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INSIDE

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The Week in Review

Dropdown Plus Liquidity

Last Thursday, after the market closed, **Teekay Tankers** ("TNK") announced that it had utilized its shelf registration and filed a secondary offering of 7 million Class A common shares. The offering was led by **Morgan Stanley** and **Citi** and includes a green shoe of 1.05 million shares. Shares closed Thursday at $10.61. On Friday, the company priced the issue at $9.80, a 7.6% discount to the prior closing price. In the enclosed Guts of the Deal, we highlight the terms of the offering.

Proceeds will be used to acquire the M/T Ashkini Spirit, a 2003-built Suezmax tanker, for $57 million with the balance, approximately $9 million, used to repay a portion of its revolver. This transaction was not a simple acquisition but was designed to increase the liquidity of the company, which previously used cash to purchase two Suezmax tankers last March. Along with the acquisition of the vessel, $58 million of undrawn availability under the revolving credit facility was dropped down increasing TNK's undrawn credit lines by $66.6 million.

The transaction is expected to close on Wednesday with the purchasers being a mix of retail and institutions.

A Sad Note Close to Home

After Tuesday's news of **Nordea**'s foreclosure of 13 of their vessels, **Eastwind Maritime** announced on Wednesday that it had filed a voluntary Chapter 7 petition for the liquidation of the company and its subsidiaries.

This is a very sad moment for us having known Messrs **Kousi** and **Simmons** for many years as they built up their reefer business and began what we believed was a logical diversification. In our mind, there are no two better shipping minds around. And, more importantly, they were always willing to take the time to teach and help others, of which I count myself as one of the fortunate ones. Whether the expansion was ill timed or they were simply caught in a debt trap, we are certain we have not heard the last from these gentlemen.

Guts of the Deal

Issuer	Teekay Tankers Ltd.
Number of Shares	7,000,000
% of Total O/S Shares	28.00%
Offering Price	$9.80
Deal Size	$68,600,000
With Over-Allotment	$78,890,000
Primary Shares	All
Dividend Policy	Full Payout - Cash Available for Distribution
Use of Proceeds	Purchase M/T Ashkini Spirit, 2003 Suezmax, for $57M & repay a portion of o/s debt under revolver
Credit Facility	$343M of which $45.7M as of 12/31/08
Cost of Debt	LIBOR + 60bps
Investment Banks	Morgan Stanley & Citi, as joint bookrunners
Issuer's Counsel	Watson, Farley & Williams and Perkins Coie
Underwriter's Counsel	Cravath, Swaine & Moore
Accountants	Ernst & Young
Stock Exchange	NYSE
Ticker	TNK

The Longest Running Show on Fifth Avenue

Impresario Lawrence and his able assistant, Mike McCleery, have done it again. It is no Broadway production, but for 22 years Marine Money Week has successfully brought together shipping and capital. And the amazing thing is that every year they, in the words of the famous chef Emeril Lagasse, "kick it up a notch." And its not only the conference, carpe diem becomes the watchword of the week as many companies plan events around this huge event. Some of the sideshows this year include Teekay's shareholders' meeting, Kalliopi Lemos Public Arts Installation, cocktail parties (DnB Nor, YSP, AMA, NASDAQ, Jefferies, ICON, Dahlman Rose and HSH Nordbank), the speakers' dinner and a private dinner sponsored by FBR. And we're sure quite a few did make our radar screen. Jim Lawrence can be proud of his baby, which has grown to become one of the most important annual events on the shipping calendar. For owners and bankers, it is the place to celebrate (even small successes), commiserate, learn, and most importantly network. There is nothing better than seeing old friends and making new ones.

And as important as Jim's and Mike's roles are, it would not get beyond the planning stage without Lorraine and her team of fanatics including Julia, Elisa, Cari, Margareta, Andrea, Sofia and Mike. If that isn't enough, Jim brings in his hardworking family, wife Jill and daughters Alexa and Kate to keep the traffic flowing and the overhead down. We wonder what Jim included in their wedding vows for that kind of deal. Last but not least there are the interns, Lindsay and Mary Irene, who were tasked with the less appealing jobs but did them well. Thank you all.

How do you measure success? For Jim and the rest of the team, it is the kudos received. For Lorraine, it is when the last delegate leaves on Thursday. But if it is all about numbers, think about over 980 delegates in a period suffering from weak shipping markets and a financial crisis.

Not Just a Warm-up

Prior to the start of the festivities, **Teekay Corporation** held its successful shareholders meeting. The room was filled with over 100 spectators with another 200 viewing through the webcast. What was extremely interesting to hear from the Teekay delegation was the acknowledgement that they did not recognize many of the people in the room. Fresh blood!

The first session began under cloudy but dry skies an unusual event in New York these days. The room was packed with the audience hoping to glean insights from last year's deal of the year winners as the architects of the transactions discussed their deals and how they fit in today's marketplace. The discussion was led by **Stephen Peepels** of **DLA Piper**.

Loli Wu of **Citi** and **Craig Fuehrer** of **Deutsche Bank** discussed **Excel**'s acquisition of **Quintana.** Despite subsequent criticism, they demonstrated the deal still delivered value to the shareholders. Sellers too benefited from the cash component plus shares, which gave them upside. Today, however, with the debt markets constrained, M&A will largely focus on share for share deals. Both gentlemen believe there will be opportunities going forward.

Sean Durkin presented **Northern Shipping Funds** as well as a veritable guide to private equity, which he defines as everything not publicly traded. In an interesting exchange with a member of the audience on returns, it was clear that 15% was achievable but that this wasn't going to be sufficiently high to attract the big boys like KKR who are looking for 25% or more.

Convertibles have become the new rage for the creditworthy with sufficient float. **Sunder Reddy** of **Goldman Sachs** described the highly successful deal his firm had done for **Pacific Basin**. With its low coupon and the fact that the share price has not reached the conversion price, Pacific Basin views it as extremely cheap debt. The window for convertibles has been open for the last four months and remains open today. Unfortunately few shipping companies meet the criteria so it has not yet achieved a significant role for shipping.

By careful slicing and dicing, shipping loans can achieve AAA credit ratings. **Stefan Schlatermund** of **HSH Nordbank** described the inner workings of the *pfandbrief*. HSH was able to securitize a portion of its loan portfolio to further secure the underlying credit of the bank. Cheap funding is the result.

Hamish Norton of **Jefferies**, **Matt Thomson** of **Bank of America Merrill Lynch** and **Ellliot Etheredge** of **Dahlman Rose** explained what was happening in today's equity markets as well as the beauty of accelerated offerings such as ATMs. There was loads of useful information. But we were especially intrigued by Mr. Norton's rule of thumb that shipping IPOs take place when you can buy an asset for less than 6x EBITDA.

Simon Booth of **Citi** spoke of the key role of export finance and the important role it will have as a pivotal source of capital in the future as governments support their shipbuilding industries.

While we thought the schiffspfandbrief was extremely creative, we were floored by **DnB NOR**'s securtization of an economic interest. **Niels Lyng-Olsen** described the innovative award winning deal, which involved the monetization of **Bunge**'s excess time charters-in. The purchaser ended up with favorable charter-in interests, which were hedged by FFAs insuring a locked-in profit. While we think it will be difficult to be replicated, nothing ever surprises us.

The Big Show

This year's coverage of the main event will be different from prior years. Nora Huvane, taking a well-deserved break from conference duties, and Rodricks Wong, our intrepid Asian reporter, have agreed to share the duties. They each bring their own unique perspective and style. As you will see coverage this year is by subject matter rather than by timeline.

The Economy and the Markets – Rodricks Wong

STAY HOPEFUL

Investor sentiment is very often unpredictable and moody, especially today when economic data continues to come in mixed and casts doubts on whether the economic stabilization will be able to materialise into a recovery. And against this uncertain backdrop, it was refreshing to listen to an optimistic voice among the crowd on where the global economy is heading. **François Trahan**, Senior Managing Director and Chief Investment Strategist, **ISI Group** started off the Wednesday's session of Marine Money Week on a positive note by reminding the audience that even though consumer deleveraging has already begun and may well continue for the next decade, equities can rally even during such times if the government is able to offset the consumer contraction. He pointed out that the US stimulus package is still very much in its infancy stage considering the fact that the government has only spent 5% or USD 42 billion out of the USD 787 billion.

Mr. Trahan described the global synchronised rally we have seen lately as legitimate and is well supported by improving leading economic indicators. Emphasizing that the green shoots are a global, not US phenomenon, he believes that the world is set to feel the lagged effects of the largest and broadest global policy stimulus packages ever in the coming quarters. He warned however that the recovery in global growth could lead to a rise in US inflation and higher commodity prices in 2H09 but investors should not fear inflation as post deflation equity returns throughout history are particularly strong.

On Thursday, the global economy outlook, in particular the US, turned in contrast gloomier when **Peter Schiff**, President & Chief Global Strategist, **Euro Pacific Capital, Inc** took the podium. The prophet of doom was highly critical of the recent developments in the US economy, and is a firm believer that the massive stimulus package and government bailouts from the US can only provide temporary relief to the hangover of excesses from the past.

During his presentation, he pointed out that under the Bush's administration, interest rates were slashed to 1% and budget surpluses were turned into deficits in attempts to stimulate consumption. The easy money led to excessive consumption and speculation that eventually destroyed the whole financial system. Interestingly, Mr. Schiff proposed that the US government should stop stimulating the economy, stop maintaining a phony economy with high asset prices and artificially low interest rates, and instead allow the recession to run its course. As painful as it is, that is the cure.

As a firm believer in capitalism, he commented that the crisis is the result of government failure. The government distorts the market and as long as the Federal Reserve is not prepared to swallow the bitter pill, the next recession could be lethal. In his exact words, "there are no more assets left in real estate or stocks to blow". The American economy needs more savers and a rise in interest rates will encourage people to save more and discourage unnecessary borrowings. Commenting on the economic implications on shipping, Mr. Schiff made clear that the great American shopping spree has ended and the US purchasing power will be redistributed to the Asian economies. He sees more opportunities for used TVs, cars and other consumer products to be shipped out of the US as Americans realign their focus on basic necessities.

COMMODITIES CHAT

On Tuesday, experts from **Dahlman Rose** provided some insights on the commodities outlook that was largely centered on China. From a net exporter of steel to a net importer of steel in the first five months of 2009, China's appetite for steel will to a large extent influence the direction of the dry bulk market. The good news is that China will continue to be challenged by its reliance on seaborne iron ore (a key ingredient in steel production) despite being one of the largest iron ore producers in the world. The Chinese domestically produced iron ore tends to be of a much lower quality and it remains more cost efficient to import overseas iron ore from Australia, Brazil and South Africa. Dahlman Rose believes we are in the early stages of the steel market recovery and remains optimistic on the outlook for steel demand in China in view of the aggressive infrastructure projects put together by the Chinese government.

Commenting on the recent joint venture between Rio Tinto and BHP Billiton, analyst **Anthony B. Rizzuto** says this will undoubtedly strengthen Australia's position as an iron supplier to China but at the same time solicit a stronger competitive response from China. China will enter into joint ventures or simply buy companies to increase their land position in Australia and explore opportunities in the resource rich Africa.

Global demand for coal remains weak but there has been some China led recovery in the Asia Pacific region. Sustained tightness of the coal market is expected in this part of the world due to the strong demand from China and India.

TAKEAWAYS FROM THE DRY PANEL

Panelists during the dry bulk session were somewhat optimistic. **Genco Shipping & Trading Limited** sees firming prices of steel, and a recovery in real estate and automobile sectors. **Dryships** believes that it is more than just an inventory build up in China. China has started importing steel, which suggests that there is actual user demand. On the topic of shipyard cancellations, **Pacific Carriers** shared with the audience a recent example of a Chinese shipyard who had tried to offer massive discount to a European owner in an attempt to revive a cancelled order of over 20 vessels. Although the attempt was futile, the ships will likely be sold to a number of local Chinese owners. The point is shipowners should therefore not count on cancellations to salvage the impending oversupply situation and be prepared for a re-pricing in assets.

Banking

ANALYST MORE BEARISH THAN BANKERS

Before beginning the highly anticipated Banker's Summit, the audience had the opportunity to listen to **Paul Miller**, a banking analyst at **Friedman, Billings, Ramsay**. There was no sugar coating here. No one has escaped blame for the financial meltdown but this is the first time, we heard of someone blaming Basle II. Before the latter was implemented, the larger US banks could not compete as a consequence of harsher capital ratios. Different levels of capital meant different cost structures. Basle II leveled the playing field by bringing the focus on to Tier 1 capital and risk ratings. This concept was not well understood by the regulators and everyone lost sight of the more important measure of tangible common equity ("TCE") or real cash equity. This is the banks 1st loss position. Throughout the 90s, Tier 1 capital approximated TCE. Recently the capital raising activities of the banks has focused on preferred equity, which raised the Tier 1 capital but not TCE. Currently TCE represents 40% of tier 1 capital. Today the market has begun to focus on TCE, suggesting a minimum of 4% although most agree the right number should be closer to 6 to 8%.

TARP was designed to take care of the toxic assets. Unfortunately, no one knows how bad the situation is. The banks are not writing them down out of fear. One out of four or five home mortgage loans are under water and 60% of banks assets are residential loans. On the positive side the government actions have worked as credit markets are improving. But no one knows the cost.

To solve the problem, the housing market has to be fixed. Delinquency rates and foreclosures are at record highs, respectively 8% and 3%. And with the banks sitting on foreclosures, there is a huge shadow inventory. Moreover, the banks don't have the capital to take the hit. He expected the government would probably have to contribute capital to absorb the write-offs but was of the opinion that it's better to fix the capital holes now and let the banks get back to their business of lending.

The government solution of adjusting the payment to make it affordable will not work, as the owner will never have equity in the house making it easier to move on. The loans must be written down to give the owner skin in the game.

Finally, the stress tests did work and on that basis the banks were able to raise capital but as losses exceed stress test assumptions they will soon have to be revisited.

YES, THERE IS HOPE, IF YOU CAN MAKE IT TO 2010

Ably led by **Philip Clausius** of **First Ship Lease**, the bankers had the opportunity to state their positions publicly. Let the bankers speak.

Hans Chr Kjelerud of **Nordea** was first and he noted that the market was slow with few deals being done. Banks are focusing on existing business and restructurings. Nordea has done selective deals but they are more traditional and conservative and done on a club or bilateral basis. The bank is open for business to the extent of run off. With a $20 billion portfolio and 15% run off the bank estimates it has $3 to $4 billion to lend.

Fortis Nederland's **Gust Biesbroeck** reminded everyone that shipping has always been a long-term business and would survive a 2 year hiccup. Referring to our Portfolio League Tables, he happily noted that he had the smallest portfolio. Like the others, he believes 2009-10 will be tight. Banks will focus on smaller private owners whereas the larger corporates will need to access the capital markets. As his bank has merged with **ABN Amro**, they will be largely occupied with integrating the activities of the two banks. However,they will service existing clients and be back in 2010. He highlighted the common theme that owners have to rethink the traditional model and diversify their sources of funding. Mr. Biesbroeck's wild card is the willingness of the shipyards to negotiate and their ability to cope.

Seeing some blue sky among the clouds, **Kristin Holth** of **DnB NOR** emphasized more normal interest rates, the re-opening of the Norwegian bond market and the increased activities of the export credit agencies. Her wild card was how the banks would handle the problems and whether they would act professionally. DnB too is open for business and has done a number of transactions. They have done their best to meet customer needs however tenors are shorter, the amounts smaller and the pricing higher.

If there was any uncertainty about **HSH Nordbank**, **Robin Das** clarified it. The bank's state shareholders have put in an additional EUR 3 billion in equity and a further guarantee of EUR 10 billion. They will shrink their balance sheet by 40%, but shipping will remain an important part. Arguing the benefits of diversification, the bank will continue to act internationally but will remain under the influence of its state shareholders. Although it has capacity, the bank is not open but will instead use its funds for emergencies and restructurings. Robin remains cautiously optimistic about 2010 but reminded everyone that it might get worse as the cash buffer from the good years dissipates through 2009.

Rory Hussey of **ING** described its EUR 6 billion portfolio as focused in Russian shipping, offshore drilling and domestic Dutch business. The size reflects the bank's emphasis on the syndication model, which is now in hibernation. In terms of credit, the bank has benefited from their strategy of focusing on top tier owners in exchange for lower returns. But even these owners are showing strains. Also open on a selected basis, ING is largely re-cycling run-off. There is no escape for those banks that think they can exit the market; they are in for the long haul.

In response to questions from Mr. Clausius, the following points reflected consensus thinking:

- Government funded banks will be expected to have a regional/national focus and conversely importers of ship finance may face issues.
- Financial strategy is important. Funding sources need to be diversified.
- Shipping is too volatile to access the bond markets at investment grade.
- ECA is important but will not bridge the newbuilding gap. It is a politically motivated tool to build and export ships.
- Chinese lending is not a panacea. It will be related to Chinese business. Asian banks focus domestically and do corporate rather than asset lending.

Investing and Investment Banking – Nora Huvane

THE MARKET IS DEPRESSED. THE PEOPLE ARE NOT.

The debt markets exist. But you are looking at a lot less for a short term costing a lot more. A lot of the banks will be properly back into the game by 2010. It will help to have companies based in ship finance exporting countries.

The capital markets exist. The bond market is open at very reasonable rates. The equity markets are open for existing issuers but valuations are poor.

We may have a rebound this year thanks to stimulus plans and fiscal loosening, but the underlying damage is done. Banks will eventually HAVE to account for their losses. The write-downs have to come from somewhere and government debt is hardly the answer. Unless they wait years with the balance sheets impaired.

Anyone who wants to raise capital will have to have a good story. Going to existing banks and asking for help may work, but new investors have to be attracted to an opportunity, not a need.

Investing

Oivind Lorentzen of **Northern Shipping Funds** presided over a particularly distinguished set of panelists who were tasked to consider asset play but also shared their views on the broader dynamics of the world economy. Asked to put a timeline on where we are in the economic cycle for ships and offshore, **Jim Tisch** wouldn't put one on but bluntly told the audience "we're in a depression now, get over it." The depression came about due to too much debt in the economy, comparing a debt/GDP ratio for the US of 120% in the 1950s to one of 360% last year.

Charles Fabrikant was concerned not just about oncoming supply but the ability to create more supply – shipyard capacity. **Peter Georgiopoulos** was also concerned, telling the audience that there's a lot more to fall, particularly as big bankruptcies and banks taking back ships on a large scale has yet to come. **Tobias Konig** wasn't as sure large-scale ship repossessions are on their way, mainly because the banks simply can't afford to take more write-offs and are doing everything they can to keep companies alive. He referred to the container shipping industry as on the brink of bankruptcy, though also noted that the economy has been coming off since when "they switched off trade" in fall 2008.

As far as financing newbuildings that have been ordered, **Harris Antoniou** noted that there is quite a bit more ECA paper around. This could be viewed as a blessing for those seeking finance, but he expects it will also contribute to having the vast majority of the supply overhang delivered. These and other comments from the panelists implied strongly that the global economy is still in much too much trouble to provide glowing opportunities for asset play.

However all this depressing news did not stop **Seward and Kissel**'s **Gary Wolfe** from engaging a lively panel on the role of private equity in shipping, asking whether this form of equity could in fact be the Holy Grail (yes, the answer is no.) The participants were drawn from the shipping as well as the equity side and represented several continents so not surprisingly offered a diverse range of views. However all saw some room for opportunity.

Sunder Reddy of **Goldman Sachs** believed that the "marriage" of shipping and private equity would not be simple but that there would be opportunities. He noted that in addition to money the institutional private equity world brings intellectual and networking capital and noted that in addition to niche businesses, depressed assets and market dislocation would probably provide a handful of opportunities for asset play. One of the major challenges he saw was developing exit mechanisms that could account for the often very different incentives of shipowners and private equity players and stressed the importance of flexibility.

Philip Clausius, who has had his own experience raising both private and public equity for **First Ship Lease**, was more skeptical about the marriage, citing common complaints that most international shipping is deeply cyclical, sub-investment grade, suffers from supply side distortions and holds little opportunity for value creation through technology or pricing power. However he saw opportunities for deals to work well for niche players.

Felipe Menendez Ross of **Ultrapetrol** had the perfect case in point. Ultrapetrol has had a very successful relationship with private equity, though he noted that it's like a friend you invite for dinner – you enjoy his company, but know that at some point he has to go home. So maybe "marriage" is not exactly the best term. Ultrapetrol benefited from a PE investment in 2000, which led to an IPO in 2006 and an exit in 2007 that returned over 100%. However he was not keen on the use of PE for asset trading, noting that the successful strategic player should buy assets relatively cheap but also have a good operating business. For those who believe that "operating a ship is the uncomfortable thing that you do between buying and selling," private equity is probably not the right choice.

Ted Young of I**rving Place Capital** stressed the dependence of the return required on the level of risk being taken. A containership in cold lay-up would have to provide a pretty huge upside to be attractive, while a solid business in a less volatile niche could get away with less. While 20-25% IRR would be nice, considerations are also made for the value of cash on cash returns.

Igor Kuzniar of equity firm **Octavian** was of the opinion of private equity has the guts to get involved with shipping, but certainly won't be the Holy Grail. Volatility and path to exit were key issues to consider. He pointed out that no one is going to compensate the gap in ship financing for sub-par returns, and that the relationship between asset values and charters must improve in most sectors to become attractive.

While it seems like stating the obvious, private equity won't be the solution to anyone's problems. It is only seeking opportunity.

Investment Banking

After graciously accepting her Dealmaker of the Year award and being asked to speak about the state of the capital markets, **Angeliki Frangou** quipped "what capital markets?" The answer would have been more depressing if **Navios** hadn't just successfully issued $165 million of mandatory convertible preferred stock.

The capital markets, in fact, appear to have returned and are open for business. **Hamish Norton** of **Jefferies** was not alone in the assertion that the US bond market was not only open but has again become a competitive form of finance for investment grade down to B rated companies. B yields were 10.2% last year at this time and hit a high since of 23.1% - for existing debt only; new issuance was simply not possible. Now they are back to 12.2%, with BB companies able to access the bond markets for yields in the single digits.

Michel Bourgery of **DVB** moderated a cautiously optimistic discussion delving further into the question of what the capital markets can presently offer. **Elliot Etheredg**e of **Dahlman Rose** stressed the importance of capital as a strategic initiative, or even weapon, that requires shipping companies to understand and actively market what opportunity they have to offer investors. **Simon Smith** of **UBS** noted that the IPO market is, in fact, open for very certain issuers of course. More generally the equity markets have shown themselves to be open for existing issuers. The panelists agreed with Mr. Norton's earlier comments earlier that the bond market is not only open but also can be an attractive option.

The Inevitable – Taxes and Restructuring

PRESIDENT OBAMA'S PROPOSED INTERNATIONAL TAX CHANGES – WILL THEY TRULY ACHIEVE ECONOMIC STIMULATION

Tamara Moravia-Israel of **Ernst & Young** was forthright in views of the President's proposed changes in international tax law. It is not good for shipping. And there is a question as to whether it will in fact create jobs, stimulate the economy and increase competitiveness as is suggested. First, the "check the box" regime is proposed to be reformed in that foreign eligible entities with a single owner could be disregarded for federal US tax purposes only if: (1) they are organized in the same country in which the owner is organized or created, or (2) a US person wholly owns them (except for tax avoidance cases). The implications of this are potential conversion of first-tier (for tax avoidance) and second-tier (or lower) foreign disregarded entities (FDEs) to corporations that may have US tax implications. Ms. Moravia-Israel suggests that the current check the box regime allows US multinationals to be on somewhat of a level playing field with its foreign competitors. An additional proposed change by the Obama Administration is the deferral of deductions. That is, there will no longer be allowed a deduction for foreign expenses on the US return unless the foreign source income associated with said foreign expense is recognized for US tax purposes. However the biggest threat comes from the Levin Bill, which Congress is potentially currently considering. In effect, the bill puts forth that a foreign corporation is treated as managed and controlled in the US if substantially all of the executive officers and senior management of the corporation who exercise day-to-day responsibility for making decisions involving strategic, financial, and operational policies of the corporation are located primarily within the US. If the foreign corporation is considered to be managed and controlled in the US, it is treated as a domestic corporation for US tax purposes. This goes against the traditional determination of nexus, which has historically been the location of board meetings.

WHAT NO ONE WANTS TO TALK ABOUT

Nancy Hengen of **Holland & Knight** led an excellent panel on Restructuring and Remedies. **Len Hoskinson** of **SMS** discussed the art of asset recovery and his title said it all. “Knowing when to hold them, knowing when to fold them.” The presentation was invaluable for its outline of what to do. There are no easy answers but lots of hard work and risk.

Next was **Peter Bjerager** of **DNV Energy** whose focus was on preserving asset value in a weak market. He spoke of project uncertainty and the need for systematic risk management.

Jens Alers of **Bernard Schulte** spoke of ship management strategies during these difficult times using the backdrop of pictures of beautiful waves. The key point of his presentation was that you cannot reduce operating expenses to offset an expensive ship. It just won’t work. Nor can you reduce maintenance or the costs associated with compliance. And things will not get better as inflationary pressures increase all these costs.

The session concluded with **DLA Piper**’s **Jeffrey Schwartz**’s presentation on the impact of the bankruptcy code on restructuring.

PIECE DE RESISTANCE OR THE ROBERT BUGBEE SHOW.

It’s either sweeps week or Marine Money week when **Robert Bugbee** takes the stage for the most anticipated event of the conference. Warming up the audience, Mr. Bugbee spared no one in his version of the deal of the year awards, which was a great counterpoint to the staid version that we do.

This year’s panelists included **Omar Nokta** of **Dahlman Rose**, **Douglas Mavrinac** of **Jefferies**, **Justine Fisher** of **Goldman, Sachs**, **Gregory Lewis** of **Credit Suisse**, **Urs Dür** of **Lazard**, **Robert MacKenzie** of **FBR**, **Martin Korsvold** of **Pareto**, **Jonathan Chappell** of **J.P. Morgan**, **Anders Karlsen** of **Nordea** and **Thor Andre Lunder** of **DnB NOR**.

The analysts were asked tough questions as Mr. Bugbee put them on the spot and they were either praised by a posting of their answers or gaveled down. As usual, he took no prisoners. **Simon Rose** of Dahlman cheered on Omar as he roamed with a microphone. Meanwhile from our vantage point we saw that **Tor Olav Troim** could not stop laughing. The event is too fast and furious to cover but we can confirm that the answers have been saved for posterity or at least next year.

CONNECTING PEOPLE BY DISTRIBUTING INFORMATION GLOBALLY, INSTANTLY!

For 22 years Marine Money Week has been the ideal networking event, successfully bringing together shippowners and their capital providers. That crowd has grown to include top executives across the industry from all over the world and we pride ourselves on connecting the groups.

This year the Marine Money team embraced the latest trend in social networking through online communication via the use of Twitter. www.twitter.com/marinemoney

Twitter is a free social networking and micro-blogging service that enables its users to send and read each others' updates, known as tweets, text-based posts of up to 140 characters, displayed on the author's profile page and delivered to other users - known as followers - who have subscribed to them.

Throughout the conference the Marine Money editors summarized the highlights of the speeches, presentations and panel discussions and “tweeted” live effectively dispersing information far and wide on http://www.twitter.com/MarineMoney

Special thanks to James Tweed, a well-known blogger in the Twitter shipping community, for educating the Marine Money team and executing a successful live broadcast with highlights from Marine Money Week 2009!

You can find his musings on http://www.twitter.com/jtweed and http://www.shippingpodcasts.com where a podcast of Marine Money Week 2009 is available.

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
★	Grandunion	S. Goldman for Grandunion		Aries Maritime	Signed letter of intent for control of the company including 3 bulkers with NAV $36m in exchange for 16m new shares; Requires fully underwritten bond issue. $3m break up fee
	National Shipping Company of Saudi Arabia (NSCSA)		$300	Arabian Agricultural Services (ARASCO)	NSCSA to own 60% of JV which will own, charter and operate dry bulk vessels.
	Omega Navigation			Glencore International	Form 50-50 JV to purchase Omega Duke which simultaneously entered into 5yr TC to Glencore affiliate, ST Shipping
	Wilh. Wilhelmsen		$78	Glovis Logistics	Divestment of 5% shareholding to strengthen liquidity. WW to be left with 15% of company and a $40m gain.
	World Nordic SE		$392	BW Gas	Offer to buy out minority shareholders' resulted in acquisition of additional 4.6% bringing total to 99.3%.Minority holders squeezed out under Bermudian law.
	Teekay Corporation/ Merrill Lynch Commodities			Teekay LNG has option to participate	JV to convert vessel into floating LNG plant in Kitimat, BC.
	Calulo Petrochemicals (15%), Adopt-A-School Foundation (10%)		$28	Grindrod South Africa (GSA)	Grindrod sells 25% of GSA to local business and charity as part of social responsibility obligation. Financed with seller credit.
	Arcade SPAC/Conbulk		$262	10 feeder containerships	Palmosa and Tsakos vessel deal cancelled

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
	DOF ASA	Nordea & Pareto	Up to NOK 300M	NIBOR + 9%	2011	Senior secured FRN to refinance existing debt & gen'l corporate purposes.	In Progress
✓	Mitsui O.S.K. Lines		$317	1.28%	2014	Working capital	In Progress
✓	Mitsui O.S.K. Lines		$211	2.00%	2019	Working capital	In Progress
✓	Mitsui O.S.K. Lines		$160	7.95%	2011	Working capital	Done
	Oceanteam		NOK 90			Working capital while re-structuring continues	
	Color Group ASA	DnB NOR, Pareto	NOK 200 + 5.00%	NIBOR	2011	Working capital	Done
	Cecon		$10	25.00%	2010	Sr bond secured by 1st priority pledge of Davie Yards shares; To finance related equity purchase	In Progress
	I. M. Skaugen		NOK175	NIBOR+ 6.00%	2010	Unsecured FRN. Repayment swapped to USD	Done
	I. M. Skaugen		$10	LIBOR+ 6.00%	2010	Unsecured FRN.	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
★	Navios Maritime	Commerzbank	$165	Creatively priced 'mandatorily convertible preferred stock' offering concurrent with acquisition of 4 capesize vessels under construction; 3 from companies controlled by Commerzbank	Done
★	Teekay Tankers	Morgan Stanley, Citi	Up to $79	7 million share offering at $9.80 each, 7.6% discount, in connection to suezmax 'Ashkini Spirit' purchase from parent Teekay Corp.	Priced
✓	Uni-Asia Finance Corp		$18	Placement of 52 million new shares at S$0.50 to Yamasa Co., Ltd	In Progress
✓	KS Energy	Kim Eng Corporate Finance	up to $12	Planning a renounceable rights issue of 92 million warrants at an issue price of S$0.20 for each warrant. Each warrant carries the right to subscribe for one new share at S$1.40	In Progress
✓	Ezion Holdings	CLSA Singapore	$30	Placement of 70 million new shares at S$0.62 a piece	In Progress
	Vilmaris GmbH	Bankhaus Lampe, Lampe Corporate Finance & Montan Alternative Investment	EUR 30.1	Formed by Komrowski, company will invest in a diversified portfolio of container and bulk tonnage through the outright purchase of vessels as well as the acquisition of majority interests. To list in Hamburg after selling 30,100 shares at EUR 1,000 each.	In Progress
	Neptune Orient Lines	DBS Bank, J.P. Morgan	S$1,400 ($970)	3 for 4 rights issue priced at S$1.30 per share, a 15% discount to 5/29 price; Issue fully back-stopped by Temasek; 50% to repay debt, balance for general corporate purposes.	Announced

Restructuring Deal Table

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

	Company	Advisors	Banks	Comments
★	Eastwind Maritime			Chapter 7 filing
✓	Jaya Holdings	Tan Corporate Corporate Advisory		In process of restructuring its debts with creditors
	DryShips		DnB NOR	Obtained waivers on facility covering 2 drybulk vessels for $86m of outstanding debt
	Pacific Basin Shipping			Deferred delivery of 3 RoRos by 11 mos to 2011 for 10% payment to be applied to final installments when delivered.
	Safe Bulkers			Controlling shareholder (81.6%) initiated a stock purchase program. Purchases capped at 2% of o/s shares and 10.9% of float. No purchases expected currently.
	Safe Bulkers			Cancelled Cape NB which will be substituted with another in 2010. Delayed delivery of another until 2011; Total savings of $12M; Existing charterers have agreed.
	Navios Maritime Holdings/ Navios Maritime Partners			NMP acquired leasehold in 'Navios Sagittarius' for $34.6M incl charter through 2018; Converted NMP's obligation on TBN 1 to 12 month p.o. at $125m for 1M sub units.
	DryShips		Deutsche Bank	Waiver agreed for $1.125b facility for 2 newbuilding drillships under construction at Samsung to be delivered in 2011
	Dry Ships			Cancelled Capesize N/B contracted for $114M for a cancellation fee of $42.8M.Reduces 2009 capex by $71.2M

Bank Debt Deal Table

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

Borrower	Arrangers / Buyers	Amount (US$ M)	Pricing / Purpose / Remarks
★ Farstad Shipping	Nordea	NOK 415	To finance 'Far Scorpion'
★ Navios Maritime	Commerzbank	$240	10 yr soft loan with 2.25% margin and 17 yr amortization concurrent with acquisition of 4 capesize vessels, 3 from Commerzbank controlled companies
✓ Odebrecht	Kexim	$300	165 million in loans and USD 135 million in guarantees for the financing of 2 drillships
Scorpion Offshore		$52	6 month bridge loan for working capital; loan to be repayed from sales proceeds from Offshore Mischief. Guaranteed by Seadrill and Christian Sveaas for 8.5% fee.
Seadrill	A syndicate of international banks and export credit agencies.	$1,500	Senior secured credit facility to refinance existing $1billion bridge loan; Secured by 1st priority mortgages on 3 drill rigs, 1 drillship. 5 yr tenor, 8.5 yr amortization.
PT Berlian Laju	DnB NOR & NIBC	$31.50	4 year term loan secured by a chemical tanker, a product tanker and LPG carrier.
Vinalines	Credit Suisse	Up to $600	Credit Suisse has been mandated on a 5yr amortising facility
Cecon	Export Development Canada	$200	Construction loan for Cecon's 3 newbuilds at Davie. 12 yr tenor post-delivery and secured by 1st mortgage. Contingent upon 20m equity issue and amendment of 2nd priority bond loan.
Odessa Terminal Holdco	European Bank for Reconstruction and Development	$37	Partially finance CMA CGM-sponsored $130m project to construct new container terminal at Port of Odessa; EBRD will also take 5% equity stake.

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
Eitzen Chemical	Platou Finance	$51	Sale and 5yr bareboat-back of 2007 built 46,200dwt tanker at $15,500/day.
Teekay Shipping	Fairsky Shipping	$114	Sale and long term charterback of 2x114,830dwt tankers built in 2005
Swiber Offshore Marine	Swiber Holdings/ICON Capital	$42.50	Partial sale and leaseback of a 300 men accomodation work barge for 3 years
Hoegh Autoliners	Marenave Schiffharts AG	$95	Sale and 10 yr bareboat back of 2005 built car carrier at $32,150/day; Lessee option for 3 yr extension at $35,700/day
A top ten liner company	TAL International	$80	Purchase-leaseback in 4Q of 53,000 teu of in-service equipment on LTL.
Ship Finance International	Golden Ocean	$160	Cancelled sale-lease-back with GOGL for 2 x capesize newbuildings
Overseas Shipholding Group		$64.50	Sale and bareboat back of 2008 built Aframax tanker (Everglades) for 12 years with purchase options
Overseas Shipholding Group		$65.60	Sale and bareboat back of 2008 built LR1 product carrier (Palawan) for 12 years with purchase options
✓ Dong Fang International Investment Limited	DCM Deutsche Capital Management, arranged by DVB Bank	Undisclosed	Sale and manage-back of a fleet of 38,983 CEU of containers
China Huaneng Group	ICBC Leasing	About $420	Sale and leaseback of 6x Supramax bulkers for 10 years

Jefferies – High-Yield Shipping Bonds

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
SHIPPING							
Berlian Laju Tanker (BLTAIJ)							
7.5% Senior Notes due '14	51.000	25.60%	2,298	05/15/14	– / CCC+	05/15/12	103.750
CMA CGM (CMACG)							
5.5% Sr Unsecured due '12	49.000	34.78%	3,287	05/16/12	– / BB-	any time	MW+50
7.25% Sr Unsecured due '13	59.000	25.19%	2,310	02/01/13	– / BB-	02/01/10	103.625
Golden State Petro (GOLDEN)							
8.04% 1St Mortgage due '19	95.670	8.71%	512	02/01/19	Baa2 / BBB	any time	MW+37.5
Great Lakes Dredge&Dock (GREATL)							
7.75% Senior Notes due '13	87.000	11.55%	906	12/15/13	Caa1 / B-	07/20/09	103.875
Excel Maritime (EXM)							
1.875% Sr Unsecured due '27	43.625	19.30%	1,654	10/15/27	– / –	10/22/14	100.000
Horizon Lines (HRZ)							
4.25% Sr Unsecured due '12	70.500	16.66%	1,485	08/15/12	Caa1 / B-		
Navios Maritime (NAVIOS)							
9.5% Senior Notes due '14	82.000	14.35%	1,148	12/15/14	B3 / B+	12/15/10	104.750
Overseas Shipholding Group (OSG)							
8.75% Sr Unsecured due '13	94.000	10.47%	800	12/01/13	Ba1 / BB	any time	MW
7.5% Sr Unsecured due '24	76.000	10.79%	693	02/15/24	Ba1 / BB	NC	NC
Royal Caribbean Lines (RCL)							
8% Sr Unsecured due '10	101.875	5.81%	535	05/15/10	Ba2 / BB-		
8.75% Sr Unsecured due '11	99.000	9.42%	845	02/02/11	Ba2 / BB-		
7% Sr Unsecured due '13	87.000	11.13%	887	06/15/13	Ba2 / BB-		
6.875% Sr Unsecured due '13	86.000	10.94%	846	12/01/13	Ba2 / BB-		
5.625% Sr Unsecured due '14	73.750	13.66%	1,105	01/27/14	Ba2 / BB-		
7.25% Sr Unsecured due '16	75.352	12.67%	934	06/15/16	Ba2 / BB-		
7.25% Sr Unsecured due '18	74.860	11.96%	842	03/15/18	Ba2 / BB-		
7.5% Sr Unsecured due '27	71.000	11.27%	726	10/15/27	Ba2 / BB-		
Ship Finance International Ltd. (SHIPFI)							
8.5% Senior Notes due '13	85.250	12.94%	1,052	12/15/13	B1 / B+	07/20/09	104.250
Stena AB (STENA)							
7.5% Sr Unsecured due '13	85.000	12.01%	958	11/01/13	Ba2 / BB+	11/01/09	102.500
7% Sr Unsecured due '16	80.000	11.00%	761	12/01/16	Ba2 / BB+	12/01/09	103.500
6.125% Sr Unsecured due '17	79.000	10.15%	688	02/01/17	Ba2 / BB+	any time	MW+50
5.875% Sr Unsecured due '19	75.000	9.98%	654	02/01/19	Ba2 / BB+	any time	MW+50

Jefferies – High-Yield Shipping Bonds continued

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
SHIPPING CONTINUED							
Titan Petrochemicals (TITAN)							
8.5% Senior Notes due '12	26.000	76.54%	7,494	03/18/12	Caa2 / CCC-	any time	MW+100
Teekay (TK)							
8.875% Senior Notes due '11	102.000	7.80%	653	07/15/11	B1 / BB	any time	MW+50
Trailer Bridge (TRBR)							
9.25% Sr Secured due '11	79.500	20.47%	1,901	11/15/11	B3 / B-	07/20/09	104.625
Ultrapetrol Limited (ULTR)							
9% 1St Mortgage due '14	82.000	13.82%	1,097	11/24/14	B2 / B	11/24/09	104.500
US Shipping Partners (USS)							
13% Sr Secured due '14	20.000	75.68%	7,291	08/15/14	WR / NR	02/15/11	106.500

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