



News Release

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KOCH COMPANIES STRIVING TO ACHIEVE OPERATIONAL EXCELLENCE *2002 Safety and Environmental Performance Records Reported*

WICHITA, Kan. — Companies owned by Koch Industries, Inc. and its affiliates use environmental, health and safety management systems to achieve continuous improvement and to position them as innovative operators in the industries in which they do business. In 2002, Koch-related companies reported safety and environmental achievements that underscore their commitment to superior EH&S performance – including best-ever results in many instances.

“Koch companies and their affiliates know long-term success in their industries depends on continually improving safety and environmental performance,” says Chris Wilkins, compliance director for Koch Industries, Inc. “Because of the commitment by employees of Koch-related companies, these businesses continue to establish ever-improving safety and environmental benchmarks.”

Koch-affiliated companies reported the following 2002 safety and environmental performance results:

Flint Hills Resources, LP, which owns and operates refineries in Corpus Christi, Texas and Pine Bend, Minn., achieved lowest-ever Occupational Safety and Health Administration recordable incident rates in 2002, dropping from 1.53 to 0.65. For the second consecutive year, Flint Hills had no OSHA lost-time incidents. Flint Hills’ Texas refining complex achieved an incident rate 96 percent lower than the manufacturing industry average and five times better than the average among U.S. refiners. Employees at the Minnesota refinery exceeded two years with no lost time incidents in November, 2002; Texas employees matched that record in December. Total agency reportable environmental events – releases to air, land or water that exceed state or federal regulatory agency reporting requirements – from the refineries were steady in 2002, a decrease of more than 50 percent from 1999.

OSHA recordable rates are standard industrial safety performance measures that represent health and safety incidents per 200,000 work hours, a unit of measure chosen by the agency because it approximates the annual work of 100 employees. Lost-time incidents are those injuries or occupational illnesses that result in time away from work.

Koch Pipeline Company LP, which operated about 10,000 miles of North American pipelines in 2002, experienced no lost-time incidents in 2002; the company has worked since March 2001 with no LTIs. The northern division has worked six years with no LTIs. In 2002, Koch Pipeline employees had a period of 241 days with no recordable injuries. The company’s recordable incident rate of 0.47 was in the upper quartile for the pipeline industry. The company earned safety awards from state and national organizations in eight states. Even with the implementation of the U.S. Department of Transportation’s new “5 gallon rule,” the company had two fewer (39) agency reportable releases than the prior year. Daily in 2002, Koch Pipeline transported about 1.5 million barrels of crude oil, refined products, gas liquids and ammonia in the pipelines it operated; Koch Pipeline sold its entire ammonia pipeline business in October 2002.

Koch Chemical Technology Group LLC, a group of companies that supply industrial processing and pollution-prevention equipment and services, had no agency reportable releases in 2002, down from two in 2001. The group’s recordable incident rate decreased to 2.62, 78 percent lower than the average metal fabrication industry 2001 rate of 11.1. The group’s lost-time incident rate was 0.34, 80 percent lower than the industry average of 1.7. Koch-Otto York’s Houston facility has worked more than four years without a lost-time incident and its Parsippany, N.J. plant has worked more than two years without an OSHA recordable incident. Koch-Otto York is a division of Koch-Glitsch, LP. Koch-Glitsch’s Wichita, Kan. facility reduced its OSHA recordable rate by more than 50 percent in 2002, from 4.59 to 1.94.

Koch Supply & Trading, which trades petroleum-based and other commodities from locations in the United States, Europe, Russia, India and Singapore, had no agency reportable environmental releases or OSHA lost-time incidents in 2002. Its OSHA recordable incident rate was 0.88 for its U.S. locations. A subsidiary manages the worldwide shipping of crude oil and other commodities.

Koch Materials Company, a company that supplies asphalt products and road construction materials expertise to worldwide projects, decreased its 2002 OSHA recordable rate to 0.94 from 4.74 in 2001, a decrease of 82 percent. Its lost-time incident rate was 0.17. The company's asphalt plant in Saginaw, Texas earned STAR status through OSHA's Voluntary Protection Program – the most prestigious designation presented to companies with outstanding operational records and safety programs. It is the first asphalt plant to earn this designation. The company's agency recordable releases decreased to nine in 2002, limiting spills to 9.6 gallons per 1 million gallons of product handled, down 72 percent from the previous year. In 2002, Koch Materials sold enough asphalt to pave about 125,000 lane-miles of road worldwide.

Koch Mineral Services LLC and its affiliates, which store, transport and trade coal, petroleum coke, fertilizer, sulfur and cement, reduced agency reportable releases to seven in 2002, a 50 percent decrease from a year earlier. Its OSHA recordable injury rate was 1.08, a slight improvement from 2001. Its 2002 lost-time incident rate dropped to 0.22 from 0.50 in 2001. Thirty-seven of the company's sites completed the year without a recordable injury. Koch Nitrogen Company's ammonia plant at Sterlington, La., exceeded 1 million work hours in 2002 without a lost-time incident. Koch Nitrogen is a subsidiary of Koch Minerals Services.

Koch Hydrocarbon LP and its affiliates, which process and transport natural gas liquids, had an OSHA recordable rate of 1.93 and a lost-time incident rate of 1.45 in 2002. The isobutane processing plant in McPherson, Kan. has exceeded 17 years without an LTI. The company reported 40 agency reportable releases in 2002. The number of reportable releases at the Mont Belvieu, Texas fractionator, operated by a Koch affiliate, declined 40 percent in 2001, from 15 to 9.

KoSa B.V. and its subsidiaries, with polyester production operations in the United States, Mexico, Canada and Europe, achieved a lost-time incident rate of 0.25 in 2002, steady with the previous year's performance. Six plants had no lost-time injuries in 2002. The OSHA recordable rate for KoSa's U.S.-based operations was 1.42. Worldwide, KoSa had five agency reportable releases in 2002.

Matador Cattle Company, which operates ranches in Montana, Kansas, and Texas that total about 400,000 acres, have about 15,000 head of cattle, and employ 25 cowboys, improved its 2002 recordable incident rate by 57 percent to 2.74, down from 6.47 in 2001. Its lost-time incident rate was 1.37. Beaverhead Ranch in Montana earned Wildlife Habitat Council Certification for its programs to promote natural resource conservation, the first ranch nationwide to achieve the honor. The company had no agency reportable releases in 2002.

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Koch Industries, Inc. is a Wichita, Kan.-based firm that owns a diverse group of companies engaged in trading, investment and operations worldwide. These companies regularly report their environmental, health and safety performance via brochures, progress reports and via the www.kochehs.com Web site. More information about Koch Industries is available at www.kochind.com.