Keystone Shipping Co.

Keystone Delivers

We deliver operational excellence over the long haul, by providing the highest quality vessel operations and ship management in the maritime industry. Our goal has remained unchanged since our first day in business nearly 100 years ago.

Don Kurz

Phil Fisher

Chas. Kurz & Co., Inc. (parent company) and the Keystone-Kurz Group of Companies comprise a worldwide fleet of vessels shipping bulk cargoes that range from Midwestern grain, to petroleum and petrochemicals, to coal and iron ore, to Government equipment of all sizes and types, from field hospitals and ammunition to helicopters and special forces.

Our goal at Keystone is a simple one. We deliver operational excellence over the long haul, by providing the highest quality vessel operations and ship management to our own fleet and as a service to the maritime industry. Our goal has remained unchanged since our first day in business nearly 100 years ago. Today, the ability to deliver superior service – and to sustain that quality over a long period of time – is more important than ever.

We deliver outstanding service both for the ships we own and for the growing fleet of vessels entrusted to our care. Our business is a partnership with each and every one of our customers and service providers, and we greatly value the opportunity to contribute to their success.

We know from experience that success is difficult to achieve and even more difficult to sustain. Our operations must always be safe, secure, environmentally sound, and cost effective. Even as these requirements change and evolve over time, one mandate remains constant – our services must always continue to improve.

Keystone's leadership in the maritime industry is well-recognized, and many of the innovations that we develop become templates which the industry subsequently adopts. We believe that sharing best practices raises the standards of our industry as a whole and provides value to our national heritage.

Keystone's success in meeting and exceeding customer expectations is based on the complete and active engagement of our loyal, dedicated, highly-trained and experienced staff – both ashore and afloat. All hands are committed to the highest standards of safety, security and efficiency. As stewards of the environment, we recognize our responsibility to deliver pollution-free operations, and we strive to deliver this everyday.

Under the CK flag, Keystone has operated vessels of almost every type and size … in almost every port … and in nearly every situation imaginable:

- Our ships have supported the United States Government in every major military conflict since our inception – including, most recently, Operation Desert Storm and Operation Iraqi Freedom.
- Ships in our fleet routinely participate in worldwide humanitarian relief efforts, including assistance with tsunami victims in Indonesia and, at home, with direct support of FEMA in the aftermath of hurricanes Katrina and Rita.
- We have delivered billions of tons of cargo. We have provided employment for millions of people. Our Government operations have saved thousands of lives and numerous ships. We even recovered the fuel tank of a space shuttle.

Keystone's long history, experience, and proven track record demonstrate our ability to meet virtually any maritime challenge, backed by our unwavering commitment to quality, efficiency and reliability. Whether in the great oceans and seas of the world, or the Great Lakes and rivers of the United States, Keystone wants to be your maritime service provider. We want to contribute to your success in every way that we possibly can, both now and in the future.

More importantly, we want to be your partner.

Don Kurz
President, Keystone Shipping Co.
Chairman, Chas. Kurz & Co., Inc.

Phil Fisher
Executive Vice President, Keystone Shipping Co.
President, Chas. Kurz & Co., Inc.

Keystone Today

We operate as an extension of our customers' own organizations, in full concert with their needs, objectives and priorities.

The Keystone-Kurz Group owns, operates, and manages vessels engaged in the worldwide transportation of cargoes of all kinds, including petroleum products, petrochemicals, iron ore, coal, limestone, grain, general cargo, roll-on/roll-off, and containers.

The Keystone fleet consists of United States-owned, United States-operated, and United States-flagged vessels, including tankers, self-unloading bulk carriers, roll-on/roll-off vessels, and tug/barge units. All Keystone vessels are qualified to engage in the transportation of cargoes between U.S. ports under the Jones Act. Keystone's headquarters and operations center is located in Bala Cynwyd, Pennsylvania, a suburb of Philadelphia.

Keystone is a full-service shipping company which provides a wide range of services, from ship construction and maintenance, to accounting and purchasing, to chartering and safety training. Today, the business of transporting bulk cargoes safely and efficiently requires highly specialized capabilities, expertise, and discipline. There is no room for error, and zero tolerance for accidents which could harm people or cause environmental damage. As a result, there is growing demand for experts with the in-depth know-how required to carry cargoes safely and efficiently. Our charterers find that expertise in Keystone.

We consider our charterers to be our partners, and we remain fully engaged at all times with the petroleum refiners and marketers, chemical companies, financial institutions, labor unions, shipping agents, brokers, governmental agencies, and others for whom we provide services. We operate as an extension of our charterers' own organizations, in full concert with their needs, objectives and priorities.

Mitch Koslow, Vice President of Engineering & Purchasing

Bruce Fernie, Vice President of Operations

The CK stack conveys the initials of its founder, Charles Kurz, and the assurance of quality operations worldwide.

Keystone vessels have carried multiple types of petroleum products, lubricating oils, and petrochemicals simultaneously. Isolated piping, pumping and cargo systems, nitrogen generating systems, and vapor recovery help assure cargo integrity.

The Keystone Staff

Keystone's staffing practices have allowed the company to attract and retain some of the industry's most experienced and accomplished professionals.

Keystone stands ready to serve.

On any given day, Keystone vessels may be calling in ports in the Great Lakes, the Middle and Far East, and Europe, as well as on the U.S. East Coast, Gulf Coast, and West Coast.

Keystone's seagoing and shoreside staff comprises a highly experienced organization of maritime professionals, collectively one of the finest in the world.

Under the guidance of the officers and management team, Keystone's staffing practices have allowed the company to attract and retain some of the industry's most experienced and accomplished professionals. Thousands of years of maritime knowledge and experience are also embedded within the shoreside team.

At Keystone, individual experience in excess of 25 years is commonplace among both shoreside and shipboard personnel. Seagoing staff contain well over 25,000 years of shipboard experience. Collectively, the skill sets of the Keystone shoreside team include substantial seagoing experience and employment with other maritime operations. Skills encompass the full array of maritime disciplines: fleet operations, marine services, chartering, finance and accounting, insurance and risk management, marine personnel and labor management, engineering, purchasing, safety, environmental management, and information technology.

Our focus on teamwork, company-wide, enables Keystone to deliver the highest standards in all areas of operations at all times. As a private company, Keystone is free of the bureaucratic constraints which sometimes hinder larger organizations. We are able to assemble project teams quickly and efficiently, focusing our expertise on the challenge at hand. Informed decisions are made promptly, and customer requests are often anticipated and always translated into prudent and effective action.

Integrated computer operations and communications systems in Bala Cynwyd link our fleet and shoreside staff.

Continuous planning, updating, communicating company-wide and worldwide.

The Management Committee, from left: Phil Fisher, Lou Cavaliere, Don Kurz, Bruce Fernie, Joe Wassel, and Mitch Koslow.

Safety, Quality and the Environment

Our goal is to ensure that our fleet is accident-free and pollution-free at all times.

Realistic safety drills help prepare crewmembers for the challenges of an actual emergency.

Safe practices require continuous drills, vigilance, reassessment and a company-wide commitment.

Keystone has taken an industry-leading position in accident-free and pollution-free performance throughout its history. Keystone proudly stands behind its safety and environmental record.

This ship-to-ship transfer of crude oil is a study in environmental sensitivity. Even the vapors created by the transfer are captured by the discharging vessel.

At Keystone, nothing is more important than safety. Operating safely is an underlying principle for the entire operation in effect every day and on every vessel, whether at sea or in port.

For ship owners and operators, operating safely, securely, and pollution-free is a subject with particularly serious implications. First, preventing accidents means protecting valued crewmembers from personal injury. Second, accident prevention means protecting the environment from the consequences of any cargo spill. Keystone approaches pollution-free operations with meticulous management of operating systems processes and procedures and continuous improvement systems. Keystone's goal is to ensure that the entire fleet is accident-free and pollution-free at all times. No lesser standard is acceptable.

Equally important is meticulous adherence to reporting requirements for all incidents and proactive attention to "near misses" so that the potential for an accident is removed.

Every time a new ship or fleet of vessels is added to the Keystone system, a new operating culture is examined, learned, adapted and integrated, always with improved results, greater efficiency, and safer practices. Many Keystone vessels have operated without a lost-time accident or a pollution incident for more than 10 years, and the combined fleet has operated for up to 2.7 years, and over 5 million hours, without a lost-time accident. This industry-leading performance has been achieved across a wide spectrum of vessel types, operating conditions and circumstances.

Achieving accident-free performance requires relentless focus. At Keystone, that includes:

Communication and Training • Keystone constantly emphasizes safety communications. This includes visits by shipboard staff to the home office, fleet seminars, continuous onboard training particularly in firefighting and emergency response, and through the "Keystone Safety Line" which is issued quarterly to all hands aboard ship and shoreside personnel, charterers, underwriters and friends in the industry.

Accident avoidance • Keystone provides tools, techniques, and training to its people so they have the know-how to avoid accidents. Keystone's rigorous approach allowed Keystone to be one of the first U.S. tanker companies to receive ISO 9001 and ISO 14001 quality assurance certification. Keystone's relentless maintenance and upgrading of the system enables this certification to continue and lead the way for enhancement.

Auditing • Every vessel in the Keystone fleet is audited for safety and environmental compliance by (1) Keystone's own safety specialists, (2) third parties (typically former Master Mariners or Chief Engineers) whom Keystone engages on an ongoing basis (updated training is also provided at this time), (3) Keystone's charterers' vetting inspection teams, (4) potential charterers' vetting inspection teams, and (5) regulatory authorities, including the U.S. Coast Guard and the American Bureau of Shipping.

Reporting • Information is power. Rigorous reporting and measurement in all aspects of operations provides an in-depth understanding of the effectiveness of Keystone's systems and practices. "Near misses" caused by unsafe acts are documented and analyzed to yield important data on accident avoidance. Advance safety audits, training, both at sea and ashore, and feedback are provided. Information is analyzed and disseminated.

Analysis • When, despite our best efforts and best practices, an accident does occur, Keystone undertakes an extensive multi-discipline analysis of root causes to ensure that such an event cannot occur a second time. Lessons Learned are communicated to the fleet and are shared with charterers and the maritime industry.

Pollution prevention and preservation of the environment have been deeply rooted in the Keystone culture for generations. Emergency response drills, comprehensive training, and performance incentives give safety procedures the highest priority among Keystone's staff. Keystone's record of safe, efficient, quality performance and environmental integrity is industry-leading.

While perfection may or may not be achievable, Keystone's constant focus on safety and environmental protection produces continuous improvement essential to Keystone's success.

Special Services

Keystone Shipping Co. has supervised ship construction since the company was founded. Keystone supports our customers with a comprehensive array of financial services.

Construction management

Keystone has supervised ship construction since the company first opened its doors for business. Keystone's experience includes the construction of crude oil and product carriers, an LPG/anhydrous ammonia carrier, a parcel chemical carrier, a coal-fired self-unloading coal collier, and four crude oil tankers for BP service in the Alaska trade. Keystone has also supervised the major reconstruction of sophisticated U.S. Government vessels for military and humanitarian support services around the world.

Keystone Shipping offers a range of construction management services on a turnkey basis:

- Contract development
- On-site construction supervision
- Shipyard relationship management
- Manning
- Trials evaluation
- Warranty management
- Design review
- Cost and schedule control
- Regulatory agency relationship management
- Crew training
- Delivery acceptance

Keystone's expertise and depth of experience enable the successful planning, management, and delivery of construction, reconstruction and shipyard projects, on time and on budget.

Financial services

Keystone supports its customers with a comprehensive array of financial services. During both construction and operation, Keystone provides the complete package of financial services which its charterers need and may not have in-house. These services include:

- Maintenance of books and records
- Budgeting and forecasting
- Support for Government programs
- Federal and state taxes
- Payment of invoices and billings
- Information technology services, systems, and procedures utilizing the IBM iSeries
- Financial statements
- Project financing, including leasing
- Third party provider of services
- External and third party audits
- Payroll auditing

Keystone's purchasing expertise provides cost-effective transportation and delivery of supplies worldwide.

The Key Lakes Duluth office working in close coordination with Keystone's headquarters at all times.

Key Relationships

The Keystone-Kurz Group has been in the transportation business since 1909.

Keystone is committed to providing the highest quality operations in the maritime industry. Our customer relationships endure because they are built on a foundation of competence and mutual trust, developed over generations by delivering successful results.

British Petroleum

Keystone has worked in close partnership with British Petroleum on a continuous basis since before the construction of the Alaska Pipeline. Keystone has been a pioneer in operating double hull tankers in the United States and around the world. The *Prince William Sound,* the first double hull tanker built for the Alaska tanker trade, is owned by the Keystone Group.

Keystone supervised the building of tankers for Alaska service. Keystone operated or managed as many as six vessels in the Alaskan crude oil trade for BP until 1999, when Keystone's Alaskan fleet was consolidated in partnership with BP and the Overseas Shipholding Group to form the Alaska Tanker Company, ATC. As the successor company, ATC now operates a fleet of vessels in the Alaskan crude oil service. All three partners provided key personnel to staff ATC, and the partners continue to contribute engineering and operating expertise.

BP continues to choose Keystone to operate domestic U.S. assets and to provide consultancy services.

Shell

Keystone's founder, Charles Kurz's, special relationship with Shell Oil began in 1909 soon after he entered the business world. Shell's business expanded, as did its work with Keystone. The Keystone-Kurz Group has been carrying Shell cargo on their ships virtually on a continuous basis since 1939, starting with the construction of the *Seakay* and *Markay* – two 18,000-ton product tankers.

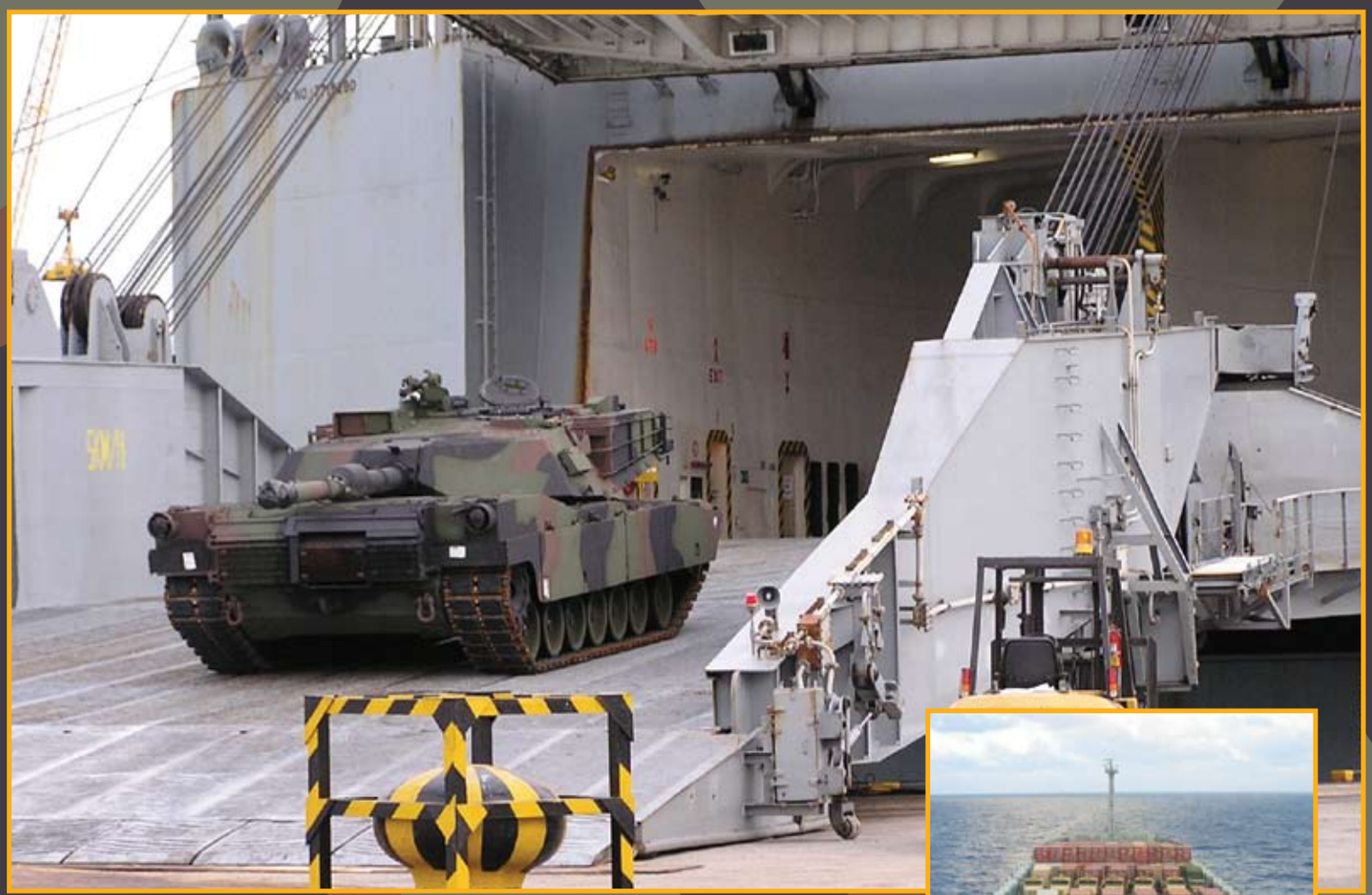
The close association between Keystone and Shell grew through the years to include a diverse portfolio of tankers in various size categories. These ships carry a wide range of liquid bulk cargoes, including crude oil, clean and dirty petroleum products, and chemicals.

Today, the BP and Shell relationships are a testament to the enduring relationships Keystone seeks to build with all of its customers.

The intricate operations required in delivering cargo safely, efficiently, and without harm to the environment depend upon the skill sets of the ships' officers and crew working in concert with the dedicated shoreside staff. Decades of continuity translate to delivering our promise of meeting and exceeding charterer expectations.

Key Relationships

The Keystone Group has been providing services to the United States Government on a continuous basis since World War I.



A MARAD roll-on/roll-off ship operated by Keystone is a vital element in the U.S. military's ability to project force anywhere in the world.

Cargo at sea being delivered in support of Operation Iraqi Freedom.

Providing a safe harbor for municipal vehicles during hurricane emergency.

United States Government

Keystone is a proud partner of the United States Government, the Maritime Administration (MARAD), and the Military Sealift Command (MSC).

The Keystone Group has been providing services to the United States Government on a continuous basis since World War I. During World War II, company founder, Charles Kurz, headed the War Shipping Administration (WSA), and Keystone operated 75 tankers.

Today, Keystone manages roll-on/roll-off vessels in MARAD's Ready Reserve Fleet. Established in 1976, the Ready Reserve Fleet is called upon to support the rapid deployment of U.S. forces and material via strategic sealift in both military actions and domestic crises.

Keystone's skillful coordination and continuity with all hands ashore and afloat translates to delivering reliable service over the long haul.

Keystone's Ready Reserve Fleet provided quick response and active support of military actions in Operation Iraqi Freedom, with up to nine Ready Reserve Force ships active simultaneously. Keystone's Ready Reserve Fleet provided extensive support to FEMA in humanitarian aid to municipalities in the ports of New Orleans and Beaumont during the aftermath of hurricanes Katrina and Rita.

In 2006, Keystone Shipping Co. received MARAD's highest achievement, the Merchant Marine Medal for Outstanding Achievement.

Keystone and its Ready Reserve Fleet vessels and crews have been recognized with numerous citations and awards from local Government agencies. In 2005 alone, recognition included:

- Awards and Certificates from MARAD's New Orleans Central Region
- Proclamation from the U.S. House of Representatives
- Certificate of Commendation from the Port of New Orleans
- Beaumont Police Department's Public Service Award
- City of Beaumont's Award for Exemplary Service
- Jefferson County Sheriff's Office Certificate of Appreciation
- AOTOS Mariners' Plaque

Keystone has managed vessels for the Military Sealift Command since the 1960s in strategic locations around the world. Keystone manages a number of roll-on/roll-off ships for the U.S. Navy Maritime Prepositioning Program. These ships are large, multi-capable vessels which perform cargo operations using roll-on/roll-off and lift-on/lift-off; in-stream, stern ramp and amphibious operations; side and stern lighterage; and vertical (helicopter) replenishment. The ships regularly participate in Navy exercises and provide direct support to the United States Marine Corps.

Keystone ships have carried American grain to the Third World in Food-for-Peace programs since the 1950s. Several Russian wheat programs, India, Pakistan, Bangladesh, Egypt, Ethiopia, Morocco, and the Sudan are among the recipient nations where the Keystone Shipping flag has flown in support of these programs.

Keystone also has supported the U.S. Government in a variety of special projects, including the decommissioning and conversion of the nuclear ship *Savannah* from lay-up status to a museum in the port of Baltimore.

The MSC vessel operated by Keystone in formation with NATO task force in Baltic Sea.

Keystone's attention to detail has global implications.

Key Relationships

Keystone vessels operate in the unique Great Lakes trading environment where winter temperatures have reached minus 37 degrees Fahrenheit.

The Great Lakes Fleet utilizes self-discharging vessels to off-load cargo, such as iron ore, coal and limestone.

Canadian National

Keystone operates vessels on the Great Lakes transporting bulk commodities, including iron ore, coal, and limestone, principally for the United States steel industry.

- The iron ore category includes iron ore pellets and by-products generated at the mines, ore transfer facilities, and steel mills containing significant iron units.
- Limestone includes both metallurgical stone for steelmaking and aggregate for construction. The vast majority of limestone carried by these vessels is metallurgical stone, which is used in several different methods, each determining a different traffic pattern for the fleet.
- Coal includes steam coal, stoker coal, and petcoke. Steam coal is typically used for power generation, whereas stoker coal and petcoke may be used for power generation or as a kiln fuel.

Keystone vessels operate in the unique Great Lakes trading environment, with winter temperatures ranging to minus 37 degrees Fahrenheit and heavy ice conditions. Among the most common ports of call are Two Harbors and Duluth, Minnesota, to Conneaut, Ohio, and Gary, Indiana; Calcite and Stoneport, Michigan, and Meldrum Bay, Canada, to Gary, Indiana, Duluth, Minnesota, and Encorse, Michigan.

In the Great Lakes, winter conditions start to be felt in October and usually last through March.

Keystone History

Charles Kurz

Adolph and Karl Kurz

Charles Kurz began his maritime business career in 1909, providing a variety of contracted ship services. Soon, he began chartering vessels to carry commodities he had purchased, as well as third party cargoes. Thereafter, he began purchasing, and eventually building, ships.

By the 1920s, what was originally a single-vessel company had evolved into a growing fleet operating under the Kurz name. By the early 1940s, with war looming on the horizon, the United States Government sought shipping companies to manage merchant vessels as part of what would become the war effort. Charles Kurz responded to that call by forming an enterprise which, at its World War II peak, managed a fleet of 75 ships.

After World War II, Charles Kurz, along with sons Adolph and Karl, provided the leadership which allowed Keystone Shipping to prosper. The following decades brought Keystone not only a broad base of loyal customers, but a highly regarded reputation as an innovator as well. Keystone pioneered the jumbo-izing of tankers, the development of the parcel tanker, the use of specialized tank cleaning methods, the shipboard use of personal computers, and the development of dual-fired propulsion systems.

Building on their family's formula for success, Charles Kurz II has continued the long tradition of leadership, particularly in the areas of safety and environmental protection. Robert Kurz strengthened relationships with key customers and vendors.

At the heart of the company's success and its partner relationships is the core strength of the Keystone organization: extraordinarily capable people who know ships, who know the sea, and who know how to move cargo safely and efficiently anywhere in the world.

The United States Merchant Marine Medal for Outstanding Achievement.

Keystone Awards

AIMS/NSC Ship Safety Achievement Award

AOTOS Mariners' Plaque

Alaska State Legislature Honoree

American Merchant Marine Seamanship Trophy

Beaumont Police Department's Public Service Award

Certificate of Commendation from the Port of New Orleans

Chamber of Shipping of America Ship Safety Achievement Award

Chamber of Shipping of America Environmental Award

City of Beaumont's Award for Exemplary Service

Jones F. Devlin Award

Jefferson County Sheriff's Office Certificate of Appreciation

MEBA Honoree

Maritime Administrator's Professional Ship Award

Maritime Man of the Year by the Robert L. Hague Post of the American Legion

Port of St. Bernard & Associated Terminals Recognition Plaque

Proclamation from the U.S. House of Representatives

United States Merchant Marine Academy Alumni Foundation Honoree

United States Merchant Marine Medal for Outstanding Achievement

U.S. Maritime Administration's Certificate of Appreciation

U.S. Maritime Administration's Certificate of Recognition

Seguin Island
Camel Ground
Temple Ledge
Seguin SSW Ledge
Unexploded ordnance PA
Rep 1969

Keystone Shipping Co.

Suite 600
One Bala Plaza East
Bala Cynwyd, PA 19004-1496

Telephone: 610.617.6800
Fax: 610.617.6899
Telex: (MCI) 277512 KSCO UR
E-mail: balaoff@keyship.com
www.keyship.com