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# The Week in Review

## “Twas the Night Before Christmas”

It is never too late to talk about a Christmas miracle and it appears that Messrs. **Zoullas** and **Ginsberg** of **Eagle Bulk Shipping** may have pulled one off. Although we do not know Mr. Zoullas all that well, we are well acquainted with Mr. Ginsberg’s capabilities under fire having watched him carefully manage the demise of the **Nakash Brothers’ (Jordache)** adventure in shipping through its **Kedma** operation in the mid-1980s. With little support from the owners and the assistance of a chartering man, Alan was a proverbial one-armed paperhanger. In what was previously one of the most turbulent times in shipping, Alan was fixing, scrapping and repairing ships. Payables and receivables were carefully managed, as there was no cash. Yet somehow the banks, of which **RBS** was one, were paid off. Alan’s performance, in his first baptism under fire, created great credibility with the banks and will stand him in good stead during these times.

Clearly together, these two gentlemen are a force to be reckoned with as they spanned the world negotiating with the **Yangzhou Dayang Shipyard** as well as its lenders to put Eagle on sound footing. Although all the parties shared in the give and take, in our view the miracle lies in how little it cost them in real terms given the overall risk exposure.

We surmise the Mr. Zoullas took the lead with the shipyard whereas Mr. Ginsberg switched roles in dealing with the banks. We go through the transaction as it was reported below.

In their dealings with the shipyard, Eagle was able to reduce its current capital expenditure obligations by \$363 million. They accomplished this by converting eight charter-free Supramax newbuildings into options. The cost of conversion for the eight contracts is \$440 thousand in total. The progress payments previously made on account of these eight vessels is being applied to payments in respect

of other vessels being constructed by the builder for Eagle. Finally, the delivery date for a vessel under construction has been rescheduled from September 2009 to November 2010. Given the yard’s flexibility, we expect them to be long-term suppliers to Eagle.

Contemporaneously, Eagle amended its \$1.6 billion credit facility with the **Royal Bank of Scotland** (“RBS”). The amendment reduces the amount of the facility to \$1.35 billion from \$1.6 billion. Interestingly, the reduction is less than the savings in capex obtained from the shipyard providing incremental liquidity to Eagle.

Critical amendments were also made to the minimum security value clause. First, the numerator was modified to include not only the market value of the vessels but also the deposits on newbuilding contracts. Then the ratio required was reduced from 130% to 100% of the aggregate principal amount outstanding.

Finally, the minimum net worth clause was reduced from \$300 million to \$75 million for 2009 subject to annual review.

The maturity of the credit facility remains July 2017 with availability declining pro rata from July 2012 to a balloon payment of \$717.2 million at maturity.

And what was the price? The interest margin was increased to 1.75% over LIBOR and no dividends can be paid unless the minimum security value is 130%. On an accounting basis, Eagle expects to incur a one-time cash expenditure of approximately \$0.5 million and a one-time non-cash write-off of approximately \$5.5 million to 4th quarter earnings.

Eagle has set the bar.

### Yes, The Markets Are Open

A few weeks after **Ship Finance's** foray into the equity markets, **Nordic American Tanker Shipping Ltd.** ("NAT") announced on Wednesday an underwritten public offering of 3 million shares pursuant to the company's effective shelf registration statement. **Morgan Stanley**, acting as bookrunning manager, has agreed to purchase the shares which will be "offered for resale from time to time in negotiated transactions or otherwise, at market prices on the New York Stock Exchange prevailing at the time of sale, at prices related to such prevailing market prices or otherwise." We have highlighted the key points in our guts of the deal below.

In his note on this transaction, Scott Burk of Oppenheimer notes "Nordic trades at a significant premium to other tanker stocks and is the only tanker stock in our coverage trading at a premium to NAV (of \$28/sh), largely due to low debt and high dividends. The premium allows for accretive equity offerings when combined with ship acquisitions. In short, "low debt level is positive in de-leveraging world" or good things happen to well-capitalized companies.

### Default I

On the last day of the year, **U.S. Shipping Partners** filed an 8-K with the SEC announcing that it had failed to pay the interest and principal due under its senior credit facility (\$332.6 million), which triggered an event of default. As a result of such failure, the lenders (**CIBC**, **Lehman** and **Keybank**) holding a majority-in-interest of the outstanding loans may declare all outstanding amounts immediately due and payable and to pursue their rights and remedies under the agreement. However in this instance the holders of a majority-in-interest had entered into a forbearance agreement the day before

with the partnership pursuant to which they have agreed to forbear from taking any action or exercising any remedy permitted under the senior credit agreement as a result of the partnership's failure to make the December 31st payment. The forbearance agreement terminates on the earliest to occur of: (i) February 10, 2009, (ii) the occurrence of any event of default other than the failure to make the December 31st payment and (iii) the failure to comply with the terms of the forbearance agreement. During this 40-day period, the parties agree to engage in good faith negotiations regarding restructuring and strategic alternatives, which shall include the possible sale of the partnership. It should however be noted that the lender's prior waivers relating to covenant defaults for the third and fourth quarters expire on January 31st. Unless waived or amended, the partnership will be in default under the terms of the forbearance agreement as of that date.

There is also the problem of a cross-default with the company's interest rate swaps. The payment default triggered cross-defaults under the partnership's interest rate swap agreements. As a consequence, the counterparty may elect to terminate the agreements early. In such event, the partnership's exposure under these agreements is \$24.8 million.

With the market still depressed and the company having been in play for quite a while, there seems to be little likelihood for a positive outcome. We presume the banks will soon enter into conversations with U.S. Shipping Partners' competitors to cut the best deal they can. Of interest, are the five newbuildings at **NASSCO**, which will also be a very interested party. They, like the Aker Shipyard, may soon become shipowners but on an involuntary basis.

### Guts of the Deal

Issuer	Nordic American Tanker Shipping
Number of Shares	3,000,000
% of Total O/S Shares	~8.7%
Offering Price	\$32.50
Deal Size	\$97,500,000
With Over-Allotment	\$112,125,000
Primary Shares	All
Dividend Policy	None
Use of Proceeds	Fund further acquisitions under planning and general corporate purposes
Credit Facility	\$500 million of which \$15 million is o/s
Cost of Debt	LIBOR + 0.70% to 1.20%
Investment Banks	Morgan Stanley
Issuer's Counsel	Seward & Kissel and Appleby
Underwriter's Counsel	Simpson Thacher & Bartlett
Accountants	Deloitte AS
Stock Exchange	NYSE
Ticker	NAT

**Default II**

In a report earlier this week, **Fearnley Fonds** reported that “**Armada’s** Singapore unit filed for bankruptcy following defaults by **Fortescue Metals** amounting to about USD 200m over the duration of contracts to 2014 and defaults of contracts worth about USD 170m with an unnamed Indian charterer. “The cumulative value of the total number of claims which the company could be facing in the course of the next few days, or weeks, at the very least, would be in the region of USD 500m,” Managing Director **Tommy Jensen Rathleff** said in the filing. Among a host of 64 creditors, **Kawasaki Kisen** is owed about USD 95.5m, while **Transfield Shipping** is owed USD 113m, according to an affidavit filed by Armada. With rates at current levels we believe there will be more bankruptcies within the dry bulk market.”

**Making Money While Reducing Exposure**

It is all well and good that companies are extracting themselves from their obligations at a price. **DS Norden A/S** (“Norden”), on the other hand demonstrates that it can do it while turning a profit. Of course it is advantaged by its long-term chartering-in strategy. In this instance, the company agreed to sell 2 Panamax and 4 Handymax bulk carriers for a gross price of \$175 million yielding a \$13 million profit after it exercises the purchase options and resells the vessels.

Following the sales, **NORDEN** expects total proceeds of USD 247 million and a profit of USD 25 million from already agreed sales of vessels in 2009. In 2010, proceeds of USD 140 million and a profit of USD 30 million from already agreed sales of vessels are expected.

**New Commodore**

The **Connecticut Maritime Association** (“CMA”) went out of the box with this year’s pick for the 2009 Commodore. **Captain Wei Jiafu**, the President and CEO of **China Ocean Shipping (Group) Company** has been named the CMA Commodore for 2009 and will receive the award at the gala dinner which concludes the CMA Conference in March.

It is hard to argue with the choice given China’s preeminent role in world trade and the important role that **COSCO** plays in ensuring the inflow of raw materials and the outflow of finished goods for what has become the world’s industrial manufacturing center. By honoring what is probably the world’s largest shipping company, the CMA has met its diversity goals by including for the first time in its shipping pantheon a liner company.

Congratulations Captain Wei. The lines of people anxious to meet you are already forming.

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# Market Commentary

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## All Quiet on the Financing Front

Given the collapse of the shipping and financial markets in the second half of 2008, it is no surprise that we returned to the sounds of silence after an enjoyable holiday season. It was a pleasant respite after months of nothing but bad news on the economic front capped off by the disclosure of \$50 billion Ponzi scheme. The good news is that we can begin afresh and we think our good friends at the Connecticut Maritime Association got it right when they chose “back to basics” as this year’s theme for their conference. Its general relevance for the upcoming year is a certainty.

For the bankers, January has always been an interesting month and it’s not just about the bonus checks. The year generally starts with the development of strategic plans and, in particular, serious negotiations with senior management with respect to budgets. Naturally, expenses are being slashed but the far more interesting discussions will revolve around expectations concerning income and loan volumes. With banks building their capital ratios, this should be an interesting exercise. When will the banks open and to what extent they will lend is a question of far greater import for the economy as a whole than just the shipping market. In the meanwhile, the banks will shortly commence their marketing. It will be interesting to hear what they are telling their clients.

On the other side of the fence, our understanding is that there is no shortage of deal flow. Everything is for sale but where are the buyers? The K/S and K/G markets are closed and private equity remains, for the moment, on the sidelines. A key indicator of PE’s appetite, however, will be the response to the sale of **Allco** by **Citi**, which highlights the strength of the management and the platform the company offers. That leaves only the well-capitalized companies as potential players as they are the ones most likely to have access to loans or can use their shares for acquisitions. However, for the moment, they are on the sidelines biding their time.

## What Were They Thinking?

As a result of the credit crisis and the ensuing economic crisis, no one has been spared blame for creating this debacle. Fingers were pointed at the investment bankers who created the insidious financial products as well as the accountants who exacerbated the problem with their mark to market rules. Initially, we were sympathetic to the accounting profession as the effects of their ruling were unintentional and unforeseen. Moreover, we believed that they had learned their lesson from Enron and had strict guidelines in place from **Sarbanes-Oxley**. From that perspective, we can report both good news and bad news. The following quote discussing “own credit” is extracted from **Barclays PLC**’s Interim Management Statement dated October 31, 2008:

*“The carrying amount of issued notes that are designated under the IAS 39 fair value option is adjusted to reflect the effect of changes in own credit spreads. The resulting gain or loss is recognised in the income statement.”*

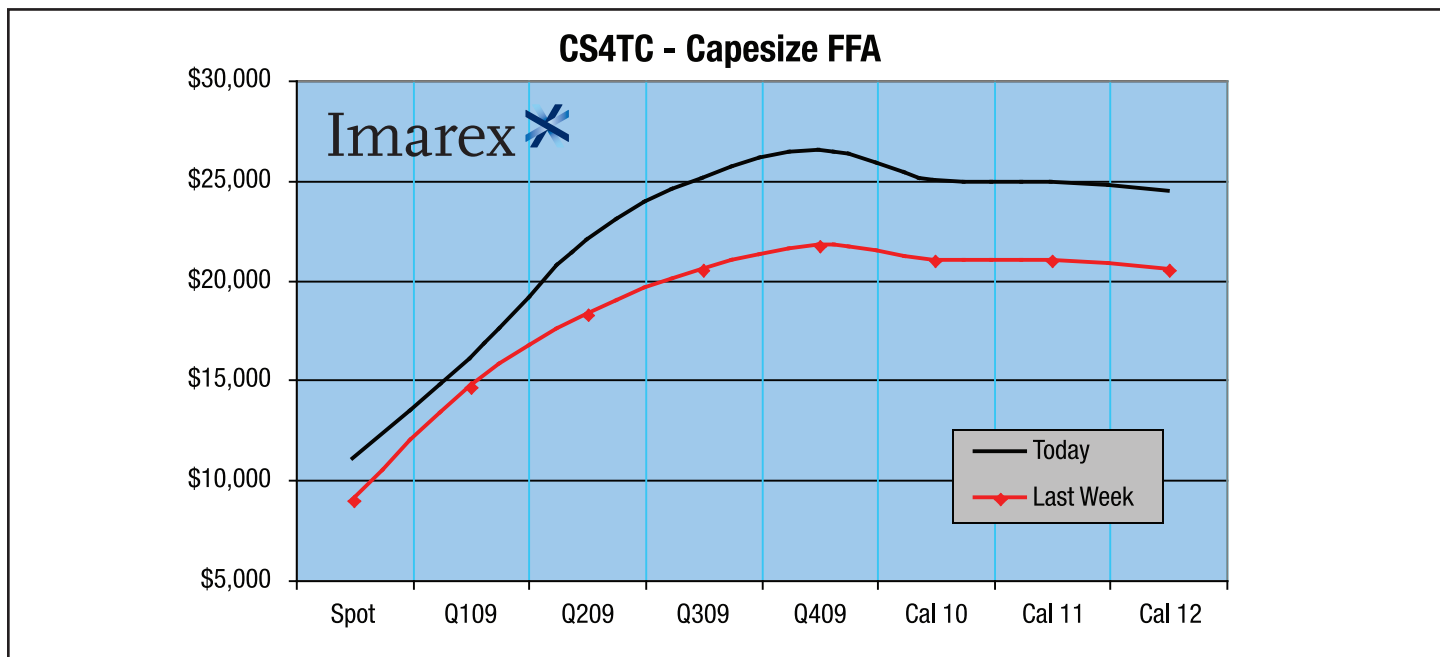
*At 30th September 2008, the own credit adjustment arose from the fair valuation of £56.6bn of Barclays Capital structured notes (30th June 2008: £48.1bn). The widening of Barclays credit spreads affected the fair value of these notes and as a result revaluation gains of £1,951m were recognised in trading income in the first nine months of 2008. Of this, £852m was recognised in the first half of 2008.*

*In October 2008, credit spreads narrowed substantially leading to a reversal of £1bn gains on the fair valuation of issued notes.”*

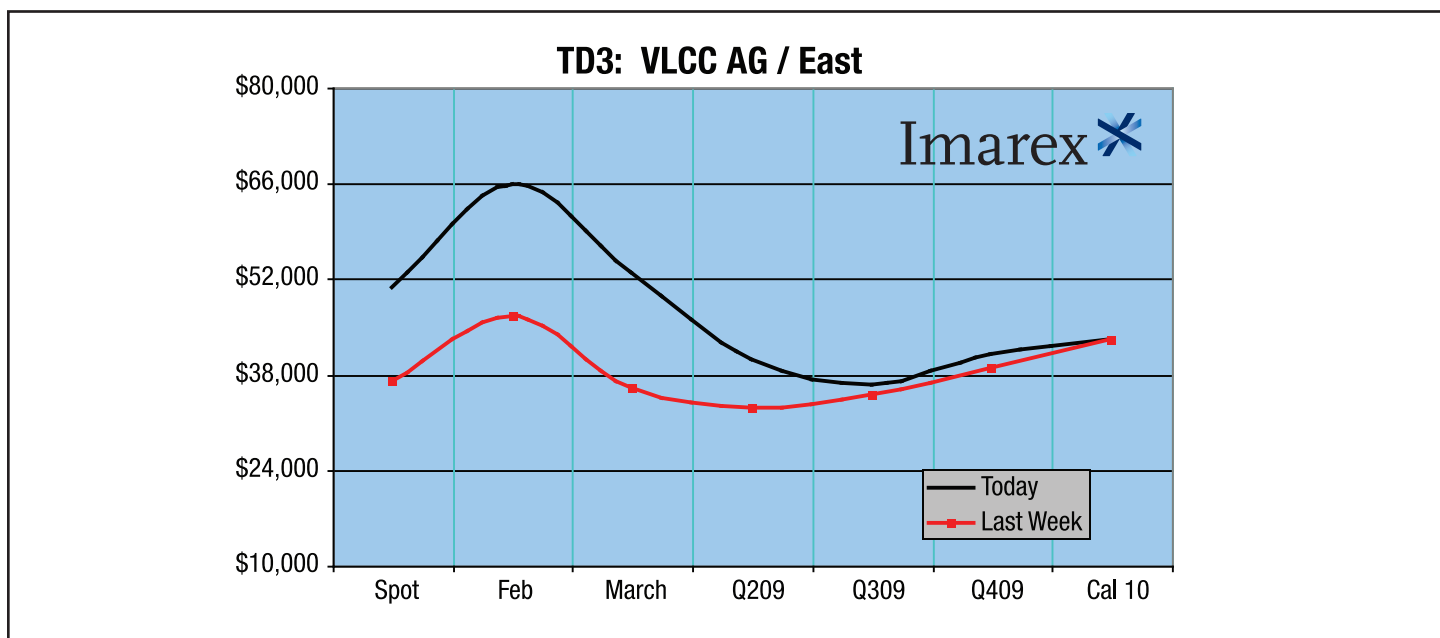
Clearly, nothing had been learned. Quite simply, Barclay’s re-priced their notes and recognized a substantial trading gain that was utilized to offset credit losses. Mysteriously, the market surprisingly turned just a month later and the gain was reversed. The fact that the accountants sanctioned this treatment is frightening to say the least. The good news is that transparency ruled and these transactions were clearly disclosed.

# Back to the Futures

By Mike Reardon and Jeffrey Landsberg of Imarex Inc., Email: [jsl@imarex.com](mailto:jsl@imarex.com)



The dry bulk sector appears to be in slightly better health than a month ago, though the larger picture could be considered mixed. The Cape sector continues to creep up on slowly improving demand, though earnings are still quite close to operating costs. Activity in the Atlantic basin has been good, while the Pacific region still shows ample Panamax availability. All told, demand seems to be on the rise – yet the position list shows depth. Futures activity has also increased at a measured pace, with prices for the Capes drifting north alongside the physical. Although the equities have had a good run the past few weeks, concerns over bankruptcies and loan covenant violations still weigh on the sector.



The market with nine lives has apparently pulled another rabbit out of its hat – as rates on Thursday morning surged considerably on two VLCC fixtures out of the AG. Though doubts existed as to whether or not the fixtures were concluded basis the new, and higher, Worldscale 2009 flat rates – it is clear the market has found new life. The recent fixing flurry thinned the position list to the point where Owners had enough pricing power to move the market from about \$35,000/day to almost \$60,000/day. Futures traded heavily as word of the improved physical market made the rounds. The forward curve jumped in the near months, though stayed mostly unchanged on the further dated contracts. The fact that 20-25 VLCCs are currently being used for oil storage has clearly played a role in firming sentiment.

# 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
Northern Shipping Fund I LLC		\$112	Northern Navigation and MTMM JV	To invest and provide alternative finance in the maritime and offshore service sector
General Maritime	UBS for GMR, Jefferies for ATB	\$283- \$300	Arlington Tankers	Stock-for-stock combo; 1 GMR share to receive 1.34 shares of new entity; 1 ATB share to receive 1 new share; Combined fleet of 31 tankers; Approved
Allco Finance Group	Citi		Allocean	53 ship fleet for sale with management as platform for non-strategic buyers
Cido Shipping	DnB NOR	Undisclosed	For Sale	Exploring strategic alternatives for product tanker fleet of 26 modern vessels and 23 newbuildings totaling 2,298,350 dwt
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

## 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
★ Oceanografia	Morgan Stanley, Citi, Dexia, Baker & McKenzie	\$335		2016	Security of 7 vessel collateral; To repay debt	Done
★ China Cosco		Up to \$1460		2019	For working capital and repay bank loans	In Progress
★ China Shipbuilding Industry Corporation	China Construction Bank	Up to \$438		2012	To enhance shipbuilding and ocean engineering capacity, repay bank loans	In Progress
BD Ferries	Undisclosed syndicate of investment banks	\$140	6.21%	2012	Undisclosed	In Progress
✓ Sinotrans Ltd		\$219	3.60%	2012	To fund construction of strategic logistics infrastructure projects in the Pearl River Delta, the Yangtze River Delta and the Bohai Bay area	In Progress
Noble Group	9 bank deal led by Goldman Sachs, Citi and SunTrust Robinson Humphrey	\$250	7.74%	2014	Senior unsecured notes to pay down \$183m including loans maturing in March	In Progress
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

## Equity Deal Table

★ = New

📄 = Updated

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

Issuer	Underwriters / Advisors	Amount (US\$ M)	Structure / Pricing / Comments	Status
★ Mermaid Maritime	Pareto Private Equity ASA	\$2	Acquired 20% stake in Nemo Subsea IS, a dive support vessel owner	Done
★ Nordic American Tanker Shipping	Morgan Stanley	\$112	3m common shares at \$32.5 each with 450,000 share over-allotment option; To fund further acquisitions under planning	Priced
✓ CSBC Corp	Fubon Securities and SinoPac Securities	\$145	Taiwanese govt sold 54% stake in the island's largest shipbuilder	Done
Ship Finance International	Merrill Lynch	Around \$87	7 million share offering at market price	Filed
Pareto			To launch distress fund	Announced
Safe Ship Investment Fund		\$200	Leo Polemis-led Distress Fund to launch in early 2009 to take advantage of expected increase in distress sales of ships	Announced
Oceanic Distressed Fund		\$200	Tufton Oceanic to launch new fund in 1Q09 to raise equity from private investors to take advantage of expected increase in distress sales of ships	Announced
Otto Marine	UOB, Credit Suisse	\$81	Listing of 2.4m shares at \$0.34 per share in Singapore	Priced
✓ Penguin International	Kim Eng Securities	\$10	Planning a rights issues	In Progress
Hornbeck Offshore Services		\$500	Plans to renew papers to sell stock, preferred stock, debt securities and warrants for future acquisition opportunities	Announced
✓ 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 containerships	Early Stages
✓ 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 over-allotment 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

## Restructuring Deal Table

★ = New

📄 = Updated

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

Company	Advisors	Banks	Comments
★ Armada Singapore	Rajah and Tan		\$500m debt. 8 week deadline for restructuring plan
📄 US Shipping Partners		CIBC, Lehman, KeyBank	Potential sale following default on \$333 credit facility with forbearance agreement until Feb 10
Atlas Shipping	Plesner Law firm, Kromann Reumert		Bankruptcy after inability to fulfill financial obligations due to current market conditions
C& Group		Woori Bank	C& Merchant Marine and C& Heavy Industries owner in talks to go into bank led administration
Britannia Bulk	BDO Stoy Hayward LLP	Lloyds TSB, Nordea	Joint-Administration
Parkroad Corp		Shirhan Capital	Bankrupt South Korean dry bulk carrier transferred vessel operations to Sinokor Maritime
Industrial Carriers	Goyios & Nassikas		Bankruptcy filing in Pireaus

## Bank Debt Deal Table

★ = New

📄 = Updated

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

Borrower	Arrangers / Buyers	Amount (US\$ M)	Pricing / Purpose / Remarks
★ Stena	Citi, Korea Export Insurance Corporation, Eksportfinans; Watson, Farley & Williams as advisors to Citi	\$850	Pre- and post delivery financing for new drillship built at Samsung in Korea for delivery in 2011
Pacific Drilling and Transocean	DnB NOR and Fortis as mlas	\$1,200	To help fund two drillships building in South Korea
✓ Yang Ming Marine Transportation	13 banks including Mega International Commercial Bank, Taipei Fubon Commercial Bank	\$480	20 year loan
✓ PetroVietnam Transportation	Citibank, Calyon, Fortis Bank, Societe Generale	\$175	13 year term loan
✓ PetroVietnam Drilling Investment	ABN AMRO, ANZ, HSBC, OCBC, First Commercial, Far East National Bank, Land Bank of Taiwan	\$115	6 year amortising facility priced at L+300 bps for debt repayment and general corporate purposes
✓ North China Shipping	DVB, SEB and HVB		To finance the acquisition of two VLCC newbuildings
✓ STX Europe	Nordea, Woori Bank	\$88	50/50 financing of credit facility for 3 years
✓ Jesper Investments	A syndicate of 6 banks	\$290	Refinancing of credit facility
White Dolphin Shipping	KfW IPEX as mla, Fortis	\$268	50/50 financing for 6x 2,500 TEU container ships being built by Volkswerft Stralsund for Fair Hope subsidiary
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

## 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
China Huaneng Group	ICBC Leasing	About \$420	Sale and leaseback of 6x Supramax bulkers for 10 years
Berlian Laju Tankers	Jointly by DnB NOR Markets and R.S. Platou Finans	\$107.75	Sale leaseback for 2x chemical tankers for 12 years
Odfjell Group	nabCapital (National Australia Bank Limited)	\$32	Sale and 11 yr leaseback 40, 005 dwt tanker built in 2005
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	\$88	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 yrs
✓ 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

## Jefferies – High-Yield Shipping Bonds

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
<b>SHIPPING</b>							
<b>CMA CGM (CMACG)</b>							
5.5% Sr Unsecured due '12	47.500	32.27%	3,022	05/16/12	– / BB-	any time	MW+50
7.75% Senior Notes due '13	45.000	32.66%	3,123	02/01/13	– / BB-	02/01/10	103.625
<b>Great Lakes Dredge&amp;Dock (GREATL)</b>							
7.75% Senior Notes due '13	82.000	12.78%	1,114	12/15/13	Caa1 / B-	02/09/09	103.875
<b>Navios Maritime (BULK)</b>							
9.5% Senior Notes due '14	56.000	23.67%	2,186	12/15/14	B3 / B+	12/15/10	104.750
<b>Royal Caribbean Lines (RCL)</b>							
8% Sr Unsecured due '10	93.000	13.87%	1,331	05/15/10	Ba1 / BB	NC	NC
8.75% Sr Unsecured due '11	85.100	17.70%	1,686	02/02/11	Ba1 / BB	NC	NC
7% Sr Unsecured due '13	66.000	18.60%	1,708	06/15/13	Ba1 / BB	NC	NC
6.875% Sr Unsecured due '13	65.000	17.91%	1,628	12/01/13	Ba1 / BB	NC	NC
5.625% Sr Unsecured due '14	47.000	25.39%	2,291	01/27/14	Ba1 / BB	NC	NC
<b>Ship Finance International Ltd. (SHIPFI)</b>							
8.5% Senior Notes due '13	82.000	13.63%	1,199	12/15/13	B1 / B+	02/09/09	104.250
<b>Stena AB (STENA)</b>							
7.5% Sr Unsecured due '13	72.000	16.08%	1,446	11/01/13	Ba2 / BB+	11/01/09	102.500
7% Sr Unsecured due '16	67.000	14.05%	1,190	12/01/16	Ba2 / BB+	12/01/09	103.500
6.125% Sr Unsecured due '17	50.000	18.18%	1,512	02/01/17	Ba2 / BB+	any time	MW+50
5.875% Sr Unsecured due '19	44.000	18.21%	1,500	02/01/19	Ba2 / BB+	any time	MW+50
<b>Trailer Bridge (TRBR)</b>							
9.25% Sr Secured due '11	76.000	20.84%	1,972	11/15/11	B3 / B-	02/09/09	104.625
<b>Ultrapetrol Limited (ULTR)</b>							
9% 1St Mortgage due '14	70.000	17.34%	1,553	11/24/14	B2 / B	11/24/09	104.500
<b>SUPPLY VESSELS</b>							
<b>Gulfmark Offshore (GMRK)</b>							
7.75% Sr Unsecured due '14	71.000	15.83%	1,409	07/15/14	B1 / BB-	07/15/09	103.875
<b>Hornbeck Offshore Services (HOS)</b>							
6.125% Senior Notes due '14	73.000	12.79%	1,098	12/01/14	Ba3 / BB-	12/01/09	103.063
<b>Seabulk International (SBLK)</b>							
9.5% Senior Notes due '13	93.000	11.50%	994	08/15/13	Ba1 / BBB-	02/09/09	104.750
7.2% Sr Unsecured due '09	100.000	7.18%	684	09/15/09	Ba1 / BBB-	any time	
5.875% Sr Unsecured due '12	86.000	10.51%	917	10/01/12	Ba1 / BBB-	any time	

**Jefferies – High-Yield Shipping Bonds continued**

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
<b>TANKERS</b>							
<b>Berlian Laju Tanker</b>							
7.5% Senior Notes due '14	27.000	43.85%	4,213	05/15/14	– / CCC+	05/15/12	103.750
<b>Golden State Petro (GOLDEN)</b>							
8.04% 1St Mortgage due '19	113.636	6.20%	371	02/01/19	Baa2 / BBB	any time	MW+37.5
<b>Overseas Shipholding Group (OSG)</b>							
8.75% Sr Unsecured due '13	83.000	13.62%	1,199	12/01/13	Ba1 / BB	any time	MW
7.5% Sr Unsecured due '24	68.000	12.18%	955	02/15/24	Ba1 / BB	NC	NC
<b>Titan Petrochemicals (TITAN)</b>							
8.5% Senior Notes due '12	23.000	74.63%	7,341	03/18/12	Caa2 / CCC+	any time	MW+100
<b>Teekay Shipping (TK)</b>							
8.875% Senior Notes due '11	84.000	16.80%	1,583	07/15/11	Ba3 / BB	any time	MW+50
<b>US Shipping Partners (USS)</b>							
13% Sr Secured due '14	20.000	73.54%	7,179	08/15/14	C / D	02/15/11	106.500

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