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INSIDE

The Week in Review
page 1

Market Commentary
page 3

Back to the Futures
page 5

**Deal Tables &
Bond Prices**
page 6

Conference Schedule
page 13

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The Week in Review

Change – Faster Than a Speeding Bullet, But For the Better?

The concept of change continues to gain currency in both politics and financial markets. In times of crisis, surely speed is of the essence. Crisis management by definition precludes well thought out solutions. For example, this was evident when the government changed its position about buying only mortgages and decided instead to cover the full gamut of toxic financial products or restricting short selling on a wholesale basis rather than focusing on what many perceive as the real issue, naked short selling. It becomes more of showing that something is being done, than finding the real long-term solution-like putting band-aids on a million cuts.

The announcement on Monday that the Federal Reserve agreed to allow Morgan Stanley and Goldman Sachs to convert to traditional bank holding companies, in order to survive the crisis, brought to mind the repealed (1999) Glass-Steagall Act. Certainly it is far too late for “Katy to bar the door” as these are the last of the traditional investment banking companies with the majority having already merged or been acquired by traditional banks. One of the key selling points for this change, according to the Wall Street Journal is that both “will come under closer supervision of national bank regulators, subjecting them to new capital requirements, additional oversight and far less profitability than they have historically enjoyed.”

As you may recall, the Glass-Steagall Act was designed to separate commercial banking from investment banking in order to “(1) maintain the integrity of the banking system; (2) prevent self-dealing and other financial abuses; and (3) limit stock market speculation.”

William D. Jackson, Glass-Steagall Act: Commercial Vs. Investment Banking (Congressional Research Service, 1987) pg.1

In response to the debate as to whether commercial banks could expand their activities, the Congressional Research Service outlined the arguments for and against (emphasis ours):

The Argument FOR Preserving Glass-Steagall:

1. Conflicts of interest characterize the granting of credit – lending – and the use of credit – investing – by the same entity, which led to abuses that originally produced the Act
2. Depository institutions possess enormous financial power, by virtue of their control of other people’s money; its extent must be limited to ensure soundness and competition in the market for funds, whether loans or investments.
3. Securities activities can be risky, leading to enormous losses. Such losses could threaten the integrity of deposits. In turn, the Government insures deposits and could be required to pay large sums if depository institutions were to collapse as the result of securities losses.
4. Depository institutions are supposed to be managed to limit risk. Their managers thus may not be conditioned to operate prudently in more speculative securities businesses. An example is the crash of real estate investment trusts sponsored by bank holding companies (in the 1970s and 1980s).

The Argument AGAINST Preserving the Act:

1. Depository institutions will now operate in “deregulated” financial markets in which distinctions between loans, securities, and deposits are not well drawn. They are losing market shares to securities firms that are not so strictly regulated, and to foreign financial institutions operating without much restriction from the Act.

2. Conflicts of interest can be prevented by enforcing legislation against them, and by separating the lending and credit functions through forming distinctly separate subsidiaries of financial firms.

3. The securities activities that depository institutions are seeking are both low-risk by their very nature, and would reduce the total risk of organizations offering them – by diversification.

4. In much of the rest of the world, depository institutions operate simultaneously and successfully in both banking and securities markets. Lessons learned from their experience can be applied to our national financial structure and regulation.

And so Glass-Steagall was effectively repealed in 1999 giving way to an unfettered free market. As of May, the BBC provided the following tally of sub-prime losses:

Sub-Prime Scorecard (billions)

Bank		Investment Bank	
Citigroup	\$40.7	UBS	\$38.0
HSBC	\$15.6	Merrill Lynch	\$31.7
Bank of America	\$14.9	Morgan Stanley	\$12.6
Royal Bank of Scotland	\$12.0	Credit Suisse	\$6.3
JP Morgan Chase	\$9.7	Bear Stearns	\$3.2
Washington Mutual	\$8.3		
Deutsche Bank	\$7.5		
Wachovia Bank	\$7.3		
Credit Agricole	\$6.6		
Mizuho Financial	\$5.5		
Barcalays	\$3.2		
Total	\$131.3		\$91.8

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	\$163,000,000	7.1	6.1	7.3	7.5
	VINTAGE 250-285,000 DWT	\$42,000,000	1.9	2.3	-	2.3
SUEZMAX	MODERN 150,000 DWT	\$105,000,000	4.2	5.8	7.2	5.9
AFRAMAX	MODERN 95-105,000 DWT	\$79,000,000	5.5	6.0	7.4	6.1
	MID-AGED 95-105,000 DWT	\$62,000,000	4.5	10.4	6.1	5.2
CLEAN PRODUCT	MODERN 70-75,000 DWT	\$60,000,000	2.4	6.0	7.0	5.6
	MID-AGED 30-35,000 DWT	\$37,000,000	3.9	-	-	4.6
DIRTY PRODUCT	MODERN 45-47,000 DWT	\$52,000,000	3.3	7.1	7.6	5.0
BULK CARRIERS						
CAPE SIZE	MODERN 170,000 DWT	\$142,000,000	6.7	8.2	5.4	6.6
	MID-AGED 150,000 DWT	\$108,000,000	6.1	6.3	4.1	6.2
	VINTAGE 150,000 DWT	\$84,000,000	4.8	3.0	-	4.9
PANAMAX	MODERN 73,000 DWT	\$84,000,000	6.6	4.7	5.9	9.1
	MID-AGED 72,000 DWT	\$72,000,000	5.7	4.1	5.2	8.0
	VINTAGE 60,000 DWT	\$39,000,000	3.6	3.1	6.2	4.9
HANDYMAX	MODERN 52,000 DWT	\$68,000,000	6.4	5.3	6.2	8.5
	MID-AGED 42-45,000	\$58,000,000	6.6	4.6	5.4	7.4
HANDYSIZE	MODERN 25-30,000 DWT	\$51,000,000	-	5.6	6.8	-
	MID-AGED 25-30,000 DWT	\$43,000,000	-	4.8	5.8	-
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.

If Glass-Steagall had been in force would it have made a difference? Perhaps, but what is a certainty, however, is a shift in the employment landscape from Wall Street to Washington as the free market gives way to government supervision and regulation. Clearly with a lack of financial acumen down in Washington and an ever expanding portfolio of owned and supervised businesses, the only source of expertise will be ex-Wall Streeters.

Will Feeders Sell?

On Tuesday, Arcade Acquisition Corporation (“Arcade”), the second blank check corporation sponsored by John Chapman, Jonathan Furer and Muhit Raman, announced it had entered into agreements with Palmosa Shipping Corp. (“Palmosa”) and affiliates of Tsakos Shipping & Trading S.A. (“TST”) to acquire ten feeder container vessels for an aggregate purchase price of \$261.7 million. The vessels are appraised for \$250 million with the difference attributable to the charters Post-closing the new entity will be named Conbulk Corporation and will be domiciled in the Marshall Islands. The company has applied for a listing on the NASDAQ.

In his introductory remarks, Michael Jolliffe, the nominated Non-Executive Chairman, termed this the right deal at the right time. During these difficult financial times, this transaction will offer the investors security and guaranteed income for three years based upon time charters with the second and third largest liner companies.

Jonathan Furer, Arcade’s CEO, added that the transaction ideally fit the criteria Arcade had laid out in their prospectus. The transaction offered reliable and strong cash flows. They were teaming with an experienced management team and have a competitive position in a niche market. And finally, the transaction was the right size at over 3.5x \$69 million IPO proceeds.

Six of the vessels will be purchased from Palmosa, which together with Arcade are the sponsors, in exchange for common shares and the repayment of debt and four will be acquired from TST for a combination of cash and common stock. The transaction will be financed as shown in the following chart:

The pro forma ownership at closing is also shown below. In addition, there is an earn-out incentive to Conbulk Management Ltd., a company jointly owned by Palmosa and TST that will provide technical and commercial management services to the company fleet, of up to 3.5 million shares should the company achieve targeted EBITDA of \$50-58 million and \$70-78 million in the 2nd and 3rd year of operation respectively. The earn out is contingent on fleet growth. Management states that there is an existing pipeline of opportunities and an expectation of acquiring up to eight more vessels by

Sources/Uses

Sources

Cash held in trust	\$68.0
Stock	\$76.1
New Debt	\$126.8
Total	\$270.9

Repay Palmosa debt	\$90.9
Equity to Palmosa	\$60.1
Cash consideration to TST	\$94.6
Equity to TST	\$16.0
Transaction Fees & Expenses	\$6.4
Deferred Underwriting Fee	\$2.4
Initial cash	\$0.5
Total	\$270.9

Pro Forma Ownership at Close

Arcade Insiders	9.3%
Palmosa Shareholders	37.8%
TST Shareholders	10.1%
Public Shareholders	42.8%
Total	100.0%

2011. MOAs have already been signed for four.

Messrs Furer and Dalakouras, the company’s proposed CEO and majority owner of Palmosa, make a strong case for the transaction focusing primarily on valuation, dividend and the niche market it intends to operate in.

In terms of numbers, Mr. Furer highlighted the attractive valuation in terms of TEV multiple and yield. The implied TEV/EBITDA multiple of 8x is at a 30% discount to the public container shipping comparables (Danaos, Seaspans and Global Ship Lease). The initial purchase price multiple is 6.85x year 1 EBITDA. Based upon historic traded levels of 13x to 15x next 12 months EBITDA, there is significant potential upside.

EBITDA is conservatively calculated using 355 revenue days and 365 operating days. However, the EBITDA numbers exclude amortization for survey and dry docking expenses despite the fact that 4 are scheduled for the first year.

In terms of yield, Conbulk, which has opted for the partial payout model, is targeting a dividend of approximately \$0.16 per quarter or an 8.1% yield. However for the first year, the sponsors and TST have agreed to defer a portion of their dividends to permit a special

dividend of \$0.06 per share that would increase the yield to 11.2% versus the 10.5% average of the comparables. Shareholder returns are intended to come from both dividends and growth.

A significant distinguishing feature for this business, according to the presentation, is its primary focus on the niche feeder container-ship market, which they define as less than 4,000 TEU vessels, second-hand vessels and medium term charters. The comps have similar sized vessels in their fleets although most are younger and chartered long-term. Of its fleet of 68 vessels Seaspan has 12 vessels that comply strictly with the definition, but if you include 4,250 TEU vessels the number increases to 35. Danaos has 25 of this size out of a fleet of 71 adhering to the strict definition. Presumably, given the size of these vessels, the charterers use them as feeders in their respective services. Nevertheless, Conbulk will be the pure play in this sector.

In terms of employment, four of the vessels are chartered to Cheng Lie, a wholly owned subsidiary of CMA - CGM, five are chartered to MSC and one chartered to CCNI. The average gross time charter rate is \$17,650 with the charters having an average remaining duration of 3 years. Although the portfolio is concentrated, the company has had relationships in the past with Lloyd Triestino, a subsidiary of Evergreen and Hapag Lloyd.

The company has purposefully focused on second-hand vessels, as their preferred strategy. Similar vessels, at least in periods of full utilization, earn the same amount notwithstanding age and older vessels naturally have a capital cost advantage. Normally, the average fleet age of 18 years would be of concern but historically these vessels have an average useful life of 30-35 years. The expectation is that the new additions will reduce the average fleet age.

The feeder market is attractive for a number of reasons. On the macro level is the strong growth of container shipping which historically has approximated 10% annually. Having adopted the airlines' hub and spoke strategy, the lines use feeders for distributing containers to smaller ports which do not warrant direct service due to low volumes or have size restrictions. Furthermore, the order book dynamics offer a highly attractive environment for feeder vessels. From their perspective, the large order book for large vessels means more feeders will be required while at the same time the order book for feeder vessels themselves remains relatively small. The combination of the two suggests that rates should increase or at least be maintained.

Given the focus on growth, it is important to examine Conbulk's ability to finance new acquisitions. One potential source of cash

flow is the exercise of warrants which have the potential to bring in \$63 million. In addition, the company can lever up the balance sheet. At closing, total Debt/TEV is 41% significantly below the peer group's average of 51%. Exercising both options will raise somewhere between \$170-190 million.

The terms of Conbulk's new \$200 million credit facility have been confirmed by the European bank, which is Palmosa's existing lender. The six year facility bears interest at LIBOR + 150-175 bps and amortizes to a balloon.

The transaction will soon be in the shareholder's hands. They will have to weigh the sponsors' well thought out presentation in light of current economic conditions. While we applaud the valuation, dividend, cash flow visibility and the strong sponsorship, we note that there are many stocks trading today with these same features that are currently being punished by investors. Approval requires the consent of over 50% of the Arcade shareholders with less than 30% electing redemption. We wish the company success.

George Makes His Move

Controlling 14.76% of Top Ship's shares through various entities, Mr. Economou today announced that his affiliate, Marpessa Choice Holdings, Inc. has entered into an exclusivity agreement providing for the exploration by such affiliate of the possible acquisition of Top Ships at a potential price of \$6 per share, a 57.5% premium over yesterday's close. The stock traded up and closed today at \$5.17 up 35.7%.

Based upon 20,508,575 shares outstanding less his holdings of 4,133,133 shares, which cost \$43.5 million (average \$10.52), Mr. Economou would pay \$98.25 million for the balance at \$6 per share. For a total assumed price of \$141.7 million, Mr. Economou purchases a mixed fleet of 17 ships on the water and 6 newbuilding product carriers to be constructed at SPP in South Korea with delivery in the 1st and 2nd quarter of 2009. The average age of the on the water fleet is 12.8 years split between the tankers at 15 years and the bulkers at 7.4 years.

Interestingly, the middle-aged vessels, including all of the Suezmax tankers and most of the product tankers are chartered-in with the charters expiring in 2011-2012. The more modern vessels are owned (5 bulkers & 2 product carriers). In terms of employment, the newbuildings are bareboat chartered out for 7 to 10 years and the bulkers for 2 to 5 years. The product tankers are time chartered for 2 years with the Suezmax predominantly spot.

Product Tankers

NAME	DWT	BUILT
Suezmax		
Stainless	149,599	1992
Priceless	154,970	1991
Timeless	154,970	1991
Flawless	154,970	1991
Stopless	1991	1991

Product Tankers		
Ionnis P	46,346	2003
Dauntless	46,168	1999
Vanguard	47,100	1992
Relentless	47,081	1992
Faithful	45,720	1992
Spotless	47,100	1991
Doubtless	47,076	1991

Product Tanker - Newbuildings		
SPP, S. Korea - 1025	50,000	1/31/09
SPP, S. Korea - 1026	50,000	2/28/09
SPP, S. Korea - 1027	50,000	3/31/09
SPP, S. Korea - 1029	50,000	4/30/09
SPP, S. Korea - 1031	50,000	5/31/09
SPP, S. Korea - 1033	50,000	6/30/09

Bulk Carriers		
Cyclades	75,681	2000
Amalfi	45,526	2000
Pepito	75,928	2001
Astrale	75,933	2000
Voc Gallant	51,201	2002

Clearly, Mr. Economou knows value. According to Clarkson the current cost to build a new Handymax product carrier is \$53 million or \$318 million for the 6. Then there is the owned bulk fleet, comprising 3 Panamax, 1 Handymax and 1 Supramax, which are all fixed. And finally, we presume the chartered-in vessels will provide positive cash flow from the spread.

Not a bad deal at all.

Golden Ocean Sale-Leaseback

Golden Ocean Group (“GOGL”) this week reported the sale of one of its Kamsarmax newbuildings scheduled to be delivered in the 3rd quarter 2009 and currently under construction at the Jinhaiwan Shipyard in China. Upon delivery to the buyers, the vessel will commence a 10 year bareboat charter with GOGL at a rate of \$21,975 per day. The transaction provides for annual purchase options beginning in year 4. the purchase price after 10 years is \$40 million. At delivery, the seller will net \$21 million cash. The IRR is approximately 10% for the full term.

Largest FPSO Project Loan Ever

BTMU and Fortis, as Coordinators, announced this week the successful closing of a \$585 million project loan to finance the conversion and subsequent operation offshore Brazil of the FPSO Espirito Santo. The FPSO is owned by SBM Offshore (51%) and MISC Berhad (49%) and upon delivery will enter into a 15 year charter to Shell Brazil.

Despite the challenging market conditions, a total of 11 banks (BNP Paribas, BTMU, CIC, DnB Nor, Fortis, ING, Mizuho, Rabobank, RBS, Societe Generale and SMBC) participated in the financing. The loan was significantly oversubscribed which all owed for final take downscaling for all syndicate members.

CMA Views Ms. Fisher's Metals

To a packed and highly receptive crowd of 143 guests, Justine Fisher, Goldman, Sachs' High Yield Analyst for Metals, Mining and Transportation, delivered an update on bulk commodities and shipping on the occasion of CMA's first fall luncheon.

The title of the presentation, "After the party... A post-Olympics update on bulk commodities and shipping" was a double entendre. Would there be an after party or a hangover? On the edge of our seats, she gently let us down for the moment by saying that no one can say, as there are insufficient data points. Disappointment was quickly mitigated as she quickly jumped into her presentation and provided extensive data coupled with her insightful analysis giving everyone more than enough to think about.

To provide perspective, Ms. Fisher described the high point of June and July 2008, which she calls the last gasp. Strong demand combined with constrained supply led to rising commodity prices. There were three key factors involved during this period. Strong demand led to a re-alignment of the global commodity supply chain. Not only was there high inherent demand, but also the sourcing was from more distant locales emphasizing the second leg of ton-mile-demand. One of the largest dislocations was the movement of thermal coal from the east coast of the U.S. to Asia. High commodity prices drove shipping rates up in turn. However, the freight rate increase was far smaller than the cost of the commodity. Thus on a percentage basis the cost of shipping was not as critical.

At the micro level, the Chinese engaged in massive procurement before the Olympics, with iron ore imports in May and June up 40% y-o-y. This run-up in purchasing was subsequently followed by an effective halt in production as China reduced output of key industrial commodities, steel and aluminum, in order to "clean up" before the Olympics. Steel production in July was down 5% m-o-m leaving huge inventories that need to be worked down. These events led to the price increases and dry/tanker rate spikes we saw in the spring. Importantly, these events all took place before the full extent of the U.S. economic crisis was apparent. Finally, she reminded everyone that the Paralympic games ended on September 17th which means that "back to normal" consumption of commodities in China will show up in October's data at best and we will not see that data until November.

In many areas, Goldman Sachs believes the correction has been extreme versus long-term support levels, which they define as the marginal cost of production. For the moment bearish sentiment is over-whelming long-term positive fundamental outlook.

Ms. Fisher then took a look at steel and its two key commodities that impact dry bulk shipping. Although steel is critical for the industrialization/urbanization theme it has been weakening from its peaks. Goldman sees a slight global deficit, down about 1%, with prices declining from \$1,000 per ton peak. However plate and pipe remain pockets of strength. For met coal low supply is a price bulwark with a -3.5% deficit in 2009 and a -2% deficit in 2010 suggesting prices will remain steady around \$300 per ton. Iron ore does not fare as well with GS projecting a slight global deficit (0.5%) in 2009 and a 2% surplus in 2010. Chinese port stocks are over 70 million tons and new short-haul supply from Australia is online. De-stocking will take time.

Breaking steel consumption down by region, Ms Fisher pointed out that although China's steel production growth is slowing in percentage terms (rising 12% in 2008 versus 20% in 2007) the law of large numbers applies. It comes as no surprise that the U.S. is also slowing due to weak demand primarily in the auto industry. Brazil, Russia and India are areas of strong growth but unfortunately for shipping all have domestic ore supplies. These countries lack metallurgical coal, but that is a smaller market than iron ore.

For thermal coal demand is more stable (i.e. need to turn on the lights) and supply is tight. Despite its huge resources, the U.S. cannot be the savior of the global coal market. U.S. coal exports are limited by the demands of U.S. utility buyers and constrained rail capacity. Based upon an Asian growth rate in imports, GS believes the supply side will struggle to meet their import requirements over the next three years.

Crude prices are also important to shipping and Ms. Fisher explained the price curve and the subsequent downward adjustment to GS' forecast for crude prices. The upward slope of the curve is attributable to a market overshoot driven by Chinese pre-buying and the subsequent decline was the market undershooting driven by Chinese de-stocking. A second leg downward was attributable to refinery shut-ins due to the two storms and financial concerns.

In their May 16th price forecast, GS was projecting a price increase to \$145-150 per barrel over the 4th quarter 2008 and declining to \$140 in the 1st quarter 2009. In their latest iteration, GS projects the price of crude will increase to \$125 in the 1st quarter 2009. She cautioned the audience however that despite low demand OECD inventories remain low and have not been built. If only we had listened and bought futures as crude approached those projected levels within days.

In summary, the current sell-off is not surprising, but most commodity end markets are structurally strong and price strength, driven by limited supply, remains the long-term outlook.

Then taking a look at the vessel supply side, Ms. Fisher constructed a time-adjusted order book that shows the fleet growing at approximately 8-9%, which is an issue of concern.

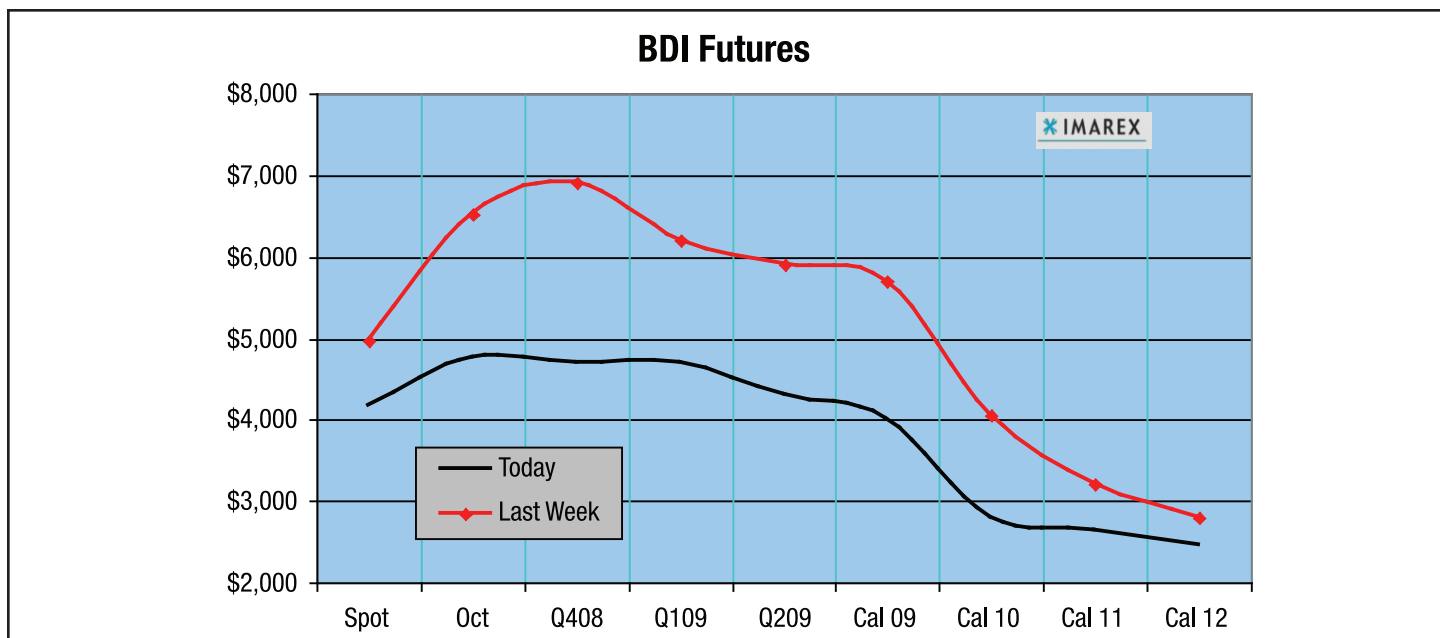
Finally, Justine had a last word on financing noting some similarities and differences between financing aircraft and vessels. Right now the markets are sorting out who owes whom? In her view, this is a period of capital delayed rather than denied. She further emphasized the difference between a lack of liquidity and lack of capital, further

noting that capital finds its way to profitable markets. Moreover, as we know, financiers can be very creative. With respect to investment choices, clearly margins are better in shipping than in the airline business, which is so highly dependent on fuel. She hypothesized an investor wondering why be in financials when I could be in shipping with its higher margins and substantial cash flows.

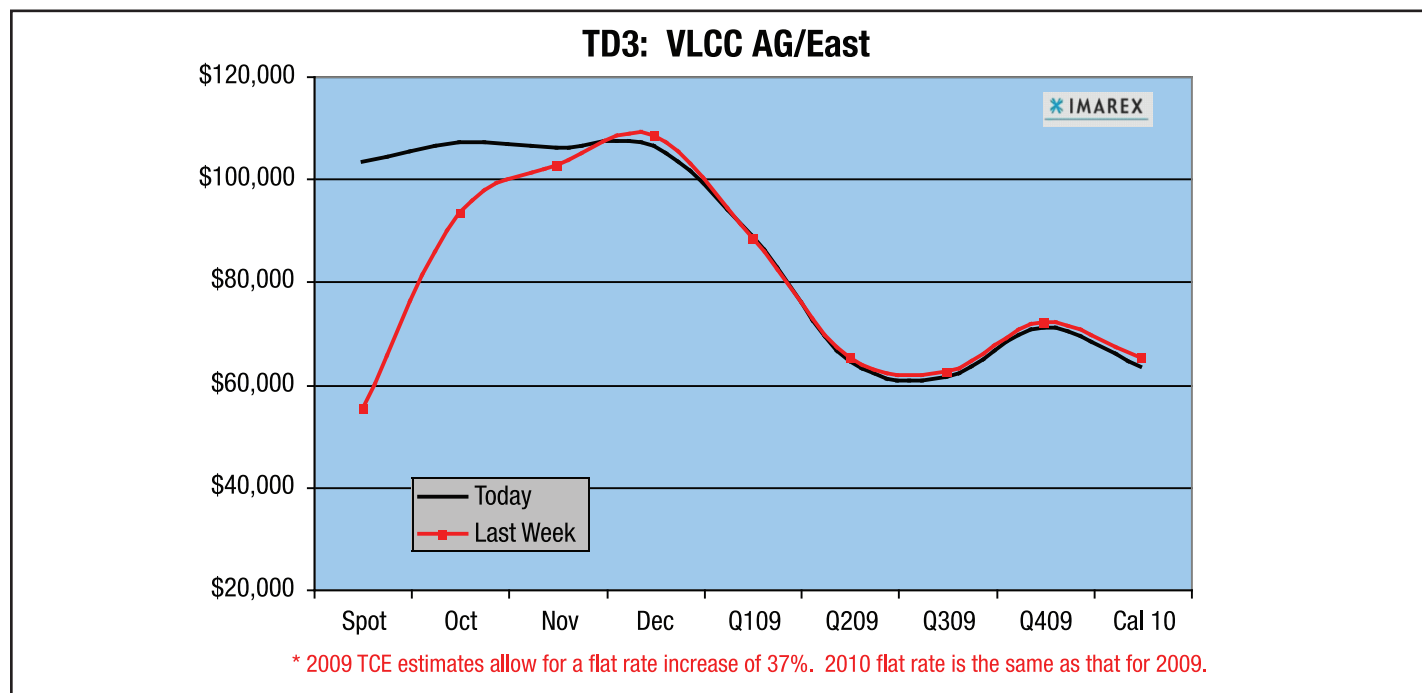
It was a fantastic way to spend an afternoon - good food, good friends and enlightenment. Evidenced by the standing ovation, it was an extraordinary success. Rumors of a follow-up presentation abound. If that is the case, CMA may have to re-visit the venue. Will Yankee Stadium still be standing?

Back to the Futures

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



There is not a lot of good news to be found in the dry sector. Spot rates, futures prices and sentiment are all digging for the bottom. The basic culprit is supply and demand, i.e. too few cargos for too many ships. Daily broker reports are becoming more pessimistic by the day. On the macro front, fears of an economic slowdown combined with falling commodity prices paint a bleak picture. The graph above illustrates the extent to which market gloom has set in. With all that in mind, there are still some who are upbeat for Q4 – and point to the Golden Week holiday in the Far East as a potential inflection point. Can China really just stop buying raw materials overnight? With today's report that Vale has confirmed an 11% price increase it was seeking with some Chinese buyers, it appears demand will not disappear into thin air.



Tankers have had a good week. Though demand in the AG has not been excessive, it has been enough to create an uptrend in spot rates. Owners are quite adept at moving the market north even when supply and demand are considered to be in balance. On the benchmark AG/East route, VLCCs are earning about \$100,000/day. There remains a bullish feel to the market – as October requirements are only 50% covered. Charterers will need to maintain an orderly process for the balance of the month if they want to limit further rate increases. With the recent increase in spot rates – the forward curve into December now only shows a mild rise before giving way to softer 2009 sentiment. If oil prices can remain high and we do see a seasonal demand surge in Q4 – we could very well see additional increases in both rates and sentiment.

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
★ Goldman Sachs			Yamamoto Kayun	Full acquisition of Japanese shipowner
★ Conbulk		\$262	10 feeder containerships	6 from Palmosa in exchange for stock and repayment of debt, 4 from Tsakos-managed companies for cash/stock combo
★ George Economou		\$617	TOP Ships	Short term exclusivity agreement ending October 8/08 to explore acquisition for \$6/share, a 50%+ premium
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

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
★ Conbulk			To acquire and list fleet of 10 feeder service containerhips on NASDAQ	Early Stages
✓ 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; Overallocation 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

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
★ First Ship Lease Trust	HVB, OCBC as mlas, Heleba, SMBC as participants	\$65	To finance acquisition of a boxship from Yang Ming Marine Transport
★ SBM Offshore, MISC Berhard	BTMU, Fortis as mlas; BNP Paribas, CIC, DNB Nor, ING, Mizuho, Rabobank, RBS, Société Générale, SMBC	\$585	To finance conversion of jointly-owned FPSO on subsequent charter to Shell Brazil for 15 yrs
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

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
★ Golden Ocean Group	Undisclosed	\$65.30	10 yr sale and bareboatback of Q3 2009 newbuilding delivery; \$21,975/day, fixed price purchase option in 3 yrs and every year after until contract matures; \$40m option in 10 yrs
Wavefield Inseis	Norwegian Oilfield Services	\$144	Sale and 7 yr charterback for 1x 5,000-gt newbuilding: Arrangement includes 33.3% stake in NOS
Seadrill	Ship Finance International	\$1,700	Sale and leaseback of 2 ultra-deepwater semi-submersible rigs for 15 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

Jefferies – High-Yield Shipping Bonds

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
SHIPPING							
Altus Group Ltd (ALTGRP)							
11% Secured Notes due '13	101.000	10.65%	812	04/01/13	- / -	04/01/10	105.500
Great Lakes Dredge & Dock (GLDD)							
7.75% Sr Sub Notes due '13	94.000	9.22%	621	12/15/13	Caa1 / B-	12/15/08	103.875
Navios Maritime (NAVIOS)							
9.5% Senior Notes due 2014	92.000	11.32%	814	12/15/14	B3 / B+	12/15/10	104.750
Sea Containers (SCRA)							
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	98.750	8.80%	579	12/15/13	B1 / B+	12/15/08	104.250
Stena AB (STENA)							
7.5% Senior Notes due '13	97.000	8.23%	525	11/01/13	Ba2 / BB+	11/01/08	103.750
7% Senior Notes due '16	93.000	8.19%	468	12/01/16	Ba2 / BB+	12/01/09	103.500
Trailer Bridge (TRBR)							
9.25% Secured due '11	92.000	12.40%	1,000	11/15/11	B3 / B-	11/15/08	104.625
Ultrapetrol Limited (ULTR)							
9% 1St Mortgage due '14	93.000	10.57%	741	11/24/14	B2 / B	11/24/09	104.500

	Ask	YTW	STW	Maturity	Ratings	Call Dt	Call Px
SUPPLY VESSELS							
Gulfmark Offshore (GMRK)							
7.75% Senior Notes due '14	97.000	8.41%	530	07/15/14	B1 / BB-	07/15/09	103.875
Hornbeck Offshore Services (HOS)							
6.125% Senior Notes due '14	91.000	8.00%	483	12/01/14	Ba3 / BB-	12/01/09	103.063
Seabulk International (SBLK)							
9.5% Senior Notes due '13	104.500	7.64%	582	08/15/13	Ba1 / BBB-	10/27/08	104.750
7.2% Seacor Senior Notes due '09	101.000	6.11%	422	09/15/09	Ba1 / BBB-	any time	
5 7/8% Seacor Senior Notes due '12	93.500	7.80%	512	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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