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INSIDE

The Week in Review

page 1

Market Commentary

page 3

Deal Tables & Bond Prices

page 4

Conference Schedule

page 10

The Week in Review

As Predicted, Warrant Program a Success

Today, **Navios Maritime Acquisition Corporation** announced the successful completion of its warrant program. Of the total public warrants, 76.13% were exercised, exceeding the minimum threshold of 75%, thereby allowing the exercise of the private warrants. The final tally showed 19,262,006 public warrants were exercised of which 19,246,056 were exercised on a cashless basis and 15,950 were exercised by payment of the \$5.65 cash exercise price.

As a result of the successful conclusion of the program, **Navios Maritime Holdings** (“Navios”) and **Angeliki Frangou** will exercise 13,835,000 of the privately issue warrants for cash. The remaining 90,000 private warrants will also be exercised of which 75,000 will be done on a cashless basis.

The outcome of the exercise on the balance sheet is as follows:

- \$90,118 of gross cash proceeds will be raised from the exercise of the public warrants
- \$78,252,500 of gross cash proceeds will be raised by the exercise of the private warrants
- Approximately 18,412,053 new shares of common stock will be issued bringing the total outstanding shares to 40,015,654.
- 6,037,994 public warrants, representing about 15% of the new equity capital, will remain outstanding and will expire in accordance with their terms on June 25, 2013.

The warrant exercise had a specific purpose in mind and that was to partially finance the acquisition of seven VLCCs that **Navios Acquisition** had agreed to acquire for \$587 million. The company plans to finance the acquisition as follows: \$453 million with new debt financing, \$123 million with cash and \$11 million through the issuance of new **Navios Acquisition** shares. With the cash proceeds of \$78.3 million from the program, the cash shortfall amounts to approximately \$44.7 million, which

will be made up from cash on hand or inter-company loans from **Navios**.

S. Goldman Advisors was the dealer manager for the warrant program.

Taking Control – Seanergy Buys Out the “Minorities”

Last week, **Seanergy Maritime Holdings** announced that it had entered into letters of intent for the acquisition of the remaining ownership interests in **Bulk Energy Transport** (50%) and **Maritime Capital Shipping** (51%) that it does not own. Following the acquisitions, the Company will wholly own a fleet of 20 dry bulk vessels with a combined cargo-carrying capacity of approximately 1.3 million dwt and an average fleet age of 12.8 years. In terms of vessels, the diversified fleet will consist of four Capesize, three Panamax, two Supramax, one Handymax and ten Handysize dry bulk carriers. The sellers are related companies due to the common shareholder, the Restis family.

Seanergy has agreed to acquire the remaining 50% interest in **BET** for a purchase price of \$33,000,000, payable in cash in the amount of \$7,000,000 and shares of the Company's common stock totaling \$26,000,000 at an agreed price of \$1.05 per share, which equates to a 14% premium over the closing price on August 25th, two days prior to the announcement.

Likewise, the Company also agreed to acquire the remaining 49% interest in **MCS** for \$29,000,000, which will be payable in cash in the amount of \$3,000,000 and shares totaling to \$26,000,000, at the same agreed price of \$1.05 per share.

According to the Chairman and CEO of the company, **Dale Ploughman**, “This transaction generates several benefits to our Company. It simplifies our balance sheet and ownership structure, expands our revenue and profit generation capacity and is accretive to earnings per share. By issuing new shares at a premium, we avoided dilution and

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the significant cost usually associated with capital raising. Furthermore, the fact that the sellers of the minority stakes will exchange them for shares of Seenergy and at a premium tangibly indicates their confidence in the future prospects on our Company.”

Life Preserver – K-Sea Receives Equity Investment and Restructures Debt

Yesterday, **K-Sea Transportation Partners L.P.** announced that **KA First Reserve, LLC** ("KA First Reserve"), a partnership between **First Reserve** and **Kayne Anderson Capital Advisors**, agreed to invest up to \$100 million in exchange for approximately 18.4 million convertible preferred units (the "Preferred Units"). All of the sales proceeds will be used to repay outstanding debt and pay fees and expenses related to the transaction.

The Preferred Units will have a coupon of 13.5%, with payment-in-kind distributions through the quarter ended June 30, 2012 or, earlier, should the Company resume cash distributions on its common units. Applying simple interest, the investment could increase to roughly \$130 million over the PIK period. The Preferred Units convert on a unit-for-unit basis into common units at KA First Reserve's option. The Preferred Units were priced at \$5.43 per unit, which represents a 10% premium to the 5-day volume weighted average price of K-Sea's common units as of August 26, 2010, but a 22% premium to the closing price the day prior to the announcement. The Company will have an option to force conversion after three years if the price of K-Sea's common units is 150% of the conversion price on average for 20 consecutive days on a volume-weighted basis. In connection with the Preferred Unit investment, KA First Reserve will appoint three directors to the board of K-Sea's general partner and will be granted the right to acquire a 35% interest in the entity that owns the Company's Incentive Distribution Rights, or IDRs.

In conjunction with and as a precondition to the investment, K-Sea amended its revolving credit facility and term loans. The revolver amendment, among other things, (1) reduces the lenders' commitments from \$175 million to \$115 million (subject to a maximum borrowing base equal to two thirds of the orderly liquidation value of the vessel collateral), (2) amends the fixed charge coverage and total funded debt to EBITDA covenants and increases the asset coverage ratio, (3) maintains a July 1, 2012 maturity date, and (4) allows the Partnership to pay cash distributions subject to liquidity requirements and certain minimum financial ratios starting with the fiscal quarter ending March 31, 2011. The Revolver Amendment is subject to the closing of the Preferred Unit investment and also subject to amendment and structuring fees totaling \$1.16 million, payable to the lenders.

As amended, the obligations under the Revolving Loan Agreement are collateralized by a first priority security interest, subject to permitted liens, on certain vessels having an orderly liquidation value equal to at least 1.50 times the amount of the aggregate obligations (including letters of credit) outstanding under the Revolving Loan Agreement.

On a pro forma basis, after applying the net proceeds of the \$100 million investment, the company's total Funded Debt as of September 1, 2010 was \$279.2 million, which represents a ratio of Funded Debt to EBITDA (as defined in the revolving credit agreement) of 4.3 times fiscal year 2010 EBITDA.

It is expected that the Company's interest cost under the revolving credit facility will rise by 50 basis points at the effective date and will only increase when total funded debt to EBITDA exceeds 5 times.

Starting with the March 31, 2011 quarter, the Company will be permitted to pay distributions if a) the fixed charge coverage ratio (as defined) is at least 1.0 to 1.0 for two consecutive fiscal quarters prior to and after to giving effect to such distribution; b) minimum liquidity, defined as unrestricted cash plus revolver availability, is at least \$17.5 million immediately prior to and after giving effect to such distribution; c) the total funded debt to EBITDA ratio is less than 5.0 times; and d) the projected fixed charge coverage ratio is equal to or greater than 1.0 times for the next twelve months and is equal or greater than 1.0 times in three of four of those quarters.

Both investors have a wealth of experience and expertise in the MLP and energy businesses.

First Reserve is one of the world's leading private equity firms in the energy industry, making both private equity and infrastructure investments throughout the energy value chain, with approximately \$19 billion under management. Kayne Anderson is a leading investment firm focused on the energy industry with approximately \$10 billion under management and is the largest institutional investor in MLPs.

Clarification

Last week we reported on **Ship Finance's** acquisition of three Supramax bulk carriers and need to clarify two points. First, the vessels were acquired charter-free with employment arranged separately. It is therefore likely that they are worth more today encumbered with the long-term charters. Also, we erred in our assumption that the vessels will be debt free at the end of the average nine-year charters. Clearly, they remain favored borrowers of the banks.

Market Commentary

Transparency Reigns – All Leases to Be Capitalized

We are extremely indebted to Thor Andre Lunder and Kay Lim of DnB NOR for their excellent analysis of the new leasing proposals from which we have borrowed heavily for the factual information contained below. The opinions, unless stated otherwise, are ours.

Let the negotiations begin. The IASB and FASB have begun the process of establishing a new accounting model for leases by circulating an exposure draft for comment by all interested parties. In essence, the favorable off balance sheet treatment of leases, like other hidden gems, will not be tolerated in this age of transparency. Leasing joins other off balance sheet structures, such as SPVs, that have fallen victim to the credit crisis. But that may very well be a good thing.

By definition, a lease is an agreement where the lessor (legal owner of the asset) conveys, to the lessee in return for a series of payments, the right to use the asset for an agreed period of time. Under current accounting rules, leases are either classified as finance leases or operating leases. Classification will depend on the substance of the transaction rather than the form of the contract, as well as the risks and rewards accompanying the ownership. For operating leases, assets and liabilities are not reflected in the financial statements. Under the FRS 17, operating lease payments are typically recognized as an expense in the income statement on a straight-line basis.

Under the exposure draft, a new proposed approach ensures that assets, based upon right-of-use and liabilities arising under all leases (both operating and finance leases) are recognized in the balance sheet. Arguably this approach will provide more useful and complete financial information to investors and other users of financial information.

The impact on the financial statements of the lessee is as follows:

- On its balance sheets, the lessee will recognize an asset as their rights to use the leased asset (a vessel in this case) and a liability as their obligations to make lease payments.
- The lessee will incur on its income statement amortization expense on the right-of-use asset and interest expense on the liability to make lease payments.

Why would this change make lessees unhappy? Traditionally, lessees have structured their lease transactions to achieve operating lease treatment. By avoiding the capitalization of the leases, certain financial ratios would appear better as the operating leases (implied debt and asset) were not reflected in the balance sheets of the lessees. While criticized for not providing the true representation of the economics of the underlying financial position and leasing activities, the accounting treatment did require fairly complete disclosure in the footnotes. While one had to work at it, an assessment of the impact of leasing on the lessee could be made with the information provided in the notes, including minimum future lease payments.

According to the analysis done by DnB, the new model will result in higher debt level (liability from lease payments) and asset base (right-of-use of leased asset), reducing certain ratio measures such as gearing (debt/equity) and returns on assets. Certain covenants such as negative pledges required by creditors may also be at risk of being violated, along with potentially weaker credit ratings. In the income statement (P&L), items before EBITDA and at EBIT level will be higher as leasing expenses (usually in COGS) will be replaced and be split between amortization expenses and interest expenses. Net income impact is unchanged. There will not be changes to underlying cash flows.

On a macro basis, the two analysts believe that companies will exercise more caution when weighing the options to enter into sales and leasebacks agreements. There is no real attractive incentive for companies to enter into leasing agreement (especially operating leases for off balance sheet debt) if the new accounting model requires all leases to appear on balance sheets. Furthermore, the costs of complying with the proposed new model are high, particularly as they relate to the cost of debt.

Anyway you slice it; a lease is a debt obligation. Whether you own something at the end is immaterial. The capitalization of all leases is a necessary and clear step on the way to transparency. We believe the counter-argument is a hard one to make and in the end will be fruitless. This is easily the “gimme” in a continuing battle between owners and accountants for full disclosure.

Deal Tables & Bond Prices

Equity Deal Table

★ = New

📄 = Updated

Issuer	Underwriters / Advisors	Amount (US\$ M)	Structure / Pricing / Comments	Status
Capital Product Partners L.P.	UBS, Citi, Deutsche Bank, Wells Fargo	52	Offered 5.5M units priced at \$8.63/unit, a 5.5% discount from the prior day. Proceeds used to fully fund the acquisition of M/T Assos. Purchased from parent for \$43.5M. Vessel chartered to PEMEX for 4 years.	Done
Seaspan Corporation		1,000	Replaces expired existing shelf registration.	Done
Danaos Corporation	Evercore Partners	\$200	As part of restructuring, company issued 54.1M shares at \$3.70 in a private placement with the Coustas family purchasing in excess of \$100M. Price was discounted by 5.9% to the 30 day moving average, but 13.1% to prior close. George Economou also invested, purchasing a 10.6% interest and will join the Board.	Done
Baltic Trading Limited		\$127	Proceeds to repay borrowings under the revolver which were used to acquire the 3 Metrostar vessels for \$99.8M and for general working capital.	In Progress
Teekay Offshore Partners L.P.	BofA Merrill Lynch, Citi, UBS, Barclays Capital, Raymond James, Credit Agricole CIB, ING	\$134	Offering 5.25M units at \$22.15, a discount of 4.5% from prior close. Transaction upsized 5%. Proceeds for gen'l partnership purposes, including the funding of dropdowns. In the interim, will pay down o/s debt under an existing revolver.	Done
Genco Shipping and Trading Ltd	Deutsche Bank, BNP Paribas, Credit Suisse, DVB Capital Markets, Knight Capital Markets, Credit Agricole	\$58	Issuance of 3.125m common shares conducted concurrently with sale of sr. convertible notes for total net proceeds of about \$182.5m. Use of proceeds intended to partially finance previously announced acquisition of 18 drybulk vessels from Bourbon SA and Metrostar. Underwriters exercised green shoe purchasing additional 0.47m shares (\$7.5M).	Done
Vantage Drilling Company	Jefferies, Johnson Rice, Pareto Securities	\$50	Done concurrently with subsidiary's 144A bonds. Proceeds to acquire 55% interest in Platinum Driller it does not own. Greenshoe of 6.8M shares.	Done
Teekay LNG Partners L.P.		\$51	Company is selling 1.7m units at about \$30.00 per unit to an institutional investor with the intent to use proceeds for general corporate purposes or future vessel acquisitions.	In Progress
Goldenport Holdings Inc.	Panmure Gordon, Jefferies	\$35	Placing and open offer to issue 18.5 million shares at a price of 127p/share. Price represents a discount of 1.55% from prior closing. Proceeds to fund future acquisitions.	Done
Ridgebury Tankers	Jefferies	\$250	IPO in lieu of 144A private placement. Acquisition of 3-4 Suezmax tankers to be employed in Heidmar's Blue Fin Tankers Pool. Sponsor Bob Burke to invest \$5.4M. Full payout model.	In Progress
Electromagnetic Geoservices ASA	ABG Sundal Collier Norge, First Securities	\$31	Private placement of 28M shares priced at NOK 7/share through book building process. Proceeds used for general corporate purposes.	Done
General Maritime Corp.	Goldman Sachs, Dohman Rose, Jefferies, J.P. Morgan, Credit Suisse, DnB NOR Markets, Wells Fargo Fearnley, RS Platou	\$238	Deal two times over subscribed and upsized 20%. Priced at \$6.75/share, a 4.5% discount. Proceeds to fund a portion of purchase price of 7 Metrostar Tankers.	Done
Wilh Wilhelmsen	Carnegie, Pareto Securities, ABG Sundal Collier, Danske Markets, Fortis Bank Nederland, Nordea	-	IPO of shipping and logistics business focused on automotive, construction and agricultural sectors. Sum of the parts valuation of \$1 to \$1.125 billion.	In Progress
OceanFreight	-	\$20	\$20 million equity injection by Mr. Kandylidis. Priced at \$0.40, discount of 16.7% from close.	Done
Aegean Marine Petroleum Network	-	\$102	Secondary offering of shares priced at \$25.50, a 4.9% discount from prior day close. Company and Mr. Georgiopoulos to buy respectively 1M and 400k shares.	In Progress

Deal Tables & Bond Prices continued

M&A and Joint Venture Deal Table

★ = New

📅 = Updated

Acquirer, New Partners, or Parent Seller	Advisors	Amount (US\$ M)	Target / New Company	Comments	Status
Navieras Ultragas Ltd.	ABG Sundal Collier, Carnegie	\$93	Eitzen Bulk Shipping A/S	Purchased CECO's 74.33% interest for DKK 30.51/share. Mandatory offer for the balance concluded with Ultragas controlling 88.56% of the shares.	Done
Vantage Drilling Company		\$140	Mandarin Drilling Corporation	Acquisition of the 55% interest in Mandarin, the owner of the drillship Platinum Explorer, which it does not own. Financed with proceeds from concurrent bond and equity offering	Done
Navios Maritime Acquisition Corp.	S. Goldman Advisors	\$587	Vessel Acquisition	Acquisition of 7 VLCCs from Shinyo. Financed by assumption of \$453M of bank debt, the issuance of \$11M of shares to the seller with the balance cash. Average age of fleet is 8.6 years with charter coverage of 8.8 years at \$40.4K/day plus profit sharing on 5 of the vessels	Done
Kelso & Company	Deutsche Bank (Kelso), Keefe, Bruyette & Woods (Cronos)	-	Cronos Ltd	Kelso took a majority equity position in Cronos, a leading container leasing company. Concurrently, the company purchased additional container assets and entered into a new \$756M revolver.	Done
NewLead Holdings Ltd		\$148	Vessel Acquisition	LOI signed with sponsor, Grandunion, for dropdown of 1 Capesize, 2 Panamax and 2 N/B Handysize with right of first refusal on 3 Kamsarmax dry bulk vessels.	Done

Bond Deal Table

★ = New

📅 = Updated

Borrower	Arrangers / Advisors	Amount (US\$ M)	Interest Rate	Maturity	Purpose / Remarks	Status
Havila Shipping ASA	DnB NOR, Pareto, RS Platou	\$81		3	FRN issued in July and upsized by NOK 125M. Note matures in 3 years and bears interest at NIBOR+9.5%. Proceeds will refinance existing bond and for general corporate purposes	Done
Genco Shipping and Trading Ltd	Deutsche Bank, BNP Paribas, Credit Suisse, DVB Capital Markets, Knight Capital Markets, Credit Agricole	\$125	5.00%	5	Issuance of \$110M of sr. convertible notes conducted concurrently with equity sale. Proceeds to finance acquisition of 18 drybulk vessels from Bourban and Metrostar. The conversion price is \$19.60 per share, a conversion premium of 22.5% relative to offering price of new shares (\$16). The underwriters exercised \$15m green shoe in full.	Done
Offshore Group Investment Limited	Pareto Securities, Johnson Rice, Arctic Securities, RS Platou Markets, FBR Capital Markets	\$1,000	11.50%	5	Concurrent with equity offering, 144A senior secured bond offering by subsidiary guaranteed by Vantage Drilling. Proceeds to acquire 55% interest in Platinum Driller it doesn't own. Priced at 96.36% to yield 12.5%.	Done
TAL International Group Inc.	-	\$197	5.50%	10	"A" rated ABS Notes issued by wholly owned subsidiary.	Done
A.P. Moller-Maersk A/S	HSBC, Barclays, BNP PARIBAS, BofA Merrill Lynch, Citi, Danske, HSBC, ING, JPMorgan, Mitsubishi UFJ, Nordea, Santander, Royal Bank of Scotland	\$3,607			EUR Medium Term Note Program under which the company may issue notes denominated in any currency agreed between the issuer and dealer. Price, term, and interest rate to be agreed.	Done

Bank Debt Deal Table

★ = New

📄 = Updated

Borrower	Arrangers / Buyers	Amount (US\$ M)	Pricing / Purpose / Remarks
Danaos Corporation	Evercore Partners	\$426	As part of a global restructuring of its existing debt and the issuance of new equity, the banks provided \$426M of new loans to partially fund its remaining orderbook.
Genco Shipping & Trading Limited	-	\$253	Senior secured facility priced at LIBOR+300. Five year term, straight quarterly amortization based on 14 year profile and vessel age. Proceeds to finance 13 vessels acquired from Bourbon.
Baltic Trading Limited	Nordea Bank	\$100	Four year sr. secured revolving credit facility, priced at L+325, will be used to provide bridge financing for future acquisitions. \$25M available for working capital. Borrowings are to be repaid with proceeds from follow-ons within 12 months.
Genco Shipping & Trading Limited	-	\$100	Senior secured facility priced at LIBOR+300. Seven year term, straight line quarterly amortization based on 13 year profile. Proceeds to finance 5 vessels acquired from Metrostar.
Polsteam Group	ABN AMRO	\$45	Post delivery financing for 2 newbuilding Kamsarmax bulk carriers for 2 SPCs guaranteed by Polsteam.
Ray Car Carriers	ABN AMRO, DnB NOR, NIBC, BHI	\$240	Post delivery financing for 4 newbuilding PCTCs
TMT (rumored)	Teekay Tankers	\$115	Asian owner received two 3-year, 9.0% APR, senior secured, term loans from Teekay Tankers. Proceeds will be used to finance 2 newbuilding (2010) VLCCs.

Lease Deal Table

★ = New

📄 = Updated

Lessee	Lessor(s)/Advisor(s)	Amount (US\$ M)	Structure / Pricing / Comments
Seaspan	-	\$150	Sale-leaseback of 13,100 TEU containership for up to \$150M with Chinese bank affiliate. COSCO charter stays in place. Proceeds shrink equity capital requirements for remaining newbuildings.
Seacor Grant DIS		\$38	K/S acquired AHTS/ROV from Seacor with 4-year T/C to Sonangol
PDVSA	Dynacom Tankers	\$208	BBHP Four 2009 LR1s for \$52M each. 15% upfront payment with a balloon at the end of 10 yr BB. Hi-Lo rents.
North China Shipping Holdings	Ship Finance International		Conversion of outright sale to hire purchase of 2 Suezmax tankers. 5 year BB at \$16K/day with options and put.
Odfjell	Star Tankers		Sale-leaseback of Bow Pioneer and Bow Hunter, while terminating Bow Asir and Bow Arar.
Eitzen Chemical	Pareto K/S	\$34	Sale & 5 year BB back of Sichem Pace. Senior debt provided by Nordea with Northern Shipping Funds providing \$4MM sub debt.
Ocean Tankers	KFH Oceanic Portfolio Company Ltd (Tufton Oceanic)/DnB NOR Markets	\$70	Sale and 5-7 year bareboat back of 2008 built Aframax LR1I tanker with purchase options.
STX Pan Ocean	Korea Asset Management Corp.		3 handysize and 1 supramax bulker
Teekay Shipping	Fairsky Shipping	\$114	Sale and long term charterback of 2x114,830dwt tankers built in 2005
Swiber Offshore Marine	Swiber Holdings/ICON Capital	\$42.50	Partial sale and leaseback of a 300 men accommodation work barge for 3 years

Jefferies – High-Yield Shipping Bonds

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
SHIPPING							
American Commercial Lines (ACLI)	NASDAQ: ACLI, Market Cap: \$370 mm				B1/-		
12.5% Sr Sec Nts due '17	106.000	10.87%	949	Jul-17	B2/B+	07/15/13	106.250
American Petroleum Tankers (AMPETR)	Private				- / B-		
10.25% Sr Sec Nts due '15	102.000	9.58%	860	May-15	B1/B+	05/01/12	105.125
Berlian Laju Tanker (BLTAIJ)	IDX: BLTA IJ, Market Cap: \$301 mm				-/-		
7.5% Secured due '14	76.375	16.26%	1,527	May-14	-/CCC	05/15/12	103.750
CMA CGM (CMACG)	Private				WR/NR		
5.5% Sr Nts due '12	87.125	14.32%	1,375	May-12	-/NR	any time	MW+50
7.25% Sr Nts due '13	86.500	14.07%	1,346	Feb-13	-/NR	02/01/11	101.813
General Maritime (GMR)	NYSE: GMR, Market Cap: \$413 mm				B1/BB-		
12% Sr Nts due '17	106.000	10.46%	898	Nov-17	Caa1/CCC+	11/15/13	106.000
Golden State Petro (GOLDEN)	Private				-/-		
8.04% Sr Sec Nts due '19	103.750	7.43%	511	Feb-19	Baa3/BBB	any time	MW+37.5
Great Lakes Dredge & Dock (GREATL)	NASDAQ: GLDD, Market Cap: \$307 mm				B2/B		
7.75% Sr Sub Nts due '13	100.000	7.73%	742	Dec-13	B3/B-	10/04/10	102.583
Dryships (DRYS)	NYSE: EXM, Market Cap: \$1,307 mm				- / -		
5% Sr Nts due '14	84.375	9.57%	840	Dec-14	-/-		
Excel Maritime (EXM)	NYSE: EXM, Market Cap: \$420 mm				-/-		
1.875% Sr Nts due '27	64.000	13.61%	1,248	Oct-27	-/-	10/22/14	100.000
Horizon Lines (HRZ)	NYSE: HRZ, Market Cap: \$122 mm				B3/B		
L+350 1L TL-A due '12	92.083	10.49%	969	Aug-12	B1 / BB-		
4.25% Sr Nts due '12	84.625	13.54%	1,305	Aug-12	Caa3/CCC+		
Marquette Transportation (MARTRA)	Private				-/-		
10.875% Sr Sec Nts due '17	102.500	10.25%	871	Jan-17	B3/B-	01/15/13	108.156
Navios Maritime (NAVIOS)	NYSE: NM, Market Cap: \$560 mm				B1/BB-		
8.875% Sr Sec Nts due '17	105.000	7.68%	620	Nov-17	Ba3/BB-	11/01/13	104.438
9.5% Sr Nts due '14	101.000	8.99%	842	Dec-14	B3/B+	12/15/10	104.750
Norwegian Cruise Line (STRC)	Private				-/-		
11.75% Sr Sec Nts due '16	109.500	9.39%	790	Nov-16	B3/B+	11/15/13	105.875
Overseas Shipholding Group (OSG)	NYSE: OSG, Market Cap: \$1,030 mm				Ba2/BB-		
8.75% Sr Nts due '13	105.000	6.99%	614	Dec-13	Ba3/BB-	any time	MW
8.125% Sr Nts due '18	103.250	7.55%	540	Mar-18	Ba3/BB-	NC	MW+50
7.5% Sr Nts due '24	88.000	9.06%	626	Feb-24	Ba3/BB-	NC	NC

Jefferies – High-Yield Shipping Bonds continued

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
SHIPPING CONTINUED							
Royal Caribbean Lines (RCL)	NYSE: RCL, Market Cap: \$5,725 mm				Ba2/BB-		
8.75% Sr Nts due '11	102.500	2.42%	225	Feb-11	Ba3/BB-	NC	NC
7% Sr Nts due '13	102.500	6.00%	530	Jun-13	Ba3/BB-	NC	NC
6.875% Sr Nts due '13	103.000	5.84%	500	Dec-13	Ba3/BB-	NC	NC
5.625% Sr Nts due '14	96.000	6.98%	610	Jan-14	Ba3/BB-	NC	NC
11.875% Sr Nts due '15	119.000	7.17%	579	Jul-15	Ba3/BB-	NC	NC
7.25% Sr Nts due '16	102.000	6.82%	516	Jun-16	Ba3/BB-	NC	NC
7.25% Sr Nts due '18	100.375	7.18%	504	Mar-18	Ba3/BB-	NC	NC
7.5% Sr Nts due '27	90.500	8.57%	556	Oct-27	Ba3/BB-	NC	NC
Ship Finance International Ltd. (SHIPFI)	NYSE: SFL, Market Cap: \$1,461 mm				Ba3/BB		
8.5% Sr Nts due '13	100.500	8.06%	775	Dec-13	B1/B+	10/04/10	102.833
Stena AB (STENA)	Private				Ba1/BB+		
7% Sr Nts due '16	94.000	8.25%	644	Dec-16	Ba2/BB+	10/04/10	103.500
6.125% Sr Nts due '17	94.000	7.31%	559	Feb-17	Ba2/BB+	any time	MW+50
5.875% Sr Nts due '19	91.000	7.33%	523	Feb-19	Ba2/BB+	any time	MW+50
7.875% Sr Nts due '20	99.000	8.03%	581	Mar-20	Ba2/BB+	any time	MW+50
Teekay (TK)	NYSE: TK, Market Cap: \$1,805 mm				Ba3/BB		
8.5% Sr Nts due '20	107.500	7.37%	487	Jan-20	B1/BB	any time	MW+50
Trailer Bridge (TRBR)	NASDAQ: TRBR, Market Cap: \$41 mm				B3/B-		
9.25% Sr Sec Nts due '11	100.000	8.99%	886	Nov-11	B3/B-	10/04/10	102.313
Ultrapetrol Limited (ULTR)	NASDAQ: ULTR, Market Cap: \$159 mm				B2/B		
9% Sr Sec Nts due '14	100.000	8.99%	843	Nov-14	B2/B	10/04/10	104.500
United Maritime Group (UNMTGR)	Private				-/		
11.75% Sr Sec Nts due '15	99.250	11.95%	1,060	Jun-15	B3/B	12/15/12	105.875
US Shipping (USPZ)	Private				-/		
L(2.%FLR)+720 1L TL-EXIT due '13	83.750	16.26%	1,532	Aug-13	- / -		
L(2.%FLR)+50 2L TL-EXIT due '13	28.333	50.65%	4,965	Aug-13	- / -		
Windsor Petroleum (WINPET)	Private				-/		
7.84% Secured due '21	91.500	9.12%	649	Jan-21	Baa2/BB+		

Jefferies – High-Yield Shipping Bonds continued

	Offer Price	YTW	STW	Maturity	Ratings	Call Date	Call Price
SUPPLY VESSELS							
Gulfmark Offshore (GMRK)	NASDAQ: GMRK, Market Cap: \$739 mm				Ba3 / BB-		
7.75% Sr Nts due '14	100.000	7.74%	728	Jul-14	B1/BB-	10/04/10	102.583
Hornbeck Offshore Services (HOS)	NYSE: HOS, Market Cap: \$432 mm				Ba3 / BB-		
6.125% Sr Nts due '14	94.000	7.81%	664	Dec-14	Ba3/B+	10/04/10	103.063
8% Sr Nts due '17	95.000	8.98%	694	Sep-17	Ba3/B+	09/01/13	104.000
Seacor Holdings (CKH)	NYSE: CKH, Market Cap: \$1,701 mm				Ba1 / BBB-		
5.875% Sr Nts due '12	101.000	5.35%	484	Oct-12	Ba1/BBB-	any time	MW+12.5
7.375% Sr Nts due '19	103.000	6.92%	448	Oct-19	Ba1/BBB-	any time	MW+50

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