

# American Shipping Company ASA

Continuing to build the premier ownership position in the Jones Act market

Philadelphia, September 9, 2008



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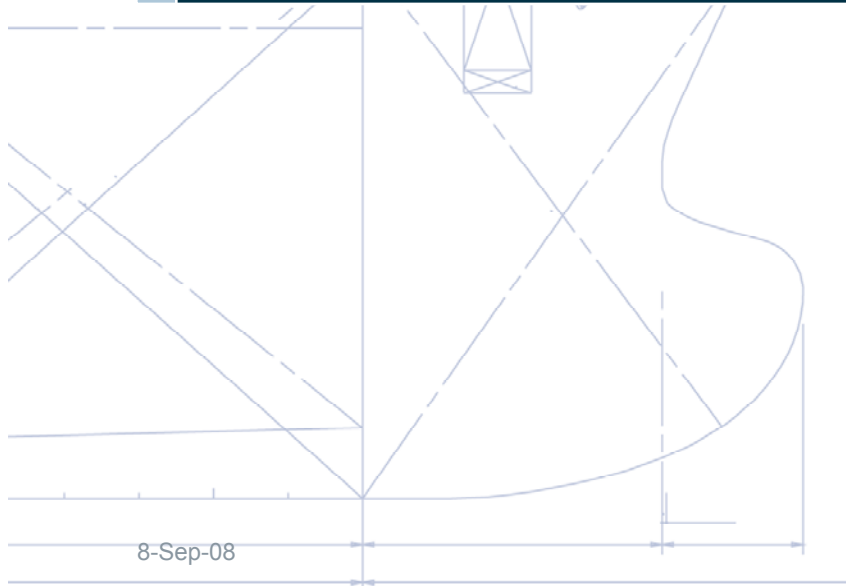
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# Today

Topic	Presenter
<b>Building the premier product tanker fleet</b>	<b>Rob Kurz, President &amp; CEO</b>
Strong demand outlook for product tankers	Rob Kurz, President & CEO
A financial platform for continued growth	Greg Matecki, CFO
Emerging market opportunities in Gulf of Mexico	Rob Kurz, President & CEO



# U.S. ship owning and leasing company

## About American Shipping Company (“AMSC”)

- Ship owning and leasing company in the U.S. Jones Act market
- Four product tankers in operation on bareboat charter to OSG America L.P. which in turn time charters the tankers to major oil companies
- Newbuilding program of additional six product tankers and two shuttle tanker conversions
- Headquartered in Oslo, Norway with main operations office in Philadelphia, USA
- Listed on the Oslo Stock Exchange (AMSC)



# AMSC highlights

- Building the largest and most modern Jones Act product tanker fleet
- Long-term stable cash flows from bareboat charters
- Upside revenue potential through profit sharing
- High value, modern and efficient fleet
- Positive outlook and market fundamentals for Jones Act product tankers
  - Strong transportation demand outlook
  - Tight supply/demand balance
  - High barriers to entry
- Growth opportunities with 13 option vessels
  - Actively pursuing exciting shuttle tanker market emerging in Gulf of Mexico
- Management team with a proven track-record

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# American Shipping Company ASA history

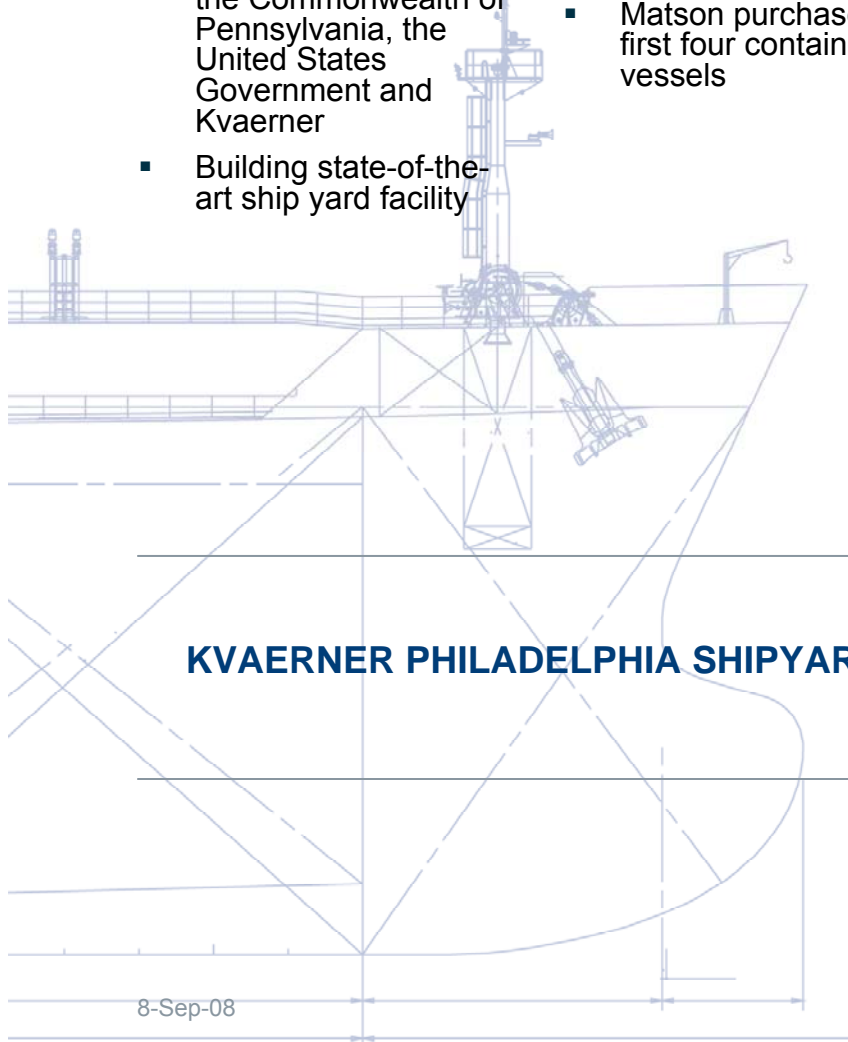


- Shipyard founded by City of Philadelphia, the Commonwealth of Pennsylvania, the United States Government and Kvaerner
- Building state-of-the-art ship yard facility

- Construction of the first two container vessels
- Matson purchased the first four container vessels

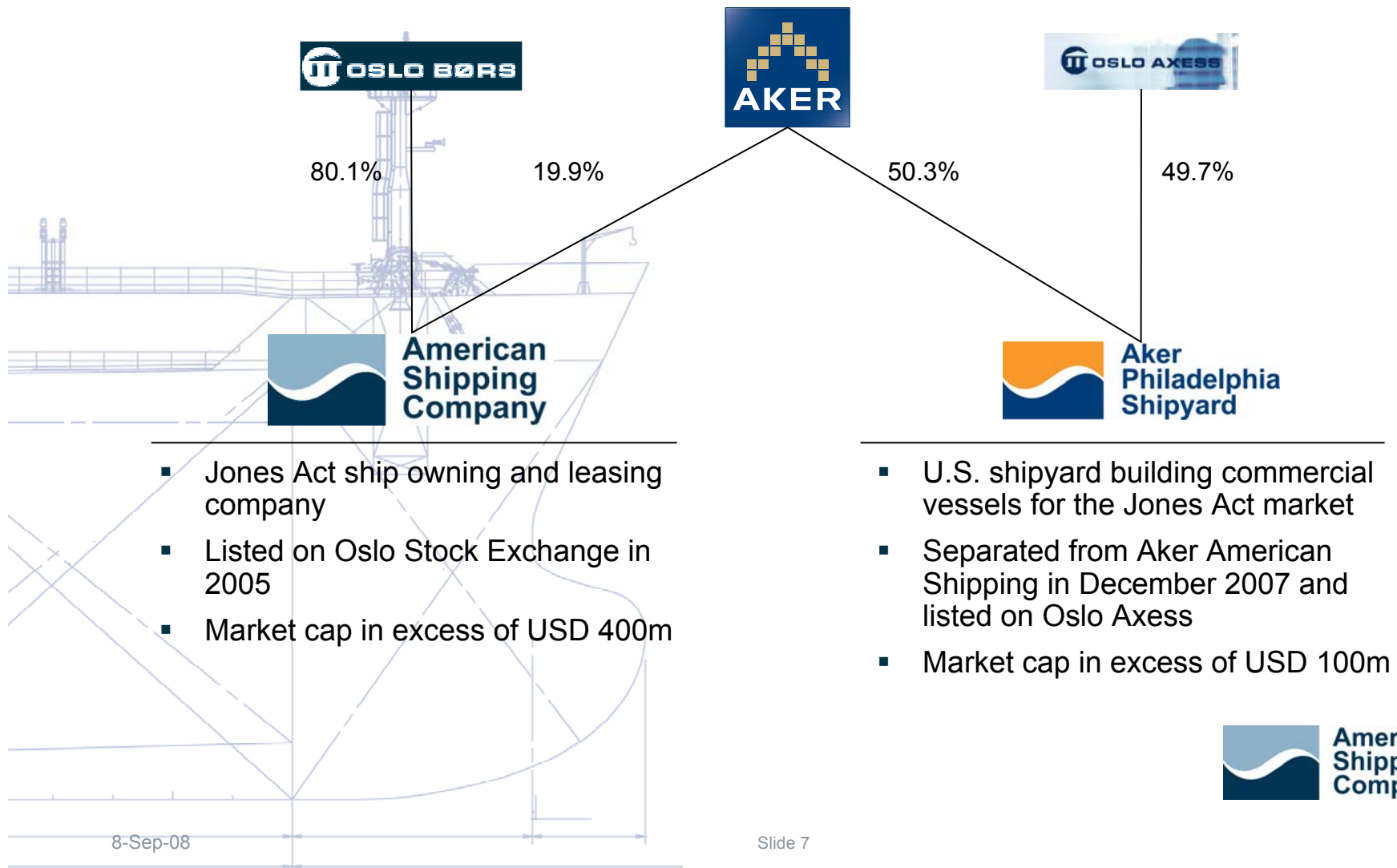
- Aker American Shipping formed and listed on Oslo Stock Exchange
- Construction program of 10 product tankers initiated
- First three product tankers delivered in 2007
- Order of additional two product tankers to be converted to shuttle tankers
- Options for 13 additional tankers secured
- Split of shipbuilding and ship owning operations

- Aker American Shipping as stand alone ship owning and leasing company
- Aker reduced ownership from 53% to 19.9% due to Jones Act Regulations
- Company name changed to American Shipping Company



# AMSC and AKPS today

Two separate listed companies as the shipyard was spun off Dec 2007



# Experienced and Strengthened Management Team

## Executive management

- **Robert K. Kurz**  
President and CEO

- Former President of Keystone Shipping Co.
- 25 years experience in the U.S. maritime industry including interface with U.S. Jones Act operators, oil company customers, U.S. Maritime Administration, the MSC and the U.S. Transportation Command
- Bachelor of Arts from Lafayette College, MS in Transportation Mgmt and USGC Third Mate License from New York Maritime College

- **Gregory J. Matecki**  
CFO

- Joined American Shipping Company in June 2008. Previously, CFO for Binswanger and AAMCO Transmissions, Inc
- Served as Global Controller for GE Capital (Transport International Pool) and Manager of Corporate Financial Reporting for ARCO Chemical Company. Senior auditor with Deloitte & Touche
- MBA (Villanova University), Certified Public Accountant and Bachelors Degree in Accounting and Finance (LaSalle University)

- **Dean E. Grabelle**  
General Counsel

- Joined American Shipping Company in May 2008. Previously, was counsel with Drinker Biddle & Reath in Philadelphia for 12 years
- Experience includes mergers and acquisitions, business counseling, lending, private equity, corporate finance and bankruptcy
- Bachelor of Arts in Economics and Public Policy Studies from Duke University. Juris Doctor from University of Pennsylvania Law School

- **Leigh Jaros**  
Controller & Mgr FPA

- Joined American Shipping Company in July 2008 after working for AKPS for 18 months
- Served as assistant controller for Lafrance Corporation
- Bachelor of Science in Finance and Economics from West Chester University





# American Shipping Company fleet summary

10 double hull product tankers

- 4 product tankers in operation and 6 product tankers on order
- Well proven designs – delivered vessels have performed very well
- All vessels are on fixed long-term bareboat charters with upside potential through profit sharing and escalating time charter rates

2 shuttle tankers

- 2 additional product tankers will be converted to shuttle tankers
- To be used in the Gulf of Mexico deepwater trade by OSG / Petrobras
- 10 year bareboat charters with upside potential through profit sharing

Significant growth through 13 option vessels

- Options for 13 additional tankers at highly attractive prices
- Potential to convert to shuttle tankers and / or chemical carriers
- Identified prospects for leasing deals within shuttle tanker market

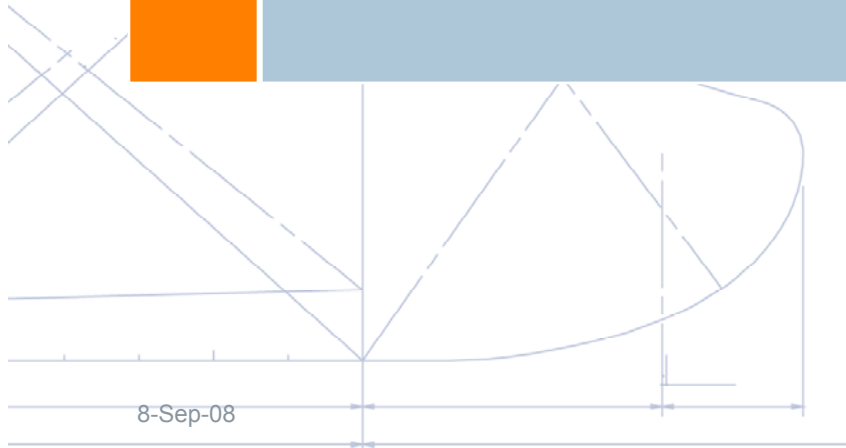
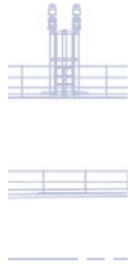
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# Progression according to plan

	<b>New core team established</b>	<ul style="list-style-type: none"> <li>▪ CFO, Greg Matecki</li> <li>▪ General Counsel, Dean Grabelle</li> <li>▪ Controller, Leigh Jaros</li> <li>▪ Office Manager, Michelle Pinto</li> </ul>
	<b>Overseas New York delivered</b>	<ul style="list-style-type: none"> <li>▪ <i>Overseas New York</i> delivered on schedule April 11<sup>th</sup></li> <li>▪ Product tanker no. 5 to be delivered September 19<sup>th</sup></li> </ul>
	<b>Extensive efforts and resources in business development</b>	<ul style="list-style-type: none"> <li>▪ Engaged with OSG on additional product tankers</li> <li>▪ Discussions held with all major charterers on shuttle tankers</li> <li>▪ Marketing efforts on container vessels, barges, bulk vessels and short sea shipping vessels</li> </ul>
	<b>Exercise additional options with Aker Philadelphia Shipyard</b>	<ul style="list-style-type: none"> <li>▪ AMSC remains positive that options will be exercised</li> <li>▪ Growing demand for product and shuttle tankers</li> </ul>



# Focus on high growth and value opportunities

High  
growth

- Grow fleet by exercising options with Aker Philadelphia shipyard
- Work to establish or acquire a vessel operating company
- Manage costs, but invest in business development
- Expand business to other Jones Act market segments

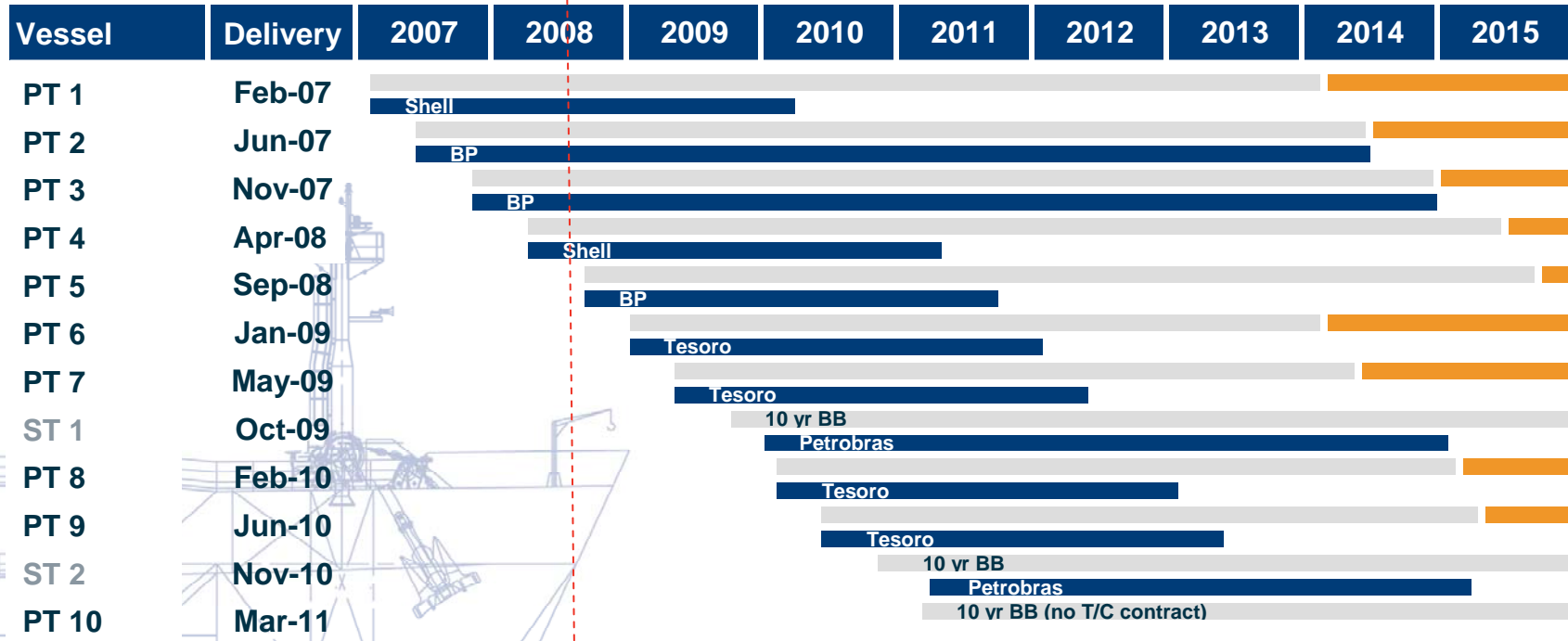
High  
value

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# Bareboat and T/C contracts



Option delivery PT 13 - PT 25 (July 2011 - July 2015):

Initial BB length 
  Start BB option period 
  T/C period\* 
  Delivery option vessel

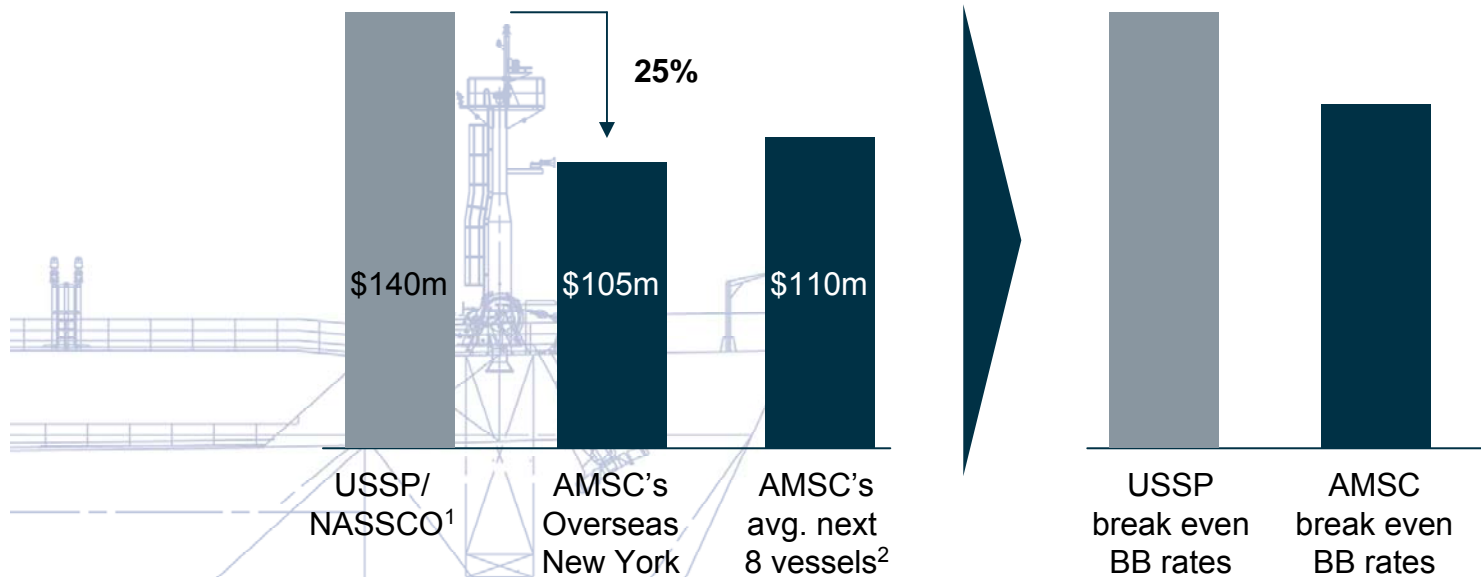
- 12 vessels on long term bareboat charters to OSG
- OSG has option to extend at same terms
- T/C contracts secured for 11 out of 12 vessels

\*In addition to the firm T/C periods shown, charterer has option to extend for varying additional periods



# Significant Cost Advantage through Strategic Partnership with AKPS

## Illustration of cost advantage



- Significant profit potential if market rates increase to reflect build cost from other yards
- Lower break even and more competitive position in a weaker market

1) Estimate based on US Shipping 10-K 2007 and avg. estimated cost for 9 vessels including construction finance. We expect that less than 9 vessels will be built, thus we expect their average price will be higher  
 2) Forecasted price including projected material escalation



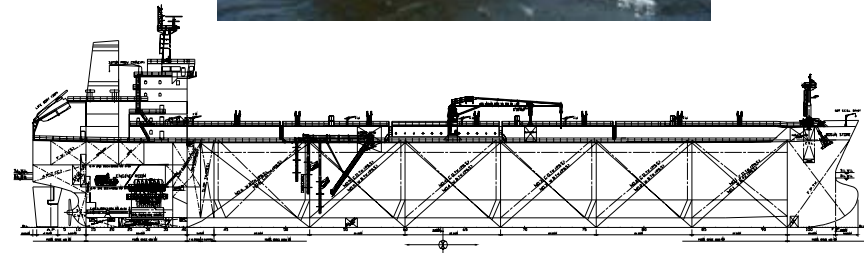
# Strong benefits of the MT 46 Base Vessel

Significant benefits compared to the majority of the Jones Act tanker fleet

- Reduced maintenance
- Reduced fuel consumption
- Reduced noise and air emissions
- Reduced crew size
- Highly flexible cargo system
- Stainless steel piping system

 **Lower operating expenses**

Veteran Class MT 46 “Handy Size” Tanker Hull

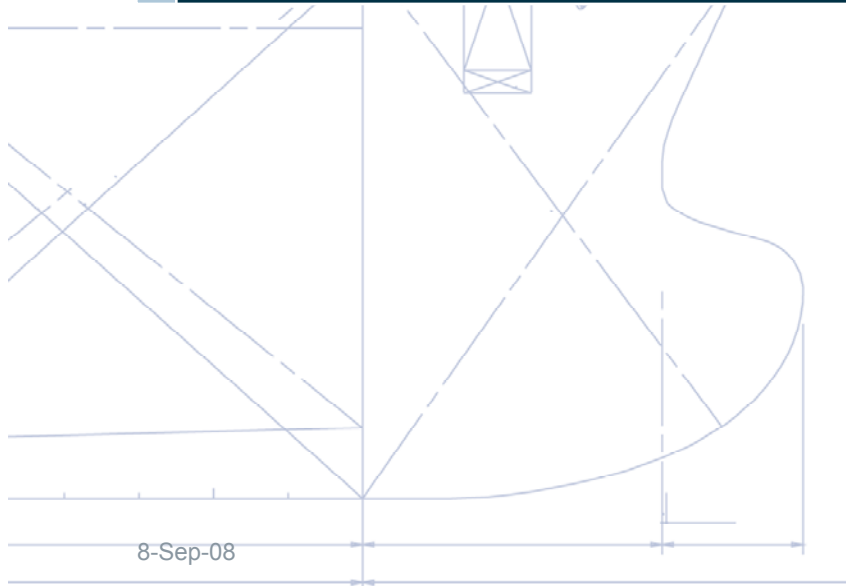


- Deadweight: 46,000t
- Cargo tanks: 6 pairs
- Accommodation: 26 + 6 pers
- Speed: 15 kn
- Radius of action: 14,000 nm
- 57 built and 13 on order outside Jones Act market



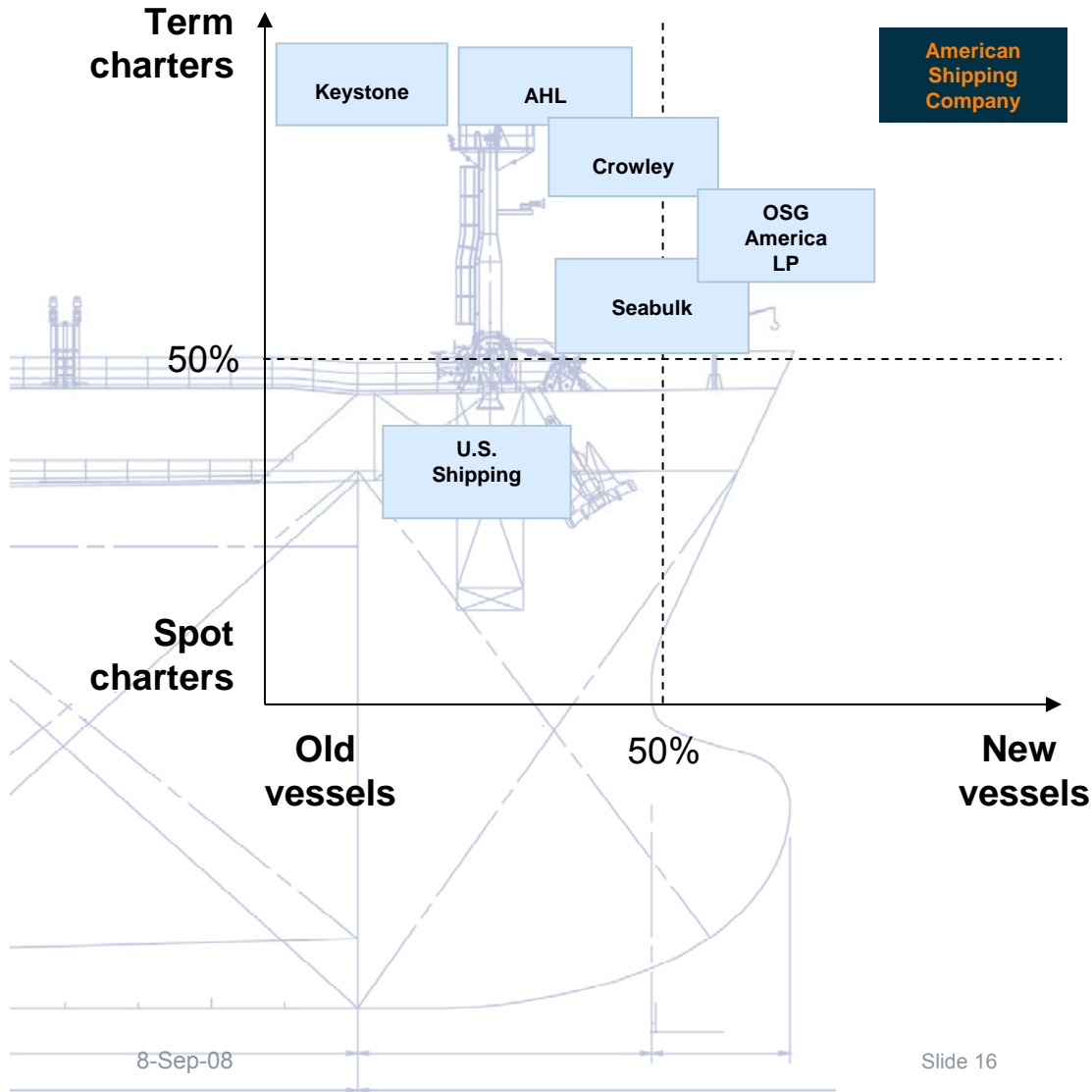
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# Competitive Landscape

## Competitor mapping



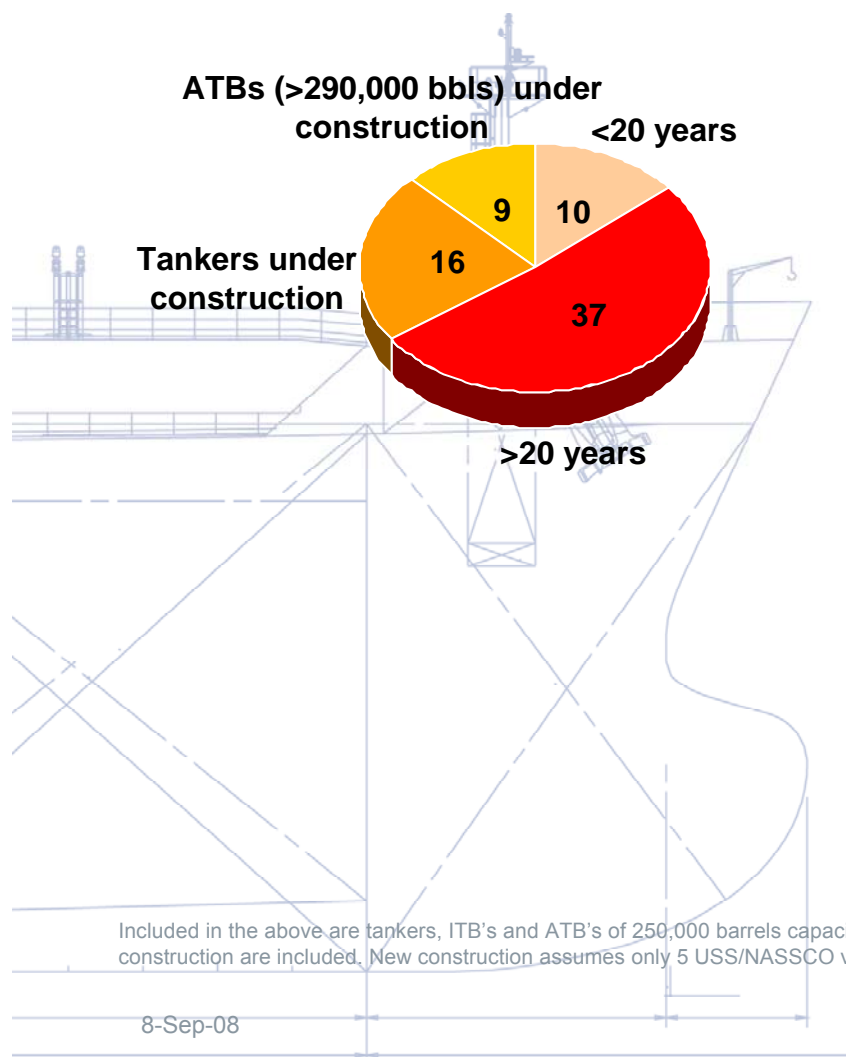
- Tight supply of oil company approved vessels
- Long-term charter market is the key market and has been for over a decade
  - No exposure to spot market fluctuations
  - Newer, more efficient vessels
- Older vessels struggle
  - Poor fuel economy
  - Unattractive to majority of charterers due to lack of trading flexibility/vetting





# Current Jones Act product fleet

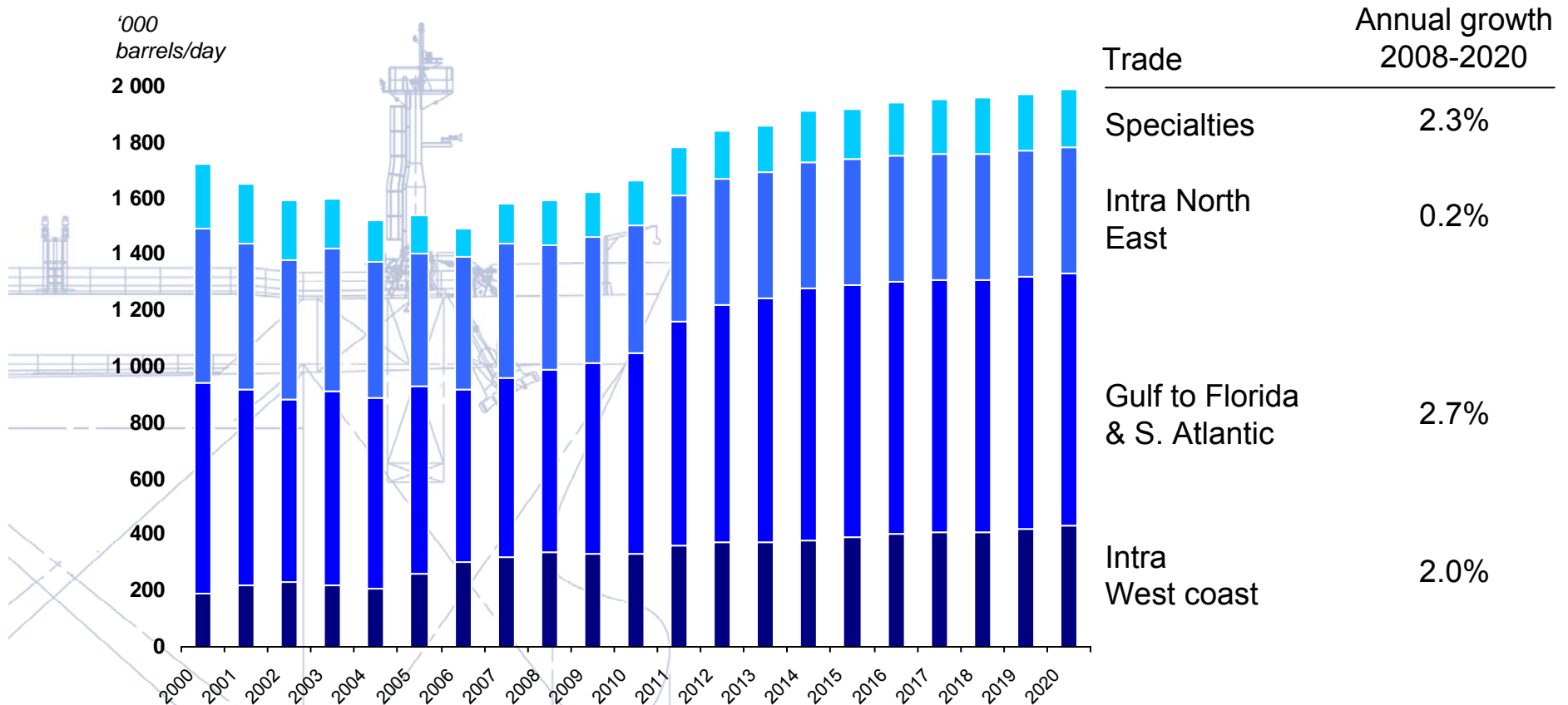
## U.S. flag product fleet age profile



- Older vessels are becoming increasingly unattractive or unacceptable to oil companies
- Older vessels have poor fuel economics and will likely be phased out earlier than their OPA 90 date
- Limited newbuilding and replacement tonnage under construction

# Petroleum product cargo movements projected to grow by about 2% annually from 2008-2020

Jones Act petroleum product cargo movements 2000 – 2020 by trade



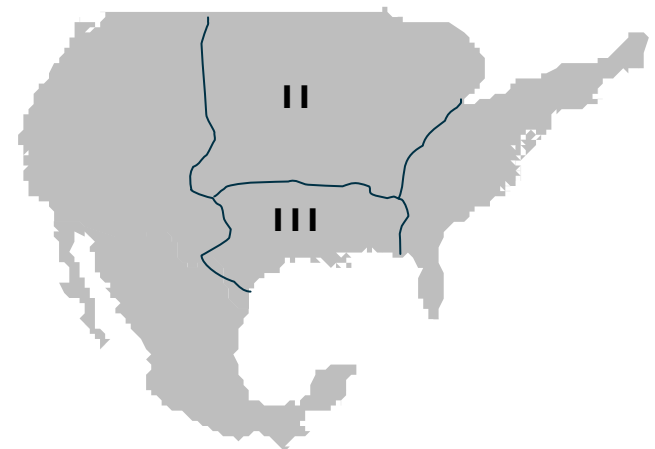
Source: Wilson & Gillette, June 2008

# Future cargo movements to the East Coast will be driven by refinery expansions in the Gulf Coast and Midwest

## Announced refinery expansions (bbls/day)

Company	Location	Expected completion	Additional crude oil refinery capacity
Motiva	Port Arthur, TX	2011	325,000
Marathon	Garyville, LA	2010	185,000
Valero	Port Arthur, TX	2011	120,000
Petrobras	Pasadena, TX	2013	100,000
COP	Borger, TX	2015	60,000
Total	Port Arthur, TX	2011	50,000
Valero	St. Charles, LA	2010	50,000
Placid	Port Allen, LA	2010	25,000
Holly	Navajo, NM	2008	20,000
Chevron	Pascagoula, MS	2010	20,000
COP	Wood River, IL	2015	88,000
Sinclair	Tulsa, OK	2011	45,000
Flint Hill	St. Paul, MN	2008	44,000
Sunoco	Toledo, OH	2008	20,000
BP	Whiting, IN	2011	20,000
BP	Toledo, OH	2015	15,000
Marathon	Detroit, MI	2010	15,000
Frontier	El Dorado, KS	2008	15,000
<b>TOTAL</b>			<b>1,217,000</b>

## Petroleum Administration for Defense districts (PAD)



- Refinery expansions in PAD II will displace Gulf Coast barrels to the Mid West market and increase PAD III supplies sent by water to Florida and the South Atlantic region

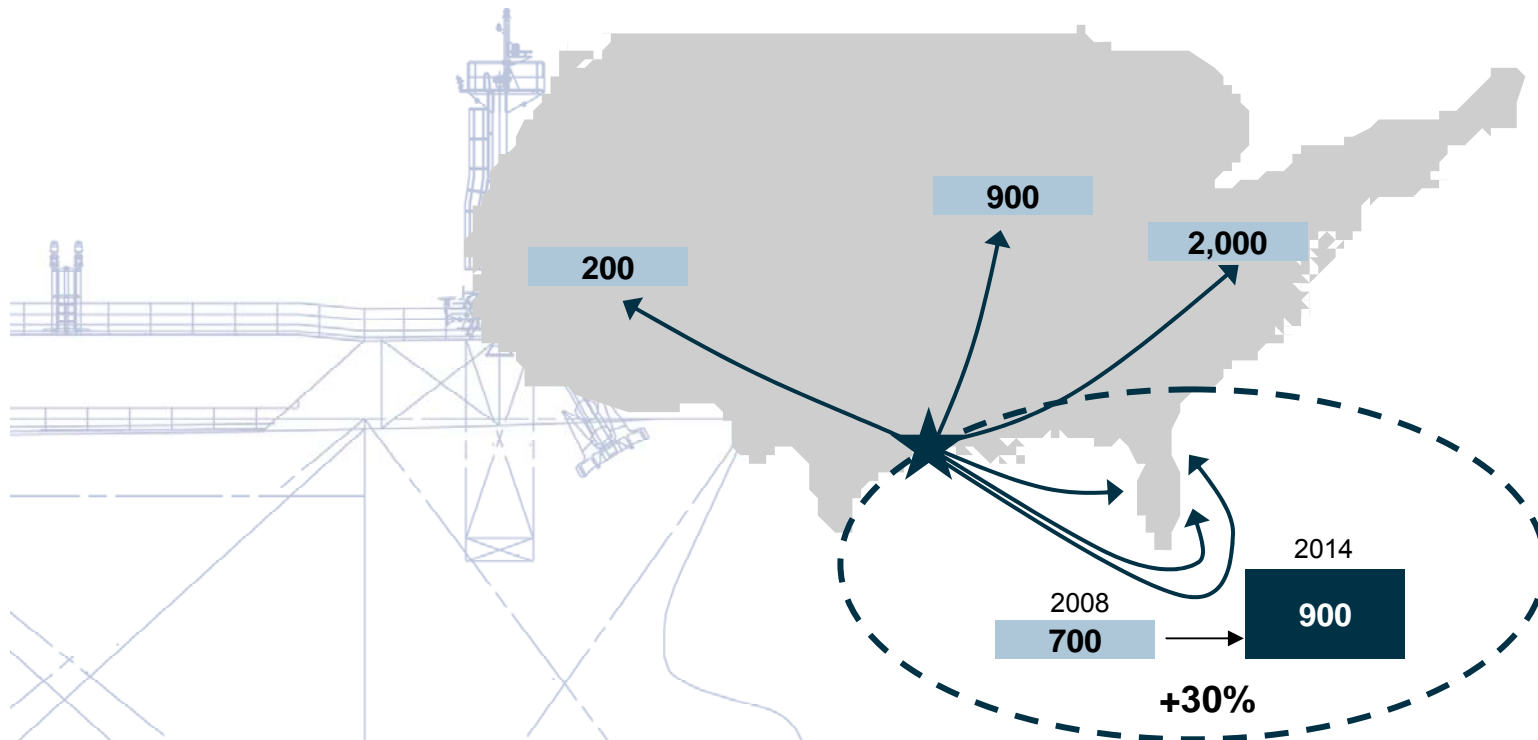


Source: Oil and gas journal, petroleum intelligence weekly, oil daily and petroleum company

# Current 0.7 million bbls/day water transport projected to increase to 0.9 million bbls/day by 2014 (~30%)

## Distribution of surplus Gulf Coast products (2008)

'000 barrels/day



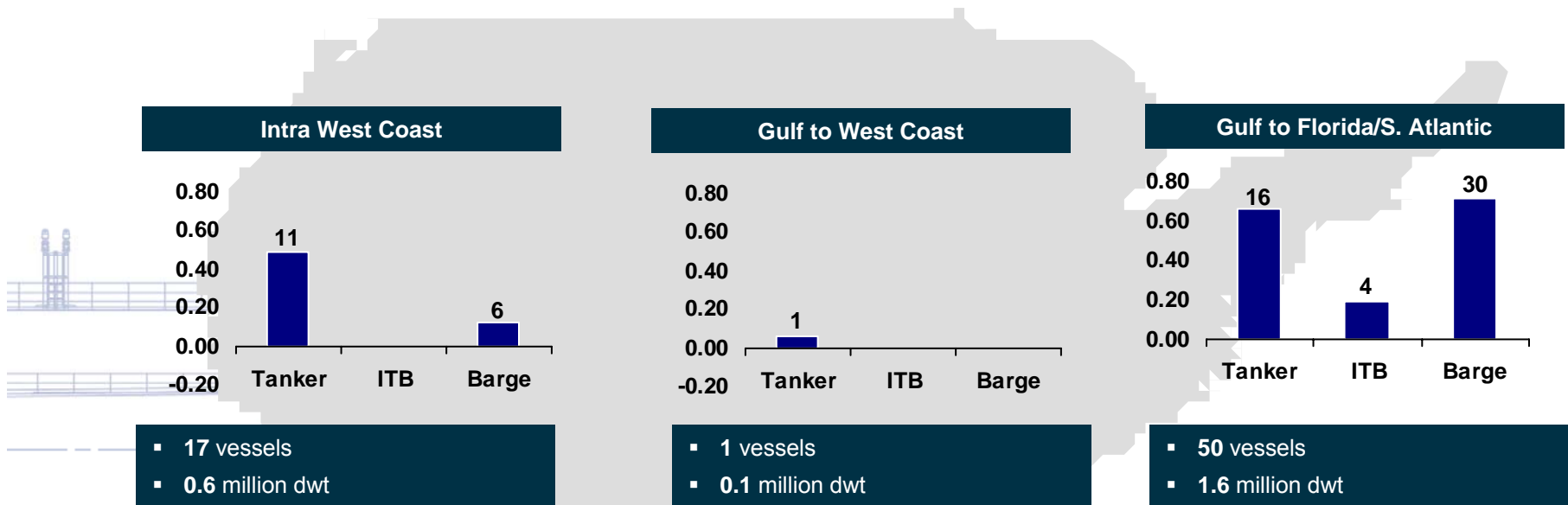
- Pipeline capacity (Colonial and Plantation) to the East Coast fully utilized
- Current 0.7 million bbls/day water transport projected to increase to 0.9 million bbls/day by 2014



# Sectors of Jones Act fleet employment

Coastwise deployment of Jones Act petroleum vessels > 16,000dwt (est. through Q3 2008)

*In million dwt and number of vessels*



- 17 vessels
- 0.6 million dwt

- 1 vessels
- 0.1 million dwt

- 50 vessels
- 1.6 million dwt

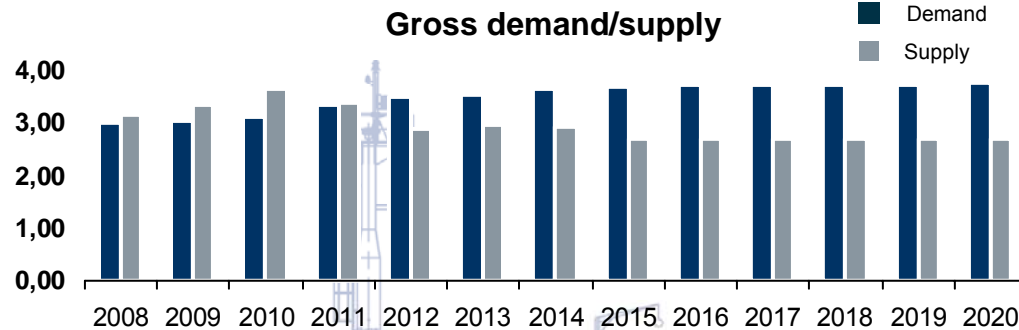
- Total Jones Act product fleet is 68 vessels or 2.3 million dwt
- Gulf to Florida/S. Atlantic is the largest sector which employs 50 vessels



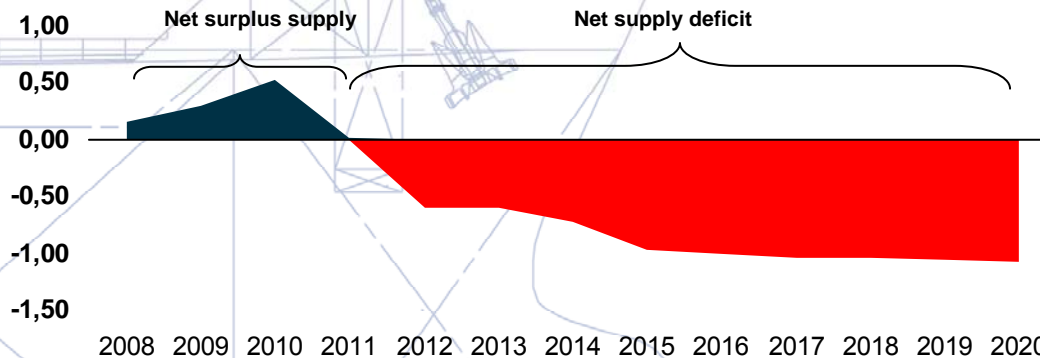
# Projected product tanker supply deficit in 2012

## Projected demand and supply of Jones Act product tanker fleet

In million dwt



### Net supply surplus / (deficit)



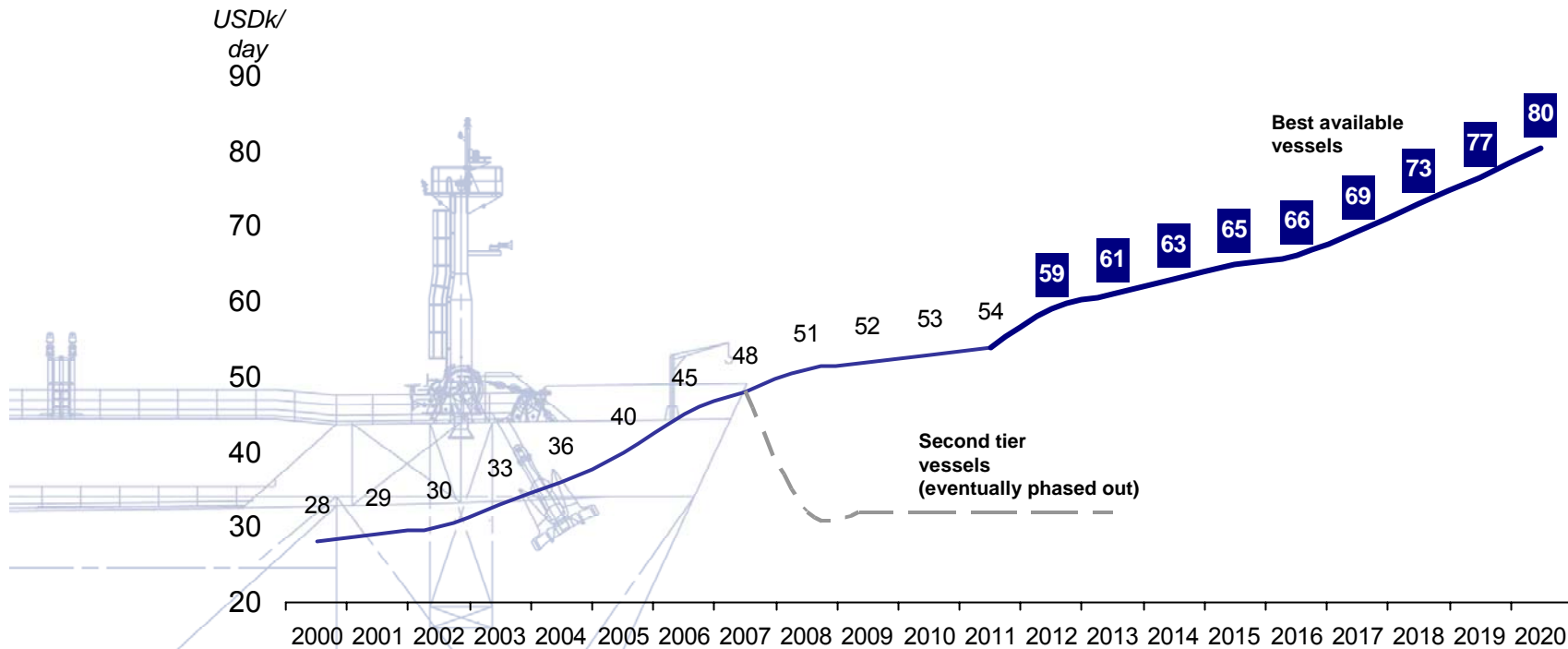
- Older vessels will be phased-out and limited newbuilds on order
- Supply deficit will present significant opportunities for additional product tankers

### Update of prior estimates

- U.S. Shipping will build 5 vessels with NASSCO (no options exercised)
- AHL 4 reconstructions out in 2012 due to fuel expense and vetting
- Chevron 3 gas turbines out in 2011
- Seabulk 2 reconstruction out in 2009 by court order
- OSG – AMSC product fleet kept at 10 ships

# Time charter rates for first tier vessels

Historical and projected time charter rates 2000 - 2020



- Projected step-up in rates in 2012 driven by supply deficit
- Upward revision of expected time charter rates than compared to November 2007



# Summary AMSC Market Position

- **AMSC vessels on long term time charters**
  - Not exposed to current softness in spot market
  - Time charters will be renewed in a period where we expect supply deficit, which should help drive rates up
- **The newest fleet in the Jones Act product trade all fully vetted by oil companies**
  - Oil companies are becoming increasingly stringent on age, capability and costs of older vessels
  - Superior fuel economy compared to older vessels drives attractiveness
- **Substantial supply deficit should provide for opportunities for additional product tankers**

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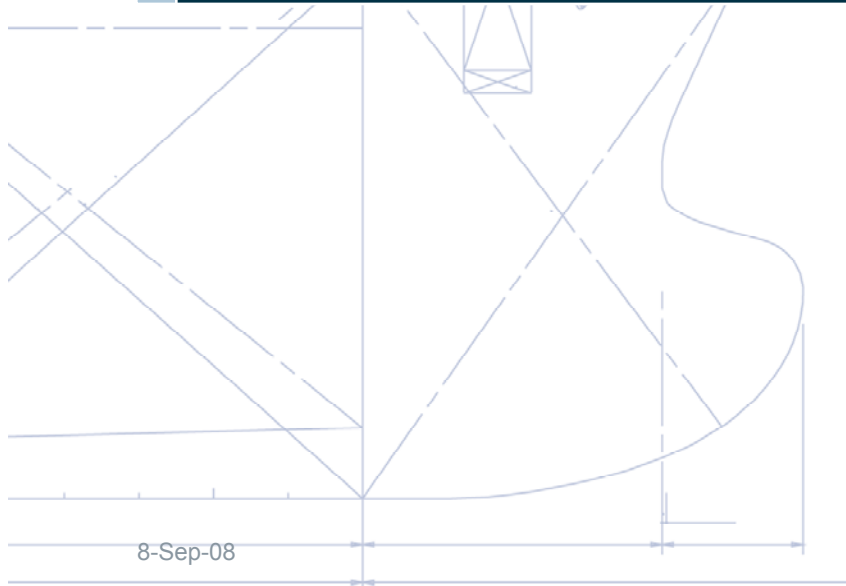
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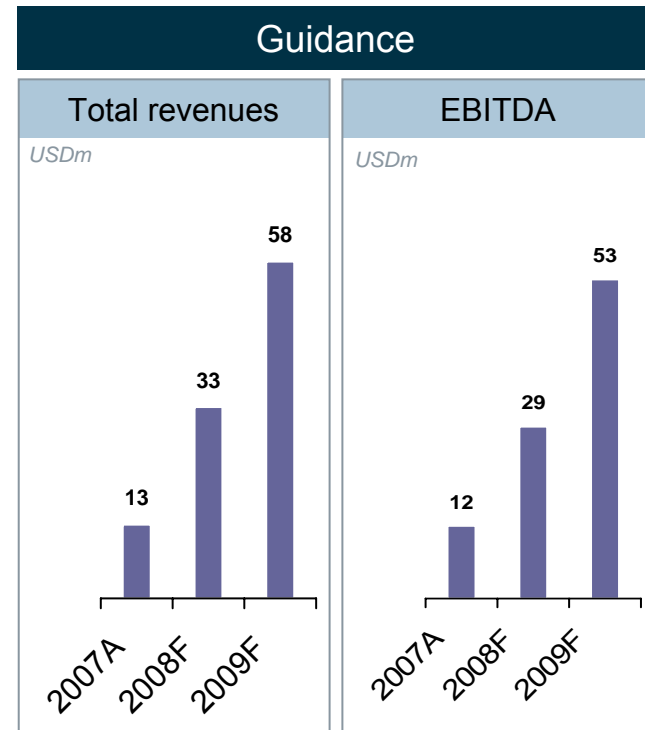
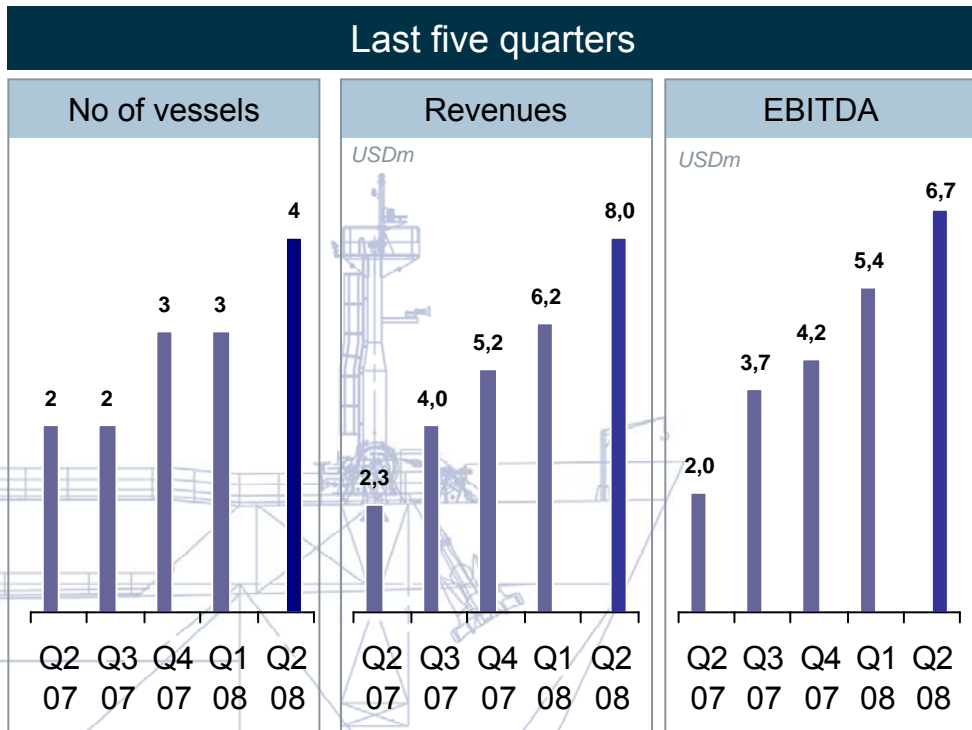


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# Continued Financial Growth



- New vessels delivered according to plan, AMSC will have 5 vessels in operation at the end of 2008 and 8 vessels at the end of 2009
- Increasing revenues and EBITDA as vessels deliver

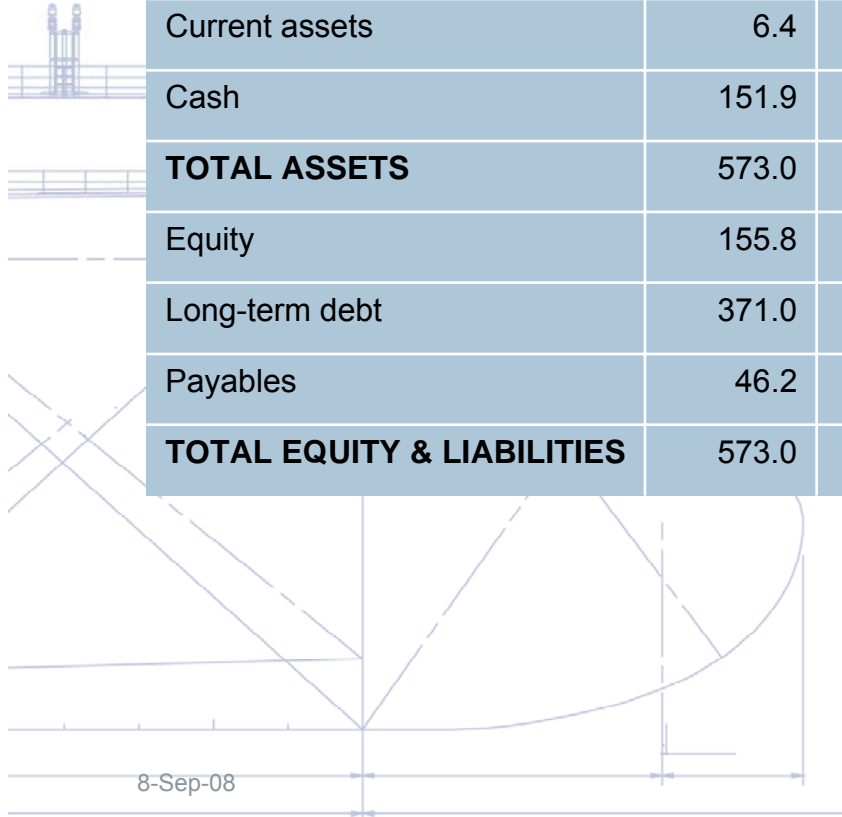


# Balance Sheet reflects growth in vessels

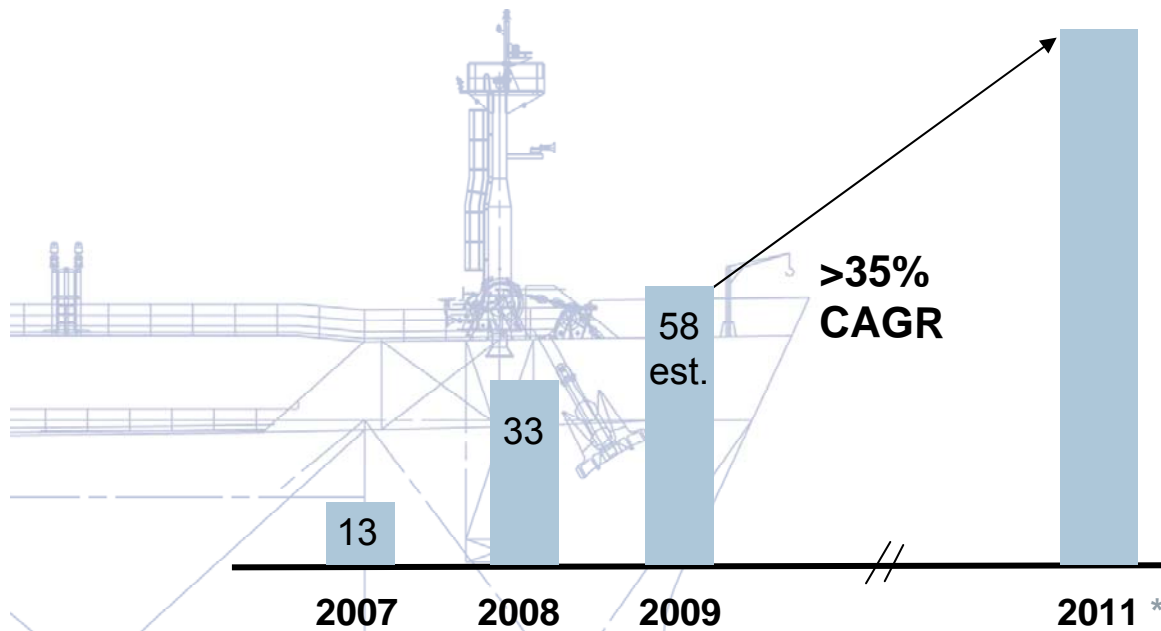
## Actual Balance Sheet as of Dec '07 and June '08

USD (millions)	12/2007	6/2008
PPE, net	316.2	420.2
Int. bearing receivables	3.9	25.6
Other non-current assets	94.6	93.9
Current assets	6.4	5.9
Cash	151.9	132.4
<b>TOTAL ASSETS</b>	<b>573.0</b>	<b>678.0</b>
Equity	155.8	171.0
Long-term debt	371.0	465.3
Payables	46.2	41.7
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>573.0</b>	<b>678.0</b>

- 4 vessels as of June 2008, 5 vessels as of December 2008
- Cash of USD 132m at June 2008 will be used to finance build program
  - AMSC makes milestone payments to AKPS in accordance with a pre-agreed payment schedule
- Each vessel is financed with approx USD 80m in debt @ 6.1-6.2% fixed interest rate which is available upon delivery
- Bond obligation of USD 156m at June 2008 at NIBOR + 4.75% (matures in 2012)
  - Interest paid-in-kind until Q1 2010
  - First call date Q3 2009
- Exploring different capital sources to finance additional vessels including the two Petrobras shuttle tankers



# Revenue Percentage Growth Target



- 2011 is the first year of operation for the original series of 12 vessels
- The 12<sup>th</sup> vessel is projected for a March 2011 delivery. Two additional option vessels slated for delivery later in 2011
- Continued favorable time charter rate progression and effectively managed Opex by OSG will provide for profit sharing

## No of vessels:

- Original series	3	5	8	12
- Options				2
<b>Total</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>14</b>

\* Revenues for vessels delivered in 2011 reflect partial year due to scheduled delivery dates.

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# AMSC - Company Guidance

Revenues

- **Product Tankers – stable, long-term charters.**
- **Average BBC rate initial 12 vessels of USD 24,700/day**

Profit Sharing

- **OSG's operating expenses have been higher than anticipated which delays and reduces expected profit sharing**
- **Profit share improves as TC rates move upward**
- **Expect small profit sharing component in 2009, and increasing annually as more vessels are delivered in conjunction with increasing TC rates**

Vessel options and cost

- **Base Price locked in with Aker Philadelphia Shipyard**
- **Commodity steel price is currently increasing at high rate**
- **Current average cost is estimated to USD 110m for the remaining 8 vessels in the series**

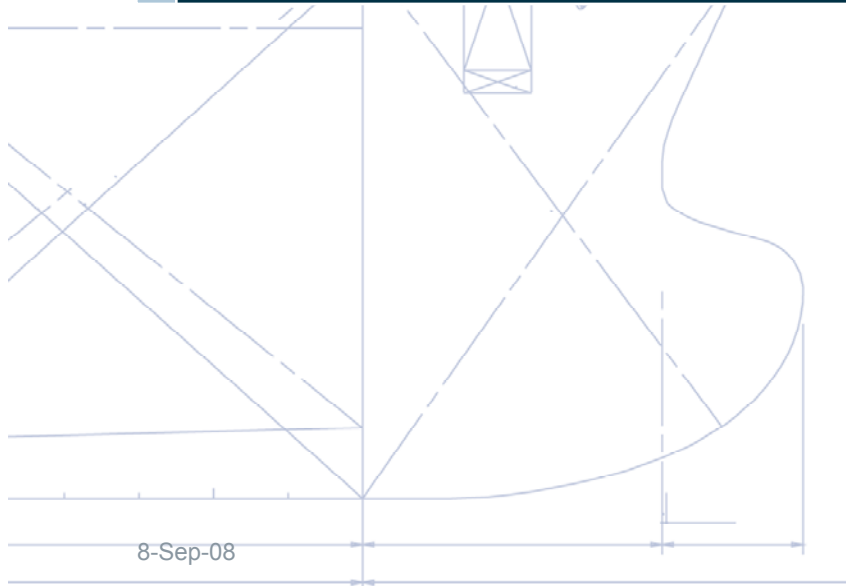
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# Shuttle tankers in GoM – AMSC a front runner

Increased focus on deep water developments

- Exploration has been successful and about one-third of wells drilled in ultra deepwater (more than 2,200 meters) have resulted in discoveries

No existing pipeline network

- Fields located far away from existing infrastructure
- No proven pipeline technology available today for deep water discoveries

Shuttle Tankers offer significant advantages compared to pipeline

- Disproportional cost increase per barrel expected for pipeline infrastructure provides STs with superior cost advantages
- ST's ability to relocate minimizes field and environmental risk → Katrina
- **OPTIONALITY** offered by STs in case of damage to pipeline post hurricanes or accidents at refinery has true value

Increasing demand for floaters and shuttle tankers

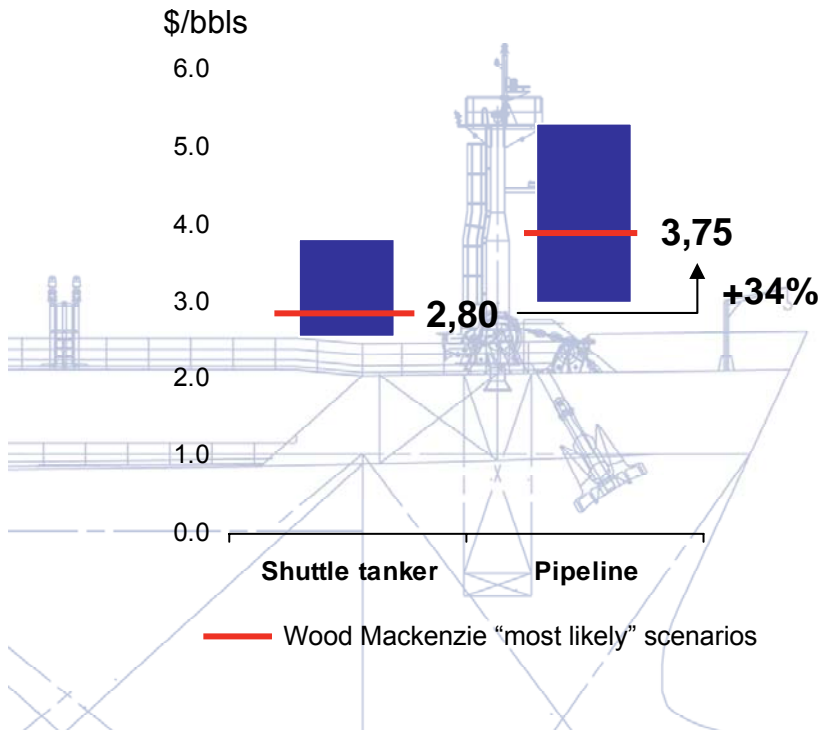
- Several deepwater fields identified as candidates for floating production storage and offloading units (FPSO) and shuttle tankers
- Flexible production solutions which can be moved between fields making it more cost effective to target marginal fields as well
- Total estimated demand of 15-20 shuttle tankers by 2015

AMSC discussing specific opportunities with oil majors



# Shuttle tankers have substantial advantages over pipelines in deeper waters

## Delivery cost per barrel



## More robust solution in harsh environment

Impacts from Katrina (2005)	Hurricane impact - FPSO + shuttle tankers
<ul style="list-style-type: none"> <li>167 oil platforms destroyed or damaged and 535 pipeline segments damaged</li> </ul>	<ul style="list-style-type: none"> <li>An FPSO and associated shuttle tanker(s) would simply sail away to seek refuge</li> </ul>
<ul style="list-style-type: none"> <li>Significant impact onshore — 9 refineries closed</li> </ul>	<ul style="list-style-type: none"> <li>Shuttle tankers would transport the oil to a different refinery</li> </ul>
<ul style="list-style-type: none"> <li>30 days post Katrina, 98% of daily oil production and 79% of daily gas production was shutdown</li> </ul>	<ul style="list-style-type: none"> <li>An FPSO would return to the field, connect back to the turret and resume production</li> </ul>

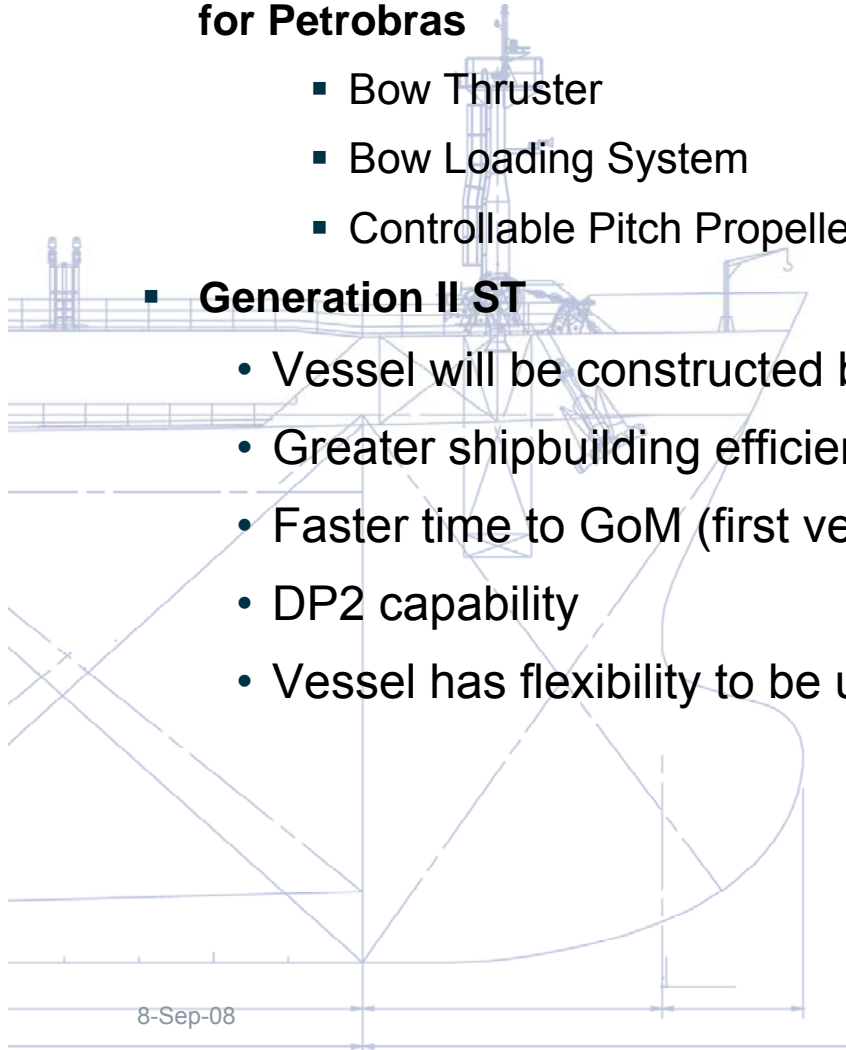
Although economics vary depending on field specifics, STs are being recognized as the most economical means of exporting oil in deepwater GoM and a robust solution in harsh environment areas





# Shuttle Tanker Progression

- **Design based on the proven MT-46 product tanker**
  - Four in service, eight on order
- **Generation I ST - Two vessels on order to be converted to shuttle tankers for Petrobras**
  - Bow Thruster
  - Bow Loading System
  - Controllable Pitch Propeller
- **Generation II ST**
  - Vessel will be constructed by Aker Philadelphia Shipyard
  - Greater shipbuilding efficiencies
  - Faster time to GoM (first vessel available 4Q11)
  - DP2 capability
  - Vessel has flexibility to be used in the product trades



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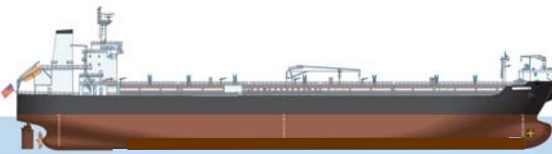
# American Shipping Company – Vessel Overview

MT-46 Product Tanker



- 46,000 dwt
- 330,000 bbl capacity
- Jones Act compliant
- 4 vessels in service
- 6 vessels on order

Generation I Shuttle Tanker



- First shuttle tanker in the Jones Act ever!
- 326,000 bbl capacity
- 2 vessels on order
- Non DP2 capabilities

Generation II Shuttle Tanker



- Only shuttle tanker design for Jones Act market with **superior DP2 capabilities**
- 320,000 bbl capacity
- No need for supporting tugs

Only current shuttle tanker design being built for Jones Act market



# AMSC Shuttle Tanker Initiative



- Launched Shuttle Tanker project !



- Committed dedicated resources



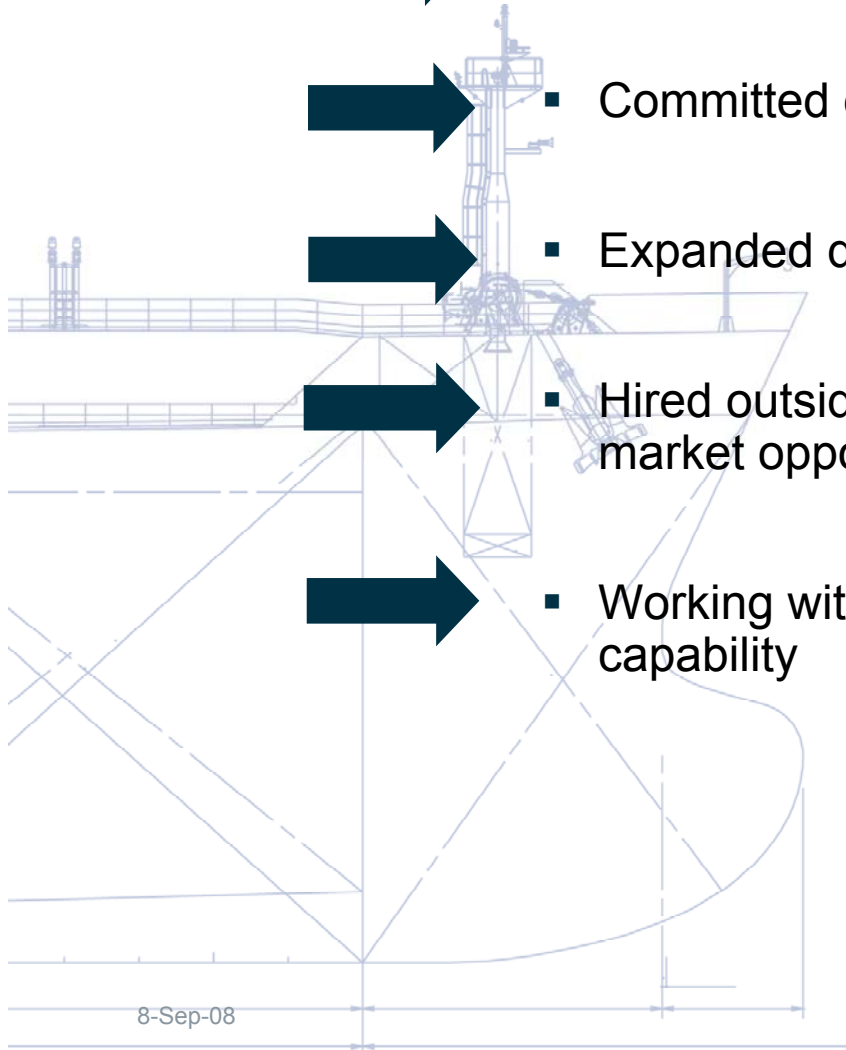
- Expanded discussions with potential customers



- Hired outside advisors to assist in capitalizing on market opportunity



- Working with AKPS on complete production capability



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# Concluding comments

- **Building the largest and most modern Jones Act product tanker fleet**
- **Long-term stable cash flows from bareboat charters with upside potential**
- **High value, modern and efficient fleet**
- **Positive outlook and market fundamentals for Jones Act product tankers**
- **Exciting shuttle tanker market emerging in Gulf of Mexico**
- **Management team committed to enhancing shareholder value**

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