



The Crow's Nest

A newsletter of the Thomas Schulte Group

EDITORIAL



Welcome to the summer edition of The Crow's Nest, the news letter of the Thomas Schulte Group.

It has become apparent that the silver lining on the horizon of the freight market is not just another bubble, but the steady raise of the trade volumes and services being reactivated seems to indicate better times ahead for the container markets. The long term strategy of Reederei Thomas Schulte, with some 50% of the entire fleet still covered by time charter employment in 2010 has fared well whilst navigating through rocky seas.

In addition our bulk new building programme, all of modern design, is well under way and we can look forward to some joyful naming ceremonies in the second half of this year.

Less joyful is probably every ship owners experience with fuel quality. It has to be stated clearly that the quality of the fuels supplied has deteriorated over the years.

The entire fleet of Reederei Thomas Schulte is presently modified where necessary, in order to meet new EU guidelines on gas oil. However, if one is to encompass all present discussions on environmental and technical nature, the need of new designs to focus more on issues such as fuel efficiency and emissions is clearly illustrated. Particularly as it seems that slow speed programmes are here to stay for the foreseeable future.

We have over the past years established a broad corporate set up with a clearly defined culture that has shown its strength and expertise, especially throughout the last months. Irrespective if it is the cadet programme on our vessels, or our new building supervision outfit, North Star Marine Consultants, we have a clear commitment and focus towards our responsibilities amongst each other and of course towards our clients and partners. After all, shipping is about long term perspectives.

As always we hope that The Crow's Nest will be interesting reading.

Sincerely,
Alexander Schulte

Naming Ceremony at Shanghai Shipyard

It was a special honour that Mrs. Dagmar Sachau, wife of Mr. Bodo Sachau, Managing Partner of A.J. Zachariassen, named our "HUGO SCHULTE", the first out of a series of four 3600 TEU container vessels at Shanghai Shipyard on June 24th, 2010 in Shanghai. "Mr. Sachau did already work with my grandfather and I think supporting a family for three decades is something very special and deserves more than just a few words," Mr. Alexander Schulte emphasized in his speech on the occasion of the naming ceremony. Mrs. Sachau acted as a very charming sponsor of this vessel and Reederei Thomas Schulte is therefore convinced that this will only mean good fortune for the "HUGO SCHULTE".

"HUGO SCHULTE" is the first vessel out of a series of four ordered from Shanghai Shipyard by Reederei Thomas Schulte back



in 2007. Shanghai Shipyard Co., Ltd. is one of the top ship building and repairing facilities within China, with a long history tracing back to the year 1962. In May, 2005, the plant of Shanghai Shipyard Co., Ltd. located

in Lujia Zui in Pudong was all moved to the north shore of the Chongming Island. A new and very modern shipbuilding and repairing facility was set up there.



7th Senior Fleet Officer Meeting

The company was happy to welcome Capt. Alexey Makeychik, Capt. Valery Sasik, Capt. Igor Sokolov, Ceng. Igor Bezrukov, Ceng. Djuro Matkovic, Ceng. Alexander Menshikov, Ceng. Alexandr Merkishin, Ceng. Valery Shilkin and Ceng. Konstantin Taygachev at its head quarters in Hamburg from May 4th until May 6th, 2010.

After the initial introductory tour through the office, the Technical Fleet-manager Mr. Jan Paninka opened the meeting with a summary of current fleet performance and ship/shore communication issues. The currently difficult economic environment presents additional challenges to the effective and efficient operation of the fleet – it is therefore vital for all personnel aboard and ashore to ensure that all operations and maintenance is conducted to the highest professional standards.

Afterwards the Chief Engineers and Masters left the office to visit the premises of Alfa Laval and Transas Marine GmbH. The Chief Engineers attend a workshop demonstration and discussion of maintenance procedures for modern separators. The Masters attend an ECDIS Training seminar about the legal aspects and responsibilities in the use of ECDIS, including a simulator training.

The first day was closed by a meeting with DPA/CSO Mr. Oliver Kautz.

The morning of the second day was dedicated to crew training and crew management issues. Fleet Personnel Manager Capt. Thomas Krafzig discussed apart from routine crew operations, with participation of Bernhard Schulte Shipmanagement (BSM), the crew training, crew assessment and career development, the cadet programme and disciplinary procedures in regard to the Maritime Labour Convention 2006 – crew complaints and complaint procedures. A major focus, together with BSM, was the correct use and importance of appraisal reports. In external presentations + training programme by Seagull AS and Dreyer Kompetanse AS, frequently observed problems with the company's training programme and the risk assessment were discussed with Master's and Chief Engineers.

The afternoon was focussed on a discussion of Environmental Management under ISO 14001 with DPA / CSO Mr. Oliver Kautz and a Codie presentation by company PMS Officer Mr. Marcus Staroske.

The morning of the third day was dedicated to Chartering & Marine Operations. Afterwards an external presentation by the Federal Police Sea (Piracy Prevention



Center) took place. The presentation shows measures to prevent piracy attacks and hijacking scenarios. The afternoon was focussed on MARPOL 73/78 Annex I deficiencies. The German Ship Safety Division discussed the most common deficiencies and how to prevent them.

In a closing meeting with Technical Fleetmanager Mr. Jan Paninka and Fleet Personnel Manager Capt. Thomas Krafzig a review and open discussion of the Senior Fleet Officer Meeting took place.



Team sessions with the OSM teams and senior officers assigned to their vessels, as well as lunch and dinner conversations during the days helped to further the mutual knowledge and understanding.

CREW'S NEST

Crew Training Updates

The upgrade of the Seagull Training System to the latest training software has been completed. In meetings with Seagull AS and Dr. Nolte-Schuster, the further development of the on board training programme, especially the Computer Based Training (CBT), were discussed in depth. Dr. Nolte-Schuster, a social scientist, is currently working on a project which is to analyse and optimise the aspects of maritime education ashore, as well as on board of sea going ships. The ultimate focus of her studies on board is to optimise learning methods and intercultural communication of seafarers of different nationalities. She has been cooperating with the Thomas Schulte Group since 2009 and is presently actual on board of our M/V Cap Beatrice (ANNINA SCHULTE), where she continues with her studies and project of the Maritime Academy in Leer.

The distant learning courses for On-board Assessors shows further progress and are set to continue. More officers have achieved certification and they are now authorized to approve competencies for their subordinates.

In a review of the Cadet Training Programme the company has streamlined the whole programme. In close contact with our crew manager the focal point was set to the following aspects: better follow-up and tracing of cadets for future planning, junior officer training courses are a compulsory element for all cadets, quality instead of quantity should be the focus.

Actual 30 deck and engine cadets from Eastern Europe and the Philippines are on board of our vessels. 10 officers in the rank of 3rd Officer or 3rd Engineer / 4th Engineer are actual on board of our vessels, which have successfully passed the career path from cadet to officer in our company.

Fuel Oil restrictions – benefit for environment, without risk?

Low sulphur fuel oils on ships are something of a mixed blessing. On one side the environmental impact is being reduced, on the other side safety concerns are raising. The likelihood of boiler explosions or the loss of engine power during critical manoeuvres is increasing. For the sake of compliance and safe procedures on board, Reederei Thomas Schulte has invested in new technologies on board its fleet.

The days that a vessel could sail around the world with one type of fuel only are over. The reasons therefore are environmental concerns, aiming to reduce sulphur and other emissions, which are presenting a harm to the environment and up to a certain degree also to human health. Various ECAs (emission controlled areas) defined by the International Maritime Organization (IMO) and other national regulations, are limiting the content of sulphur within the fuel in these particular coastal areas – for example in European ports, the North Sea and the state of California. Using these so called low sulphur fuel oils (LSFO) will eventually reduce the sulphur emissions produced during the combustion within those areas.

Ships sailing through these areas will use two fuels, as the low sulphur fuel oils are much more expensive than normal

fuel. Right at the beginning of the controlled area, the vessels are going to switch over from the “normal fuel” to low sulphur fuel in order to save costs. And especially this switching over process is considered as very critical. Reason being that together with the lowering of the sulphur content, other characteristics of the fuel also change. Technical upgrades are needed to ensure the vessel is capable to bunker and also to process the various different fuels on board, and thereby continuous to be able to provide a worldwide service.

Fuels of lower sulphur contents are only available in higher fuel grades such as Marine Gas Oils (MGO). These gas oils have lower viscosities than the normal fuel of a vessel, such as HFO (heavy fuel oils). One of the beneficial characteristics of the normal fuel is, that it is a natural lubricant and sealant due to this higher viscosity. Engine manufacturers have taken this advantage of HFO in designing their engines. Low sulphur fuel, on the other hand, is thin and runny, so it can leak out, which in turn can lead to a drop of pressure and causes a loss of main engine power or a failure to start. Moreover, the various pumps needed to fuel an engine will suffer from the minimized lubrication and mechanical damages are most likely to appear.



Consequently critical situations during the switch over process cannot be completely excluded. Several instances of ships off the coast of California that have lost power after switching over to LSFO are already known – luckily without resulting in a collision or grounding. Another major hazard is that the boiler is also designed to burn thick HFO instead of thin LSFO – the differences can lead to an explosion in the worst case.

OCEAN Shipmanagement GmbH - the in-house technical manager of Reederei Thomas Schulte - had to assess the technical and regulatory consequences of the new low sulphur fuels and has upgraded the processing capability for these fuels

on each vessel of the fleet under management. Special coolers have or will be installed. In addition, Reederei Thomas Schulte has installed further tanks for the storage of the MGO, as well as for the cooling of the viscose fuel, on all newbuildings under construction.

In order to give our crews best support in their daily operation, specific fuel switch over procedures for each single vessel have been established. They are guiding the crew through the switching over process of heavy fuel oil to low sulphur fuel oil and vice versa in a very safe and secure way – for the benefit of the environment and for promoting safety at sea.

Three is a lucky number

It was a cloudy day in Valencia, but in the moment where the bottle of champagne smashed on the bow of “BENJAMIN SCHULTE“, the sun broke through the

clouds. In accordance with this obviously good omen for the lifetime of “BENJAMIN SCHULTE“, Mrs. Barbara Schnieders carried out the traditional christening of “BENJAMIN

SCHULTE“ at the port of Valencia on June 6th, 2010.

It was the third attempt to name the “BENJAMIN SCHULTE“. First of all, the naming ceremony was scheduled to take place in Hamburg, as her sister vessel “BEATRICE SCHULTE“, unfortunately this intention had to be cancelled because of a shortnotice change in the schedule.

So it was decided to christen “BENJAMIN SCHULTE“ in the port of Valencia. Everything was arranged, even the flights were booked and the bottle of champagne prepared, when the stevedores in the port of Valencia decided to go on strike in the week the ceremony was planned.

But three is a lucky number and we are happy to had such an extraordinary naming ceremony for our good lady on June 6th, in the port of Valencia.

“BENJAMIN SCHULTE“, built under the construction number SHI 1705 by Samsung



Heavy Industries has, with a length of 260 metres and a breadth of 32,20 metres, a deadweight of 50.500 t. She has a container capacity of 4253 TEU or 2805 TEU with a 14 to. homogenous load, as well as 400 reefer plugs.

“BENJAMIN SCHULTE“ sails under the charter name “UASC JUBAIL“, and has been chartered - like her three sister vessels “BEATRICE SCHULTE“, “BENITA SCHULTE“ and “BENEDICT SCHULTE“ - until 2014 to United Arab Shipping Company.



Maritime Labour Convention – the forth legislative pillar of shipping

The shipping industry is facing a new regime on maritime labour – Reederei Thomas Schulte ensures early compliance with an in depth MLC test & training audit.

Well in advance of the entry into force date of the Maritime Labour Convention (MLC 2006), which is called the "fourth pillar" of the international regulatory regime for shipping, Reederei Thomas Schulte is already well prepared. All internal procedures have been scrutinized in order to ensure compliance with the new "bill of rights" for seafarers. The MLC provides comprehensive rights and protection at work for the world's more than 1.2 million seafarers and founds a global standard applicable for the entire industry.

"So in general we appreciate the implementation of the Maritime Labour Convention as the required standards should be already normal practice in decent shipping companies – black sheep cannot rest anymore on competitive advantages shouldered by their seafaring staff," states Mr. Krafzig, Fleet Personal Manager of Nautilus Crew Management the in-house crew manager of Reederei Thomas Schulte. "We had only to check if our procedures are laid down in such formal manner as required by the new convention".

The acid test for the shipping company on MLC compliance was an inspection on board of mv "CMA CGM Rose" (ex Clara Schulte).

Reederei Thomas Schulte invited the class society Germanischer Lloyd AG to verify the work and living standards on board. Germanischer Lloyd took this opportunity to train the class surveyors on this new topic. Thus the visit on board of mv "CMA CGM Rose" was of mutual benefit: the shipping company has received an independent expert view on the adherence to the seafarer's rights and the class society could train their staff in inspecting the fields relevant for MLC.

Ten persons – three owner's representatives and seven GL surveyors – boarded the vessel at her call to Rotterdam on February 15th, 2010 and screened the ship from top to bottom and from port to starboard. Particular attention was paid to the living quarters, the galley including provision stores and to the recreational facilities on board. After this the crew members were interviewed in confidence about their rest hours, employment contracts as well as general work conditions and living standards. At the end every surveyor concentrated on a single aspect of the MLC and verified the points by a thorough review of the documentation on board.



"The whole inspection took around seven hours, but at the end we can state that we are ready for MLC," Mr. Krafzig says with confidence. Anyhow, the MLC 2006 will come into force twelve months after ratification by at least 30 ILO (International Labour Organiza-

tion) member countries with a total share of at least 33 per cent of the world's gross tonnage. Nine member countries have ratified so far – so it is not to be expected that the convention will enter into force before 2012. Good to know to be prepared well in time.

The MLC 2006 has been introduced by the ILO. It regulates working and living conditions for seafarers and helps to create conditions of fair competition for ship owners. The ILO convention replaces earlier labour conventions and is seen as the "fourth pillar" of maritime regulation beside the International Convention for the Safety of Life at Sea (SOLAS), the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) and the International Convention for the Prevention of Pollution from Ships (MARPOL).

Ships larger than 500 GT engaged in international voyages will be required to carry a "Maritime Labour Certificate" and a "Declaration of Maritime Labour Compliance". The Declaration outlines shipowners' plans for ensuring applicable national laws and regulations necessary to carry out the provisions of the Convention. These provisions are regulating minimum requirements for seafarers to work on a ship, conditions of employment, accommodation, recreational facilities, food and catering health protection, medical care, welfare and social security protection for seafarers.



They come out of the blue

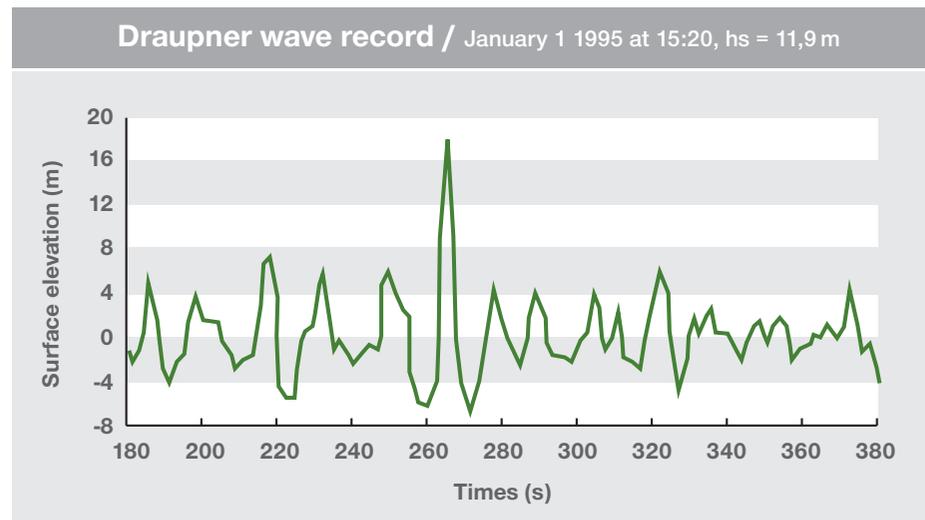
Rogue- or freak waves have been part of marine folklore for centuries, but have only been accepted as a real phenomenon by scientists over the past few decades.

On the open sea, waves can commonly reach seven meters in height, or even up to fifteen in extreme weather. In contrast, some reported rogue waves have exceeded thirty meters in height. Curiously, rogue waves are often seen travelling against the prevailing current and wave directions; and unlike a tsunami, rogue waves are localized and very short-lived. Most modern merchant vessels are designed to withstand about fifteen tons of pressure per square meter, but these unusual waves exert a pressure of about one hundred tons per square meter. Needless to say, a rogue wave means big trouble for any ship it meets.

In 1978, the 37.000-ton MS "MUENCHEN" radioed a distress call from the mid-Atlantic. When rescuers arrived, they found only "a few bits of wreckage", including an unlaunched lifeboat with one of its attachment pins "twisted as though hit by an extreme force". It is now believed that a rogue wave hit the ship, causing it to capsize and sink. No survivors were ever found.

In 1996, the Queen Elizabeth 2 encountered a rogue wave of twenty-nine meters, which the Captain said "came out of the darkness" and "looked like the White Cliffs of Dover". London newspapers said that the captain situated the vessel to "surf the wave to avoid being sunk".

Oceanographers and meteorologists used for a long time a mathematical system



called the linear model to predict wave height. This assumes that waves vary in a regular way around the average (so-called 'significant') wave height. In a storm sea with a significant wave height of 12 m, the model

suggests there will hardly ever be a wave higher than 15 m. One of 30 m could indeed happen - but only once in ten thousand years. That all changed in 1995 when a freak wave hit the Draupner North sea oil platform. The



oil rig swayed a little, suffering minor damage, but its on board measuring equipment successfully recorded the wave height at nineteen meters.

More recently, satellite photos and radar imagery have documented the existence of numerous rogue waves, and it turns out that they are far more common than previously thought. During a week in 2001, radar scanning detected ten monster waves in a 1.5 million square kilometer area. Satellites and direct observations have also established that rogue waves can happen anywhere, but they are most numerous in the North Atlantic and off the western shore of South Africa. In spite of their frequency, monster waves rarely meet with sea vessels because they are so short-lived.

The cause of rogue waves is still an area of active research. One theory under investigation cites "constructive interference", which is a result of several smaller waves overlapping in one phase, combining to produce one massive wave. Another working hypothesis is based on the "non-linear Schrödinger effect", in which energy is "soaked up" from neighboring waves to create a monster wave. Still other researchers are looking into the possibility that wave energy is being focused by the surrounding environments, or that wind action on the surface is amplifying existing effects.

THE THOMAS SCHULTE FLEET

In every edition of our CROW'S NEST we introduce to you ships type that are presently trading in our fleet.

In our latest edition of the Crow's Nest we would like to introduce to you four sister vessels which are currently the largest ones in the entire fleet of Reederei Thomas Schulte.

"BEATRICE SCHULTE", "BENJAMIN SCHULTE", "BENEDICT SCHULTE" and "BENITA SCHULTE" were all delivered back in 2009 by Samsung Heavy Industries, the second largest shipbuilder in the world, based in South Korea.

Each vessel has a capacity of 4250 TEU standard container. The main engine of the Panamax vessel is accelerating her deadweight of 50.848 tons to a speed of up to 24,5 knots. 400 reefers can be carried, for which the vessels are equipped with 4 auxiliary engines.

The four sister vessels are sailing under the flag of Liberia with their homeport in Monrovia

Currently "BEATRICE SCHULTE" is under the command of Captain E. Rahnev, who is in charge of his crew of 21 men. The vessel is, as well as her sister vessel, currently under time charter to United Arab Shipping Company (S.A.G) until 2014.



Length over all	260,05 m
Breadth	32,25 m
Max. Draft	12,6 m
TEU Capacity	4253 TEU
Reefer Capacity	400 FEU
Deadweight	50.848 tons
Main Engine	MAN B & W 8K 90 MC-C6
Service Speed	23,5 kn
Service Range	24,5 kn
Auxiliary Engines	Daihatsu 6DK-28 4x1810 kW

CREW'S NEST

Promotion List

(from 16/11/2009 - 30/04/2010)

	Rank	Name	Date Promoted	Vessel
	1	MASLENNIKOV DMITRIY	08.12.2009	Cap Cleveland
	1	DIDIN KONSTANTIN	28.04.2010	CSAV Itaim
	2	KISELEV MIKHAIL	03.02.2010	Annabelle Schulte
	3	MACALINGA FELISBERTO	02.02.2010	Henry Schulte
	4	ONG HOWARD	14.01.2010	Emilia Schulte
	5	ROMANYCEV DMITRIJ	25.12.2009	Fabian Schulte
	6	TABADA GIOVANNI	15.02.2010	Carolin Schulte
	7	ZIAZOV MARAT	10.12.2009	Francisca Schulte
	1	BUKHAROV ALEXANDER	13.04.2010	Laura Schulte
	2	GO JONATHAN ANDREI	25.11.2009	Cap Capricorn
	3	ILISCUPIDEZ MARLON	17.11.2009	Frida Schulte
	4	LERA-OG LEMUEL	05.03.2010	Francisca Schulte
	5	MITU EMIL	22.12.2009	Fabian Schulte
	6	MYLENKOV MAXIM	28.11.2009	Antonia Schulte
	7	SAVCHAK LEONID	12.02.2010	Julia Schulte
	8	TITOV ALEXANDER	30.03.2010	Maersk Neustadt
	9	ZAKHAROV GENNADII	19.11.2009	Maersk Neustadt
	1	SHILKIN VALERY	23.12.2009	Cap Beatrice
	2	SIGACHYEV OLEG	17.02.2010	Emilia Schulte
	1	KOMAROV OLEKSANDR	14.01.2010	CMA CGM ROSE
	1	APAS REY	19.03.2010	Marie Schulte
	2	BADRIEV RUSHAN	24.02.2010	NYK Floresta
	3	BILYY OLEKSIY	08.03.2010	Kota Pekarang
	4	ISHCHENKO RUSLAN	30.11.2009	CSAV Itaim
	5	SERGHEI DORIN	20.02.2010	Tatiana Schulte
	6	SUPLEO DENNIS	04.04.2010	Cap Beatrice
	1	GRUNDUL ALEXANDER	19.11.2009	Maersk Neustadt
	2	LOBANOV KIRILL	27.11.2009	Marie Schulte
	3	PAPUSHA ANATOLIY	23.02.2010	Patricia Schulte
	4	PARREL JAY AR	20.04.2010	Frida Schulte
	5	ROZHENKODMYTRO	25.04.2010	Natalie Schulte
	6	SALIMYANOV MARS	07.04.2010	Francisca Schulte
	7	SOBREVEGA BONIFACIO	25.11.2009	Cap Capricorn

IMPRINT



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