

CORPORATE GOVERNANCE GUIDELINES OF THE BOARD OF DIRECTORS OF MARITRANS INC.

Mission Statement

The mission of the Board of Directors (“Board”) of Maritrans Inc. (the “Company”) is to oversee the corporate governance of the Company and to facilitate the Company’s principal mission to create long-term economic value for its stockholders at a rate and with a consistency that are the best among its peers and competitive with its industry as a whole. In fulfilling this mission, the Board also will consider the interests of its other stakeholders and interested parties, including its employees, customers, suppliers, creditors, local communities, and the public at large. The objective of these corporate governance guidelines is to provide appropriate checks and balances on the Board and management of the Company to ensure that those to whom the stockholders entrust the direction and success of the Company act in the best interests of the Company’s’ stakeholders.

I. Board Composition and Structure

- A. Size of Board. The Board periodically reviews its size to consider the size that is appropriate for its effective operation. In general, the Board believes that its appropriate size is seven members, recognizing that retirements, resignations, and recruiting delays may result, periodically, in the Board consisting, for some transitional period, of a slightly greater or lesser number of directors than the Board may have targeted.

- B. Mix of Directors; “Independent” Directors. A majority of the Board will be independent. No director will be independent unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, stockholder, or officer of an organization that has a material relationship with the Company). The Board has established the following standards for determining director independence:
 - 1. *Categorical Standards.* A director will not be deemed independent if: (i) the director is, or has been within the last three years, an employee of the Company or her/his immediate family member¹ is, or has been within the last three years, an executive officer of the Company; (ii) the

¹ “Immediate family member” is defined as including a person’s spouse, parents, children, siblings, mother and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who share such person’s home.

director has received, or her/his immediate family member has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the Company other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), (iii) (A) the director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (B) the director is a current employee of such firm; (C) the director has an immediate family member who is a current employee of such firm and who participates in the firm's audit, assurance and tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time; (iv) the director or her/his immediate family is, or has been within the last three years, employed as an executive with another company where any of the Company's present executives at the same time serves or served on that company's compensation committee; or (v) the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

- C. Selection of Directors. Each year at the Company's annual stockholders' meeting, the Board recommends a slate of nominees for election by stockholders. In addition, the Board fills vacancies on the Board when necessary or appropriate. The Board's recommendations or determinations are based on the recommendations of, and information supplied by, the Nominating and Corporate Governance Committee as to the suitability of each individual and, where applicable, the slate as a whole to serve as directors, taking into account the criteria described below and other factors, including the requirements for Board committee membership. In recommending nominees, the Committee shall consider nominees recommended by Company stockholders. Such recommendations should be submitted to the Chairperson of the Nominating and Corporate Governance Committee at least 75 days before the date on which the Company first mailed its proxy materials for the prior year's annual meeting of stockholders.
- D. Board Membership Criteria. The Nominating and Corporate Governance Committee is responsible for reviewing with the

Board, on an annual basis, the size, function, and needs of the Board and in doing so takes into account that the Board as a whole will have competency in the following areas: (i) industry knowledge; (ii) accounting and finance; (iii) business judgment; (iv) management; (v) leadership; (vi) business strategy; (vii) crisis management; (viii) corporate governance; and (ix) risk management. The Board also seeks members from diverse backgrounds so that the Board consists of members with a broad spectrum of experience and expertise and with a reputation for integrity. Directors should have (or have had) experience in positions with a high degree of responsibility, be (or have been) leaders in the companies or institutions with which they are affiliated, and be selected based upon contributions that they can make to the Company. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

- E. Selection of the Chairperson of the Board. Upon the recommendation of the Nominating and Corporate Governance Committee, the directors will annually elect a Chairperson of the Board from among the directors.
- F. Retirement; Resignation.
1. *Term Limits.* The Board believes that it should not establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they have the disadvantage of causing the loss of the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations, and therefore provide an increasing contribution to the Board as a whole. The Company operates in a complex industry and believes that the longer the director serves on the Board, the more valuable she/he becomes.
 2. *Retirement Policy.* No person will be nominated by the Board to serve as a director after she or he has passed her or his 75th birthday, unless the Nominating and Corporate Governance Committee has waived the mandatory retirement age of such person as a director.
 3. *Resignation Policy.* Non-management directors who change their primary job responsibilities that they held at the time of their election to the Board will offer a letter of resignation for Board consideration. The Board will, in its

sole discretion, determine whether such change in responsibilities will impair the director's ability to effectively serve on the Board, and may waive such requirement for resignation where it has determined the ability of the director to serve is not impaired. Management directors will offer to resign from the Board upon their resignation, removal, or retirement as an officer of the Company. The Board will, in its sole discretion, determine whether or not to accept such resignation, provided that, if approved by the Board, such director shall only continue to serve as a director after his resignation, removal, or retirement for a transition period of up to one year after the date that she or he ceases to be an executive officer.

- G. Additional Directorships. Directors are encouraged to limit the number of other boards of directors (excluding non-profit boards of directors) on which they serve, taking into account potential meeting attendance, participation, and effectiveness on these boards of directors. It is generally advisable to limit outside directorships to three. The Nominating and Corporate Governance Committee and the full Board will take into account the nature of and the time involved in a director's service on other boards of directors in evaluating the suitability of individual director candidates. Every director must seek the consent of the Nominating and Corporate Governance Committee and the Chairperson of the Board to confirm the absence of any actual or potential conflict prior to accepting any invitation to serve on another corporate or not-for-profit board of directors or with any government or advisory group.
- H. Compensation of Non-Employee Directors. Company management should report annually as to how the Company's non-employee director compensation practices compare with those of other similarly situated public corporations. The Board should make changes in its non-employee director compensation practices only upon the recommendation of the Nominating and Corporate Governance Committee after discussion and unanimous concurrence by the full Board. In discharging this duty, the Nominating and Corporate Governance Committee and the full Board should be guided by the following principles: compensation should fairly pay directors for the work required; compensation should align directors' interests with the long-term interests of stockholders; and the structure of the compensation should be simple, transparent and easy for stockholders to understand. The Board believes these goals would be served by providing non-employee director compensation in a cash retainer and in equity-

based awards in such percentages that it shall prescribe from time to time.

II. Board Meetings and Procedures

A. Board Meetings.

1. *Number of Meetings; Attendance and Preparation.* The Board holds a minimum of four regularly scheduled meetings per year. Directors are expected to attend all regularly scheduled meetings and to have, prior to the meetings, reviewed all written meeting materials distributed to them in advance. Directors are expected to be physically present at all regularly-scheduled meetings, and a director who is unable to attend a meeting is expected to notify the Chairperson of the Board in advance of such meeting. Attendance at a meeting by telephone, videoconference or other means of communication generally will be discouraged unless a particular Board meeting was scheduled to be so conducted.
2. *Selection of Agenda Items.* The Chairperson of the Board and CEO should establish the agenda for Board meetings; however, directors may at any time suggest that particular items be placed on the agenda. The Chairperson of the Board, the CEO and the Chairperson of the Nominating and Corporate Governance Committee will annually prepare a “Master Agenda” that will set forth a general list of items to be considered at each of the Board’s regularly scheduled meetings during the year. Thereafter, the Chairperson of the Board and CEO will adjust the agenda for each specific meeting, if necessary, to include special items that had not been contemplated during the initial preparation of the Master Agenda. The Master Agenda will be provided to the entire Board.
3. *Distribution of Materials.* The Company will distribute written materials, including the agenda, for use at Board meetings sufficiently in advance of meetings to permit meaningful review. It is recognized, however, that under certain circumstances written materials may be unavailable to directors in advance of the meeting. On those occasions in which the subject matter is too sensitive to provide in writing, the Chairperson of the Board may elect to contact each director by telephone in advance of the meeting to discuss the subject and the principal issues the Board will need to consider. The Nominating and Corporate Governance Committee periodically reviews the

information flow to Board members to ensure that directors receive the right kind and amount of information in sufficient time to prepare for meetings.

4. *Attendance of Non-Directors.* The Board believes that attendance of key executive officers augments the meeting process by providing certain expertise and insight into items that are open for discussion at certain meetings.
 5. *Executive Sessions of Non-Employee Directors.* The non-employee directors of the Board will meet in executive session during each of the Board's regularly scheduled meetings, without any management directors and any other members of the Company's management who may otherwise be present, to (i) evaluate the CEO; (ii) review management succession planning; and (iii) consider such other matters as they may deem appropriate. The Chairperson will preside at the executive sessions. The directors may meet in executive session at any time to consider issues that they deem important to address without management present. Following each executive session, the results of the deliberations and any recommendations should be communicated to the full Board.
- B. Access to Senior Management/Independent Advisors. Board members have complete and open access to senior members of management. The CEO will invite key employees to attend Board sessions at which the CEO believes they can meaningfully contribute to Board discussion. The Board, including the Committees of the Board, has the authority, in their discretion, to retain independent advisors at the expense of the Company.
- C. Access to Stockholders and Other Interested Parties. The Chairperson of the Board and the CEO are responsible for establishing effective communications with the Company's stockholders, customers, associates, communities, suppliers, creditors, and corporate partners. Directors are not precluded from meeting with such parties, but any such meetings generally should be held with management present.
- D. Confidentiality. The Board believes that maintaining confidentiality of information and deliberations is an imperative.

III. Board Duties and Responsibilities

- A. Oversight. To accomplish its mission to maximize long-term stockholder value, the Board must:
1. Ensure that the Company operates in a legal, ethical, and socially responsible manner;
 2. Select, evaluate, and offer substantive advice and counsel to the CEO and work with the CEO to develop effective measurement systems that will evaluate and determine the Company's degree of success in creating long-term economic value for its stockholders;
 3. Review, approve, and monitor fundamental financial and business strategies and major corporate actions;
 4. Oversee the Company's capital structure and financial policies and practices;
 5. Assess major risks facing the Company and review options for their mitigation; and
 6. Provide counsel and oversight on the selection, evaluation, development, and compensation of executive officers and provide critical and candid feedback on their successes and failures.
- B. Corporate Governance. The Board will review and, if it deems appropriate, approve changes to these corporate governance principles that have been recommended to the Board by the Nominating and Corporate Governance Committee.
- C. Charters. The Board will review and, if it deems appropriate, approve changes to the Company's Audit, Compensation and Nominating and Corporate Governance Committee charters that have been recommended to the Board by such committees.
- D. Education. The Company has a full educational program for new Board members that includes extensive materials, meetings with key management, and visits to Company facilities. Additionally, all directors will periodically attend educational opportunities enabling them to better perform their duties.
- E. Company Visitation. The directors are encouraged to visit the Company each year to familiarize herself/himself with the business of the Company and its subsidiaries. These visits should be pre-arranged with the CEO, and directors are requested to report to the

full Board at the next Board meeting after any such visit their observations from such visits.

- F. Assessing Board and Committee Performance. The Board will conduct an annual self-evaluation of its performance and the performance of its individual members and an evaluation of each of the Board committees' performance and the performance of individual members of such committees to determine whether it and its committees are functioning effectively. The Board's evaluation will be based, in part, on the Nominating and Corporate Governance Committee's evaluation of the Board, and the self-evaluations conducted by each of the Committees.
- G. Assessing CEO Performance. The Board believes that the CEO's performance should be evaluated annually and as a regular part of any decision with respect to CEO compensation. The Board has delegated the responsibility to the Compensation Committee to evaluate the CEO's performance in the course of approving CEO salary, bonus, and long-term incentives such as stock and stock option awards. The Committee is responsible for setting annual and long-term performance goals for the CEO and for evaluating his or her performance against such goals. The Compensation Committee meets annually with the CEO to receive his recommendations concerning such goals and to evaluate his performance against the prior year's goals.
- H. Succession Planning. The Board plans for the succession to the positions of CEO and other executive officers of the Company. To assist the Board, the CEO annually provides the Compensation Committee with an assessment of the executive officers and their potential to succeed him or her. The CEO also will provide the Compensation Committee with an assessment of persons considered to be potential successors to executive officer positions and a review of any development plans recommended for such potential successors. The results of these reports will be reported to and discussed with the Board.
- I. Business Conduct and Ethics. The Board believes that, in order to maintain the highest ethical, legal, and socially responsible conduct, the Company should maintain appropriate codes of business conduct and ethics regarding: (i) conflicts of interest, (ii) corporate opportunities, (iii) confidentiality, (iv) fair dealing, (v) protection and proper use of company assets, (vi) compliance with laws, rules, and regulations, and (vii) such other matters as the Board deems appropriate. Such codes also will include standards of conduct reasonably applicable to designated persons, including the CEO and the senior financial officers, designed to promote: (i) honest and ethical conduct, (ii) full, fair, accurate, timely, and

understandable disclosure in the periodic reports, proxy statements, and other filings under the Exchange Act, that are required to be filed by the Company, and (iii) compliance with applicable governmental rules and regulations.

IV. Board Committees

- A. Board Committees; Committee Charters. Except where Board committees have sole authority to act as required by applicable law or a listing standard, it is the general policy of the Company that major decisions be considered by the Board as a whole. As a consequence, the Board has determined to constitute only those committees that it believes are critical to the efficient operation of the Board or are required by applicable law or a listing standard. The Board currently has three standing Committees: the Audit Committee; the Compensation Committee; and the Nominating and Corporate Governance Committee. The Board has the authority to establish such other committees, temporary or permanent, as the Board deems advisable. Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee will consist of three or more directors, each of whom will satisfy the independence requirements set forth herein and any additional requirements set forth in their respective charters and any other listing or regulatory requirements. The Nominating and Corporate Governance Committee will recommend, and the Board will designate, a chairperson of each committee.
1. Each committee will meet in executive session during the Board's regularly scheduled meetings.
 2. Each of the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committees will have appropriate written charters. The charter of each committee will be reviewed annually by the Board and the relevant committee. These committee charters will be made available on the Company's website at: www.maritrans.com.
- B. Committee Agendas. The chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop their committee's agenda. Each committee will issue a schedule of agenda subjects to be discussed for the ensuing year at the beginning of each year. This forward agenda also will be shared with the Board.
- C. Rotation of Committee Members. The Board does not believe in mandating fixed rotation of committee members and/or committee

chairpersons, since there may be reasons at a given point in time for maintaining continuity. Ideally, however, the Board will seek to rotate committee members and chairs, on a staggered basis within each committee, on an average of every five years. The Board seeks thereby to avoid director entrenchment while ensuring continuity and the availability of experience derived through longevity.

- D. Board Oversight; Committee Reports. The Board is responsible for overseeing the activities of its committees (except where such committees have sole authority to act pursuant to applicable law or a listing standard) and for ensuring that the committees are fulfilling their duties and responsibilities. The Board will regularly receive reports from its committees regarding their activities and will take such actions as it deems necessary and appropriate in response to these reports.

V. Other Principles

- A. Confidential Voting. The Board has adopted a policy whereby stockholders' proxies are received by the Company's independent tabulators and the vote is certified by independent inspectors of election. Proxies and ballots that identify the vote of individual stockholders will be kept confidential from the Company's management and directors, except as necessary to meet legal requirements, in cases where stockholders request disclosure, or in a contested election.
- B. Rights Plans. The Board believes that rights plans, or "poison pills," have proven effective in increasing stockholder value in certain circumstances. The Company adopted a rights plan in June 2002, effective August 1, 2002 which plan expires on August 1, 2012.
- C. Disclosure and Review of Corporate Governance Guidelines. These Corporate Governance Guidelines will be made available on the Company's website. The Nominating and Corporate Governance Committee will review these Corporate Governance Guidelines from time to time, but not less frequently than annually, and will report the results of the review to the full Board.
- D. Disclosure Policy. The Board believes that it is imperative that the Company promote full, fair, accurate, timely, and understandable disclosure in the periodic reports and other statements required to be filed by the Company.
- E. Share Ownership by Directors and Executive Officers. The Board believes that the number of shares of the Company's stock owned

by each director and executive officer beyond those shares held as a result of the Company's equity compensation plan is a personal decision. The Company encourages stock ownership and discourages sales except pursuant to a pre-arranged trading plan until the stock ownership goals are met.

- F. Loans; Option Re-Pricing. Personal loans to directors or executive officers are not permitted. Additionally, the Company does not engage in the re-pricing of options.

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