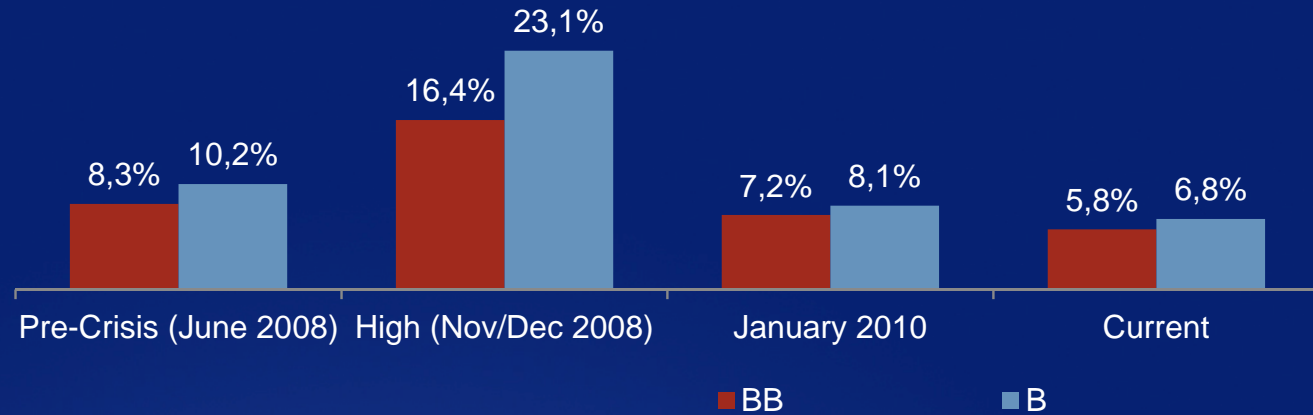


Market Yields at Pre-Crisis Levels

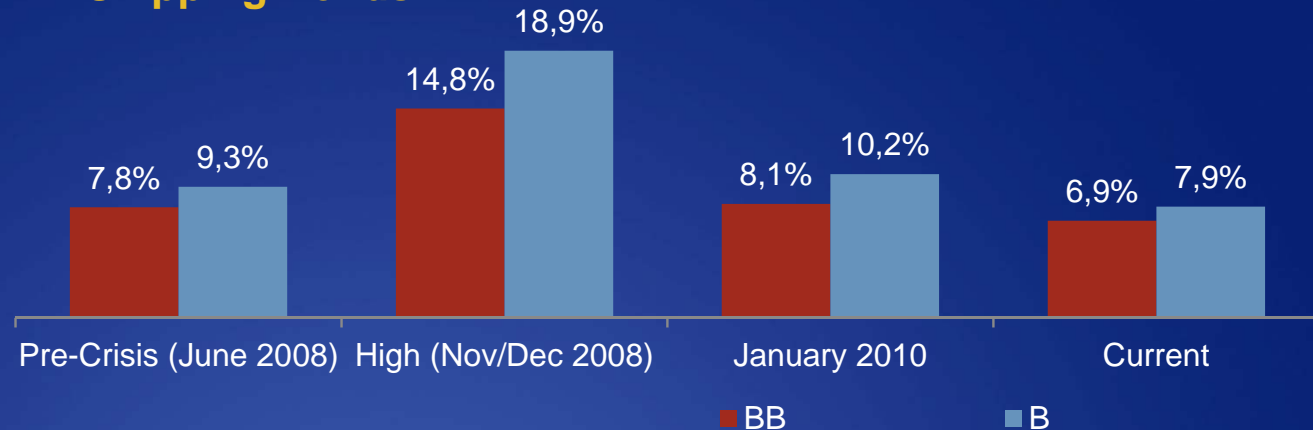
After record increases in rates and spreads, bond yields have returned to pre-crisis levels

Since January 2010, the Broad Market has exhibited considerable spread tightening. Shipping company yields have come in, particularly in B credits, tightening approximately 230bps since January 2010

Broad Market



Shipping Bonds



BB includes NM and TK. B includes ACLI, NM, OSG, TRBR, ULTR, United Maritime Group and Marquette Transportation.
 Note: OSG downgraded from BB- to B on January 12, 2011.
 Source: Jefferies & Company.

Risk Premium Also Normalized

Risk appetite has returned, as evidenced by narrowed BB / B spreads



Source: Jefferies & Company
(1) Represents the basis point differential between BB and B rated high yield bonds over the specified time period.

Fund Flows Drive the Market

HY Mutual Fund Flows by Quarter

2011 has started strong with \$4.6 billion flows in the first six weeks of 2011

Last year, Q2 2010 saw \$1.9 billion of outflows due to concerns over European sovereign risk, disappointing economic data, and US home sales decline

Investors appetite for yield led to strong mutual fund inflows from 3Q 2010 onward



US New Issue Activity Has Returned

...2010 marked the all-time record of issuance volume

2006: \$144 billion
 2007: \$140 billion
 2008: \$42 billion
 2009: \$172 billion 2010:
 \$307 billion

High Yield Issuance in
 January 2011 increased
 by more than 60% year
 over year

US New Money High Yield Issues⁽¹⁾



Source: Jefferies & Company.
 (1) Excludes bridge to bond deals.