THE SHIP FINANCE PUBLICATION OF RECORD
MARINE MONEY
FRESHLY MINTED

VOLUME 7
ISSUE 3
January 22, 2009

The Week in Review

INSIDE

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The World Turns

It was just a short time ago when Wall Street extolled the benefits of being a public company. For example, once public a company had access to the equity markets and would be able to use its paper as currency for purposes of acquisitions. The world has changed and so has the vision.

Now it appears that some want to go back to the dark side and return to private ownership. The key benefit is of course the ability to control your destiny without the interference of minority shareholders as well as access to the company's entire cash flow. Both are extremely important if one has to re-structure.

In a report issue this week by Pareto, we learned that World Nordic SE, a subsidiary of BW Group acquired this week approximately 15.5 million shares bringing their total to 92.1 million shares representing 74.66% of the shares and votes. They are now contemplating whether to provide minority shareholders with an exit alternative by means of an offer for the remaining shares providing that such privatization would be welcomed by the minority shareholders.

The control issue is of particular relevance in this instance where BW Group using an innovative loan structure is the obligor under a $3 billion credit facility the proceeds of which were made available in the form of intra-group loans to its two main operating subsidiaries, BW Gas and BW Offshore which guarantee the facility.

In the current weak LPG market, asset values continue to fall with a resulting negative impact on BW Gas' balance sheet and the potential for covenant defaults at the parent level. The covenants include:

- The group must make sure that it always has unencumbered assets (measured by market value) worth more than 1.5 times its unsecured borrowings.
- The value of the group's adjusted equity (equity measured by adjusting the market values of the vessels to fair market value) can not, at all times up to and including January 31, 2011 fall below 25 percent of the sum of liabilities and adjusted equity, and at all times after January 31, 2011 fall below 35 percent of the sum of liabilities and adjusted equity.
- The group's adjusted equity must not at any time be less than USD 900 million.

To resolve the issue, the company will require a substantial equity infusion via a rights issue whether done as a private or public entity. It will be interesting to see how the minority shareholders react to the offer in light of the potential default and dilution. It is an easy escape.

How to Win Through Renegotiation

Following on the heels of Eagle's successful renegotiation, Excel Maritime Carriers also restructured its future obligations. Having taken delivery of a newbuilding Capesize, with employment, in December, the company sought to cancel its obligation to purchase a 2002 built Supramax it had agreed to purchase for $72.5 million as part of the Oceanaut transaction. Excel had agreed to purchase this vessel in the event that Oceanaut could not lift the subjects by October 31st. As a consequence of the credit crisis, Oceanaut was unable to lift the subjects and Excel assumed the obligation to purchase the vessel.

The settlement limits the cash outlay to the 10% deposit paid under the purchase contract and the issuance of 1.1 million shares to a company nominated by the sellers. For this consideration, Excel retains an exclusive option to purchase the vessel charter-free for the amount of $25.71 million through December 31st. A liability in effect becomes an asset.

These restructurings evidence a continuing cooperation and understanding among the parties that bodes well for the on-going workout the industry will be undergoing.

Market Commentary

Doing The Right Thing

Having spent time in the container leasing business, we like to keep our fingers on the pulse of that industry both in terms of personal interest as well as our belief that in some respects it may have some importance as an indicator.

We chatted with some of our old informants and learned that not surprisingly the lines have been re-delivering their run of fleet (short-term lease) containers. The reasons are quite simple. These are the most expensive containers in the fleet, as they offer the most flexibility, and they can in fact be re-delivered. With the slowdown, the lines have sufficient capacity in their owned fleet. To minimize off-hire or, at least, be the last guy out, the leasing companies have opted to offer savings now for long-term future value.

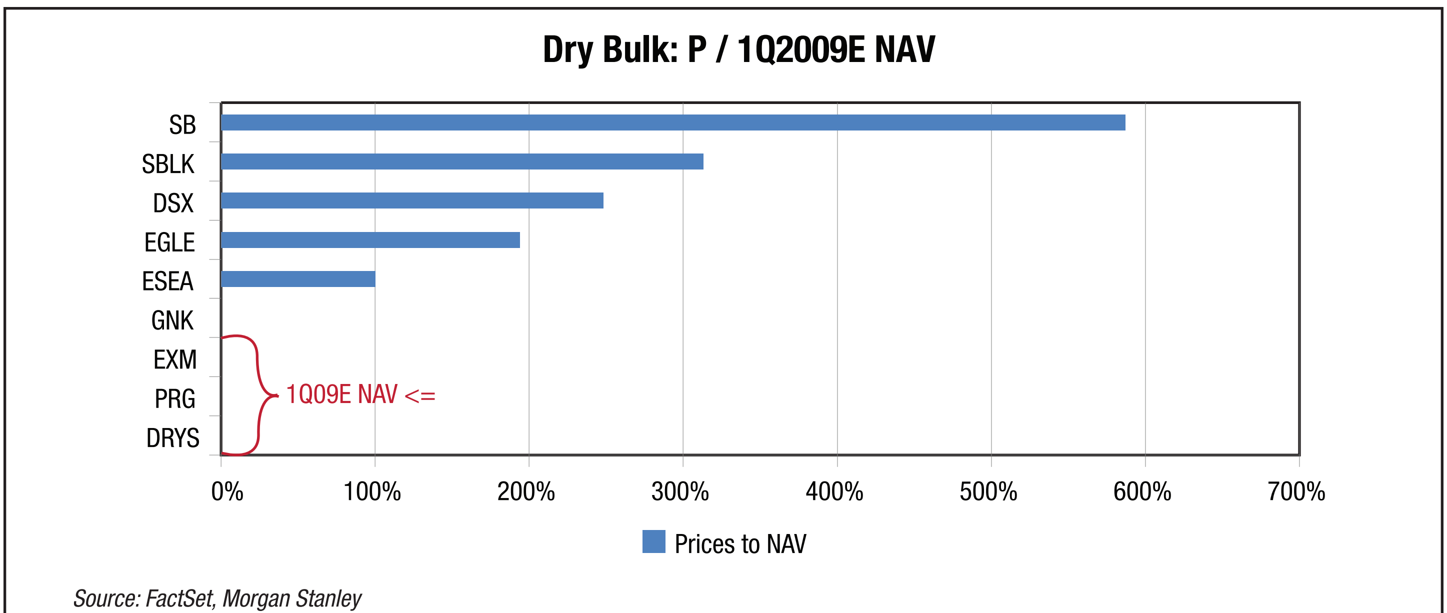
On a positive note, supply is constrained. Container manufacturing is dominated by China and within China two manufacturers, CIMC and Singmas, have an 80% market share. The Chinese have learned from past experience. Manufacturing facilities were effectively closed in December due to declining demand. They will likely remain closed through the Chinese New Year if not longer. Units will not be built speculatively to keep the factories open. In fact, the manufacturers understand that by keeping supply in line with demand, they can maintain their pricing at the $2,000 for a 20' container, which is the right price to cover steel costs. The times of the $1,400 20' container are gone.

Survival requires a focus on cash and debt. More of the former and less of the latter are preferred. We were also reminded of a risk forgotten in this low interest rate environment. Although rates are currently at an historic low, when the market turns they could rocket upwards. Beware!

Does the Time Charter Market need Credit Analysis?

"Hold on, let me get this straight," a wide-eyed investor said to us the other day as we were explaining the current conditions in the dry cargo markets. "You're telling me that some companies are renegotiating charter rates downward without actually going bankrupt?" he asked in disbelief.

"Correct."
"And that other companies are canceling contracts to buy ships without the equity of those companies feeling the pain first?" he queried quizzically.
"Sort of," we said.
"Then may I ask I rather obvious question?"
"Shoot."
"Does anyone in your industry do any credit analysis before entering into a multi million dollar contract with a counterparty?"
"In a rising market, there is no need for credit analysis," we said sarcastically.
"But how do you price the credit risk, and default risk of a counterparty. I mean does an investment grade charterer pay less for their ship than a mom and pop operation with no assets.
"Nope. The big companies pretty much try to renegotiate charters too."
"Right. So then what you are saying is that the time charter business model is just one giant sub-prime ponzi scheme whereby there is an incalculable amount of leverage afforded to people that cannot afford to pay it back in the absence of a rising market. And for the company that finances a ship on the basis of such a charter, its just leverage on top of leverage."
"Well-"
"Seems to me young man, that your industry has some painful deleveraging of its own to suffer through."



Upside to 12-Month "Base Case" Fair Values

	Latest Price	Base Case	Upside %	12mo Yield	Total Return	Sector
NAT	$31.28	$40	28%	8.1%	36%	Tanker
OSG	$40.07	$52	30%	4.2%	34%	Tanker
GMR	$10.09	$11	9%	19.3%	28%	Tanker
TNP	$20.85	$24	15%	10.0%	25%	Tanker
TNK	$12.00	$13	8%	15.9%	24%	Tanker
VLCCF	$14.56	$16	10%	9.7%	20%	Tanker
TK	$17.99	$20	11%	6.9%	18%	Tanker
FRO	$31.49	$35	11%	6.4%	17%	Tanker
DSX	$12.10	$14	16%	0.0%	16%	Dry Bulk
ESEA	$4.72	$5	6%	0.0%	6%	Dry Bulk
SB	$6.90	$6	-13%	0.0%	-13%	Dry Bulk
SBLK	$2.80	$2	-18%	0.0%	-18%	Dry Bulk
EXM	$7.46	$6	-20%	0.0%	-20%	Dry Bulk
GNK	$15.26	$12	-21%	0.0%	-21%	Dry Bulk
PRGN	$5.74	$5	-22%	0.0%	-22%	Dry Bulk
EGLE	$6.09	$4	-34%	0.0%	-34%	Dry Bulk
DRYS	$14.00	$9	-39%	0.0%	-39%	Dry Bulk

Source: Company data, Morgan Stanley Research

And so goes the debate about just how bad, how long and how systemic the problems are that currently plague the dry cargo market and brought the Baltic Panamax Index to a breathtaking $981 per day.

And duration is the enemy because every day that the charter market remains weak, more damage is done and whatever control shipowners had exerted over cargo over the last few years becomes a more distant memory. After a spurt of strength in the first couple weeks of 2009, forward rates are giving back recent gain, Morgan Stanley revised China's GDP downward from 7.5% to 5.5% in 2009, US consumer spending, 2/3 of GDP, continues to weaken and, on their second day in office, the Obama Administration has launched a public attack on China's manipulation of its own currency.

The world's biggest charterers are now taking ships for voyages instead of on period, time charter operators like Armada and Atlas clearly got caught in the middle of broken charter chains and market sources indicate that Korea Line, always described with the remarkably vague rating "First Class Charterer" is approaching the owners or head charterers of the 100 + vessels they have taken in to discuss rate reductions and early redelivery, possibly including companies like Eagle Bulk which has 13 of its newbuilding on charter to them.

"If I were a shipowner," he said. "I would just buy a ship for cash and trade it in the spot market. At least that way, the only risk I would be taking was market risk."

Contango Storage Arbitrage

One of the real bright spots in the shipping markets in recent weeks has been the so-called "Contango Storage Arbitrage Trade". For those unfamiliar with the parlance, the term Contango refers to the condition in the futures market when a commodity has a higher value at a future date than it does presently. Backwardation is the opposite market condition. In an environment of Contango, if the difference between the current price and the future price is greater than the cost of storing and delivering the commodity, then there is the potential for arbitrage.

Back of the Envelope – Sources & Uses of Contango Oil Arbitrage ($MM)

Sources:	
Selling 2m barrels at $60 (minus discount for delivery US Gulf instead of Cushing)	$118
Oil Hedge	$15
Total	$135
Uses:	
Buying 2m barrels at $35	$70
VLCC charter hire	$16.5
Bunkers, Insurance, etc.	$3.5
Oil Hedge	$15
Total	$105
Profit	$30

In the recent weeks, such an arbitrage opportunity has been available and savvy traders from Koch to Phibro to Morgan Stanley have taken advantage of the opportunity by loading 30-35 VLCCs and 10 Suezmax tanker full of crude oil and having them sit idle until its time to lighter the cargo.

Because the precise figures are constantly changing, and the opportunities to make money by putting on a Contango Storage Arbitrage trade open and close, we thought it might be useful to walk through the exercise to show how it works.

A few weeks ago, the front (current) price for purchasing oil in the spot market was about $35/barrel while the December delivery price at the Cushing oil storage facility was about $60/barrel. Therefore, the price arbitrage was $24/barrel. But in order to take delivery of that oil, store it and deliver it to the buyer in December there are some costs. First off, there is the ship. Assuming a 2 million barrel trade, the arbitrageur would need a VLCC which was available at a time charter rate of $55,000 per day for a 300-day period, which equals $16.5m, or $8.25 per barrel.

In addition to the cost of the vessel, we estimate that bunkers, insurance, and lightering at the discharge port would add another $3.5m, or $1.75 per barrel. Since you are unlikely to bring your VLCC into landlocked Oklahoma, you would probably end up selling it at a port in the US Gulf at about $1 to $2 less than the Cushing price. All told, you spent $12 per barrel on storing the oil and still cleared about $12 per barrel, or $24 million on the trade.

Although not insurmountable, there are some significant barriers to getting into this sort of trade, most of which can be solved by cash. There is the $70 million of cash you will need to buy the oil, the $15 million margin requirement (which you get back) you will need to put up in order to sell the futures contract on the New York Mercantile Exchange and $20m in total vessel expenses - including $5m (90 days) of time charter payments you will have to pay up front if you are a non-recognized charterer – or a grand total of $105 million, which you will not see again until you sell the oil in December for gross proceeds of $118 million plus $15 million, which is a 27% return over 10 months.

Today, the Contango trade has closed. The March spot price has risen to $41/barrel and the December price has fallen to $53/barrel, while at the same VLCC rates are up at $76,000 (thanks to demand created by the Contango trade), leaving an arbitrage of just $12/barrel which parallels the current cost of transportation and storage. Arbitrage opportunities are generally not open for long, so if this one is of interest it is a good idea to get prepared now. Front month spot prices are dropping on the news of a 6.1 million barrel inventory build announced today, and with 45 crude oil tanker coming out of the storage trade and hitting the charter market, time charter rates are likely to sink.

Can you Say: "Høyrenteobligasjoner": Analyzing the Norwegian Junk Bond Market

With average yields reaching above 30%, there Norwegian bond market is crystallizing those fundamental human emotions that drive Wall Streets everywhere – Fear and Gear.

The question for investors, both current and prospective, is which of these companies will live and which will not. By way of review, the Norwegian bond market played a very large role in supplying the capex required to build drill rigs and a sprawling armada of vessels to service the burgeoning oil exploration and production industry. Since then, oil prices have collapsed from $150 into the $30s and many project once thought to be sure things with a $65 marginal cost are suddenly in question and rates on all sorts of equipment are coming down.

Norwegian Bond Market – At a Glance

For those who aren't very familiar with the universe of Norwegian bonds, here are some key statistics:

Total Market Capitalization: $13 billion
Number of Bond Issues: 150
Average Size: $86 million
Currency: About 50% USD / 50% NOK
Interest Rates: 55% floating/ 50% fixed rate
Tenors: 1-6 Years
Issuer Industries: 80% oil and offshore / 30% Offshore drilling
Security: Majority have 1st or 2nd lien
Investor Base: 70% International (mainly US and UK)

DnB Nor Downgrades Credit Ratings of Offshore Support Vessels

DnB Nor Markets recently has issued a credit analysis and rating on 7 offshore support vessels companies. In a very detailed analysis, DnB Nor credit analysts produced a report that focuses on the offshore support vessel market. "The demand for offshore support vessels is in the medium/long-term highly correlated with the oil price, and together with increased supply, we expect a challenging period ahead. This implies lower day-rates, lower utilization, lower market values for the units and potentially liquidity problems for some companies," the report says. DnB Nor continues, "Although we expect lower day-rates across the vessel types, we do recognize that the direct driver for demand for PSVs and AHTS', floating production units and drilling rigs, will show an increase in 2009-2011 when most of the drilling and FPS new-builds are delivered. For construction vessels in general, we find supply to outstrip demand, although the construction vessel market is highly segmented, and we might see niches where the market is more in balance. The jackup well intervention market is negatively affected due to lower cost for alternative units capable of doing a similar job."

Company	New Rating	Previous Rating	Downgrade
DOF ASA	B	BB	Downgrade
DOF Subsea ASA	B	BB	Downgrade
Havila Shipping	B-	BB-	Downgrade
Oceanteam	CCC+	N/A	Initial Rating
REM Offshore ASA	BB-	N/A	Initial Rating
Remedial Offshore Ltd.	CCC	N/A	Initial Rating
Solstad Offshore ASA	BB-	BB+	Downgrade

Another Dividend Reduced, Another Reasonable Decision Made

In our view, the elimination or reduction of a dividend by a high yield shipping company, although unfortunate, makes perfect sense for the long-term preservation of shareholder value.

At a time when shipping companies are having a very hard time raising equity, and are at the same time pushing close to loan to value covenants on existing and to-be-delivered tonnage, it makes little sense to continue distributing excess cash to shareholders. Lest anyone forget, investing in shipping is, at its essence, like investing in call options; the more years that a ship has to trade, or a company's equity remains in the hands of its original shareholders, the more cash it will earn and the more likely its assets will find themselves in a strong market. If there was ever a time to play short-term defense in order to retain the liquidity needed to preserve long term returns, then we think that time is now.

So it is with that theory in mind that we were not surprised to see First Ship Lease announce in its 4Q earnings that the company said that in the future it will reduce its dividend in favor of retaining about $3 million of additional cash on the balance sheet. The change represents a reduction in distributable cash flow from 100% to about 80% based on the board's guidance for 1Q09. Dahlman Rose analyst Omar Nokta estimates that the company will have $55 million on its balance sheet by 2Q12 and will be in a comfortably pay the $35 million debt balloon that it has due.

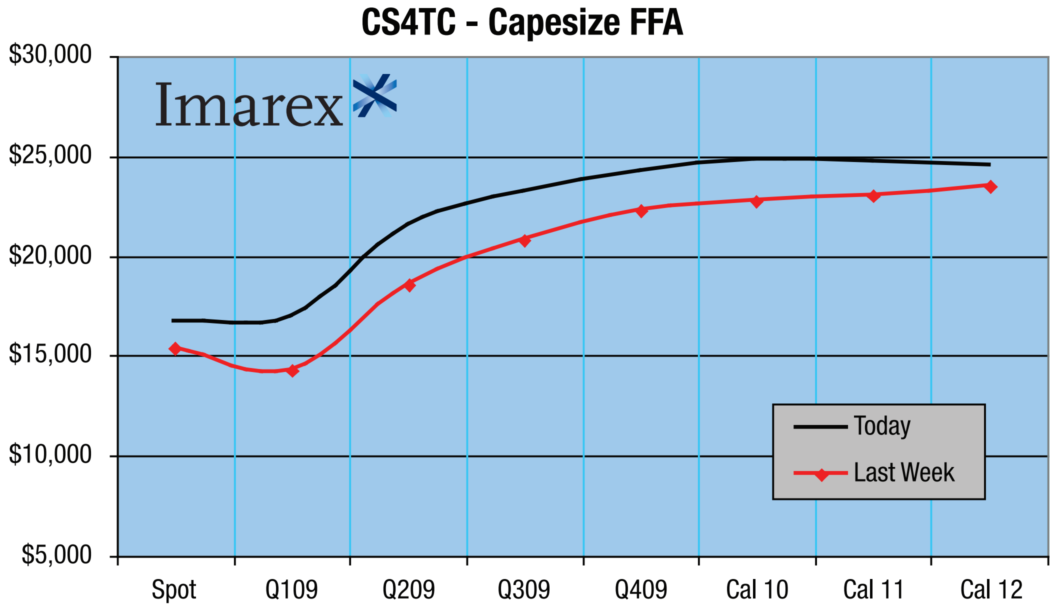
The proactive move comes at a time when FSL's business is performing perfectly. All of its charterers are paying on time, its revenue stream is well diversified by asset type and customer, its senior lenders have lifted the market disruption clause that was invoked in 4Q08 and the company has successfully taken delivery of its final acquisition. FSL's management indicated that the Trust is unlikely to make any further acquisitions in the near future changing the characteristic of this entity from high yielding equity to high yielding debt.

Dividends

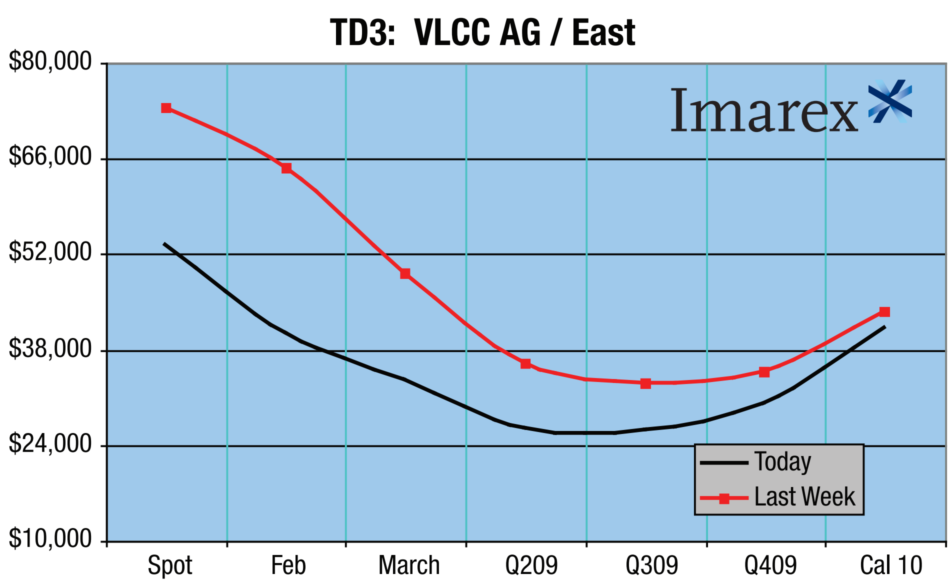
Company	Comments	Month
DryShips	To post a fourth-quarter loss, suspend its dividend and cut back on its fleet	Jan-09
Eagle Bulk	To suspend dividend and with plans to cut capital spending by 33 percent	Dec-09
Diana	Suspended future dividends to position the company for market opportunities	Dec-09
Euroseas	Cut the quarterly dividend to 20 cents/share	Dec-09
Freeseas	Cut its quarterly dividend by 62.5% from $0.20 to $0.075 per common share	Dec-09
Star Bulk	To pay half of the 3rd quarter's 36 cents in cash and the remainder in company stock	Dec-09
OceanFreight	To suspend future cash dividend payments in order to preserve capital and potentially capitalize on market opportunities	Dec-09
Frontline	Declared a dividend of only 50 cents per share for the quarter, down from $3/share in previous quarter. FRO shares fell more than 15% on the announcement	Dec-09

Back to the Futures

By Mike Reardon and Jeffrey Landsberg of Imarex Inc., Email: jsl@imarex.com



Dry bulk continues to provide mixed signals. The closely watched Baltic Dry Index continues a slow and steady upward trend, though the Cape sector has seen better gains than the smaller asset classes have. Steel prices seem to have stabilized for the time being, implying we might have a floor beneath us – though GDP growth in China has clearly slowed, leading to downward revisions to forecasts. The futures have trended north alongside the physical, but volumes have only been about "fair". The equities continue their volatile ways, with 10-15% price swings on a given day remaining the norm. Both the near-term and long-term outlook are conflicted. It would be easy to say, "Things have to get better, it's only a matter of when." But, the potential millionaire in our midst is the one who can shed some light into the precise definition of "a matter of when."



The tanker market has taken a step or two backwards this week as fundamentals and market psychology conspire to push rates lower. VLCC earnings on the benchmark AG/East route have moved down from $75,000/day to about $52,000/day. The fixing flurry of two weeks ago has slowly subsided ahead of the Chinese New Year – leaving more ships than cargos. We are beginning to see relet tonnage in the spot market from some of the oil majors, thereby confirming the supply/demand mismatch. Also of concern is that the forward price curve for oil has flattened a touch, reducing financial incentives to store oil on VLCCs. FFAs have traded in good volumes, though forward prices have come off alongside the softening physical. Despite the above torrent of less than positive news, the Atlantic basin has held fairly firm – as VLCCs are making close to $80,000/day.

By Jeffrey Landsberg, Freight Options

Imarex

PHYSICALUPDATE

JAN 19, 2009

132 trip fixtures reported, 6 more than a week ago

15 period deals reported, 2 more than a week ago

The BDI finished the week at 881 points, a week-on-week increase of 9 points (1.1%)

Activity expected to slow by the end of this week due to Lunar New Year in Asia

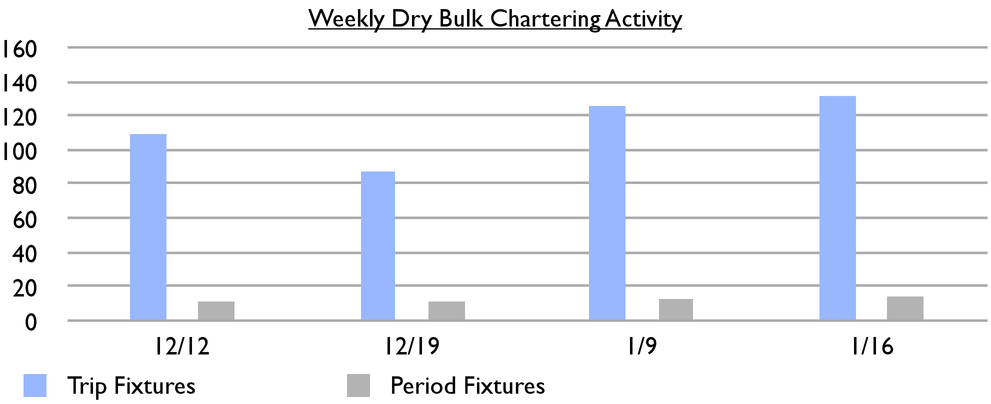
14 vessels scrapped last week, including 2 Capesize vessels

30 Capes have been scrapped in the last 13 months, the same amount during 2001 to 2007

Scrap prices holding steady at $235 - $280/ldt

Small Increase in Chartering Activity

For the week ending January 16, dry bulk chartering activity increased slightly compared with a week ago. 132 total trip fixtures (6 more than last week) were reported, including 21 iron ore deals fixed on a dollar per ton basis. 15 period deals (2 more than last week) were reported - 9 of which for one year or more.



Surge in Vessel Scrapping Continues

14 dry bulk vessels were sold for scrap last week. The ships' ages ranged from 22 to 32 years old and included 2 Cape, 3 Panamax, 2 Handymax, and 7 Handysize vessels. Scrap prices are holding steady at $235 to $280/ldt, on par with last week's levels.

In the last 13 months, 30 Capes have been scrapped --a very large amount considering 30 Capes were scrapped during all of 2001 to 2007. Additional scrapping of all vessel classes is expected in the weeks and months to come as an estimated 20% of the current dry bulk fleet is 25 years old or older.

Market Likely to Slow Due to Lunar New Year

The BDI finished the week at 881 points, an increase of 1.13% week-on-week. It's worth pointing out, however, that much of last week's robust activity has been considered a run-up to an anticipated Lunar New Year-induced slowdown.

The week-long Lunar New Year celebration in China, to begin on Monday, January 26, is expected to moderately reduce chartering activity as millions of Chinese will be returning to their homelands to visit relatives and pray for a prosperous new year. During this time, industrial output is also expected to decline. Although freight rates will likely fall during the days leading up to and during Lunar New Year, a sudden fall is not expected as players have become accustomed to the Lunar New Year's annual slowdown effect.

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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
★ AP Moller-Maersk		$567	Brostrom	Ups stake to 96% with plans to initiate proceedings for remaining shares and de-list from OMX Nordic Exchange
★ Seacove Shipping, Greenbriar Equity Group		$100	Seacove Shipping Partners	New joint venture to pursue investments in shipping companies and assets
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; On hold
Liberty Shipping Group	Jefferies	$308	International Shipholding Group	Offer for all outstanding shares of the Company's common stock for $25.75 per share, in cash; Abandoned
Vesterhavet-DSV		$140	DFDS	Through a share exchange, DSV and JL-Fondet establish a joint holding of 56% in DFDS
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	Share swap; 1 GMR share to receive 1.34 shares of new entity; Combined fleet to have 31 tankers; Concluded.
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 startegic alternatives for product tanker fleet of 26 modern vessels and 23 newbuildings totaling 2,298,350 dwt

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	144A bond secured by 7 vessels. Proceeds to service existing debt and new acqusitions. Co. rated B+	Done
China Cosco		Up to $1460		2019	For working capital and repay bank loans	In Progress
✓ China Shipbuilding Industry Corporation	China Construction Bank and CICC	$439	3.90%	2012	To enhance shipbuilding and ocean engineering capacity, repay bank loans	Done
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
✍	Hurtigruten		$46	Oslo listed specialty cruise operator looking to raise fresh funds; Delayed due to creditor consent issues	In Progress
✓	Penguin International	Kim Eng Securities	$4	Completed its 1 for 4 rights issue. Priced at S$0.05 per rights share.	In Progress
✓	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; 450,000 share over-allotment option exercised; To fund further acquisitions under planning	Done
✓	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
	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

Restructuring Deal Table

★ = New ✍ = Updated ✓ = For full analysis see Marine Money's Asia Edition

	Company	Advisors	Banks	Comments
★	DryShips			Cancels 9 capes and 3 newbuilds on order; 2nd time in 2 months DRYS pulled out of deals to buy new vessels
★	BW Group subsidiary World Nordic SE			After purchasing 77% of BW Gas, they will consider an offer to minority shareholders for the remaining shares so privatizing the company
★	Cecon	First Securities, Pareto	DnB NOR	Loan withdrawan by DnB NOR after covenant breach; Advisors to assist in reviewing all options open to Cecon
★	Korea Line Corp (KLC)			Trying to build liquidity and reducing cash outflow by renogiating charter rates and cancelling newbuildings to avoid distress
★	Schichaus Seebeck Shipyard (SSW)			German shipyard goes into administration after inability to pay its bills and massive debt
★	Nepline		Bank Pembangunan Malaysia	2 vessels and 1 newbuilding under construction seized by creditor bank after default on 3 debt facilities taken out with the bank in September 2007
★	Eagle Bulk Shipping		RBS	Succesfully restructured yard contracts
	Oceanfreight		Nordea	Amendment to $325 credit facility. Waiver and amendment of collateral maintenance
	Armada (Singapore) Pte Ltd.	Rajah and Tan, Holland & Knight, KPMG		Section 210 & Chapter 15 bankruptcy filings. Re-structuring plan due March 14

Bank Debt Deal Table

★ = New ✍ = Updated ✓ = For full analysis see Marine Money's Asia Edition

	Borrower	Arrangers / Buyers	Amount (US$ M)	Pricing / Purpose / Remarks
★	BC Ferries	KFW	$86	12 yr loan at 2.95% rate to fund construction of ferry newbuilding
	Lamnalco Group	Standard-Chartered Bank, Rabobank, ING	$125	To refinance existing fleet of 15 AHTS vessels and for new acquisitions
	Scorpion Offshore	HVB	$169	Subsidiaries secure financing for remaining progress payments and to re-finance bridge loan for Offshore Freedom. Two tranches amortizing over an average period of 4 years
	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

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) , MDT	$84.50	Sale-leaseback of Bow Sky.11 year operating lease using UK cross border lease.
	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
SHIPPING							
CMA CGM (CMACG)							
5.5% Sr Unsecured due '12	51.000	29.77%	2,786	05/16/12	– / BB-	any time	MW+50
7.25% Sr Unsecured due '13	46.625	31.63%	3,026	02/01/13	– / BB-	02/01/10	103.625
Great Lakes Dredge&Dock (GREATL)							
7.75% Senior Notes due '13	82.000	12.81%	1,122	12/15/13	Caa1 / B-	02/23/09	103.875
Navios Maritime (BULK)							
9.5% Senior Notes due '14	56.000	22.57%	2,078	12/15/14	B3 / B+	12/15/10	104.750
Royal Caribbean Lines (RCL)							
8% Sr Unsecured due '10	93.500	13.58%	1,305	05/15/10	Ba1 / BB	NC	NC
8.75% Sr Unsecured due '11	89.500	14.97%	1,418	02/02/11	Ba1 / BB	NC	NC
7% Sr Unsecured due '13	63.657	19.76%	1,829	06/15/13	Ba1 / BB	NC	NC
6.875% Sr Unsecured due '13	60.000	20.18%	1,860	12/01/13	Ba1 / BB	NC	NC
5.625% Sr Unsecured due '14	50.000	23.73%	2,149	01/27/14	Ba1 / BB	NC	NC
7.25% Sr Unsecured due '16	62.976	15.95%	1,388	06/15/16	Ba1 / BB	NC	NC
7.25% Sr Unsecured due '18	55.100	17.14%	1,473	03/15/18	Ba1 / BB	NC	NC
7.5% Sr Unsecured due '27	58.000	13.82%	1,099	10/15/27	Ba1 / BB	NC	NC
Ship Finance International Ltd. (SHIPFI)							
8.5% Senior Notes due '13	79.500	14.49%	1,290	12/15/13	B1 / B+	02/23/09	104.250
Stena AB (STENA)							
7.5% Sr Unsecured due '13	77.000	14.31%	1,275	11/01/13	Ba2 / BB+	11/01/09	102.500
7% Sr Unsecured due '16	73.000	12.49%	1,033	12/01/16	Ba2 / BB+	12/01/09	103.500
6.125% Sr Unsecured due '17	49.000	18.62%	1,577	02/01/17	Ba2 / BB+	any time	MW+50
5.875% Sr Unsecured due '19	44.000	18.24%	1,523	02/01/19	Ba2 / BB+	any time	MW+50
Trailer Bridge (TRBR)							
9.25% Sr Secured due '11	82.000	17.64%	1,659	11/15/11	B3 / B-	02/23/09	104.625
Ultrapetrol Limited (ULTR)							
9% 1St Mortgage due '14	68.000	18.10%	1,632	11/24/14	B2 / B	11/24/09	104.500
SUPPLY VESSELS							
Gulfmark Offshore (GMRK)							
7.75% Sr Unsecured due '14	78.000	13.58%	1,187	07/15/14	B1 / BB-	07/15/09	103.875
Hornbeck Offshore Services (HOS)							
6.125% Senior Notes due '14	71.000	13.44%	1,166	12/01/14	Ba3 / BB-	12/01/09	103.063
Seabulk International (SBLK)							
9.5% Senior Notes due '13	100.000	9.50%	853	08/15/13	Ba1 / BBB-	02/23/09	104.750
7.2% Sr Unsecured due '09	100.000	7.18%	685	09/15/09	Ba1 / BBB-	any time	
5.875% Sr Unsecured due '12	86.000	10.56%	927	10/01/12	Ba1 / BBB-	any time	

Jefferies – High-Yield Shipping Bonds continued

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
TANKERS							
Berlian Laju Tanker							
7.5% Senior Notes due '14	28.000	42.78%	4,111	05/15/14	– / CCC+	05/15/12	103.750
Golden State Petro (GOLDEN)							
8.04% 1St Mortgage due '19	114.571	6.08%	352	02/01/19	Baa2 / BBB	any time	MW+37.5
Overseas Shipholding Group (OSG)							
8.75% Sr Unsecured due '13	90.000	11.49%	991	12/01/13	Ba1 / BB	any time	MW
7.5% Sr Unsecured due '24	68.000	12.19%	948	02/15/24	Ba1 / BB	NC	NC
Titan Petrochemicals (TITAN)							
8.5% Senior Notes due '12	24.250	72.40%	7,124	03/18/12	Caa2 / CCC+	any time	MW+100
Teekay Shipping (TK)							
8.875% Senior Notes due '11	86.000	15.95%	1,501	07/15/11	B1 / BB	any time	MW+50
US Shipping Partners (USS)							
13% Sr Secured due '14	20.000	73.90%	7,218	08/15/14	C / D	02/15/11	106.500

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