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The Week in Review

“Just Say No”

If December 7, 1941 is “a date which will live in infamy,” the weekend of September 13th and 14th will be recalled as the date the United States Government threw up its hands, having just bought Fannie Mae and Freddie Mac, and finally said no to Wall Street leaving the financial institutions to fend for themselves. Lehman filed for bankruptcy Monday. Merrill sold itself to Bank of America, with a push from the government some surmise and AIG continued its scramble for capital after declining an offer from a hedge fund. The strength and resiliency of our economic system will now be tested, something the government sought up to now to avoid by acting as the lender of last resort since the collapse of Bear Stearns. For many, this was the correct response after all the masters of the universe brought this upon themselves. But more importantly how much more could the government afford and, in fact, is the government even qualified to run these businesses.

Or so we thought until Tuesday when the government blinked after the private sector failed to come up with the necessary funding for AIG given the lack of transparency and inability to get around the risk. Or as the insightful worldly philosopher, Britney Spears described it “oops I did it again.”

You see my problem is this:

I'm dreaming away;

Wishing that heroes, they truly exist.

I cry watching the days.

Can't you see I'm a fool

In so many ways?

But to lose all my senses...

That is just so typically me.

Baby, oh.

Without a doubt the implications will be far-reaching and perhaps even transformational. However, where disaster strikes, there is always opportunity for the vultures of the world. Bargains abound for those with capital whether they are sovereign funds, hedge funds or even well capitalized companies such as Berkshire Hathaway or GE. We saw the

first such opportunity this weekend. Despite his recent disclaimer that he had more than enough fun in investment banking, Ken Lewis of Bank of America, ignoring Lehman Brothers, swooped down on Merrill Lynch paying a hefty premium above last Friday's close but a steep discount to the price since the beginning of the year.

The message to the candidates this election year could not be clearer. Not only is it about the economy but perhaps more importantly about regulation. A few weeks ago, the SEC created a lightning rod for this issue by suggesting the country move from U.S. accounting standards, which are rule based, to International accounting standards, which delegates responsibility to the good sense of the accountants. If there is any common sense left the answer could not be clearer. On the other hand, wasn't it the accountants and their “marking to market” that got us into this mess in the first place?

In closing, we recall a poignant moment during the last Marine Money Week's analyst panel when in response to Robert Bugbee's query about what they expected for the following year, **Natasha Boyden** hoped that all the panelists would be gainfully employed. We echo that sentiment in these most turbulent of times and wish all of our friends well.

Ship Finance Doubles Down

After entering into its first sale-leaseback with **Seadrill** for a drillship in May, **Ship Finance** announced on Tuesday that it had agreed to acquire two newbuilding ultra-deepwater semi-submersible drilling rigs from subsidiaries of Seadrill Limited in combination with 15-year bareboat charters back. The cost of the two rigs is approximately \$1,700 million and will be financed with a \$1,400 million bank facility (LTV of 82%). The \$300 million net investment by Ship Finance will be sourced from existing liquidity, the refinancing of existing assets with low gearing and a substantial profit sharing payment due from **Frontline**.

The first rig, the West Hercules, will be acquired in October. As the demise charterer, Seadrill has sub-chartered

the rig to Husky Oil for three years. The West Taurus will be delivered in December and after a three-month mobilization to Brazil, the rig will commence a 6-year charter to Petrobras.

The transaction is structured with the charter payments front-loaded and as such the aggregate net charter payments for the two rigs for the first 78 months totals \$1,400 million. For the remaining period the payments total approximately \$900 million. Both charters contain purchase options and a purchase obligation after fifteen years. The purchase obligation will cause the rigs to be accounted for as “investment in associates” according to U.S. GAAP.

This structure allows the loan facility to be paid down to \$730 million over the 5-year term. The average annual repayment of the debt will be approximately \$134 million. And, as has been the case with recent transactions, Ship Finance only partially guarantees the loan. In this instance, its exposure is limited to \$100 million per rig. Finally, interest rate risk is a pass through via an interest rate adjustment in the bareboat charter agreement.

The expected average annual cash contribution for the first five years after estimated interest and debt repayment will be approximately \$46.5 million giving a cash on cash return of 15.5%.

This transaction, which increases Ship Finance’s investment in the offshore sector to \$3,400 million, further diversifies its portfolio and will enable the company to increase its dividend from \$0.58 to \$0.60 in the 3rd quarter.

For Seadrill, the proceeds from the sale adjusted for the remaining installments is approximately \$1,000 million, which together with future cash flow generation secured necessary financing of the entire newbuild program including the recent orders of a semi-submersible, a semi-tender and four jack-ups.

Our sole quibble is that the exposure to Fredriksen Inc. increases. We were taken to task by **Ole Hjertaker** and **Craig Stevenson** for

raising the issue and we do concede their point acknowledging the independence of the two companies. We suppose you can’t be choosy as to where you get great deals but you do have to deal with appearances.

Norwegian Bonds Return

We spoke too soon last week in intimating the demise of the Norwegian bond market. With the assistance of **Fearnley Fonds ASA, I.M. Skaugen** this week issued NOK 200 million of 3 year unsecured fixed rate notes with a coupon of 10.5% with the repayment obligation swapped to U.S. dollars. The proceeds will be used to finance the re-purchase an existing issue which matures in

“Green Financing” – Resolution Shipping

Last week, **Fortis Merchant Bank** announced that it had successfully arranged and structured a EUR 250 million club deal for **Resolution Shipping Ltd.** A subsidiary of **Vroon Group BV**, Resolution, a Cyprus company, operates a windmill installation vessel, which is currently on time charter to **Centrica** installing wind turbines in the North Sea. The facility finances the existing vessel as well as two newbuildings, which are currently under construction and includes pre- and post delivery finance.

In addition to Fortis, the club participants include **Commerzbank**, **Dexia Bank**, **Lloyds TSB** and **Rabobank**.

Although the offshore wind energy market is still in its infancy, it is expected to make a quantum leap in the near future. In response, the company has two new vessels on order at **COSCO Nantong Shipyard** for delivery in 2011. These new vessels will be even more efficient with next generation equipment and fully fitted for stand-alone windmill installation as well as offshore capabilities.

Not to Be Missed

Despite the difficult environment, a veritable who's who of the shipping community descended on the **Jefferies** 5th Annual Shipping, Logistics & Offshore Services Conference on Tuesday and Wednesday.

We must confess that walking in at the uncivilized hour of 8 AM to a sparse crowd and seeing Jefferies Magic Eight Balls gave us pause. Was Hamish making a market statement or was he merely giving investors a new forecasting tool? Our conclusion was probably both.

Not surprisingly the early crowd was quiet and subdued, perhaps tired and/or overwhelmed by the 500 point drop in the Dow the day before, but as the clock reached the more civilized hour of 9:30, which interestingly corresponded to the opening of the markets, the rooms began to fill with investors who appeared very interested in the opportunities the various companies presented. By 11:30 it was standing room only at the presentations with only a mere handful glued to CNBC and the Bloomberg terminals provided at the conference. Perhaps investors were beginning to differentiate our industry with its simple model from the sound and the fury of the BDI and the rest of the detritus on Wall Street. Yet many of the investors remain cautious not yet convinced that the China story will hold and the oversupply of tonnage will be absorbed. As is our wont, we present below our personal favorite outtakes from the various presentations. Unfortunately Jefferies made it difficult for us with 25 presentations on the first day divided into two tracks. Despite our overriding interest in and desire to see everything we had to make choices.

Michael Gregos, the COO of **Oceanfreight**, had an early slot and after presenting the investment rationale raised the common theme of the market's failure to provide a fair valuation. Trading at a yield of 19% with 94% of 2009 and 60% of 2010 revenues covered, he perceives himself a victim of the spot and financial markets even though the company is not exposed to either. In his mind, it is largely inexplicable as Oceanfreight is a simple company to understand and model. This perception is becoming the mantra for the entire industry.

Oceanfreight's entry into tankers reflects the low correlation among the shipping sectors and is therefore a sound diversification. Moreover, the tanker market "always surprises."

Jefferies' **Doug Mavrinac**, one of the top analysts in the space, then introduced **Hellenic Carriers** by saying that there are companies that are undervalued and some that are really undervalued with Hellenic falling in the latter category. **Tasos Pantelias** presented the company to the investors. Although London is often touted as surpassing New York for purposes of listing, it remains clear that at least

as far as shipping is concerned New York provides better valuations. Being a shipping company in London is a double whammy.

Hellenic is a little different from its peers. Focusing on Panamax and Supramax sizes, its vessels, which are mainly built in Japan and of high specification, tend to be more middle aged with a fleet average of 12.4 years. Also the company focuses on medium term charters of 1 to 3 years but with staggered deliveries. Like other owners its operating costs are rising reflecting increased crew costs, consumables and higher insurance premiums due to increased valuations.

Hellenic also has a positive view of bulk fundamentals pointing out that one year time charter rates are higher than spot rates. This is a clear indicator of market confidence in his estimation.

With the shortest history as a public company, **Safe Bulkers** was the next company to present with Mr. **Polys Hajioannou** doing the honors. The company, which is mainly focused on the Panamax size, including Panamax, Post-Panamax and Kamsarmax, has 11 ships on the water with 9 newbuildings to be delivered by 2010. The fleet has an average age of 3.3 years and like Hellenic they prefer high specification ships from Japanese yards. The newbuildings will be financed with debt, approximately \$30 million per vessel and internally generated cash flow. Unlike its peers, Safe Bulkers has an unusual chartering policy in that it tries to take advantage of the spot market by fixing forward term employment. The company also owns to Capes, but realizing it cannot compete with the big players it has fixed one for 10 years and the other for 20 years.

Doug Mavrinac also pointed out that the company has an enviable position with Japanese charterers as an outsider. Taking advantage of a shortage of Japanese tonnage, Safe Bulkers successfully convinced Japanese charterers of its performance capabilities over a two-year period. In that part of the world, the charterers must have every confidence that, for instance, the coal will be delivered to the power stations on time. Due to their high quality operation, Safe Bulkers has successfully penetrated that market and numbers among its charterers, **Daiichi Chuo Kisen**, **NYK**, "**K**" **Line** and **Shinwa Kaiun**. Mr. Hajioannou also pointed out that these charterers move their own cargos and there is no risk from re-letting the vessel, a problem, which arises with operators.

Providing a historical perspective, Mr. Hajioannou also got a chuckle from the audience when he wondered why people were complaining about a weak market when a Cape is earning \$75,000 and a Panamax \$45,000 per day.

Angeliki Frangou and **Ted Petrone** presented the case for **Navios Maritime Holdings**. For us, one of the most interesting slides was

on their flexible business model. In a nutshell, the core fleet provides the visible EBITDA, while the risk management business provides spot exposure through spot business, COAs and FFAs. Stable cash flows are sourced from the South American logistics business, which because of commodity pricing is a spread business and its MLP, **Navios Partners**. The latter not only provides Navios with cash flow from the dividend and eventually the IDRs, but also provides profits from the dropdowns to grow the parent without dilution. Waiting in the bullpen is **Navios Acquisition Corp**, Ms. Frangou's second SPAC which has 2 years to find an investment outside the dry sector.

Ted Petrone began his portion by asking the audience what the Dow was. It's a joke, he continued, because for the shipping industry, which is fundamentally sound, it is irrelevant. The case for shipping revolves around urbanization and industrialization and could not be further from the sound and fury of Wall Street.

Industry fundamentals are sound. The forward time charter curves are in contango, the urbanization graph shows a growing middle class, a prime growth driver, and, for the first time, the supply numbers are soft. And, most importantly, the overage fleet is self-correcting, as charterers will not take these vessels thereby restricting their trade. The recent downturn in the spot market is attributable to a larger than anticipated Olympic effect. With the easing of regulations on September 20th, stockpiles should begin to be drawn down creating new demand. Although the industry remains both cyclical and seasonal, period business and s&p are not off indicating the industry is sound. Moreover, earning power is supporting values. Finally COSCO has been chartering feverishly over the last few weeks taking in Capes for forward delivery for 5 to 10 years. This "buying on dips" is a very positive indicator of strong fundamentals. On the downside the credit crunch and the availability of credit remains a crucial issue.

In a "MasterCard" moment, the look on the presenters' faces when Messrs. **Fredriksen** and **Troim** walked into the room in the midst of their presentation was priceless.

We caught a portion of **Terje Askvig's** presentation on **Eitzen Chemical**. It was an interesting change of pace and focus for us. We now can appreciate **Robert Bugbee's** and **Osparie's** interest in this sector and, in particular, this company which holds a very strong market position. Mr. Askvig spoke positively of **Clipper's** purchase of the shares from Osparie and welcomed them as a partner. Interestingly, both parties added to their interests with Clipper now controlling 25.7% and CECO 52.1% of the shares. The main problem they now face is a lack of free float.

At lunchtime, Jefferies, now one of the last "men" standing, took a well-deserved bow. **Brent Stevens**, Head of Capital Markets, attributed Jefferies' success to its customer focus. Jefferies did not get involved in synthetics nor did it engage in proprietary trading. The company's balance sheet is well capitalized with \$4 billion in assets and no long-term borrowings. More importantly, they know the value of all of their assets. Their job is simply to provide the intellectual capital to help their clients. A simple message which we wish was shared among its competitors.

David Malpass of **Encima Global** was charged with keeping the lunch crowd entertained. He accomplished this with an extremely interesting presentation which first focused on commodities and then moved into a more general economic forecast. We must confess that although much of it was beyond our ken, we were nevertheless truly intrigued by his thesis that major changes in commodity trends have generally been triggered more by government changes in dollar/monetary policy than supply/demand. In his view supply/demand operates on the margins. With a continuation of the Fed's dovish tendencies, he believes the recent declines in commodity prices are a correction and not a trend. We highly recommend that you take a look at his excellent presentation, which also included many insights into today's happenings.

Following on the heels of that presentation was **Jeff Pribor** of **General Maritime** who had glad tidings for his investors. After four years at Jefferies conferences explaining the lack of growth/investment opportunities for Genmar and why it was returning cash to shareholders, Mr Pribor was happy to announce that the end of the down cycle was approaching and Genmar was well-positioned for the upturn. This was clearly evident in their recent stock for stock acquisition of **Arlington Tankers**.

His market commentary was insightful, if not pithy. He began by noting this is the best down market we have ever had. And as large tanker rates are correlated to OPEC production, the EIA's recent upward adjustments of their estimates for production bode well. Finally, there is no substitute for the long-term view than actual rates and customers are willing to pay to have a tanker for three years.

Michael Bodouoglou, Chairman and CEO of **Paragon Shipping**, perhaps summed up the conference best in his opening remarks when he said that he woke up thinking it was pretty nasty out there but then thought how lucky he was to be in shipping. Given the broad meltdown, the jury is still out. But we suspect that at the end of the day simple will be in and sexy out.

The Meaning of the Wall Street Debacle in Dollars and Cents

After reading the papers and listening to news reports, which purport to describe what the happenings on Wall Street mean, we realized that we were truly clueless. Huge numbers are bandied about that purport to describe the impact of the collapse of these financial institutions. But to the little guy, they are "...full of sound and fury, signifying nothing." Thus, when we came upon the following news release, we truly began to understand the real impact.

"Subsequent to the Chapter 11 filing of Lehman Brothers Holdings, Inc, **Straumur-Burdaras Investment Bank hf.** ("Straumur") wishes to provide the following information to clarify its exposure to Lehman Brothers.

Straumur has no direct exposure to **Lehman Brothers Holdings, Inc**, whether in the form of investments in equity, senior or subordinated debt, loans, issued letters of credit or otherwise.

However, Straumur has exposure to the UK based **Lehman Brothers International (Europe)** ("LBIE"), mainly on account of LBIE acting as one of Straumur's prime brokers and its principal counterparty to a number of derivatives transactions.

As of 15 September 2008 Straumur had, in relation to the brokering service provided by LBIE, posted collateral with LBIE totalling €48.2m in cash and €16.8 in equities. This now represents a claim by Straumur. In addition, the net marked to market gain on the derivatives portfolio owed to Straumur is €6.0m. The brokering service and the associated portfolio have now been wound up at insignificant cost to Straumur.

Secondly, Straumur had sold, partially as a hedge for a customer-generated transaction, credit protection referencing Lehman Brothers Holding, Inc with a notional value of €29m.

Given the current uncertainty of the actions and timetable of the appointed administrators with regards to the exact legal treatment of the various claims of repayment, Straumur is not in a position at this time to provide an estimate of the possible loss on this exposure, if any.

Any loss arising from this exposure would have no significant impact on Straumur's liquidity position and given the bank's strong CAD-ratio it would have a very limited effect on capital adequacy.

William Fall, CEO of Straumur:

"Over the course of the past two years or so we have successfully de-risked Straumur's balance sheet by greatly reducing the bank's equity exposure, and we have introduced a rigorous risk management regime. While we have thus sought to minimise market risk and the risk of trading losses, we can obviously not prevent a counterparty failure. With regulatory capital of 1.1 billion euros at the end of the second quarter and an exceptionally high capital adequacy ratio (CAD) of 25.4% against the required minimum of 8%, which translates into excess regulatory capital of 766 million euros, Straumur is very well equipped to manage any loss that might result from this unfortunate event. It is important to note, however, that given the many uncertainties, for example regarding the potential sale of the particular Lehman-business Straumur had dealings with, speculation as to the extent of such a loss is clearly premature at this stage."

Report from Houston

We received the following report on the situation in Houston after hurricane Ike from Darrell Wilson of MTI on Tuesday. While we sit at our desks writing proposals, modeling transactions and reading documents, we often lose sight of the realities of shipping.

Since Friday rescue crews in Texas flew 511 missions, saving 209 lives.

To date, 101 pollution cases are reported in the Houston-Galveston and the Port Arthur areas. Reports continue to come in, and that number is changing.

The Houston Ship Channel is open to outbound commercial vessels with a draft of 12 feet or less.

The Gulf Intra-coastal Waterway is open from the Houston-Galveston area west toward Corpus Christi.

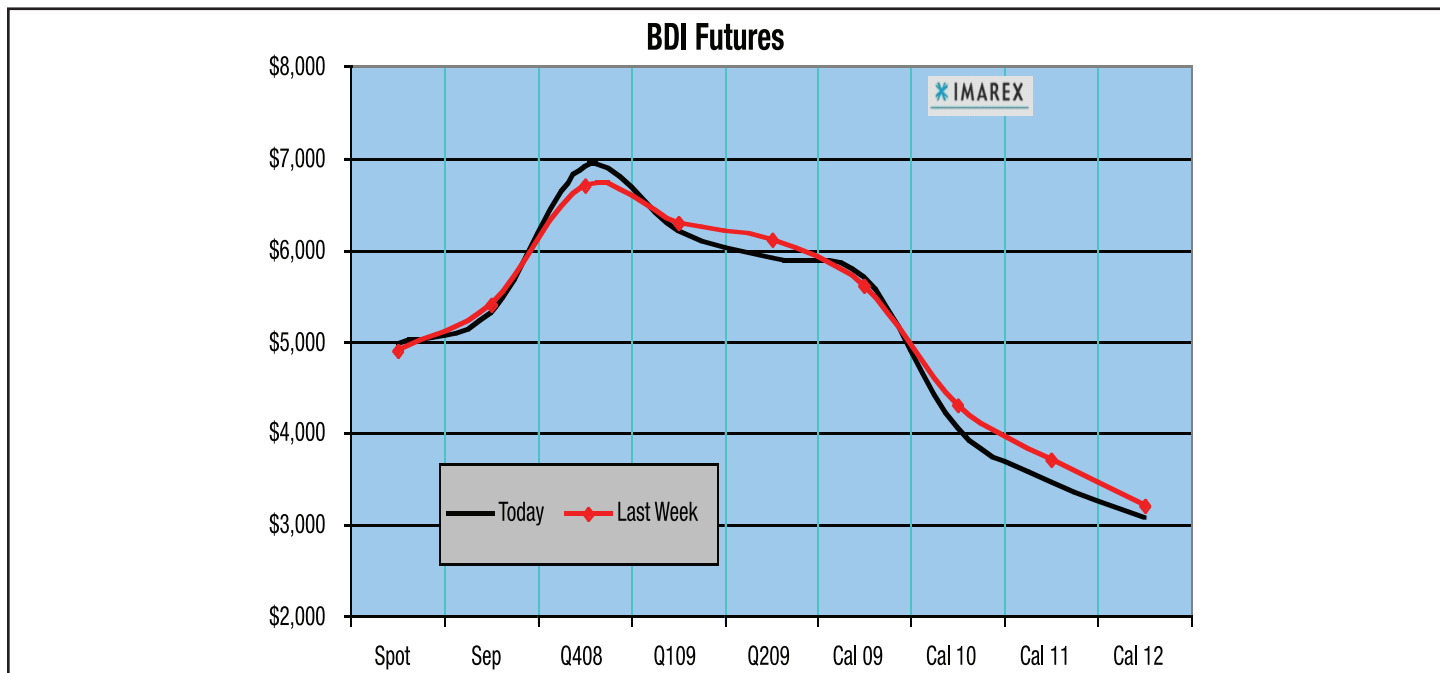
The Port of Freeport, Texas is open to vessels with a draft of less than 36 feet for daylight transits only and day and night transits for vessels with drafts of 16 feet or less.

There are 104 vessels in the queue waiting to transit to facilities in Houston, Galveston, Freeport and Texas City.

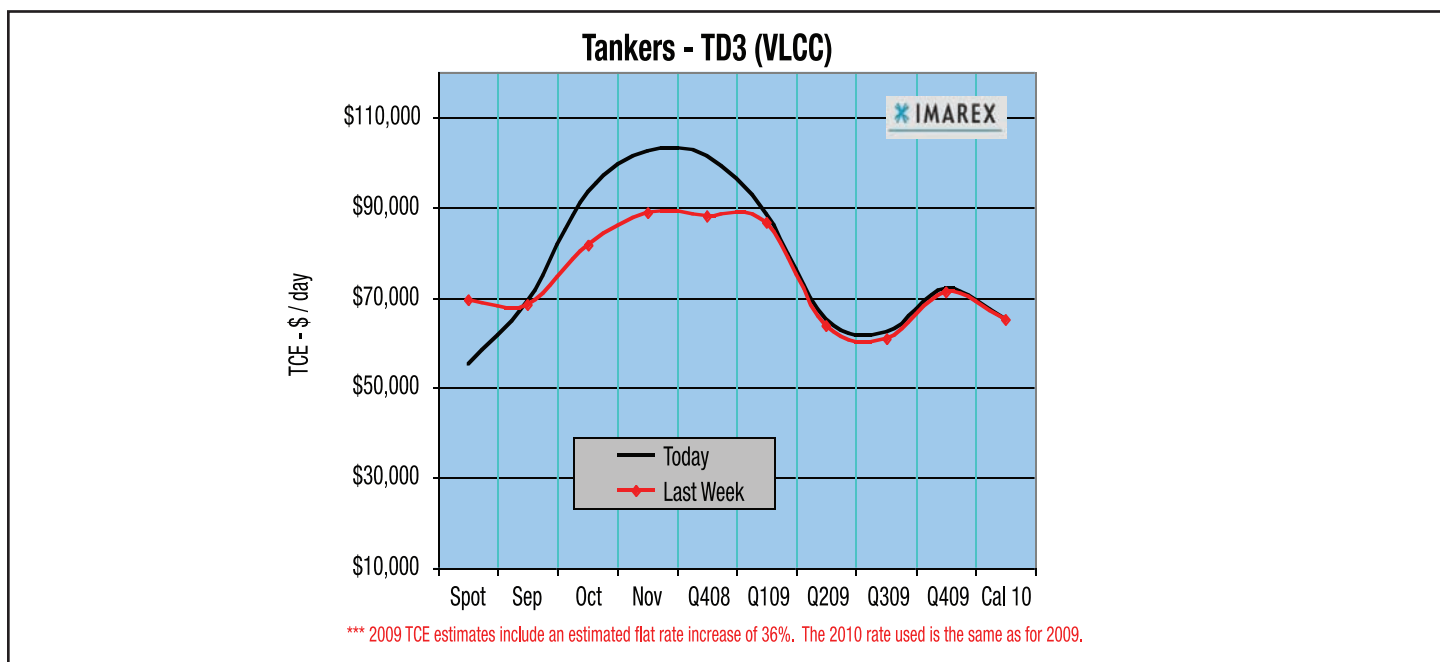
Approximately 90-percent of the ATON markers in the area have been moved or destroyed by Hurricane Ike and made some waterways unsafe and un-navigable. Coast Guard crews are aggressively working to replace the markers in the channel and waterway so ships can resume normal operations.

Back to the Futures

By Mike Reardon, Imarex Inc., Email: mr@imarex.com



There are some signs that dry bulk has reached a bottom of sorts, though the current market has provided significant levels of uncertainty. The forward curves do not look much different from those of last week, yet signals from various corners of the dry bulk universe are mixed. The Pacific basin has provided strength to the physical market while the Atlantic basin has not been able to play a similar role. FFA prices, despite appearing largely unchanged, have seen their usual fluctuations throughout the week. Further, there appears to be a floor of sorts under current FFA levels, though no one can guarantee that the floor will hold. The macro economic picture has become more important than ever – as sentiment is very fragile and jitters are palpable. If you believe that China will continue to grow their economy at or near current levels – then you are likely a believer in this sector turning around some time soon.



The tanker market has given back some hard earned territory over the past few days. As the September fixing session has come to a close, we have only seen a handful of October requirements. Charterers are in no rush to cover their cargos in a declining rate atmosphere. Expectations for a year-end surge remain in place, as the TCE for TD3 Q4 price is almost double the current spot rate. The contango ends there, however – as a combination of a large orderbook and continually reduced oil demand estimates have priced the 2009 curve below the fourth-quarter of this year. Tankers, similar to dry bulkers, are at a phase where macro variables are playing a significant role in how people view the medium-term horizon. There is fear that the falling price of oil could possibly lead to an OPEC output cut – which would of course put downward pressure on the ton-mile equation.

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
★	IM Skaugen	Fearnley Fonds	\$35	10.50%	2011	To finance repurchase of existing bonds	Done
✓	Syarikat Borkos Shipping	Bank Muamalat Malaysia Bhd	\$108			Islamic medium term notes	In Progress
✓	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

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	Hadjiannou-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
★ Ultrapetrol	International Finance Corporation	\$60	To expand river business subsidiary UABL; Plans to raise additional \$15m with help from IFC
★ Ship Finance International	Syndicate of leading international banks	\$1,400	Concurrent with \$1,700m 2 drillship acquisition from Seadrill
✓ 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

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
★ Wavefield Inseis	Norwegian Oilfield Services	\$144	Sale and 7 yr charterback for 1x 5,000-gt newbuilding: Arrangement includes 33.3% stake in NOS
★ Seadrill	Ship Finance International	\$1,700	Sale and leaseback of 2 ultra-deepwater semi-submersible rigs for 15 years
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;

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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