

VOLUME 6
ISSUE 44
October 30, 2008

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The Week in Review

Persistent Devil - Liberty Maritime Keeps the Heat On

We have previously marveled at **Liberty Maritime's** aggressive move to acquire **International Shipholdings Corporation** ("ISH") particularly in light of ISH's lack of disclosure, management's entrenched ownership position (-23% as of the March Proxy Statement) and finally their laissez faire approach to the entire matter. Together the situation must be incredibly frustrating to a man of action. But, if anything, **Mr. Shapiro** is persistent as evidenced by his continued share purchases. Even with his most recent purchases in the \$15 to \$19 range, his offer, which remains unchanged at \$25.75, is at a 31% premium to Wednesday's closing price of \$19.69 per share. Since his disclosure on September 17th that he had acquired 5.2% of the outstanding shares, Mr. Shapiro's subsequent purchases have increased his holdings to 9.1% of the outstanding amount as of October 27th. Thus far, the total investment is \$12.7 million. And what makes us marvel even more is that he is seemingly buying into a void knowing officially no more about the company than the miserly disclosures in its publicly filed financials. In fact, in our view the SEC is complicit in this standoff by allowing filings that lack full disclosure, omitting such basic information as a list of vessels operated no less the ownership and chartering position of the fleet.

Given the dearth of information, we remain surprised by the firm offer and his confidence. To circumvent the lack of public disclosure and to come to this number, we surmise Mr. Shapiro, who is no one's fool, has likely utilized the brokerage community and public mortgage filings, among other sources, to piece together the fleet puzzle and assess NAVs and employment.

On the other hand as the target, ISH deserves kudos for its effective "do nothing" strategy. They have held Mr. Shapiro at bay for seven weeks and continue to keep him in the dark while protecting themselves with such standard fare as change of control agreements, which were executed subse-

quent to the initial meeting between the parties. The determining factor of this battle of wills as always will be the outside shareholders to whom Mr. Shapiro must appeal. The share price has held up, all things considered, which validates Mr. Shapiro's assessment but perhaps also suggests a higher price may be in order. This will however require a far more open book.

The Special Committee formed by the Board of Directors to respond to this offer has retained Lazard as its financial advisor and Thacher Proffit & Wood to act as its legal advisor.

Let the games continue.

A Perfect Storm

As the BDI dropped below 1,000 for the first time in 6 years on Tuesday, the shares of **Britannia Bulk** also collapsed with the news of both operational and financial difficulties. Caught in the unexpected downdraft of a market collapse at warp speed, Britannia's flexible chartering-in strategy could not be unwound in time creating huge losses. As of June 30th, the number of chartered-in vessels was 59 and, according to the news release, the company increased its chartered-in capacity during the 3rd quarter. It was during this same period that demand for dry bulk capacity decreased significantly with a commensurate decline in charter rates. Consequently, the rates achieved during the quarter were far less than those paid to secure the vessels, creating a negative spread. As worrisome as the chartered-in position is, this was a non-controllable event.

In contrast, the company has historically used FFAs as economic hedges relating to identifiable ship or cargo positions and as economic hedges of transactions expected to be carried out in the normal course of its shipping business. However, since July, the company has purchased naked positions in contrast to their normal practice leaving themselves even more exposed to the market and a large potential loss in the 3rd quarter with cash settlements beginning

in that quarter and continuing through 2009. This, unfortunately, was a bet gone wrong.

Finally, the company also conservatively hedged its bunker fuel costs for its vessels that are employed under COAs or in the spot market. In the 3rd quarter, the company entered into such an arrangement, which is currently out of the money, because it is hedged to prices that are significantly above today's bunker prices. This too will lead to a significant loss in the 3rd quarter.

Although the company will incur huge losses for this reporting period, the losses related to actual hedging activities are of the non-cash kind and only in the case of the FFAs will they run through the income statement.

The situation with the lenders apparently turned somewhat adversarial overnight. On Tuesday, the company indicated it had not breached any of the covenants (minimum liquidity and collateral coverage requirement on five vessels securing the loan) in its \$170 million secured term loan facility with **Lloyds TSB** and **Nordea Bank** of which \$158 million was drawn. On Wednesday, the lenders accelerated the loan and set off the borrower's cash accounts. The acceleration notice alleges that certain events of default have occurred, including a material adverse change in the borrower's financial condition, and demands immediate repayment of the loan including accrued interest and other amounts totaling \$158.7 million without taking into account the set-off. Based upon subsequent discussions, the lenders have advised the company that they are prepared, subject to certain conditions, to make funds available to ensure that the vessels securing the facility continue to operate normally and meet their commitments.

The company is taking all the requisite actions as one might expect. They have engaged **AlixPartners** to assist the company's management in discussions and negotiations with its lenders and trade counterparties and to address the company's current financial and liquidity issues. The board, itself, has imposed a number of cash conservation and cost reduction measures, including the suspension of the dividend, and has restricted management's discretion with respect to daily sales and purchases as well as hedging activities. It will also investigate the situation with respect to the FFAs.

The future of the company is now in the hands of its bankers. If no accommodation is reached the likely scenarios include seeking bankruptcy protection or liquidation. In the interim, the company will seek to mitigate losses by re-delivering the chartered-in tonnage within terms or in negotiated settlements.

Britannia's problems also created fallout for Golden Ocean ("GOGL"), which had sold forward to them six Panamax bulkcarriers, under construction at Pipavav Shipyard in India at a price of \$59 million each. GOGL received a deposit of 20% or \$71 million. As it is unlikely that Britannia will take delivery of the vessels, GOGL will retain the deposit. By applying it across the contract price of the six ships, the basis of each of the ships will be reduced to approximately \$26 million each, which according to **Rikard Vabo of Fearnley Fonds ASA** is below the average price of a Panamax since 1990 (\$27 million). All things considered it could have been worse for GOGL. They lose the sale but get the ships back at a competitive cost. The proposed dividend to shareholders from the sales proceeds will have to be foregone but the good news is that the ships are probably 3 to 6 months delayed.

Waiver And Fourth Amendment to Third Amended and Restated Credit Agreement Otherwise Known as the End of the Line

Reading the press release from **U.S. Shipping Partners** ("USS") announcing an amendment to the credit agreement, we came away with the impression of a simple waiver and amendment to get the company through the next year, although it does contain a caveat that the summary "does not purport to be complete and is subject to and qualified in its entirety by reference to the waiver and fourth amendment filed herewith," which you are urged to read in its entirety. We did and were surprised.

According to the summary, USS amended its credit agreement with **Canadian Imperial Bank of Commerce, Lehman Commercial Paper Inc.** and **Keybank National Association**. In exchange for obtaining waivers for any potential defaults under the financial covenants for the quarters ended September 30, 2008 and December 31, 2008 through January 31, 2009, the company agreed to pay the lenders an increased spread of 5.25%, up from 3.50%, with a floor of 3.25% on its borrowings. In addition, USS will pay an additional 1.5% in interest on outstanding borrowings, which additional interest will be paid-in-kind ("PIK") and under certain circumstances the PIK interest will increase to 4.5% on January 1, 2009. A new financial covenant was added that requires a cumulative consolidated EBITDA also through January 1, 2009 and the grace period for the cross default on indebtedness in excess of \$1 million was eliminated.

This was a costly exercise to get the lenders' fingers off the covenant default trigger or, in the vernacular, to reach a standstill. The increase in cash interest expense is approximately \$1.3 million per quarter. Given the company's struggles, this will have a serious impact on immediate cash flow. And this does not include the

impact down the road of the PIK interest and the deferred amendment fee of 0.25% of the outstanding principal amount and unused commitments on future cash flows. Although this agreement provides a temporary respite, the potential for a payment default and cross-defaults to other indebtedness still hangs over its head. It never ceases to amaze us that just when a borrower needs cash flow the quid pro quo for the waiver involves cash being removed from the system.

We were particularly curious about the event that would trigger the increase in PIK interest on January 1, 2009 and found the answer in the definition of PIK Interest Rate. The penalty rate comes into effect if the company has not executed a definitive agreement for the MLP Divestiture on or before that date. The MLP Divestiture, as the name suggests, means effectively the sale of the company and or its assets to a third party. In short, the company has bought peace with its lenders for a little bit more than a year so that it can sell the company.

In the interim, USS states that in a further effort to conserve cash it is right sizing its operations and we were impressed that they started at the top. Messrs. **Macey** and **Newhouse**, the representatives of **Sterling Investment Partners** and **Paul Gridley**, the Partnership's Chairman and former CEO resigned as directors of the general partner. Mr. Gridley also resigned as an employee of the general partner. With the elimination of these insiders, the new board consists of two insiders, **Mr. O'Kelley**, the president and CEO and **Mr.**

Gehagan, the COO and three independent directors. We remain uncertain as to how these actions will save money as Mr. Gridley is due severance of \$1.251 million payable over two years which may increase by \$0.625 million if there is a change of control before October 22, 2009. There is, however, one certain cost saving. In a newly inserted clause, the company is precluded from making any capital expenditure for the drydocking of any vessel that is not operating under an effective charter.

And finally, as the proverbial straw that broke the camel's back, the company notes that Lehman Brothers Commercial Paper, which is a revolving credit lender, filed for bankruptcy and there is no assurance that this entity will fulfill its obligations to make revolving credit loans. Of the approximately \$11.2 million availability under the facility, Lehman's obligation is approximately \$4.9 million or 44%. The lesson for borrowers is to make sure the lender's obligation is joint and several.

So, what does all this mean? In a nutshell, the company, while in the midst of both credit and shipping crises, must find a buyer or merger partner to take over a company operating in a poor market with a largely aging fleet and substantial leverage. And, although it has obtained certain relief, the company's earnings are under pressure and its available credit was cut by 44%.

"Your mission, should you decide to accept it..."

Market Commentary

Going Out On a Limb

We have been reading the recent research reports by the sector's analysts all of which are, as usual, excellent. There is insightful commentary about how we got here and prognoses on the future. Nevertheless, the multiple headwinds of a banking crisis, a commodity collapse, a recession, the collapse in demand from China and the newbuilding orderbook have combined to tank shipping shares. And, although almost all the analysts have put the proverbial "holds" on these shares, the general consensus is that the shares were oversold and therefore they now have higher price targets attached to them. This of course presumes that any investor interest remains in these shares. Or, as a friend recalled at our N.Y. conference, there is the possibility that investors have moved on never to be seen again as was the case in the aftermath of the dot com bubble. If this is true it would, on one hand, be a loss but in fact it would result in a reversion to the norm when ships were in private hands and banks provided all the capital that was necessary.

Shipping had its relatively brief moment in the sun of the capital markets. We are not sure whether in fact companies were formed or financial products created. But in either case many are at risk. For instance, many speak of the imminent collapse of the full dividend payout model, which like the American consumer has no savings to cushion itself in these times. This model was an ideal vehicle for the yield investor but didn't account for the historic volatility of the shipping markets or the collapse of the banking industry, which cut it off from its needed fix of capital for growth. In a highly prescient move, **DHT Maritime**, criticized at the time, amended its policy moving from a full payout model to a fixed dividend model and as a result now has almost \$50 million in cash on its balance sheet, which grows daily. Perhaps not as attractive as the others in yield terms, the company is certainly better positioned for the times.

But with change comes opportunity particularly for those with cash. Many of the public companies are now being examined under the

microscope of some of the most astute strategic investors, a task made more difficult these days by an inability to readily calculate NAVs. **John Fredriksen, Torben Jensen, Peter G**, who already made a move with **Arlington Tankers**, and a myriad of Greek shipowners are certainly scouring the landscape and biding their time to swoop in for the proverbial kill. It is this group that is best positioned to recognize value, although we have no doubt that other financial buyers, such as vulture funds, are circling as well.

In our view, the role of Wall Street will now shift to the next phase, taking the public companies private. Like the period of junk bonds, this historic period will be forgotten. But the life cycle – from public to private and vice versa – will no doubt resurrect itself in the future as a new and better idea. Now if we could only get the banks to lend and China to make a comeback.

A Bargain?

The following sales of dry bulk vessels were reported last week in **Cleaves Shipbroking's** S&P Market Report:

“**ARETHOUSA** DWT 171,779, BLT 9/1999 AT HYUNDAI HEAVY ULSAN, SOUTH KOREA, M/E B&W HYUNDAI HEAVY SOLD FOR USD 90 MILL (AFTER BEING RENEGOTIATED FROM USD 133 MILL).

PILION DWT 48,218, BLT 9/1994 AT SHENAVEH, DENMARK, 4 X 25T CRANES, M/E B&W MITSUI TAMANO, B&W SOLD FOR USD 33 MILL (AFTER BEING RENEGOTIATED FROM USD 51.5 MILL).

OCEAN GLOBE DWT 43,246, BLT 8/1995 AT HYUNDAI HEAVY ULSAN, SOUTH KOREA, 4 X 25T CRANES, M/E B&W HYUNDAI HEAVY SOLD FOR USD37 MILL (AFTER BEING RENEGOTIATED FROM USD 53 MILL).”

As can be seen, buyers, with strong stomachs, achieved substantial discounts from last done levels. But with charter rates in free fall and currently barely sufficient to cover operating expenses, these buyers clearly have a long-term positive view.

To see the level of their optimism, we made some simple assumptions and calculated some not very scientific breakevens. We amor-

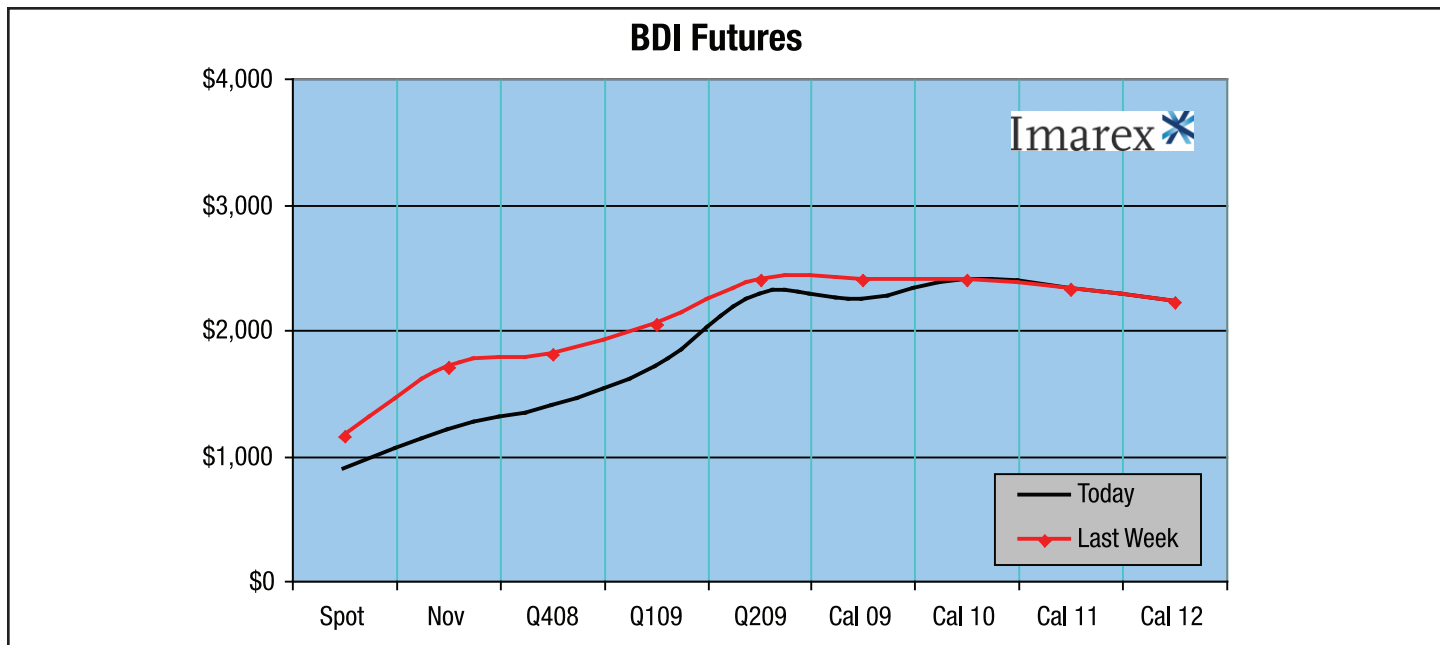
tized the purchase price of the vessel to zero over the remaining life, which we measured as the 20th anniversary, leaving “scrap plus” as a residual profit. We presumed that lending would be normalized and assumed a 6% return on the debt as well as the equity. The assumed low return on the equity piece reflects a current cash return with the higher expected equity return generated from the sale of the vessel or the employment of the unleveraged vessel. Using this back of the envelope methodology, we calculated breakevens on a bare-boat basis for the Cape and the larger Handymax as \$30,672 and \$17,978 respectively. We then consulted our bible, **Moore Stephens' OpCost 2008**, which estimates daily operating expenses for a Handymax at approximately \$4,900 per day and for a Capesize at \$6,500 daily. By adding these to our calculated numbers, respective time charter equivalents for the Cape and Handymax come out to \$37,172 and \$22,878.

To put a perspective on our exercise, we were fortunate to have graphs from recent research reports by **Gregory Lewis of Credit Suisse** and **Scott Burk of Oppenheimer**. The rates quoted below are eyeballed guesstimates and although not precise, they do give an order of magnitude. Mr. Lewis' graph shows Cape 1-year time charter rates dating back to 1992. During the period from 1992 to 2004, Cape earnings averaged just under \$20,000 per day. In 2004 and 2005 there were peaks close to \$80,000 per day and then the take-off to astronomical levels in 2006. Mr. Burk's graph focuses on average daily earnings from 2000 to present. Focusing on the Handymax, the graph shows average earnings of around \$8,000 until the period of 2004 to 2006 when rates ranged from \$20,000 to \$40,000 and then took off before falling back to earth. Today the one-year rates for both are around \$6,800.

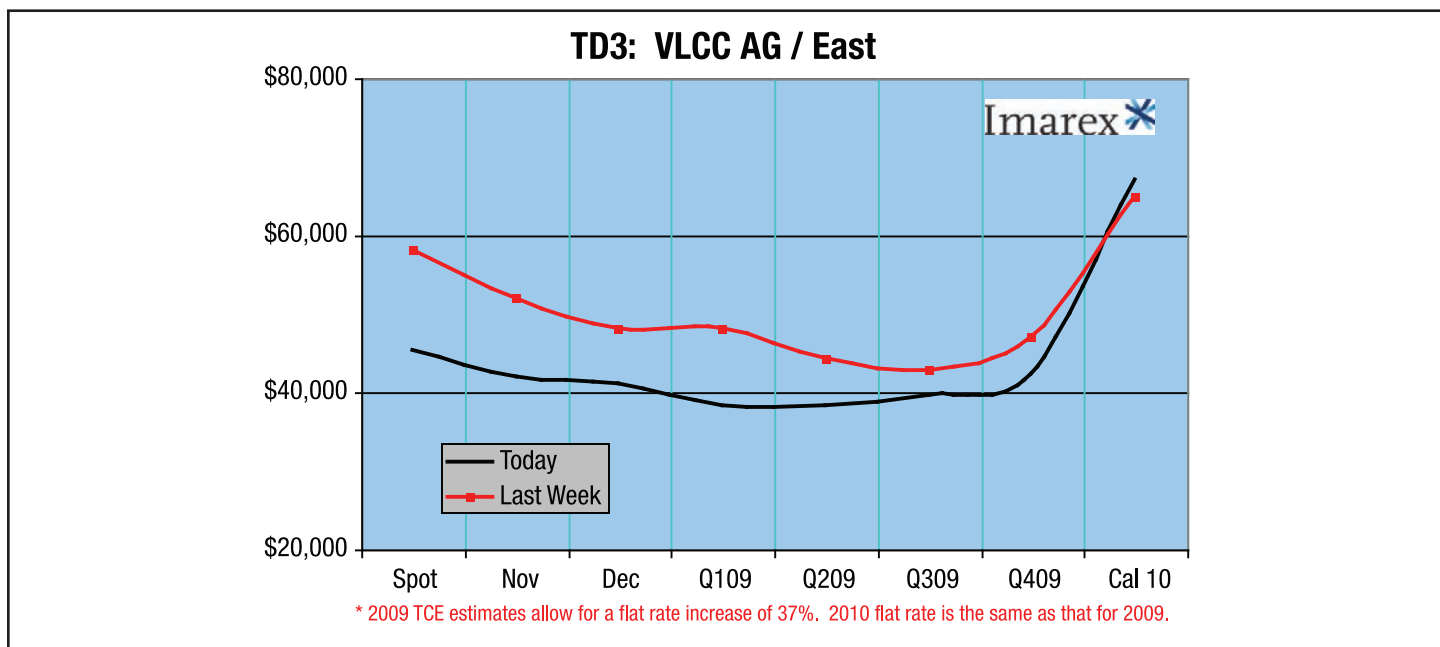
There is a substantial gap between the two, which has always, since the beginning of time, been the case and is the essence of a trade. If you believe history has any implication for future results, these vessels would appear to be expensive. And, although one might quibble with our calculations, a further reduction of the breakevens would be unlikely. With values uncertain, it would be difficult to structure a loan with a shorter maturity and a large balloon to reduce the payments and interest only is not in the cards. Without some positive market news, it is unlikely that these values can be sustained in the short-term as values will likely be tested by the situation at **Britannia Bulk**.

Back to the Futures

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



The dry bulk saga goes on. The Baltic indices continue to slide and sentiment appears shattered. Problems have gone well beyond simple lack of demand leading to an excess of available tonnage. The worldwide financial and credit crises have reduced physical inquiry to alarming levels. There is just not enough cargo in today's market to keep the fleet gainfully employed. This has brought freight levels not seen since 2002 and has led to ships sitting idle at anchor rather than taking on voyages that just about cover operating costs. Though many remain optimistic that at some point the market will return to its recent ways, they aren't able to say just when this will occur. Market watchers are focused on November 7th, as that is the day that settlement will occur for over-the-counter October contracts. With recent headlines providing a steady stream of less-than-good news, counterparty risk has become a primary concern.



Tankers TCE levels have remained respectable on the back of falling bunker prices and Atlantic basin strength. While we would have all preferred to see at least a moderate Q4 rally, it seems that today's rate atmosphere could be a lot worse, all things considered. The effects of the OPEC production cut remain to be seen, and there are reasonable doubts that cartel members will abide by the new quotes. A lower price of crude is a double edged sword. The bad news being it implies lessening demand for crude and therefore lessening demand for tankers. The better news is that a lower price will help stimulate demand, likely increasing the need for tanker tonnage at some point. We are left guessing what the net effect of a low oil price will be. FFA volumes have been good this past week, though the above curve shows optimism through 2009 has waned. The good news is that hopes for a firm 2010 have not subsided.

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
Stena Bulk		\$250	35% in Paradise Tankers	Full commercial control of fleet of 3 newly-built Panamax tankers and 2 bulk carriers
George Economou		\$45	TOP Ships	Short term exclusivity agreement extended to October 22/08 to explore acquisition for \$3/share; Rejected
Hapag-Lloyd	Lazard, Citi, Deutsche, Greenhill, HSH; JP Morgan for NOL as potential buyer	\$5,900	For Sale	Albert Ballin consortium: City of Hamburg, Klaus-Michael Kuhne, HSH Nordbank, MM Warburg, Signal Iduna, Hanse Merkur
DryShips		\$690	9 Capesize vessels, 2 UDW Drillships	Payable in the form of 19.4 m new DRYs shares at \$35.50 each
✓ 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

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
Hanjin Shipping	Hana IB Securities, KB Investment, Korea Development Bank	\$169	7.00%	2011	Planned KRW 200bn bond sale	Early stages
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

Equity Deal Table

★ = New

✎ = Updated

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

Issuer	Underwriters / Advisors	Amount (US\$ M)	Structure / Pricing / Comments	Status
✓ Yang Fan Group	Goldman Sachs		Planning a listing in Hong Kong in 1H09	In Progress
Conbulk Corporation		\$262	Arcade SPAC to acquire fleet of 10 feeder service containerships	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 7 million 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

Bank Debt Deal Table

★ = New

✎ = Updated

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

Borrower	Arrangers / Buyers	Amount (US\$ M)	Pricing / Purpose / Remarks
★ White Dolphin Shipping	KfW IPEX as mla, Fortis	\$278	50/50 financing for 6x 2,500 TEU container ships being built by Volkswerft Stralsund for Fair Hope subsidiary
Hapag Lloyd	HVB, HSH Nordbank as mlas, DekaBank Girozentrale, Dresdner, KfW IPEX, RBS	\$750	5 year term loan to buy back a fleet of 29 containerships from parent TUI AG
OSG	ING, Fokus Bank, Fortis Bank of Belgium, Sumitomo Mitsui Banking Corp. and BNP Paribas and Nordea	\$500	To acquire 2 vessels to be converted to floating storage offloading service vessels with Euronav JV
Eastern Drilling	DnB NOR; Commerzbank; HSH Nordbank; Norwegian Institute for Export Credit - GIEK; Swedbank Markets	\$800	
✓ HOSCO	SEB, DVB, HVB	\$160	Term loan facility for 2x 298,000 dwt VLCC's under construction
✓ MISC	BTMU, UFJ, BNP Paribas, Mizuho Corporate Bank, OCBC (Malaysia), SMBC	\$1,000	5 year transferable term loan facility
✓ BW Bulk	BNP Paribas, Calyon, DnB NOR, Fortis, ING, SMBC		To finance the company's VLOC newbuildings under construction
D'Amico International Shipping	Mizuho Corporate Bank	\$95	10 yr loan to finance Japanese product tankers with agreed purchase options; Interest corresponding to 3 mo LIBOR for Japanese Yen + 100-125 bps
✓ 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

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
Pemex	Blue Marine/ ICP Capital	\$121	Sale and leaseback of 2x 40,000 dwt product tankers for 10 yrs with purchase options at end
Woo Min Shipping	ABG Sundal Collier ASA	\$22	Sale and leaseback for 3x chemical tankers for 8 years
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

Jefferies – High-Yield Shipping Bonds

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
SHIPPING							
CMA CGM (CMACG)							
5.5% Sr Unsecured due '12	52.000	27.61%	2,464	05/16/12	– / BB+	any time	MW+50
7.75% Senior Notes due '13	72.484	16.51%	1,406	02/01/13	– / BB+	02/01/09	107.250
Great Lakes Dredge&Dock (GREATL)							
7.75% Senior Notes due '13	80.000	13.25%	1,049	12/15/13	Caa1 / B-	12/15/08	103.875
Navios Maritime (BULK)							
9.5% Senior Notes due '14	65.000	19.54%	1,656	12/15/14	B3 / B+	12/15/10	104.750
Royal Caribbean Lines (RCL)							
8% Sr Unsecured due '10	94.980	11.66%	1,016	05/15/10	Ba1 / BB+	NC	NC
8.75% Sr Unsecured due '11	88.500	14.93%	1,323	02/02/11	Ba1 / BB+	NC	NC
7% Sr Unsecured due '13	71.000	16.14%	1,354	06/15/13	Ba1 / BB+	NC	NC
6.875% Sr Unsecured due '13	62.743	18.48%	1,571	12/01/13	Ba1 / BB+	NC	NC
5.625% Sr Unsecured due '14	57.000	19.39%	1,617	01/27/14	Ba1 / BB+	NC	NC
Ship Finance International Ltd. (SHIPFI)							
8.5% Senior Notes due '13	75.000	15.80%	1,303	12/15/13	B1 / B+	12/15/08	104.250
Stena AB (STENA)							
7.5% Sr Unsecured due '13	83.000	12.14%	940	11/01/13	Ba2 / BB+	11/01/09	102.500
7% Sr Unsecured due '16	83.000	10.13%	670	12/01/16	Ba2 / BB+	12/01/09	103.500
6.125% Senior Notes due '17	47.000	19.15%	1,541	02/01/17	Ba2 / BB+	any time	MW+50
5.875% Sr Unsecured due '19	43.000	18.45%	1,458	02/01/19	Ba2 / BB+	any time	MW+50
Trailer Bridge (TRBR)							
9.25% Sr Secured due '11	83.000	16.60%	1,461	11/15/11	B3 / B-	11/28/08	104.625
Ultrapetrol Limited (ULTR)							
9% 1St Mortgage due '14	72.000	16.47%	1,350	11/24/14	B2 / B	11/24/09	104.500
SUPPLY VESSELS							
Gulfmark Offshore (GMRK)							
7.75% Sr Unsecured due '14	75.500	14.15%	1,125	07/15/14	B1 / BB-	07/15/09	103.875
Hornbeck Offshore Services (HOS)							
6.125% Senior Notes due '14	65.000	15.13%	1,215	12/01/14	Ba3 / BB-	12/01/09	103.063
Seabulk International (SBLK)							
9.5% Senior Notes due '13	103.000	8.26%	635	08/15/13	Ba1 / BBB-	11/28/08	104.750
7.2% Senior Notes due '09	101.000	5.99%	464	09/15/09	Ba1 / BBB-	any time	
5.875% Senior Notes due '12	83.000	11.38%	904	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	25.000	45.64%	4,279	05/15/14	– / CCC+	05/15/12	103.750
Golden State Petro (GOLDEN)							
8.04% 1St Mortgage due '19	105.130	7.32%	350	02/01/19	Baa2 / BBB	any time	MW+37.5
Overseas Shipholding Group (OSG)							
8.75% Debentures due '13	97.000	9.51%	675	12/01/13	Ba1 / BB	any time	MW
7.5% Sr Unsecured due '24	75.000	10.89%	698	02/15/24	Ba1 / BB	NC	NC
Titan Petrochemicals (TITAN)							
8.5% Senior Notes due '12	19.000	82.15%	8,003	03/18/12	Caa2 / CCC+	any time	MW+100
Teekay Shipping (TK)							
8.875% Senior Notes due '11	98.000	9.72%	786	07/15/11	Ba3 / BB	any time	MW+50
US Shipping Partners (USS)							
13% Sr Secured due '14	30.000	51.97%	4,905	08/15/14	Ca / CC	02/15/11	106.500

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