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The Week in Review

Another SPAC Finds a Target

On August 27th, **Tailwind Financial Inc.** ("Tailwind") announced that it had signed a letter of intent with **GrandUnion Inc.** ("GrandUnion") to acquire 20 drybulk vessels, of approximately 2 million DWT, including 9 new-buildings to be delivered in 2010 and 2011. The 11 on the water vessels are valued in excess of \$600 million and are expected to generate EBITDA in excess of \$113 million for 2009.

The surviving company will be managed by **Nicholas Fistes** and **Michael Zolotas**, the principals of GrandUnion and **Alan Shaw**. Both Messrs. Fistes and Zolotas have extensive shipping experience. The former will serve as Chairman and CEO, while the latter will be Vice Chairman and COO. Mr. Shaw will be a board member and CFO. In addition to their involvement with GrandUnion both Mr. Fistes and Mr. Zolotas serve respec-

tively as President and Vice President of **Newfront Shipping S.A.** and **Newlead Shipping S.A.** Also, Mr. Zolotas is President of **Stamford Navigation, Inc.**

As reported by Newsfront Greek Shipping Intelligence, GrandUnion has a substantial newbuilding position making the potential acquisition timely and attractive. The group has 20 ships on order at **Sundong**, including six Capesize, eight Panamax, four Suezmax tankers and two LR1s. In addition, there are five handysize bulkers on order at **SPP Shipbuilding** as well as nine Kamsarmaxes and five Capesize bulkers at **C&Heavy Industries**. All 39 ships are scheduled for delivery between 2010 and 2012.

For the investors, the transaction is challenging. Initially they signed on to make an investment in a financial services business focused on asset management, in which the sponsors have expertise. Instead they are being asked to

Guts Of the Deal - Tailwind Financial Inc.

Number of Units	12,500,000
Offering Price	\$8.00
Gross Proceeds	\$100,000,000
Shares outstanding prior to offering-Private	3,125,000
Shares outstanding after offering	15,625,000
Promoter/Investor	Parkwood Holdings Ltd./TFC Holdings
Insider Warrants (\$1)	4,700,000
Insider Investment (Shares + Warrants)	\$4,731,250
% Ownership	80.00%
Dilution	\$2.09
Use of Proceeds	Acquisition of financial services businesses focused on asset management
Approval of Business Combination	Majority of public shareholders vote in favor and <30% both exercise conversion rights and vote against the transaction
Business Combination Deadline	18 months from April 12, 2007
Investment Banks	Deutsche Bank
Issuer's Counsel	Bingham McCutchen LLP
Underwriter's Counsel	Skadden, Arps, Slate Meagher & Flom
Governing Law	Delaware
Accountants	BDO Seidman LLP
Incorporation	Delaware
Stock Exchange	AMEX
Ticker	TNF

look at a dry bulk industry, which is currently in steady decline following the path of commodities. Moreover, a majority of the dry-bulk stocks are currently trading below NAV and therefore perhaps are more attractive. Of course, this may depend on the fleet make-up and age, the proposed dividend and any structural enhancements to incentivize the shareholders.

The letter of intent provides for a period of exclusivity to negotiate and execute a definitive agreement and is subject to, among other things, obtaining financing. Given the start-up nature, although the principals have extensive pedigrees, and the current state of the credit markets, the issue of financing is crucial.

We have summarized the main terms and conditions of Tailwind's IPO offering in the Guts of the Deal below. The public offering represents 80% of the total outstanding shares with the promoters, through TFC Holdings, retaining the remaining 20%, which was purchased at nominal cost. The promoters however have agreed as a condition to closing to buy 4.175 million warrants for a \$1 each. The promoters will have, through their purchase of the initial shares and the warrants, contributed 4.5% of the total gross proceeds

In addition, **Deutsche Bank** will receive as additional compensation for a nominal sum an option to purchase 625,000 units at \$9.60 per

unit. These units are identical to the ones offered to the public shareholders except that the warrant exercise price is at a 20% premium. This option is exercisable at \$9.60 and was subject to an 180 day lock-up.

The current deal is the second one the company will have put forward for consideration by their shareholders. In January 2008, the company announced that they together with Asset Alliance Corporation, a multi-faceted investment management firm specializing in alternative investments—specifically hedge funds, had entered into an Agreement and Plan of Merger. On August 8th, both companies jointly announced that they had terminated the Agreement and Plan of Merger due to their belief that the transaction would not receive shareholder approval due to market conditions in the financial services sector. Given the general malaise in that sector, Tailwind stated that it would continue to seek other business combinations with targets in a variety of industries. By turning to shipping, they at least remain true to their interest in asset management.

We await the publication of the proxy statement, which will provide more detail on the proposed transaction.

Market Commentary

Don't Throw the Baby Out with the Bath Water or How I Learned to Stop Worrying and Love the Fundamentals (with thanks to Stanley Kubrick)

With a full house, **Simon Rose** began **Dahlman Rose's** 1st Annual Global Transportation Conference confessing that despite Wall Street's having spent years educating investors as to the difference between period and spot business they have largely been ineffective. We disagree with this assessment believing the current market reflects a herd instinct and an avoidance of betting against the tape. The companies presenting at the conference are all clearly differentiated from spot players, with visibility of earnings and cash flows yet their shares have also been pummeled as the BDI continues its decline. Mr. Rose exhorted the crowd to take advantage of this anomaly, take a reality check and not to trade on fear.

Following Mr. Rose to the podium, **Omar Nokta** gratefully acknowledged the fact that the audience was taking time away from their screens to learn more. He reiterated the theme of sound fundamentals versus panic noting we were heading into the coal and grain seasons. He also felt that China would soon start up again, a recurring theme throughout the day, but acknowledged the head-

winds of the slowing economies in the United States, Europe and Asia. We wonder if it is possible that there is both too much and too little information, particularly in the case of China.

Even if we had a screen these days, we would not want to look, so we sat back and enjoyed an excellent series of presentations. Reflective of the issues above, we noted that these presentations minimized financial results and instead focused on strategies, strengths and metrics, which differentiated the company from its peer group. Perhaps another reason is of course the fact that second quarter numbers are dated. Generally the tone of these presentations was that this market would soon pass, hopefully by the 4th quarter. Another theme and perhaps more pressing was the availability of financing to the industry.

Below we have extracted from the various presentations, facts and insights that grabbed our attention.

First up was **Sophocles Zoullas** of **Eagle Bulk**. Mr. Zoullas' presentation was a classic pictorial guidebook of what Eagle is and where it is going. Among the many graphs and metrics showing built-in

growth and revenue visibility was an interesting insight on costs. Everyone today is worried about bunkers and ever increasing crew costs. Eagle however has a different perspective. Instead of focusing on operating expenses per se, their goal is to have the lowest cash breakeven operation. Realizing these are expensive assets, which generate millions in revenues, they question whether it is logical to have the cheapest crew operating these vessels, a thought similar to having a nuclear submarine built by the low cost bidder. By paying more they believe they attract better crews.

In terms of data points, Mr. Zoullas highlighted the fact that China's domestic demand accounted for over 70% of China's growth in 2007, with exports representing 15% to 20% a trend that continues today. In a specific instance, he mentioned that current estimates to rebuild the region hit by the earthquake stand around \$147 billion.

Akis Tsirigakis followed and presented his company, Star Bulk. In 9 months, **Star Bulk** has grown dramatically with the fleet increasing by 50% and carrying capacity by 62%. His three key takeaways

were Star's strong forward cash flow coverage, which ensures the dividend payment, the valuation gap versus its peer group and its capacity to do deals due to its low leverage and without accessing the capital markets.

He believes the credit crunch had a cleansing effect. New and green-field yards are having difficulty obtaining financing and refund guarantees and owners too are having similar difficulties. The net effect is the cessation of speculative orders and a tightening of supply. Mr. Tsirigakis also highlighted the disconnect between spot and period rates which suggest that the industrial players have confidence in the market.

Presenting on behalf of **Excel Maritime** was **Stamatis Molaris** who highlighted how different Excel is as a consequence of the merger with his former company **Quintana**. And even more astounding is the fact that the full effect will not be seen until the third quarter. Every metric used is a huge multiple of the prior comparable period. Whereas previously Excel was a proxy for the spot business,

Cash Flow Multiples by Vessel Type

Ship Type	Sub-type*	Charterfree Value (US\$)	EBITDA Multiple			
			Spot	1-year TC	3-year TC	2003-06 Average Spot
TANKER						
VLCC	Modern 300,000 dwt	\$165,000,000	7.5	5.7	7.1	7.6
	Vintage 250-285,000 dwt	\$42,000,000	2.0	2.2	-	2.3
Suezmax	Modern 150,000 dwt	\$105,000,000	5.7	5.5	7.2	5.9
Aframax	Modern 95-105,000 dwt	\$79,000,000	7.1	5.6	7.3	6.1
	Mid-aged 95-105,000 dwt	\$62,000,000	5.9	10.4	6.0	5.2
Clean Product	Modern 70-75,000 dwt	\$60,000,000	2.7	6.0	7.0	5.6
	Mid-aged 30-35,000 dwt	\$37,000,000	5.4	-	-	4.6
Dirty Product	Modern 45-47,000 dwt	\$54,000,000	5.0	7.3	7.7	5.2
BULK CARRIERS						
Capesize	Modern 170,000 dwt	\$153,000,000	5.8	3.3	4.7	7.1
	Mid-aged 150,000 dwt	\$116,000,000	5.1	2.5	3.6	6.7
	Vintage 150,000 dwt	\$92,500,000	4.2	2.4	-	5.4
Panamax	Modern 73,000 dwt	\$88,000,000	7.5	4.2	5.2	9.6
	Mid-aged 72,000 dwt	\$77,000,000	6.7	3.8	4.6	8.6
	Vintage 60,000 dwt	\$45,000,000	4.6	2.9	5.5	5.7
Handymax	Modern 52,000 dwt	\$72,000,000	5.8	4.9	5.6	9.0
	Mid-aged 42-45,000	\$61,000,000	5.7	4.2	4.8	7.8
Handysize	Modern 25-30,000 dwt	\$53,000,000	-	5.1	6.4	-
	Mid-aged 25-30,000 dwt	\$46,000,000	-	4.5	5.7	-
CONTAINER**						
	Mid-aged 3,500 teu	\$46,500,000	6.0	-	-	5.7

*The ship Sub-type is associated with the charterfree market value of the vessel; all corresponding rate data is chosen using a "best fit" method.

** Average spot is 2001-2006

Data for ship values and market rates is sourced from Clarkson Research Studies.

today that is no longer the case. Utilizing a different perspective, one slide shows the cumulative number of vessels available per quarter for employment in the spot market. Over the next two years the percentage of the total fleet ranges from approximately 25% to less than 50%. Bankers have no worries with the fixed fleet covering all the fixed charges including drydockings and then, of course, there is the upside from the open vessels for the shareholders. Also comforting was the rapid pay down of the debt associated with the acquisition that amounts to some \$500 million over the next three years. Finally, Mr. Molaris provided an interesting case study of the yard situation. Excel has ordered 8 Capesizes, four in established yards and four in greenfield yards. The latter have failed to provide refund guarantees and he expects that deliveries will be delayed by two years if they are built at all.

Sai Chu of **Seaspan** also wanted to make it clear that his business has nothing to do with the BDI. In fact, being part of the ocean highway, it is more a globalization and infrastructure play.

Seaspan is an outsourcing provider to the containership industry, which wants high value assets at low cost. For Seaspan the focus is on growing distributable cash flow to deliver value to its shareholders. As the market leader among independent containership owners, Seaspan sees many opportunities for growth. Public companies control only 5% of the market and many competitors are struggling. And perhaps even more interesting is the fact that when times are difficult, the liner companies tend to look to outsiders for capital increasing the share of outsourcing.

Given the constant questions about counterparty risk that Mr. Chu has been asked recently, we were astounded to learn that vessel charter cost only represent only 15% of total operation expenses versus bunker fuel which is 30-40%. We were also interested to learn that Seaspan had foreknowledge of the economic slowdown last summer when the lines started re-deploying their fleets.

Chris Thomas of **Paragon Shipping** highlighted the company's ability to quickly raise equity both privately and publicly when it saw the opportunity to purchase vessels in 2007. The attraction for investors in this instance is the high yield supported by medium term charters with staggered re-deliveries. With the dividend increased to \$0.50 under the partial payout policy, there is still potential dividend upside. Paragon also highlights the fact that its total vessel operating expenses is the lowest in the peer group and it has not sacrificed utilization to achieve it. Finally, rather than trying to figure out the market particularly in 2010 to 2011, they have time chartered their fleet up to 5 years to mitigate any risk.

Next up to the podium was **Evangelos Chatzis** of **Danaos**. Danaos is Seaspan's major competitor in the containership operating lease business. Danaos has a longer history dating back to 1972 and has grown at a CAGR of 30% in TEU terms over the period. It is different from Seaspan in that it is a partial payout dividend payer retaining some cash flow for reinvestment. This limits the necessity for regularly tapping into the equity markets for growth. Since its IPO in 2006, Danaos has grown its fleet by 65% in terms of vessels and 92% in terms of capacity. Also, Danaos pays its dividend solely out of net income with a current yield of 8.6%.

Unlike Seaspan, Danaos provides market share data of the top 20 containership charter owners which includes the German KGs. To say the German KGs, taken together, dominate the market is an understatement.

Danaos also differentiates itself from Seaspan by employing assets both on short term and long-term basis. It seeks longer charters for high priced assets but goes short when they consider the market soft. Looking at visible earnings, Danaos is 100% covered until 2010 and has over 75% cover until 2017.

Although it trades dry bulk vessels, **Britannia Bulk** could not be more different from its peers according to **Arvid Tage**. First it specializes in the Baltic trades, where it has a leading market position. Mr. Tage attributes this to its expertise in trading in icy condition, its focus on cargo movements and logistics and its customer relationships. The key to their profitability and growth however is the asset-light model where through chartering-in vessels they can increase or decrease capacity as the market demands. This flexible fleet procurement allows them to protect the downside while retaining the upside irrespective of market developments. Moreover it allows expansion with zero capital outlay. The company highlights its revenue mix as currently being 22% COA, 34% time charter and 43% spot. But even the latter is "long-term" in the sense that over 70% of spot volumes are long-term repeat customers. To service the demand the fleet is 20% owned, 2% long-term chartered, 27% medium-term chartered and 52% short-term chartered.

Although it is diversifying its trade, the backbone of the business, because it is focused on the Baltic, is the coal trade. The EU is becoming increasingly reliant on Russian coal, which is a low sulphur grade, because it is a low cost power source and Europe's trend toward coal-fired power stations.

Last, but not least was **Philip Clausius'** presentation of **First Ship Lease**. With a senior management team of five, this company must

be one of the most productive companies on a per employee basis. FSL views itself as an alternative capital provider to the industry by offering a sale-leaseback solution as an alternative to straight mortgage financing. By focusing solely on bareboat structures almost all the risks, except for counterparty risk, are contained. Even residual risk, which is generally prevalent in a leasing structure, is virtually nil as the NPV of the rental stream represents 80-90% of the original investment. Counterparties are carefully chosen and on average are BB+ rated.

FSL's capital structure is leveraged 1:1 and they intend to keep it that way. With a somewhat bearish view and the limitations of the capital structure, Mr. Clausius does not see transformational but only incremental growth. There is no compelling reason to grow in today's market and hence no reason to be over-extended. Growth will be financed by debt. Issuing equity, which is currently trading at a 14% yield would be self-destructive. In summary, FSL is a fixed income story with upside.

All in all we found this to be a very informative day. And when we got home, we saw that shipping stocks were generally up so being away from the screen was not a bad thing.

A Kinder, Gentler Deal

Scandinavia is different from New York and perhaps that is a good thing. Revisiting the **Brostrom** and **Maersk** transaction of last week, we also see differences in what the principals from that part of the world value in a transaction or at least see a different set of priorities. Don't get us wrong, price was certainly at the top of the list and Brostrom felt they got good value from Maersk's offer. But there is also a human element to a transaction and this was also critical to Brostrom's management.

Brostrom was most importantly looking for a good home for the company and wanted to minimize the destabilizing influences on the company and its employees that result from a sale. In order to accomplish this, they approached a small number of potential purchasers rather than putting the company in play. Of the potential buyers, Maersk stood out in terms not only of its identity but also in its recognition and commitment to the value of the Brostrom brand and organization. The business would continue to exist. In fact, we understand that despite the size of the Maersk organization the deal was cut at the highest levels of Maersk's management. Clear evidence of this sensitivity is illustrated by the fact that Brostrom's employees and headquarters will remain in Gothenburg.

As a result of the combination, both companies would acquire scale with Maersk absorbing Brostrom's larger tankers with the Brostrom organization absorbing Maersk's smaller vessels. From a financial perspective, Brostrom, now under the Maersk umbrella, has ready access to capital and can meet its current newbuilding obligations while continuing to grow. Although we would like to attribute this to pure motives, in fact, Brostrom's management did have a duty of care as a consequence of the A and B share structure, under which all shareholders are not equal. The A shareholders could do the deal themselves but the goal for the parties was to have all the shareholders agree so Brostrom could be de-listed.

Doing the deal privately helped with the valuation questions. Given the large number of vessels in the fleet and their small size it was difficult to calculate a NAV since there is much more value in a going concern and small tankers are difficult to value given the lack of s&cp activity in that sector. Comps would also raise issues as there are few companies that are similar and using the tanker universe would be inappropriate. The two parties were in a position to negotiate a fair price in an arm's length transaction.

Perhaps there is a lesson in this for all the dealmakers out there. Or is this just wishful thinking?

President Bush Unleashes WMD

In an article entitled, *Main Bank of China Is in Need of Capital*¹, New York Times reporter Keith Bradsher wrote the following:

"China's central bank is in a bind.

It has been on a buying binge in the United States over the last seven years, snapping up roughly \$1 trillion worth of Treasury bonds and mortgage-backed debt issued by Fannie Mae and Freddie Mac.

Those investments have been declining sharply in value when converted from dollars into the strong Yuan, casting a spotlight on the central bank's tiny capital base. The bank's capital, just \$3.2 billion, has not grown during the buying spree, despite private warnings from the International Monetary Fund.

Now the central bank needs an infusion of capital. Central banks can, of course, print more money, but that would stoke inflation. Instead, the People's Bank of China has begun discussions with the finance ministry on ways to shore up its capital..."

¹Bradsher, Keith. "Main Bank of China Is in Need of Capital." *New York Times*, September 5, 2008, C1.

Given the poor performance of foreign bonds, the central bank started making modest purchases of foreign stocks last winter, but has kept most of its reserves in banks, like other central banks. On the other hand, the finance ministry pushed for investments in overseas stocks. Last year it wrested control of the \$200 billion China Investment Corporation, which had been bankrolled by the central bank. That corporation's most publicized move, a \$3 billion investment in the Blackstone Group in May of last year has lost 43% of its value.

The fact that the central bank and the finance ministry are rivals and disagree on economic policy makes a solution to the capitalization issue difficult. The central bank has been the main advocate of a stronger yuan whereas the finance ministry has been concerned with the resulting trade tensions with the U.S. that comes with the stronger yuan. Moreover, accepting an injection of capital from the finance ministry could reduce the independence of the central bank. Generally economists agree that the central bank's difficulties are not a threat to the economy, which has ample resources and is running a surplus. In a most likely scenario, the finance ministry could simply transfer bonds of other government agencies to the bank to increase its capital.

The larger issue of China's large U.S. bond holdings remains a Mexican standoff. "If it were to curtail its purchases of dollar-denominated securities drastically, the dollar would likely fall and American interest rates could soar."

The situation in a way mirrors what is happening here in the United States. When we began our career in the finance business, there was an old adage: "If I borrow \$10,000 it is my problem. If I borrow, \$100 million it is the banks problem." Substitute government for the banks today.

In fact, many of the Chinese officials' perception of the situation could be best described by lyrics from the Buffalo Springfield song, "For What Its Worth":

Paranoia strikes deep
Into your life it will creep
It starts when you're always afraid
Step outta line, the men come, and take you away.

Many of these officials believe the assertions set forth in the "Currency War," a Chinese bestseller, which suggest "...that the United States deliberately lured China into buying its securities

knowing that they would plunge in value." Or, is it paranoia? After all the government does control interest rates which in fact do impact their value.

Debt Markets - Unchanged

The Norwegian Bond Market remains a microcosm of the debt markets and even in that small world, there is no good news to report according to **Nordea's** August Monthly High Yield Report by **Lars Kirkeby**. Although ratings changes were generally positive, the average spread of high yield CDS as measured by the iTraxx 5-year crossover index increased 4% from last month. High yield spreads to Euribor have increased with the exception of BB rated debt.

There is also greater expectations of defaults as the number of high yield bonds trading at distressed levels have reached record high levels. The average global high yield default rate between 1981 and 2008 is 4.12%. Thus far in 2008, 52 high yield companies have defaulted, affecting debt worth \$43 billion. In terms of more current metrics, the 12 month trailing global high yield default rate increased to 1.79% in July up from 1.44% in June.

And perhaps the most telling statistic of them all was the fact that August was the first month since September 2002 with zero issuance of corporate bonds in the Norwegian bond market.

Maybe it's Who You Know?

Amidst all the talk of delivery delays from China's shipyards, **Seaspan** announced on Monday that it had accepted delivery of the CSCL Montevideo, a 2,500 TEU containership, from **Jiangsu Yangzijiang Shipbuilding Co.**, approximately five months ahead of schedule. Certainly, this is good news for Seaspan, which has the vessel on charter.

Who's Lending?

According to various sources, **Nordea** and **DnB**, having escaped the subprime debacle, continue to build market share. Other European banks remain somewhat constrained lacking the support of their central banks. In Germany, we understand **HSH Nordbank** is very active and now taking a look at the offshore business.

Sub Prime Potential

In Korea today the subprime crisis is all about the shipping industry. The historic close relationship between shipowners, yards and Korea's largely government sponsored banks is raw in a way all sides wish it were not.

Owners looking for funds are finding banks constrained by liquidity and a rising cost of capital, while small and medium size yards suffer under a thin refund guarantee market and concerns that banks will not fund the next round of deliveries. Banks, on their part, bemoan their inability to step up for owners and worry that an influx of foreign banks such as **SocGen**, **Garanti**, **DVB**, and **DnB** will alter the future landscape by developing relationships with owners today. The reality, though, is that it is much more likely banks like **KDB** will create new solutions, providing both themselves the returns they seek and their clients the funding that they need. Meanwhile for the moment orders must be financed and Korea's growing community of owners is looking for funds.

It is against this backdrop that Marine Money will host its second Korean Ship Finance Forum at Seoul's Grand Hyatt Hotel on November 18. Marine Money met with 100 senior bankers, professional advisors and owners this week and the refrain was loud and clear.

Yards and owners need a reliable source of capital, and while Korea Inc.'s major banks have served the market forever, necessity has opened the market to all sorts of foreign capital alternatives, and Korean owners are inquisitive entrepreneurs looking thoughtfully at alternatives.

For the banks, while today's environment is not the past it is none the less not all doom and gloom. This week's Korean government's

US\$1 billion debt raise (rumored to have closed at LIBOR plus 100bp for 10 years – a far cry from sovereign debt one year ago) is a tough reminder that the banks' liquidity needs will for the time being be filled expensively.

But the fact is that the management of the banks are resourceful and have already found ways to participate in better valued mezzanine tranches with their foreign colleagues, and we would suspect that their extremely good local knowledge and deal flow will see them originating syndications themselves going forward. And of course the cash is available locally for secured five year fully amortizing loans even now. While rumor has it some foreign lenders have already made two and three times their budgets financing in Korea, this is more opportunity for both banks and owners than either alone.

It is a robust shipping community. The Korean Shipowners Association is up 20% and while, like many shipowners' associations, they have their worries: the government is set to review the nation's tonnage tax next year, finance is difficult, and operating cost inflation – all these are at the top of their list of issues to follow closely.

Whether it is a mega carrier or a new entrant, finance was subject number one and with a diverse, young fleet and many management teams young and hungry, the market is extremely interesting.

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
Pacific Transportation Asia Fund		Up to \$650	20-25 products/chemical tanker fleet	Asian arm of Credit Agricole; To be financed through existing \$250m with plans to raise further \$400m
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
Oceanaut		\$352	3 panamax, 1 supra-panamax from Irika Shipping	On 3.3 yr average charters to Cargill, COSCO and MOL; To be financed by existing loan proceeds
Seanergy Maritime	Maxim	\$400- \$450	6 Restis bulk carriers	Proposed fleet acquisition and merger of SPAC with Restis interests; Approved
Tailwind Financial			20 bulkers from GrandUnion	Reverse merger of blank-check Tailwind and shipping JV; Grand-Union to head remaining company
Genco Shipping and Trading		\$530	6 drybulk newbuildings	From Lambert, Northville, Providence and Prime Bulk Navigation to be delivered through 4Q 2009
Marathon Acquisition Corp	Jefferies, Citi	\$988	Global Ship Lease	Acquisition by AMEX listed SPAC from CMA CGM; Approved
BW Gas		Circa \$2,000	40 ship LPG fleet	For Sale; Potential buyers to include Solvang, Stolt-Nielsen, Maersk, OSG and John Fredriksen
European Bank for Reconstruction and Development		\$120	3.8% in Far Eastern Shipping Co	Minority stake in Russian container company
General Maritime	UBS for GMR, Jefferies for ATB	\$283- \$300	Arlington Tankers	Each GMR share to receive 1.34 shares of new entity; Each ATB share to receive 1 new share

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
★✓ Syarikat Borkos Shipping	Bank Muamalat Malaysia Bhd	\$108			Islamic medium term notes	In Progress
✓ Titan Shipyard Holdings		\$25	1.00%	2013	Convertible notes exchangeable for up to 5% of Titan Shipyard issued share capital	Done
Grupo TMM				2028	3rd tranche of Mexican Trust Certificates for vessel purchases	
Master Marine	DnB NOR	EUR 60	3 m EURIBOR +12%	2011	Senior secured 2nd priority pledge	Done
Trico Marine	Lazard	\$300	6.50%	2028	Senior convertible debentures	In Progress
✓ Noble Group	Citi and JP Morgan	500	8.5 - 8.75%	2013	For general corporate funding	In Progress
✓ Swire Pacific	HSBC and JP Morgan	\$500	6.25%	2018	For general corporate funding	Done
Fairstar Heavy Transport	DnB NOR Markets	\$30	3 mo NIBOR+ 3%	2009	18 month secured bonds to fund newbuilding	Done
✓ Swiber Holdings	OCBC	\$72	4% and 3 mo SIBOR + 2.2%	2011	2 tranche bond offering to fund vessel acquisitions	Done
Northern Offshore	DnB NOR Markets, Nordea Markets	\$25	NIBOR+ 4.5%	2008	9 month commercial paper issue for modification of Energy Driller	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
★ ✓ Otto Marine	UOB, Credit Suisse		Planning a listing in Singapore	In Progress
✓ KS Energy	Kim Eng Securities	\$122	Proposing a 2 for 5 rights issue to enhance capital base and support business expansion	In Progress
K-Sea Transportation	Lehman Brothers, RBC Capital Markets	\$57	2 million unit public offering with 300,000 share overallocation option; Net proceeds to pay off debt and fund construction of new vessels	Planned
✓ Pacific Shipping Trust	UBS	\$92	Planning a non-renounceable preferential offering of new units	In Progress
Paragon Shipping		\$250	Shelf registration to periodically issue common shares, preferred shares or other securities	Filed
Sealink International	AmInvestment Bank	\$43	IPO in Malaysia priced at RM 1.25 per share and oversubscribed by 0.03 times	Done
SeaDrill		Undisclosed	Acquired another 2.4 million SapuraCrest Petroleum shares raising stake to 19.7%	Done
✓ Marco Polo Marine		\$5	Sold 18 million new shares or 6.7% of existing paid-up capital at SGD 0.346 per share	
✓ Trada Marine	PT Danatama Makmur and PT HD Capital	\$54	Indonesian tanker and FPSO company seeking an IPO in Jakarta via a sale of 45.81% stake btwn Rp120 to Rp130 per share	In Progress
✓ Penguin International		\$10	Sold 88 million placement shares or 16.7% of enlarged capital at SGD 0.157 per share	
Svithoid Tankers		\$9	Rights issue; Additional \$10 million second tranche expected to be raised in 2009	Announced
Frontline	Carnegie, Fearnley Fonds, DnB NOR, Dahlman Rose	\$210	3 million new shares at NOK 37 per share	Priced
Navios Maritime Acquisition	JP Morgan, Deutsche Bank, S. Goldman Advisors	\$253	25.3 million share SPAC sponsored by Navios at \$10 per share; Overallotment of 3.3 million shares exercised	Done
✓ Far Eastern Shipping Co (FESCO)		\$767	Plans to sell 590.25 m new shares or 25% of its share capital to fund acquisitions	In Progress
Eitzen Maritime Services	Fondsfinans ASA, Kaupthing ASA, Orion Securities AS	\$50	The Private placement at NOK 3.0 per share, fully underwritten by Camillo Eitzen & Co., to fund acquisition of Seven Seas Shipchangers	In Progress
Seawell	Pareto, DnB NOR Markets	\$39	Private placement of 10 million shares at NOK 19.50/share to part finance the company's recent acquisitions and for working capital	Done
Teekay Offshore Partners	Citi, Merrill Lynch, Lehman Brothers	Up to \$162	Follow-on offering of 7million units	Priced
Britannia Bulk	Goldman Sachs, Banc of America, Dahlman Rose, Oppenheimer	Up to \$144	NYSE IPO priced below range at \$15 per share	Priced
Trico Marine	Lazard for Trico, Carnegie for Deep Ocean	\$126	20 m new shares in DeepOcean at NOK 32 per share, the value of the offer price and announced dividend combined represents a premium of 28%	In Progress
✓ Wah Kwong Maritime Transport	Cazenove and Anglo-Chinese	up to \$150	Seeking to relist in Hong Kong	In Progress
✓ Pacific Basin	Goldman Sachs	\$275	Private placement of 158.6 million new shares at HKD 13.52	Done
Safe Bulkers	Merrill Lynch, Credit Suisse	\$190	Hadjoannou-led 10 million share IPO with fleet of 11bulk carriers; Priced at \$19/share with 1.5 m share over allotment option	Priced

Deal Tables & Bond Prices continued

Bank Debt Deal Table

★ = New

📝 = Updated

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

Borrower	Arrangers / Buyers	Amount (US\$ M)	Pricing / Purpose / Remarks
★ ✓ Brunei Gas Carriers	Brunei Investment and Commercial Bank, Fortis, Standard Chartered Bank	\$505	Sharia compliant credit facility for the financing of 2x 147,000 cbm LNG vessels
★ ✓ Shinyo Saowalak & Shinyo Kieran	BNP Paribas (HK), Bank of Nova Scotia, Deutsche Bank, DVB Bank, Scotiabank	\$215	10 yr term loan to finance 2 vessels
★ ✓ Dalian Daeyang Shipyard	Citi, Hana Bank, Industrial Bank of Korea, Korea Exchange Bank, Kookmin Bank	\$58	To partly finance the construction of a shipyard in Dalian
★ Cosalt PLC	Royal Bank of Scotland, HSBC	\$60	To fund acquisition of Norwegian offshore marine safety business Myhre-Maritime
★ Resolution Shipping	Arranged and led by Fortis with Commerzbank, Dexia Bank, Lloyds TSB, Rabobank	\$349	Pre- and post delivery financing for 1 existing and 2 new building windmill installation vessels for Vroon Group subsidiary
★ Royal Caribbean Cruise	KfW IPEX Bank, BNP Paribas	\$574	To finance cruise ship/SPAC Celebrity Solstice for delivery in October 2008
★ Grimaldi	European Investment Bank, UniCredit Corporate Banking	\$113	Part of 15 yr, \$348m credit line; First tranche of \$113m to co-finance first of 4 Cruise Ferry vessels on order, total value \$836m
Prosperity Bay Shipping	Marfin Egnatia Bank	\$112	11 yr \$90m loan plus \$22m revolving credit for 75,961 dwt 1999-built Japanese bulk carrier
Avin International	Credit Suisse, Deutsche Schiffsbank	\$142	12 yr loan for Korean tanker newbuild secured on fleet collateral
Costamare	Credit Suisse, Deutsche Schiffsbank, HSH Nordbank, HVB, Fortis	\$1,000	10 yr loan for 3 sister 81,209 dwt and 1x 66,818 dwt containerships built in Japan in 2003 and 2000 respectively

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
★ Swiber Holdings	RS Platou Finans Shipping A.S., Atlantis Navigation A.S.	\$225	Sale and leaseback of 3x AHTS and 2x diving support vessels for 10 years
Exmar NV	ABG Sundall Collier KS	\$49.50	Sale of 25,000 cbm LPG vessel
✓ Wan Hai International	A Cayman Islands company, Citigroup as advisors	\$300	Sale and leaseback of 4x 6,000 TEU containerships for 7 years
Pemex	ICP Capital as arranger		Purchase and 10 year bareback of 2x MR product tankers with purchase option at end
Chang Myung	Koenig/Scorpio	\$119.50	Sale and leaseback of 2008-built 170,000 dwt bulker for 5 years at \$48,000/day
Teekay Corporation	OPCO	\$106	Plus assumption of \$90m debt for 2x 2008-built lightering tankers on 10 year fixed rate charter to Teekay JV Skaugen PetroTrans
✓ Yang Ming Marine Transport	First Ship Lease	\$210	12 yr bareboat charter of 3x 4,250 teu container vessels with purchase options
Seadrill	Ship Finance International	\$850	15-yr sale and bareboat back of ultra deepwater drillship; Two fixed price purchase options after 51 months and 15 years;
Maersk	HCI Hammonia	\$300	Sale and bareboat back of 3 containerships for 10 years at undisclosed daily rates
I. M. Skaugen	Teekay LNG Partners	\$90	Sale and leaseback of 2x 12,000 cbm multigas carriers for 12 years at a fixed-rate with three five year extension options without fixed price purchase option

Jefferies – High-Yield Shipping Bonds

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
SHIPPING							
Altus Group Ltd							
11% Secured Notes due '13	101.000	10.65%	809	04/01/13	- / -	04/01/10	105.500
Great Lakes Dredge&Dock (GREATL)							
7.75% Sr Sub Notes due '13	94.000	9.21%	628	12/15/13	Caa1 / B-	12/15/08	103.875
Navios Maritime (BULK)							
9.5% Senior Notes due 2014	96.000	10.38%	730	12/15/14	B3 / B+	12/15/10	104.750
Sea Containers (SCR)							
10.75% Senior Notes due '06	48.000			10/15/06	WR / NR		
7.875% Senior Notes due '08	48.000			02/15/08	WR / NR		
12.5% Senior Notes due '09	48.000			12/01/09	- / -		
10.5% Senior Notes due '12	48.000			05/15/12	WR / -		
Ship Finance International Ltd. (SHIPFI)							
8.5% Senior Notes due '13	100.000	8.49%	596	12/15/13	B1 / B+	12/15/08	104.250
Stena AB (STENA)							
7.5% Senior Notes due '13	99.000	7.74%	481	11/01/13	Ba2 / BB+	11/01/08	103.750
7% Senior Notes due '16	95.000	7.83%	446	12/01/16	Ba2 / BB+	12/01/09	103.500
Trailer Bridge (TRBR)							
9.25% Secured due '11	93.000	11.96%	945	11/15/11	B3 / B-	11/15/08	104.625
Ultrapetrol Limited (ULTR)							
9% 1St Mortgage due '14	94.500	10.21%	714	11/24/14	B2 / B	11/24/09	104.500

SUPPLY VESSELS							
Gulfmark Offshore (GMRK)							
7.75% Senior Notes due '14	99.500	7.85%	483	07/15/14	B1 / BB-	07/15/09	103.875
Hornbeck Offshore Services (HOS)							
6.125% Senior Notes due '14	93.000	7.55%	444	12/01/14	Ba3 / BB-	12/01/09	103.063
Seabulk International (SBLK)							
9.5% Senior Notes due '13	104.500	7.70%	548	08/15/13	Ba1 / BBB-	10/14/08	104.750
7.2% Seacor Senior Notes due '09	101.000	6.15%	411	09/15/09	Ba1 / BBB-	any time	
5 7/8% Seacor Senior Notes due '12	95.000	7.32%	464	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	67.000	16.73%	1,370	05/15/14	– / CCC+	05/15/12	103.750
Golden State Petro (GOLDEN)							
8.04% 1St Mortgage due '19	105.750	7.24%	358	02/01/19	Baa2 / BBB	any time	MW + 37.5
Overseas Shipholding Group (OSG)							
8.75% Debentures due '13	104.500	7.68%	475	12/01/13	Ba1 / BB	any time	MW
7.5% Senior Notes due '24	92.000	8.44%	465	02/15/24	Ba1 / BB	NC	NC
Titan Petrochemicals (TITAN)							
8.5% Senior Secured Notes due '12	39.000	44.33%	4,175	03/18/12	Caa2 / CCC+	any time	MW + 100
Teekay Shipping (TK)							
8.875% Senior Notes due '11	103.500	7.47%	507	07/15/11	Ba3 / BB	any time	MW + 50
US Shipping Partners (USS)							
13% Secured due '14	61.000	26.35%	2,331	08/15/14	Ca / CC	02/15/11	106.500

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