The Kenan Advantage Group (KAG) is the nation’s largest bulk transportation and logistics provider to the petroleum and niche chemical industries. The KAG operates more than 2,000 power units and 2,500 trailers in 36 states. Even though you are part of the KAG team, you might be surprised when you learn about all that we have to offer.

The people of the KAG make us, across the board, simply the best at what we do. We have the strongest group of bulk transportation professionals ever assembled. The enthusiasm and commitment of KAG employees, as well as strong customer relationships, illustrate your dedication to delivering the best service in the country.

The industry’s best drivers, competitive pricing and superior customer service are the driving forces behind our growth and success. We know that to be the best, we have to work with the best. That is why we are grateful for the skilled and talented employees we have at the KAG.

We constantly look for ways to run more efficiently and effectively for our customers nationwide. To offer more complete service we provide logistics, inventory and supply-source management. From daily stick readings to web-based or direct-link inventory programs, we can control inventory for our clients and provide answers immediately. In addition, with supply-source management, we can take daily rack pricing and quickly calculate the cost from each supplier. Nationwide coverage allows us to be a single-source provider for our larger customers. With our extensive terminal network we can manage volume fluctuations during peak periods, avoiding the need for backup carriers at higher rates. We also offer dedicated and imaged fleet capabilities, as well as specialized equipment capabilities, so we can always meet our clients’ needs. In addition, we offer our customers various billing options, customized service reporting, and extensive liability coverage.

Even with all of our technology and service offerings we can only be as successful as our people. From drivers to dispatchers, mechanics to office personnel, your commitment, dedication and excellence is why we are the best team and the best at what we do.

Thank you for being on the KAG team.

We Deliver…
On an annual basis, the KAG delivers the following amounts of petroleum products:
- 21 billion gallons per year
- 57.5 million gallons per day
- 2.4 million gallons per hour
- 40 thousand gallons per minute
- 1 load every 12 seconds

The Kenan Advantage Group Vision Statement:
The Kenan Advantage Group is devoted to the continued development of our existing market strength in the United States. Our vision is to strategically build an efficient, well-managed and geographically diverse organization that specializes in unmatched, value-added transportation and logistic services to the petroleum and chemical industries.
Direct From Dennis

Delivering on Communication

Connect good employees with good customers, and you are 90 percent down the road to success. This being said, sharing information in a timely manner and building successful relationships both internally and with our customers is critical. Now, more than ever, our ability to effectively communicate will ensure our continued success.

Through interviews and focus groups we asked hundreds of Kenan Advantage Group (KAG) employees to share with us their thoughts and opinions. What we heard most often is that you desire greater communication about the current events and future direction of the Kenan Advantage Group.

We are listening to what you have told us. As a result, we are developing more ways to share important information with you. This newsletter, “Highway Connections,” is just one of the ways we plan to keep you informed of what is happening at the KAG and its highway subsidiaries. We are sending this newsletter to your home because family support is very important to the success of the Kenan Advantage Group. We hope you and your family will find this to be a good way to keep current with the latest KAG news.

In addition to this newsletter, the KAG also plans to keep you better informed through two additional communication tools. “Breaking News” updates will be delivered to all KAG offices and terminals for the immediate posting of news, changes and updates that occur between newsletter deliveries.

We are also in the process of developing a password-protected web site that will be for KAG employees only. It will give you immediate access to a wide range of company information, including health benefits, retirement plans, workplace procedures, company policies, the uniform program and more. Watch for more information about this intranet site as it prepares to launch.

As our organization changes and we continue to grow, we will work diligently to become an even stronger team, always striving to be the best in the industry. Improving communications is just the first of many steps, and we encourage you to continue to share your thoughts and ideas as we move forward.

Thank you for your dedication and commitment. The true strength of our organization will always be our employees. Your support, and the support of your families, is key to the success of the Kenan Advantage Group.

Dennis A. Nash
President and CEO
Kenan Advantage Group
The Kenan Advantage Group (KAG) is rolling out a new uniform program for all of our highway subsidiaries and we plan to have everyone dressed sharp by the end of next year. Uniforms include shirts, pants, jackets and hats in KAG blue, and will identify your highway subsidiary. Several subsidiaries have begun to sport the new look. This program will continue to roll out in 2004 to the entire KAG team.

We believe that the best way to show your pride is to be identified as part of the best team – the KAG team. The program will phase in with new hires receiving their uniforms immediately, and current employees on their anniversary date-of-hire. Thereafter, on each anniversary-of-hire, you can choose additional clothing to supplement your current uniforms and make selections that will best suit the climate in your geographic area.

Living The Kenan Advantage Group Brand

Getting Suited Up, KAG Style.

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Watch for more information regarding the KAG’s new uniform program. We’re hoping to have more KAG-branded merchandise available for purchase by employees shortly. Soon, we’ll not just be the best in our industry, but the best dressed as well.

Cell Phones Create On-The-Road Hazards

Whether it is saying hi to Mom, calling work to check messages, touching base at home or just chatting with friends, talking while on the road is convenient. Before you pick up that handset remember that it can also be dangerous.

An early study showed that people talking on phones while driving are four times as likely to get into an accident as those who are not on the phone.

A recent study by Harvard University’s Center for Risk Assessment estimates that each year 2,600 deaths, 570,000 injuries and 1.5 million crashes resulting in property damage, can be blamed on wireless phone use.

The distractions created by cell phone usage while driving is even more dangerous for drivers of the Kenan Advantage Group (KAG). The potential for an accident is much greater if the driver is on the phone, and due to the cargo we haul, the result of that accident can be much more serious, even deadly.

We need every employee at the KAG and their families to understand this hazard. If you need to get in contact with a KAG employee while they are driving please contact the dispatcher at their terminal. The dispatcher will get a message to the driver, and he or she will return your call when it is safe to do so. If you need to make a call while driving for the KAG do it only when your vehicle is safely and legally parked.

We are all working towards the same goal...every driver home safely every day. Please remember this the next time you pick up the phone.

Cell Phone Usage Tips

Inevitably, occasional phone calls in your personal vehicle are going to occur. Here are some common-sense ideas for using your phone while driving:

- Know that you are distracted, even if it doesn’t feel like it. Slowing down will help.

- Don’t get into intense or emotional conversations while driving. If it is unavoidable, pulling over will be much less of an inconvenience than hitting a pedestrian or another car.

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With the recent merger of the Kenan Advantage Group companies, many employees are probably experiencing some kind of “growing pains”.

In today’s fast-paced world, change has become part of the workplace terrain, and the ability to adapt and respond effectively to change has become a necessary skill, and one you can benefit from. Understanding change will make it much easier for each of us to take advantage of the opportunities for learning and personal growth that exist amidst change.

Here are several ways to deal with organizational change.

1. **BE PREPARED:**
   While change is inevitable, most of us are uncomfortable with it and the uncertainty it brings. Instead of fearing change, resisting it or hoping it will not happen, prepare yourself mentally for changes that are likely to occur. This way you are in a better state of mind to adapt to the new situation and to move forward.

2. **EXPRESS AND RECOGNIZE YOUR ANXIETY:**
   Do not pretend change does not bother you. While change may bring new opportunities, it can also cause feelings of confusion and anxiety. Ask yourself how the change will affect your immediate situation, ask questions to clarify things that seem unclear and stay focused on the task at hand. Ask yourself, “Is there anything that I can do about this matter?” If yes, then identify the action to be taken. If not, acknowledge that you have no control over it.

3. **MOVE FROM RESISTANCE TO ACCEPTANCE:**
   When we resist change, we attempt to keep things the way they were. If our attitudes and actions are not aligned with the new direction we will feel uncomfortable or tense.

4. **IMPROVE LINES OF COMMUNICATION:**
   The more chaotic your work situation becomes, the more important good communication is. Everyone must communicate better when organizations undergo a major change. Lack of information is a major cause of uncertainty and apprehension among employees.

5. **PROTECT YOUR LEISURE TIME:**
   When companies undergo change, there is usually extra work to be done. But during these times, it is important to have time outside of work. You will be refreshed, energetic and much more productive on the job.
6. REMAIN UPBEAT AND POSITIVE:
No matter what we are faced with, it will be easier to cope with and adapt to if we hold a positive attitude. This involves:
• Knowing what we can and cannot control in a given situation.
• Recognizing that disruptions are a natural response to change.
• Being creative and looking for new opportunities.
• Utilizing our personal resources and strengths to do the best we can.

7. GET CREATIVE:
Make yourself more valuable to the company. Offer to take charge of a problem or project that is not working, contribute ideas and help others. Helping your company grow and prosper is a win-win situation.

8. BECOME MORE EFFICIENT:
As organizations change they look to improve efficiency. So learn to be more efficient in how you do things.

9. LEARN FROM THE EXPERIENCE OF OTHERS:
Friends, relatives and other acquaintances have probably struggled with similar difficulties. Talk to these people and get involved. They may be able to offer successful solutions. If you reach out for support you will find it.

10. RISE TO THE CHALLENGE:
Instead of viewing changes as problems, view them as exciting challenges. While change is inevitable, being stressed by change is not.

11. NEVER BECOME COMPLACENT:
Once you have successfully adjusted to a major organizational change, avoid becoming complacent. Future changes will probably occur, so be prepared. Keep developing your skills and enhancing your value to the company.

12. CELEBRATE YOUR ACCOMPLISHMENTS:
Take time to treat yourself and acknowledge your own accomplishments.

REMEMBER, CHANGE IS INEVITABLE, GROWTH AND HAPPINESS ARE OPTIONAL.
Safety Is No Accident

The Kenan Advantage Group (KAG) is not an industry leader by chance. It is because of the outstanding team of professionals that make up the KAG. Our reputation for excellence in customer service is matched only by our safety record. Having the right skills, knowledge, equipment and experience all contribute to our success. However, safety and security must always be a top priority.

Post 9/11, our focus on safety and the need for security are greater than ever. The very nature of our business dictates that we assume a critical role in the security of our nation’s infrastructure. Due to the products we transport, we must be ever diligent and alert. It is important to be constantly aware of your surroundings and immediately report any suspicious behavior to a supervisor, contacting the police if you believe it is necessary. Be cautious when discussing the nature of our business with individuals outside of our industry.

Even though we have the very best record in our field, we still need to be smarter, more conscientious and even better drivers. The Federal Motor Carrier Safety Administration reported that rollovers resulted in 4,793 large truck crashes and 5,082 fatalities in 2001. These sobering statistics are a reminder that we must be mindful of how we drive, but also how others are driving among us. After all, 33 rollovers occur daily in the United States. But while insurance experts place the property damage and clean up of a rollover at $406,000, life is priceless.

Despite being the best drivers, it is important to always remember that tank vehicles have a higher center of gravity and that the product inside creates a serious hazard and reacts to sudden movement. How you react in an incident could lead to your involvement in a rollover.

As cliché as it sounds, safety is no accident. Put all of your professional skills to work, watch your speed, watch your space, use defensive tactics when necessary, and always watch out for the mistakes other drivers make. Tailgating, improper lane changes, running red lights or stop signs, driving too fast for conditions and making sudden moves all put you at risk.

The KAG’s safety and security program goals include: no injury to people, no damage to property, no spill or environmental losses, and no product contaminations. Our continued security and safety practices will fuel our success and ensure that we all get home safely every day.

Subsidiary Spotlight

The Kenan Advantage Group (KAG) is comprised of the best in the transport industry. Here’s a look at each KAG subsidiary and how their different specialties and strengths help to make the KAG the best overall.

Advantage Tank Lines

Founded in 1991
Joined the KAG in 2001
570 employees
368 power units
453 trailers
14 terminals and 39 satellite operations
Rex Molder, Executive Vice President

There is no mistaking the appropriateness of Advantage Tank Line’s name. From a start up of only three power units, they took advantage of their position, capitalized on partner strengths, and claimed exceptional service as theirs. As a result, they have grown to 368 power units and continue to make their mark when it comes to transporting fuels, chemicals and asphalt. By maintaining their high standard of quality, providing outstanding support to their drivers and building strong partnerships, Advantage will take the advantage in more and more markets. They are truly a key player on the KAG team.

Beneto Bulk Transport

Founded in 1973
Joined the KAG in 2003
760 employees
240 power units
252 trailers
18 terminals
Steve Beneto, President

The Kenan Advantage Group (KAG) is comprised of the best in the transport industry. Here’s a look at each KAG subsidiary and how their different specialties and strengths help to make the KAG the best overall.
Founded on the principle of unmatched customer service, Beneto has an image second to none and a safety performance unequaled in the industry. The largest independent bulk petroleum carrier on the West Coast, Beneto concentrates 100 percent of its business efforts on non-corrosive, light, clean petroleum products and serves virtually every major oil company in the region. Always finding new ways to service their customers, Beneto keeps a team of highly professional drivers, including sleeper team units for short-notice deliveries nationwide, and a wide inventory of meticulously maintained equipment. With Beneto on board, the KAG’s growing success is certain.

**GENI Transport**

Founded in 1970  
Joined the KAG in 2001  
22 employees  
8 power units  
18 trailers  
1 terminal and 2 satellite operations  
Bill Prevost, Executive Vice President

At GENI Transport, “Good Enough Never Is” proves to be a successful philosophy for this Memphis-based subsidiary of the KAG that routinely delivers outstanding customer service. Originally a private fleet for a major oil company, GENI Transport specializes in fuels and aviation products. Using a dedicated account model and team, they provide value-added services at a competitive price that result in a proven record of success.

**J. McDaniel Transportation**

Founded in 1964  
Joined the KAG in 2000  
312 employees  
142 power units  
178 trailers  
6 terminals and 6 satellite operations  
Jerry McDaniel, President

The J. McDaniel Transportation motto is one they have proven that they take to heart and live by. McDaniel provides refined petroleum transportation services to over 800 retail and numerous wholesale accounts in Illinois and Indiana, but they are not content to stop there. They continue to grow and develop their business, contributing to the overall growth and success of the KAG.

**Kenan Transport Company**

Founded in 1949  
Joined the KAG in 2001  
1,110 employees  
550 power units  
700 trailers  
27 terminal and 19 satellite operations  
Bill Prevost, Executive Vice President

How do you get to be the best with one of the most respected names in the industry? Kenan has accomplished this by consistently providing the highest level of service possible. Kenan transports refined petroleum, propane and specialty chemicals from Virginia to Florida and Arkansas to the Atlantic Coast. Their success can be attributed to a combination of outstanding management and the best people, equipment and training possible. Kenan is unwavering in its commitment to be the standard by which all others are measured.

**Klemm Tank Lines**

Founded in 1942  
Joined the KAG in 2003  
470 employees  
341 power units  
450 trailers  
6 terminals  
Greg Kilmek, President

For more than 60 years, Klemm has been hauling bulk hazardous materials and is the largest petroleum carrier in Wisconsin. With five divisions transporting light oils, propane, asphalt, chemicals and hazardous waste, Klemm, based in Green Bay, provides a unique array of services and transports to 48 states and Canada. The newest member of the KAG family, Klemm is known for its history of safety, quality and technology. In fact, Klemm developed its own unique software system to better service customers and manage operations. It is this innovative thinking and extraordinary commitment to customer service that makes Klemm so successful.

**North Canton Transfer Co.**

Founded in 1958  
Joined the KAG in 1991  
156 employees  
106 power units  
129 trailers  
1 terminal and 4 satellite operations  
Rex Molder, Executive Vice President

North Canton Transfer (NCT) specializes in transporting fuels and asphalt throughout northeastern
Ohio. Driven to provide outstanding customer service at competitive rates, NCT is growing their business while maintaining long-standing customer relationships. It takes vision, solid management and a team of professionals to achieve this high-level of success, and that is just what NCT continues to deliver as part of the KAG.

**Petro-Chemical Transport, Inc.**

Founded in 1946  
Joined the KAG in 2001  
815 employees  
275 power units  
325 trailers  
1 terminal and 70 satellite operations  
Jim Reid, President

What began out of necessity in World War II, transporting refined products from Texas to multiple locations, has fueled the growth of a unique and innovative national carrier. Petro-Chemical Transport (PCT), operates out of one terminal location using on-board computers to communicate with drivers. PCT’s technology allows customer information and other data to be transmitted immediately between dispatch and driver. Their full logistical services include inventory control, freight payment to third parties and delivery information management. PCT’s customers, most of who are long-term contractual relationships, appreciate this complete and efficient service. Petro-Chemical Transport’s proud history and track record are successes the KAG plans to continue building on.

**Cell Phone Usage Tips...cont.**

- If you observe someone who is talking while driving and he or she seems distracted, steering clear is safer than honking. Honking may startle the driver and lead to a possible accident.
- Set safety rules for yourself and your teenagers, such as not using the phone while driving in pedestrian and obstacle intensive areas such as urban downtowns, and turning off the radio when talking on the phone.
- Keep your cell phone volume turned up – struggling to hear the caller creates even greater distraction.

The best tip of all is if you have to use a cell phone on the road, first pull over where it is safe and legal and then dial.