



## Sterling Adds Two Tankers

By Kelly Holman, TheDeal.com

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Sterling Investment Partners LP seems to have a Jones for shipping.

The Westport, Conn.-based private equity group said Monday, May 19, that it has acquired two chemical tankers in a deal valued at more than \$50 million. The company already owns U.S. Shipping LLC, which controls six petroleum tankers valued at \$199.8 million.

The impetus for all this boat-buying is the Jones Act, which, along with related statutes, requires that vessels used to transport cargo and passengers between U.S. ports be owned by U.S. citizens, manufactured in U.S. shipyards and operated by U.S. crews.

Investors in the latest deal included an affiliate of Aetna Life Insurance Co., PPM America Capital Partners and Landmark Partners. BTM Capital Corp. has committed an initial senior debt facility of \$15 million to support the transaction, which was conducted through a newly formed company called U.S. Chemical Shipping LLC. Additional financial transaction details were not released.

U.S. Chemical acquired the larger ship, the Chemical Pioneer, from Midland, Mich.-based chemical giant Dow Chemical Co. and a chemical tanker vessel, the Stolt Spirit, from a London-based group of traders. The company is considering rebuilding the Stolt Spirit and putting it into service with the Chemical Pioneer.

William Macey Jr., managing partner of Sterling Investment Partners, said: "We believe that it's an attractive opportunity. We have freight contracts with chemical companies that assure significant freight volumes on this vessel for years to come."

Although Dow Chemical has sold the Chemical Pioneer vessel to U.S. Chemical, it will continue to maintain a long-term shipping contract with U.S. Chemical Shipping, as will other chemical companies, Macey said.

Dow Chemical officials did not return calls about the sale by press time.

Sterling, meanwhile, plans to dry-dock the Chemical Pioneer ship to extend and improve its condition. The tanker, which can carry as many as 48 separate grades of specialty chemicals within the bowels of its segregated cargo holds, last underwent a major ship repair in 1983 by Newport News Shipbuilding and Drydock Co.

Because of its multichemical transport capacity, Macey said the ship offers a lower-cost alternative for chemical companies to ship chemicals from the Gulf States to the East Coast than by railroad. "That ability makes the ship a very attractive vessel," he added.

New York Fulbright & Jaworski LLP partner Roy L. Goldman provided legal counsel to Sterling on the purchase of the chemical tankers, which closed in the last 10 days.