

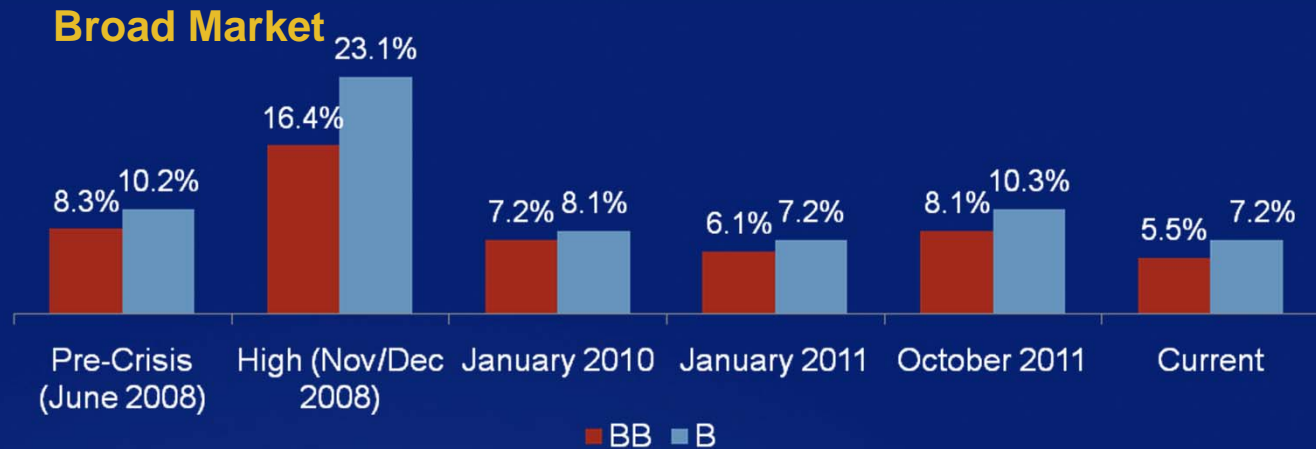
High Yield and Leveraged Loan Market Conditions

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Global Head of Maritime

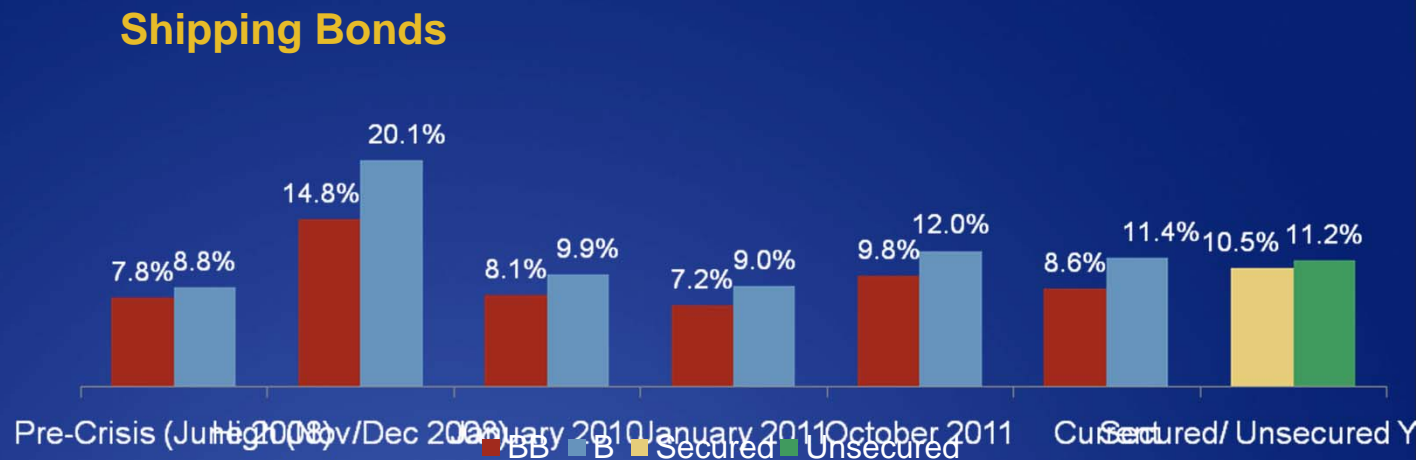
February 29, 2012

Market Yields at Pre-Crisis Levels

After record increases in rates and spreads funneled by the European sovereign debt crisis, bond yields have returned to pre-crisis levels



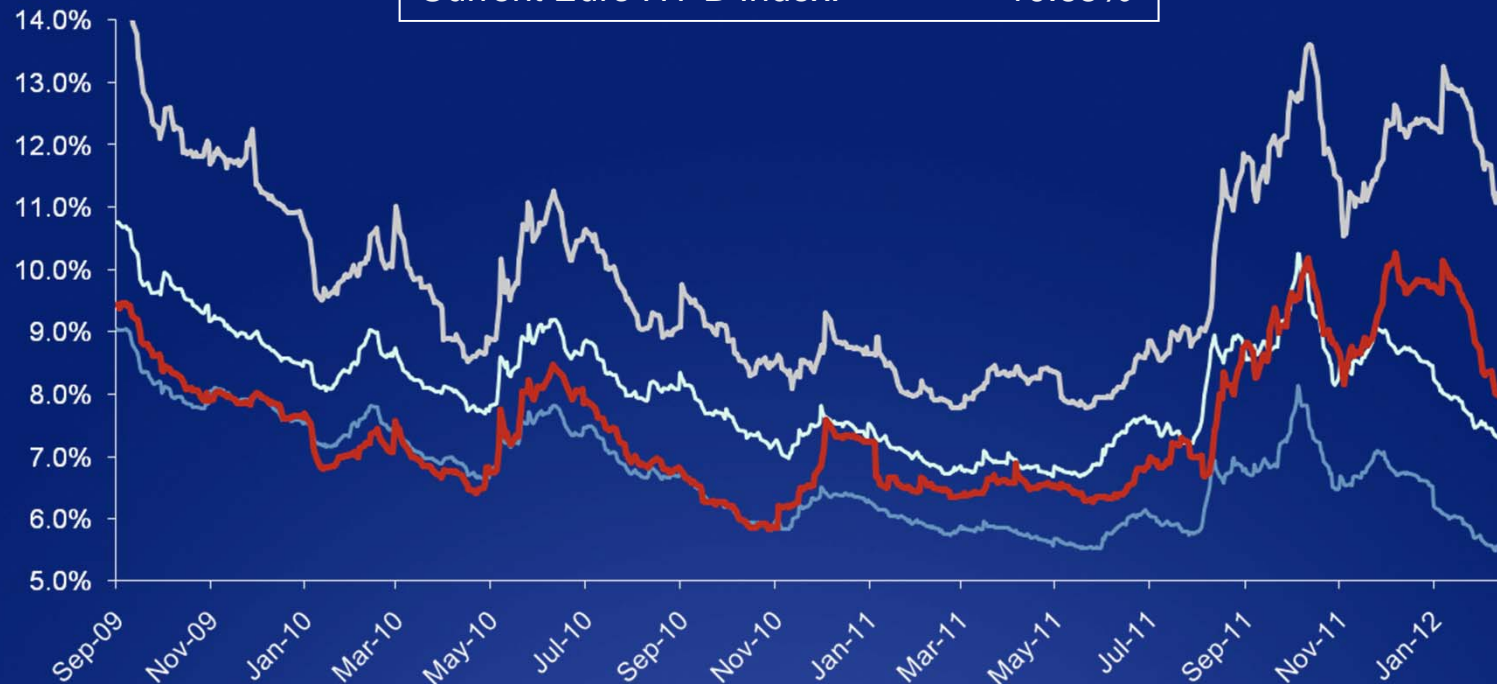
Shipping issues are priced wider than the other corporates with investors favoring collateral



High Yield Market Performance

Current US HY BB Index:	5.48%
Current US HY B Index:	7.24%
Current Euro HY BB Index:	7.68%
Current Euro HY B Index:	10.65%

Yield



— US HY BB Index

— US HY B Index

— Euro HY BB Index

— Euro HY B Index

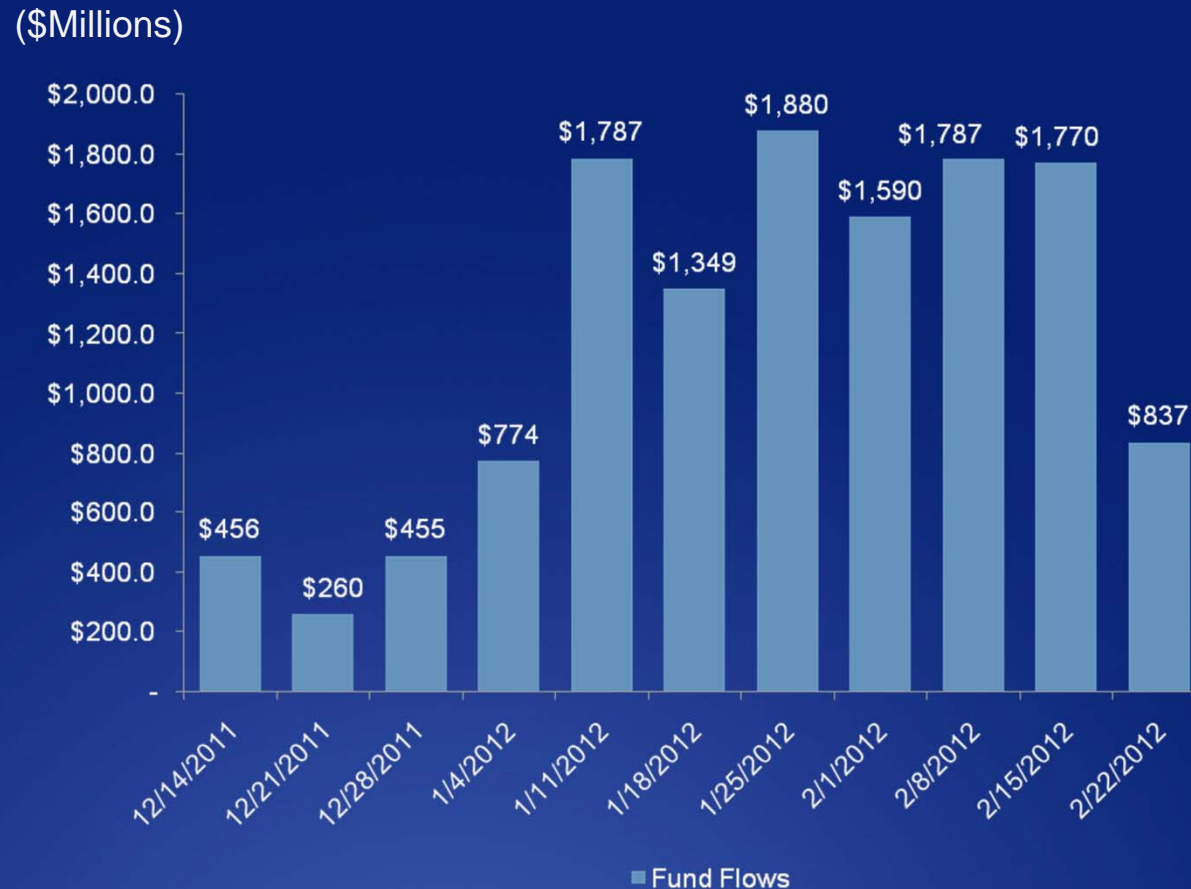
High Yield Flows Drive the Market

Secondary market conditions continue to benefit from strong ongoing inflows to the high-yield asset class despite volatility in the equity markets

2011 flows to the asset class were a positive \$10.9 billion

Last week marked the 11th consecutive week of positive flows

Weekly High Yield Mutual Funds and ETF Flows

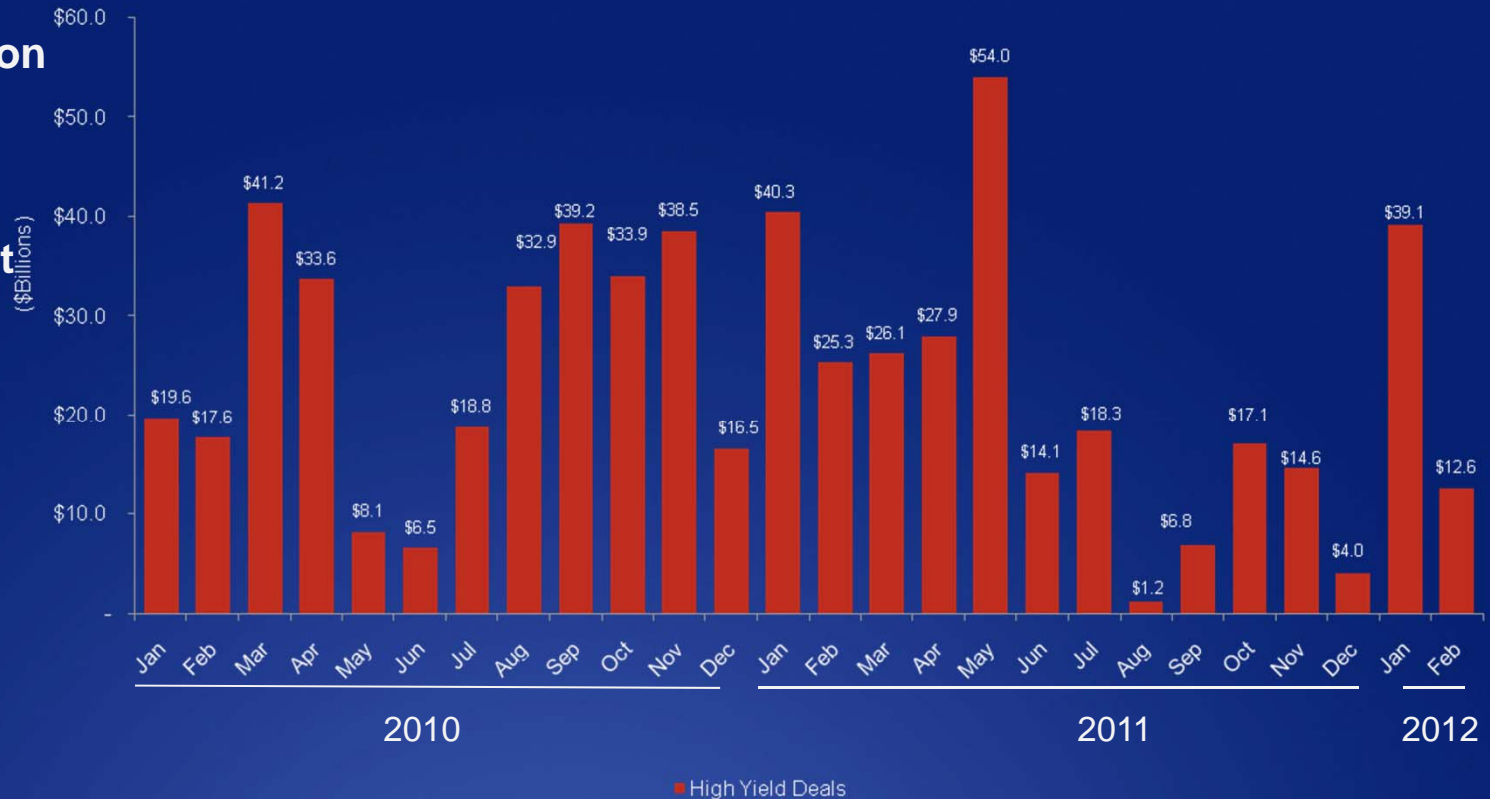


US New Issue Activity

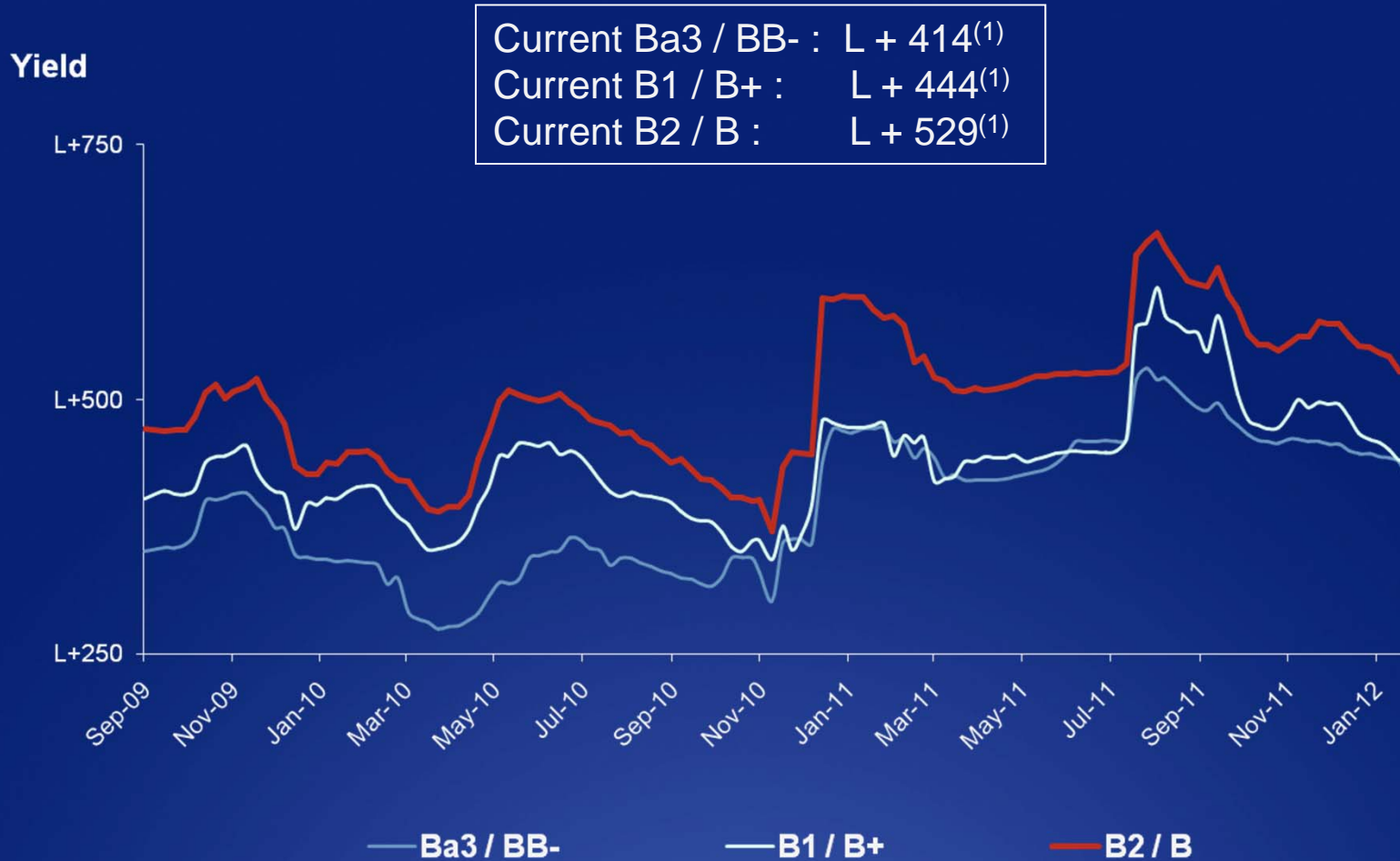
2010: \$307 billion
 2011: \$250 billion
 2012 YTD: \$52 billion

January 2012 was
 the 5th strongest
 month over the last
 3 years

US New Money High Yield Issues⁽¹⁾



Leveraged Loan Market Performance



Leveraged Loan Market Trends

Opportunistic transactions continue to be well received following a relatively dormant period in the second half of 2011, when issuers postponed transactions amid a volatile market

The primary loan market continues to demonstrate its strength with increased dividend recapitalization activity, amend-to-extends, and covenant stripping

With the European institutional loan market dependent on a reduced CLO market, European companies have begun to turn to the U.S. debt markets for funding

Weekly Bank Loan Mutual Fund Flows



US New Issue Activity

2010: \$218 billion
 2011: \$370 billion
 2012 YTD: \$48 billion

US New Money Leveraged Loan Issues⁽¹⁾



High Yield – Overview of Typical Key Covenants

Key Covenants	
Limitation on Debt Incurrence	The Company can incur indebtedness, provided that pro forma for the incurrence Fixed Charge Coverage Ratio (Consolidated Cash Flow / Fixed Charges) is at or above a pre-determined level
Limitation on Restricted Payments and Investments	<p>If the Company has a Fixed Charge Coverage Ratio in excess of the predetermined level, the Company may make dividends up to the sum of:</p> <ul style="list-style-type: none"> ▪ 50% of Consolidated Net Income (less 100% of Consolidated Net Loss) since issuance of the Notes; plus ▪ 100% of cash proceeds resulting from a sale of equity or a conversion of debt to equity <p>The following Restricted Payments or Investments can be made at any time:</p> <ul style="list-style-type: none"> ▪ Refinancing of subordinated indebtedness
Limitation on Liens	Liens are restricted depending upon factors such as existing secured debt level, whether or not the new notes are secured, where assets are located (domestic vs. international), etc.
Limitation on Asset Sales	Asset sales are permitted if (i) the Company receives fair market value for the assets, and (ii) at least 75% of the consideration is in the form of cash or cash equivalents. In the event the asset sales exceed a predetermined amount (the "Excess Proceeds"), the Company will need to (i) reinvest the Excess Proceeds into other capital assets, or (ii) or to repurchase the Notes at par
Limitation on Transactions with Affiliates	Transactions must be on arms' length terms and on no less favorable terms than could be achieved in the open market, with transactions above a certain level require Board of Directors approval and/or a Fairness Opinion
Limitation on Cap Ex	None
Maintenance Covenants	None

Leveraged Loans – Overview of Typical Key Covenants

Key Covenants

Limitation on Debt Incurrence	The Company can incur certain minimal indebtedness subject to pre-negotiated baskets outlined in the credit agreement
Limitation on Restricted Payments	Dividends and other payments (e.g., subordinated debt) are highly restricted within the credit agreement. Certain carve-outs can be negotiated, frequently subject to an incurrence test
Limitation on Liens	Liens are restricted in order to preserve collateral value for the lenders. Subordinate liens are occasionally permitted provided they do not impact collateral value from the lenders' perspective
Limitation on Acquisitions	Transformative acquisitions not permitted. Smaller acquisitions are permitted on a case by case basis subject to a number of negotiated restrictions in the credit agreement. Often one of the most highly negotiated sections in the credit agreement
Limitation on Asset Sales	Asset sales restricted or prohibited. In the event an asset sale is permitted under the credit agreement, terms will require that proceeds used from the sale be applied to repay the loan or invested into other assets on a timely basis
Limitation on Transactions with Affiliates	Transactions must be on arms' length terms, with transactions above a certain level require Board of Directors approval and/or a Fairness Opinion
Limitation on Cap Ex	Cap ex typically limited in order to preserve cash for debt repayment. Cap ex limitation is highly negotiated and typically quantified relative to the projection model from which covenants are set
Maintenance Covenants	<p>Quarterly maintenance covenants may include, but not be limited to:</p> <ul style="list-style-type: none"> (i) Minimum Interest Coverage Ratio; (ii) Minimum Fixed Charge Coverage Ratio; (iii) Maximum Senior Leverage Ratio; (iv) Maximum Total Leverage Ratio; and (v) Minimum EBITDA <p>Covenant levels are typically calculated by applying a discount of 20-25% of projected levels based on projections provided by management.</p>

Leveraged Loan and High Yield Investors

San Francisco		
Fund Size	Leveraged Loans	High Yield
Franklin	✓	✓
KKR	✓	✓
Wells Fargo	✓	✓

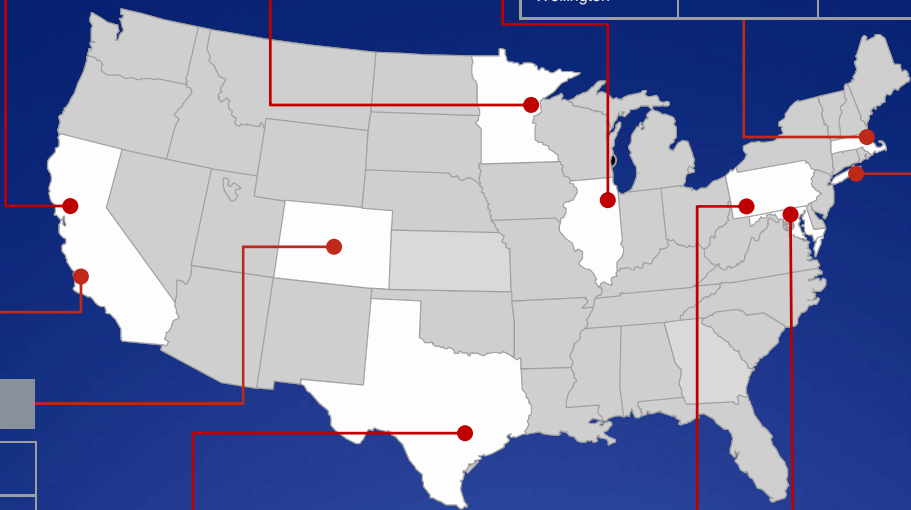
Chicago		
Fund Size	Leveraged Loans	High Yield
Nationwide	✓	

Minneapolis		
Fund Size	Leveraged Loans	High Yield
River Source	✓	✓

Greater Boston Area		
Fund Size	Leveraged Loans	High Yield
Eaton Vance	✓	✓
Feingold	✓	✓
Fidelity	✓	✓
HIMCO	✓	✓
John Hancock	✓	✓
Liberty Mutual	✓	✓
Pioneer Investment	✓	✓
Sankaty (Bain)	✓	✓
Wellington	✓	✓

Greater New York Area		
Fund Size	Leveraged Loans	High Yield
Alcentra	✓	
AllianceBernstein	✓	✓
Angelo Gordon	✓	✓
Apollo	✓	✓
BlackRock	✓	✓
Brigade Capital	✓	✓
BlueMountain Capital	✓	✓
CSAM	✓	✓
CIFC	✓	
Fortress	✓	✓
GSAM	✓	✓
GoldenTree	✓	✓
GSO Capital	✓	✓
Guggenheim	✓	✓
Halycon	✓	✓
Highbridge	✓	✓
Invesco	✓	✓
Kingsland	✓	✓
Knighthood Capital	✓	✓
Lord Abbett	✓	✓
MacKay Shields	✓	✓
MetLife	✓	✓
Nomura	✓	✓
Octagon	✓	
Redwood Capital	✓	✓
Seix	✓	✓
Stone Tower Capital	✓	✓
Visium	✓	✓

Greater Los Angeles Area		
Fund Size	Leveraged Loans	High Yield
Ares	✓	✓
Barclays	✓	✓
Beachpoint	✓	✓
Crescent	✓	✓
Met West		✓
Post Advisory	✓	✓
Oaktree	✓	✓
Silver Rock	✓	✓
WAMCO	✓	✓



Denver		
Fund Size	Leveraged Loans	High Yield
Oppenheimer	✓	✓

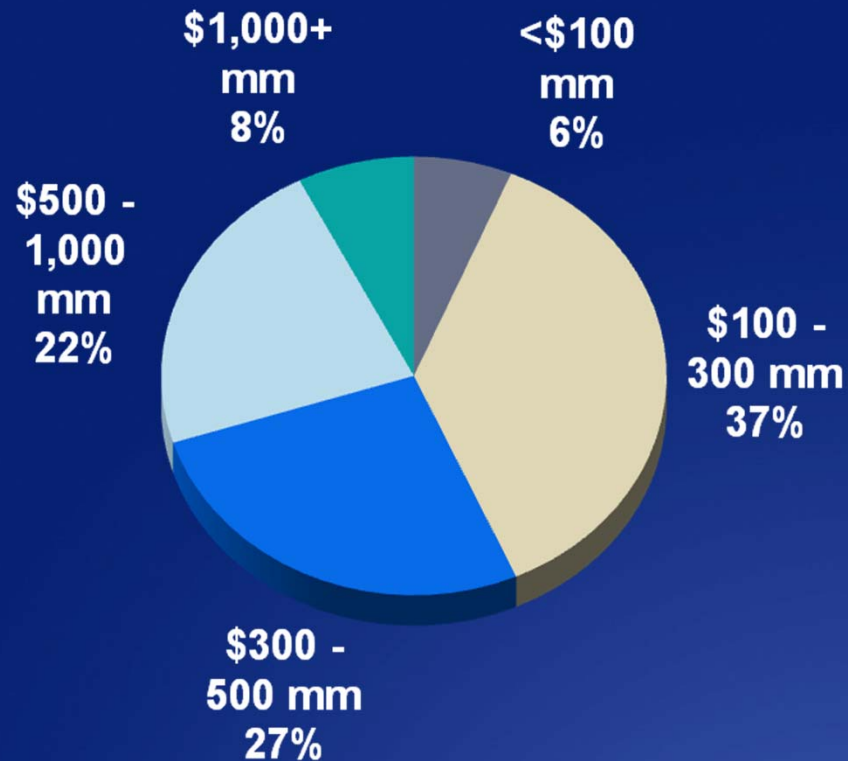
Dallas		
Fund Size	Leveraged Loans	High Yield
Whitehorse	✓	

Pittsburgh		
Fund Size	Leveraged Loans	High Yield
Federated		✓

Baltimore		
Fund Size	Leveraged Loans	High Yield
T Rowe Price		✓

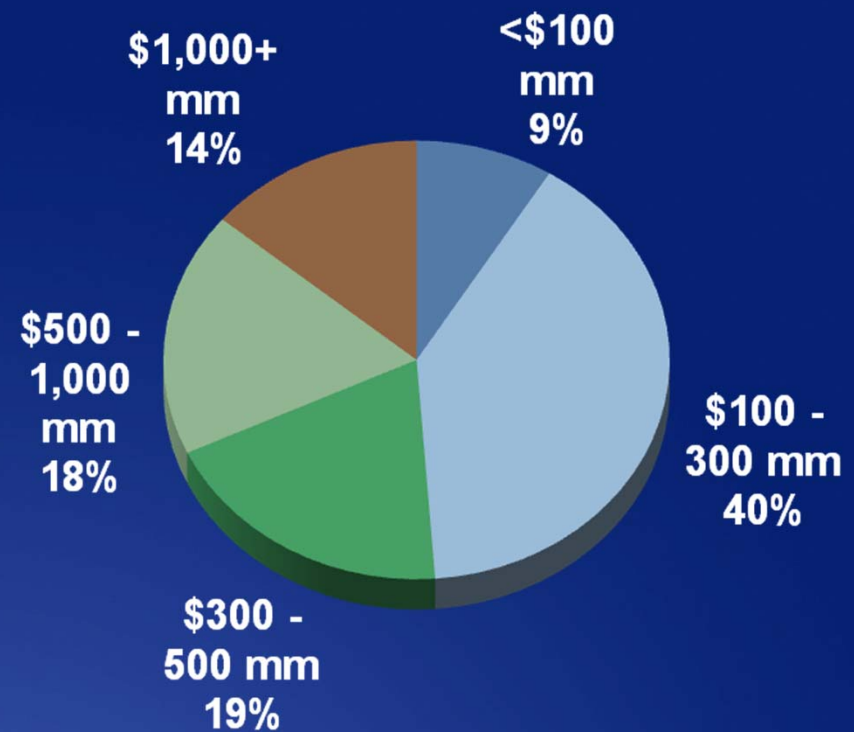
Leveraged Loan and High Yield Deals Distribution for Jan 2011 – Feb 2012

High Yield



Median deal size: \$395 mm
Sample size: 575 deals

Leveraged Loans

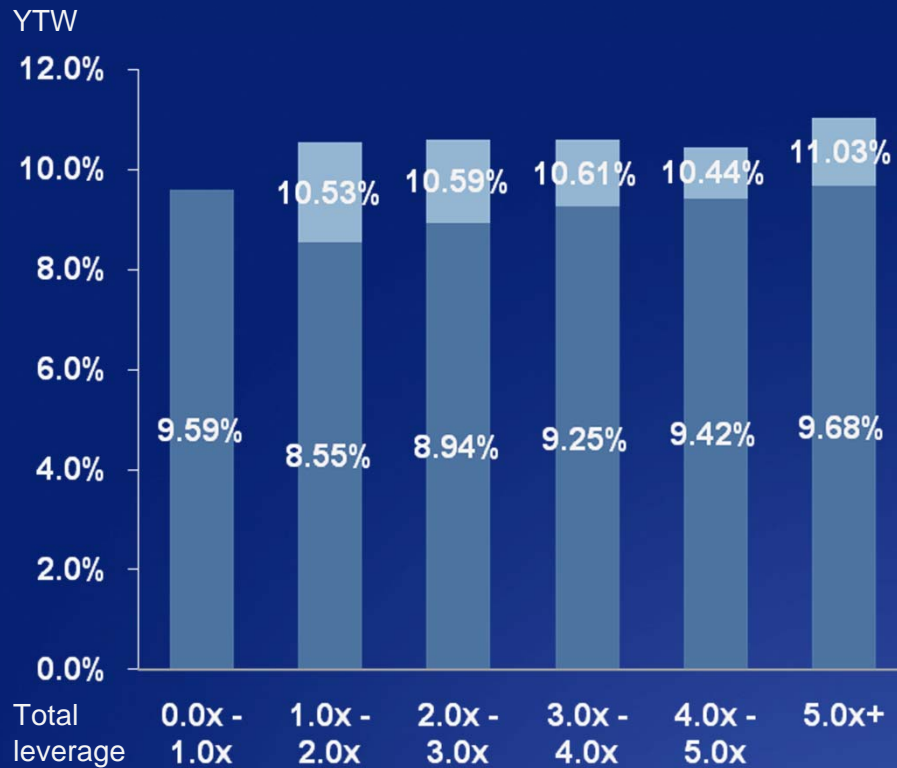


Median deal size: \$311 mm
Sample size: 682 deals

Size Premium Analysis

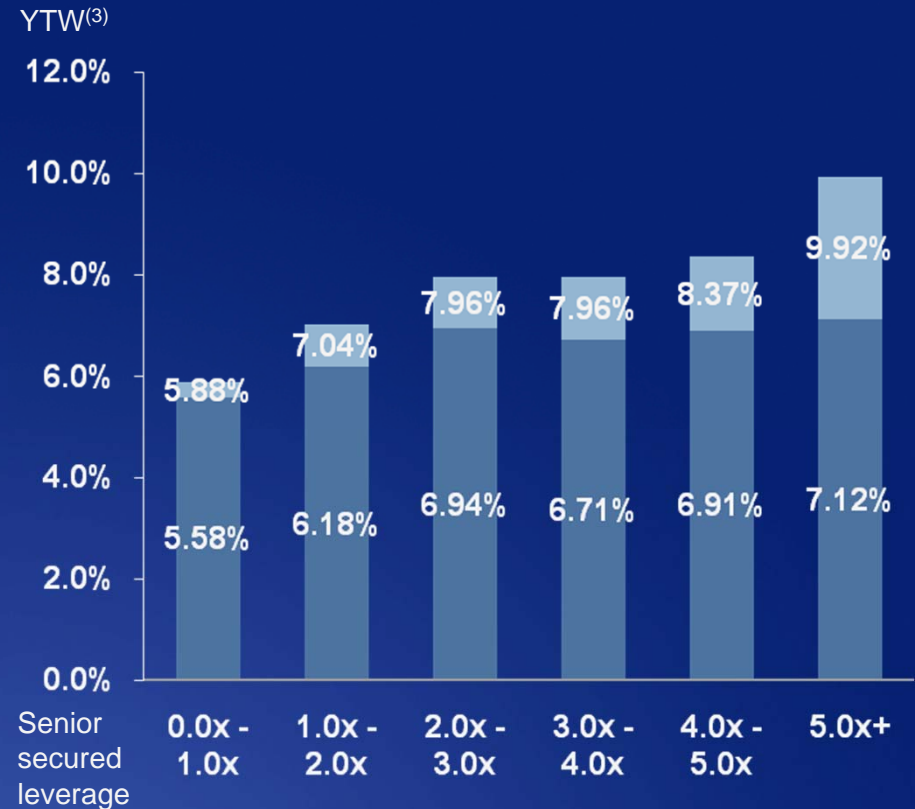
High Yield⁽¹⁾

Average Size Premium: 1.36%



Leveraged Loans⁽²⁾

Average Size Premium: 1.26%



■ Deals > \$200 mm
■ Deals < \$200 mm

Jefferies