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# **Raising Capital for Shipping Today Options and Alternatives - A Market Overview**

Presentation at the Capital Link 2010 Greek Shipping Forum

February 23, 2010

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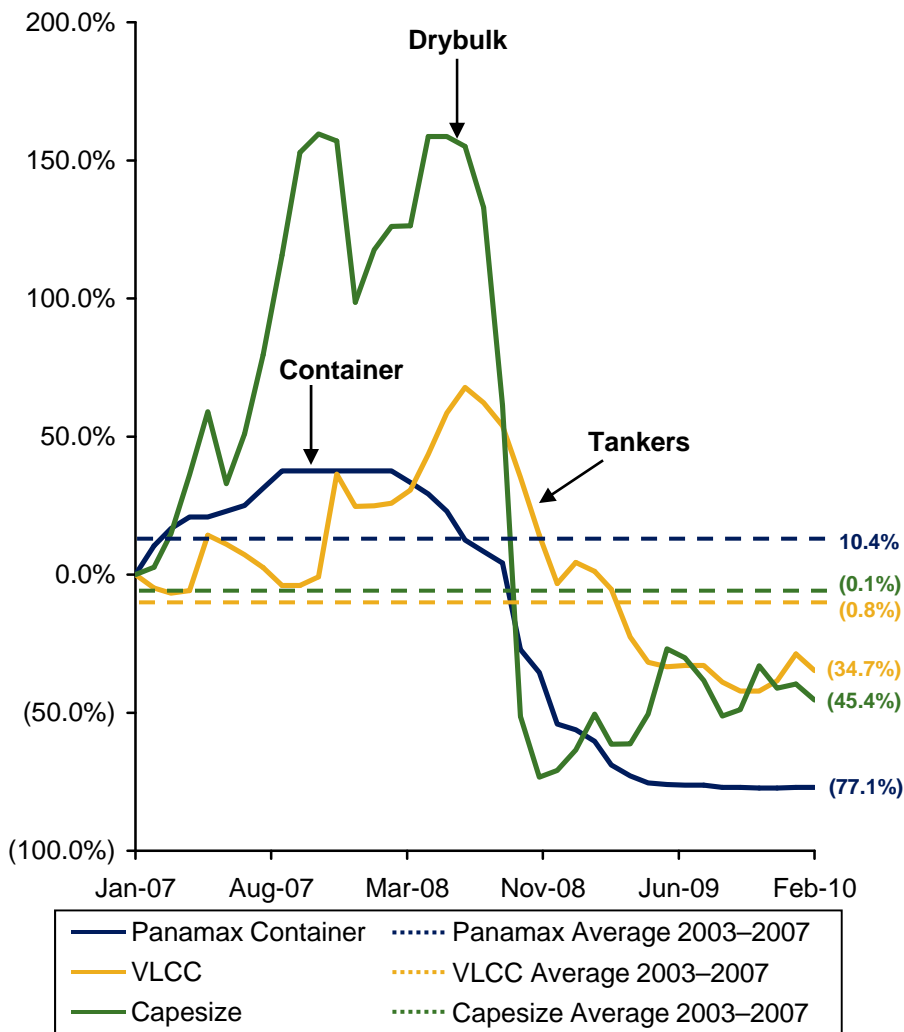
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## Current Themes in the Capital Markets

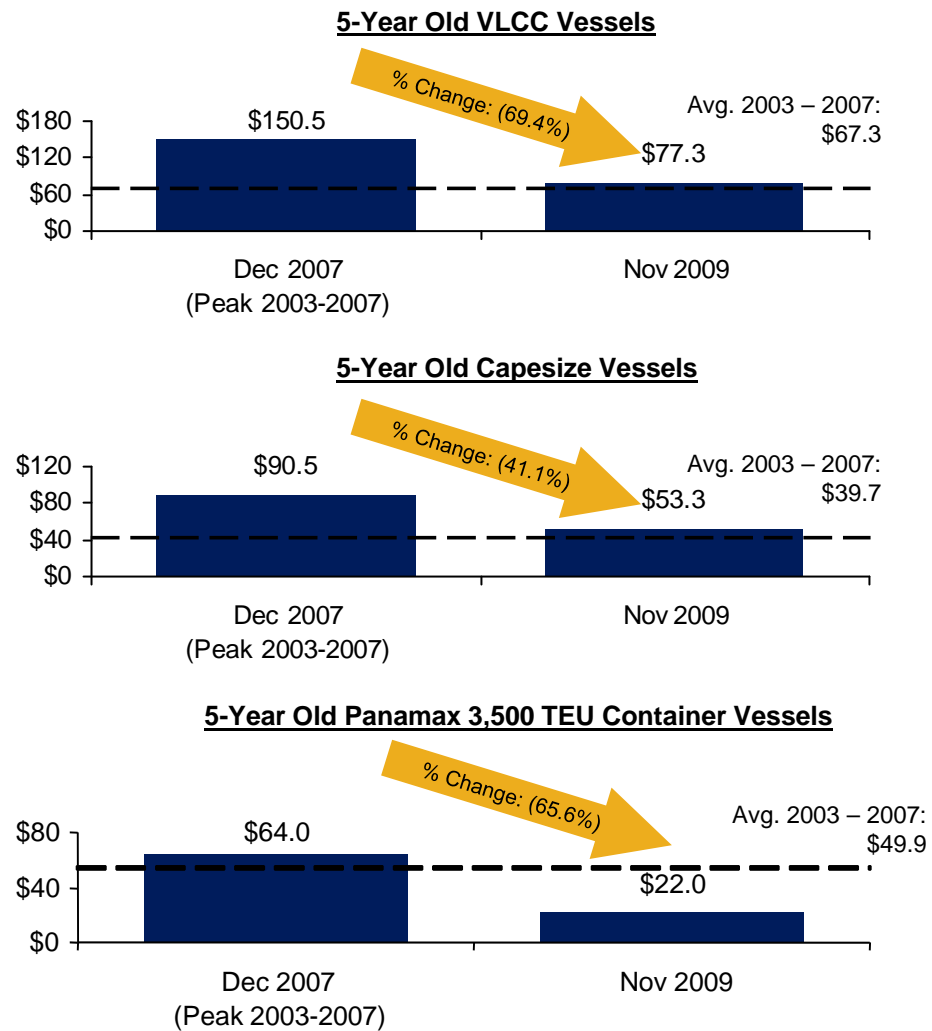
- Recovery of the IPO market?
  - Sponsorship is more important than ever
  - The importance of trading liquidity
  - Focus on capital structure
- Resurgence of the MLP market
  - Attractiveness of yield in a low rate environment
  - Sustainable dividends rewarded
- Strength of the high yield bond market
  - Positive performance of recent issuers
  - Spreads at historically low levels
- Appetite of private capital?
  - Private equity, institutional 144A market, sovereign funds

# Investment Opportunity in the Shipping Market

## Indexed Shipping Rates



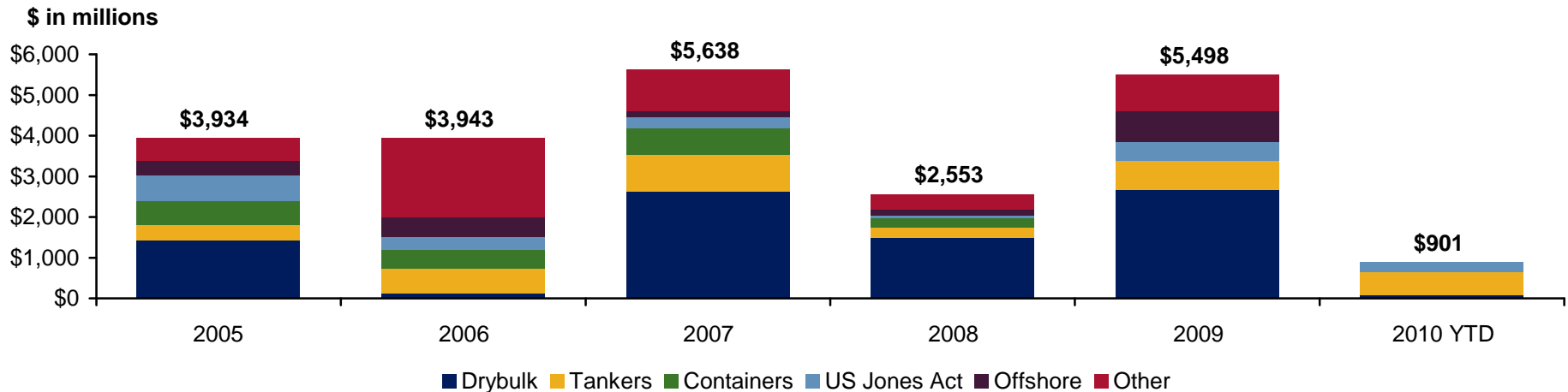
## Vessel Asset Values



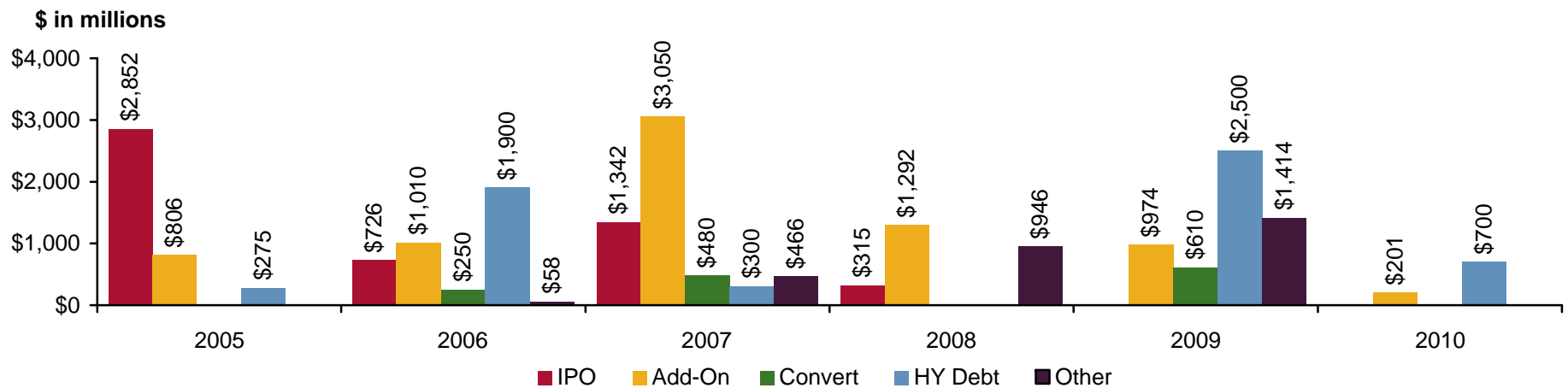
Source: Shipping rates based on 1-year time charter rate data from Clarksons. Asset value data from SSY for VLCC and Capesize vessels. Panamax containership value from Clarksons.  
 Note: Rates based on 3,500 TEU Panamax containership, 310,000 dwt VLCC vessel and 170,000 dwt Capesize vessel.

## The Last 5 Years: Total Capital Raised by Shipping Companies in the U.S. Public Markets (Equity + HY + Convert)

### Total Capital Raised by Sector



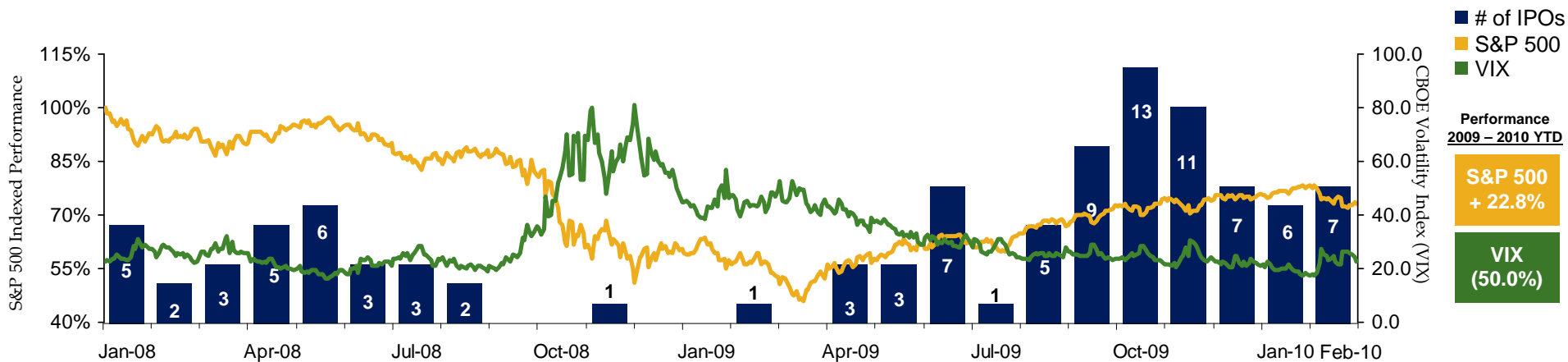
### Total Capital Raised by Product



# Equity Capital Markets Update

## Resurgence of the IPO Market and Outlook for 2010

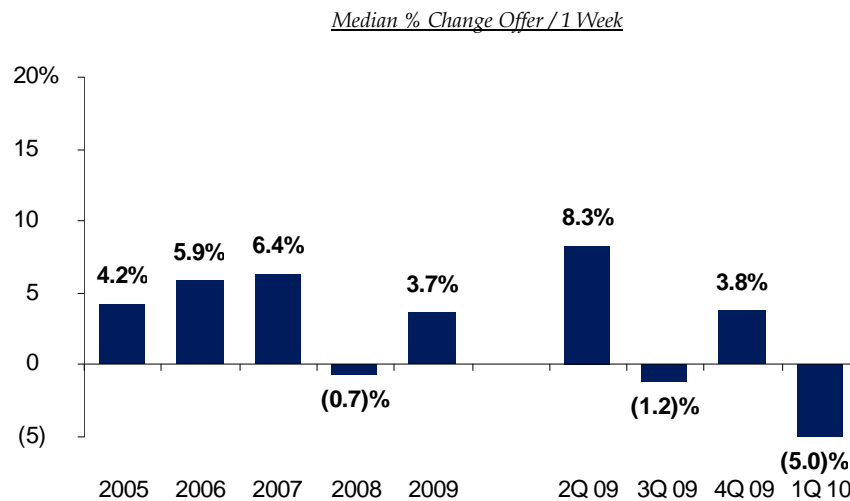
### The IPO Market Has Re-Opened



### Key Factors for a Successful IPO in 2010



### IPO Aftermarket Performance



Source: FactSet, Dealogic as of February 19, 2010. Excludes SPACs and deals less than \$20mm.

# Equity Capital Markets Update

## Although Active, IPO Market Demonstrates Mixed Performance

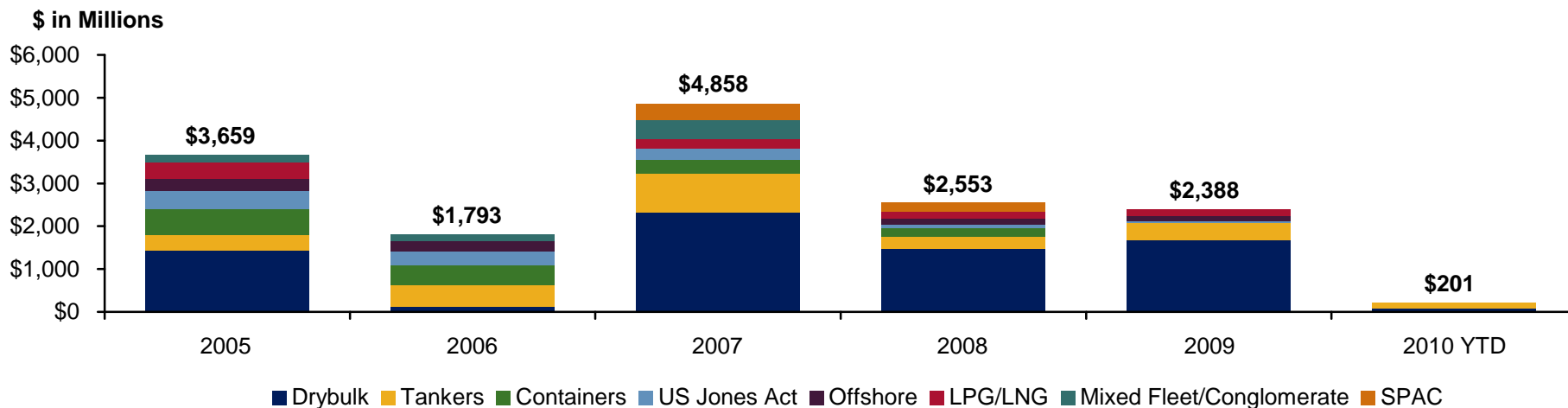
### US IPOs Since Labor Day 2009

Pricing Date	Issuer	Industry	Sponsor Related	Total Deal (\$mm)	At IPO Mkt Val (\$mm)	Pricing vs. Range	File/ Offer	Offer/ Current	Break Issue?
02/10/10	Generac Holdings Inc	Machinery	✓	\$244	\$851	Below	(18.8%)	1.8%	Yes
02/10/10	Graham Packaging Co Inc	Consumer Products	✓	167	614	Below	(33.3%)	5.9%	Yes
02/10/10	QuinStreet Inc	Professional Services	✓	150	674	Below	(16.7%)	(7.3%)	Yes
02/02/10	Ironwood Pharmaceuticals Inc	Healthcare	✓	188	1,068	Below	(25.0%)	16.4%	Yes
01/28/10	China Electric Motor Inc	Computers & Electronics		23	87	Below	(30.8%)	8.2%	Yes
01/27/10	IFM Investments Ltd (Century 21 China)	Real Estate/Property		87	117	Below	(28.2%)	(0.3%)	Yes
01/25/10	China Hydroelectric Corp	Utility & Energy		96	767	In Range	0.0%	(34.7%)	Yes
01/21/10	Symetra Financial Corp	Insurance	✓	365	1,361	In Range	(7.7%)	7.2%	
01/21/10	Cellu Tissue Holdings Inc	Forestry & Paper	✓	108	262	Below	(18.8%)	(13.1%)	Yes
12/16/09	Kraton Performance Polymers Inc	Chemicals	✓	139	401	Below	(20.6%)	1.9%	Yes
12/15/09	Cobalt International Energy Inc	Oil & Gas	✓	851	4,538	Below	(15.6%)	(4.8%)	Yes
12/15/09	Team Health Holdings Inc	Healthcare	✓	184	749	Below	(20.0%)	22.6%	
12/10/09	Kar Auction Services Inc	Auto/Truck	✓	332	1,582	Below	(25.0%)	17.9%	Yes
11/19/09	Cloud Peak Energy Inc	Mining		459	943	Below	(11.8%)	3.1%	Yes
11/19/09	Archipelago Learning Inc	Professional Services	✓	119	363	In Range	3.1%	10.2%	Yes
11/19/09	Global Defense Technology & Systems	Construction/Building		60	117	Below	(13.3%)	5.2%	Yes
11/17/09	Fortinet Inc	Computers & Electronics		180	799	Above	25.0%	38.6%	
11/12/09	Dollar General Corp	Retail	✓	824	7,154	In Range	(4.6%)	12.3%	
11/12/09	rue21 Inc	Retail	✓	148	459	Above	11.8%	44.4%	
11/06/09	STR Holdings Inc	Chemicals	✓	123	423	Below	(28.6%)	69.2%	Yes
11/04/09	Ancestry.com	Computers & Electronics	✓	100	572	In Range	0.0%	14.7%	Yes
11/04/09	Hyatt Hotels Corp	Dining & Lodging	✓	1,093	4,201	In Range	2.0%	19.9%	
10/27/09	Addus HomeCare Corp	Healthcare	✓	54	105	Below	(16.7%)	(16.0%)	Yes
10/27/09	Vitamin Shoppe Inc	Retail	✓	178	452	Above	13.3%	23.1%	
10/22/09	Dole Food Co Inc	Food & Beverage		446	1,093	Below	(10.7%)	(6.1%)	Yes
10/20/09	AGA Medical Holdings Inc	Healthcare	✓	199	725	Below	(27.5%)	(6.3%)	Yes
10/12/09	RailAmerica Inc	Transportation	✓	330	815	Below	(11.8%)	(21.0%)	Yes
10/07/09	Omeros Corp	Healthcare		68	213	In Range	(9.1%)	(43.6%)	Yes
10/07/09	Mistras Group Inc	Construction/Building	✓	125	331	Below	(16.7%)	15.8%	Yes
10/06/09	Verisk Analytics Inc	Insurance		2,156	3,962	Above	10.0%	27.3%	
10/01/09	Education Management Corp	Professional Services	✓	414	2,516	In Range	(5.3%)	14.4%	Yes
10/01/09	Echo Global Logistics Inc	Transportation		80	301	In Range	0.0%	(18.9%)	Yes
09/30/09	Talecris Biotherapeutics Holdings Corp	Healthcare	✓	1,064	2,276	In Range	0.0%	16.6%	Yes
09/24/09	Select Medical Holdings Corp	Healthcare	✓	336	1,561	Below	(16.7%)	(17.0%)	Yes
09/23/09	Vitacost.com	Retail		132	329	In Range	0.0%	(5.0%)	Yes
09/23/09	Artio Global Investors Inc	Finance		719	1,966	In Range	4.0%	(9.7%)	Yes
09/23/09	A123 Systems Inc	Computers & Electronics		438	1,325	Above	54.3%	28.1%	
<b>Total IPOs Priced: 37</b>									
<b>Mean</b>				<b>\$345</b>	<b>\$1,245</b>		<b>(8.4%)</b>	<b>6.0%</b>	<b>28 of 37</b>
<b>Median</b>				<b>\$180</b>	<b>\$749</b>		<b>(11.8%)</b>	<b>5.9%</b>	

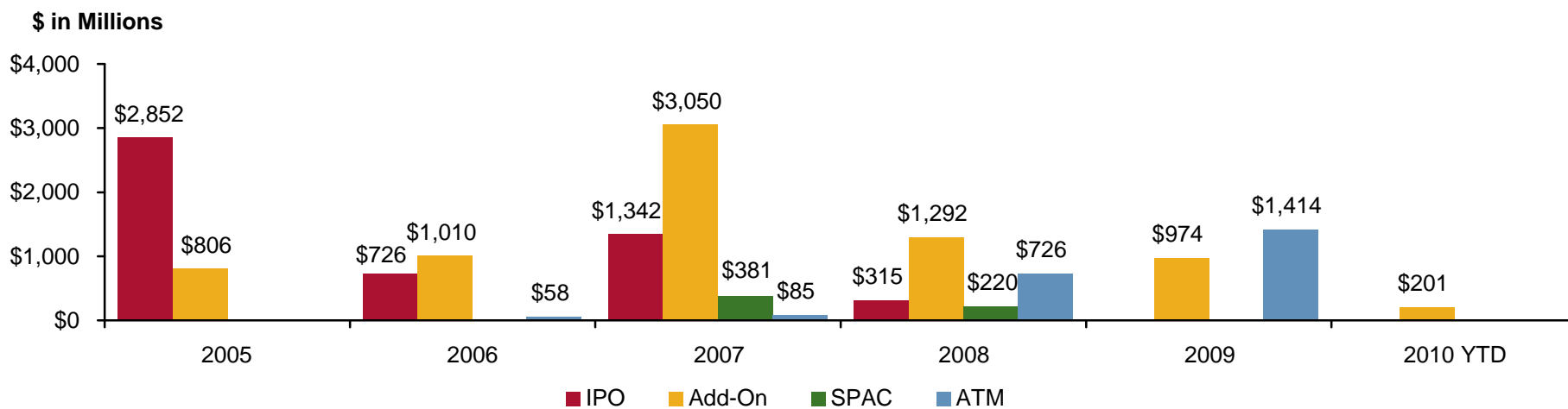
Source: Dealogic, FactSet, as of February 19, 2010. SEC registered deals in the US excluding REITS, OIRTs, Closed End Funds, SPACs, BDCs and deals < \$20mm. Highlighted transactions reflect BAML deals.

## Equity Issuance Over the Past 5 Years

### Transactions by Shipping Sector



### Shipping Transactions by Equity Product



Source: Dealogic and SEC filings.



## Recent High Yield Performance - Movement in Yields

### High Yield Notes Issued 2004 - 2007



Overseas Shipholding Group, Inc.

7.5% 2024 Unsecured Notes (Ba2/BB-)



9.5% 2014 Unsecured Notes (B3/B+)



8.5% 2013 Unsecured Notes (B1/B+)

12.1%

9.4%

9.2%

9.2%

23.5%

9.9%

9.7%

10.2%

16.7%

10.3%

9.6%

9.2%

At Issue

Jan 2009

Dec 2009

Jan 2010

Current Yield

### High Yield Notes 2009 - 2010



8.875% 2017 Secured Notes (Ba3/BB-)



12.0% 2017 Unsecured Notes (B3/B)



8.5% 2020 Unsecured Notes (B1/BB)

9.1%

8.2%

8.1%

8.8%

12.5%

11.2%

10.9%

10.9%

8.6%

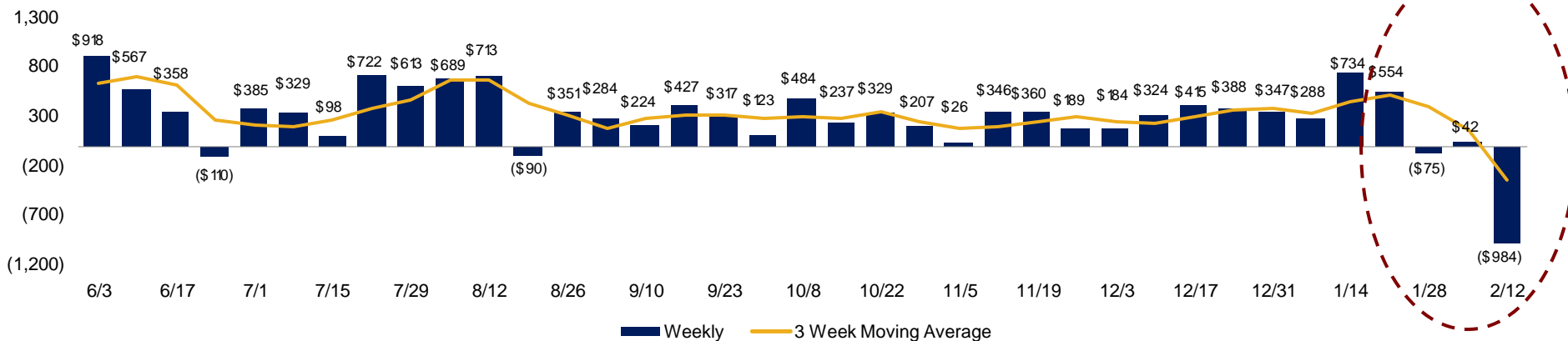
8.4%

8.6%

Source: Advantage Data as of February 19, 2010.

# Mutual Fund Flows and Recent New Issuance Volume

## Recent Weekly High Yield Mutual Fund Flows Have Been Largely Negative



## High Yield Issuance by Volume and the High Yield Broad Market Index

