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The Week in Review

Further New York Insights

In addition to being Conference Chairman of the New York Conference, **Hamish Norton** of **Jefferies** was also given the challenging assignment of commenting on the capital markets. Certainly, there are no surprises as the “subprime lending crisis is reverberating across all markets.” Current equity market conditions are at best uninspired with all major indices well down, with most of the damage done in the last eight weeks. YTD domestic equity fund flows are largely negative but less net negative recently. Not surprisingly, to the extent any equity deals were done they were largely done in the financial sector reflecting their need to recapitalize.

Turning to shipping, Mr. Norton looked at the shipping universe trading in dry, wet and U.S.-flag comparables in 2008. It is not a pretty picture with the dry segment faring the worst. Normal corporate dry and yield-orientated dry were down respectively 63.8% and 80.0% versus the S&P 500 decline of a mere 35.6%. Dividends moderated the decline but given the magnitude of the drop they were not all that helpful. On the wet side, normal corporate wet and yield-orientated wet stocks were down respectively 34.5% and 51.0% versus the S&P's decline of 35.6%. The performance here was certainly less alarming versus the overall market. In the U.S.-flag segment, there was not a dramatic difference between the corporates and the index. There was however a steep decline in the performance of the MLPs. Mr. Norton attributes this to the premium valuation the shipping MLPs received a year ago when the market perceived them as the equivalent of gas pipelines. Investors have subsequently determined that even the Jones Act business does not provide the stability of the pipelines and hence have reduced the multiples to the level of their corporate brethren.

Looking more closely at the relationship between price change and dividends, Mr. Hamish plotted the dividend payout ratio against price change over the last five months.

There was a reasonable correlation. But the real issue is whether the cost of these current high yields, in the range of 25-30%, is worth the weakening of the balance sheet. In his view the cash could soon be invested in projects that will have higher rates of return. Stay tuned!

In an unexpected anomaly, there was no correlation between leverage and price change. This was inexplicable in his view.

In response to the question of when the IPO market would reopen, Mr. Norton differentiated shipping from the general market. The IPO market for shipping will open when you can sell above NAV. Calculating EBITDA multiples for vessel types, Mr. Norton concluded that deals could get done in the dry side between 4x and 6x but above that range they cannot get done. In an interesting conundrum, when the market is at the lowest and EBITDA is at 15x to 20x, the public market views it as too expensive, while the owner sees it as cheap. Deals in the tanker market can get done at the higher multiple of around 6x.

New issuance in the leveraged markets has been in a slump since July 2007. Nevertheless it is open, but given the spreads involved, you need a real reason to access it. In an interesting turnabout, shipping bonds have outperformed the high yield market. Yield to worst for the High Yield Broad Market Index is up 790 bps versus 244 bps shipping companies. The conclusion is that the credit markets think shipping is a better risk.

Based upon the liquidity issues in both the public and banking markets, Mr. Norton views high yield debt as having the potential to fill a hole in the balance sheet. Deals can be done in the market, although pricing

would be higher than current trading levels. Although expensive, it may be a suitable alternative if the bank wants all its money back. He gave as an example the latest Jefferies' deal for Perkins Pancakes that was done at 15¾%. The potential for this product was highlighted after seeing a TED spread slide showing the divergence of 3 month Treasury and LIBOR rates at record levels indicative that all is not well in the banking industry.

Another indicator of a lack of banking activity appears in the leveraged loan market. Average secondary spreads are at record highs ranging from 1100 bps for "B" to 800 bps for "BB." Bid and ask prices have fallen through the floor and are currently at 70%.

In summarizing his outlook, Mr. Norton sees increased merger activity, and restructuring. High yield markets will lead financing activity with equity markets following the charter markets. And finally, through simple math he calculates a huge shortfall in the equity needed to finance the newbuildings being delivered. As he suggests, the owners hopefully have the equity because it exceeds the capacity of the capital markets to supply.

Neither was there much cheer from the banker's panel led by **Larry Rutkowski** of **Seward & Kissel**. **Kristin Holth** of **DnB NOR** set the stage with a concise presentation on where we are. U.S. bond volumes, IPOs, and shipping loan volumes are all down while the orderbook is up. Using Clarksons' data, Ms. Holth calculates a global orderbook, including offshore drilling rigs, of \$645 million. Assuming 50% is yet to be financed with 60% leverage, new financing of approximately \$65 billion annually will be required over the next three years. Taking it a step further, Ms. Holth, based upon the top 25 banks' shipping portfolio of approximately \$350 billion and an average life of 7 years, calculated the annual run-off at about \$50 billion annually. This is insufficient to cover the new financing needed particularly in light of the calls on capital for re-financings, re-structures, mergers and acquisitions. And, finally, for better or worse, we are officially in a lenders market as defined in her brilliant carousel slide.

Providing a capital markets perspective, **Steven Vitale** of **KeyBanc Capital Markets Inc.** spoke of lending being reserved for the "broadest" relationships. Straight lending is of little interest, although one might lead with their balance sheet in developing new business. The goal is a financial partnership where all the bank's products and services are utilized. These "interesting times" provide opportunities. Regional banks, for instance, can "uptier" their relationships, while borrowers in lieu of increased costs can provide deposits. As Mr. Vitale urged in these times take every meeting and don't turn away calls.

Andrew Fentress of **Medley Capital LLC** and **Sybre Hoekstra** of **Northern Shipping Funds** represented the minority, investors with capital to invest. Both are well positioned to take advantage of the opportunities created by this dislocation. Describing the company as the community bank of yesteryear, Mr. Fentress described Medley as one of 65 to 70 funds (\$10 –\$15 billion) that engage in asset based lending. The fund is unlevered and holds deals to maturity. Perhaps, somewhat less conservative, the Northern Shipping Funds are also seeking asset based transactions in both the shipping and offshore sectors. We applaud Sybre's excellent timing as many of the opportunities he may see will come from his former banking colleagues.

As this conference had its roots in the Jones Act, we were excited to hear **OSG America's Jonathan Whitworth** describe the first new Jones Act petroleum trade in more than 25 years. OSG America is the first mover in the Gulf of Mexico shuttle tanker business having signed two multi-year contracts with Petrobras America for their Walker Ridge production. Using proven technology, shuttle tankers transport crude oil from deep water FPSOs to refineries. Used in the North Sea and off the coast of Brazil, these vessels provide a safe, reliable and cost effective solution compared to pipelines. The potential for this market is huge with ultra deepwater fields expected to produce 0.7 to 1.0 billions of bpd of crude oil by 2015. On the basis that two handysize or one Aframax shuttle tanker is required for every 60,000 to 75,000 barrels of daily production, there is a potential for 10 to 20 tankers in this trade.

It was a highly informative conference, which Mr. Norton successfully concluded with an enjoyable litany of lessons learned.

Songa's Misguided Misadventure

In a presentation on Monday, **Songa Offshore** sought to explain its unexpected private placement of shares the previous week, at a discount of approximately 34% to the prior day's close. The share placement alleviated a short-term liquidity shortfall as well as a breach of covenants.

The main culprit was its historic financial strategy. Over the last few years, Songa intentionally kept cash at tight levels of around \$30 to \$70 million, which level was increased as rigs were added. In addition, the company entered into TRS agreements during the 12-month period until January 2008. Both worked as planned until worlds collided. In a matter of five weeks, the company's TRSs went from \$16.7 million in the money to \$26.8 million out of the money a swing of \$43.5 million. In addition, during the week of September

15th, Songa expected to rollover \$50 million in commercial paper and was able only to roll only \$22 million leaving a \$28 million shortfall.

The company cancelled the TRS with **Nordea Bank Norge** for 2.395 million shares and reduced by 0.229 million shares the TRS with **Carnegie Investment Bank**, leaving a balance of 2.846 million shares. As of October 15th, the total loss, at the NOK 25 share price, was approximately \$32.7 million of which \$17.6 million was realized. The intention is to close out the remaining TRS, which matures in December.

To finance the company's short-term liquidity requirements, including debt repayment, cash calls from TRSs and to increase the company's cash holdings, Songa completed a private placement, with the assistance of **Pareto Securities**, for 10.6 million shares at a price of NOK 25 generating NOK 265 million in gross proceeds. As a measure of confidence, Spencer Energy, a company controlled by Chairman Arne Blystad, subscribed for \$8 million worth of shares.

In addition, the company has reached an agreement with its lead bank, Nordea, for a credit facility of \$35 million. This is in addition to the \$22 million undrawn capacity on the mortgage facility (\$1,050 million) of which \$8 million is for working capital and the balance of \$14 million for the takeout of the commercial paper that matures in June 2009.

The timing of this problem was not propitious. In addition to the liquidity issue and a loss of confidence that resulted, oil economics are not favorable. As **Ingolf Gillesdal** of **Nordea Markets** points out, "(o)il companies are now deciding on capital spending budgets for 2009, and we expect a reduction from last year's levels. The key driver is the oil price with large uncertainties around short-term price levels. This is likely to result in oil companies putting projects on hold until a return of more attractive price levels. Drilling at marginal fields and exploration wells is likely to be put on hold as well." **Christian Dyvik** of **NRP Securities ASA** noted the impossibility to raise capital at normal levels. And, although he expected a sell-off of the shares, "we believe that this does not reflect the true underlying value in the company but the lack of available capital in the current market environment."

Further to that point, the company commented that the recent turmoil and problems were caused by the TRS and short-term funding issues and not related at all to any other part of the business and operations. A glimpse at the current fleet position supports this claim with three rigs of the six rig fleet employed through 2010. The three remaining rigs have work through 2009 with options.

At the conclusion of the presentation, the first questioner pointed out that Songa was precluded from buying its shares by its bond indenture. After a short pause, Mr. Vavik said that they had obtained legal opinions stating that the acquisition of TRSs did not breach that covenant. And now you know how they got there.

Stena Finds Paradise

Stena Bulk announced today the acquisition of a 35% equity stake in the privately held Greek shipping company **Paradise Tankers Holding Corp.** The acquisition, which has total share capital valued at an estimated \$250 million, provides Stena Bulk with full commercial control of three newly built Panamax tankers and two dry cargo bulk carriers which are on long-term charters.

The tankers are modern epoxy-coated Panamax tankers of 73,500 DWT all of which will be withdrawn from the **Star Tankers Pool** and will immediately enter the **Stena Sonangol Panamax Pool**. The pool is a direct spin-off from the successful collaboration with Angola's national oil company **Sonangol** involving a fifteen tanker Suezmax pool which Stena and Sonangol have been operating for five years.

ICP Capital Structures Pemex Transaction

Last week, **ICP Capital** announced it had structured and arranged a \$121 million financing package for **Blue Marine Shipping** of Mexico to acquire two 40,000 DWT product tankers to be leased to **Pemex Refinacion** for ten years with a purchase option at lease end.

To facilitate the transaction, ICP and Blue Marine established a Mexican trust. The trust will qualify the ships under Mexican domestic shipping laws while protecting the investor's security interest in the vessels and the Pemex lease receivables.

Established in 2004, ICP Capital specializes in fixed income capital markets and asset management services. The company provides financing solutions for corporations worldwide. The asset management division manages approximately \$13 billion in direct lending, private equity and hedge fund strategies.

Blue Marine, founded in 1998, provides offshore services to the Mexican and global oil industry. It operates a fleet of oil tankers and offshore vessels.

Economou Out

Top Ships today announced the expiration of the exclusivity agreement between the company and an affiliate of **George Economou**. Mr. Economou's affiliated entity had reduced its offer to acquire the outstanding shares of the company to \$3 per share in cash, down from the original \$6. After consideration of numerous factors, including the recent volatility in global markets and decline in the company's share price, the company's board has determined that this offer is not in the best interest of shareholders.

Market Commentary

Dividends Anyone?

With the recent collapse of both commodity prices and the BDI, share prices, particularly on the dry side, quickly followed suit. A decline in share price is never good news, but for the high paying dividend companies it was a double-edged sword. As yield and share price track inversely, the nominal dividends on these shares now equate to extraordinary yields. The whispered question on the street is whether the high dividend paying companies, given the poor market and lack of liquidity, will cut their dividends. Thus far two companies have answered this week with a resounding no. **OceanFreight** declared its 3rd quarter dividend at the current level. And demonstrating even greater confidence, **Navios Maritime Partners** increased its 3rd quarter dividend by 10% and announced that the 4th quarter dividend would also be increased by a further 4%.

The main argument in favor of the cutting the dividend is the fact that cash is no longer king it is God. Clearly, liquidity will be required to get through this market particularly for those companies that are highly leveraged. Moreover, without access to the debt and equity markets, these companies, which were dependent on both for growth, will need the cash to entice the banks to lend. The potential breach of covenants could also be a reason to hold onto cash. For instance, if market values decline significantly many companies with market value covenants may need incremental cash to service a higher debt amortization schedule.

Those that are opposed note that cutting the dividend will put further pressure on the share price. They cite the example of **Double Hull**, which moved from the full payout model and saw its share price collapse. Self-interest also is a motivating factor. A reduction in the dividend will delay the returns to the subordinated shares and the IDRs to the GP interests. Also, in the case of MLPs, there is an unspoken contract that not only will dividends continue to be paid they will grow. Of course, this is a moral not a legal obligation.

Offshore Immune?

E.R. Offshore GmbH & Cie. KG, the offshore unit of Hamburg-based **E.R. Schifffahrt**, held the naming ceremony for two further UT 755 LN PSVs constructed at **Aker Shipyard** in Norway. According to **Willem Dekker**, the Managing Director, the fleet will continue to grow in the next few months. The company has four more PSVs on order, including two each of the UT 755 and UT 776 types, and eight AHTs for delivery by 2010.

In the chart below we have taken a look at the dividend paying companies and shown their current yields and leverage (LTD/Equity). From this list, you can quickly glean which companies are talking to their banks.

Dividend - Paying Stocks

Company	Closing Price 10/22/08	Nominal Dividend	Yield	Debt/Worth- 6/30/08
Dry				
DSX	\$16.13	\$0.91	22.6%	0.24
EGLE	\$8.37	\$0.50	23.9%	1.31
GNK	\$17.17	\$1.00	23.3%	1.13
NMM	\$8.00	\$0.35	17.5%	6.16
OCNF	\$7.87	\$0.77	39.1%	1.30
PRGN	\$5.55	\$0.50	36.0%	1.12
SBULK	\$4.15	\$0.35	33.7%	0.36
Wet				
ATB	\$8.93	\$0.56	25.1%	0.68
CPLP	\$9.27	\$0.41	17.7%	2.16
DHT	\$3.96	\$0.25	25.3%	2.15
FRO	\$30.07	\$3.00	39.9%	4.22
GMR	\$12.73	\$0.50	15.7%	2.91
KSP	\$19.04	\$0.77	15.8%	1.54
NAT	\$27.33	\$1.50	22.0%	0.00
ONAV	\$6.04	\$0.50	33.1%	1.85
OSP	\$6.81	\$0.38	22.0%	0.20
TGP	\$14.89	\$0.55	14.8%	3.39
TNK	\$10.87	\$0.90	33.1%	2.14
Container				
DAC	\$8.13	\$0.47	22.9%	2.53
SSW	\$11.81	\$0.47	16.1%	1.21

For a more insightful analysis, we provided **Mark Friedman** of **Merrill Lynch** with the list and asked him for his observations. His initial reaction is “that for the group as a whole the yields are incredibly high, reflecting investors’ concerns broadly about the energy and commodity space and the macro trends that have been or are expected to impact shipping companies.”

“There are many factors impacting valuation and dividend yields, however, in general, the stocks with the highest yields reflect where investors think the sustainability of the current dividend is most in question. These factors include charter length and associated cash flow variability if the ships are rechartered, credit quality of the counterparty and issues surrounding capital structuring, including the amount of debt, and the risk that covenants will be triggered.”

Although the share prices of the shipping MLPs have been hit hard, Mr. Friedman sees solid value in many of these names. “Some of the MLPs like **Capital Product Partners** have very strong counterparties, multi-year charters, opex clarity and favorable debt terms. With a yield of about 17%, while lower than some of the dry bulk names, there seems to be very significant value for shareholders at this level. Similarly, **TK LNG**, with a 15% yield, has very long charter coverage with very solid names -- so risk to any dividend reduction seems to be extremely low and you are partnered with a very strong sponsor in **Teekay Corporation**. On the dry bulk side, we see a lot of value in **Navios Maritime Partners**, which has longer time charter coverage than other dry names and with good counterparties. At an 18% yield, an investor is basically getting virtually all of his investment back through dividends by the end of the current charters -- hence, the residual risk and rechartering risk is highly mitigated. Some of the non-MLPs, such as **Seaspan** and **Danaos Corporation** have similar cash flow stability as the MLPs with protected dividend streams.”

With 3rd quarter reports about to be issued, we exhort the industry to be highly transparent in their disclosures and explanations of their future outlook and the status of the dividend going forward.

We Have Seen the Future And It May Look Like This

Although not directly related to shipping, **Norwegian Energy Company** (“NORECO”) is an independent E&P company, which issued high yield bonds in the Norwegian market. NORECO recently agreed to the early redemption of 20% of the outstanding bonds at par value in exchange for the removal of the market adjusted equity ratio in the loan agreement.

The company’s liquidity position was strong with nearly NOK 1 billion in cash at the end of the 2nd quarter. However, as the Market Adjusted Equity Ratio covenant in the loan agreement has been negatively affected by the significant fall of the company’s share price, Noreco could have been forced to issue new equity, despite a strong liquidity position, in order to reach covenant compliance. The buy-back was a very tidy solution for both parties.

What if...

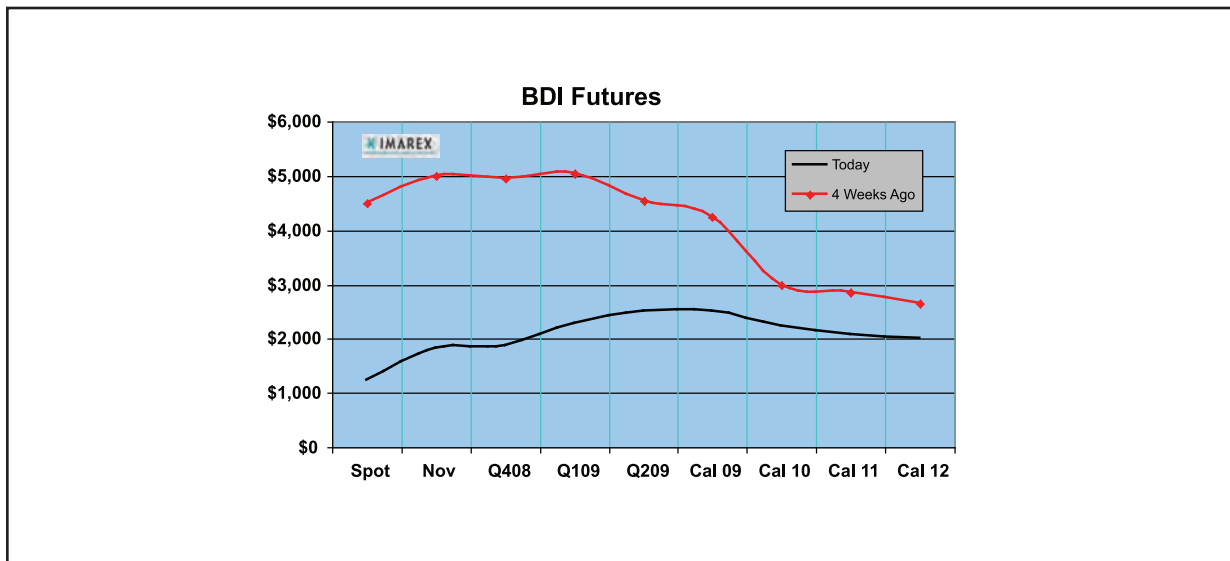
Back in the 1980s, there was yet another conspiracy theory. This one presumed the Japanese, acting through the likes of **Sanko Steamship**, placed huge orders for new vessels creating an oversupply situation in order to lower freight rates because of their total dependence on imports.

Operating under the presumption that no one really knows what is going on in China. Could China also be acting in its own self-interest? No one seems to question China’s insatiable need for commodities to build-up its infrastructure. Surely, it did not stop with the Olympics. There are the earthquake ravaged areas as well as the requirements generated by the population shift to the cities. Given the magnitude of the requirement and the cost of raw materials at the commodity peak, they certainly are the prime beneficiaries of the collapse in commodity prices as well as freight rates.

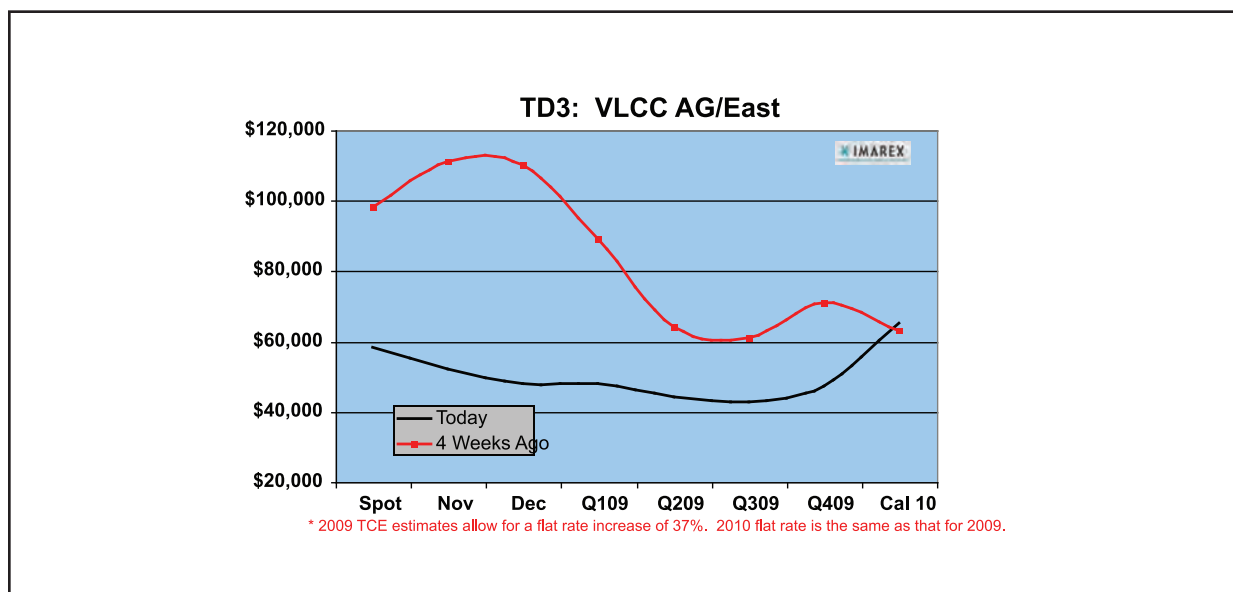
There is no reason to believe this hypothesis has any more validity than the first. Nevertheless, there is no question that when China resumes work on its infrastructure it will cost a lot less.

Back to the Futures

By Mike Reardon, Imarex Inc., Email: mr@imarex.com



Dry bulk continues to disappoint. The physical market could be called fragile at best, while sentiment digs for new lows. Lack of demand from the Middle Kingdom is of course the primary culprit, though the worldwide credit and liquidity crises are clearly playing a role. The Baltic CS4TC shows Capes earning an average of \$8,600/day, down about \$3,000/day from last week. The futures market has come off as well, though the slight contango seen in the graph above implies mild optimism once the current storm passes. Times are tough – to the point that some Owners have chosen to put their vessels at anchor rather than fixing them at levels close to operating costs. There is some good news to report, however – as period activity is said to have recently increased. While this is only one very minor sign of better days to come, the journey of 1,000 miles begins with one step.



The tanker sector has softened further over the past week. Most had expected some form of rate rebound in the AG as November demand was brought to market. Inquiry has been less than normal at this stage of the monthly fixing cycle – allowing the position list to readily absorb cargo requirements. VLCCs on the AG/East route are earning a respectable \$58,000/day, though optimism is fading for a Q4 rally. The declining price of bunkers clearly helps Owner's bottom line, though at the same time, the falling price of crude implies a weaker worldwide economy. The OPEC Meeting scheduled for today is expected to bring a production cut of 1 million bpd or more, which does not bode well for tankers worldwide. With that said – there is a vast difference between announcing a cut and actually pumping fewer barrels. Deeds matter more than words. Acta non verba.

Deal Tables & Bond Prices

M&A and Joint Venture Deal Table

★ = New

📅 = Updated

✓ = For full analysis see Marine Money's Asia Edition

Acquirer, New Partners, or Parent Seller	Advisors	Amount (US\$ M)	Target / New Company	Comments
★ Stena Bulk		\$250	35% in Paradise Tankers	Full commercial control of fleet of 3 newly-built Panamax tankers and 2 bulk carriers
📅 George Economou		\$45	TOP Ships	Short term exclusivity agreement extended to October 22/08 to explore acquisition for \$3/share; Rejected
📅 Hapag-Lloyd	Lazard, Citi, Deutsche, Greenhill, HSH; JP Morgan for NOL as potential buyer	\$5,900	For Sale	Albert Ballin consortium: City of Hamburg, Klaus-Michael Kuhne, HSH Nordbank, MM Warburg, Signal Iduna, Hanse Merkur
DryShips		\$690	9 Capesize vessels, 2 UDW Drillships	Payable in the form of 19.4 m new DRYS shares at \$35.50 each
✓ Goldman Sachs			Yamamoto Kayun	Full acquisition of Japanese shipowner
Conbulk		\$262	10 feeder containerships	6 from Palmosa in exchange for stock and repayment of debt, 4 from Tsakos-managed companies for cash/stock combo
George Economou		\$617	TOP Ships	Short term exclusivity agreement ending October 8/08 to explore acquisition for \$6/share, a 50%+ premium
Pacific Transportation Asia Fund		Up to \$650	20-25 products/chemical tanker fleet	Asian arm of Credit Agricole; To be financed through existing \$250m with plans to raise further \$400m

Bond Deal Table

★ = New

📅 = Updated

✓ = For full analysis see Marine Money's Asia Edition

Borrower	Arrangers / Advisors	Amount (US\$ M)	Interest Rate	Maturity	Purpose / Remarks	Status
Hanjin Shipping	Hana IB Securities, KB Investment, Korea Development Bank	\$169	7.00%	2011	Planned KRW 200bn bond sale	Early stages
IM Skaugen	Fearnley Fonds	\$35	10.50%	2011	To finance repurchase of existing bonds	Done
✓ Syarikat Borkos Shipping	Bank Muamalat Malaysia Bhd	\$108			Islamic medium term notes	In Progress
✓ Titan Shipyard Holdings		\$25	1.00%	2013	Convertible notes exchangeable for up to 5% of Titan Shipyard issued share capital	Done
Grupo TMM				2028	3rd tranche of Mexican Trust Certificates for vessel purchases	
Master Marine	DnB NOR	EUR 60	3 m EURIBOR +12%	2011	Senior secured 2nd priority pledge	Done
Trico Marine	Lazard	\$300	6.50%	2028	Senior convertible debentures	In Progress
✓ Noble Group	Citi and JP Morgan	500	8.5 - 8.75%	2013	For general corporate funding	In Progress
✓ Swire Pacific	HSBC and JP Morgan	\$500	6.25%	2018	For general corporate funding	Done
Fairstar Heavy Transport	DnB NOR Markets	\$30	3 mo NIBOR+ 3%	2009	18 month secured bonds to fund newbuilding	Done

Equity Deal Table

★ = New

✎ = Updated

✓ = For full analysis see Marine Money's Asia Edition

Issuer	Underwriters / Advisors	Amount (US\$ M)	Structure / Pricing / Comments	Status
✓ Yang Fan Group	Goldman Sachs		Planning a listing in Hong Kong in 1H09	In Progress
✎ Conbulk Corporation		\$262	Arcade SPAC to acquire fleet of 10 feeder service containerhips	Early Stages
✓ Otto Marine	UOB, Credit Suisse		Planning a listing in Singapore	In Progress
✓ KS Energy	Kim Eng Securities	\$122	Proposing a 2 for 5 rights issue to enhance capital base and support business expansion	In Progress
K-Sea Transportation	Lehman Brothers, RBC Capital Markets	\$57	2 million unit public offering with 300,000 share overallocation option; Net proceeds to pay off debt and fund construction of new vessels	Planned
✓ Pacific Shipping Trust	UBS	\$92	Planning a non-renounceable preferential offering of new units	In Progress
Paragon Shipping		\$250	Shelf registration to periodically issue common shares, preferred shares or other securities	Filed
Sealink International	AmInvestment Bank	\$43	IPO in Malaysia priced at RM 1.25 per share and oversubscribed by 0.03 times	Done
SeaDrill		Undisclosed	Acquired another 2.4 million SapuraCrest Petroleum shares raising stake to 19.7%	Done
✓ Marco Polo Marine		\$5	Sold 18 million new shares or 6.7% of existing paid-up capital at SGD 0.346 per share	
✓ Trada Marine	PT Danatama Makmur and PT HD Capital	\$54	Indonesian tanker and FPSO company seeking an IPO in Jakarta via a sale of 45.81% stake btwn Rp120 to Rp130 per share	In Progress
✓ Penguin International		\$10	Sold 88 million placement shares or 16.7% of enlarged capital at SGD 0.157 per share	
Svithoid Tankers		\$9	Rights issue; Additional \$10 million second tranche expected to be raised in 2009	Announced
Frontline	Carnegie, Fearnley Fonds, DnB NOR, Dahlman Rose	\$210	3 million new shares at NOK 37 per share	Priced
Navios Maritime Acquisition	JP Morgan, Deutsche Bank, S. Goldman Advisors	\$253	25.3 million share SPAC sponsored by Navios at \$10 per share; Overallocation of 3.3 million shares exercised	Done
✓ Far Eastern Shipping Co (FESCO)		\$767	Plans to sell 590.25 m new shares or 25% of its share capital to fund acquisitions	In Progress
Eitzen Maritime Services	Fondsfinans ASA, Kaupthing ASA, Orion Securities AS	\$50	The Private placement at NOK 3.0 per share, fully underwritten by Camillo Eitzen & Co., to fund acquisition of Seven Seas Shipchanders	In Progress
Seawell	Pareto, DnB NOR Markets	\$39	Private placement of 10 million shares at NOK 19.50/share to part finance the company's recent acquisitions and for working capital	Done
Teekay Offshore Partners	Citi, Merrill Lynch, Lehman Brothers	Up to \$162	Follow-on offering of 7million units	Priced
Britannia Bulk	Goldman Sachs, Banc of America, Dahlman Rose, Oppenheimer	Up to \$144	NYSE IPO priced below range at \$15 per share	Priced
Trico Marine	Lazard for Trico, Carnegie for Deep Ocean	\$126	20 m new shares in DeepOcean at NOK 32 per share, the value of the offer price and announced dividend combined represents a premium of 28%	In Progress
✓ Wah Kwong Maritime Transport	Cazenove and Anglo-Chinese	up to \$150	Seeking to relist in Hong Kong	In Progress

Deal Tables & Bond Prices continued

Bank Debt Deal Table

★ = New

📄 = Updated

✓ = For full analysis see Marine Money's Asia Edition

Borrower	Arrangers / Buyers	Amount (US\$ M)	Pricing / Purpose / Remarks
★ Hapag Lloyd	HVB, HSH Nordbank as mlas, DekaBank Girozentrale, Dresdner, KfW IPEX, RBS	\$750	5 year term loan to buy back a fleet of 29 containerships from parent TUI AG
OSG	ING, Fokus Bank, Fortis Bank of Belgium, Sumitomo Mitsui Banking Corp. and BNP Paribas and Nordea	\$500	To acquire 2 vessels to be converted to floating storage offloading service vessels with Euronav JV
Eastern Drilling	DnB NOR; Commerzbank; HSH Nordbank; Norwegian Institute for Export Credit - GIEK; Swedbank Markets	\$800	
✓ HOSCO	SEB, DVB, HVB	\$160	Term loan facility for 2x 298,000 dwt VLCC's under construction
✓ MISC	BTMU, UFJ, BNP Paribas, Mizuho Corporate Bank, OCBC (Malaysia), SMBC	\$1,000	5 year transferable term loan facility
✓ BW Bulk	BNP Paribas, Calyon, DnB NOR, Fortis, ING, SMBC		To finance the company's VLOC newbuildings under construction
D'Amico International Shipping	Mizuho Corporate Bank	\$95	10 yr loan to finance Japanese product tankers with agreed purchase options; Interest corresponding to 3 mo LIBOR for Japanese Yen + 100-125 bps
✓ First Ship Lease Trust	HVB, OCBC as mlas, Heleba, SMBC as participants	\$65	To finance acquisition of a boxship from Yang Ming Marine Transport

Lease Deal Table

★ = New

📄 = Updated

✓ = For full analysis see Marine Money's Asia Edition

Lessee	Lessor(s)/Advisor(s)	Amount (US\$ M)	Structure / Pricing / Comments
★ Pemex	Blue Marine/ ICP Capital	\$121	Sale and leaseback of 2x 40,000 dwt product tankers for 10 yrs with purchase options at end
Woo Min Shipping	ABG Sundal Collier ASA	\$22	Sale and leaseback for 3x chemical tankers for 8 years
Golden Ocean Group	Undisclosed	\$65.30	10 yr sale and bareboatback of Q3 2009 newbuilding delivery; \$21,975/day, fixed price purchase option in 3 yrs and every year after until contract matures; \$40m option in 10 yrs
Wavefield Inseis	Norwegian Oilfield Services	\$144	Sale and 7 yr charterback for 1x 5,000-gt newbuilding: Arrangement includes 33.3% stake in NOS
Seadrill	Ship Finance International	\$1,700	Sale and leaseback of 2 ultra-deepwater semi-submersible rigs for 15 years
✓ Swiber Holdings	RS Platou Finans Shipping A.S., Atlantis Navigation A.S.	\$225	Sale and leaseback of 3x AHTS and 2x diving support vessels for 10 years
Exmar NV	ABG Sundall Collier KS	\$49.50	Sale of 25,000 cbm LPG vessel
✓ Wan Hai International	A Cayman Islands company, Citigroup as advisors	\$300	Sale and leaseback of 4x 6,000 TEU containerships for 7 years
Pemex	ICP Capital as arranger		Purchase and 10 year bareback of 2x MR product tankers with purchase option at end

Jefferies – High-Yield Shipping Bonds

	Ask	YTW	STW	Maturity	Ratings	Call Dt	Call Px
SHIPPING							
Altus Group Ltd (ALTGRP)							
11% Secured Notes due '13	99.000	11.29%	851	04/01/13	- / -	04/01/10	105.500
Great Lakes Dredge & Dock (GLDD)							
7.75% Sr Sub Notes due '13	89.000	10.57%	753	12/15/13	Caa1 / B-	12/15/08	103.875
Navios Maritime (NAVIOS)							
9.5% Senior Notes due 2014	87.500	12.46%	920	12/15/14	B3 / B+	12/15/10	104.750
Ship Finance International Ltd. (SHIPFI)							
8.5% Senior Notes due '13	85.000	12.53%	950	12/15/13	B1 / B+	12/15/08	104.250
Stena AB (STENA)							
7.5% Senior Notes due '13	82.000	12.42%	941	11/01/13	Ba2 / BB+	11/01/09	102.500
7% Senior Notes due '16	89.000	8.93%	523	12/01/16	Ba2 / BB+	12/01/09	103.500
Trailer Bridge (TRBR)							
9.25% Secured due '11	90.000	13.32%	1,110	11/15/11	B3 / B-	11/17/08	104.625
Ultrapetrol Limited (ULTR)							
9% 1St Mortgage due '14	85.000	12.59%	935	11/24/14	B2 / B	11/24/09	104.500
SUPPLY VESSELS							
Gulfmark Offshore (GMRK)							
7.75% Senior Notes due '14	98.000	8.19%	502	07/15/14	B1 / BB-	07/15/09	103.875
Hornbeck Offshore Services (HOS)							
6.125% Senior Notes due '14	86.000	9.16%	591	12/01/14	Ba3 / BB-	12/01/09	103.063
Seabulk International (SBLK)							
9.5% Senior Notes due '13	103.000	8.28%	616	08/15/13	Ba1 / BBB-	11/17/08	104.750
7.2% Seacor Senior Notes due '09	100.500	6.61%	546	09/15/09	Ba1 / BBB-	any time	
5 7/8% Seacor Senior Notes due '12	84.000	10.98%	840	10/01/12	Ba1 / BBB-	any time	

Jefferies – High-Yield Shipping Bonds continued

	Ask	YTW	STW	Maturity	Ratings	Call Dt	Call Px
TANKERS							
Berlian Laju Tanker (BLTAJ)							
7.5% Senior Notes due '14	40.000	30.55%	2,743	05/15/14	– / CCC+	05/15/12	103.750
Golden State Petro (GOLDEN)							
8.04% 1St Mortgage due '19	103.369	7.56%	347	02/01/19	Baa2 / BBB	any time	MW + 37.5
Overseas Shipholding Group (OSG)							
8.75% Debentures due '13	101.000	8.50%	547	12/01/13	Ba1 / BB	any time	MW
7.5% Senior Notes due '24	85.000	9.36%	521	02/15/24	Ba1 / BB	NC	NC
Titan Petrochemicals (TITAN)							
8.5% Senior Secured Notes due '12	15.000	96.09%	9,374	03/18/12	Caa2 / CCC+	any time	MW + 100
Teekay (TK)							
8.875% Senior Notes due '11	100.000	8.86%	679	07/15/11	Ba3 / BB	any time	MW + 50
US Shipping Partners (USS)							
13% Secured due '14	60.000	26.96%	2,378	08/15/14	Ca / CC	02/15/11	106.500

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