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The Week in Review

INSIDE

Complications Unwound. How DRYS Got There.

Last week, **DryShips** announced that it had agreed to acquire, from **George Economou** and other third party interests, the remaining 25% minority interest in **Primelead Shareholders, Inc.**, the holding company and operating platform for DryShips ultra deepwater drilling rig assets including two owned and operational ultra deepwater semisubmersibles and 4 newbuilding drillship contracts as well as the commercial operating company, **Ocean Rig ASA**.

The transaction was structured to minimize the cash outlay and leverage with the price being dilution. Consideration for the transaction included $50 million in cash and the issuance of $280 million in face value of mandatorily convertible preferred stock, based upon a price per share of $5.36, the weighted average seven day trailing price. At the offering price, this equates to 52.2 million shares. The shares are manditorily convertible in four equal installments at $6.83 per share (a 27.5% premium) upon delivery of each of the four newbuilding drillships.

DryShips has carefully priced the coupon in line with the current market for this type of instrument and risk, while making the payment terms as palatable as possible. The cumulative dividend of 6.75% accrues but is not compounded and is paid in additional preferred stock upon delivery of the last vessel. On the basis of the mandatory conversion premium of 27.5%, the company will issue 41 million common shares in four equal tranches at the end of the 4th quarter 2010 and continuing through the 1st, 2nd and 3rd quarters of 2011. The mandatory conversion of the dividend at $5.36 (no premium) will result in a further 5.2 million shares issued bringing the total to 46.2 million shares. Finally, the sellers have the option to convert at any time prior to the mandatory conversion at $7.66, a premium of 42.9% to the established share price. If the option is exercised, the company will issue 36.6 million common shares with a value of $196 million based upon the established $5.36 price with no dividend being paid. The fact that conversion of the preferred stock is conditioned on the delivery of the rigs shifts risk to Mr. Economou and makes the transaction even more shareholder friendly.

The company in its presentation emphasized the arms length nature of the transaction, which was negotiated and approved by the audit committee consisting of the independent directors. The sellers were represented **Evercore Partners**, whose team included **Mark Whatley** and **Rob Pacha**.

The rationale for the transaction is compelling in terms of valuation and financial impact. Among the many positives are the alignment of shareholder interests and the fact that DryShips captures 100% of the cash flow from this segment. The transaction was structured with a reduced cash outlay and no debt, so the transaction is accretive to earnings and improves the capital structure. And, ultimately, the company posits the simple argument that it is cheaper to do it now rather than when the newbuildings deliver into what they expect to be a strong market.

The company also argues for the fairness of the transaction based upon two valuation techniques. In the first instance, DryShips calculates that the economic value of the transaction based upon the NPV of the mandatory conversion is less than the NAV in the high case pre-charter adjustment and the low and high case post-charter adjustment. In the low case of pre-charter adjustment, economic value exceeds NAV by $12 million. Looking at EV/EBITDA, the transaction multiple at 5.1x compares favorably to selected multiples of a universe consisting of **Seadrill**, **Pride International** and **Transocean**, which equate to an average of 6.0x in 2009 and 5.7x in 2010. The company believes these multiples are depressed as a consequence of the economic recession and suffering equity markets and will improve rapidly when the market turns.

In a counter argument to the dilution risk, the company calculates EPS accretion of 11.0% and 11.9% in 2009 and 2010 respectively. Even considering the mandatory conversion in 2011 and 2012, there is still accretion although the percentage accretion is reduced to 6.7% and 4.1% during those years. Nonetheless, there is dilution but in these times it may in fact be preferable to more leverage.

On a macro basis, the ultra deepwater story is also compelling based upon the quality of the company's assets and the supply/demand picture. There are few rigs available in the 2009/10 period and reflective, of a lack of finance, there have been no new orders in the last 12 months. The positive picture is reflected in the 100% utilization in the UDW category of > 7,500 feet and the stabilization of day rates at over $500,000 per day for 3-year periods. Anecdotal support for the positive outlook is indicated by increasing inquiry and rumors surrounding the potential cancellation of orders due to lack of financing.

On the other hand, the weakness in the oil market, as evidenced by the declining price of oil, is an important factor in the oil companies' capital expenditure decision-making process and the high cost of exploration and production in ultra deepwater is problematic at current prices of oil. Decision-making is also hampered somewhat by the shift away from the major oil companies to the national oil companies. In a way, these factors may detract from the simple supply/demand argument.

It is worth recalling that despite the many cogent arguments for the diversification many shareholders were upset that DryShips was no longer a pure spot dry bulk play. Of course, it was easy to vote on the decision by selling or holding your shares.

At the end of the day, most would argue that the end result is all that matters. Nevertheless the route taken is often enlightening and with that in mind we provide below a timeline to the penultimate event.

On December 17, 2007, the company announced that it had entered into an agreement to acquire approximately 30.4% of the issued and outstanding shares of Ocean Rig ASA, which at the time owned and operated the two UDW semi-submersibles. In a separate transaction, Mr. Economou acquired approximately 4.4% of the share capital. On that date, the shares closed at NOK 39.10. It is important to note that substantial volumes traded prior to that date. In particular on December 10, 55.6 million shares traded at NOK 41 and two days later another 6 million at NOK 40.70 per share. According to the company, the total investment was $405 million, which was financed with an internal cash payment of $162 million and borrowings of $243 million under a debt facility arranged by **Nordea Bank**. The facility has a two-year term and is guaranteed by Dryships.

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It is worth noting that as of December 31, 2007, Ocean Rig had total debt of $742.5 million consisting of bank debt of $342.5 million and two bonds, one for $250 million due in 2011 and another for $150 million due in 2013. Shareholders equity was $260 million with a market capitalization of approximately $1.2 billion. The hidden asset was a tax loss carry forward of $1 billion, which is expected to be used to offset book gains in a re-domiciling process.

On April 22, 2008, DryShips moved from passive investor to acquirer. It announced that it had purchased another 33,254,576 shares at a price of NOK 45, bringing its shareholding to 49.9% exclusive of Mr. Economou's 4.4% interest. The shares closed on the day preceding the announcement at NOK 42.90, with only 855 thousand shares trading. The share purchase was financed by cash on hand and the debt financing already in place.

As a consequence of the latest acquisition, Dryships, through its subsidiary Primelead commenced a mandatory tender offer at NOK 45 per share for the remaining shares pursuant to the rules of the Oslo Stock Exchange. The price represents a premium of 4.9% to the closing price on April 21st, the last trading day prior to the first announcement of share acquisition by DryShips. **DnB Nor** managed the transaction as well as serving as the advisor together with **Cantor Fitzgerald**. This acquisition was also financed through a combination of internal funds and the existing debt facility.

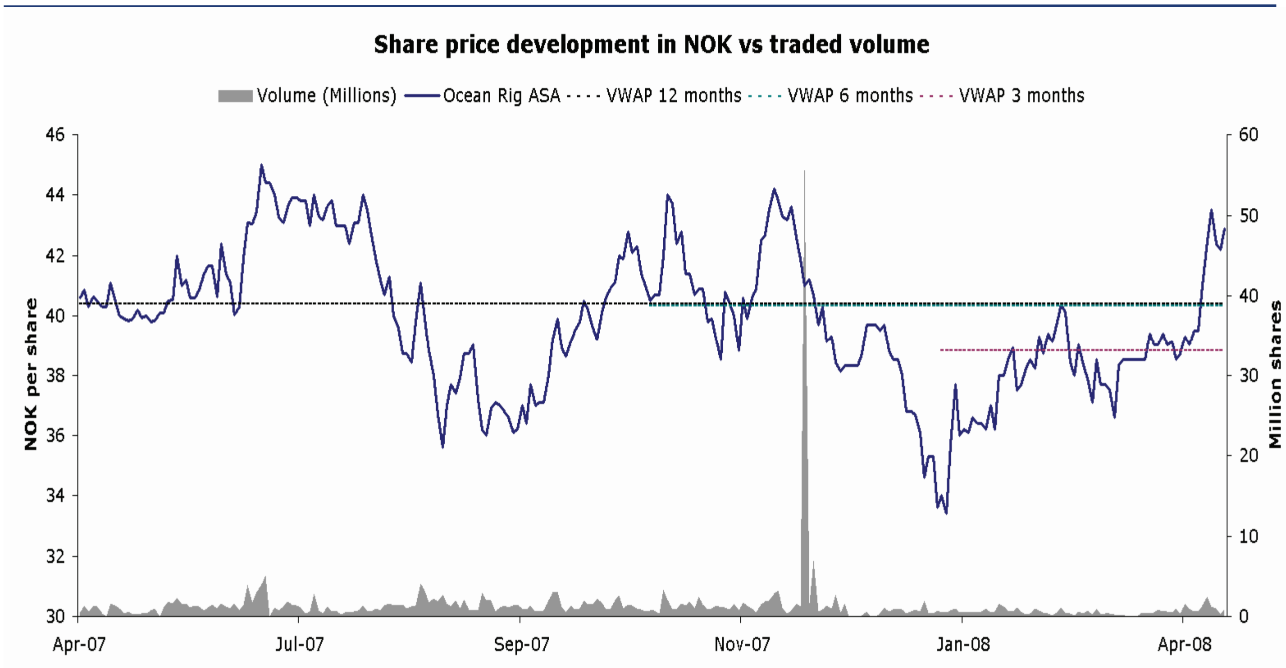
Two days later on April 24th, DryShips announced that it had exercised an option to acquire two ultra deepwater drilling ships (Hulls 1865 and 1866) to be constructed at by **Samsung** for delivery in the 3rd quarter of 2011 for a price of $800 million each. The ownership of the rigs was originally with another DryShip's subsidiary, **DrillShips Investment**, but have subsequently been rolled into Primelead.

On the following day, the company announced that it purchased another 28,506,464 shares at NOK 45 bringing its ownership interest up to 66.7%, giving the company effective control over matters requiring shareholder vote.

On May 8, DryShips closed the loop and acquired Mr. Economou's 4.4% (7,546,668 shares) interest in Ocean Rig at the same offering price of NOK 45.

The mandatory offer to acquire the remaining shares commenced on May 14, at which time DryShips owned 128,035,373 shares or 75.1% of the shares of Ocean Rig. The mandatory offering period concluded on the 11th of June with Primelead holding the equivalent of 93.8% or 97.7% excluding Ocean Rig's owned shares. The

Share Price Development and Traded Volume



Source: DryShips Inc.

Figure 1

company then effected the compulsory buyout of the remaining shares which gave them 100% of the shares as of July 10th. The shares were delisted on July 21st.

The share price development of Ocean Rig's shares is illustrated in figure 1.

Also on July 21st, the company announced that **Deutsche Bank** and **Dexia Credit** had agreed to provide a senior secured credit facility of $1.125 billion for the ultra deepwater drillships ordered at Samsung (Hulls 1865 and 1866).

Primelead, the holding company for Ocean Rig announced on October 6th that it had agreed to take over the equity interests, controlled by clients of **Cardiff Marine**, which own two ultra deepwater drillships, which are sisterships of the previously ordered drillships. These are scheduled for delivery in the 4th quarter of 2010 and the 1st quarter of 2011. The consideration paid by Primelead consists of its newly issued shares equal to 25% of the outstanding shares post-closing. The consideration was based upon pro forma relative valuation metrics. Indicative values are shown in figure 2 which are in line more or less with the price of the previously ordered units. There is no debt associated with these vessels.

Then the credit crisis struck, requiring Primelead to obtain waivers on both its credit facilities in the first half of 2009. The parties agreed In the case of the Nordea $800 million facility to the deferral of a $75 million principal payment for one quarter, a re-structuring fee, and an increase in the margin. In addition, there were agreements regarding retentions and an undertaking to prepay indebtedness on a formula basis from the proceeds of any new equity issued after January 1st of this year. But of greater concern was the bank's de facto assumption of control of the decision-making process with respect to the acquisition of drillships (1837 and 1838) and other new capital expenditures and acquisitions until the loan is paid down below $375 million. The facility has subsequently been repaid in full from the ATM offering eliminating these onerous conditions.

Ultra Deepwater Drilling Economics

Prevailing 3 to 5 year dayrates offer superior financial returns and a significant value proposition

Valuation For One 5/6 th Generation Rig or Drillship

Day Rate	EBITDA	Enterprise Value	
$ actual	$ millions	$ millions	$millions
		5.0x	6.0x
600,000	144	721	865
675,000	170	851	1,021
750,000	196	981	1,177

Source: DryShips Inc.

Figure 2

The situation with respect to the Deutsche Bank led $1.1 billion facility for drillships 1865 and 1866 was not as complex. As of December 31st, the company had drawn down $174.2 million and was not in compliance with the market adjusted ratio and the market adjusted net worth covenants, which the banks subsequently waived on June 9.

As of the moment, all the assets lie in subsidiaries of Primelead with the existing debt now limited to the Ocean Rig and Deutsche Bank credit facilities.

Having taken you down this long winding path, we acknowledge with great appreciation the simple and elegant analysis provided by **Ole Slorer** and **Eric Pachman** of **Morgan Stanley**:

"DRYS announced the acquisition of Cardiff's 25% stake in Primelead (DRYS' rig assets) last week. After the transaction, Primelead will be a wholly owned subsidiary of DRYS, i.e. DRYS will own 100% of two working floaters (Leiv Eiriksson and Eirik Raude) and four newbuilding drillships (1837, 1838, 1865, and 1866). While the transaction is technically for the 25% Cardiff-owned stake in Primelead, we remind that in mid-May DRYS assumed control of 1837/38 by giving up the same 25% stake in Primelead. Therefore, to simplify the analysis, we strip out this intermediate "swap" and simply view the transaction as the acquisition of two newbuilding drillships. We estimate the consideration to be just over $1.4bn ($700m per drillship), comprised of $50m in cash, $360m in convertible preferred ($230m "intrinsic" value plus $130m in option value), and ~$1bn in remaining yard installments."

Now that DryShips controls 100% of the offshore assets, we await the final event, being, of course, the hoped for successful spin-off of the company to its shareholders in the second half of the year. Nothing, by nature, is simple with Mr. Economou. And despite the many questions one might raise, now maybe we can say that all's well that ends well.

Market Commentary

Valuation Mayhem: Impairments are Coming, Impairments are Coming

It has to be realized that the traditional method of using NAV to value shipping assets is dead. With banks increasingly asking for capital from owners whose loans may be in some form of technical default, the issue is of paramount importance from Hamburg to London and shipping centers everywhere.

This morning, **Moore Stephens** Technical Partner **David Chopping** says, "In recent months, many of the world's listed shipping companies have released their financial statements. It has been challenging. Companies have, amongst other things, had to consider whether their assets are impaired."

There is insufficient vessel sale liquidity to easily establish vessel value. Brokers have been cautious about providing public valuations for months now. Public and private companies and their lenders are worried. It is a real and increasingly looming problem. There are book value covenants sometimes but these are not standard. However the valuation process stresses covenants. Frankly a whole bunch of owners and their bankers are underwater.

Moore Stephens concluded a brief review of shipping company accounts, which highlights the number of impairments already made. Many relate to items other than vessels and newbuildings. "From a sample of 51 US-listed shipping companies, nearly 30 per cent have recorded impairment losses, but only half of those have recorded any on newbuildings or vessels," the report notes.

As vessel values fall, many more owners will need to consider impairment. Whatever accounting policy is adopted, vessels will always need to be written down if they are worth less than their current carrying value. Market values will always be the starting point for such assessments although, in limited circumstances, it may also be possible to look at future long-term income streams.

The good news is that the industry is working hard to establish meaningful metrics that may withstand the cynical scrutiny of an auditor. It would be bad news for all if in a panic over falling values and auditor's warnings precipitous actions were taken.

The **Eastwind** Chapter 7 two weeks ago reminds us that while relationships matter, economic self interest always comes first. The trouble with stepping on relationships in a cyclical industry is that in one's rush to get one's own, inevitably values are eroded beyond where they would in an orderly restructuring.

Under both International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (US GAAP), the existence of impairment is determined by comparing the book value of an asset with its recoverable amount. The starting point for estimating how much you could get from selling a vessel is a broker's valuation. Such valuations have been called into question by some shipping companies, on three main grounds. Firstly, in a thin market, determining a price will be difficult, so the margin of error increases. Secondly, there are differing opinions about whether a broker valuation really reflects 'fair value'. Thirdly, the market has overreacted.

David Chopping explains, "If broker valuations are below book value, a company can still try to demonstrate that its future cashflow exceeds that value. Here IFRS and US GAAP diverge, with the IFRS test based on the present value of future cash flow, and the US test based on nominal amounts. This means that impairments are much less likely under US GAAP.

"In both cases, there are two main methods of using future cash flow to support a valuation. The first is to take account of factors not reflected in a broker valuation, such as long-term charters at good rates. Secondly, and more controversially, in those cases where companies have no such factors to take account of, they can use their own estimates."

"Where the result of this exceeds book value they can then at least argue that there is no impairment. However, under IFRS, this does require an assumption that the market is currently mispricing vessels. The assumption will need to be supported, and to survive the sceptical scrutiny of the company's auditor."

As the release concludes: "Only time will tell if such projections were reasonable or unduly optimistic."

Rule B Gets More Complicated

Rule B attachments in New York continue to be an arrow in the quiver of those in the midst of maritime disputes, and while the numbers are down slightly lately, the overall number of Rule B attachments continues to be significant. Basically the courts are working with the fairly recent City Bar Associations "model" Rule B attachment order, which may forestall the more frivolous claims. The ability to attach funds in NY on the basis of a claim, as yet untried, is a powerful tool, unchecked, it is akin to terrorist weapon, and used properly it drives solutions. As the road ahead gets bumpy we suspect a great many more of our readers may know more about the Rule than they care to.

Just what the Doctor Ordered!

Just a few short weeks ago, **Capital Link** launched a series of maritime stock indexes to track the performance of U.S. listed shipping companies. There is an all-inclusive main index as well as various sector indexes.

The indexes are calculated daily and are based on the market capitalization weighting of the stocks in each index. All U.S. companies are included in the main index, the Capital Link Maritime Index and individually may be included in the sector index, in which it primarily operates, as well as the mixed fleet or MLP indices. By definition, companies that operate at least 60% of their total fleet in a single sector are included in that sector index. Companies that operate a minimum of one third of their total fleet in other sectors are included in the mixed fleet index. We also appreciate the ability to opt out noting that Aegean Marine Petroleum correctly in our view chose not to be included in the tanker sector. The creation of an MLP index provides an interesting means of monitoring the performance of these special vehicles. Reflective of its focus on the U.S. universe, some of the sectors provide relatively few data points thus raising a question about the quality of the measure. The list of companies and their placement in the indices is included herein.

The indices extend back in time to 2005, reflecting the period of major issuance. Companies that have been delisted are included in the indices for the periods they were listed and SPACs are included from the date they became operating companies.

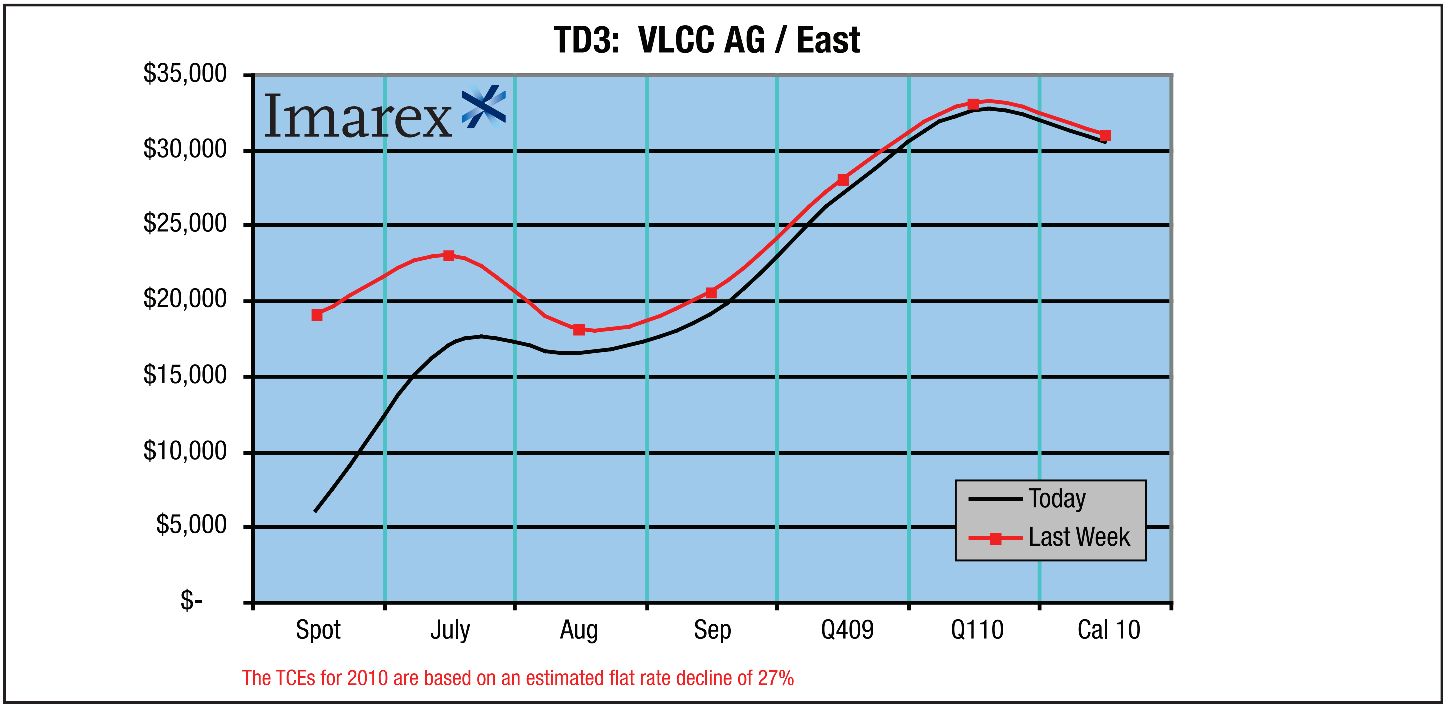
We congratulate Capital Link for developing this timely, independent and objective product. Its value is already affirmed, as we have seen it already utilized by **Morgan Stanley** and **FBR** in their research.

The composition of the Capital Link Maritime Indices is as follows:

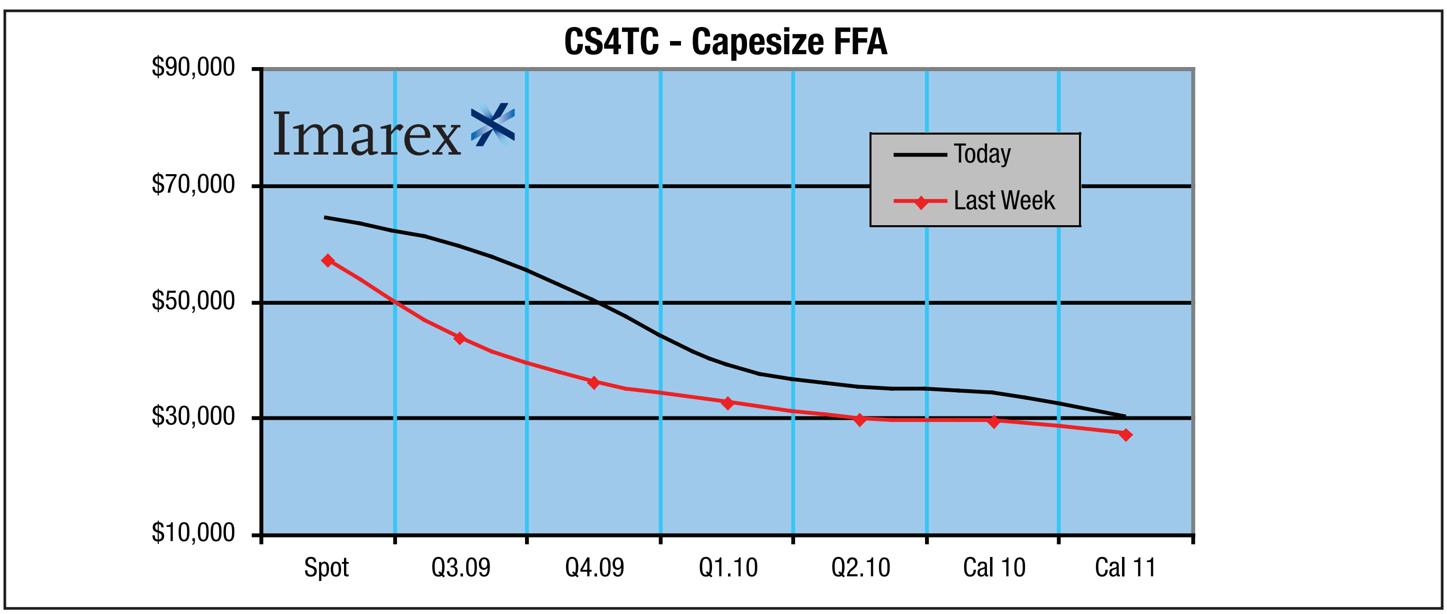
Company	Symbol	Exchange	Maritime Index	DryBulk Index	Tanker Index	Container Index	LNG/LPG Index	Mixed Fleet Index	Maritime MLP Index
Aegean Marine Petroleum	ANW	NYSE	X						
Alexander & Baldwin	ALEX	NYSE	X			X			
Aries Maritime Transport Ltd	RAMS	NASDAQ	X		X			X	
Arlington Tankers*	ATB	Delisted	X		X				
B & H Ocean Carrier	BHO	NYSE	X		X			X	
Britannia Bulk*	DWT	Delisted	X	X					
Capital Product Partners	CPLP	NASDAQ	X		X				X
Danaos Corp.	DAC	NYSE	X			X			
Diana Shipping	DSX	NYSE	X	X					
DHT Maritime	DHT	NYSE	X		X				
DryShips	DRYS	NASDAQ	X	X					
Eagle Bulk Shipping Inc.	EGLE	NASDAQ	X	X					
Euroseas Ltd	ESEA	NASDAQ	X			X		X	
Excel Maritime Carriers Ltd	EXM	NYSE	X	X					
Freeseas Inc.	FREE	NASDAQ	X	X					
Frontline Ltd	FRO	NYSE	X		X				
Genco Shipping	GNK	NYSE	X	X					
General Maritime	GMR	NYSE	X		X				
Global Ship Lease	GSL	NYSE	X			X			
Golar LNG	GLNG	NASDAQ	X				X		
Horizon Lines Inc.	HRZ	NYSE	X			X			
Knightsbridge Tankers, Ltd	VLCCF	NASDAQ	X		X				
MC Shipping*	MCX	Delisted	X				X		
Navios Maritime Holdings	NM	NYSE	X	X					
Navios Maritime Partners	NMM	NYSE	X	X					X
Nordic American	NAT	NYSE	X		X				
OceanFreight Inc.	OCNF	NASDAQ	X	X				X	
Omega Navigation	ONAV	NASDAQ	X		X				
OSG America LP	OSP	NYSE	X		X				X
Overseas Shipholding Group	OSG	NYSE	X		X				
Paragon Shipping	PRGN	NASDAQ	X	X					
Quintana Maritime*	QMAR	Delisted	X	X					
Safe Bulkers	SB	NYSE	X	X					
Seanergy Maritime Holdings	SHIP	NASDAQ	X	X					
Seaspan Corp.	SSW	NYSE	X			X			
Ship Finance Intl.	SFL	NYSE	X		X			X	
Star Bulk Carriers Corp.	SBLK	NASDAQ	X	X					
StealthGas Inc	GASS	NASDAQ	X				X		
TBS International Ltd	TBSI	NASDAQ	X	X					
Teekay LNG Partners	TGP	NYSE	X				X		X
Teekay Offshore Partners	TOO	NYSE	X		X				X
Teekay Shipping	TK	NYSE	X		X				
Teekay Tankers	TNK	NYSE	X		X				
Top Ships	TOPS	NASDAQ	X		X			X	
Torm A/S	TRMD	NASDAQ	X		X				
Tsakos Energy Navigation	TNP	NYSE	X		X				
Companies currently in the Index			**42**	**14**	**18**	**6**	**3**	**6**	**5**

Back to the Futures

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



The tanker market continues to suffer from poor fundamentals. The most recent shoe to drop was the Atlantic basin Suezmax sector, which has seen rebel activity in Nigeria greatly reduce regional production. Earnings on the benchmark Wafr/Usac route have fallen from about $16,000/day only a week ago, to about $4,000/day today. Rates for all asset classes worldwide are under continued pressure as the supply of ships continually outweighs the list of cargo requirements. The clean sector faces the same dilemma, as MRs in the Atlantic basin are earning sub-opex levels. The vast number of ships being used for clean and dirty storage around the globe tell a tale of limited end-user demand. FFA volumes have been light as the soft physical market provides little incentive for traders to put on positions.



Dry bulk has maintained its momentum throughout the week as a firm physical market has allowed for repeated triple digit gains in the Baltic Dry Index. Most of the recent strength first developed in the Atlantic basin, though positive sentiment soon spread to the Pacific. Concerns over growing position lists soon reversed into optimism that Owners could lift rates on all routes. FFA volumes have been good and worth noting is the forward curve almost turned flat for a moment earlier this week, only to see a mild backwardation re-occur. High ore inventories in China remain the primary doubt as to the sustainability of the current rate atmosphere. The delivery schedule for the balance of the year casts a similar cloud over the supply/demand picture.

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
★	Seanergy Maritime		Nominal cash consideration	50% interest in Bulk Energy Transport (Holdings) Ltd	Acquire Constellation Bulk Energy's share in Bulk Energy which owns 4 Capesize and 1 Pananmax. Restis will retain 50% share.
★	First Olsen		$2.42	Remaining 42.3% of Oceanlink	Capital increase of $30M via private placement with subsequent secondary offering to existing shareholders at $0.30. Alternative is buyout at $0.45 per share.
★	Tufton Oceanic Finance Group and SIF Limited	In house		Allocean Charters (Singapore)	Fleet, valued at $250M, includes 9 AHTS vessels, 2 Aframax tankers, 2x 1,700 teu boxships, 1 supramax bulker
✍	Grandunion	S. Goldman Advisors for Grandunion		Aries Maritime	Signed LOI to sell 3 bulkers (NAV $36m) for 16m new shares giving them control; $145M note offering subject lifted based upon underwritten commitment by Marfin's IBG.
	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.

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
★	Aries Maritime	Investment Bank of Greece (Marfin)	$145	7.00%	2014	Senior unsecured convertible notes	In Progress
✓★	China Changjiang National Shipping Group		$88	4.40%	2014	Medium term note issue	Done
✓★	Hyundai Merchant Marine	KDB	$170		2012	Straight bonds	In Progress
✓★	Korea Lines		$77			Bond issue in 3 tranches	
	Commercial Barge Line		$200	12.50%	2017	144A Senior secured 2nd lien notes guaranteed by parent ACL. Sold at 95.181%	Completed
	RCCL	Morgan Stanley, Banc of America & Goldman Sachs	$300	11.88%	2015	Gen'l coporate purposes including debt repayment	Priced at 97.399%
	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

Equity Deal Table

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

Issuer	Underwriters / Advisors	Amount (US$ M)	Structure / Pricing / Comments	Status
✓✍ Neptune Orient Lines	DBS Bank, J.P. Morgan	S$1,400 ($985)	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.	Done
★ MPC	Op Maat Groep		Agreement to sell its shipping shares in the Netherlands	Announced
★ Compania Sud Americana de Vapores	Freshfields, HSH Nordbank Corporate Financing	$145	Successfully completed first stage of three part equity raise totaling $710M	Done
Sea Star Capital			Currently engaged in discussions and negotiations with strategic investors for their participation in the imminent share capital increase	Announced
Top Ships	Yorkville Advisors	Up to $200	Three year Standby Equity Distribution Agreement. YA to purchase shares from TOPS at a discount and resell them to the public in a hybrid form of an ATM transaction	Early Stages
BW Gas			Applied to delist from Oslo exchange following Sohmen family's compulsory acquisition via investment vehicle World Nordic, which now controls more than 99.9% of shares	Filed
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

Restructuring Deal Table

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

Company	Advisors	Banks	Comments
✓★ Kwang Sung		Suhyup	Possible workout
✓★ Daewoo Logistics			Filed for receivership
★ Hapag-Lloyd			To receive fresh capital from shareholders. EUR350m from TUI (43% stake) and EUR400m from Albert Ballin (57% stake). Also seeking EUR300m loan from KfW and another EUR750m in state guarantees.
Camillo Eitzen & Co (CECO)			Bank syndicate has granted a waiver of covenants, postponements and reduction of installments until 1 October 2009 to allow company to present long term financial plan.
Danaos Corporation		Aegean Baltic Bank, HSH Nordbank, Piraeus Bank, Dresdner Bank	Obtained waivers for 3 credit facilities through January 2010 covering all breaches of financial covenants.
TOP Ships			Terminated bareboat charters on 4 handymax tankers. Redelivered to Icon together with a termination fee of $11.75M.
B+H Ocean Carriers			Negotiating covenant waivers with banks. Secured " preliminary agreements" from lenders to waive total value adjusted equity ratio default.
Global Ship Lease		Fortis, Citi, HSH Nordbank, SMBC, KfW, DnB Nor and Bank of Scotland	Lenders agreed to extend waiver for LTV tests through July 31. During this period dividends will be suspended and margin will be 2.75%
Stolt Tankers B. V.			Cancelled 2nd of 4 NB parcel tankers citing delivery delays at SLS Shipbuilding in S. Korea. Refund guarantees in place.

Bank Debt Deal Table

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

	Borrower	Arrangers / Buyers	Amount (US$ M)	Pricing / Purpose / Remarks
✓★	Oiltanking Odfjell Terminal Singapore	DBS Bank Ltd, Calyon and OCBC	$138	6 year facility to refinance existing loans
✓★	Trada Maritime	BTMU	$35	Credit facility for acquisition of ships
✓★	China Shipbuilding	Bank of China Corporation	Up to $1,100	Includes a credit line of RMB 80 billion to support the borrower's business in shipbuilding and repair
✓★	Poseidon Marine (Taiwan)	Chang Hwa Commercial Bank	$66	10 yr loan
★	Royal Boskalis Westminster	Rabobank, ING, Friesland Bank, RBS, Deutsche Bank, Fortis, BNP Paribas	350 EUR	3yr credit facility to finance the reinforcement and expansion of activities
★	Golar LNG	World Shipholding	$80m	2yr unsecured financing from Fredriksen controlled company. Fixed 8% rate with 0.75% commitment fee.Excess of $35m drawdown requires security
	Commercial Barge Line Company	Bank of America, UBS, SunTrust & Wachovia	$350	4yr senior secured first lien asset-based revolving credit facility concurrent with bond issue
	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

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							
American Commercial Lines (ACLI)							
12.5% Sr Secured due '17	95.500	13.43%	1,018	07/15/17	B2 / B+	07/15/13	106.250
Berlian Laju Tanker (BLTAIJ)							
7.5% Senior Notes due '14	51.000	25.82%	2,348	05/15/14	– / CCC+	05/15/12	103.750
CMA CGM (CMACG)							
5.5% Sr Unsecured due '12	42.500	42.19%	4,051	05/16/12	– / NR	any time	MW+50
7.25% Sr Unsecured due '13	44.000	36.84%	3,508	02/01/13	– / NR	02/01/10	103.625
Golden State Petro (GOLDEN)							
8.04% 1St Mortgage due '19	98.400	8.29%	479	02/01/19	Baa2 / BBB	any time	MW+37.5
Great Lakes Dredge&Dock (GREATL)							
7.75% Senior Notes due '13	86.000	11.92%	979	12/15/13	Caa1 / B-	08/17/09	103.875
Excel Maritime (EXM)							
1.875% Sr Unsecured due '27	39.000	22.10%	1,963	10/15/27	– / –	10/22/14	100.000
Horizon Lines (HRZ)							
4.25% Sr Unsecured due '12	70.000	17.24%	1,568	08/15/12	Caa1 / B-		
Navios Maritime (NAVIOS)							
9.5% Senior Notes due '14	84.000	13.79%	1,125	12/15/14	B3 / B+	12/15/10	104.750
Overseas Shipholding Group (OSG)							
8.75% Sr Unsecured due '13	93.000	10.80%	868	12/01/13	Ba1 / BB	any time	MW
7.5% Sr Unsecured due '24	65.000	12.88%	913	02/15/24	Ba1 / BB	NC	NC
Royal Caribbean Lines (RCL)							
8% Sr Unsecured due '10	98.777	9.56%	915	05/15/10	Ba3 / BB-		
8.75% Sr Unsecured due '11	98.125	10.10%	935	02/02/11	Ba3 / BB-		
7% Sr Unsecured due '13	85.500	11.73%	982	06/15/13	Ba3 / BB-		
6.875% Sr Unsecured due '13	83.500	11.82%	970	12/01/13	Ba3 / BB-		
5.625% Sr Unsecured due '14	74.000	13.69%	1,133	01/27/14	Ba3 / BB-		
11.875% Sr Unsecured due '15	99.000	12.11%	937	07/15/15	Ba3 / BB-		
7.25% Sr Unsecured due '16	78.000	12.03%	897	06/15/16	Ba3 / BB-		
7.25% Sr Unsecured due '18	75.250	11.91%	858	03/15/18	Ba3 / BB-		
7.5% Sr Unsecured due '27	69.300	11.57%	768	10/15/27	Ba3 / BB-		
Ship Finance International Ltd. (SHIPFI)							
8.5% Senior Notes due '13	86.500	12.58%	1,042	12/15/13	B1 / B+	08/17/09	104.250

Jefferies – High-Yield Shipping Bonds continued

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
SHIPPING CONTINUED							
Stena AB (STENA)							
7.5% Sr Unsecured due '13	86.000	11.75%	966	11/01/13	Ba2 / BB+	11/01/09	102.500
7% Sr Unsecured due '16	81.000	10.80%	767	12/01/16	Ba2 / BB+	12/01/09	103.500
6.125% Sr Unsecured due '17	75.000	11.11%	804	02/01/17	Ba2 / BB+	any time	MW+50
5.875% Sr Unsecured due '19	72.000	10.62%	732	02/01/19	Ba2 / BB+	any time	MW+50
Titan Petrochemicals (TITAN)							
8.5% Senior Notes due '12	28.000	73.80%	7,246	03/18/12	Caa2 / CCC-	any time	MW+100
Teekay (TK)							
8.875% Senior Notes due '11	101.000	8.32%	734	07/15/11	B1 / BB	any time	MW+50
Trailer Bridge (TRBR)							
9.25% Sr Secured due '11	79.500	20.81%	1,965	11/15/11	B3 / B-	08/17/09	104.625
Ultrapetrol Limited (ULTR)							
9% 1St Mortgage due '14	83.000	13.57%	1,105	11/24/14	B2 / B	11/24/09	104.500
US Shipping Partners (USS)							
13% Sr Secured due '14	20.000	74.58%	7,216	08/15/14	WR / NR	02/15/11	106.500
SUPPLY VESSELS							
Gulfmark Offshore (GMRK)							
7.75% Sr Unsecured due '14	90.500	10.23%	784	07/15/14	B1 / BB-	08/17/09	103.875
Hornbeck Offshore Services (HOS)							
6.125% Senior Notes due '14	92.000	7.98%	546	12/01/14	Ba3 / BB-	12/01/09	103.063
Seabulk International (SBLK)							
9.5% Senior Notes due '13	101.750	8.55%	753	08/15/13	Ba1 / BBB-	08/17/09	103.167
7.2% Sr Unsecured due '09	100.500	3.81%	363	09/15/09	Ba1 / BBB-	any time	
5.875% Sr Unsecured due '12	94.000	8.04%	643	10/01/12	Ba1 / BBB-	any time	

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