral Agent, shall pay such taxes, assessments, charges or liens, or reimburse the Collateral Agent therefor; provided, however, that if in the opinion of counsel for the Collateral Agent (i) it might be unlawful to require Grantor to make such payment; or (ii) the making of such payment might result in the contracting for, charging or receiving of interest beyond the maximum amount permitted by law, then and in such event, the Collateral Agent may elect, by notice

in writing given to Grantor, to declare all of the Indebtedness to be and become due and payable sixty (60) days from the giving of such notice.

(u) **Location and Use of Personal Property.** All tangible Personal Property will be used in the business of Grantor and shall remain in Grantor' s possession or control at all times at Grantor' s risk of loss and shall be located on the Land.

(v) **Estoppel Certificate.** Grantor shall at any time and from time to time furnish promptly upon request by the Collateral Agent a written statement in such form as may be required by the Collateral Agent stating that the Notes, this Deed of Trust and the other Loan Documents are valid and binding obligations of Grantor, enforceable against Grantor in accordance with their terms; the unpaid principal balance of the Notes; the

date to which interest on the Notes is paid; that the Notes, this Deed of Trust and the other Loan Documents have not been released, subordinated or modified; and that there are no offsets or defenses against the enforcement of the Notes, this Deed of Trust or any other Loan Documents, or if any of the foregoing statements are untrue, specifying the reasons therefor.

(w) **Proceeds of Personal Property.** Grantor shall account fully and faithfully for and, if the Collateral Agent so elects, shall promptly pay or turn over to the Collateral Agent all proceeds in whatever form received from any disposition of any of the Personal Property, except as otherwise specifically authorized herein. Grantor shall at all times keep the Personal Property and its proceeds separate and distinct from other property of Grantor and shall keep accurate and complete records of the Personal Property and its proceeds.

(x) **Credit Agreement.** Grantor will punctually perform and discharge each and every obligation and undertaking of Grantor under the Credit Agreement and will not permit a default to occur thereunder.

(y) **Permitted Encumbrances.** Grantor will comply with and will perform all of the covenants, agreements and obligations imposed upon it or the Mortgaged Property in the Permitted Encumbrances in accordance with their respective terms and provisions. Grantor will not modify or permit any modification of any Permitted Encumbrance without the prior written consent of the Collateral Agent.

(z) **Environmental.** Grantor will not cause or permit the Mortgaged Property or Grantor to be in violation of, or do anything or permit anything to be done which will subject the Mortgaged Property to any remedial obligations under, any Applicable Environmental Laws, including, without limitation, CERCLA, RCRA, the Texas Water Code and the Texas Solid Waste Disposal Act, assuming disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to Grantor and/or the Mortgaged Property, and Grantor will promptly notify the Collateral Agent in writing of any existing, pending or, to the best knowledge of Grantor, threatened investigation or inquiry (which investigation or inquiry if adversely determined against the Grantor would not alone or in the aggregate result in a Material Adverse Effect) by any governmental authority in connection with any Applicable Environmental Laws. Grantor shall obtain any permits, licenses or similar authorizations to construct, occupy, operate or use any buildings, improvements, fixtures and equipment forming a part of the Mortgaged Property by reason of any Applicable Environmental Laws. Grantor shall take all steps necessary to determine that no hazardous substances or solid waste are being disposed of or otherwise released on or to the Mortgaged Property. Grantor will not cause or permit the disposal or other release of any hazardous substance or solid waste on or to the Mortgaged Property and covenants and agrees to keep or cause the Mortgaged Property to be kept free of any hazardous substance or solid waste and to remove the same (or if removal is prohibited by law, to take whatever action is required by law) promptly upon discovery at its sole expense. Upon the Collateral Agent' s

reasonable request, at any time and from time to time during the existence of this Deed of Trust, Grantor will provide at Grantor' s sole expense an inspection or audit of the Mortgaged Property from an engineering or consulting firm approved by the Collateral Agent, indicating the presence or absence of hazardous substances and solid wastes on the Mortgaged Property. If Grantor fails to provide same after thirty (30) days' notice, the Collateral Agent may order same, and Grantor grants to the Collateral Agent and its agents, employees, contractors and consultants access to the Mortgaged Property and a license (which is coupled with an interest and irrevocable while this Deed of Trust is in effect) to perform inspections and tests. The cost of such inspections and tests shall be a

demand obligation owing by Grantor to the Collateral Agent pursuant to this Deed of Trust and shall be subject to and covered by the provisions of Paragraph 2.3 hereof.

(aa) **Asbestos.** Grantor covenants and agrees that it will not install in the Mortgaged Property, nor permit to be installed in the Mortgaged Property, asbestos, material containing asbestos which is or may become friable or material containing asbestos deemed hazardous by any Applicable Environmental Law, and that if any such asbestos or material containing asbestos exists in or on the Mortgaged Property, whether installed by Grantor or others, Grantor will remove the same (or if removal is prohibited by law, will take whatever action is required by law, including, without limitation, implementing any required operation and maintenance program) promptly upon discovery at its sole expense. Upon the Collateral Agent' s reasonable request, at any time and from time to time during the existence of this Deed of Trust, Grantor shall provide at Grantor' s sole expense an inspection or audit of the Mortgaged Property from an engineering or consulting firm approved by the Collateral Agent, indicating the presence or absence of asbestos or material containing asbestos on the Mortgaged Property. If Grantor fails to provide same after thirty (30) days' notice, the Collateral Agent may order same, and Grantor grants to the Collateral Agent and its agents, employees, contractors and consultants access to the Mortgaged Property and a license (which is coupled with an interest and irrevocable while this Deed of Trust is in effect) to perform inspections and tests. The cost of such inspections and tests shall be subject to and covered by the provisions of Paragraph 2.3 hereof.

2.3 **Right of the Collateral Agent to Perform.** Grantor agrees that if Grantor fails to perform any act or to take any action which Grantor is required to perform or take hereunder or under any of the other Loan Documents, or to pay any money which Grantor is required to pay hereunder or under any of the other Loan Documents, or takes any action prohibited hereby or thereby, the Collateral Agent, in Grantor' s name or in its own name, may but shall not be obligated to perform or cause to be performed such act or take such action, including, without limitation, entering the Mortgaged Property for such purpose and to take all such action thereon as it may deem necessary or appropriate, or pay such money or remedy any action so taken, and any expenses so incurred by the Collateral Agent, and any money paid by the Collateral Agent in connection therewith, shall be a demand obligation owing by Grantor to the Collateral Agent and the Collateral Agent, upon making such payment, shall be subrogated to all of the rights of the party receiving such payment. Any amounts due and owing by Grantor to any Creditor pursuant to this Deed of Trust shall bear interest from the date such amount becomes due until paid at the

rate of interest payable on matured but unpaid principal of or interest on the Notes and shall be a part of the Indebtedness and shall be secured by this Deed of Trust and by all of the other Loan Documents.

2.4 **Indemnification Regarding Environmental Matters.** Grantor agrees to indemnify and hold the Collateral Agent and Trustee (for purposes of this Paragraph, the terms "**the Collateral Agent**" and "**Trustee**" shall include the directors, officers, partners, employees, representatives and agents of the Collateral Agent and Trustee, respectively, and any persons or entities owned or controlled by, owning or controlling, or under common control or otherwise affiliated with the Collateral Agent and Trustee, respectively) harmless from and against, and to reimburse the Collateral Agent and Trustee with respect to, any and all claims, demands, losses, damages (including consequential damages), liabilities, causes of action, judgments, penalties, costs and expenses (including reasonable attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, imposed on, asserted against or incurred by the Collateral Agent and/or the Trustee at any time and from time to time by reason of, in connection with or arising out of (a) the breach of any representation or warranty of Grantor as set forth herein regarding asbestos, material containing asbestos or Applicable Environmental Laws, (b) the failure of Grantor to perform any obligation herein required to be performed by Grantor regarding asbestos, material containing asbestos or Applicable Environmental Laws, (c) any violation on or before the Release Date (as hereinafter defined) of any Applicable Environmental Law in effect on or before the Release Date, (d) the removal of hazardous substances or solid wastes from the Mortgaged Property (or if removal is prohibited by law, the taking of whatever action is required by law), (e) the removal of asbestos or material containing asbestos from the Mortgaged Property (or if removal is prohibited by Applicable Environmental Laws, the taking of whatever action is required by Applicable Environmental Laws, including, without limitation, the implementation of any required operation and maintenance program), (f) any act, omission, event or circumstance existing or occurring on or prior to the Release Date (including, without limitation, the presence on the Mortgaged Property or release from the Mortgaged Property of any hazardous substance or solid waste disposed of or otherwise released on or prior to the Release Date), resulting from or in connection with the ownership, construction, occupancy, operation, use and/or maintenance of the Mortgaged Property, regardless of whether the act, omission, event or circumstance constituted a violation of any Applicable Environmental Law at the time of its existence or occurrence, and (g) any and all claims or proceedings (whether brought by private party or governmental agency) for bodily injury, property damage, abatement or remediation, environmental damage or impairment or any other injury or damage resulting from or relating to any hazardous substance or solid waste located upon or migrating into, from or through the Mortgaged Property (whether or not any or all of the foregoing was caused by Grantor or its tenant or subtenant, or a prior owner of the Mortgaged Property or its tenant or subtenant, or any third party and whether or not the alleged liability is attributable to the handling, storage, generation, transportation or disposal of such substance or waste or the mere presence of such substance or waste on the Mortgaged Property). **WITHOUT LIMITATION, THE FOREGOING INDEMNITIES SHALL APPLY TO**

EACH INDEMNIFIED PARTY WITH RESPECT TO CLAIMS, DEMANDS, LOSSES, DAMAGES (INCLUDING CONSEQUENTIAL DAMAGES), LIABILITIES, CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING

ATTORNEYS' FEES AND COURT COSTS) WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNIFIED PARTY OR ANY STRICT LIABILITY. HOWEVER, SUCH INDEMNITIES SHALL NOT APPLY TO ANY INDEMNIFIED PARTY TO THE EXTENT THE SUBJECT OF THE INDEMNIFICATION IS CAUSED BY OR ARISES OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY. The term "**Release Date**" as used herein shall mean the earlier of the following two dates: (i) the date on which the Indebtedness has been paid and performed in full and this Deed of Trust has been released, or (ii) the date on which the lien of this Deed of Trust is foreclosed or a conveyance by deed in lieu of such foreclosure is fully effective; provided, if such payment, performance, release, foreclosure or conveyance is challenged, in bankruptcy proceedings or otherwise, the Release Date shall be deemed not to have occurred until such challenge is rejected, dismissed or withdrawn with prejudice. The foregoing indemnities shall not terminate upon the Release Date or upon the release, foreclosure or other termination of this Deed of Trust but will survive the Release Date, foreclosure of this Deed of Trust or conveyance in lieu of foreclosure, and the repayment of the Indebtedness and the discharge and release of this Deed of Trust and the other Loan Documents. Any amount to be paid hereunder by Grantor to the Collateral Agent and/or Trustee shall be a demand obligation owing by Grantor to the Collateral Agent and/or Trustee and shall be subject to and covered by the provisions of Paragraph 2.3 hereof. Nothing in this Paragraph, elsewhere in this Deed of Trust or in any other Loan Document shall limit or impair any rights or remedies of the Collateral Agent and/or Trustee against Grantor or any third party under Applicable Environmental Laws, including without limitation, any rights of contribution or indemnification available hereunder or thereunder.

ARTICLE III
ASSIGNMENT OF RENTS, LEASES, PROFITS, INCOME, CONTRACTS AND BONDS

3.1 **Assignment of Rents.** Grantor does hereby absolutely and unconditionally assign, transfer and set over to the Collateral Agent all rents, income, receipts, revenues, issues, profits and proceeds to be derived from the Mortgaged Property, including, without limitation, the immediate and continuing right to collect and receive all of the rents, income, receipts, revenues, issues, profits and other sums of money that may now or at any time hereafter become due and payable to Grantor under the terms of any leases now or hereafter covering the Mortgaged Property, or any part thereof, including, but not limited to, minimum rents, additional rents, percentage rents, deficiency rents and liquidated damages following default, all proceeds payable under any policy of insurance covering the loss of rents resulting from untenantability caused by destruction or damage to the Mortgaged Property, and all of Grantor' s rights to recover monetary amounts from any tenant in bankruptcy, including, without limitation, rights of recovery for use and occupancy and damage claims arising out of lease defaults, including rejections, under any applicable bankruptcy law (as hereinafter defined), together with any sums of money that may now or at any time hereafter become due and payable to Grantor by virtue of any and all royalties, overriding royalties, bonuses, delay rentals and any other amount of any kind or character arising under any and all present and future oil, gas and mining leases covering

the Mortgaged Property or any part thereof (collectively, the "**Rents**"); and all proceeds and other amounts paid or owing to Grantor under or pursuant to any and all contracts and bonds relating to the construction, erection or renovation of the Mortgaged Property; subject however to a license hereby granted by the Collateral Agent to Grantor to collect and receive all of the foregoing (such license evidenced by the Collateral Agent' s acceptance of the Mortgage), subject to the terms and conditions hereof. Notwithstanding anything contained herein or in any of the other Loan Documents to the contrary, the assignment in this Paragraph is an absolute, unconditional and presently effective assignment and not merely a security interest; provided, however, upon the occurrence of a Default (as hereinafter defined) hereunder or upon the occurrence of any event or circumstance which with the lapse of time or the giving of notice or both would constitute a Default hereunder, such license shall automatically and immediately terminate and Grantor shall hold all Rents paid to Grantor thereafter in trust for the use and benefit of the Collateral Agent and the Collateral Agent shall have the right, power and authority, whether or not it takes possession of the Mortgaged Property, to seek enforcement of any such lease, contract or bond and to demand, collect, receive, sue for and recover in its own name any and all of the above described amounts assigned hereby and to apply the sum(s) collected, first to the payment of expenses incident to the collection of the same, and the balance to the payment of the Indebtedness; provided further, however, that the Collateral Agent shall not be deemed to have taken possession of the Mortgaged Property except on the exercise of its option to do so, evidenced by its demand and overt

act for such purpose. It shall not be necessary for the Collateral Agent to institute any type of legal proceedings or take any other action whatsoever to enforce the assignment provisions in this Paragraph 3.1.

3.2 **Assignment of Leases.** Grantor hereby assigns to the Collateral Agent all existing and future leases, including, without limitation, all subleases thereof, and any and all extensions, renewals, modifications and replacements thereof, upon any part of the Mortgaged Property (collectively, the "**Leases**") and Grantor hereby further assigns to the Collateral Agent all guaranties of tenants' performance under the Leases. Prior to a Default, Grantor shall have the right, without joinder of the Collateral Agent, to enforce the Leases, unless the Collateral Agent directs otherwise.

3.3 **Warranties Concerning Leases and Rents.** Grantor represents and warrants that:

(a) Grantor has (or will have, with respect to any future leases) good title to the Leases and Rents and authority to assign them, and no other person or entity has any right, title or interest therein;

(b) all existing Leases are valid, unmodified and in full force and effect, except as indicated herein, and, to Grantor' s knowledge, no default exists thereunder;

(c) unless otherwise provided herein, no Rents have been or will be assigned, mortgaged or pledged;

(d) no Rents have been or will be anticipated, waived, released, discounted, set off or compromised; and

(e) except as indicated in the Leases, Grantor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents or not more than one (1) month in advance.

3.4 **Grantor' s Covenants of Performance.** Grantor covenants to:

(a) perform all of its obligations under the Leases and give prompt notice to the Collateral Agent of any failure to do so;

(b) give immediate notice to the Collateral Agent of any notice Grantor receives from any tenant or subtenant under any Leases, specifying any claimed default by any party under such Leases, excluding, however, notices of default under residential leases;

(c) enforce the tenant' s obligations under the Leases;

(d) defend, at Grantor' s expense, any proceeding pertaining to the Leases, including, if the Collateral Agent so requests, any such proceeding to which the Collateral Agent is a party;

(e) neither create nor permit any encumbrance upon its interest as lessor of the Leases, except this Deed of Trust and any other encumbrances permitted by this Deed of Trust; and

(f) until otherwise directed by the Collateral Agent upon the occurrence of an Event of Default, cause all sums payable to the Grantor and assigned hereby, whether as rent, purchase proceeds or avails, income, and all other sums or otherwise, to be paid directly to the such account(s) as the Collateral Agent may specify (each an "Earnings Account") and cause all Leases to specify that payments due the Grantor be made directly to the Earnings Account.

3.5 **Prior Approval for Actions Affecting Leases.** Grantor shall not, without the prior written consent of the Collateral Agent:

(a) receive or collect Rents more than one month in advance;

(b) encumber or assign future Rents;

(c) waive or release any obligation of any tenant under the Leases;

(d) cancel, terminate or modify any of the Leases; cause or permit any cancellation, termination or surrender of any of the Leases; or commence any

proceedings for dispossession of any tenant under any of the Leases, except upon default by the tenant thereunder;

(e) renew or extend any of the Leases, except pursuant to terms in existing Leases;

(f) permit any assignment of the Leases; or

(g) enter into any Leases after the date hereof.

3.6 **Settlement for Termination.** Grantor agrees that no settlement for damages for termination of any of the Leases under the Federal Bankruptcy Code, or under any other federal, state or local statute, shall be made without the prior written consent of the Collateral Agent, and any check in payment of such damages will be made payable to both Grantor and the Collateral Agent. Grantor hereby assigns any such payment to the Collateral Agent to be applied to the Indebtedness as the Collateral Agent may elect and agrees to endorse any check for such payment to the order of the Collateral Agent.

3.7 **The Collateral Agent in Possession.** The Collateral Agent' s acceptance of this assignment shall not, prior to entry upon and taking possession of the Mortgaged Property by the Collateral Agent, be deemed to constitute the Collateral Agent a "**mortgagee in possession,**" nor obligate the Collateral Agent to appear in or defend any proceedings relating to any of the Leases or to the Mortgaged Property, take any action hereunder, expend any money, incur any expenses, or perform any obligation or liability under the Leases, or assume any obligation for any deposits delivered to Grantor by any tenant and not delivered to the Collateral Agent. The Collateral Agent shall not be liable for any injury or damage to any person or property in or about the Mortgaged Property.

3.8 **Appointment of Attorney**. Grantor hereby irrevocably appoints the Collateral Agent its attorney-in-fact, coupled with an interest, empowering the Collateral Agent to subordinate any Leases to this Deed of Trust.

3.9 **Indemnification.** Grantor hereby indemnifies and holds the Collateral Agent (which shall include the directors, officers, partners, employees, representatives and agents of the Collateral Agent and any persons or entities owned or controlled by, owning or controlling, or under common control or affiliated with the Collateral Agent) harmless from all liability, damage or expense imposed on or incurred by the Collateral Agent from any claims under the Leases, including, without limitation, any claims by Grantor with respect to payments of Rents made directly to the Collateral Agent after Default and claims by any tenant for security deposits or for rental payments more than one (1) month in advance and not delivered to the Collateral Agent. All amounts indemnified against hereunder, including, without limitation, reasonable attorneys' fees, if paid by the Collateral Agent shall bear interest at the Default Rate (as defined in the Credit Agreement) and shall be payable by Grantor in accordance with Paragraph 2.3 hereof. The foregoing indemnities shall not terminate upon the foreclosure, release or other termination of this Deed of Trust but will survive foreclosure of this Deed of Trust or conveyance in lieu of

foreclosure and the repayment of the Indebtedness and the discharge and release of this Deed of Trust and the other Loan Documents.

3.10 **Records.** Upon request by the Collateral Agent, Grantor shall deliver to the Collateral Agent executed originals of all Leases and copies of all records relating thereto.

3.11 **Merger.** There shall be no merger of the leasehold estates, created by the Leases, with the fee estate of the Land without the prior written consent of the Collateral Agent.

3.12 **Right to Rely.** Grantor hereby irrevocably authorizes and directs the tenants under the Leases to pay Rents to the Collateral Agent upon written demand by the Collateral Agent without further consent of Grantor, and the tenants may rely upon any written statement delivered by the Collateral Agent to the tenants. Any such payment to the Collateral Agent shall constitute payment to Grantor under the Leases. The provisions of this Paragraph are intended solely for the benefit of the tenants and shall never inure to the benefit of Grantor or any

person claiming through or under Grantor, other than a tenant who has not received such notice. The assignment of Rents set forth in Paragraph 3.1 is not contingent upon any notice or demand by the Collateral Agent to the tenants.

ARTICLE IV
EVENTS OF DEFAULT

Defaults. The term "**Default**" as used in this Deed of Trust shall mean the occurrence of any of the following events:

4.1 **Abandonment**. Grantor abandons all or a portion of the Mortgaged Property; or

4.2 **Destruction of Mortgaged Property.** The Mortgaged Property is demolished, destroyed or damaged and Grantor fails to perform in accordance with Section 5.3 of the Credit Agreement; or

4.3 **Condemnation.** The Mortgaged Property or a portion thereof is taken in condemnation, or sold in lieu of condemnation and Grantor fails to perform in accordance with Section 5.3 of the Credit Agreement; or

4.4 **Default under Credit Agreement.** An Event of Default (as such term is defined in the Credit Agreement) has occurred and is continuing.

ARTICLE V
REMEDIES AND RELATED RIGHTS

If a Default shall occur, the Collateral Agent may exercise any one or more of the following remedies and shall, in addition to any other rights afforded to the Collateral Agent under the Credit Agreement or otherwise, have the following related rights, without notice (unless notice is required by Applicable Laws):

5.1 **Possession.** Upon the occurrence of a Default, or any event or circumstance which, with the lapse of time or the giving of notice, or both, would constitute a Default hereunder, the Collateral Agent is authorized prior or subsequent to the institution of any foreclosure proceedings to enter upon the Mortgaged Property, or any part thereof, and to take possession of the Mortgaged Property and of all books, records and accounts relating thereto and to exercise without interference from Grantor any and all rights which Grantor has with respect to the management, possession, operation, protection or preservation of the Mortgaged Property, including the right to rent the same for the account of Grantor and to deduct from such rents all costs, expenses and liabilities of every character incurred by the Collateral Agent in collecting such rents and in managing, operating, maintaining, protecting or preserving the Mortgaged Property and to apply the remainder of such rents to the Indebtedness in such manner as the Collateral Agent may elect in its sole discretion. All such costs, expenses and liabilities incurred by the Collateral Agent in collecting such rents and in managing, operating, maintaining or preserving the Mortgaged Property, if not paid out of rents as hereinabove provided, shall constitute a demand obligation owing by Grantor and shall be subject to and covered by Paragraph 2.3 hereof. If necessary to obtain the possession provided for above, the Collateral Agent may invoke any and all legal remedies to dispossess Grantor, including, without limitation, one or more actions for forcible entry and detainer, trespass to try title and restitution. In connection with any action taken by the Collateral Agent pursuant to this Paragraph, the Collateral Agent shall not be liable for any loss sustained by Grantor resulting from any failure to rent the Mortgaged Property, or any part thereof, or from any other act or omission of the Collateral Agent in managing the Mortgaged Property **(REGARDLESS OF WHETHER SUCH LOSS IS CAUSED BY THE NEGLIGENCE OF THE COLLATERAL AGENT)** unless such loss is caused by the willful misconduct or gross negligence of the Collateral Agent, nor shall the Collateral Agent be obligated to perform or discharge any obligation, duty or liability under any Lease covering the Mortgaged Property or any part thereof or under or by reason of this instrument or the exercise of rights or remedies hereunder. Grantor shall and does hereby agree to indemnify the Collateral Agent for, and to hold the Collateral Agent (which shall include the directors, officers, partners, employees, representatives and agents of the Collateral Agent and any persons or entities owned or controlled by, owning or controlling or under common control or affiliated with the Collateral Agent) harmless from, any and all liability, loss or damage which may or might be incurred by the Collateral Agent under any Lease or under or by reason of this Deed of Trust or the exercise of rights or remedies hereunder and from any and all claims and demands whatsoever which may be asserted against the Collateral Agent by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in any Lease, **REGARDLESS OF WHETHER SUCH LIABILITY, LOSS, DAMAGE, CLAIMS OR DEMANDS ARE THE RESULT OF THE NEGLIGENCE OF THE COLLATERAL AGENT, UNLESS SUCH LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE COLLATERAL AGENT**. Should the Collateral Agent incur any such liability, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be subject to and covered by Paragraph 2.3 hereof. Nothing in this Paragraph

shall impose any duty, obligation or responsibility upon the Collateral Agent for the control, care, management or repair of the Mortgaged Property, nor for the carrying out of any of the terms and conditions of any such

Lease; nor shall it operate to make the Collateral Agent responsible or liable for any waste committed on the Mortgaged Property by the tenants or by any other parties or for any dangerous or defective condition of the Mortgaged Property, **OR FOR ANY NEGLIGENCE IN THE MANAGEMENT, UPKEEP, REPAIR OR CONTROL OF THE MORTGAGED PROPERTY RESULTING IN LOSS OR INJURY OR DEATH TO ANY TENANT, LICENSEE, EMPLOYEE OR STRANGER, UNLESS SUCH LOSS OR INJURY RESULTS FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE COLLATERAL AGENT.** Grantor hereby assents to, ratifies and confirms any and all actions of the Collateral Agent with respect to the Mortgaged Property taken under this Paragraph and agrees that the foregoing indemnity shall not terminate upon release, foreclosure or other termination of this Deed of Trust.

5.2 **Foreclosure.** Upon the occurrence of a Default, Trustee, his successor or substitute, is authorized and empowered and it shall be his special duty at the request of the Collateral Agent to sell the Mortgaged Property or any part thereof situated in the State of Texas at the courthouse of any county in the State of Texas in which any part of the Mortgaged Property is situated, at public vendue to the highest bidder for cash. The sale shall take place at such area of the courthouse as shall be properly designated from time to time by the commissioners court (or, if not so designated by the commissioners court, at the courthouse door) of the specified county, between the hours of 10 o' clock a.m. and 4 o' clock p.m. (the commencement of such sale to occur within three hours following the time designated in the hereinafter described notice of sale as the earliest time at which such sale shall occur, if required by Applicable Laws) on the first Tuesday in any month after having given notice of such sale at least twenty-one (21) days before the day of sale of the time, place and terms of said sale (including the earliest time at which such sale shall occur) in accordance with the statutes of the State of Texas then in force governing sales of real estate under powers conferred by deeds of trust. Notice of a sale of all or part of the Mortgaged Property by Trustee shall be given by posting written notice thereof at the courthouse door (or other area in the courthouse as may be designated for such public notices) of the county in which the sale is to be made, and by filing a copy of the notice in the office of the county clerk of the county in which the sale is to be made at least twenty-one (21) days preceding the date of the sale, and if the Mortgaged Property to be sold is in more than one county, a notice shall be posted at the courthouse door and filed with the county clerk of each county in which the Mortgaged Property is situated. In addition, at least twenty-one (21) days preceding the date of sale, written notice of the proposed sale shall be served by certified mail on Grantor and each debtor obligated to pay the Indebtedness or any portion thereof according to the records of the Collateral Agent, all in accordance with Chapter 51 of the Texas Property Code. Service of such notice shall be completed upon deposit of the notice, enclosed in a postpaid certified mail wrapper, properly addressed to Grantor and each such debtor at the Grantor' s and each such debtor' s last known address in accordance with Chapter 51 of the Texas Property Code, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service. Any sale made by Trustee hereunder may be as an entirety or in such parcels as the Collateral Agent may request, and any sale may be adjourned by announcement at the time and place appointed for such sale without further notice except as may be required by law. The sale

by Trustee of less than the whole of the Mortgaged Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Mortgaged Property shall be sold; and, if the proceeds of such sale of less than the whole of the Mortgaged Property shall be less than the aggregate of the Indebtedness and the expense of executing this trust as provided herein, this Deed of Trust and the lien hereof shall remain in full force and effect as to the unsold portion of the Mortgaged Property just as though no sale had been made; provided, however, that Grantor shall never have any right to require the sale of less than the whole of the Mortgaged Property but the Collateral Agent shall have the right, at its sole election, to request Trustee to sell less than the whole of the Mortgaged Property. After each sale, Trustee shall make to the purchaser or purchasers at such sale good and sufficient conveyances in the name of Grantor, conveying the property so sold to the purchaser or purchasers in fee simple with general warranty of title, and shall receive the proceeds of said sale or sales and apply the same as herein provided. Payment of the purchase price to Trustee shall satisfy the obligation of purchaser at such sale therefor, and such purchaser shall not be responsible for the application thereof. The power of sale granted herein shall not be exhausted by any sale held hereunder by Trustee or his substitute or successor, and such power of sale may be exercised from time to time and as many times as the Collateral Agent may deem necessary until all of the Mortgaged Property has been duly sold and all Indebtedness has been fully paid. In the event any sale hereunder is not completed or is defective in the opinion of the Collateral Agent, such sale shall not exhaust the power of sale hereunder and the Collateral Agent shall have the right to cause a subsequent sale or sales

to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the Indebtedness, or as to the occurrence of any Default, or as to the Collateral Agent having declared all of such Indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee or any substitute or successor, or as to the appointment of any substitute or successor Trustee, or as to any other act or thing having been duly done by the Collateral Agent or by Trustee or any substitute or successor, shall be taken as prima facie evidence of the truth of the facts so stated and recited. Trustee, his successor or substitute, may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee, including, without limitation, the posting of notices and the conducting of sales, but in the name and on behalf of Trustee, his successor or substitute.

5.3 **Judicial Foreclosure.** This Deed of Trust shall be effective as a mortgage as well as a deed of trust and upon the occurrence of a Default may be foreclosed as to any of the Mortgaged Property in any manner permitted by the laws of the State of Texas or of any other state in which any part of the Mortgaged Property is situated, and any foreclosure suit may be brought by Trustee or by the Collateral Agent. In the event a foreclosure hereunder shall be commenced by Trustee, or his substitute or successor, the Collateral Agent may at any time before the sale of the Mortgaged Property direct Trustee to abandon the sale, and may then institute suit for the collection of the Indebtedness, and/or for the foreclosure of this Deed of Trust. It is agreed that if the Collateral Agent should institute a suit for the collection of the Indebtedness and/or for the foreclosure of this Deed of Trust, the Collateral Agent may at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee, his

substitute or successor to sell the Mortgaged Property in accordance with the provisions of this Deed of Trust.

5.4 **Receiver.** In addition to all other remedies herein provided for, Grantor agrees that upon the occurrence of a Default, or any event or circumstance which, with the lapse of time or the giving of notice, or both, would constitute a Default, the Collateral Agent shall as a matter of right be entitled to the appointment of a receiver or receivers for all or any part of the Mortgaged Property, whether such receivership be incident to a proposed sale of the Mortgaged Property or otherwise, and without regard to the value of the Mortgaged Property or the solvency of any person or persons liable for the payment of the Indebtedness, and Grantor does hereby consent to the appointment of such receiver or receivers, waives any and all defenses to such appointment and agrees not to oppose any application therefor by the Collateral Agent, but nothing herein is to be construed to deprive the Collateral Agent of any other right, remedy or privilege it may now have under the law to have a receiver appointed; provided, however, that the appointment of such receiver or other appointee by virtue of any court order, statute or regulation shall not impair or in any manner prejudice the rights of the Collateral Agent to receive payment of the Rents pursuant to Paragraph 3.1 hereof. Any money advanced by the Collateral Agent in connection with any such receivership shall be subject to and covered by Paragraph 2.3 hereof.

5.5 **Proceeds of Sale.** The proceeds of any sale held by Trustee or any receiver or public officer in foreclosure of the liens evidenced hereby shall be applied:

FIRST, to the payment of all necessary costs and expenses incident to such foreclosure sale, including but not limited to, all court costs and charges of every character in the event foreclosed by suit, attorneys' fees and a reasonable fee to Trustee acting under the provisions of Paragraph 5.2 if foreclosed by power of sale as provided in said Paragraph, such fee to the Trustee not exceeding US$10,000.00;

SECOND, in accordance with Section 8.3 of the Credit Agreement.

5.6 **The Collateral Agent as Purchaser.** The Collateral Agent shall have the right to become the purchaser at any sale held by any Trustee or substitute or successor or by any receiver or public officer, and shall have the right to credit upon the amount of the bid made therefor, to the extent necessary to satisfy such bid, the Indebtedness then outstanding and owing.

5.7 **Additional Remedies under the UCC.** This Deed of Trust is both a real property Deed of Trust and a "security agreement" within the meaning of Article 9 of the Texas Business and Commerce Code, as amended (the "UCC"). Grantor, by executing and delivering this Deed of Trust, grants to Collateral Agent a security interest in the Personal Property. Upon the occurrence of a Default, the Collateral Agent may exercise its rights of enforcement with respect to the Personal Property under the UCC, and in conjunction with, in addition to or in substitution for those rights and remedies:

(a) the Collateral Agent may enter upon the Mortgaged Property to take possession of, assemble and collect the Personal Property or to render it unusable; and

(b) the Collateral Agent may require Grantor to assemble the Personal Property and make it available at a place the Collateral Agent designates which is mutually convenient to allow the Collateral Agent to take possession or dispose of the Personal Property; and

(c) written notice mailed to Grantor as provided herein ten (10) days prior to the date of public sale of the Personal Property or prior to the date after which any private sale of the Personal Property will be made shall constitute reasonable notice; and

(d) any sale made pursuant to the provisions of this Paragraph shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the sale of the Mortgaged Property under power of sale as provided herein upon giving the same notice with respect to the sale of the Personal Property hereunder as is required for such sale of the Mortgaged Property under power of sale; and

(e) in the event of a foreclosure sale, whether made by Trustee under the terms hereof, or under judgment of a court, the Personal Property and the Mortgaged Property may, at the option of the Collateral Agent, be sold as a whole; and

(f) it shall not be necessary that the Collateral Agent take possession of the Personal Property or any part thereof prior to the time that any sale pursuant to the provisions of this Paragraph is conducted and it shall not be necessary that the Personal Property or any part thereof be present at the location of such sale; and

(g) prior to application of proceeds of disposition of the Personal Property to the Indebtedness, such proceeds shall be applied to the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses incurred by the Collateral Agent; and

(h) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the Indebtedness or as to the occurrence of any Default, or as to the Collateral Agent having declared all of such Indebtedness to be due and payable, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by the Collateral Agent, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and

(i) the Collateral Agent may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by the Collateral Agent, including the sending of notices and the conduct of the sale, but in the name and on behalf of the Collateral Agent.

5.8 **Partial Foreclosure.** In the event of a Default in the payment of any part of the Indebtedness, the Collateral Agent shall have the right to proceed with foreclosure of the liens and security interests evidenced hereby without declaring the entire Indebtedness due, and in such event any such foreclosure sale may be made subject to the unmatured part of the Indebtedness; and any such sale shall not in any manner affect the unmatured part of the Indebtedness, but as to such unmatured part this Deed of Trust shall remain in full force and effect just as though no sale had been made. The proceeds of any such sale shall be applied as provided in Paragraph 5.5 except that the amount paid under subparagraph SECOND thereof shall be only the matured portion of the Indebtedness and any proceeds of such sale in excess of those provided for in subparagraphs FIRST and SECOND (modified as provided above) shall be applied to installments of principal of and interest on the Notes in the inverse order of maturity. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness.

5.9 **Remedies Cumulative.** All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any of the other Loan Documents, or any part thereof, or otherwise benefiting the Collateral Agent, and Trustee and the Collateral Agent shall, in addition to the remedies herein provided, be entitled to avail themselves of all such other remedies as may now or hereafter exist at law or in equity for the collection of the Indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and security interests evidenced hereby, and resort to any remedy

provided for hereunder or under any such Loan Documents or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

5.10 **Resort to Any Security.** The Collateral Agent may resort to any security given by this Deed of Trust or to any other security now existing or hereafter given to secure the payment of the Indebtedness, in whole or in part, and in such portions and in such order as may seem best to the Collateral Agent in its sole and absolute discretion, and any such action shall not in any way be considered as a waiver of any of the rights, benefits, liens or security interests evidenced by this Deed of Trust.

5.11 **Waiver.** To the full extent Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force pertaining to the rights and remedies of sureties or providing for any appraisement, valuation, stay, extension or redemption, and Grantor, for Grantor and Grantor' s heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of intention to mature or declare due the whole of the Indebtedness, notice of election to mature or declare due the whole of the Indebtedness and all rights to a marshaling of the assets of Grantor, including, without limitation, the Mortgaged Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and security interests hereby created. Grantor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets,

sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents or other matters whatever to defeat, reduce or affect the right of the Collateral Agent under the terms of this Deed of Trust to a sale of the Mortgaged Property for the collection of the Indebtedness without any prior or different resort of collection, or the right of the Collateral Agent under the terms of this Deed of Trust to the payment of such Indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other claimant whatever. If any law referred to in this Paragraph and now in force, of which Grantor or Grantor' s heirs, devisees, representatives, successors and assigns and such other persons claiming any interest in the Mortgaged Property might take advantage despite this Paragraph, shall hereafter be repealed or cease to be enforced, such law shall not thereafter be deemed to preclude the application of this Paragraph.

5.12 **Delivery of Possession After Foreclosure.** Except as provided in any applicable subordination, nondisturbance and attornment agreement between the Collateral Agent and a tenant of the Mortgaged Property, in the event there is a foreclosure sale hereunder and at the time of such sale Grantor or Grantor' s heirs, devisees, representatives, successors or assigns or any other persons claiming any interest in the Mortgaged Property by, through or under Grantor are occupying or using the Mortgaged Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day-to-day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain an action for forcible entry and detainer of said property in the appropriate court having jurisdiction.

5.13 **Tender After Acceleration.** If, following the occurrence of a Default and the acceleration of the Indebtedness but prior to the foreclosure of this Deed of Trust, Grantor shall tender to the Collateral Agent payment of an amount sufficient to pay the entire Indebtedness, such tender shall be deemed to be a voluntary prepayment under the Notes and, consequently, Grantor shall also pay to the Collateral Agent any charge or premium required under the Notes or any other Loan Documents to be paid in order to prepay principal and, if such principal payment is made during any period when prepayment is prohibited by this Deed of Trust, the Notes or any of the other Loan Documents the applicable charge or premium shall be the maximum prepayment penalty provided for in the Notes; provided, however, that in the event any amount payable under this Paragraph is deemed interest, in no event shall such amount when added to the interest otherwise payable on the Notes and the other Indebtedness exceed the maximum interest permitted under applicable law.

ARTICLE VI
MISCELLANEOUS

6.1 **Defeasance.** If all of the Indebtedness is paid as the same becomes due and payable and if all of the covenants, warranties, undertakings and agreements made in this Deed of Trust are kept and performed, then and in that event only, all rights under this Deed of Trust shall terminate and the Mortgaged Property shall become wholly clear of the liens, security

interests, conveyances and assignments evidenced hereby, which shall be released by the Collateral Agent in due form at Grantor' s cost.

6.2 **Successor Trustee.** Trustee may resign by an instrument in writing addressed to the Collateral Agent, or Trustee may be removed at any time with or without cause by an instrument in writing executed by the Collateral Agent. In case of the death, resignation, removal or disqualification of Trustee or if for any reason the Collateral Agent shall deem it desirable to appoint a substitute or successor Trustee to act instead of the herein named Trustee or any substitute or successor Trustee, then the Collateral Agent shall have the right and is hereby authorized and empowered to appoint a successor Trustee, or a substitute Trustee, without formality other than appointment and designation in writing executed by the Collateral Agent and the authority hereby conferred shall extend to the appointment of other successor and substitute Trustees successively until the Indebtedness has been paid in full or until the Mortgaged Property is sold hereunder. In the event the Indebtedness is owned by more than one person or entity, the holders of not less than a majority in the amount of such Indebtedness shall have the right and authority to make the appointment of a successor or substitute Trustee provided for in the preceding sentence. Such appointment and designation by the Collateral Agent or by the holder or holders of not less than a majority of the Indebtedness shall be full evidence of the right and authority to make the same and of all facts therein recited. If the Collateral Agent is a national banking association or corporation and such appointment is executed in its behalf by an officer of such national banking association or corporation, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the association or corporation. Upon the making of any such appointment and designation, all of the estate and title of Trustee in the Mortgaged Property shall vest in the named successor or substitute Trustee and he shall thereupon succeed to and shall hold, possess and execute all the rights, powers, privileges, immunities and duties herein conferred upon Trustee; but nevertheless, upon the written request of the Collateral Agent or of the successor or substitute Trustee, Trustee ceasing to act shall execute and deliver an instrument transferring to such successor or substitute Trustee all of the estate and title in the Mortgaged Property of Trustee so ceasing to act, together with all the rights, powers, privileges, immunities and duties herein conferred upon Trustee, and shall duly assign, transfer and deliver any of the properties and moneys held by said Trustee hereunder to said successor or substitute Trustee. All references herein to Trustee shall be deemed to refer to Trustee (including any successor or substitute appointed and designated as herein provided) from time to time acting hereunder. Grantor hereby ratifies and confirms any and all acts which the herein named Trustee or his successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof.

6.3 **Liability and Indemnification of Trustee.** Trustee shall not be liable for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever **(INCLUDING, WITHOUT LIMITATION, TRUSTEE' S NEGLIGENCE),** except for Trustee' s gross negligence or willful misconduct. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. All moneys received by Trustee shall, until used or applied as herein

provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by him hereunder. Grantor will reimburse Trustee for, and indemnify and save him harmless against, any and all liability and expenses (including, without limitation, reasonable attorneys' fees) which may be incurred by him in the performance of his duties hereunder (Trustee shall include the directors, officers, partners, employees, representatives and agents of Trustee and any persons or entities owned or controlled by, owning or controlling or under common control or affiliated with Trustee), **INCLUDING ANY LIABILITY AND EXPENSES RESULTING FROM THE TRUSTEE' S OWN NEGLIGENCE (BUT NOT THE TRUSTEE' S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT)**. The foregoing indemnity shall not terminate upon release, foreclosure or other termination of this Deed of Trust.

6.4 **Waiver by the Collateral Agent.** The Collateral Agent may at any time and from time to time in writing (a) waive compliance by Grantor with any covenant herein made by Grantor to the extent and in the manner specified in such writing; (b) consent to Grantor doing any act which hereunder Grantor is prohibited from doing, or consent to Grantor failing to do any act which hereunder Grantor is required to do, to the extent and in the manner specified in such writing; (c) release any part of the Mortgaged Property, or any interest therein, from the lien and security interest of this Deed of Trust without the joinder of Trustee; or (d) release any party liable, either directly or indirectly, for the Indebtedness or for any covenant herein or in any of the other Loan Documents now or hereafter securing the payment of the Indebtedness, without impairing or releasing the liability of any other party. No such act shall in any way impair the rights of the Collateral Agent hereunder except to the extent specifically agreed to by the Collateral Agent in such writing.

6.5 **Actions by the Collateral Agent.** The lien, security interest and other security rights of the Collateral Agent hereunder shall not be impaired by any indulgence, moratorium or release granted by the Collateral Agent, including but not limited to (a) any renewal, extension, increase or modification which the Collateral Agent may grant with respect to any of the Indebtedness; (b) any surrender, compromise, release, renewal, extension, exchange or substitution which the Collateral Agent may grant in respect of the Mortgaged Property,

or any part thereof or any interest therein; or (c) any release or indulgence granted to any endorser, guarantor or surety of any of the Indebtedness. The taking of additional security by the Collateral Agent shall not release or impair the lien, security interest or other security rights of the Collateral Agent hereunder or affect the liability of Grantor or of any endorser or guarantor or other surety or improve the rights of any permitted junior lienholder in the Mortgaged Property.

6.6 **Rights of the Collateral Agent.** The Collateral Agent may waive any Default without waiving any other prior or subsequent Default. The Collateral Agent may remedy any default without waiving the Default remedied. Neither the failure by the Collateral Agent to exercise, nor the delay by the Collateral Agent in exercising, any right, power or remedy upon any Default shall be construed as a waiver of such Default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by the Collateral

Agent of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Grantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the extent therein specified. No notice to nor demand on Grantor in any case shall of itself entitle Grantor to any other or further notice or demand in similar or other circumstances. Acceptance by the Collateral Agent of any payment in an amount less than the amount then due on any of the Indebtedness shall be deemed an acceptance on account only and shall not in any way affect the existence of a Default hereunder.

6.7 **Notification of Account Debtors.** The Collateral Agent may at any time after Default by Grantor notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness included in the Personal Property to pay the Collateral Agent directly.

6.8 **Reproduction as Financing Statement.** A carbon, photographic or other reproduction of this Deed of Trust or of any financing statement relating to this Deed of Trust shall be sufficient as a financing statement.

6.9 **Fixture Filing.** This Deed of Trust shall be effective as a financing statement filed as a fixture filing with respect to all fixtures now or hereafter included within the Mortgaged Property and is to be filed for record in the real property records in the Office of the County Clerk for the county or counties where the Mortgaged Property (including said fixtures) is situated. This Deed of Trust shall also be effective as a financing statement covering as-extracted collateral, and is to be filed for record in the real property records of the county where the Mortgaged Property is situated. The mailing address of Grantor (debtor) is set forth on the first page of this Deed of Trust and the address of the Collateral Agent (secured party) from which information concerning the security interest may be obtained is the address of the Collateral Agent set forth in Paragraph 1.1 of this Deed of Trust. Grantor is a corporation, the Grantor' s jurisdiction of organization is Texas, and the Grantor' s organizational identification number is 105301600.

6.10 **Filing and Recordation.** Grantor will cause this Deed of Trust and all amendments and supplements thereto and substitutions therefor and all financing statements and continuation statements relating hereto to be recorded, filed, re-recorded and refiled in such manner and in such places as Trustee or the Collateral Agent shall reasonably request, and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges. Grantor hereby authorizes the Collateral Agent or the Trustee to file any financing statement or financing statement amendment covering the Personal Property or relating to the security interest created herein.

6.11 **Dealing with Successor.** In the event the ownership of the Mortgaged Property or any part thereof becomes vested in a person other than Grantor, the Collateral Agent may,

without notice to Grantor, deal with such successor or successors in interest with reference to this Deed of Trust and to the Indebtedness in the same manner as with Grantor, without in any way vitiating or discharging Grantor' s liability hereunder or for the payment of the Indebtedness; provided, however, nothing in this Paragraph shall be construed as permitting any transfer of the Mortgaged Property which would constitute a Default under this Deed of Trust. No sale of the Mortgaged Property, no forbearance on the part of the Collateral Agent and no extension of the time for the payment of the Indebtedness given by the Collateral Agent shall operate to release, discharge, modify, change

or affect, in whole or in part, the liability of Grantor hereunder or for the payment of the Indebtedness or the liability of any other person hereunder or for the payment of the Indebtedness, except as agreed to in writing by the Collateral Agent.

6.12 **Place of Payment.** The Indebtedness shall be payable at the place designated in the Credit Agreement, or if no such designation is made, at the office of the Collateral Agent at the address indicated in this Deed of Trust, or at such other place as the Collateral Agent may designate in writing.

6.13 **Subrogation.** To the extent that proceeds of the Notes are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Mortgaged Property, such proceeds have been advanced by the Collateral Agent at Grantor' s request and the Collateral Agent shall be subrogated to any and all rights, security interests and liens owned or held by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released; provided, however, that the terms and provisions of this Deed of Trust shall govern the rights and remedies of the Collateral Agent and shall supersede the terms, provisions, rights and remedies under and pursuant to the instruments creating the liens, security interests, charges or encumbrances to which the Collateral Agent is subrogated hereunder.

6.14 **Application of Indebtedness.** If any part of the Indebtedness cannot be lawfully secured by this Deed of Trust or if any part of the Mortgaged Property cannot be lawfully subject to the lien and security interest hereof to the full extent of the Indebtedness, then all payments made shall be applied on said Indebtedness first in discharge of that portion thereof which is unsecured by this Deed of Trust.

6.15 **Usury.** This Deed of Trust has been executed under, and shall be construed and enforced in accordance with, the laws of the State of Texas, except as such laws are preempted by federal law. This Deed of Trust and all of the other Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable usury laws. If any provision hereof or of any of the other Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the application of such provision to any other person or circumstance nor the remainder of the instrument in which such provision is contained shall be affected thereby and shall be enforced to the greatest extent permitted by Applicable Laws. It is expressly stipulated and agreed to be the intent of Grantor and the Collateral Agent to at all times comply with the usury and other applicable laws now or hereafter governing the interest payable on the Indebtedness. If the applicable law is ever revised, repealed or judicially interpreted so as to render usurious any

amount called for under the Notes or under any of the other Loan Documents, or contracted for, charged, taken, reserved or received with respect to the Indebtedness, or if the Collateral Agent' s exercise of the option to accelerate the maturity of the Indebtedness, or if any prepayment of the Indebtedness results in the payment of any interest in excess of that permitted by law, then it is the express intent of Grantor and the Collateral Agent that all excess amounts theretofore collected by the Collateral Agent be credited on the principal balance of the Notes (or, if the Notes and all of such other Indebtedness have been paid in full, refunded), and the provisions of the Notes and the other Loan Documents immediately be deemed reformed and the amounts thereafter collectable hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the then Applicable Laws, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid, or agreed to be paid, for the use, forbearance , detention, taking, charging, receiving or reserving on the Indebtedness shall, to the extent permitted by Applicable Laws, be amortized, prorated, allocated and spread throughout the full term of such Indebtedness until payment in full so that the rate or amount of interest on account of such Indebtedness does not exceed the usury ceiling from time to time in effect and applicable thereto for so long as debt is outstanding under the Indebtedness. To the extent that the Collateral Agent is relying on Chapter 303 of the Texas Finance Code to determine the maximum rate ("**Maximum Rate**") payable on the Indebtedness, the Collateral Agent will utilize the weekly ceiling from time to time in effect as provided in such Chapter. To the extent the law governing the Notes or federal law permits the Collateral Agent to contract for, charge or receive a greater amount of interest, the Collateral Agent will rely on the law governing the Notes or federal law instead of such Chapter, as amended, for the purpose of determining the Maximum Rate. Additionally, to the extent permitted by applicable law now in effect, the Collateral Agent may, at its option and from time to time, implement any other method of computing the Maximum Rate under such article, as amended, or under other applicable law by giving notice, if required, to Grantor as provided by applicable law now or hereafter in effect. In no event shall the provisions of Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving triparty accounts) apply to the Indebtedness. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of the Collateral Agent to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

6.16 **Notice.** Any notice, request, demand or other communication required or permitted hereunder shall be given and received in accordance with Article 16 of the Credit Agreement; provided that, service of a notice required by Texas Property Code §51.002 shall be considered complete when the requirements of that statute are met.

6.17 **Heirs, Successors and Assigns.** The terms, provisions, covenants and conditions hereof shall be binding upon Grantor, and the heirs, devisees, representatives, successors and assigns of Grantor including all successors in interest of Grantor in and to all or any part of the Mortgaged Property, and shall inure to the benefit of Trustee and the Collateral Agent and their respective heirs, successors, substitutes and assigns and shall constitute covenants running with the Land. All references in this Deed of Trust to Grantor, Trustee or the Collateral Agent shall be deemed to include all such heirs, devisees, representatives, successors, substitutes and assigns.

6.18 **Severability.** A determination that any provision of this Deed of Trust is unenforceable or invalid shall not affect the enforceability or validity of any other provision and any determination that the application of any provision of this Deed of Trust to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

6.19 **Gender and Number.** Within this Deed of Trust, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural and words in the plural number shall be held and construed to include the singular, unless in each instance the context otherwise requires.

6.20 **Counterparts.** This Deed of Trust may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart.

6.21 **Joint and Several.** Where two or more persons or entities have executed this Deed of Trust, unless the context clearly indicates otherwise, the term "**Grantor**" as used in this Deed of Trust means the grantors hereunder or either or any of them and the obligations of Grantor hereunder shall be joint and several.

6.22 **Reporting Requirements.** Grantor agrees to comply with any and all reporting requirements applicable to the transaction evidenced by the Notes and secured by this Deed of Trust which are set forth in any law, statute, ordinance, rule, regulation, order or determination of any governmental authority (including, but not limited to, The International Investment Survey Act of 1976, The Agricultural Foreign Investment Disclosure Act of 1978, The Foreign Investment in Real Property Tax Act of 1980 and the Tax Reform Act of 1984) and further agrees upon request of the Collateral Agent to furnish the Collateral Agent with evidence of such compliance.

6.23 **Headings.** The Paragraph headings contained in this Deed of Trust are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several Paragraphs hereof.

6.24 **Consent of the Collateral Agent.** Except where otherwise provided herein, in any instance hereunder where the approval, consent or the exercise of judgment of the Collateral Agent is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of the Collateral Agent, and the Collateral Agent shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner, regardless of the reasonableness of either the request or the Collateral Agent' s judgment.

6.25 **Modification or Termination.** The Loan Documents may only be modified or terminated by a written instrument or instruments executed by the party against which

enforcement of the modification or termination is asserted. Any alleged modification or termination which is not so documented shall not be effective as to any party. Grantor agrees that it shall be bound by any modification of this Deed of Trust or any of the other Loan Documents made by the Collateral Agent and any subsequent owner of the Mortgaged Property, with or without notice to or consent of Grantor, and no such modification shall impair the obligations of Grantor under this Deed of Trust or under any other Loan Document.

6.26 **Negation of Partnership.** Nothing contained in the Loan Documents is intended to create any partnership, joint venture or association between Grantor and the Collateral Agent, or in any way make the Collateral Agent a co-principal with Grantor with reference to the Mortgaged Property, and any inferences to the contrary are hereby expressly negated.

6.27 **Entire Agreement.** The Loan Documents constitute the entire understanding and agreement between Grantor and the Collateral Agent with respect to the transactions arising in connection with the Indebtedness and supersede all prior written or oral understandings and agreements between Grantor and the Collateral Agent with respect thereto. Grantor hereby acknowledges that, except as incorporated in writing in the Loan Documents, there are not, and were not, and no persons are or were authorized by the Collateral Agent to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Loan Documents.

6.28 **Applicable Law**. **THIS DEED OF TRUST AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS (WITHOUT GIVING EFFECT TO TEXAS' PRINCIPLES OF CONFLICTS OF LAW) AND THE LAW OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN SUCH STATE; PROVIDED, HOWEVER, WITH RESPECT TO THE MAXIMUM RATE OF INTEREST THAT CAN BE CHARGED AND COLLECTED, THE LAWS GOVERNING THE NOTES SHALL BE APPLICABLE. GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY TEXAS OR FEDERAL COURT SITTING IN HOUSTON, TEXAS (OR ANY COUNTY IN TEXAS WHERE ANY PORTION OF THE PROPERTY IS LOCATED) OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, AND GRANTOR HEREBY AGREES AND CONSENTS THAT, IN ADDITION TO ANY METHODS OF SERVICE OF PROCESS PROVIDED FOR UNDER APPLICABLE LAW, ALL SERVICE OF PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY TEXAS OR FEDERAL COURT SITTING IN HOUSTON, TEXAS (OR SUCH OTHER COUNTY IN TEXAS) MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO GRANTOR AT THE ADDRESS OF GRANTOR FOR THE GIVING OF NOTICES SET FORTH IN THIS DEED OF TRUST, AND SERVICE SO MADE SHALL BE COMPLETE FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO MAILED.**

6.29 Waiver of Jury Trial. GRANTOR AND THE COLLATERAL AGENT, FOR ITSELF AND THE CREDITORS (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY, AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN GRANTOR AND THE COLLATERAL AGENT ARISING OUT OF OR IN ANY WAY RELATED TO THIS DEED OF TRUST OR ANY OTHER LOAN DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE CREDITORS TO PROVIDE THE FINANCING DESCRIBED HEREIN OR IN THE OTHER LOAN DOCUMENTS.

EXECUTED as of August 13, 2004.

STOLTHAVEN HOUSTON INC., a
Texas corporation

By: _____
Name: Alan Winsor
Title: Secretary

STATE OF NEW YORK: ‘
‘
COUNTY OF NEW YORK ‘

This instrument was acknowledged before me on the 13th day of August, 2004 by Alan Winsor, Secretary of Stolthaven Houston Inc., a Texas corporation, on behalf of said corporation.

[SEAL]

Notary Public, State of New York

EXHIBIT "A"

TO

DEED OF TRUST, SECURITY AGREEMENT AND
ASSIGNMENT OF RENTS AND LEASES
EXECUTED BY STOLTHAVEN HOUSTON INC.,
AS GRANTOR

EXHIBIT "B"

TO

DEED OF TRUST, SECURITY AGREEMENT AND
ASSIGNMENT OF RENTS AND LEASES
EXECUTED BY STOLTHAVEN HOUSTON INC.,
AS GRANTOR

PERMITTED ENCUMBRANCES

None.

EXHIBIT F

PLEDGE AGREEMENT

STOLT-NIELSEN TRANSPORTATION GROUP INC.

and

DNB NOR BANK ASA,

NEW YORK BRANCH

August 13, 2004

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (this "Pledge Agreement") is made as of this 13th day of August, 2004, between (i) STOLT-NIELSEN TRANSPORTATION GROUP INC., a corporation organized and existing under the laws of the State of Delaware having its principal place of business and chief executive office at 8 Sound Shore Drive, P.O. Box 2300, Greenwich, CT 06836 (herein called the "Pledgor"), and (ii) DNB NOR BANK ASA, acting through its New York branch, in its capacity as collateral agent (herein called the "Pledgee") for and on behalf of the Lenders and the Agents (together, the "Creditors").

WITNESSETH:

WHEREAS:

A. Pursuant to a term loan and revolving credit facility agreement dated August 13, 2004 (the "Credit Agreement") made by and among (i) Stolthaven Houston, Inc., a Texas corporation ("Stolthaven Houston"), and Stolthaven New Orleans LLC, a Louisiana limited liability company ("Stolthaven New Orleans"), as borrowers (collectively, the "Borrowers' "), (ii) the banks and financial institutions listed on Schedule 1 of the Credit Agreement, as lenders (together with any bank or financial institution which becomes a Lender pursuant to Section 10 of the Credit Agreement, the "Lenders"), (iii) DnB NOR Bank ASA, acting through its New York Branch, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), and (iv) the Pledgee as collateral agent for the Lenders (in such capacity, the "Collateral Agent" and, together with the Administrative Agent, the "Agents"), the Agents have agreed to serve in their respective capacities under the Credit Agreement and the Lenders have agreed to provide to the Borrowers a secured term loan in the amount of up to US$150,000,000 (the "Term Loan") and a secured revolving credit facility in the amount of up to US$20,000,000 (the "Revolver" and together with the Term Loan, the "Credit Facilities");

B. As of the date hereof, the Pledgor is the registered and beneficial owner of all of the issued and outstanding shares of capital stock (the "Stolthaven Houston Shares") of Stolthaven Houston, which Stolthaven Houston Shares are represented by certificate No. 5 (the "Stolthaven Houston Certificate");

C. As of the date hereof, the Pledgor is the registered and beneficial owner of all of the membership interests (the "Stolthaven New Orleans Membership Interests" and together with the Stolthaven Houston Shares, the "Pledged Interests") of Stolthaven New Orleans, which Stolthaven New Orleans Membership Interests are represented by certificate No. 1 (the "Stolthaven New Orleans Certificate" and together with the Stolthaven Houston Certificate, the "Certificates"); and

D. It is a condition precedent to the Lenders providing the Credit Facilities to the Borrowers that the Pledgor shall execute and deliver to the Pledgee, among other things, this Pledge Agreement as security for the obligations of Borrowers under the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Pledgor agrees with the Pledgee as follows:

1. Defined Terms. Unless otherwise defined herein, terms defined in Appendix A to the Credit Agreement shall have the same meanings when used herein.

2. Guaranty; Grant of Security. The Pledgor, as primary obligor and not merely as surety, irrevocably, unconditionally and absolutely guarantees to the Pledgee, for the account of the Creditors, on first demand the due and punctual payment, when due, whether by acceleration or otherwise, of all sums owing by the Borrowers to any of the Creditors under the Credit Agreement, the Notes and the Security Documents, together with any and all out-of-pocket legal costs and other expenses incurred in connection therewith by any of the Creditors and, in case of extension of time of payment or renewal in whole or in part of the said obligations of the Borrowers, the

prompt payment when due of all said sums according to such extension or extensions or renewal or renewals, whether by acceleration or otherwise; provided that the liability of the Pledgor with respect to such guaranty shall be limited exclusively to the Pledged Interests. As security for (a) the full and prompt payment to the Creditors of all sums owing by the Borrowers to the Creditors whether for principal, interest, fees, expenses or otherwise, under and in connection with the Credit Agreement and the due and punctual performance by each of the Borrowers of its respective obligations in connection therewith, and (b) the due and punctual performance by the Pledgor of all its obligations under this Pledge Agreement, the Credit Agreement and the other Security Documents to which it is a party (all of the above under (a) and (b) now or hereafter existing hereinafter together called the "Obligations"), the Pledgor hereby pledges, assigns, transfers and delivers to the Pledgee as Collateral Agent the Pledged Interests and hereby grants to the Pledgee a first lien on, and first security interest in, the Pledged Interests.

3. Pledge Documents. Concurrently with the execution of this Pledge Agreement, the Pledgor shall execute and deliver to the Pledgee an irrevocable proxy in favor of the Pledgee in respect of the Pledged Interests in the form set out in Exhibit A hereto (each, an "Irrevocable Proxy" and collectively, the "Irrevocable Proxies") and shall deliver to the Pledgee the Certificates together with signed, undated instruments of transfer pertaining thereto duly executed in blank

4. Representations and Warranties. The Pledgor represents and warrants that:

(i) it is the legal and beneficial owner of, and has good and marketable title to, the Pledged Interests delivered to the Pledgee on the date hereof, subject to no pledge, lien, mortgage, hypothecation, security interest, charge, option or other encumbrance whatsoever, except the lien and security interest created by this Pledge Agreement and the delivery of the Pledged Interests to the Pledgee;

(ii) it has full power, authority and legal right to execute, deliver and perform this Pledge Agreement and to create the collateral security interest for which this Pledge Agreement provides;

(iii) the Stolthaven Houston Shares (a) have been duly and validly issued and are fully paid and nonassessable and (b) constitute 100% of the issued and outstanding capital stock of Stolthaven Houston;

(iv) the Stolthaven New Orleans Membership Interests (a) have been duly and validly issued and are fully paid and nonassessable and (b) constitute 100% of the issued and outstanding membership interests of Stolthaven New Orleans;

(v) this Pledge Agreement constitutes a valid obligation of the Pledgor, legally binding upon it and enforceable in accordance with its terms;

(vi) the pledge, hypothecation, assignment and delivery of the Pledged Interests pursuant to this Pledge Agreement creates a valid first perfected security interest in each of the Pledged Interests and the proceeds thereof;

(vii) no consent of any other party (including stockholders of the Pledgor) is required in connection with the execution, delivery, performance, validity, enforceability or enforcement of this Pledge Agreement, and no consent, license, approval or authorization of, or registration or declaration with, any governmental authority, bureau or agency is required in connection with the execution, delivery, performance, validity, enforceability or enforcement of this Pledge Agreement;

(viii) the execution, delivery and performance of this Pledge Agreement will not violate or contravene any provision of any existing law or regulation or decree of any court, governmental authority, bureau or agency having jurisdiction in the premises or of the Certificate of Incorporation, by-laws or other charter documents of the Pledgor or the Borrowers or of any mortgage, indenture, security agreement, contract, undertaking or other agreement to which the Pledgor is a party or which purports to be binding upon it or any of its properties or assets and will not result in the creation or imposition of any lien, charge or encumbrance on, or security interest in, any of its properties or assets pursuant to the provisions of any such mortgage, indenture, security agreement, contract, undertaking or other agreement except as contemplated herein; and

(ix) the representations and warranties set forth in Article 2 of the Credit Agreement insofar as they relate to the Pledgor are true and complete and that the Pledgor will comply with each of the

covenants set forth in the Credit Agreement which are applicable to the Pledgor.

5. Covenants. The Pledgor hereby covenants that during the continuance of this security:

(i) it shall warrant and defend the right and title of the Pledgee conferred by this Pledge Agreement in and to the Pledged Interests at the cost of the Pledgor against the claims and demands of all persons whomsoever;

(ii) except as herein provided, without the prior written consent of the Pledgee, it shall not sell, assign, transfer, charge, pledge or encumber in any manner any part of the Pledged Interests or suffer to exist any encumbrance on the Pledged Interests; and

(iii) without the prior written consent of the Pledgee it shall not take from the Borrowers, individually or collectively, any undertaking or security in respect of its liability hereunder or in respect of any other liability of the Borrowers, individually or collectively, to the Pledgor and the Pledgor shall not prove nor have the right of proof in competition with the Pledgee, for any monies whatsoever owing from the Borrowers, individually or collectively, to the Pledgor, in any insolvency or liquidation, or analogous proceedings under any applicable law, of the Borrowers.

6. Delivery of Additional Interests. If the Pledgor shall become entitled to receive or shall receive any stock certificates (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital, or issued in connection with any reorganization), membership certificates, option or rights, whether as an addition to, in substitution of, or in exchange for any of the Pledged Interests, the Pledgor agrees to accept the same as the agent of the Pledgee and to hold the same in trust for the benefit of the Pledgee and to deliver the same forthwith to the Pledgee in the exact form received, with the endorsement of the Pledgor when necessary and/or appropriate undated instruments of transfer duly executed in blank, and irrevocable proxies for any stock certificates or membership certificates so received, in substantially the form of Exhibit A to be held by the Pledgee, subject to the terms hereof, as additional collateral security for the Obligations. Any sums paid upon or in respect of the Pledged Interests on the liquidation or dissolution of Stolthaven Houston or Stolthaven New Orleans shall be paid over to the Pledgee to be held by it as additional collateral security for the Obligations.

7. Collateral. All property at any time pledged to the Pledgee hereunder by the Pledgor (whether described herein or not) and all income therefrom and proceeds thereof, are herein collectively sometimes called the “Collateral”.

8. General Authority. The Pledgor hereby consents that, without the necessity of any reservation of rights against the Pledgor, and without notice to or further assent by the Pledgor, any demand for payment of any of the Obligations made by the Pledgee may be

rescinded by the Pledgee and any of the Obligations continued, and the Obligations, or the liability of the Pledgor upon or for any part thereof, or any other collateral security (including, without limitation, any collateral security held pursuant to the Credit Agreement) or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, waived, surrendered, or released by the Pledgee, and the Credit Agreement, any guarantees and any other collateral security documents executed and delivered by the Pledgor or any other obligors in respect of the Obligations may be amended, modified, supplemented or terminated, in whole or in part, as the Pledgee may deem advisable, from time to time, and any other collateral security at any time held by the Pledgee for the payment of the Obligations (including, without limitation, any collateral security held pursuant to any other collateral security document executed and delivered pursuant to the Credit Agreement) may be sold, exchanged, waived, surrendered or released, all without notice to or further assent by the Pledgor, which will remain bound hereunder, notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. The Pledgor waives any and all notices of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Pledgee upon this Pledge Agreement,

and the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Pledge Agreement, and all dealings between Stolthaven Houston or Stolthaven New Orleans and the Pledgee shall likewise be conclusively presumed to have been had or consummated in reliance upon this Pledge Agreement. The Pledgor waives diligence, presentment, protest, demand for payment and notice of default of non-payment to or upon the Pledgor, Stolthaven Houston or Stolthaven New Orleans with respect to the Obligations.

9. Voting Rights. The Pledgee shall as the Pledgee and as the holder of the Irrevocable Proxies receive notice (if the Pledgee has requested to be provided with such notice) and have the right to vote the Pledged Interests at its own discretion at, any annual or special meeting, as the case may be, of the directors or members, as the case may be, of the Borrowers, provided, however, that the Pledgee shall not exercise such right to vote until such time that an Event of Default shall have occurred and be continuing under the Credit Agreement or any of the security created by or pursuant to this Pledge Agreement shall be imperilled or jeopardized in a manner reasonably deemed material by the Pledgee.

10. Default. The security constituted by this Pledge Agreement shall become immediately enforceable on the occurrence and during the continuance of an Event of Default under the Credit Agreement.

11. Remedies. At any time after the security constituted by this Pledge Agreement shall have become enforceable as aforesaid or in the event any of the security created by or pursuant to this Pledge Agreement shall be imperilled or jeopardized in a manner reasonably deemed material by the Pledgee, whereupon the security constituted by this Pledge Agreement shall become enforceable, the Pledgee shall be entitled without further notice to the Pledgor:

(i) subject to the limitations of Section 9-610 and 9-615 of the Uniform Commercial Code of the State of New York (if

applicable), to sell, assign, transfer and deliver at any time the whole, or from time to time any part, of the Collateral or any rights or interests therein, at public or private sale or in any other manner, at such price or prices and on such terms as the Pledgee may deem appropriate, and either for cash, on credit, for other property or for future delivery, at the option of the Pledgee, upon not less than 10 days' written notice (which 10 day notice is hereby acknowledged by the Pledgor to be reasonable) addressed to the Pledgor at its last address on file with the Pledgee, but without demand, advertisement or other notice of any kind (all of which are hereby expressly waived by the Pledgor). If any of the Collateral or any rights or interests thereon are to be disposed of at a public sale, the Pledgee may, without notice or publication, adjourn any such sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, occur at the time and place identified in such announcement. If any of the Collateral or any rights or interests therein shall be disposed of at a private sale, the Pledgee shall be relieved from all liability or claim for inadequacy of price. At any such public sale the Pledgee may purchase the whole or any part of the Collateral or any rights or interests therein so sold. Each purchaser, including the Pledgee should it acquire the Collateral, at any public or private sale shall hold the property sold free from any claim or right of redemption, stay, appraisal or reclamation on the part of the Pledgor which are hereby expressly waived and released to the extent permitted by applicable law. If any of the Collateral or any rights or interests therein shall be sold on credit or for future delivery, the Collateral or rights or interests so sold may be retained by the Pledgee until the selling price thereof shall be paid by the purchaser, but the Pledgee shall not incur any liability in case of failure of the purchaser to take up and pay for the Collateral or rights or interests therein so sold. In case of any such failure, such Collateral or rights or interests therein may again be sold or not less than 10 days' written notice as aforesaid;

(ii) to exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to the Pledged Interests as if it was the absolute owner thereof, including, without limitation, the right to exchange at its discretion, any and all of the Pledged Interests upon the merger, consolidation, reorganization, recapitalization or other readjustment of Stolthaven Houston or Stolthaven

New Orleans or, upon the exercise by Stolthaven Houston or Stolthaven New Orleans or the Pledgee of any right, privilege or option pertaining to any of the Pledged Interests, and in connection

therewith, to deposit and deliver any and all of the Pledged Interests with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it.

In addition to the rights and remedies granted to it in this Pledge Agreement and in any other instrument or agreement securing, evidencing or relating to any of the Obligations, the Pledgee shall have rights and remedies of a secured party under the Uniform Commercial Code of the State of New York.

The following provisions of this paragraph shall, without limiting the generality of any other provision of this Pledge Agreement, be applicable in the event, in connection with any foreclosure hereunder, Louisiana law shall be applicable. Pledgee, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the security interests hereunder granted and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction. For the purposes of Louisiana executory process procedures, Pledgor does hereby acknowledge the Obligations and confess judgment in favor of Pledgee and the Lenders for the full amount of the Obligations. Pledgor does by these presents consent and agree that upon the occurrence of an Event of Default it shall be lawful for Pledgee to cause all and singular the Collateral to be seized and sold under executory or ordinary process, at Pledgee' s sole option, without appraisement, appraisement being hereby expressly waived, in one lot as an entirety or in separate parcels or portions as Pledgee may determine, to the highest bidder, and otherwise exercise the rights, powers and remedies afforded herein and in the other documents executed in connection with the Obligations and under applicable Louisiana law. Any and all declarations of fact made by authentic act before a Notary Public in the presence of two witnesses by a person declaring that such facts lie within his knowledge shall constitute authentic evidence of such facts for the purpose of executory process. Pledgor hereby waives: (a) the benefit of appraisement as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2723 and 2724, and all other laws conferring the same; (b) the demand and three days delay accorded by Louisiana Code of Civil Procedure Articles 2639 and 2721; (c) the notice of seizure required by Louisiana Code of Civil Procedure Articles 2293 and 2721; (d) the three days delay provided by Louisiana Code of Civil Procedure Articles 2331 and 2722; and (e) the benefit of the other provisions of Louisiana Code of Civil Procedure Articles 2331, 2722 and 2723, not specifically mentioned above. In the event the Collateral or any part thereof is seized as an incident to an action for the recognition or enforcement of this Agreement by executory process, ordinary process, sequestration, writ of fieri facias, or otherwise, Pledgor and Pledgee agree that the court issuing any such order shall, if petitioned for by Pledgee, direct the applicable sheriff to appoint as a keeper of the Collateral, Pledgee or any agent designated by Pledgee or any person named by Pledgee at the time such seizure is effected. This designation is pursuant to Louisiana Revised Statutes 9:5136-9:5140.2 and Pledgee shall be entitled to all the rights and benefits afforded thereunder as the same may be amended. It is hereby agreed that the keeper shall be entitled to receive a reasonable compensation in addition to its reasonable costs and expenses incurred in the administration or preservation of the Collateral. Such amounts shall also be secured by this Pledge Agreement.

The designation of keeper made herein shall not be deemed to require Pledgee to provoke the appointment of such a keeper.

12. No Duty on Pledgee. The Pledgee shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing.

13. Application of Proceeds. All moneys collected or received by the Pledgee pursuant to this Pledge Agreement shall be dealt with as provided in the Credit Agreement.

14. Termination. When all of the Obligations shall have been fully and indefeasibly satisfied, the Pledgee agrees that it shall forthwith release the Pledgor from its Obligations hereunder and the Pledgee, at the request and expense of the Pledgor, will promptly execute and deliver to the Pledgor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement, and

the Irrevocable Proxies shall terminate forthwith and be delivered to the Pledgor forthwith together with the other items furnished to the Pledgee pursuant to Section 3 hereof.

15. Further Assurances. The Pledgor shall from time to time, and at all times after the security constituted by this Pledge Agreement shall have become enforceable, execute all such further instruments and documents and do all such things as the Pledgee may reasonably deem desirable for the purpose of obtaining the full benefit of this Pledge Agreement and of the rights, title, interest, powers, authorities and discretions conferred on the Pledgee by this Pledge Agreement including (without limitation) causing Stolthaven Houston or Stolthaven New Orleans, as the case may be, to execute any such instruments and documents as aforesaid. The Pledgor hereby irrevocably appoints the Pledgee its attorney-in-fact for him and in its name and on its behalf and as its act and deed to execute, seal and deliver and otherwise perfect any deed, assurance, agreement, instrument or act which it may deem desirable for any of the purposes of this Pledge Agreement; provided that the Pledgee shall not exercise such power until the security constituted by this Pledge Agreement shall have become enforceable. The Pledgee shall have full power to delegate this power of attorney but no such delegation shall preclude the subsequent exercise of such power by the Pledgee itself or preclude the Pledgee from subsequent delegation to some other person and any delegation may be revoked by the Pledgee at any time.

16. No Waiver; Remedies Cumulative and Exclusive. The Pledgee shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by the Pledgee, and then only to the extent therein set forth. A waiver by the Pledgee of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Pledgee would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of the Pledgee, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

17. Changes in Writing; Successors and Assigns. None of the terms or provisions of this Pledge Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by the Pledgee. This Pledge Agreement and all obligations of the Pledgor hereunder shall be binding upon the successors and assigns of the Pledgor and shall, together with the rights and remedies of the Pledgee hereunder, inure to the benefit of the Pledgee, its respective successors and assigns.

18. Notices. Notices and other communications hereunder shall be in writing and may be sent by telefax, confirmed by certified mail if domestic (by Federal Express, express mail or courier, if international) as follows:

If to the Pledgor -

c/o Stolt-Nielsen Inc.
8 Sound Shore Drive
Greenwich, CT 06836
Attn: Howard J. Merkel
Telephone: (203) -
Facsimile:(203) 661-7695

If to the Pledgee -

200 Park Avenue
New York, New York 10166-0396
Attention: Sanjiv Nayar
Telephone :(212) 681-3862
Facsimile: (212) 681-3900

Every notice or demand shall, except so far as otherwise expressly provided by this Pledge Agreement, be deemed to have been received (provided that it is received prior to 2 p.m. New York time), (i) if given by facsimile, on the date of dispatch thereof (provided that if the date of dispatch is not a Business Day in the locality of the party to whom such notice or communication is sent it shall be deemed to have been received on the next following Business Day in such locality), and (ii) if given by mail, prepaid overnight courier or any other means, when received at the address specified in this Section or when delivery at such address is refused..

19. Governing Law. This Pledge Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to the principles of conflicts of law thereof.

20. Submission to Jurisdiction. The Pledgor hereby irrevocably submits to the jurisdiction of the courts of the State of New York and of the United States District Court for the Southern District of New York in any action or proceeding brought against it by any of the Creditors under this Pledge Agreement or under any document delivered hereunder and hereby irrevocably agrees that valid service of summons or other legal process on it may be effected by serving a copy of the summons and other legal process in any such action or proceeding on the Pledgor by mailing or delivering the same by hand to the Pledgor at the address indicated for notices in Section 18. The service, as herein provided, of such summons or other legal process in any such action or proceeding shall be deemed personal service and accepted by the Pledgor as

such, and shall be legal and binding upon the Pledgor for all the purposes of any such action or proceeding. Final judgment (a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness of the Pledgor to the Pledgee) against the Pledgor in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment. The Pledgor will advise the Pledgee promptly of any change of address for the purpose of service of process. Notwithstanding anything herein to the contrary, the Pledgee may bring any legal action or proceeding in any other appropriate jurisdiction.

21. WAIVER OF JURY TRIAL. EACH OF THE PLEDGOR, AND BY ITS ACCEPTANCE HEREOF, THE PLEDGEE, HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY HERETO AGAINST ANY OTHER PARTY HERETO ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS PLEDGE AGREEMENT.

22. Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Pledgee in order to carry out the intentions of the parties hereto as nearly as may be possible; and (ii) the invalidity and unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

23. Counterparts. This Pledge Agreement may be signed in any number of counterparts, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument.

24. Headings. In this Pledge Agreement, Section headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Pledge Agreement.

[Signature Page Follows]

IN WITNESS whereof the parties hereto have caused this Pledge Agreement to be duly executed the day and year first above written.

STOLT-NIELSEN TRANSPORTATION GROUP INC.

By: _____
Name: John Greenwood
Title: Attorney-in-Fact

DNB NOR BANK ASA,
NEW YORK BRANCH

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

IRREVOCABLE PROXY

The undersigned, the registered and beneficial owner of the below described [shares][membership interests] of [Stolthaven Houston, Inc.][Stolthaven New Orleans LLC], a [corporation][limited liability company] organized under the laws of the State of [Texas][Louisiana] (the "Company"), hereby makes, constitutes and appoints DNB NOR BANK ASA, acting through its New York branch, ("the Pledgee") with full power to appoint a nominee or nominees to act hereunder from time to time, the true and lawful attorney and proxy of the undersigned to vote 100% of the [shares of capital stock of][membership interests in] the Company at all annual and special meetings of [shareholders][members] of the Company or take any action by written consent with the same force and effect as the undersigned might or could do, hereby ratifying and confirming all that the said attorney or its nominee or nominees shall do or cause to be done by virtue hereof.

The said [shares of capital stock][membership interests] have been pledged (the "Pledge") to the Pledgee pursuant to a Pledge Agreement dated August 13, 2004 between the undersigned and the Pledgee. This Proxy may be exercised only after the occurrence and during the continuance of an Event of Default under and as defined in the Credit Agreement executed and delivered in connection with the Pledge.

This power and proxy is coupled with an interest and is irrevocable and shall remain irrevocable so long as the Pledge is outstanding and is in full force and effect. [This Proxy shall survive longer than eleven (11) months, but in any event as long as permitted under the laws of the State of Louisiana.][For Stolthaven New Orleans only.]

IN WITNESS whereof the undersigned has caused this instrument to be duly executed this day of , 2004.

STOLT-NIELSEN TRANSPORTATION GROUP INC.

By: _____
Name: John Greenwood
Title: Attorney-in-Fact

IRREVOCABLE PROXY

The undersigned, the registered and beneficial owner of the below described shares of Stolthaven Houston, Inc., a corporation organized under the laws of the State of Texas (the "Company"), hereby makes, constitutes and appoints DNB NOR BANK ASA, acting through its New York branch, ("the Pledgee") with full power to appoint a nominee or nominees to act hereunder from time to time, the true and lawful attorney and proxy of the undersigned to vote 100% of the shares of capital stock of the Company at all annual and special meetings of shareholders of the Company or take any action by written consent with the same force and effect as the undersigned might or could do, hereby ratifying and confirming all that the said attorney or its nominee or nominees shall do or cause to be done by virtue hereof.

The said shares of capital stock have been pledged (the "Pledge") to the Pledgee pursuant to a Pledge Agreement dated August 13, 2004 between the undersigned and the Pledgee. This Proxy may be exercised only after the occurrence and during the continuance of an Event of Default under and as defined in the Credit Agreement executed and delivered in connection with the Pledge.

This power and proxy is coupled with an interest and is irrevocable and shall remain irrevocable so long as the Pledge is outstanding and is in full force and effect.

IN WITNESS whereof the undersigned has caused this instrument to be duly executed this day of , 2004.

STOLT-NIELSEN TRANSPORTATION GROUP INC.

BY: _____
Name: John Greenwood
Title: Attorney-in-Fact

IRREVOCABLE PROXY

The undersigned, the registered and beneficial owner of the below described membership interests of Stolthaven New Orleans LLC, a limited liability company organized under the laws of the State of Louisiana (the "Company"), hereby makes, constitutes and appoints DNB NOR BANK ASA, acting through its New York branch, ("the Pledgee") with full power to appoint a nominee or nominees to act hereunder from time to time, the true and lawful attorney and proxy of the undersigned to vote 100% of the membership interests in the Company at all annual and special meetings of members of the Company or take any action by written consent with the same force and effect as the undersigned might or could do, hereby ratifying and confirming all that the said attorney or its nominee or nominees shall do or cause to be done by virtue hereof.

The said membership interests have been pledged (the "Pledge") to the Pledgee pursuant to a Pledge Agreement dated August 13, 2004 between the undersigned and the Pledgee. This Proxy may be exercised only after the occurrence and during the continuance of an Event of Default under and as defined in the Credit Agreement executed and delivered in connection with the Pledge.

This power and proxy is coupled with an interest and is irrevocable and shall remain irrevocable so long as the Pledge is outstanding and is in full force and effect. This Proxy shall survive longer than eleven (11) months, but in any event as long as permitted under the laws of the State of Louisiana.

IN WITNESS whereof the undersigned has caused this instrument to be duly executed this day of , 2004.

STOLT-NIELSEN TRANSPORTATION GROUP INC.

By: _____
Name: John Greenwood
Title: Attorney-in-Fact

EXHIBIT G

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), dated as of , 200 among [NAME OF ASSIGNOR], a [bank]/[corporation] organized under the laws of [JURISDICTION OF ASSIGNOR] (the "Assignor"), and [NAME OF ASSIGNEE], a [bank]/[corporation] organized under the laws of [JURISDICTION OF ASSIGNEE] (the "Assignee"), supplemental to:

(i) that certain term loan and revolving credit facility agreement dated as of July , 2004 (the "Credit Agreement") and made by and among (i) Stolthaven Houston Inc., a corporation incorporated under the laws of the State of Texas("Stolthaven Houston") and Stolthaven New Orleans LLC, a limited liability company organized under the laws of the State of Louisiana ("Stolthaven New Orleans"), as joint and several borrowers (collectively, the "Borrowers" and each a "Borrower"), (ii) the Lenders (as such term is defined in the Credit Agreement) and (iii) DnB NOR Bank ASA, acting through its New York branch, as administrative agent (in such capacity, the "Administrative Agent"), and as collateral agent (in such capacity, the "Collateral Agent" and together with the Administrative Agent, the "Agents") for the Lenders, pursuant to which the Lenders agreed to provide to the Borrower a secured term loan in the amount of up to US$150,000,000 (the "Term Loan") and a secured revolving credit facility in the amount of US$20,000,000 (the "Revolver" and together with the Term Loan, the "Credit Facilities");

(ii) the promissory note from the Borrowers in favor of the Administrative Agent dated July , 2004 (the "Term Loan Note") evidencing the Term Loan;

(ii) the promissory note from the Borrowers in favor of the Administrative Agent dated July , 2004 (the "Revolver Note" and together with the Term Loan Note, the "Notes") evidencing the Revolver;

(iii) the Security Documents (as such term is defined in the Credit Agreement).

Except as otherwise defined herein, terms defined in the Credit Agreement shall have the same meaning when used herein.

In consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Assignor hereby sells, transfers and assigns % of its right, title and interest in, to and under the Credit Agreement, under the Notes (including, without limitation, its interest in the indebtedness evidenced by the Notes) and under the Security Documents to the Assignee. Simultaneously herewith, the Assignee shall pay to the Assignor an amount equal to the product derived by multiplying (a) US$, being the sum of the present outstanding principal balance of all Advances, by (b) the Assignor' s percentage of interest in the Credit Facilities transferred pursuant hereto.

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2. The Assignee hereby assumes % of the obligations of the Assignor under the Credit Agreement (including, but not limited to, the obligation to advance its respective percentage of any Advance as and when required) and shall hereinafter be deemed a "Lender" for all purposes of the Credit Agreement, the Notes, the Security Documents and any other Assignment and Assumption Agreement(s), the Assignee' s Commitment thereunder being U.S.$ in respect of the Credit Facilities.

3. Each of the Assignor and the Assignee shall each pay an administrative fee of U.S. $2,500 to the Administrative Agent to reimburse the Administrative Agent for its cost in processing the assignment and assumption herein contained.

4. All references in the Notes and in each of the Security Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement as assigned and assumed pursuant to the terms hereof.

5. The Assignee irrevocably designates and appoints the Agents as its agents and irrevocably authorizes the Agents to take such action on its behalf and to exercise such powers on its behalf under the Credit Agreement, under the Notes and under the Security Documents, each as supplemented hereby, as are delegated to the Agents by the terms of each thereof, together with such powers as are reasonably incidental thereto all as provided in Section 15 of the Credit Agreement.

6. Every notice or demand under this Agreement shall be in writing and may be given by telecopy and shall be sent as follows:

If to the Assignor:

[NAME OF ASSIGNOR]
[ADDRESS]
Facsimile No.:
Attention:

If to the Assignee

[NAME OF ASSIGNEE]
[ADDRESS]
Facsimile No.:
Attention:

Every notice or demand hereunder shall be deemed to have been received at the time of receipt thereof.

7. **EACH OF THE ASSIGNOR, AND BY ITS ACCEPTANCE HEREOF, THE ASSIGNEE, HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY HERETO OR ANY BENEFICIARY HEREOF ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.**

8. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

9. This Agreement may be executed in several counterparts with the same effect as if the parties executing such counterparts shall have all executed one agreement as of the date hereof, each of which counterparts when executed and delivered shall be deemed to be an original and all of such counterparts together shall constitute this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the day and year first above written.

[NAME OF ASSIGNOR]

By _____
Name:
Title:

[NAME OF ASSIGNEE]

By _____
Name:
Title

EXHIBIT H

Drawdown Notice

, 2004

DnB NOR Bank ASA
200 Park Avenue
31st Floor
New York, NY 10166

Ladies and Gentlemen:

Please be advised that, in accordance with Section 3.2 of the Term Loan and Revolving Credit Facility Agreement (the "Credit Agreement") among, inter alia, you, as administrative agent (the "Administrative Agent"), and each of Stolthaven Houston Inc. and Stolthaven New Orleans LLC, as joint and several borrowers (collectively, the "Borrowers"), [to be] dated as of , 2004, the undersigned hereby requests that [the Term Loan][and][the Revolver] (as defined in the Credit Agreement) be advanced to the Borrowers as follows:

Drawdown Date: , 2004

Amount[s] to be drawndown:

[Term Loan Advance]	US$	]
[Revolver Advance]	US$	]

Disbursement Instructions:

The undersigned hereby represents and warrants that (a) the representations and warranties stated in Section 2 of the Credit Agreement (updated mutatis mutandis) are true and correct on the date hereof and will be true and correct on the Drawdown Date specified above as if made on such date, and (b) no Event of Default has occurred and is continuing or will have occurred and be continuing on the Drawdown Date, and no event has occurred or is continuing which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

The undersigned hereby covenants and undertakes that, in the event that on the date specified for making available the Credit Facilities as stated above, the Lenders (as defined in the Credit Agreement) shall not be obliged under the Credit Agreement to make the Credit Facilities available, the undersigned shall indemnify and hold the Lenders fully harmless against any losses which the Lenders may sustain as a result of borrowing or agreeing to borrow funds to meet the drawdown requirements as stated above, and the certificate of the Administrative Agent

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shall (save and except for manifest error) be conclusive and binding on the undersigned as to the extent of any losses sustained by the Lenders.

This Drawdown Notice is effective upon receipt by you and shall be irrevocable.

Very truly yours,

STOLTHAVEN HOUSTON INC.

By _____
Name:
Title:

STOLTHAVEN NEW ORLEANS LLC

By _____

Name:

Title:

EXHIBIT I

Form of Compliance Certificate

STOLT NIELSEN S.A. AND SUBSIDIARIES
USD 150,000,000 Senior Secured Credit Facilities

As of and for the period ended 20 (figures in USD Thousands)

A	**Consolidated Tangible Net Worth**	
	Capital Stock	
	Paid-in Surplus	
	Retained Earnings	
	less: Treasury Stock	
	less: Intangible Assets	
	Consolidated Tangible Net Worth	–
	Minimum Consolidated Tangible Net Worth	600,000
B	**Consolidated Debt**	
	Loans Payable to Banks	
	Notes Payable	
	Current Maturities of Long Term Debt	
	Current Maturities of Long Term Capitalised Leases	
	Long Term Debt (net of current portion)	
	Long Term Capitalised Lease Obligations	
	Acceptance Credits	
	Bonds, Notes and Debentures	
	Contingent Liabilities (considered probable and estimable)	
	less: Cash-Covered Debt	
	Consolidated Debt	–
	Consolidated Tangible Net Worth	–
	Ratio of Consolidated Debt to Consolidated Tangible Net Worth	
	Maximum Ratio of Consolidated Debt to Consolidated Tangible Net Worth	2.00

		- -0	- -0	- -0	- -0	Total
C	**Consolidated EBITDA**					
	Net Income					–
	Interest Expense					–
	Taxation					–
	Depreciation/Amortisation/ Other Non-Cash Charges					–
	EBITDA	–	–	–	–	–
	Consolidated EBITDA					–
	Consolidated Interest Expense					–
	Ratio of Consolidated EBITDA to Consolidated Interest Expense					
	Minimum Ratio of Consolidated EBITDA to Consolidated Interest Expense					2.00

D	**Applicable Margin**		
	Ratio of Consolidated Debt to Consolidated EBITDA		
	Less than or equal to 3	1.375%	
	Greater than 3 but less than 4	1.625%	
	Greater than or equal to 4 but less than 5	1.750%	
	Greater than or equal to 5	1.875%	
	Applicable Margin		
	Applicable Commitment Commission		
E	**Net Worth of Stolthaven Houston**		
	Capital Stock		
	Paid-in Surplus		
	Retained Earnings		
	less: Treasury Stock		
	Net Worth of Stolthaven Houston		–
F	**Net Worth of Stolthaven New Orleans**		
	Capital Stock/Members Capital		
	Paid-in Surplus		
	Retained Earnings		
	less: Treasury Stock		
	Net Worth of Stolthaven New Orleans		

The undersigned, being the chief financial officer of STOLT-NIELSEN S.A., a company organized and existing under the laws of the Duchy of Luxembourg ("SNSA"), hereby certifies, on behalf of SNSA, to DNB NOR BANK ASA, acting through its New York branch ("DNB NOR"), as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent"), in connection with that certain term loan and revolving credit facility agreement, dated as of , 2004 (the "Credit Agreement"), by and among, (i) Stolthaven Houston, Inc., a Texas corporation ("Stolthaven Houston"), and Stolthaven New Orleans LLC, a Louisiana limited liability company ("Stolthaven New Orleans"), as borrowers (collectively, the "Borrowers"), (ii) the banks and financial institutions listed on Schedule 1 of the Credit Agreement, as lenders (together with any bank or financial institution which becomes a Lender pursuant to Section 10 of the Credit Agreement, the "Lenders"), (iii) the Administrative Agent, and (iv) DNB NOR as collateral agent for the Lenders, as follows:

(i) that I have reviewed the consolidated financial statements of SNSA and its Subsidiaries dated as of and for the period then ended and such statements fairly present the financial condition of SNSA and its Subsidiaries as of the dates indicated and the results of their operations [and cash flows] for the periods indicated; and

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(ii) that I am familiar with the terms of the Credit Agreement, the Notes and the Security Documents (collectively, the "Transaction Documents") and have made, or caused to be made such review of the condition of the Borrowers and SNSA during the accounting period covered by the financial statements referred to in clause (i) above to determine whether an Event of Default of any event which with the giving of notice or lapse of time of both would constitute an Event of Default exists under the Transaction Documents; and

(iii) I am not aware of any Event of Default nor any event which with the giving of notice or lapse of time or both would constitute an Event of Default, nor do I have knowledge of the existence of any such condition or event as at the date of this Certificate [EXCEPT, [IF SUCH CONDITION OR EVENT EXISTED OR EXISTS, DESCRIBE THE NATURE AND PERIOD OF EXISTENCE THEREOF AND WHAT ACTION SNSA, THE BORROWERS OR ANY OTHER SECURITY PARTY, AS THE CASE MAY BE, HAS TAKEN, IS TAKING AND PROPOSES TO TAKE WITH RESPECT THERETO]]; and

(iv) SNSA, the Borrowers and each other Security Party is in compliance with the covenants contained in Section 9 of the Credit Agreement and in each other Transaction Document to which it is a party, including, without limitation the covenants set forth in Sections 9.3(a), 9.3(b) and 9.4(a), 9.4(b) and 9.4(c), and Sections A through F above show the calculations thereof in reasonable detail.

STOLT-NIELSEN S.A.

By: _____

Title: _____

Date: _____

Exhibit 4.16

SUPPLEMENT NO. 1

TO

TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT

made by and among

STOLTHAVEN HOUSTON INC.
and
STOLTHAVEN NEW ORLEANS LLC,
as Borrowers,

DNB NOR BANK ASA,
acting through its New York Branch, as
Administrative Agent and Collateral Agent,

the Banks and Financial Institutions
identified on Schedule 1 to the Original Agreement, as Lenders,

and

STOLT-NIELSEN S.A.
and
STOLT-NIELSEN TRANSPORTATION GROUP LTD.,
as Join and Several Guarantors

November 30, 2004

SUPPLEMENT NO. 1 TO TERM LOAN AND
REVOLVING CREDIT FACILITY AGREEMENT

THIS SUPPLEMENT NO. 1 TO TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT (this "Supplement") is made as of the 30th day of November, 2004 by and among (i) STOLTHAVEN HOUSTON INC., a corporation incorporated under the laws of the State of Texas ("Stolthaven Houston") and STOLTHAVEN NEW ORLEANS LLC, a limited liability company organized under the laws of the State of Louisiana ("Stolthaven New Orleans"), as joint and several borrowers (collectively, the "Borrowers" and each a "Borrower"), (2) the banks and financial institutions listed on Schedule 1 to the Original Agreement (as defined below) (together with any assignee pursuant to Section 11 of the Original Agreement, the "Lenders"), and (3) DNB NOR BANK ASA, acting through its New York Branch, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Lenders (in such capacity, the "Collateral Agent" and together with the Administrative Agent, the "Agents" and each an "Agent") and as arranger for the Lenders, and amends and is supplemental to the Term Loan and Revolving Credit Facility Agreement dated as of August 13, 2004 (the "Original Agreement") made by and among the Borrowers, the Lenders and the Agents.

W I T N E S S E T H T H A T:

WHEREAS, pursuant to the Original Agreement, the Lenders made available to the Borrowers a term loan facility in the principal amount of US$150,000,000 (the "Loan");

WHEREAS, pursuant to the Original Agreement, the Borrowers are required to deliver to the Administrative Agent amended and updated title insurance policies containing certain endorsements in respect of the Terminals;

WHEREAS, the description of the Terminal owned by Stolthaven Houston set forth in Appendix B to the Original Agreement did not contain two adjacent parcels of land (the "Additional Parcels") owned by Stolthaven Houston which were intended to have been included in such description;

WHEREAS, the Lenders and the Agents have agreed to eliminate the requirement for certain endorsements on the title insurance policy in respect of the Stolthaven New Orleans Terminal on the condition that the Borrowers deliver to the Administrative Agent (i) semi-annual reports with respect to the payment and satisfaction of construction contract fees and expenses and the satisfaction of any mechanic' s liens in respect of the Stolthaven New Orleans Terminal and (ii) a mortgage in favor of the Collateral Agent covering the Additional Parcels.

NOW, THEREFORE, in consideration of the premises and such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties, it is hereby agreed as follows:

1. Definitions. Unless otherwise defined herein, words and expressions defined in the Original Agreement have the same meanings when used herein, including in the recitals hereto.

2. Representations and Warranties. Each of the Borrowers, and each other Security Party by its execution of the Consent and Agreement hereto, hereby reaffirms, as of the date hereof, each and every representation and warranty made thereby in the Original Agreement, the Notes and the Security Documents (updated *mutatis mutandis*).

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3. No Defaults. Each of the Borrowers hereby represents and warrants that as of the date hereof no Event of Default nor any event which with the lapse of time, the giving of notice or both would become an Event of Default has occurred.

4. Performance of Covenants. Each of the Borrowers hereby reaffirms that, except as disclosed to the Administrative Agent, it and each other Security Party has duly performed and observed the covenants and undertakings set forth in the Original Agreement, the Notes and the Security Documents, on its part to be performed, and each of the Borrowers, and each other Security Party by its execution of the Consent and Agreement hereto, covenants and undertakes to continue duly to perform and observe such covenants and undertakings, as may be amended hereby, so long as the Original Agreement, as the same is amended hereby and may hereafter be amended or supplemented, shall remain in effect.

5. Supplement to the Original Agreement. Subject to the terms and conditions of this Supplement, the Original Agreement is hereby amended and supplemented as follows:

(a) all references to "this Agreement" shall be deemed to refer to the Original Agreement, as further amended and supplemented hereby;

(b) Section 4.4(b) shall be amended and restated in its entirety as follows:

"(b) Survey. Within ninety (90) days of the Closing Date or such later date as the Majority Lenders in their sole discretion shall agree, the Administrative Agent shall have received (i) an accurate survey with respect to each Terminal certified to the Administrative Agent prepared in accordance with ALTA/ACSM standards with the following Table A options: 1, 2, 3, 4, 6, 7(a), 7(b)(1) and (2), 7(c), 8, 9, 10, 11(b), 13 and 14 and otherwise in form and substance satisfactory to the Administrative Agent and (ii) amended and updated title insurance policies, in form and substance satisfactory to the Administrative Agent, with respect to each Terminal evidencing the removal of any pre-printed survey exceptions contained in the title insurance policies received by the Administrative Agent

pursuant to Section 4.1(t) and containing, without limitation, with respect to the Terminal owned by Stolthaven Houston, the Comprehensive (T-19), Access (T-23) and Contiguity (T-25) Endorsements and containing, without limitation, with respect to the Terminal owned by Stolthaven New Orleans, the Access, Same as Survey, Contiguity and ALTA 9 Endorsements."

(c) Section 5.3(a) shall be amended and restated in its entirety as follows:

"(a) Sale of Collateral. On any sale of (x) a Terminal, (y) a portion of a Terminal that has a value in excess of Two Million Dollars (US$2,000,000) or when aggregated with the proceeds of any other sales occurring after the date of this Agreement of a portion or portions of a Terminal would have a value in excess of Two Million Dollars (US$2,000,000) (the portion being described in this Section 5.3(a)(y) to be referred to as a "Significant Terminal Portion") or (z) any other collateral that has a value in excess of Two Million Dollars (US$2,000,000), the Borrowers shall apply the proceeds of any such sale toward the repayment of the Credit Facilities. All payments received by the Administrative Agent under this Section 5.3 shall be applied to reduce the aggregate outstanding Advances in inverse order of maturity."

(d) Section 9.1 shall be amended by inserting the following new subsection (u) at the end of such Section:

"(u) Construction Contract Payment Reports. within five (5) Business Days of the last day of each July and January of each calendar year (each a "Report Due Date"), deliver to the Administrative Agent (i) a certificate of an officer of the sole member of Stolthaven New Orleans certifying that no invoice received from a general contractor in respect of the Stolthaven New Orleans' Terminal remains outstanding and unpaid more than sixty (60) days after receipt thereof (excepting such invoices of which the legality or amount shall be contested in good faith and by appropriate proceedings or other acts and provided that Stolthaven New Orleans shall set aside on its books appropriate reserves with respect thereto) and (ii) a mechanic' s lien search dated within three (3) Business Days of the Report Due Date evidencing no mechanic' s liens (other than Permitted Liens) on the Stolthaven New Orleans' Terminal."

(e) Section 9.2(e) shall be amended and restated as follows:

"(e) Sale of Assets. sell, or otherwise dispose of, (i) any Terminal or any portion thereof except that the Borrowers may:

(x) sell a Terminal or a Significant Terminal Portion where no Event of Default or event which with the lapse of time, the giving of notice or both would become an Event of Default has occurred and is continuing and the application of the proceeds complies with Section 5.3 hereof;

(y) dispose of a Significant Terminal Portion for non-cash consideration on an arms length basis, provided that the consideration received is mortgaged or pledged to Lenders in a manner appropriate to the consideration received; or

(z) sell or dispose of a portion of a Terminal which is not a Significant Terminal Portion;

and the Agents and the Lenders, as the case may be, will enter into such documents as may be necessary or advisable to effectuate sales and dispositions permitted under this sub-clause 9.2(e)(i), including, but not limited to amendments or partial releases of Mortgages and new security agreements; or

(ii), with respect to any Guarantor, any other asset (including by way of spin-off, installment sale or otherwise) which is substantial in relation to its assets taken as a whole, other than such sales by one Guarantor to another;"

(f) Appendix A shall be amended by inserting the following language before the period at the end of the definition of "Mortgage" therein:

", including, without limitation, that certain Texas deed of trust granted by Stolthaven Houston to the Collateral Agent on January 27, 2005 with respect to certain parcels of land described in Appendix B hereto, as amended";

(g) Appendix A shall be amended by inserting the following language before the period at the end of the definition of "Permitted Lien" therein:

" and (vii) easements with respect to undeveloped portions of the Terminals where (a) there exists no material loss of, or loss or interference with use or possession of, or diminution of value, utility or useful life of, a Terminal or any interest therein, or any risk of interference with the repayment of the Credit Facilities, (b) such easement would not result in, or increase the risk of, the imposition of any criminal liability on any Creditor, and (c) such easement would not materially and adversely affect the rights, titles and interests of any Creditor in or to a Terminal or any interest therein."

(h) Appendix B shall be amended by inserting the descriptions of property set forth in Annex I hereto after page 76 of the description of the property owned by Stolthaven Houston.

6. Fees and Expenses.

(a) Expenses. The Borrowers shall pay promptly to the Administrative Agent all costs and expenses (including reasonable legal fees) of the Lenders and the Agents in connection with the preparation and execution of this Supplement

(b) Payments. All amounts payable under this Section 6 shall be:

(i) made in Dollars in freely available funds, to the Account of the Administrative Agent at Bank of New York (ABA No. 021000018), for Account No. 8026001499 for further credit to DNB NOR BANK ASA, New York Branch, a/c 15064999; and

(ii) without set-off or counterclaim and free from, clear of, and without deduction for, any Taxes, provided, however, that if the Borrowers shall at any time be compelled by law to withhold or deduct any Taxes from any amounts payable to the Lenders or Agents hereunder, the Borrowers shall pay such additional amounts in Dollars as may be necessary in order that the net amounts received after withholding or deduction shall equal the amounts which would have been received if such withholding or deduction were not required and, in such event, the Borrowers shall promptly send to the Administrative Agent such documentary evidence with respect to such withholding or deduction as may be required from time to time by the Administrative Agent.

7. No Other Amendment. All other terms and conditions of the Original Agreement shall remain in full force and effect and the Original Agreement shall be read and construed as if the terms of this Supplement were included therein by way of addition or substitution, as the case may be.

8. Other Documents. By the execution and delivery of this Supplement, each of the Borrowers, the Lenders, the Agents and, by the execution and delivery of the Consent and Agreement hereto, each other Security Party hereby consent and agree that all references in the Notes and the Security Documents to the Original Agreement shall be deemed to refer to the Original Agreement as amended by this Supplement. By the execution and delivery of this

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Supplement, each of the Borrowers and, by the execution and delivery of the Consent and Agreement hereto, each other Security Party hereby consent and agree that the Notes, the Security Documents and any other documents that have been or may be executed as security for the Loan

and any of its or any Security Party' s obligations under the Original Agreement, the Notes or any Security Document to which it is a party shall remain in full force and effect notwithstanding the amendments contemplated hereby.

9. Conditions Precedent. The effectiveness of this Supplement shall be expressly subject to the following conditions precedent; provided, however, that the Agents' signatures hereto shall constitute satisfaction of the conditions set forth below in this Section 9:

a) Corporate Documents. The Administrative Agent shall have received such evidence as it may reasonably require as to the authority of the officers or attorneys-in-fact executing this Supplement;

b) Security Documents. Stolthaven Houston shall have duly executed (where execution is necessary) and delivered to the Administrative Agent:

(i) the Mortgage covering the Additional Parcels; and

(ii) Uniform Commercial Code Financing Statements for filing with Texas and in such other jurisdictions as the Administrative Agent shall reasonably require;

c) Insurance Evidence and Opinions. The Administrative Agent shall have received a favorable report and opinion, satisfactory to the Administrative Agent, of JLT Risk Solutions Ltd. that the insurances on the Stolthaven Houston Terminal cover the Additional Parcels;

d) Recording and Filing.

(i) The Mortgage covering the Additional Parcels and all financing or other similar statements or notices as requested by the Administrative Agent, shall have been duly recorded or filed under the laws of the appropriate federal, state or local jurisdiction, or be in proper form to be duly recorded or filed in such appropriate jurisdiction, and all recording and filing fees and Taxes with respect to any such recording or filing shall have been paid in full (or arrangements, satisfactory to the Administrative Agent and the Lenders, for such payment shall have been made); and

(ii) a perfected security interest having first priority shall have been created in the interests assigned under the Mortgage over the Additional Parcels in favor of the Collateral Agent;

e) Legal Opinions. The Administrative Agent shall have received legal opinions, in such forms as it may require, addressed to the Administrative Agent, on behalf of the Lenders, from (i) Campbell & Riggs P.C., special

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Texas counsel for the Borrowers, and (ii) Alan B. Winsor the general counsel of Stolt-Nielsen Inc., in respect of Security Parties, in each case in such form as the Administrative Agent may require, as well as such other legal opinions as the Administrative Agent shall have required as to all or any matters under the laws of the United States of America, the State of New York, the State of Texas.

f) No Event of Default. The Administrative Agent shall be satisfied that no Event of Default or event which, with the passage of time, giving of notice or both would become an Event of Default have occurred and be continuing and the representations and warranties of the any Security Party contained in the Original Agreement, as amended by this Supplement, shall be true on and as of the date of this Supplement, and the Administrative Agent shall have received a certificate signed by a duly authorized officer of each Security Party dated as of such date, to the effect of the foregoing.

10. Governing Law. This Supplement shall be governed by and construed in accordance with the laws of the State of New York.

11. Counterparts. This Supplement may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed to be an original but all such counterparts shall constitute but one and the same agreement.

12. Headings; Amendment. In this Supplement, section headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Supplement. This Supplement cannot be amended other than by written agreement signed by the parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has executed this Supplement by its duly authorized representative on the day and year first above written.

STOLTHAVEN HOUSTON INC., as Borrower

By /s/ Alan B. Winsor
Name: Alan B. Winsor
Title: Secretary

STOLTHAVEN NEW ORLEANS LLC, as Borrower

By /s/ Alan B. Winsor
Name: Alan B. Winsor
Title: Attorney-in-Fact

DNB NOR BANK ASA, NEW YORK BRANCH, as Lender

By /s/ Barbara Gronquist
Name: BARBARA GRONQUIST
Title: SENIOR VICE PRESIDENT

By /s/ Alfred C. Jones III
Name: ALFRED C. JONES III
Title: SENIOR VICE PRESIDENT

DEUTSCHE BANK AG IN HAMBURG, as Lender

By /s/ [ILLEGIBLE] /s/ [Illegible]
Name: EHRHARDT ROTH
Title:

KFW, as Lender

By /s/ Christian Staab /s/ Wolfgang Neubauer
Name: Dr. Christian Staab Wolfgang Neubauer
Title: Senior Vice President Senior Manager

DVB BANK AG, as Lender

By /s/ Meckel /s/ [ILLEGIBLE]
Name: Meckel [ILLEGIBLE]
Title: VP AVP

DNB NOR BANK ASA, NEW YORK BRANCH, as Administrative Agent and Collateral Agent

By /s/ Barbara Gronquist
Name: BARBARA GRONQUIST
Title: SENIOR VICE PRESIDENT

By /s/ Alfred C. Jones III
Name: ALFRED C. JONES III
Title: SENIOR VICE PRESIDENT

CONSENT AND AGREEMENT

Each of the undersigned, referred to in the foregoing Supplement No. 1 to Term Loan and Revolving Credit Facility Agreement as a "Security Party", hereby consents and agrees to said Amendment No. 1 and to the documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the undersigned pursuant to or in connection with said Amendment No. 1 and agrees particularly to be bound by the representations, warranties and covenants relating to the undersigned contained in said Amendment No. 1 to the same extent as if the undersigned were a party to said Amendment No. 1.

STOLT-NIELSEN S.A.

By: /s/ Alan B. Winsor
Name: Alan B. Winsor
Title: Attorney-in-Fact

STOLT-NIELSEN TRANSPORTATION GROUP LTD.

By: /s/ Alan B. Winsor

Name: Alan B. Winsor

Title: Secretary

AMENDMENT NO. 1

TO

TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT

made by and among

STOLTHAVEN HOUSTON INC.
and
STOLTHAVEN NEW ORLEANS LLC,
as Borrowers,

DNB NOR BANK ASA,
acting through its New York Branch, as
Administrative Agent and Collateral Agent,

the Banks and Financial Institutions
identified on Schedule 1 to the Original Agreement, as Lenders,

and

STOLT-NIELSEN S.A.
and
STOLT-NIELSEN TRANSPORTATION GROUP LTD.,
as Join and Several Guarantors

July 20, 2005

AMENDMENT NO. 1 TO TERM LOAN AND
REVOLVING CREDIT FACILITY AGREEMENT

THIS AMENDMENT NO. 1 TO TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT (this "Amendment") is made as of the 20th day of July, 2005 by and among (i) STOLTHAVEN HOUSTON INC., a corporation incorporated under the laws of the State of Texas ("Stolthaven Houston") and STOLTHAVEN NEW ORLEANS LLC, a limited liability company organized under the laws of the State of Louisiana ("Stolthaven New Orleans"), as joint and several borrowers (collectively, the "Borrowers" and each a "Borrower"), (2) the banks and financial institutions listed on Schedule 1 to the Original Agreement (as defined below) (together with any assignee pursuant to Section 11 of the Original Agreement, the "Lenders"), and (3) DNB NOR BANK ASA, acting through its New York Branch, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Lenders (in such capacity, the "Collateral Agent" and together with the Administrative Agent, the "Agents" and each an "Agent") and as arranger for the Lenders, and amends and is supplemental to the Term Loan and Revolving Credit Facility Agreement dated as of August 13, 2004 as

supplemented by that certain Supplement No. 1 dated as of November 30, 2004 (as so supplemented, the "Original Agreement") made by and among the Borrowers, the Lenders and the Agents.

W I T N E S S E T H T H A T:

WHEREAS, pursuant to the Original Agreement, the Lenders made available to the Borrowers a term loan facility in the principal amount of US$150,000,000 (the "Loan");

WHEREAS, the Borrowers have requested and the Lenders have agreed, subject to the terms and conditions set forth herein, to (i) extend the maturity date of the Loan until August 13, 2010 and (ii) amend certain provisions of the Original Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties, it is hereby agreed as follows:

1. Definitions. Unless otherwise defined herein, words and expressions defined in the Original Agreement have the same meanings when used herein, including in the recitals hereto.

2. Representations and Warranties. Each of the Borrowers, and each other Security Party by its execution of the Consent and Agreement hereto, hereby reaffirms, as of the date hereof, (and except with respect to any matter disclosed in the Guarantor' s20-F filing, dated May 31, 2005 with respect to the Guarantor' s fiscal year ending November 30, 2004 and filed with the United States Securities and Exchange Commission) each and every representation and warranty made thereby in the Original Agreement, the Notes and the Security Documents (updated *mutatis mutandis*).

3. No Defaults. Each of the Borrowers hereby represents and warrants that as of the date hereof no Event of Default nor any event which with the lapse of time, the giving of notice or both would become an Event of Default has occurred.

4. Performance of Covenants. Each of the Borrowers hereby reaffirms that, except as disclosed to the Administrative Agent, it and each other Security Party has duly performed and observed the covenants and undertakings set forth in the Original Agreement, the Notes and the

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Security Documents, on its part to be performed, and each of the Borrowers, and each other Security Party by its execution of the Consent and Agreement hereto, covenants and undertakes to continue duly to perform and observe such covenants and undertakings, as may be amended hereby, so long as the Original Agreement, as the same is amended hereby and may hereafter be amended or supplemented, shall remain in effect.

5. Amendment to the Original Agreement. Subject to the terms and conditions of this Amendment, the Original Agreement is hereby amended and supplemented as follows:

(a) all references to "this Agreement" shall be deemed to refer to the Original Agreement, as further amended and supplemented hereby;

(b) Section 8.1(k) shall be amended and restated in its entirety as follows:

"(k) Cross-Default. If there is a default by any Security Party or SNTG Bermuda under any other material contract or agreement with respect to indebtedness or obligations for borrowed money and such default is not cured within any applicable cure period save, in either case, for amounts (except with respect to the Borrowers) of less than Seven Million Five Hundred Thousand Dollars ($7,500,000) in aggregate or, with respect to the Borrowers Ten Thousand Dollars ($10,000), or the equivalent in any other currency, and claims contested in good faith; "

(c) Section 8.1(p) shall be amended and restated in its entirety as follows:

"(p) Final Judgment. If any Security Party, SNTG Bermuda or any Shipowning Subsidiary fails to comply with any non appealable court order or fails to pay a final unappealable judgement against it, in either case, in excess of Seven Million Five Hundred Thousand Dollars ($7,500,000), within fourteen (14) days of such order or judgment (save for judgments against Shipowning Subsidiaries which are covered by insurance where insurance has not been disavowed); "

(d) Section 9.1(s) (Most Favored Nation) shall be deleted in its entirety and the phrase "[INTENTIONALLY OMITTED]" shall be substituted therefor;

(e) Section 9.2(h) (Restrictions on Investments) shall be deleted in its entirety and the phrase "[INTENTIONALLY OMITTED]" shall be substituted therefor;

(f) Appendix A shall be amended by:

(i) deleting the definition of "Applicable Margin" and substituting the follow in lieu thereof:

""Applicable Margin" means that rate per annum to be determined, subject to any adjustments pursuant to Section 6.1 of the Credit Agreement, according to SNSA' s Debt/EBITDA Ratio as determined by the most recent Certificate of Compliance of SNSA (delivered to the Administrative Agent pursuant to Section 9.1(g) of the Credit Agreement) in accordance with the following:

Debt/EBITDA Ratio	Applicable Margin
≤ 2.0	0.60%
> 2.0 but ≤ 3.0	0.70%
> 3.0 but ≤ 4.0	0.80%
> 4.0 but ≤ 5.0	0.90%
> 5.0	1.20%

provided, that during the twelve-month period commencing on July 20, 2005, the Applicable Margin shall be 0.70%; provided, further, that should SNSA fail to deliver a Certificate of Compliance in accordance with the Credit Agreement, the Debt/EBITDA Ratio shall be deemed to be greater than 5.0."

(ii) deleting the definition of "Final Payment Date" and substituting the follow in lieu thereof:

"Final Payment Date" means August 13, 2010 unless such date is not a Business Day in which case the Final Payment Date shall be the Business Day immediately preceding such date.";

(iii) amending the definition of "Initial Payment Date" by deleting the phrase "first anniversary" and substituting "second anniversary" in lieu thereof;

(iv) amending the definition of "Revolver Drawdown Date" by deleting the phrase "first anniversary of the Closing" and substituting "July 20, 2005" in lieu thereof; and

(iii) deleting the definition of "Revolver Maturity Date" and substituting the follow in lieu thereof:

"Revolver Maturity Date" means July 20, 2005.".

6. Fees and Expenses.

(a) Fees. The Borrowers shall pay to Administrative Agent (on behalf of the Lenders) upon the execution hereof an amendment fee equal to One Tenth of One Percent (0.10%) of the Credit Facilities. The Borrowers shall also pay to the Administrative Agent such fees as the parties have otherwise agreed.

(b) Expenses. The Borrowers shall pay promptly to the Administrative Agent all costs and expenses (including reasonable legal fees) of the Lenders and the Agents in connection with the preparation and execution of this Amendment

(b) Payments. All amounts payable under this Section 6 shall be:

(i) made in Dollars in freely available funds, to the Account of the Administrative Agent at Bank of New York (ABA No. 021000018), for Account No. 8026001499 for further credit to DNB NOR BANK ASA, New York Branch, a/c 15064999; and

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(ii) without set-off or counterclaim and free from, clear of, and without deduction for, any Taxes, provided, however, that if the Borrowers shall at any time be compelled by law to withhold or deduct any Taxes from any amounts payable to the Lenders or Agents hereunder, the Borrowers shall pay such additional amounts in Dollars as may be necessary in order that the net amounts received after withholding or deduction shall equal the amounts which would have been received if such withholding or deduction were not required and, in such event, the Borrowers shall promptly send to the Administrative Agent such documentary evidence with respect to such withholding or deduction as may be required from time to time by the Administrative Agent.

7. No Other Amendment. All other terms and conditions of the Original Agreement shall remain in full force and effect and the Original Agreement shall be read and construed as if the terms of this Amendment were included therein by way of addition or substitution, as the case may be.

8. Other Documents. By the execution and delivery of this Amendment, each of the Borrowers, the Lenders, the Agents and, by the execution and delivery of the Consent and Agreement hereto, each other Security Party hereby consent and agree that all references in the Notes and the Security Documents to the Original Agreement shall be deemed to refer to the Original Agreement as amended by this Amendment. By the execution and delivery of this Amendment, each of the Borrowers and, by the execution and delivery of the Consent and Agreement hereto, each other Security Party hereby consent and agree that the Notes, the Security Documents and any other documents that have been or may be executed as security for the Loan and any of its or any Security Party' s obligations under the Original Agreement, the Notes or any Security Document to which it is a party shall remain in full force and effect notwithstanding the amendments contemplated hereby.

9. Conditions Precedent. The effectiveness of this Amendment shall be expressly subject to the following conditions precedent; provided, however, that the Agents' signatures hereto shall constitute satisfaction of the conditions set forth below in this Section 9:

a) Corporate Documents. The Administrative Agent shall have received such evidence as it may reasonably require as to the authority of the officers or attorneys-in-fact executing this Amendment including, without limitation:

(i) copies, certified as true and complete by an officer of the Security Parties, of the resolutions of the board of directors thereof evidencing approval of this Amendment and any related amendments to the Security Documents and authorizing appropriate officers or attorneys-in-fact to execute the same on its behalf;

(ii) copies, certified as true and complete by an officer of the Security Parties or other party acceptable to the Administrative Agent and its legal advisers, of all documents evidencing any other necessary action (including actions by such parties thereto other than the Security Parties as may be required by the Administrative Agent), approvals or consents

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with respect to this Amendment and any related amendments to the Security Documents;

(iii) copies, certified as true and correct by an officer of each Security Party of the constitutional documents thereof; and

(iv) certificates as to the good standing (or the equivalent) of each of the Security Parties.

b) Security Documents. Stolthaven Houston shall have duly executed and delivered to the Administrative Agent an amendment to its Mortgages substantially in the form attached hereto as Exhibit A (the "Mortgage Amendments");

c) Insurance Evidence and Opinions. The Administrative Agent shall have received (i) evidence of that such endorsements as are reasonably necessary to preserve and continue the title insurance in effect on each of the Terminals (after giving effect to the Mortgage Amendments) have been obtained and are in effect and (ii) a favorable report and opinion, satisfactory to the Administrative Agent, of JLT Risk Solutions Ltd. that the insurances on the Terminals remains in effect;

d) Recording and Filing. The Mortgage Amendments and all financing or other similar statements or notices as requested by the Administrative Agent, shall have been duly recorded or filed under the laws of the appropriate federal, state or local jurisdiction, or be in proper form to be duly recorded or filed in such appropriate jurisdiction, and all recording and filing fees and Taxes with respect to any such recording or filing shall have been paid in full (or arrangements, satisfactory to the Administrative Agent and the Lenders, for such payment shall have been made);

e) Legal Opinions. The Administrative Agent shall have received legal opinions, in such forms as it may require, addressed to the Administrative Agent, on behalf of the Lenders, from (i) Campbell & Riggs P.C., special Texas counsel for the Borrowers, (ii) Phelps Dunbar LLP, special Louisiana counsel for the Borrower, and (iii) Alan B. Winsor the general counsel of Stolt-Nielsen Inc., in respect of Security Parties, in each case in such form as the Administrative Agent may require, as well as such other legal opinions as the Administrative Agent shall have required as to all or any matters under the laws of the United States of America, the State of New York, the State of Texas and the State of Louisiana.

f) No Event of Default. The Administrative Agent shall be satisfied that no Event of Default or event which, with the passage of time, giving of notice or both would become an Event of Default has occurred and be continuing and the representations and warranties of any Security Party contained in the Original Agreement, as amended by this Amendment, shall be true on and as of the date of this Amendment, and the Administrative Agent shall have received a certificate signed by a duly authorized officer of each Security Party dated as of such date, to the effect of the foregoing.

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10. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

11. Counterparts. This Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed to be an original but all such counterparts shall constitute but one and the same agreement.

12. Headings; Amendment. In this Amendment, section headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Amendment. This Amendment cannot be amended other than by written agreement signed by the parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has executed this Amendment by its duly authorized representative on the day and year first above written.

STOLTHAVEN HOUSTON INC., as Borrower

By /s/ John E. Greenwood
Name: John E. Greenwood
Title: Attorney-in-Fact

STOLTHAVEN NEW ORLEANS LLC, as Borrower

By /s/ John E. Greenwood
Name: John E. Greenwood
Title: Attorney-in-Fact

DNB NOR BANK ASA, New York Branch, as Lender

By /s/ Sanjiv Nayar
Name: Sanjiv Nayar
Title: Senior Vice President

By /s/ [ILLEGIBLE]
Name: [ILLEGIBLE]
Title: Vice President

DEUTSCHE BANK AG IN HAMBURG, as Lender

By /s/ EHRHARDT /s/ Roth
Name: EHRHARDT ROTH
Title: DIRECTOR VICE PRESIDENT

KFW, as Lender

By /s/ Josef Bellmann /s/ Schenk
Name: Josef Bellmann Schenk
Title:

DVB BANK AG, as Lender

By /s/ [ILLEGIBLE] /s/ Thomas Meckel
Name: [ILLEGIBLE] Thomas Meckel
Title: SVP Vice President

DNB NOR BANK ASA, New York Branch, as
Administrative Agent and Collateral Agent

By /s/ Sanjiv Nayar
Name: Sanjiv Nayar
Title: Senior Vice President

By /s/ [ILLEGIBLE]
Name: [ILLEGIBLE]
Title: Vice President

CONSENT AND AGREEMENT

Each of the undersigned, referred to in the foregoing Amendment No. 1 to Term Loan and Revolving Credit Facility Agreement as a "Security Party", hereby consents and agrees to said Amendment No. 1 and to the documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the undersigned pursuant to or in connection with said Amendment No. 1 and agrees particularly to be bound by the representations, warranties and covenants relating to the undersigned contained in said Amendment No. 1 to the same extent as if the undersigned were a party to said Amendment No. 1. Each hereby reaffirms its obligations under that certain Guaranty dated August 13, 2004 notwithstanding the amendments to the Original Agreement contemplated by the foregoing Amendment No. 1.

STOLT-NIELSEN S.A.

By: /s/ John E. Greenwood
Name: John E. Greenwood
Title: Attorney-in-Fact

STOLT-NIELSEN TRANSPORTATION GROUP LTD.

By: /s/ John E. Greenwood
Name: John E. Greenwood
Title: Attorney-in-Fact

Exhibit 4.18

AMENDMENT NO. 2

TO

TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT

made by and among

STOLTHAVEN HOUSTON INC.
and
STOLTHAVEN NEW ORLEANS LLC,
as Borrowers,

DNB NOR BANK ASA,
acting through its New York Branch, as
Administrative Agent and Collateral Agent,

the Banks and Financial Institutions
identified on Schedule 1 to the Original Agreement, as Lenders,

and

STOLT-NIELSEN S.A.
and
STOLT-NIELSEN TRANSPORTATION GROUP LTD.,
as Join and Several Guarantors

May 5, 2006

AMENDMENT NO. 2 TO TERM LOAN AND
REVOLVING CREDIT FACILITY AGREEMENT

THIS AMENDMENT NO. 2 TO TERM LOAN AND REVOLVING CREDIT FACILITY AGREEMENT (this "Amendment") is made as of the 5th day of May, 2006 by and among (i) STOLTHAVEN HOUSTON INC., a corporation incorporated under the laws of the State of Texas ("Stolthaven Houston") and STOLTHAVEN NEW ORLEANS LLC, a limited liability company organized under the laws of the State of Louisiana ("Stolthaven New Orleans"), as joint and several borrowers (collectively, the "Borrowers" and each a "Borrower"), (2) the banks and financial institutions listed on Schedule 1 to the Original Agreement (as defined below) (together with any

assignee pursuant to Section 11 of the Original Agreement, the "Lenders"), and (3) DNB NOR BANK ASA, acting through its New York Branch, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), as collateral agent for the Lenders (in such capacity, the "Collateral Agent" and together with the Administrative Agent, the "Agents" and each an "Agent") and as arranger for the Lenders, and amends and is supplemental to the Term Loan and Revolving Credit Facility Agreement dated as of August 13, 2004, as supplemented by that certain Supplement No. 1 dated as of November 30, 2004 and as amended by that certain Amendment No. 1 dated as of July 20, 2005 (as so supplemented and amended, the "Original Agreement") made by and among the Borrowers, the Lenders and the Agents.

W I T N E S S E T H T H A T:

WHEREAS, pursuant to the Original Agreement, the Lenders made available to the Borrowers a term loan facility in the principal amount of US$150,000,000 (the "Loan");

WHEREAS, pursuant to Section 9.1(e)(i)(A) of the Original Agreement, SNSA is required to supply to the Administrative Agent (with sufficient copies for distribution to each of the Lenders), without request on a consolidated basis, SNSA' s annual consolidated audited accounts prepared in accordance with GAAP within one hundred twenty (120) days (or such earlier date on which such accounts are generally released by SNSA) after the end of the fiscal year to which they relate (herein referred to as the "Relevant Period");

WHEREAS, the Borrowers have requested and the Lenders have agreed, subject to the terms and conditions set forth herein, to increase the Relevant Period to one hundred eighty (180) days;

NOW, THEREFORE, in consideration of the premises and such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties, it is hereby agreed as follows:

1. Definitions. Unless otherwise defined herein, words and expressions defined in the Original Agreement have the same meanings when used herein, including in the recitals hereto.

2. Representations and Warranties. Each of the Borrowers, and each other Security Party by its execution of the Consent and Agreement hereto, hereby reaffirms, as of the date hereof, (and except with respect to any matter disclosed in the Guarantor' s 20-F filing, dated May 31, 2005 with respect to the Guarantor' s fiscal year ending November 30, 2004 and filed with the United States Securities and Exchange Commission or in any Press Release issued by SNSA in respect of

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quarterly or annual financial results or otherwise subsequent to such 20-F filing) each and every representation and warranty made thereby in the Original Agreement, the Notes and the Security Documents (updated *mutatis mutandis*).

3. No Defaults. Each of the Borrowers hereby represents and warrants that as of the date hereof no Event of Default nor any event which with the lapse of time, the giving of notice or both would become an Event of Default has occurred.

4. Performance of Covenants. Each of the Borrowers hereby reaffirms that, except as disclosed to the Administrative Agent, it and each other Security Party has duly performed and observed the covenants and undertakings set forth in the Original Agreement, the Notes and the Security Documents, on its part to be performed, and each of the Borrowers, and each other Security Party by its execution of the Consent and Agreement hereto, covenants and undertakes to continue duly to perform and observe such covenants and undertakings, as may be amended hereby, so long as the Original Agreement, as the same is amended hereby and may hereafter be amended or supplemented, shall remain in effect.

5. Amendment to the Original Agreement. Subject to the terms and conditions of this Amendment, the Original Agreement is hereby amended and supplemented as follows:

(a) all references to "this Agreement" shall be deemed to refer to the Original Agreement, as further amended and supplemented hereby; and

(b) Section 9.1(e)(i)(A) shall be amended by replacing "one hundred twenty (120)" with the following:

"one hundred eighty (180)"

6. Fees and Expenses.

(a) Fees. The Borrowers shall pay to Administrative Agent (on behalf of the Lenders) upon the execution hereof an amendment fee equal to One Tenth of One Percent (0.10%) of the Credit Facilities. The Borrowers shall also pay to the Administrative Agent such fees as the parties have otherwise agreed.

(b) Expenses. The Borrowers shall pay promptly to the Administrative Agent all costs and expenses (including reasonable legal fees) of the Lenders and the Agents in connection with the preparation and execution of this Amendment.

(c) Payments. All amounts payable under this Section 6 shall be:

(i) made in Dollars in freely available funds, to the Account of the Administrative Agent at Bank of New York (ABA No. 021000018), for Account No. 8026001499 for further credit to DNB NOR BANK ASA, New York Branch, a/c 15064999; and

(ii) without set-off or counterclaim and free from, clear of, and without deduction for, any Taxes, provided, however, that if the Borrowers shall at any time be compelled by law to withhold or deduct any Taxes from any amounts payable to the Lenders or Agents hereunder,

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the Borrowers shall pay such additional amounts in Dollars as may be necessary in order that the net amounts received after withholding or deduction shall equal the amounts which would have been received if such withholding or deduction were not required and, in such event, the Borrowers shall promptly send to the Administrative Agent such documentary evidence with respect to such withholding or deduction as may be required from time to time by the Administrative Agent.

7. No Other Amendment. All other terms and conditions of the Original Agreement shall remain in full force and effect and the Original Agreement shall be read and construed as if the terms of this Amendment were included therein by way of addition or substitution, as the case may be.

8. Other Documents. By the execution and delivery of this Amendment, each of the Borrowers, the Lenders, the Agents and, by the execution and delivery of the Consent and Agreement hereto, each other Security Party hereby consent and agree that all references in the Notes and the Security Documents to the Original Agreement shall be deemed to refer to the Original Agreement as amended by this Amendment. By the execution and delivery of this Amendment, each of the Borrowers and, by the execution and delivery of the Consent and Agreement hereto, each other Security Party hereby consent and agree that the Notes, the Security Documents and any other documents that have been or may be executed as security for the Loan and any of its or any Security Party' s obligations under the Original Agreement, the Notes or any Security Document to which it is a party shall remain in full force and effect notwithstanding the amendments contemplated hereby.

9. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

10. Counterparts. This Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed to be an original but all such counterparts shall constitute but one and the same agreement.

11. Headings; Amendment. In this Amendment, section headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Amendment. This Amendment cannot be amended other than by written agreement signed by the parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has executed this Amendment by its duly authorized representative on the day and year first above written.

STOLTHAVEN HOUSTON INC., as Borrower

By /s/ Alan Winsor
Name: Alan Winsor
Title: Secretary

STOLTHAVEN NEW ORLEANS LLC, as Borrower

By /s/ Howard J. Merkel
Name: Howard J. Merkel
Title: Attorney-in-Fact

DNB NOR BANK ASA, New York Branch, as Lender

By /s/ Sanjiv Nayar
Name: SANJIV NAYAR
Title: SENIOR VICE PRESIDENT

By /s/ Giacomo Landi
Name: GIACOMO LANDI
Title: FIRST VICE PRESIDENT

DEUTSCHE BANK AG IN HAMBURG, as Lender

By /s/ Stein /s/ Roth
Name: Stein Roth
Title: Vice President Vice President

KFW, as Lender

By /s/ Dooley /s/ Schenk
Name: DOOLEY SCHENK
Title:

DVB BANK AG, as Lender

By /s/ Stefan Heimerl
Name: Stefan Heimerl
Title: Assistant Vice President

By /s/ Thomas Meckel
Name: Thomas Meckel
Title: Vice President

DNB NOR BANK ASA, New York Branch, as Administrative Agent and Collateral Agent

By /s/ Sanjiv Nayar
Name: SANJIV NAYAR
Title: SENIOR VICE PRESIDENT

By /s/ Giacomo Landi
Name: GIACOMO LANDI
Title: FIRST VICE PRESIDENT

CONSENT AND AGREEMENT

Each of the undersigned, referred to in the foregoing Amendment No. 2 to Term Loan and Revolving Credit Facility Agreement as a "Security Party", hereby consents and agrees to said Amendment No. 2 and to the documents contemplated thereby and to the provisions contained therein relating to conditions to be fulfilled and obligations to be performed by the undersigned pursuant to or in connection with said Amendment No. 2 and agrees particularly to be bound by the representations, warranties and covenants relating to the undersigned contained in said Amendment No. 2 to the same extent as if the undersigned were a party to said Amendment No. 2. Each hereby reaffirms its obligations under that certain Guaranty dated August 13, 2004 notwithstanding the amendments to the Original Agreement contemplated by the foregoing Amendment No. 2.

STOLT-NIELSEN S.A.

By: /s/ Howard J. Merkel
Name: Howard J. Merkel
Title: Attorney-in-Fact

STOLT-NIELSEN TRANSPORTATION GROUP LTD.

By: /s/ Howard J. Merkel
Name: Howard J. Merkel
Title: Treasurer

Exhibit 4.19

Shipbuilding and Construction Agreements between Stolt-Nielsen Transportation Group B.V. and ShinA Shipbuilding Co., Ltd.

Signing Date	Hull No.	Delivery Date
June 9, 2005	S-473	May 28, 2008
June 9, 2005	S-474	September 30, 2008
June 9, 2005	S-475	November 27 2008
June 9, 2005	S-476	February 12, 2009

On June 9, 2005, Stolt- Nielsen S.A.' s wholly owned subsidiary Stolt-Nielsen Transportation Group B.V., entered into four separate agreements with ShinA Ship Building Co. Ltd. for the construction and sale of four parcel tankers. Other than the delivery dates, designated in the table above, there are no material differences between the agreements. The agreement for the sale of parcel tanker Hull No. S-473 is attached hereto as a form.

SHIPBUILDING CONTRACT

FOR

THE CONSTRUCTION AND SALE

OF

One (1) DWT 44,000 IMO II/III Product/Chemical Tanker
(HULL NO. S473)

BY AND BETWEEN

STOLT-NIELSEN TRANSPORTATION GROUP B.V.
As Buyer

AND

SHINA SHIPBUILDING CO., LTD.
As Builder

INDEX

THIS CONTRACT, made and entered into on this 9th day of June, 2005 by and between STOLT-NIELSEN TRANSPORTATION GROUP B.V., a corporation incorporated and existing under the laws of The Netherlands and having its registered office at Westerlaan 5, 3016 CK Rotterdam, The Netherlands (hereinafter called the "BUYER"), on the one part and ShinA Shipbuilding Co., Ltd, a corporation incorporated and existing under the laws of the Republic of Korea and having its registered office at 227,
Donam-dong, Tongyeong, Gyeongnam, Korea (hereinafter called the "BUILDER"), on the other part,

WITNESSETH:

In consideration of the mutual covenants herein contained, the BUILDER agrees to design, build, launch, equip, test and complete one(l) Single Screw Diesel Engine Driven 44,000 DWT Chemical Tanker as described in the Specifications attached herewith (hereinafter called the "VESSEL") at the BUILDER' s Shipyard located in Tongyeong, Korea (hereinafter called the "Shipyard") and to deliver and sell the same to the BUYER, and the BUYER hereby agrees to purchase and take delivery of the VESSEL from the BUILDER and to pay for the same upon the terms and conditions hereinafter set forth.

(End of Preamble)

ARTICLE I - DESCRIPTION AND CLASS

1. Description:

The VESSEL shall be a Single Screw Diesel Engine Driven 44,000 DWT Chemical Tanker having the BUILDER' s Hull No. S473 and shall be designed, constructed, equipped, tested and completed in accordance with the provisions of this Contract, and the specifications (FS-CC43-STOLT-R0) including Maker' s List and the General Arrangement Plan (O11-B01 dated 27th May 2005) (hereinafter collectively called the "Specifications") signed by each of the parties hereto for identification and attached hereto and made an integral part hereof.

2. Dimensions and Characteristics:

Length, overall	appx.	182.880	M
Length, between perpendiculars	appx.	175.600	M
Breadth, moulded	appx.	32.200	M
Depth, moulded	appx.	16.050	M
Designed loaded draught, moulded	appx.	12.070	M
Scantling draught, moulded,	appx.	12.070	M

Main Engine:	B&W 5S60MC-C, License made MCR 11300 kw at 105 r.p.m.
Deadweight, guaranteed:	44,000 metric tons at the moulded scantling draught of 12.07 meters.
Speed, guaranteed:	15.0 Knots at a draught of 12.07 Meters and main engine developing power of 8843 kw

Fuel Consumption, guaranteed:	170 grams/kw -hour using marine diesel oil having lower calorific value of 10,200 Kcal/Kg at maximum continuous rating of main engine measured at the shop trial.

The details of the aforementioned particulars as well as the definitions and method of measurements and calculations are as defined in the Specifications.

3. Classification, Rules and Regulations:

The VESSEL, including its machinery, equipment and outfitting shall be designed and constructed in accordance with the rules and regulations (the edition and amendments thereto being in force as of the date of this Contract) of and under special survey of DET NORSKE VERITAS (hereinafter called the "Classification Society") and shall be distinguished in the register by the symbol of +A1, Tanker for Oil Products, Tanker for Chemicals ESP, NAUT-OC, E0, ETC, VCS-2, TMON, INERT, Shiptype2, a2, b3, c3, r3, f2, str 0.1, k, D=1.25 (1.50 slack)

Or Lloyd' s Register of Shipping with the equivalent notations with above DET NORSKE VERITAS.

Decisions of the Classification Society as to compliance or non-compliance with the classification shall be final and binding upon both parties hereto. Details of its notation shall be in accordance with the Specifications.

The VESSEL shall also comply with the rules, regulations and requirements of the regulatory bodies as described in the Specifications in effect as of the signing date of this Contract.

All the fees and charges incidental to the classification and with respect to compliance with the above referred rules, regulations and requirements shall be for account of the BUILDER except otherwise agreed.

The BUILDER shall forward to the BUYER copies of all correspondence exchanged between the BUILDER and the Classification Society and/or the Regulatory Bodies, if any.

4. Subcontracting:

The BUILDER may not subcontract a substantial portion of the construction work of the VESSEL outside the Shipyard but may subcontract a lesser portion thereof outside the Shipyard to the reputable sub-contractors within the Korea in the region of Tongyeong, Busan, Ulsan and Geoje Island. The BUILDER is permitted to sub-contract a portion of the construction work within the Shipyard without BUYER' s consent. Notwithstanding any such sub-contracting the BUILDER remain responsible for compliance with the obligations of the Contract.

5. Registration:

The VESSEL, at the time of its delivery and acceptance, shall be registered at the port of registry by the BUYER under the Cayman Islands flag at the BUYER' s expenses or such other port of Registry as the Buyer may elect no later than Nine(9) months prior to the estimated delivery date. However extra cost, in the event of change, shall be for the BUYER' s account.

(End of Article)

ARTICLE II - CONTRACT PRICE AND TERMS OF PAYMENT

1. Contract Price:

The Contract price of the VESSEL, net receivable by the BUILDER and exclusive of the BUYER' s Supplies as provided in Paragraph 1 of Article XVI hereof is Fifty Seven Million Four Hundred Eighty Thousand United States Dollars (US$ 57,480,000) (hereinafter called the "Contract Price"), which shall be subject to upward or downward adjustment, if any, as hereinafter set forth in this Contract.

2. Adjustment of Contract Price:

Increase or decrease of the Contract Price, if any, due to adjustments thereof made in accordance with the provisions of this Contract, shall be adjusted by way of addition to or subtraction from the Contract Price upon delivery of the VESSEL in the manner as hereinafter provided.

3. Currency:

Any and all payments by the BUYER to the BUILDER which are due under this Contract shall be made in United States Dollars.

4. Terms of Payment:

The Contract Price shall be due and payable by the BUYER to the BUILDER in the installments as follows:

(For the purpose of this Contract, the "business day" shall be a banking day in New York and London and the "telefax" shall be the means of facsimile or internet transmission)

(a) First Installment:

The First Installment amounting to Five Million Seven Hundred Forty Eight Thousand United States Dollars (US$ 5,748,000) shall be due and payable upon receipt of the original tested telex or SWIFT by the BUYER' s Bank of the signed Refund Guarantee provided pursuant to Article X but not earlier than Seventy (70) days after signing this Contract.

(b) Second Installment:

The Second Installment amounting to Eleven Millions Four Hundred Ninety Six Thousand United States Dollars (US$ 11,496,000) shall be due and payable on the date after Fourteen (14) calendar months and Eight (8) days after signing this Contract.

(c) Third Installment:

The Third Installment amounting to Five Millions Seven Hundred Forty Eight Thousand United States Dollars (US$ 5,748,000) shall be due and payable on the date which the BUYER receives a telefax notice from the BUILDER, endorsed by the Classification Society, confirming commencement of steel cutting of the VESSEL.

(d) Fourth Installment:

The Fourth Installment amounting to Thirty Four Millions Four Hundred Eighty Eight Thousand United States Dollars (US$ 34,488,000), plus any increase or minus any decrease due to adjustments of the Contract Price under and pursuant to the provisions of this Contract, shall be due and payable upon delivery of the VESSEL or upon tender for delivery of the VESSEL referred to in Paragraph 4 of Article VII of this Contract.

5. Method of Payment:

(a) Installments Payable before Delivery:

The BUYER shall, at its own cost and expense, remit each of the respective installments payable before delivery of the VESSEL as provided in Paragraph 4 of this Article by telegraphic transfer to the account (Account No. 04-029-695) of the Export-Import Bank of Korea, Seoul, Korea, with Deutsche Bank Trust Company Americas, N.Y., Church Street Station, New York, NY10015 or with other bank which the BUILDER may designate in favour of ShinA Shipbuilding Co., Ltd. (hereinafter called the "BUILDER' s Bank").

(b) Installment Payable on Delivery:

At least Three (3) business days prior to the anticipated delivery date of the VESSEL, the BUYER shall deposit by telegraphic transfer the Fourth Installment to the account of the BUILDER' s Bank in favour of ShinA Shipbuilding Co., Ltd. with an irrevocable instruction that the amount so remitted shall be payable to the BUILDER against a copy of PROTOCOL OF DELIVERY and ACCEPTANCE OF THE VESSEL signed by the BUYER and the BUILDER.

If any interest earned on the account, it shall be paid by the BUILDER' S to the BUYER.

If the BUILDER has not presented the said copy of the PROTOCOL OF DELIVERY AND ACCEPTANCE to the BUILDER' s bank within Fifteen (15) business days of the anticipated delivery date, the BUYER may withdraw the deposit together with all interest earned thereon. If and when the BUILDER advises the BUYER of a revised scheduled delivery date, the BUYER shall redeposit the Fourth Installment in the same manner as stated above at least three (3) business days prior to such scheduled delivery date.

Simultaneously with each of all such payments, the BUYER shall cause the BUYER' s Bank to advise the BUILDER' s Bank of the details of such payments by authenticated bank cable or telex.

No payment under this Contract shall be delayed, suspended or withheld by the BUYER on account of any dispute or disagreement between the parties hereto

Any claim which the BUYER may have against the BUILDER hereunder shall be settled and liquidated separately from any payment by the BUYER to the BUILDER hereunder.

6. Notice of Payment on or before Delivery:

The BUILDER shall give the BUYER Five (5) business days prior notice by telefax of the anticipated due date and amount of each installment payable on or before delivery of the VESSEL.

7. Expenses:

Expenses and bank charges for remitting payments and any taxes, duties, expenses and fees connected with such payment shall be for account of the BUYER referred to in Paragraph 2 of Article XIV of this Contract.

8. Prepayment:

Prepayment of any installment due on or before delivery of the VESSEL shall be subject to mutual agreement between the parties hereto.

9. Documentation:

The BUYER warrants providing the BUILDER within Twenty (20) Business Days from the signing of the Contract with the following documentation:

Certification of incorporation with registered address;

Articles of incorporation;

Resolution of Directors;

List of members of Board of Directors.

(End of Article)

ARTICLE III - ADJUSTMENT OF CONTRACT PRICE

The Contract Price shall be subject to adjustment, as hereinafter set forth, in the event of the following contingencies (it being understood by both parties that any reduction of the Contract Price is by way of liquidated damages and not by way of penalty):

The liquidated damages hereunder shall be the conclusive pecuniary compensation recoverable in connection with each particular event stated herein and the BUILDER shall not be liable for any additional compensation claimed by the BUYER in relation to such particular event and the consequences thereof.

1. Delivery:

(a) No adjustment shall be made and the Contract Price shall remain unchanged for the first Thirty (30) days of delay in delivery of the VESSEL beyond the Delivery Date as defined in Article VII hereof (ending as of twelve o' clock midnight Korean time of the Thirtieth (30th) day of delay).

(b) If the delivery of the VESSEL is delayed more than Thirty (30) days after the Delivery Date, the Contract Price shall be reduced by the sum of Ten Thousand United States Dollars (US$10,000) for each full day for which thereafter delivery is delayed.

However, the total reduction in the Contract Price shall not be more than as would be the case for a delay of One Hundred and Eighty (180) days counting from the midnight of the Thirtieth (30th) day after the Delivery Date at the above specified rate of reduction.

(c) However, if the delay in delivery of the VESSEL should continue for a period of Two Hundred and Ten (210) days from the Delivery Date in Paragraph 1 of Article VII, then in such event, and after such period has expired, the BUYER may, at its option, cancel this Contract in accordance with the provisions of Article X hereof, or may, at its absolute discretion, accept the

VESSEL with a total reduction in the Contract Price for delay of One Million Eight Hundred Thousand United States Dollars (US$1,800,000).

The BUILDER may, at any time after the expiration of the afore-mentioned Two Hundred and Ten (210) days of delay in delivery, if the BUYER has not served notice of cancellation as provided in Article X hereof, demand in writing that the BUYER shall make an election in which case the BUYER shall, within Twenty(20) days after such demand is received by the BUYER, notify the BUILDER of its intention either to cancel this Contract or to consent to the acceptance of the VESSEL at an agreed future date.

If the BUYER shall not make an election within Twenty(20) days as provided hereinabove, the BUYER shall be deemed to have accepted such extension of the delivery date to the future delivery date indicated by the BUILDER and it being understood by the parties hereto that if the VESSEL is not delivered by such future date, the BUYER shall have the same right of cancellation upon the same terms and conditions as hereinabove provided.

(d) If the BUYER formally requests by a letter an earlier delivery date, in such case, if the delivery of the VESSEL is made more than Thirty(30) days earlier than the Delivery Date, then, in such event, beginning with Thirty first (31st) day prior to the Delivery Date, the Contract Price of the VESSEL shall be increased by adding thereto Ten Thousand United States Dollars (US$10,000) for each full day. (it being understood that the BUILDER' s acceptance of such request from the BUYER shall be in no way construed as change of the Delivery Date under this Contract)

(e) For the purpose of this Article, the delivery of the VESSEL shall be deemed to be delayed when and if the VESSEL, after taking into account all postponements of the Delivery Date by reason of permissible delay as defined in Article VIII and /or by any other reason under this Contract, is not delivered by the date upon which delivery is required under the terms of this Contract.

2. Speed:

(a) The Contract Price shall not be affected or changed by reason of the trial speed, as determined according to the Specifications, being less than the guarantee speed, if such deficiency is not more than Three-Tenths(3/10) of One(l) knot.

(b) However, if such deficiency is more than Three-Tenths(3/10) of One(l) knot then, the Contract Price shall be decreased by One Hundred Ten Thousand United States Dollars (US$110,000) for each successive whole One Tenth (1/10) of a knot in excess of a deficiency of Three Tenths (3/10) of a knot speed (smaller fractions being disregarded).

If the deficiency in the speed sea trial is more than One(l) full knot below the guaranteed speed of the VESSEL, then the BUYER may, at its option, reject the VESSEL and cancel this Contract in accordance with the provisions of Article X hereof, or may accept the VESSEL at a reduction in the Contract Price as above provided for One(l) knot only, that is, at a total reduction of Seven Hundred Seventy Thousand United States Dollars (US$770,000).

3. Fuel Consumption:

(a) The Contract Price shall not be affected or changed in case the fuel consumption, as determined by the shop trial as specified in the Specifications, is not more than Five percent (5%) in excess of the guaranteed fuel consumption specified in Paragraph 2 of Article I.

(b) However, in the event that the actual fuel consumption at the shop trial is in excess of Five percent (5%) of the guaranteed fuel consumption, the Contract Price shall be either be reduced by the sum of Thirty Five Thousand United States Dollars (US$35,000) for each full gram per kw per hour in excess of the Five percent(5%) (but disregarding fractions of One(l) gram) of the guaranteed fuel consumption.

(c) If such actual fuel consumption exceeds Eight percent (8%) of the guaranteed fuel consumption of the VESSEL, the BUYER may, at its option, reject the VESSEL and cancel this Contract in accordance with the provisions of Article X hereof, or may accept the VESSEL at a reduction in the Contract Price for excessive fuel consumption as above specified Eight percent (8%) only, that is, at a total reduction of One Hundred Seventy Five Thousand United States Dollars (US$175,000).

4. Deadweight:

(a) In the event that the deadweight of the VESSEL as determined in accordance with the Specifications is less than the guaranteed deadweight as specified in Paragraph 2 of Article I, the Contract Price shall be reduced by the sum of One Thousand Five Hundred United States Dollars (US$1500) for each full metric ton of such deficiency being more than Five Hundred (500) metric tons (disregarding the fractions of One(l) metric ton).

(b) In the event of such deficiency in the deadweight of the VESSEL being One Thousand Two Hundred (1200) metric tons or more, then, the BUYER may, at its option, reject the VESSEL and cancel this Contract in accordance with the provisions of Article X hereof or accept the VESSEL at a reduction in the Contract Price for insufficient deadweight as above provided for One Thousand Two Hundred (1200) metric tons only, that is, at a total reduction of One Million Fifty Thousand United States Dollars (US$1,050,000).

5. Steel Weight Adjustment

The Contract Price has been calculated on the basis of a net steel weight of maximum Eight Thousand Seven Hundred Five (8705) metric tons of the hull (excluding accommodation, the funnel, mid deck stores and outfittings) and shall be adjusted by adding to the Contract Price the sum of One Thousand Three Hundred States Dollars (US$ 1300) for each full metric tonne of additional steel in the net steel weight of the hull of the VESSEL calculated on the basis of steel drawings as approved by the Classification Society and the BUYER.

6. Steel Price Adjustment

The Contract Price shall be adjusted by adding to or subtracting from (as the case may be) the Contract Price the BUYER' s share of the Steel Price Adjustment Amount excluding the Steel Price Allowance (as defined below)

For this purpose, the following definition shall apply:

(a) "Steel Price Adjustment Amount" means the amount of the Steel Adjustment Factor (as defined below) multiplied by Thirteen percent (13%) of the Contract Price of the Vessel;

(b) "Steel Adjustment Factor" means the quotient of the average ("Md") of MEPS Asian Carbon Steel Hot Rolled Plate Index published by MEPS (International) Ltd. of the United Kingdom for the three (3) calendar months prior to the month in which the Steel Price Reference Date (as defined below) falls, divided by ["Mc"], minus one (1), i.e. [Md / Mc) – 1; (Mc means three months average of MEPS Asian Carbon Steel Hot Rolled Plate Index as at the date of signing this Contract.)

(c) "Steel Price Reference Date" means the date of Keel laying of the Vessel.

There shall be no such adjustment of the Contract Price if the Steel Price Adjustment Amount (as determined pursuant to the provisions set out above) does not exceed Six Hundred Fifty Thousand United States Dollars (US$650,000) (the "Steel Price Allowance"), whether such Steel Price Adjustment Amount is a negative sum or a positive sum.

The BUYER' s share shall be Fifty per cent (50%) of the amount by which the figure exceeds Six Hundred Fifty Thousand United States Dollars (US$650,000), whether a negative or a positive sum.

7. Effect of Cancellation:

It is expressly understood and agreed by the parties that in any case, if the BUYER cancels this Contract under this Article, the BUYER shall not be entitled to any liquidated damages or any other recourse unless by means of the provisions of Article X hereof.

(End of Article)

ARTICLE IV - APPROVAL OF PLANS AND DRAWINGS AND INSPECTION DURING CONSTRUCTION

1. Approval of Plans and Drawings:

The BUILDER shall obtain the approval from the BUYER for the plans and drawings in accordance with the Specifications.

The BUILDER shall submit to the BUYER Three (3) copies of each of the plans and drawings, the list of which shall be mutually agreed upon between the parties hereto, for its approval.

The BUYER shall, within Twenty-two (22) calendar days after receipt thereof, return to the BUILDER One (1) copy of such plans and drawings with the BUYER' S approval or comments (if any) written thereon.

If the BUYER shall fail to return the plans and drawings to BUILDER within the time limit as above provided, the BUILDER shall deem that such plans and drawings have been approved or confirmed without any comment

In the event the Classification Society or any Regulatory Body advises the BUILDER that it has written comments to the plans and drawings or wishes to modify the plans and drawings, the BUILDER shall notify the BUYER of such developments and within two (2) working days of receipt of such developments, provide the BUYER with copies of the comments or requested modifications. The BUYER shall within five (5) working days after receipt notify the BUILDER whether it accepts such comments or modifications. If any comments are made or modifications requested by the Classification Society or by another Regulatory Body, the BUILDER will make suitable amendments and resubmit these to the BUYER for approval.

Approval or non approval of a plan or drawing by the BUYER shall in no way diminish, affect or impair the obligation, guarantee or undertaking of the BUILDER as regards the design and construction of the VESSEL and to deliver the same in accordance with the terms hereof.

2. Appointment of BUYER' s Supervisor:

The BUYER may send to and maintain at the Shipyard, at the BUYER' s own cost and expense, one supervisor who shall be duly authorized in writing by the BUYER (herein called the "Supervisor") to act on behalf of the BUYER in connection with the attendance to the tests and inspections relating to the VESSEL, its machinery, equipment and outfittings, and any other matters for which he is specifically authorized by the BUYER. The Supervisor may appoint assistant(s) up to maximum Four (4) persons to attend at the Shipyard to assist him for the purposes as aforesaid.

In addition, the BUYER may appoint the ship' s crew to attend to the VESSEL in good time prior to and during sea trials throughout until delivery of the VESSEL.

3. Inspection by the Supervisor:

The necessary inspections of the VESSEL, its machinery, equipment and outfittings shall be carried out by the Classification Society, other applicable regulatory bodies and/or an inspection team of the BUILDER throughout the entire period of construction in order to ensure that the construction of the VESSEL is duly performed in accordance with this Contract and the Specifications. The Supervisor shall have, during construction of the VESSEL, the right to attend such tests and inspections of the VESSEL, its machinery and equipment within the premises of either the BUILDER or its subcontractors and shall have the right to inspect any work in progress or materials utilized in connection with the construction of the VESSEL, wherever such work is being done or such materials are stored, Detailed procedures of the inspection and the tests thereof shall be in accordance with the Specifications.

The BUILDER shall give a reasonable advance notice to the Supervisor of the date and place of such tests, trials and inspections, which may be attended by him, including, when relevant, a description of the test, procedure and level of performance to be reached in order to comply with the Specifications. Failure by the Supervisor to be present at such tests, trials and inspections after due notice to

him as aforesaid shall be deemed to be a waiver of the Supervisor' s right to be present.

In case the number of assistants as mentioned hereinabove would not be sufficient to meet the BUILDER' S schedule of tests, trials and inspection, the BUILDER shall either reschedule these tests, trials and inspection or may accept that the BUYER increase the number of assistants as necessary.

Upon completion of each test, trial or inspection, the BUILDER shall provide the Supervisor with a copy of the BUILDER' S report relating to that test, trial or inspection.

If the Supervisor discovers any construction, material or workmanship, which is not deemed to conform to the requirements of this Contract and/or the Specifications, the Supervisor shall promptly give the BUILDER a notice in writing specifying the alleged non-conformity. Upon receipt of such notice from the Supervisor, the BUILDER shall correct such non-conformity, if the BUILDER agrees to his view. Any disagreement shall be resolved in accordance with Paragraph 1 of Article XII.

If the Classification Society or the arbitrator enters a determination in favor of the BUYER, then in such case the BUILDER shall correct such non-conformity, or in the BUYER' s option the BUILDER shall make fair and reasonable adjustment of the Contract Price to be mutually agreed between the BUILDER and the BUYER in lieu of such corrections.

The attendance or lack of attendance of of the Supervisor or his assistants at any test or inspection shall, in no way, diminish or affect the liability of the BUILDER under this Contract.

4. Facilities:

The BUILDER shall furnish the Supervisor and his assistant(s) with adequate office space and such other reasonable facilities according to the BUILDER' s practice at or in the immediate vicinity of the Shipyard as may be necessary to enable them to effectively carry out their duties. The BUYER shall pay for all such facilities other than office space, at the BUILDER' s normal rate of charge.

5. Liability of BUILDER:

The Supervisor and his assistant(s) shall at all times be deemed to be the employees of the BUYER and not of the BUILDER. The BUILDER shall be under no liability whatsoever to the BUYER, the Supervisor or his assistant(s) for personal injuries, including death, suffered during the time when he or they are on the VESSEL, or within the premises of either the BUILDER or its subcontractors, or are otherwise engaged in and about the construction of the VESSEL, unless, however, such personal injuries, including death, were caused by a gross negligence of the BUILDER, or of any of its employees or agents or subcontractors.

Nor shall the BUILDER be under any liability whatsoever to the BUYER, the Supervisor or his assistant(s) for damage to, or loss or destruction of property in Korea of the BUYER or of the Supervisor or his assistant(s), unless such damage, loss or destruction were caused by a gross negligence of the BUILDER or of any of its employees or agents or subcontractors.

6. Responsibility of BUYER:

The BUYER shall undertake and assure that the Supervisor shall carry out his duties hereunder in accordance with the normal shipbuilding practice of the BUILDER and in such a way so as to avoid any unnecessary increase in building cost, delay in the construction of the VESSEL, and/or any disturbance in the construction schedule of the BUILDER.

The BUILDER has the right to request the BUYER to replace the Supervisor who is deemed unsuitable and unsatisfactory for the proper progress of the VESSEL' s construction. The BUYER shall investigate the situation by sending its representative (s) to the Shipyard if necessary, and if the BUYER considers that such BUILDER' s request is justified, the BUYER shall effect such replacement as soon as conveniently arrangeable.

Without effect to the above, the BUYER and the BUILDER shall cooperate fully and use best efforts to resolve any design, construction difficulties and problems encountered after signing this Contract.

(End of Article)

ARTICLE V - MODIFICATIONS, CHANGES AND EXTRAS

1. Modification of Specifications:

The Specifications may be modified to a minor extent by written agreement of the parties hereto, provided that such modifications will not, in the BUILDER' s reasonable judgment, adversely affect the BUILDER' s planning or program in relation to the BUILDER' s other commitments, and provided, further, that the BUYER shall first agree, before such modifications and/or changes are carried out, to alterations in the Contract Price, the Delivery Date, deadweight, speed and other terms and conditions of this Contract and Specifications occasioned by or resulting from such modifications and/or changes within seven (7) days from the receipt by the BUYER of the BUILDER' s proposal. The BUILDER has the right to continue construction of the VESSEL on the basis of the Specifications until agreement as above has been reached but upon receipt by the BUILDER of a request from the BUYER for a modification the BUILDER shall as soon as reasonably practical and at the latest within seven (7) days of the request submit to the BUYER a proposal of adjustment in the Contract Price, the Delivery Date and any other term of the Contract.

An agreement to modify this Contract or the Specifications shall be effected by an exchange of letters signed by the authorized Representative(s) of the parties or by an Addendum to this Contract and/or the Specifications.

The BUILDER may also make minor changes to the Specifications if found necessary to suit the Shipyard' s local conditions and facilities, the availability of materials and equipment., introduction of improved methods or otherwise, provided that the BUILDER shall first obtain the BUYER' s approval, which shall not be unreasonably withheld or delayed.

2. Changes in Rules of Classification Society, Regulations, etc.:

If, after the date of signing this Contract, any requirements as to the classification, or as to the rules and regulations to which the construction of the VESSEL is required to conform, are changed by the Classification Society or regulatory bodies authorized to make such changes, the following provisions shall apply unless a waiver of the changed requirement, rule, regulation or interpretation is obtained pursuant to the BUYER' s request:

(a) If the changes are compulsory for the VESSEL, any of the parties hereto, upon receipt of information from the Classification Society or such other regulatory bodies, shall promptly transmit the same to the other in writing, and the BUILDER shall thereupon incorporate such changes into the construction of the VESSEL, provided that the BUYER shall first have agreed to adjustments required by the BUILDER in the Contract Price, the Delivery Date, deadweight, speed and other terms and conditions of this Contract and the Specifications occasioned by or resulting from such changes within seven (7) days from the receipt by the BUYER of the BUILDER' s proposal.

(b) If the changes are not compulsory for the VESSEL, but the BUYER desires to incorporate any of them into the construction of the VESSEL, the BUYER shall notify the BUILDER of that intention. The BUILDER may accept such changes, provided that such changes will not in its reasonable judgment adversely affect the BUILDER' s planning or program in relation to the BUILDER' s other commitments, and provided, further, that the BUYER shall first have agreed to adjustments required by the BUILDER in the Contract Price, the Delivery Date, deadweight, speed and other terms and conditions of this Contract and the Specifications occasioned by or resulting from such changes within seven (7) days from the receipt by the BUYER of the BUILDER' s proposal.

Agreement as to any changes under Paragraph 2 of this Article shall be made in the same manner as provided in Paragraph 1 of this Article for modifications or changes to the Specifications.

Any delay in the construction of the VESSEL caused by the BUYER' s delay in making a decision or agreement outside the time limits set out above shall constitute a permissible delay under this Contract.

3. Substitution of Materials:

If any of the materials or equipment required by the Specifications or otherwise under this Contract for the construction of the VESSEL are in short supply or cannot be procured in time to maintain the Delivery Date of the VESSEL or are unreasonably high in price as compared with prevailing international market rates, the BUILDER may, provided that the BUYER shall so agree in writing (which agreement shall not be unreasonably withheld), supply other materials or equipment of equal quality and effect capable of meeting the requirements of the Specification and this Contract. Any agreement as to substitution of materials or equipment shall be effected in the manner as provided in Paragraph 1 of this Article.

(End of Article)

ARTICLE VI - TRIALS AND ACCEPTANCE

1. Notice:

The sea trial shall start when the VESSEL is reasonably completed according to the Specifications.

The BUILDER shall give the BUYER at least Twenty (20) days estimated prior notice and Seven (7) days confirming prior notice by telefax of the time and place of the trial run of the VESSEL, and the BUYER shall promptly acknowledge receipt of such notice. The BUYER shall be entitled to have its Supervisor and such assistants of his as may be necessary on board the VESSEL to witness such trial run. Failure in attendance of the BUYER' s Supervisor at the trial run of the VESSEL for any reason whatsoever after due notice to the BUYER as above provided shall be deemed to be a waiver by the BUYER of its right to have its Supervisor on board the VESSEL at the trial run, and the BUILDER may conduct the trial run without attendance of the BUYER' s Supervisor subject always to a representative of the Classification Society being in attendance throughout, and in such case the BUYER shall be obligated to accept the VESSEL on the basis of a certificate of the BUILDER and the Classification Society that the VESSEL, upon its trial run, is found to conform to this Contract and the Specifications.

2. Weather Condition:

The trial run shall be carried out under the weather condition, which is deemed favorable enough by the judgment of the BUILDER in accordance with the Specifications. In the event of unfavorable weather on the date specified for the trial run, the same shall take place on the first available day thereafter that the weather condition permits. It is agreed that, if during the trial run of the VESSEL, the weather should suddenly become so unfavorable that orderly conduct of the trial run can no longer be continued, the trial run shall be discontinued and postponed until the first favorable day next following, unless the BUYER shall assent in writing to acceptance of the VESSEL on the basis of the trial run already made before such discontinuance has occurred.

Any delay of trial run caused by such unfavorable weather condition shall operate to postpone the Delivery Date by the period of the delay involved and such delay shall be deemed as permissible delay in the delivery of the VESSEL.

3. How Conducted:

(a) The VESSEL shall run the official trial trip in the manner as specified in the Specifications.

(b) All expenses in connection with the trial run are to be for account of the BUILDER and the BUILDER shall provide, at its own expense, the necessary crew to comply with conditions of safe navigation.

4. Method of Acceptance or Rejection:

(a) Upon completion of the trial run, the BUILDER shall give the BUYER a notice by telefax of completion of the trial run, as and if the BUILDER considers that the results of trial run indicate conformity of the VESSEL to this Contract and the Specifications. The BUYER shall, within Five(5) days after receipt of such notice from the BUILDER, notify the BUILDER by telefax of its acceptance or rejection of the VESSEL' s conformity to this Contract and the Specifications.

(b) However, should the result of the trial run show that the VESSEL, or any part or equipment thereof, does not conform to the requirements of this Contract and/or the Specifications, or if the BUILDER is in agreement to non conformity as specified in the BUYER' s notice of rejection, then, the BUILDER shall take necessary steps to correct such non-conformity.

Upon completion of correction of such non-conformity, and re-test or trial if necessary, the BUILDER shall give the BUYER a notice thereof by telefax.

The BUYER shall, within Three(3) days after receipt of such notice from the BUILDER, notify the BUILDER of its acceptance or rejection of the VESSEL.

However, the BUYER shall not be entitled to reject the VESSEL by reason of any minor or insubstantial defect or non-conformity judged from the viewpoint of the normal shipbuilding practice but in such case, the BUILDER shall correct and/ or remedy such minor or insubstantial defect or non-conformity as soon as possible during the Warranty Period.

(c) In any event that the BUYER rejects the VESSEL, the BUYER shall indicate in detail in its notice of rejection in what respect the VESSEL, or any part or equipment thereof does not conform to this Contract and/or the Specifications.

(d) In the event that the BUYER fails to notify the BUILDER by telefax of the acceptance of or the rejection together with the reason therefor of the VESSEL within the period as provided in the above Sub-Paragraph (a) or (b), the BUYER shall be deemed to have accepted the VESSEL.

(e) Any dispute between the BUILDER and the BUYER as to the conformity or non-conformity of the VESSEL to the requirements of this Contract and/or the Specifications shall be submitted for final decision in accordance with Article XII hereof.

5. Effect of Acceptance:

Acceptance of the VESSEL as above provided shall be final and binding so far as conformity of the VESSEL to this Contract and the Specifications is concerned and shall preclude the BUYER from refusing formal delivery of the VESSEL as hereinafter provided, if the BUILDER complies with all other procedural requirements for delivery as provided in Article VII hereof. However, the BUYER' s acceptance of the VESSEL shall not affect the BUYER' s right in 4. (b) above or under Article IX hereof.

6. Disposition of Surplus Consumable Stores

Any fuel oil, fresh water or other consumable stores furnished and paid for by the BUILDER for trial runs remaining on board the VESSEL in storage tanks, at the time of acceptance of the VESSEL by the BUYER, shall be bought by the BUYER from the BUILDER at the BUILDER' s original purchase price for such supply in Korea and the payment by the BUYER thereof shall be made at the time of delivery of the VESSEL.

The BUILDER shall pay the BUYER at the time of delivery of the VESSEL an amount for the consumed quantity during trial run of any lubricating oil and greases which were furnished and paid for by the BUYER at the BUYER' s original purchase price thereof.

(End of Article)

ARTICLE VII - DELIVERY

1. Time and Place:

The VESSEL shall be delivered safely afloat by the BUILDER to the BUYER at the Shipyard on or before 28th of May, 2008, after completion of satisfactory trials and acceptance by the BUYER in accordance with the terms of Article VI, except that, in the event of delays in the construction of the VESSEL or any performance required under this Contract due to causes which under the terms of this Contract permit postponement of the date for delivery, the aforementioned date for delivery of the VESSEL shall be postponed accordingly.

The aforementioned date, or such later date to which the requirement of delivery is postponed pursuant to such terms, is herein called the "Delivery Date".

2. When and How Effected:

Provided that the BUILDER and the BUYER shall have fulfilled all of their obligations stipulated under this Contract, the delivery of the VESSEL shall be effected forthwith by the concurrent delivery by each of the parties hereto to the other of the signed PROTOCOL OF DELIVERY AND ACCEPTANCE, acknowledging delivery of the VESSEL by the BUILDER and acceptance thereof by the BUYER.

3. Documents to be delivered to BUYER:

Upon delivery and acceptance of the VESSEL, the BUILDER shall deliver to the BUYER the following documents, which shall accompany the PROTOCOL OF DELIVERY AND ACCEPTANCE:

(a) PROTOCOL OF TRIALS of the VESSEL made pursuant to the Specifications.

(b) PROTOCOL OF INVENTORY of the equipment of the VESSEL, including spare parts and the like, as specified in the Specifications.

(c) PROTOCOL OF STORES OF CONSUMABLE NATURE referred to under Paragraph 6 of Article VI hereof.

(d) PROTOCOL OF DEADWEIGHT DETERMINATION AND INCLINING EXPERIMENT as stipulated in the Specifications

(e) ALL CERTIFICATES including the BUILDER' S CERTIFICATE required to be furnished upon delivery of the VESSEL pursuant to this Contract and the Specifications.

It is agreed that if, through no fault on the part of the BUILDER, the Classification Certificate and/or other certificates are not available at the time of delivery of the VESSEL, and if the absence thereof does not impede the BUYER' s full and immediate operation, navigation or the management of the VESSEL, provisional certificates shall be accepted by the BUYER, provided that the BUILDER shall furnish the BUYER with the formal certificates as promptly as possible after such certificates have been issued and in any event not later than the date on which the validity of the provisional certificates expires. All certificates whether provisional or final shall be full term certificates without any recommendations or any qualifications, unless otherwise agreed by the parties.

Application and certificate for statutory inspections for the registry of the VESSEL shall be arranged by the BUYER at its expense.

(f) DECLARATION OF WARRANTY of the BUILDER that the VESSEL is delivered to the BUYER free and clear of any liens, charges, claims, mortgages, or other encumbrances upon the BUYER' s title thereto, and in particular that the VESSEL is absolutely free of all burdens in the nature of imposts, taxes or charges imposed by Korean Governmental Authorities, as well as of all liabilities of the BUILDER to its subcontractors, employees and crew, and of the liabilities arising from the operation of the VESSEL in trial runs, or otherwise, prior to delivery.

(g) FINISHED AS BUILT DRAWING AND PLANS and MANUALS pertaining to the VESSEL as stipulated in the Specifications

(h) COMMERCIAL INVOICE.

(i) BILL OF SALE

4. Tender of VESSEL:

If the BUYER fails to take delivery of the VESSEL after completion thereof according to this Contract and the Specifications without any justifiable reason, the BUILDER shall have the right to tender the VESSEL to the BUYER for delivery for the purpose of Article XI.I (c). Such tender shall be made by the BUILDER by a notice to the BUYER stating that the VESSEL is tendered for delivery pursuant to Article VII. 4 of the Contract.

5. Title and Risk:

Title to and risk of loss of the VESSEL shall pass to the BUYER only upon the delivery and acceptance thereof having been completed as stated above; it being expressly understood that, until such delivery is effected, title to and risk of loss of the VESSEL and her equipment shall be in the BUILDER.

6. Removal of VESSEL:

The BUYER shall take possession of the VESSEL immediately upon delivery and acceptance thereof and shall remove the VESSEL from the premises of the Shipyard within Three(3) days after delivery and acceptance thereof is effected.

If the BUYER shall not remove the VESSEL from the premises of the Shipyard within the aforesaid Three(3) days, in such event, the BUYER shall pay to the BUILDER the reasonable mooring charges of the VESSEL.

(End of Article)

ARTICLE VIII - DELAYS AND EXTENSION OF TIME FOR DELIVERY (FORCE MAJEURE)

1. Causes of Delay (Force Majeure):

If, at any time either the construction or delivery of the VESSEL or any performance required hereunder as a prerequisite to the delivery thereof is delayed by any of the following events; namely war, acts of state or government, blockade, revolution, insurrections, mobilization, civil commotion, riots, strikes, sabotage, lockouts, Acts of God or the public enemy,

plague or other epidemics, quarantines, prolonged failure of electric current, freight embargoes, or defects in major forgings or castings which could not have been detected by the BUILDER using reasonable care nor caused by the neglect of the BUILDER or shortage of materials, machinery or equipment or inability to obtain delivery or delays in delivery of materials, machinery or equipment, due to an event of the nature as described in this Article affecting such supplier or subcontractor, provided that at the time of ordering the same could reasonably be expected by the BUILDER to be delivered in time, or defects in materials, machinery or equipment which could not have been detected by the BUILDER using reasonable care, or earthquakes, tidal waves, typhoons, hurricanes, prolonged or unusually severe weather conditions or delay in the construction of the BUILDER' s other newbuildings due to any such causes as described in this Article which in turn delay the construction of the VESSEL in view of the Shipyard' s overall building programme or the BUILDER' s performance under this Contract, or by destruction of the premises or works of the BUILDER or its sub-contractors such as to effect performance hereunder, or of the VESSEL, or any part thereof, by fire, landslides, flood, lightning, explosion, or other causes whatsoever beyond the control of the BUILDER, or its sub-contractors, as the case may be, then, in the event of delays due to the happening of any of the aforementioned contingencies, the Delivery Date of the VESSEL under this Contract shall be extended for a period of time by which the overall construction programme has actually been delayed, the BUILDER being obliged to reschedule its construction programme wherever possible to minimize any delay as far as possible.

2. Notice of Delay:

Within Twenty (20) days after the date of occurrence of any cause of delay, on account of which the BUILDER claims that it is entitled under this Contract to a postponement of the Delivery Date, the BUILDER shall notify the BUYER by telefax of the date when such cause of delay occurred. Likewise, within Twenty (20) days after the date of ending of such cause of delay, the BUILDER shall notify the BUYER by telefax of the date when such cause of delay ended.

The BUILDER shall also notify the BUYER of the period, by which the Delivery Date is postponed by reason of such cause of delay, as soon as it may be determined. If the BUILDER does not give the timely advice as above, the BUILDER shall lose the right to claim such delays as permissible delay.

Failure of the BUYER to acknowledge to the BUILDER' s claim for postponement of the Delivery Date within Seven(7) days after receipt by the BUYER of such notice of claim shall be deemed to be a waiver by the BUYER of its right to object to such postponement of the Delivery Date..

3. Definition of Permissible Delay:

Delays on account of such causes as specified in Paragraph 1 of this Article and any other delay of a nature which under the terms of this Contract permits postponement of the Delivery Date shall be understood to be permissible delays and are to be distinguished from unauthorized delays on account of which the Contract Price is subject to adjustment as provided for in Article III hereof.

4. Right to Cancel for Excessive Delay:

If the total accumulated time of all delays claimed by the BUILDER on account of the causes specified in Paragraph 1 of this Article, excluding other delays of the nature which under the terms of this Contract permit postponement of the Delivery Date, amounts to Two Hundred and Ten (210) days or more, then, in

such event, the BUYER may cancel this Contract in accordance with the provisions of Article X hereof.

The BUILDER may, at any time after the accumulated time of the aforementioned delays justifying cancellation by the BUYER, demand in writing that the BUYER shall make an election, in which case the BUYER shall, within Fourteen (14) days after such demand is received by the BUYER, either notify the BUILDER of its intention to cancel this Contract, or consent to a postponement of the Delivery Date to an agreed specific future date; it being understood and agreed by the parties hereto that, if any further delay occurs on account of causes justifying cancellation as specified in this Article, the BUYER shall have the same right of cancellation upon the same terms as herein above provided.

(End of Article)

ARTICLE IX - WARRANTY OF QUALITY

1. Guarantee:

The BUILDER, for the period of Twelve(12) months after delivery of the VESSEL (hereinafter called "Guarantee Period"), guarantees the VESSEL and her engine, including all parts and equipment manufactured, furnished or installed by the BUILDER under this Contract, and including the machinery, equipment and appurtenances thereof, under the Contract but excluding any item which is supplied by the BUYER or by any other bodies on behalf of the BUYER, against all defects discovered within the Guarantee Period which are due to faulty design, defective material, and/or poor workmanship or negligent or other improper acts or omissions on the part of the BUILDER or its subcontractors (hereinafter called the "Defect" or "Defects") and are not a result of accident, ordinary wear and tear, misuse, mismanagement, negligent or other improper acts or omissions or neglect on the part of the BUYER, its employee or agents.

In addition to the foregoing, the BUILDER shall assist the BUYER in securing from the paint manufacturer(s) a guarantee direct to the BUYER for the cargo tank and seawater ballast coating for a period of twenty-four (24) months in addition to the BUILDER' S aforementioned twelve (12) months guarantee.

In the event that longer warranties are available from, third party suppliers of materials, parts and/or equipment at no additional cost then the BUILDER shall secure such extended warranties.

If a design or equipment has been implemented or introduced on a sistership, which has been acknowledged as a guarantee item, such change shall be also introduced for the VESSEL, if not yet delivered as far as it is practically possible to carry out such change before delivery of the VESSEL, or if delivered within the Guarantee Period.

The BUILDER shall ensure wherever possible that warranties and the like provided by Suppliers of goods, materials, parts, and equipment, and any Subcontractors who may be approved, are assignable to the BUYER or its assignee and upon the BUYER' s request the BUILDER shall assign to the BUYER any such rights as it may have including any right to pursue any claim under the relevant supply or sub contract.

2. Notice of Defects:

The BUYER shall notify the BUILDER in writing, or by telefax of any defect for which claim is made under this guarantee, as promptly as possible after discovery thereof. The BUYER' s notice shall describe in detail the nature, cause and extent of the Defects.

The BUILDER shall have no obligation for any Defect discovered prior to the expiry date of the Guarantee Period, unless notice of such Defect is received by the BUILDER not later than Ten (10) days after such expiry date.

3. Remedy of Defects:

(a) The BUILDER shall remedy, at its expense, any Defect against which the VESSEL is guaranteed under this Article, by making all necessary repairs or replacements at the Shipyard.

(b) However, if it is impracticable to bring the VESSEL to the Shipyard, the BUYER may cause the necessary repairs or replacements to be made elsewhere which is deemed suitable for the purpose, provided that, in such event, the BUILDER may forward or supply replacement parts or materials to the VESSEL, unless forwarding or supplying thereof the VESSEL would impair or delay the operation of working schedule of the VESSEL. In the event that the BUYER proposes to cause the necessary repairs or replacements for the VESSEL to be made at any other shipyard or works than the Shipyard, the BUYER shall first, but in all events as soon as possible, give the BUILDER a notice in writing or by telefax confirmed in writing of

the time and place when and where such repairs will be made, and if the VESSEL is not thereby delayed, or her operation or working schedule is not thereby impaired, the BUILDER shall have the right to verify by its own representative(s) the nature, cause and extent of the Defects complained of.

The BUILDER shall, in such case, promptly advise the BUYER by telefax after such examination has been completed, of its acceptance or rejection of the Defects as ones that are covered by the guarantee herein provided. Upon the BUILDER' S acceptance of the Defects as justifying remedy under this Article, or upon award of the arbitration so determining, the BUILDER shall reimburse the BUYER the documented expenses incurred by the BUYER for such repairs or replacements but such reimbursement shall not exceed the reasonably estimated cost of carrying out the warranty work at the Shipyard under the same working conditions.

The guarantee works shall be settled regularly during the Guarantee Period and the actual reimbursement for the guarantee shall be made in a lump sum after the expiry of the Guarantee Period.

(c) In any case, the VESSEL shall be taken, at the BUYER' S cost and responsibility, to the place elected, ready in all respects for such repairs or replacement it being understood that the engineering, calculations, dismantling, staging, cleaning, tooling, handling, testing, the supply of parts, dockage if needed, provided such works are directly related to those repairs and/or replacements, shall be considered as part of the repair or replacement process to be carried out by the BUILDER.

In the event mat it is necessary for the BUILDER to forward a replacement for a defective part under this guarantee, replacement parts shall be delivered to the BUYER, onboard the VESSEL, at the BUYER' S designated port by air, sea, road or rail freight at the BUILDER' S expense to such location as is directed by the BUYER, the method of transportation being determined by the urgency with which the replacement is required.

The BUILDER reserves the option to retrieve, at the BUILDER' S cost, any of the replaced equipment/parts in case defects are remedied in accordance with the provisions in this Article.

(d) Any dispute under this Article shall be referred to arbitration in accordance with the provisions of Article XII hereof.

4. Extent of BUILDER' S Responsibility:

(a) The BUILDER shall have no responsibility or liability for any other defect whatsoever in the VESSEL than the Defects specified in Paragraph 1 of this Article. Nor the BUILDER shall in any circumstance be responsible or liable for any consequential or special loss, damage or expense including but not limited to loss of time, loss of profit of earning or demurrage directly or indirectly occasioned to the BUYER by reason of the Defects specified in Paragraph 1 of this Article or due to repairs or other works done to the VESSEL to remedy such Defects.

(b) The BUILDER shall not be responsible for any defect in any part of the VESSEL which may, subsequently to delivery of the VESSEL, have been replaced or repaired in any way by any other contractor, or for any defect which have been caused or aggravated by omission or improper use and maintenance of the VESSEL on the part of the BUYER, its servants or agents or by ordinary wear and tear or by any other beyond control of the BUILDER.

(c) The guarantee contained as hereinabove in this Article replaces and excludes any other liability, guarantee, warranty and/or condition imposed or implied by the law, customary, statutory or otherwise, by reason of the construction and sale of the VESSEL by the BUILDER for and to the BUYER.

5. Guarantee Engineer:

The BUILDER shall have the right to appoint a Guarantee Engineer to serve on the VESSEL as its representative for a period of Three(3) months from the date the VESSEL is delivered. However, if the BUYER and the BUILDER shall deem it necessary to keep the Guarantee Engineer on the VESSEL for a longer period, then he shall remain on board the VESSEL after the said Three(3) months, but not longer than Six(6) months from the delivery of the VESSEL.

The BUYER, and its employees, shall give such Guarantee Engineer full cooperation in carrying out his duties as the representative of the BUILDER on board the VESSEL.

The BUYER shall accord the Guarantee Engineer treatment comparable to the VESSEL' s Chief Engineer, and shall provide board and lodging at no cost to the BUILDER and/or the Guarantee Engineer.

While the Guarantee Engineer is on board the VESSEL, the BUYER shall pay to the BUILDER the sum of Five Thousand United States Dollars (US$5,000.-) per month as a compensation for a part of cost and charges to be borne by the BUILDER in connection with Guarantee Engineer and also shall pay the expenses of his repatriation to Seoul, Korea by air upon termination of his service, the expenses of his communication with the BUILDER incurred in performing his duties and expenses, if any, of his medical and hospital care in the VESSEL' s hospital.

Pertaining to the detailed particulars of this Paragraph, an agreement will be made according to this effect between the parties hereto upon delivery of the VESSEL.

(End of Article)

ARTICLE X - CANCELLATION BY BUYER

1. BUILDER' s Default and Effect of Default

The BUYER shall be entitled but not bound to declare the BUILDER in default of this CONTRACT in any one of the following cases

(a) the BUILDER is declared bankrupt by order of any court of competent jurisdiction, or files a petition of cessation of payments;

(b) the appointment of a receiver over all or a substantial part of the BUILDER' S assets;

(c) an effective resolution is passed for the BUILDER' S voluntary winding up (except for the purposes of reorganization, merger or amalgamation) or compulsory liquidation;

(d) the conclusion of a scheme of arrangement or other voluntary composition between the BUILDER and his creditors;

(e) the VESSEL becomes, before delivery, an actual or constructive or compromised or agreed or arranged total loss and when the BUILDER is not covered by the insurance policy as per Article XVII;

(f) the BUILDER, without prior written consent of the BUYER, removes the VESSEL from the Shipyard or assigns, sub-lets or subcontracts performance of the whole or part of its obligations, except as provided for in this Contract or as agreed by BUYER; or

(g) the BUILDER fails to tender the VESSEL upon completion of the VESSEL.

If the BUILDER shall be in any default as provided for herein, the BUYER may at its option, cancel this CONTRACT.

2 Notice:

The payments made by the BUYER prior to delivery of the VESSEL shall be in the nature of advances to the BUILDER, and in the event that the VESSEL after sea trial is rejected by the BUYER or the Contract is cancelled by the BUYER in accordance with the terms of this Contract under and pursuant to any of the provisions of this Contract specifically permitting the BUYER to do so, then the BUYER shall notify the BUILDER in writing or by telefax confirmed in writing, and such cancellation shall be effective as of the date when notice thereof is received by the BUILDER.

3. Refund by BUILDER:

In case the BUILDER receives the notice stipulated in Paragraph 2 of this Article, the BUILDER shall promptly refund to the BUYER the full amount of all sums paid by the BUYER to the BUILDER on account of the VESSEL together with interest thereon, unless the BUILDER disputes same and proceeds to arbitration under the provisions of Article XII hereof.

In such event, the BUILDER shall pay the BUYER interest at the rate of Seven percent (7%) per annum on the amount required herein to be refunded to the BUYER, computed from the dates following on which such sums were paid by the BUYER to the BUILDER to the date of remittance by transfer of such refund to the BUYER by the BUILDER., provided, however, that if the said cancellation by the BUYER is made under the provisions of Paragraph 4 of Article VIII hereof, then in such event the BUILDER shall not be required to pay any interest.

As security for refund of installments prior to delivery of the VESSEL, the BUILDER shall furnish the BUYER within Ninety (90) calendar days after signature of this Contract with a letter of guarantee covering the amount of such pre-delivery installments and issued by the BUILDER' s Bank in favour of the BUYER. Such letter of guarantee shall have substantially the same form and substance as Exhibit "A" annexed hereto.

4. Discharge of Obligations:

Upon such refund by the BUILDER to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this Contract shall be forthwith completely discharged.

(End of Article)

ARTICLE XI - BUYER' s DEFAULT

1. Definition of BUYER' s Default:

The BUYER shall be deemed to be in default of its performance of obligations under this Contract in the following cases:

(a) If the Second or Third Installment is not paid by the BUYER to the BUILDER within Three (3) banking days after such installment becomes due and payable as provided in Article II hereof (Five (5) banking days in case of the First Installment);

or

(b) If the Fourth Installment is not deposited by the BUYER at the BUILDER' s bank at least Three (3) business days prior to the anticipated delivery date of the VESSEL as provided In Article II hereof;

or

(c) If the BUYER, when the VESSEL is duly tendered for delivery by the BUILDER in accordance with the provisions of this Contract, fails to accept the VESSEL within Five (5) days from the tendered date without any specific and valid ground thereof under this Contract;

2. Effect of Default on or before Delivery of VESSEL:

(a) Should the BUYER make default in payment of any installment of the Contract Price on or before delivery of the VESSEL, the BUYER shall pay the installment(s) in default plus accrued interest thereon at the rate of Seven percent(7%) per annum computed from the due date of such installment to the date when the BUILDER receives the payment, and, for the purpose of Paragraph 1 of Article VII hereof the Delivery Date of the VESSEL shall be automatically extended by the period of continuance of such default by the BUYER. In any event of default by the BUYER, the BUYER shall also pay all charges and expenses incurred by the BUILDER in consequence of such default.

(b) If any default by the BUYER continues for a period of Twenty (20) days, the BUILDER may, at its option, cancel this Contract by giving notice of such effect to the BUYER by telefax confirmed in writing.

Upon dispatch by the BUILDER of such notice of cancellation, this Contract shall be forthwith cancelled and terminated. In the event of such cancellation of this Contract, the BUILDER shall be entitled to retain any installment or installments already paid by the BUYER to the BUILDER on account of this Contract and the BUYER' s Supplies, if any.

3. Disposal of VESSEL by BUILDER upon BUYER' s Default:

(a) In the event that this Contract is cancelled by the BUILDER under the provisions of Paragraph 2(b) of this Article, the BUILDER may, at its sole discretion, either complete the VESSEL and sell the same, or sell the VESSEL in its incomplete state, free of any right or claim of the BUYER. Such sale of the VESSEL by the BUILDER shall be either by public auction or private contract in good faith at the BUILDER' s sole discretion and on such terms and conditions as the BUILDER shall deem fit.

(b) In the event of such sale of the VESSEL, the amount of the sale received by the BUILDER shall be applied firstly to all expenses attending such sale or otherwise incurred by the BUILDER as a result of the BUYER' s default, secondly to the payment of all costs and expenses of construction of the VESSEL incurred by the BUILDER less BUYER' s Supplies and the installments already paid by the BUYER and the compensation to the BUILDER for profit due to cancellation of this Contract, and finally to the repayment to the BUYER without interest, if any balance is obtained.

(c) If the proceeds of sale are insufficient to pay such total costs and loss of profit as aforesaid, the BUYER shall promptly pay the deficiency to the BUILDER upon request.

(End of Article)

ARTICLE XII - ARBITRATION

1. Decision by the Classification Society:

If any dispute arises between the parties hereto in regard to the design and/or construction of the VESSEL, its machinery and equipment, and/or in respect of the materials and/or workmanship thereof and/or thereon, and/or in respect of interpretations of this Contract or the Specifications, the parties may by mutual agreement refer the dispute to the Classification Society or to such other expert as may be mutually agreed between the parties hereto, and whose decision shall be final, conclusive and binding upon the parties hereto.

2. Proceedings of Arbitration:

In the event that the parties hereto do not agree to settle a dispute according to Paragraph 1 of this Article and/or in the event of any other dispute of any kind whatsoever between the parties and relating to this Contract or its cancellation or any stipulation herein, such dispute shall be submitted to arbitration in London. Each party shall appoint an arbitrator and a third by the two arbitrators so appointed.

If the two arbitrators are unable to agree upon an third arbitrator within Twenty(20) days after appointment of the second arbitrator, then either of the two arbitrators or the parties may apply to the President for the tune being of the London Maritime Arbitrators Association to appoint the third arbitrator, and the three arbitrators shall constitute the board of arbitration.

Such arbitration shall be in accordance with and subject to the provisions of the Arbitration Act 1996 of the United Kingdom or any statutory modification or re-enactment thereof for the time being in force.

Either party may demand arbitration of any such dispute by giving notice to the other party. Any demand for arbitration by either of the parties hereto shall state the name of the arbitrator appointed by such party and shall also identify the dispute for which such party is demanding arbitration.

Within Fourteen (14) days after receipt of notice of such demand for arbitration,

the other party shall in turn appoint a second arbitrator and give notice in writing of such appointment to the party demanding arbitration. If a party fails to appoint its arbitrator as aforementioned the party requesting arbitration may give a second notice in writing to the other party requiring them to appoint their arbitrator. If they fails to do so within seven (7) days following receipt of the second notice the party failing to appoint an arbitrator shall be deemed to have accepted and appointed, as its own arbitrator, the arbitrator appointed by the party demanding arbitration and the arbitration shall proceed before this sole arbitrator who alone in such event shall constitute the Arbitration Board.

The award of the arbitrators shall be final and binding on both parties.

3. Work to Continue during Arbitration:

Work under this Contract shall continue during the arbitration of any dispute, unless otherwise mutually agreed between the BUYER and the BUILDER.

4. Expenses:

The Arbitration Board shall determine which party shall bear the expenses of the arbitration or the portion of such expenses which each party shall bear.

5. Entry in Court:

In case of failure by either party to respect the award of the arbitration, the judgment may be entered in any proper court having jurisdiction thereof.

6. Alteration of Delivery Date:

In the event of reference to arbitration of any dispute arising out of matters occurring prior to delivery of the VESSEL, the award may include any postponement of the Delivery Date, which the Arbitration Board may deem appropriate.

(End of Article)

ARTICLE XIII - SUCCESSOR AND ASSIGNS

Neither of the parties hereto shall assign this Contract to any other individual or company unless prior consent of the other party is given in writing. Should circumstances permit with or without alteration of the terms and conditions of this Contract, such consent shall not be unreasonably withheld by either party.

Notwithstanding the foregoing the BUYER shall be entitled to assign this Contract without the need to obtain the consent of the BUILDER either pursuant to an assignment by way of security to a bank or financial institution providing credit accommodation to the BUYER in connection with the VESSEL or to any other company associated with the BUYER (being a company under common ownership, management or control of the BUYER or the beneficial owners of the BUYER).

In the event of any assignment pursuant to the terms of this Contract, the assignee shall succeed to all of the rights and obligations of the assignor under this Contract and the assignor shall remain responsible for the fulfillment of this Contract.

In the event of the assignment from the BUYER to any other individual or company (other than to a bank or financial institution by way of security as aforesaid) the BUILDER shall be entitled to request a Performance Guarantee from the BUYER having same form and contents as Exhibit “B” annexed hereto.

(End of Article)

ARTICLE XIV - TAXES AND DUTIES

1. Taxes and Duties Incurred in Korea:

The BUILDER shall bear and pay all taxes, duties, stamps and fees incurred in Korea in connection with execution and/or performance of this Contract as the BUILDER, except for any taxes and duties imposed in Korea upon the BUYER’ s Supplies.

2. Taxes and Duties Incurred outside Korea:

The BUYER shall bear and pay all taxes, duties, stamps and fees incurred outside Korea in connection with execution and/ or performance of this Contract as the BUYER, except for taxes and duties imposed upon those items to be procured by the BUILDER for construction of the VESSEL.

(End of Article)

ARTICLE XV - PATENTS, TRADEMARKS, COPYRIGHTS, ETC.

1. Patents, Trademarks and Copyrights:

Machinery and equipment of the VESSEL may bear the patent number trademarks or trade names of the manufacturers. The BUILDER shall defend without any limitation of time and hold harmless the BUYER from patent liability or claims of patent infringement of any nature or kind, including costs and expenses for, or on account of any patented or patentable invention made or used in the performance of this Contract and also including costs and expenses of litigation, if any.

Nothing contained herein shall be construed as transferring any patent or trademark rights or copyrights in equipment covered by this Contract, and all such rights are hereby expressly reserved to the true and lawful owners thereof. The BUILDER’ s warranty hereunder does not extend to the BUYER’ s Supplies.

2. General Plans, Specifications and Working Drawings:

The BUILDER retains all rights with respect to the Specifications, and plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and construction of the VESSEL and the BUYER undertakes therefore not to disclose the same or divulge any information contained therein to any third parties, without the prior written consent of the BUILDER, except where it is necessary for usual operation, repair and maintenance of the VESSEL or for the sale of the VESSEL or for raising finance or for enforcing its rights under this CONTRACT.

(End of Article)

ARTICLE XVI - BUYER' s SUPPLIES

1. Responsibility of BUYER:

(a) The BUYER shall, at its own risk, cost and expense, supply and deliver to the BUILDER all of the items to be furnished by the BUYER as specified in the Specifications (herein called the BUYER' s Supplies) at warehouse or other storage of the Shipyard in the proper condition ready for installation in or on the VESSEL, in accordance with the time schedule designated and advised by the BUILDER to the BUYER.

(b) In order to facilitate installation by the BUILDER of the BUYER' s Supplies in or on the VESSEL, the BUYER shall furmish the BUILDER with necessary specifications, plans, drawings, instruction books, manuals, test reports and certificates required by the rules and regulations of the Specifications. If so requested by the BUILDER, the BUYER shall, without any charge to the BUILDER, cause the representatives of the manufacturers of the BUYER' s Supplies to assist the BUILDER in installation thereof in or on the VESSEL and/or to carry out installation thereof by themselves or to make necessary adjustments at the Shipyard.

(c) Any and all of the BUYER' s Supplies shall be subject to the BUILDER' s reasonable right of rejection, as and if they are found to be unsuitable or in improper condition for installation.

(d) Should the BUYER fail to deliver any of the BUYER' s Supplies within the time designated, the Delivery Date shall be extended for a period, which actually caused the delay in the delivery of the VESSEL.

(e) If delay in delivery of any of the BUYER' s Supplies exceeds thirty (30) days, then, the BUILDER shall be entitled to proceed with construction of the VESSEL without installation thereof in or on the VESSEL as hereinabove provided, and the BUYER shall accept and take delivery of the VESSEL so

constructed, unless such delay is caused by Force Majeure. in which case the provision Paragraph l(d) of this Article shall apply.

2. Responsibility of BUILDER:

The BUILDER shall be responsible for storing and handling with reasonable care of the BUYER' s Supplies after delivery thereof at the Shipyard, and shall, at its own cost and expense, install them in or on the VESSEL, unless otherwise provided herein or agreed by the parties hereto, provided, always, that the BUILDER shall not be responsible for quality, efficiency and/or performance of any of the BUYER' s Supplies.

(End of Article)

ARTICLE XVII - INSURANCE

1. Extent of Insurance Coverage

From the time of launching until delivery of the VESSEL, The BUILDER shall, at its own cost and expense, insure the VESSEL and all machinery and equipment, appurtenances and outfits, including the BUYER' S Supplies, built into or

installed in or upon the VESSEL, against all risks under the "Institute Causes for BUILDER' s Risk", with first class insurance company or underwriters in Korea on terms corresponding to "Institute Clause of London Underwriters for Builder' s Risks". The amount of such insurance coverage shall, up to the date of delivery of the VESSEL, not be less than the Contract Price plus the value of the BUYER' s Supplies in the custody of the Shipyard.

2. Application of the Recovered Amounts

In the event that the VESSEL shall be damaged from any insured cause at any time before delivery of the VESSEL, and in the further event that such damage shall not constitute an actual or constructive total loss of the VESSEL, the amount received in respect of the insurance shall be applied by the BUILDER in repair of such damage, satisfactory to the Classification Society, and the BUYER shall accept the VESSEL under this Contract if completed in accordance with this Contract and the Specifications, however, subject to the extension of delivery time under Article VIII hereof (except in case of negligence of the BUILDER)

Should the VESSEL from any cause become an actual or constructive total loss, the BUILDER shall either:

(a) proceed in accordance with the terms of this Contract, in which case the amount received in respect of the insurance shall be applied to the construction and repair of damage of the VESSEL, provided the parties hereto shall have first agreed thereto in writing and to such reasonable extension of delivery time as may be necessary for the completion of such reconstruction and repair; or

(b) refund promptly to the BUYER the full amount of all sums paid by the BUYER to the BUILDER as installments in advance of delivery of the VESSEL without any interest, and deliver to the BUYER all BUYER' S Supplies (or the insurance proceeds paid with respect thereto), in which case this Contract shall be deemed to be automatically terminated and all right, duties, liabilities and obligations of each of the parties to the other shall forthwith cease and terminate.

In the event that no agreement on the above (a) is reached within Two (2) months, then above (b) shall apply.

3. Termination of Builder' s Obligation to Insure

The BUILDER shall be under no obligation to insure the VESSEL hereunder after delivery of the VESSEL.

(End of Article)

ARTICLE XVIII - NOTICE

1. Address:

Any and all notices and communications in connection with this Contract shall be addressed as follows:

To the BUYER:

Stolt-Nielsen Transportation Group B.V.
Westerlaan 5
3016 GK Rotterdam
Harbour 190

The Netherlands

Telefax No. : + 31 10 264 4404
Telephone No.:+ 31 10 299 6666
Email: shina-projects@sntg.com
Contact: Mr. Jens Lassen

To the BUILDER:

ShinA Shipbuilding Co., Ltd.
227, Donam-Dong, Tongyeong, Gyeongnam, Korea
Telefax No. :+82-55-649-2114
Telephone No. :+82-55-640-3300/3301
Email: sales@shinaship.co.kr
Contact: Mr. S.P. Lee

2. Language:

Any and all notices and communications in connection with this Contract shall be written in the English language.

3. Effective Date of Notice:

The notice in connection with this Contract shall become effective from the date when such notice is received by the BUYER or by the BUILDER except otherwise described in the Contract,

(End of Article)

ARTICLE XIX - EFFECTIVE DATE OF CONTRACT

This Contract shall become effective upon signing by the parties hereto.

(End of Article)

ARTICLE XX - INTERPRETATION

1. Laws Applicable:

The parties hereto agree that the validity and interpretation of this Contract and of each Article and part thereof shall be governed by the laws of England.

2. Discrepancies:

All general language or requirements embodied in the Specifications are intended to amplify, explain and implement the requirements of this Contract. However, in the event that any language or requirements so embodied permit of an interpretation inconsistent with any provisions of this Contract, then, in each and every such event, the applicable provisions of this Contract shall prevail and govern. In the event of conflict between the Specifications and Plans, the Specifications shall prevail and govern.

3. Entire Agreement:

This Contract contains the entire agreement and understanding between the parties hereto and supersedes all prior negotiations, representations, undertaking and agreements on any subject matter of this Contract.

4. Amendments and Supplements:

Any supplement, memorandum of understanding or amendment, whatsoever form it may be relating to this Contract, to be made and signed among parties hereof after signing this Contract, shall become an integral part of this Contract and shall be predominant over the respective corresponding Article and/or Paragraph of this Contract.

(End of Article)

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed on the day and year first above written.

BUYER:
For and on behalf of
Stolt-Nielsen Transportation Group B.V.

/s/ Otto Fritzner
By: Mr. Otto Fritzner
Title: C.E.O

BUILDER:
For and on behalf of
ShinA Shipbuilding Co., Ltd

/s/ Su-Ean Yoo
By: Su-Ean Yoo
Title: President & C.E.O

WITNESS:
For and on behalf of
Barry Rogliano Salles

/s/ Francois Cadiou
By: Mr. Francois Cadiou
Title: Partner

EXHIBIT “A”

LETTER OF REFUNDMENT GUARANTEE NO.

Gentlemen :

We hereby open our irrevocable letter of guarantee No. in favour of (hereinafter called the "BUYER") for account of Shina Shipbuilding Co., Ltd. (hereinafter called the "BUILDER") as follows in consideration of the BUYER entering into the shipbuilding contract dated (hereinafter called the "Contract") made by and among the BUYER and the BUILDER for the construction of one(l) single screw diesel driven DWT 44,000 IMO II/III Product / Chemical Tanker having BUILDER' S Hull No. S (hereinafter called the "VESSEL") and of making arrangements to pay the first installment.

If in connection with the terms of the Contract the BUYER shall become entitled to a refund of the advance payment made to the BUILDER prior to the delivery of the VESSEL, we hereby irrevocably guarantee the repayment of the same to the BUYER immediately on demand, US$ [*amount of the First Installment*], together with interest thereon at the rate of Seven per cent (7%) per annum from the date following the date of receipt by the BUILDER to the date of remittance by telegraphic transfer of such refund.

The amount of this guarantee will be automatically increased, not more than Two (2) times, upon BUILDER' S receipt of the subsequent installments: each time by the amount of installment of USD [*amount of the Second Installment*] USD [*amount of the Third Installment*], respectively plus interest thereon as provided in the Contract., but in any eventuality the amount of this guarantee shall not exceed the total sum of US$ [*amount of all the pre-delivery Installments*] (Say U.S. Dollars only) plus interest thereon at the rate of Seven per cent (7%) per annum from the date following the date of BUILDER' S receipt of each installment to the date of remittance by telegraphic transfer of the refund.

In case any refund is made to you by the BUILDER or by us under this guarantee, our liability hereunder shall be automatically reduced by the amount of such refund.

The BUYER may assign its rights under the letter of guarantee on the same terms and to the same person to which it is permitted to assign its rights under the Contract.

In the event of cancellation of the Contract being based on delays due to force majeure, no interest shall be paid as required by Article X of the Contract.

This letter of guarantee is available against BUYER' S simple receipt and signed statement certifying that BUYER' S demand for refund has been made in conformity with Article X of the Contract and the BUILDER has failed to make the refund within Thirty (30) days after your demand. Refund shall be made to you by telegraphic transfer in United States Dollars.

This letter of guarantee shall expire and become null and void upon receipt by the BUYER of the sum guaranteed hereby or upon acceptance by the BUYER of the delivery of the VESSEL in accordance with the terms of the Contract and, in either case, this letter of guarantee shall be returned to us. This guarantee is valid from the date of this letter of guarantee until such time as the VESSEL is delivered by the BUILDER to the BUYER in accordance with the terms of the Contract.

Notwithstanding the provisions hereinabove, in case we receive notification from you or the BUILDER confirmed by an Arbitrator stating that your claim to cancel the Contract or. your claim for refundment thereunder has been disputed and referred to Arbitration in accordance with the provisions of the Contract, the period of validity of this guarantee shall be extended until Thirty (30) days after the final award shall be published in the Arbitration in favour of the BUYER. In such case, this guarantee shall not be available unless and until such acknowledged copy of the final award in the Arbitration justifying your claim is presented to us.

Notice of claim hereunder may be made the service on our office [details]

This guarantee shall be governed by the Laws of England.

Very truly yours,

EXHIBIT “B”

Shina Shipbuilding Co., Ltd.
227, Donam-dong, Tongyeong,
Gyeongnam, Korea 650-150

Date: , 200

PERFORMANCE GUARANTEE

In consideration of the assignment of the shipbuilding contract dated (hereinafter called the “Contract”) by us to having your Hull No. S (hereinafter called the “VESSEL”) which provides among other things for payment of the Contract Price amounting to United States Dollars (US$) (subject to adjustment as per the terms of the Contract);

We, the undersigned, hereby irrevocably and unconditionally guarantee to you, your successors, and assigns the due and faithful performance by the BUYER of its all liabilities and responsibilities under the Contract and any supplement, amendment, change or modification hereafter made thereto, including but not limited to, due and prompt payment of the Contract Price by the BUYER to you, your successors, and assigns under the Contract and any supplement, amendment, change or modification as aforesaid (hereby expressly waiving notice of any such supplement, amendment, change or modification as may be agreed to by the BUYER and confirming that this guarantee shall be fully applicable to the Contract as so supplemented, amended, changed or modified).

This Performance Guarantee shall be governed by the laws of England.

GUARANTOR:
BY:
TITLE:
WITNESS:

Exhibit 11

CODE OF BUSINESS CONDUCT

INTRODUCTION

The business conduct principles and rules set out in this policy are provided as the governing standards to ensure that we promote the Stolt Nielsen S.A.' s and its subsidiaries' (hereinafter the "Company") mission and meet our targets in an ethical, honest and legal manner.

RULES OF CONDUCT

Business Behaviour

The Company conducts its business with honesty and integrity. The Company competes fairly and ethically within the framework of applicable competition laws.

Laws and Regulations

The Company complies with the applicable laws, rules and regulations of the countries in which the Company operates or under which the Company has any contractual association.

Confidentiality of Company information

All Personnel must not, directly or indirectly, use, disclose, reproduce or make available in any form any confidential Company information. This applies to internal Company matters, as well as industry information other than that which is generally available to the public and extends beyond the termination of employment / contractual relationship.

Conflict of Interest

All Personnel must pay particular attention to conflict of interest issues. If an employee is faced with a situation in which his or her personal financial, political or other interests or those of individuals or entities close to them may conflict with that of the Company, they must report it immediately to their Management.

In this respect, no Personnel shall acquire an interest or accept a position as consultant or part-time employee with a competitor, a supplier or a customer without prior written agreement of his or her Management.

Insider Trading

Each individual working for or with the Company who has access through his or her position in the Company to privileged non-public information, which could influence the price of the shares of the Company, or companies with which the Company has a business relationship, shall not engage in divulging such information nor trade in those shares, or any other financial instruments, including exercising share options.

Proper Accounting and Record Keeping

All transactions on behalf of the Company' s entities must be appropriately described in the records of the Company and accounted for in accordance with the Management System and may be subject to audit. No secret or unrecorded fund of money or other assets is to be established or maintained.

Ethical Conduct, Disclosure and Compliance

The Company promotes honest and ethical conduct and adopts relevant policies that mandate full, fair,

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accurate, timely and understandable disclosure in the reports and documents filed with the Securities and Exchange Commission and in other public communications by the Company, as well as strict compliance with applicable governmental laws, rules and regulations.

Internal Control System

Management is committed to establish, maintain, and regularly evaluate the effectiveness of a business-wide internal control system including, but not limited to, detailed procedures for purchasing and sales functions, inventory controls, accounting, financial reporting and disclosure.

Appropriate guidelines for the internal control structure and the disclosure controls and procedures are defined within the relevant policies and work instructions.

Relationships with Government Officials, Customers, Suppliers and Partners

These relationships should be conducted ethically and in compliance with local and international statutory requirements and standards applicable to local subsidiaries as well as to the Company' s parent company.

Gifts within the context of business relationships or activities should not be given, directly or indirectly, or accepted, directly or indirectly, if they could be considered extravagant. Similarly, entertainment should not be extended or received if it could be seen as extravagant or unduly frequent.

Communities and Political Activity

The Company respects and promotes a harmonious working relationship with the local communities in which it operates. The Company acts in accordance with appropriate national laws in a socially responsible manner and refrains from participation in party politics.

Commissions, Fees and Similar Payments

All Commissions, consultants' fees, retainers or similar payments should be clearly related to, and commensurate with, the services being performed.

Joint Ventures

When participating in joint ventures, the Company promotes the application of the above principles and rules in the management of the joint venture operation.

APPLICABILITY AND ENFORCEMENT

The Company' s policy on business conduct is applicable to all directors, permanent and temporary members of staff, including the Chief Executive Officer, Chief Financial Officer and the Corporate Controller (the principal accounting officer), contractors and consultants (hereinafter the "Personnel") and should be complied with at all times. In line with the principles of this policy, all Personnel are expected to carry out their duties and maintain their internal and external relationships in a professional manner with utmost integrity while avoiding any conflict of interest.

The Company will not tolerate any breach of this policy. Individuals found to be in breach of the rules of conduct will be subject to disciplinary action up to and including termination of service.

All incidents involving a breach of this policy must be reported immediately to Line Management / and the Head of Operational Review, SNSA. In the event that reporting a specific breach of this policy to Line Management is deemed inappropriate, the incident must be reported directly to the Head of Operational Review. All major incidents are to be reported by the Head of Operational Review to the Executive Vice-President, SNSA and the Chairman of the Audit Committee. For the purpose of this policy, any incident of fraud is considered a major incident and reported as such.

In the event that reporting a specific breach of this policy to Line Management is deemed inappropriate, the incident must be reported directly to the Chairman of the Audit Committee. Reports as mentioned above may be made anonymously.

No employee may be discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against as a result of reporting a breach of this, or any other Company' s policies or procedures.

Exhibit 12.1

CERTIFICATION

I, Niels G. Stolt-Nielsen, certify that:

1. I have reviewed this annual report on Form 20-F of Stolt-Nielsen S.A.;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this Report;

4. The company' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) Evaluated the effectiveness of the company' s disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(c) Disclosed in this Report any change in the company' s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company' s internal control over financial reporting; and

5. The company' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company' s auditors and the audit committee of the company' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company' s internal control over financial reporting.

Date: May 31, 2006

By: /s/ Niels G. Stolt-Nielsen
Name: Niels G. Stolt-Nielsen
Title: Chief Executive Officer, Stolt-Nielsen S.A.

Exhibit 12.2

CERTIFICATION

I, Jan Chr. Engelhardtsen, certify that:

1. I have reviewed this annual report on Form 20-F of Stolt-Nielsen S.A.;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this Report;

4. The company' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) Evaluated the effectiveness of the company' s disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(c) Disclosed in this Report any change in the company' s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company' s internal control over financial reporting; and

5. The company' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company' s auditors and the audit committee of the company' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company' s internal control over financial reporting.

Date: May 31, 2006

By: /s/ Jan Chr. Engelhardtsen

Name: Jan Chr. Engelhardtsen
Title: Chief Financial Officer, Stolt-Nielsen S.A.

Exhibit 13.1

CERTIFICATION
(pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 20-F for the fiscal year ended November 30, 2005 of Stolt-Nielsen S.A. (the "Company") as filed with the U.S. Securities and Exchange Commission (the "Commission") on the date hereof (the "Report") and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Niels G. Stolt-Nielsen, Chief Executive Officer of the Company, certify, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 31, 2006

By: /s/ Niels G. Stolt-Nielsen

Name: Niels G. Stolt-Nielsen
Title: Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Stolt-Nielsen S.A. and will be retained by Stolt-Nielsen S.A. and furnished to the Commission or its staff upon request.

Exhibit 13.2

CERTIFICATION
(pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 20-F for the fiscal year ended November 30, 2005 of Stolt-Nielsen S.A. (the "Company") as filed with the U.S. Securities and Exchange Commission (the "Commission") on the date hereof (the "Report") and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Jan Chr. Engelhardtsen, Chief Financial Officer of the Company, certify, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 31, 2006

By: /s/ Jan Chr. Engelhardtsen

Name: Jan Chr. Engelhardtsen
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Stolt-Nielsen S.A. and will be retained by Stolt-Nielsen S.A. and furnished to the Commission or its staff upon request.

Exhibit 14.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND REPORT ON SCHEDULE

We consent to the incorporation by reference in Registration Statements Nos. 33-28473 on Form S-8, 333-06958 on Form S-8, 333-11178 on Form S-8, 33-51798 on Form F-2, 33-96994 on Form F-3, and 333-06960 on Form F-3 of our report dated April 28, 2006, relating to the consolidated financial statements of Stolt-Nielsen S.A. (a Luxembourg company) and subsidiaries (the "Company") (which audit report expresses an unqualified opinion and includes an explanatory paragraph concerning a change in method of accounting for variable interest entities effective December 1, 2003) appearing in this Annual Report on Form 20-F of Stolt-Nielsen S.A. for the year ended November 30, 2005.

Our audits of the consolidated financial statements referred to in our aforementioned report also included the financial statement schedule of Stolt-Nielsen S.A., listed in Item 18B. This financial statement schedule is the responsibility of the Company' s management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Stamford, Connecticut
May 30, 2006

Exhibit 14.2

[LETTERHEAD OF ELVINGER, HOSS & PRUSSEN
AVOCATS A LA COUR]

We hereby consent to being named and to the summarization of advice attributed to us in the Annual Report on Form 20-F of Stolt-Nielsen S.A. for the fiscal year ended November 30, 2005.

Luxembourg, May 31, 2006

Elvinger, Hoss & Prussen
By: /s/ Jean Hoss

Jean Hoss