



Raising Capital in the Bond Markets

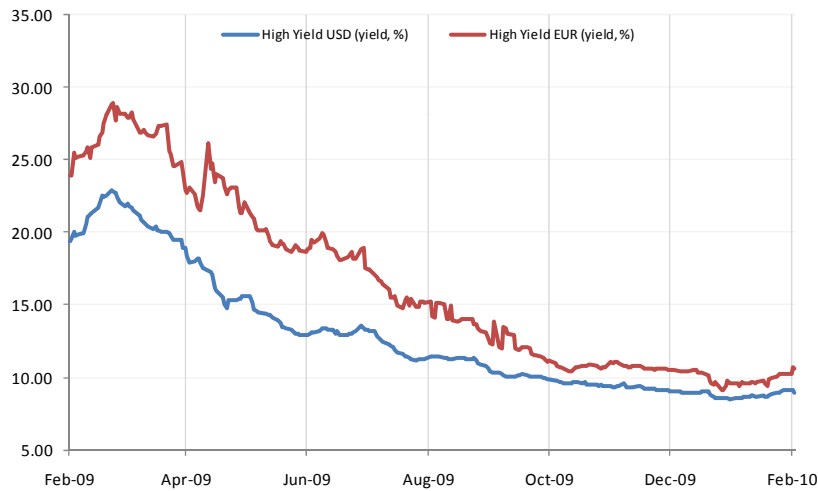
**John Ong, Head of Capital Markets
Sunrise Securities Corp.**

Capital Link Greek Shipping Forum

February 23, 2010

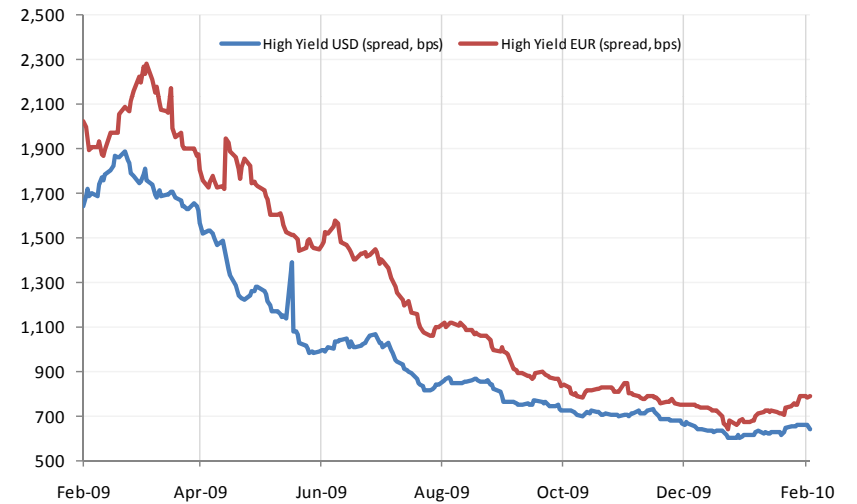
Market has enjoyed low rates...

High Yield Index Yield (%)



Source: Advantage Data

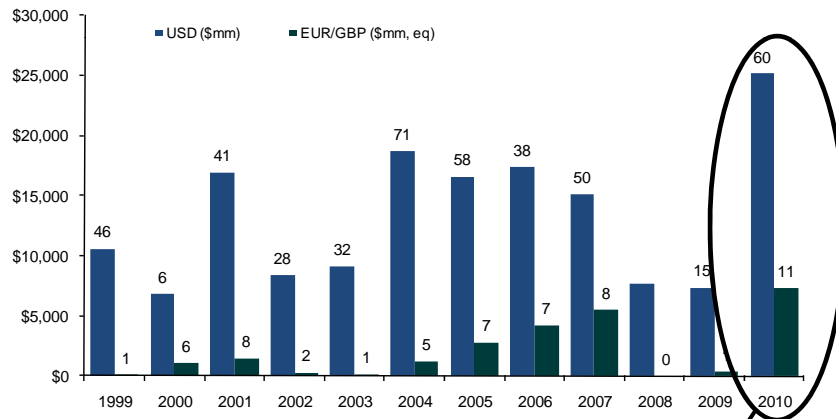
High Yield Index Spread (bps)



Source: Advantage data

...but are we at a turning point?

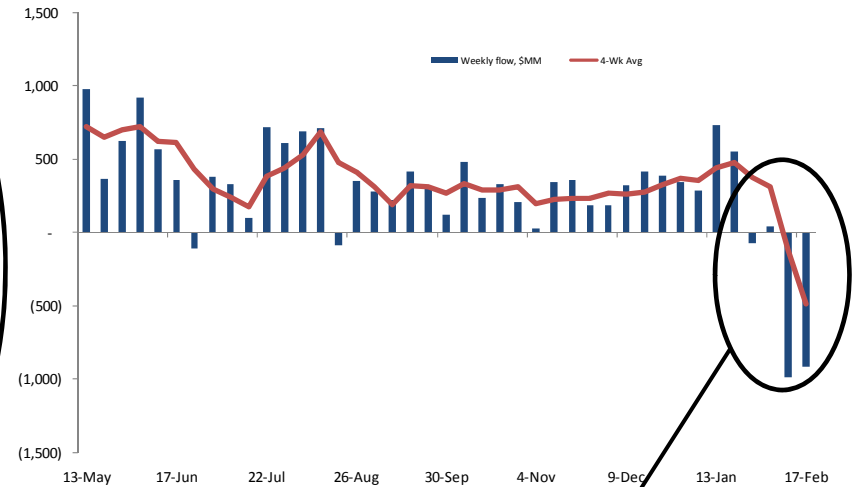
Primary market started 2010 strongly



Source: Sunrise Capital Markets

Record volume

High Yield Mutual Fund Flow (\$MM)

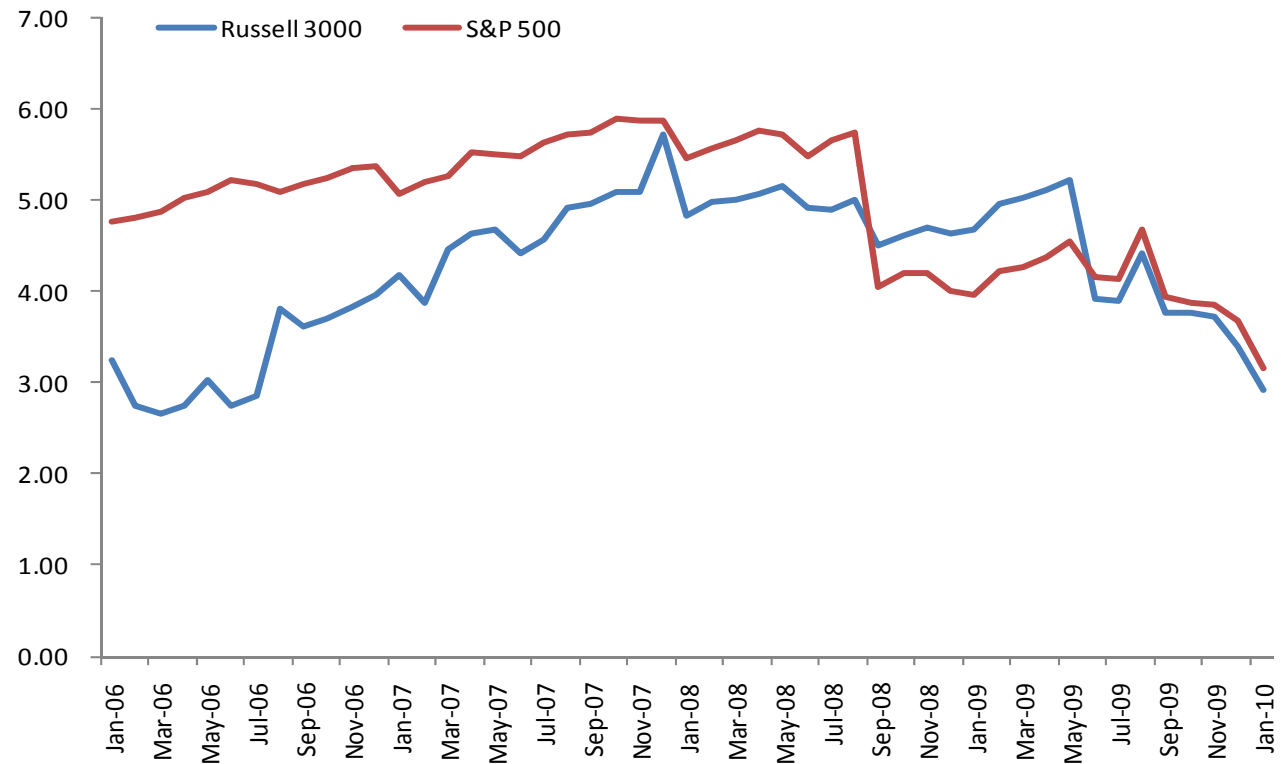


Source: Sunrise Capital Markets

2 weeks, each, of nearly \$1.0 Bn in outflows

Corporate sector has been able to de-leverage

Estimated Net Debt / EBITDA



Source: Bloomberg

Recent maritime bond deals

Maritime Bond and Convertibles Issuance

| Date | Market | Issuer | Amount | Ratings | Maturity | Coupon |
|--------------------|--------------|------------------------|-----------|---------|----------|--------|
| Cancelled | HY Bond | Songa Offshore | \$200.0 | Caa1/B+ | 2017 | N/A |
| Cancelled | HY Bond | First Ship Lease Trust | \$200.0 | NR/B+ | 2016 | N/A |
| 22-Dec-09 | HY Bond | United Maritime Group | \$200.0 | B3/B | 2015 | 11.750 |
| 6-Nov-09 | HY Bond | General Maritime | \$300.0 | B3/B | 2017 | 12.000 |
| 28-Oct-09 | I-Grade Bond | A.P. Moller-Maersk | €750.0 | NR | 2014 | 4.875 |
| 22-Oct-09 | HY Bond | Navios Maritime | \$400.0 | Ba3/BB- | 2017 | 8.875 |
| 16-Oct-09 | HY Bond | Trico Shipping | \$400.0 | B1/B | 2014 | 11.875 |
| 8-Oct-09 | HY Bond | Hercules Offshore | \$300.0 | B2/B | 2017 | 10.500 |
| 17-Aug-09 | HY Bond | Hornbeck Offshore | \$250.0 | Ba3/BB- | 2017 | 8.000 |
| 7-Jul-09 | HY Bond | Commercial Barge Line | \$200.0 | B2/B+ | 2017 | 12.500 |
| Completed Deals: 8 | | | \$2,862.5 | | | |

| Date | Market | Issuer | Amount | Ratings | Maturity | Coupon |
|--------------------|---------|--------------|---------|---------|----------|--------|
| Cancelled | Convert | Golden Ocean | \$100.0 | NR | N/A | N/A |
| 25-Nov-09 | Convert | DryShips | \$460.0 | NR | 2014 | 5.000 |
| 16-Sep-09 | Convert | Euronav | \$150.0 | NR | 2015 | 6.500 |
| Completed Deals: 2 | | | \$610.0 | | | |

Source: Sunrise Capital Markets

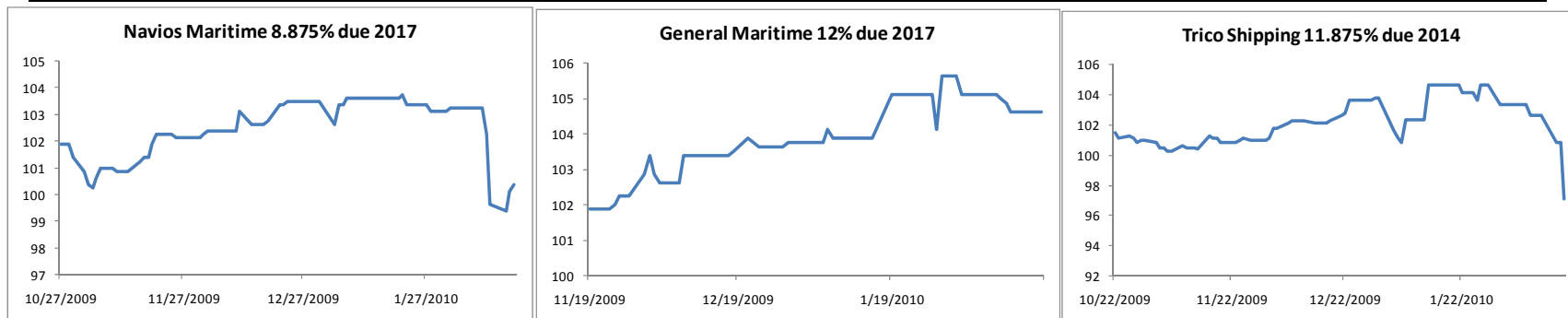
Maritime bond trading remains supportive of additional activity

| Cargo Shipping | | | | | | | | | | | | | |
|-----------------|--------------------------|-------------|--------|---------------|----------|-----------|-----------------|---------|--------------|------------|----------|--------------|------------|
| Issue Date | Issuer | Princ. (MM) | Coupon | Security | Maturity | Call | Current Ratings | Current | | | 4-Jan-10 | | |
| | | | | | | | | Bid | YTW | STW | Bid | YTW | STW |
| 22-Dec-09 | United Maritime Group | \$200 | 11.75 | Sr. Nts. | 2015 | T+50 bp | B3 / B | 100.38 | 11.60 | 997 | 100.25 | 11.65 | 981 |
| 22-Oct-09 | Navios Maritime Holdings | \$400 | 8.875 | Sr. Nts. | 2017 | NC 4.0 yr | Ba3/BB- | 100.38 | 8.79 | 609 | 103.00 | 8.21 | 532 |
| 1-Jul-09 | Commercial Barge Line Co | \$200 | 12.5 | 2nd Lien Nts. | 2017 | NC 4.0 yr | B2 /B+ | 104.38 | 11.39 | 879 | 104.00 | 11.50 | 870 |
| Average: | | | | | | | | | 10.59 | 828 | | 10.45 | 794 |

| Supply & Tankers | | | | | | | | | | | | | |
|------------------|------------------------|-------------|--------|----------|----------|-----------|-----------------|---------|-------------|------------|----------|-------------|------------|
| Issue Date | Issuer | Princ. (MM) | Coupon | Security | Maturity | Call | Current Ratings | Current | | | 4-Jan-10 | | |
| | | | | | | | | Bid | YTW | STW | Bid | YTW | STW |
| 6-Nov-09 | General Maritime Corp. | \$300 | 12 | Sr. Nts. | 2017 | T+50 bp | B3/B | 104.63 | 10.88 | 819 | 104.13 | 11.02 | 812 |
| 8-Oct-09 | Hercules Offshore | \$300 | 10.5 | Sr. Nts. | 2017 | T+50 bp | B2 / B | 100.13 | 10.47 | 732 | 105.50 | 9.38 | 609 |
| 16-Oct-09 | Trico Shipping | \$400 | 11.875 | Sr. Nts. | 2014 | T+50 bp | B1 / B- | 97.13 | 12.70 | 1,036 | 102.00 | 11.02 | 946 |
| 21-Sep-09 | Seacor | \$250 | 7.375 | Sr. Nts. | 2019 | T+50 bp | Ba1 / BBB- | 104.63 | 6.71 | 293 | 103.21 | 6.92 | 307 |
| 12-Aug-09 | Hornbeck Offshore | \$250 | 8 | Sr. Nts. | 2017 | NC 4.0 yr | Ba3 / BB- | 96.13 | 8.71 | 538 | 100.00 | 8.00 | 515 |
| Average: | | | | | | | | | 9.89 | 684 | | 9.27 | 638 |

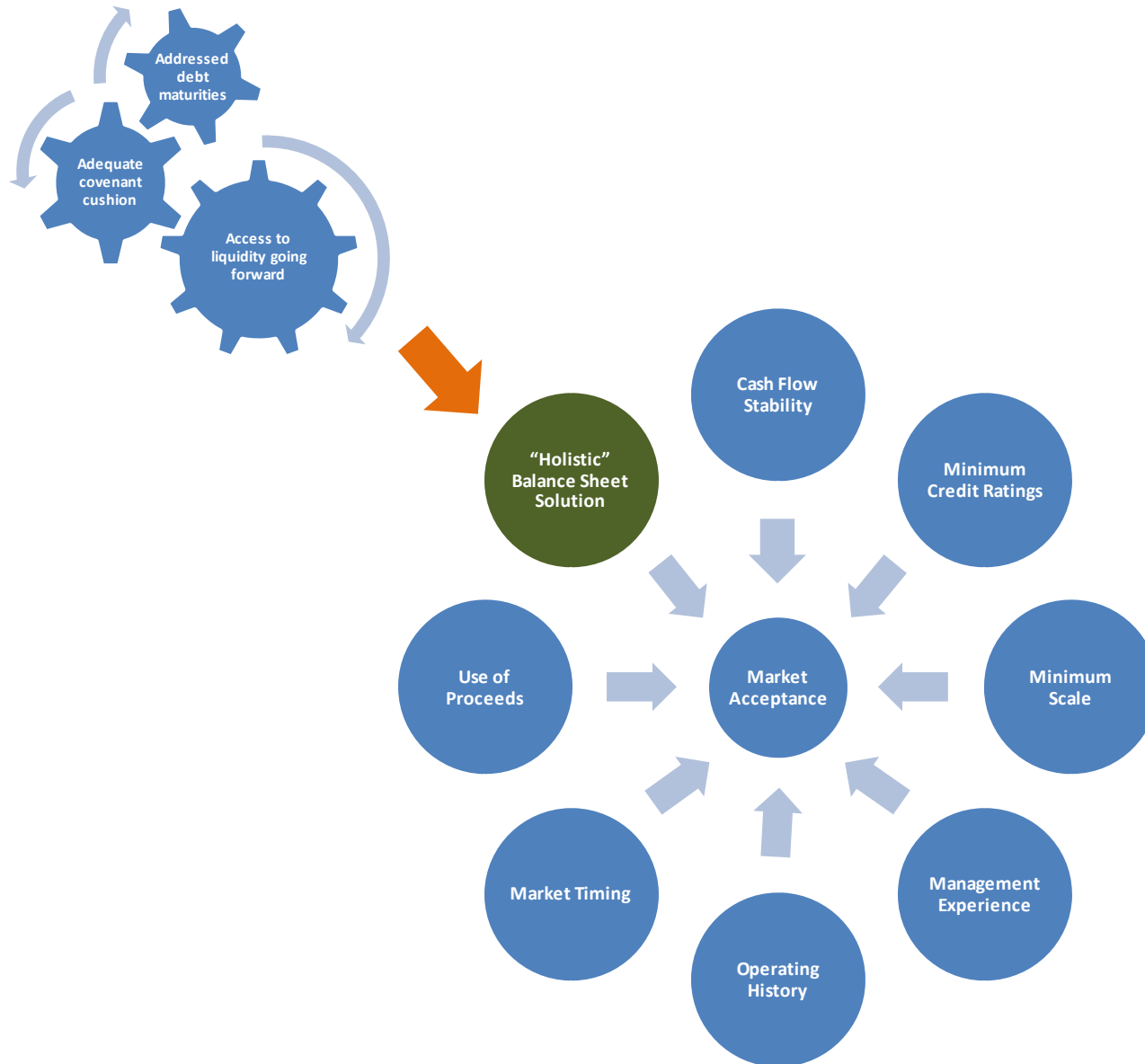
| Leisure & Tourism | | | | | | | | | | | | | |
|-------------------|-----------------|-------------|--------|----------|----------|---------|-----------------|---------|-------------|------------|----------|-------------|------------|
| Issue Date | Issuer | Princ. (MM) | Coupon | Security | Maturity | Call | Current Ratings | Current | | | 4-Jan-10 | | |
| | | | | | | | | Bid | YTW | STW | Bid | YTW | STW |
| 1-Jul-09 | Royal Caribbean | \$300 | 11.875 | Sr. Nts. | 2015 | T+50 bp | Ba3/BB- | 114.13 | 8.55 | 579 | 115.00 | 8.42 | 559 |
| Average: | | | | | | | | | 8.55 | 579 | | 8.42 | 559 |

| High Yield Index | | | | | | | | 8.90 | 656 | 17.09 | 1,484 |
|------------------|--|--|--|--|--|--|--|------|-----|-------|-------|
|------------------|--|--|--|--|--|--|--|------|-----|-------|-------|



Source: Sunrise Capital Markets, ADI

Critical success factors...becoming “more critical”



Songa Offshore – Jan / Feb 2010

Transaction Overview

- Announced on Jan 27 and postponed the transaction on Feb 11
- Main reasons for the postponement were poor market conditions and investor feedback on deal structure
- May return to market with a larger size and improved structure
- Observations:
 - Acceptable asset quality / strategic positioning
 - Low credit ratings: bonds rated Caa1 / B+
 - “C” ratings constrain investor participation
 - Not part of a “comprehensive” solution including bank facility amendments
 - Heavy amortization schedule under credit facilities
 - Unbalanced capital structure: the company planned to exchange secured notes with short maturities subsequent to bond offering
- Completed equity private placement of \$100MM on Feb 17

Proposed Terms

| | |
|--------------------------|---|
| Issuer | Songa Offshore |
| Amount | USD 200MM |
| Security | Unsecured |
| Maturity | 7 years |
| Use of Proceeds | Repay existing debt, general corporate purposes |
| Call | NC4 |
| Change of Control | 101 |
| Talk | Rumor: 10% or below Official: 10.25% area |
| Deal Ratings | Caa1 / B+ |

Selected Financials

| (\$ in MM\$) | 2006 | 2007 | 2008 | 2009 | Actual | Pro Forma ¹ |
|--------------------------|--------|-------|---------|-------|--------|------------------------|
| Revenue | 44.6 | 304.9 | 381.5 | 780.0 | | |
| Adj. EBITDA | 1.8 | 168.4 | 195.4 | 420.0 | | |
| Interest | 19.3 | 61.0 | 62.0 | 58.6 | | |
| Capex | 450.2 | 324.2 | 481.9 | 75.9 | | |
| Total Cash | 90.6 | 64.2 | 58.5 | 69.8 | 69.8 | 144.3 |
| New Notes | | | | | | 192.0 |
| Total Secured Debt | 206.3 | 120.0 | 210.0 | 952.2 | 952.2 | 952.2 |
| Total Debt | 625.4 | 802.3 | 1,162.1 | 952.2 | 952.2 | 1,026.7 |
| Total Debt/Adj. EBITDA | 347.4x | 4.8x | 5.9x | 2.3x | 2.3x | 2.4x |
| Secured Debt/Adj. EBITDA | 114.6x | 0.7x | 1.1x | 2.3x | 2.3x | 2.3x |
| Adj. EBITDA/Interest | 0.1x | 2.8x | 3.2x | 7.2x | 7.2x | 5.3x |

Notes:

¹ Assumes, for purpose of illustration, an indicative interest rate of 9.75%

DryShips Inc. – Nov 09

Transaction Overview

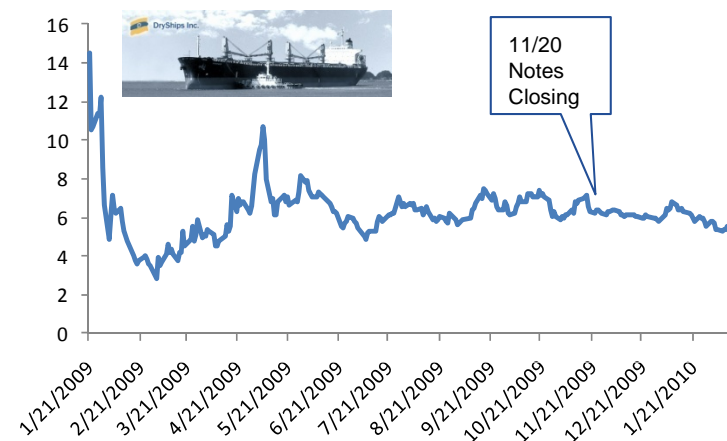
- DRYS (NASDAQ, capitalization \$1.59B) priced \$400MM of 5-yr convert due 2014 (upsized from \$300MM)
- Proceeds used to acquire new assets, fund drill ships newbuilding
- Pricing achieved (5% coupon, up 25%) was at the wide end of talk (4.5%-5%/up 25%-30%)
- Option-adjusted pricing is T+1,100 bps (13.125%)
- Concurrent share borrow facility covered 26.1mm shares to facilitate hedging
- Over allotment option of \$60MM was exercised by the underwriter subsequent to closing

Summary of Final Terms

| | |
|------------------------------|--|
| Issuer | DryShips Inc. |
| Amount | USD 400MM |
| Security | Unsecured |
| Maturity | 5 years |
| Coupon | 5.00% |
| Over-allotment Option | USD 600MM |
| Use of Proceeds | Vessel acquisitions, acquisitions of vessel owning companies, and other acquisitions in shipping and related industries, and for general |

Initial Conversion Price Premium of 25%

Equity Performance



Source: Bloomberg

General Maritime – Nov 09

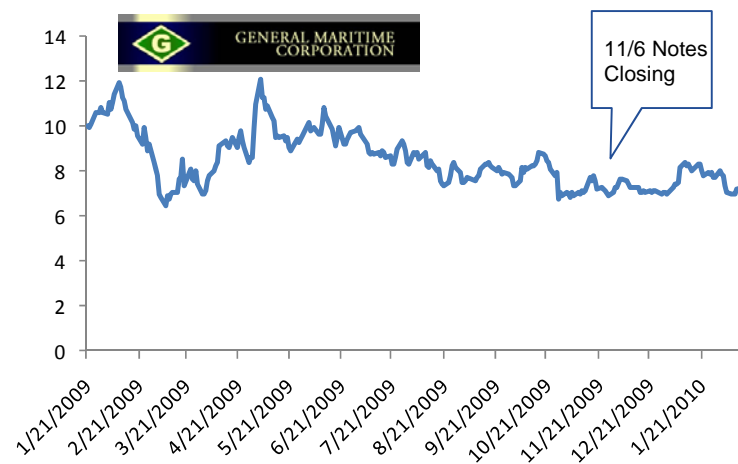
Transaction Overview

- Sold \$300MM of 8-year unsecured notes to yield 12.5%, T+922 bps, wide of expectations
- Amended its 2005 credit facility to relax covenants in exchange for increased margin (from L+100 bps to L+250 bps) and size reduction from \$850MM to \$750MM
- Amendment was contingent on at least \$230MM unsecured note issuance with minimum 5-year tenor prior to Nov. 30
- The proceeds from the bond repaid entire RBS facility due Jan. '11 (\$230MM), pay down \$40MM under the 2005 facility and for general corporate purposes
- Provider of crude transportation with the world's 3rd largest mid-sized tanker fleet. Seasoned high yield issuer

Summary of Final Terms

| | |
|----------------------------------|-----------------------------|
| Issuer | General Maritime Corp. |
| Amount | USD 300MM |
| Security | Unsecured |
| Ratings | B3 / B |
| Maturity | 8 years |
| Coupon | 12.00% |
| Use of Proceeds | Repay existing debt |
| Call | NC 4 (T + 50 bps) |
| Initial Conversion Price | Premium of 25% |
| Current Price / YTW / STW | 102.875 / 11.318% / 894 bps |

Equity Performance



Source: Bloomberg

Navios Maritime Holdings – Oct 09

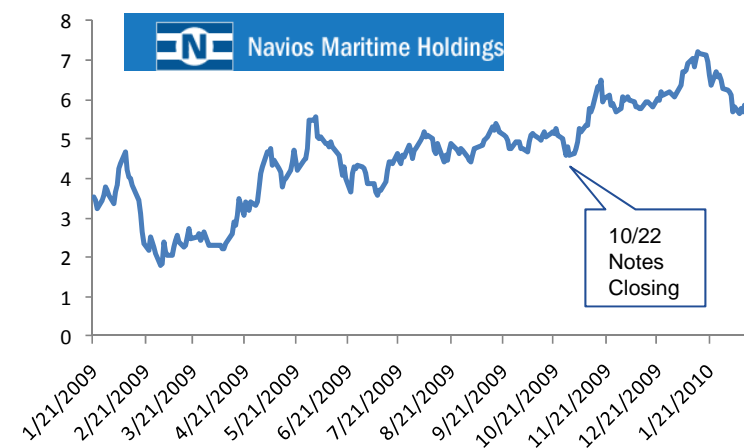
Transaction Overview

- Raised \$400MM secured bond for partial loan repayment and newbuildings
- Yield was 9.125%, Treasury+591 bps, at the tight end of talk
- Bonds are secured by 15 vessels with implied LTV of 79% and 60% on a charter-free and with charter basis.
- Up to \$105MM of the proceeds used to make payments for scheduled delivery of two capes.
- Buy-side liked the deal evidenced in tight pricing, \$25MM upside and strong secondary market performance
- Seasoned issuer with \$300MM unsecured notes outstanding since 2006.
- Leading international drybulk shipping company

Summary of Final Terms

| | |
|----------------------------------|-------------------------------------|
| Issuer | Navios Maritime Holdings Inc. |
| Amount | USD 400MM |
| Security | Secured |
| Ratings | Ba3 / BB- |
| Maturity | 8 years |
| Coupon | 8.875% |
| Use of Proceeds | Repay existing debt, fund newbuilds |
| Call | NC 4 (T + 50 bps) |
| Current Price / YTW / STW | 102.25 / 8.381% / 601 bps |

Equity Performance



Source: Bloomberg

Euronav – Sep 09

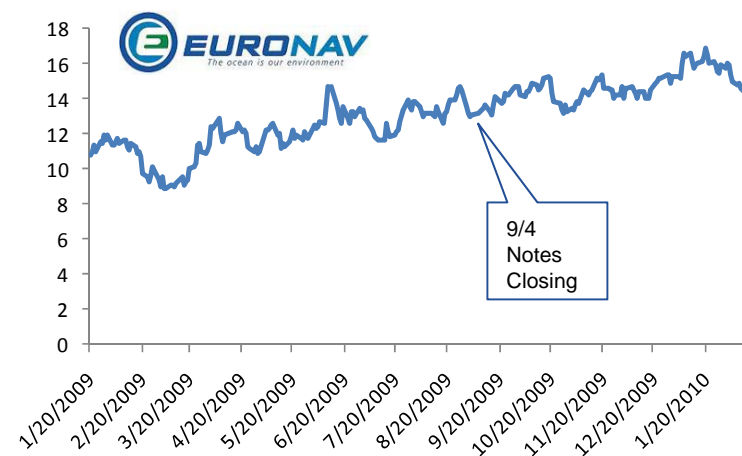
Transaction Overview

- Sought to place up to \$200 mm unsecured convertible due '15
- Proceeds used to diversify funding sources, strengthen balance sheet, general corporate purposes and working capital
- Announced and closed on the same day, at \$125 mm short of target
- The notes priced at 6.5% coupon and conversion premium of 25%. Upon conversion, will represent 9.44% of EURN equity
- Focuses on tankers for ocean transportation of crude oil and petroleum products worldwide

Summary of Final Terms

| | |
|---------------------------------|---|
| Issuer | Euronav |
| Amount | USD 125MM |
| Security | Unsecured |
| Maturity | 6 years |
| Coupon | 6.50% |
| Use of Proceeds | Diversify funding sources, strengthen balance sheet liquidity, general corporate and working capital purposes, potential acquisitions |
| Initial Conversion Price | Premium of 25% |

Equity Performance



Source: Bloomberg

Hornbeck Offshore – Aug 09

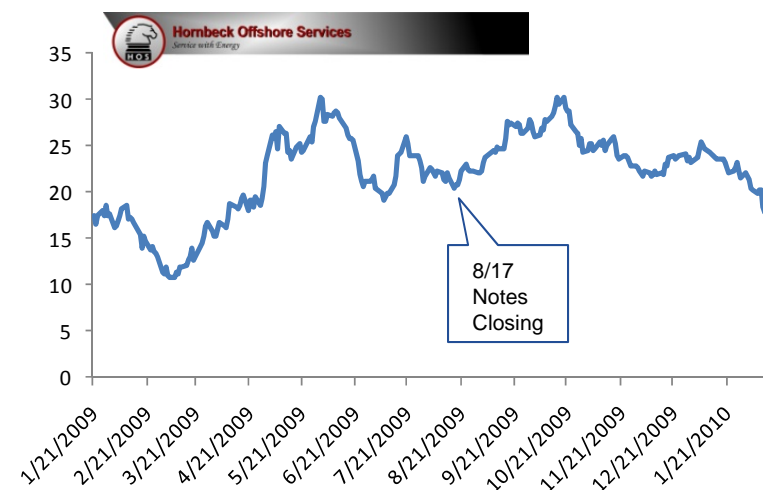
Transaction Overview

- Repaid borrowings under \$250MM revolver due '11 (\$185MM outstanding at June '09)
- Increased flexibility for newbuilding program for '09-'10 (\$268MM)
- Drive-by transaction: announced and priced on the same day
- High demand enabled \$50MM upsize
- 8-year, 8% unsecured notes (Ba3/BB-) priced at 97.123 to yield 8.5%, T+498 bps
- Repeat high yield issuer with recent successful bond transactions in '01, '04, '05
- Provides transportation to petroleum industry in the Gulf of Mexico and eastern seaboard.

Summary of Final Terms

| | |
|----------------------------------|--------------------------|
| Issuer | Hornbeck Offshore |
| Amount | USD 250MM |
| Security | Unsecured |
| Ratings | Ba3 / BB- |
| Maturity | 8 years |
| Coupon | 8.000% |
| Use of Proceeds | Repay existing debt |
| Call | NC 4 (T + 50 bps) |
| Current Price / YTW / STW | 98.75 / 8.218% / 527 bps |

Equity Performance



Source: Bloomberg