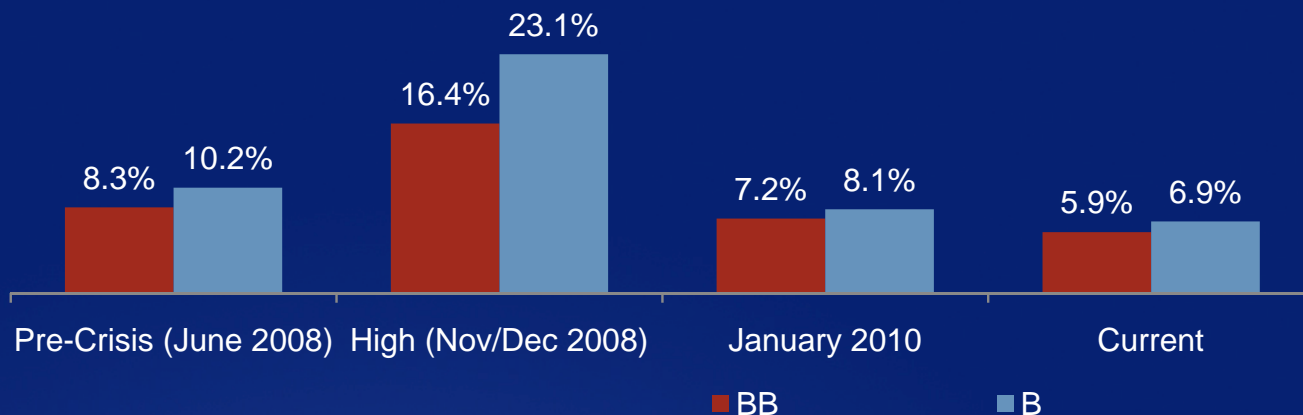


# Market Yields at Pre-Crisis Levels

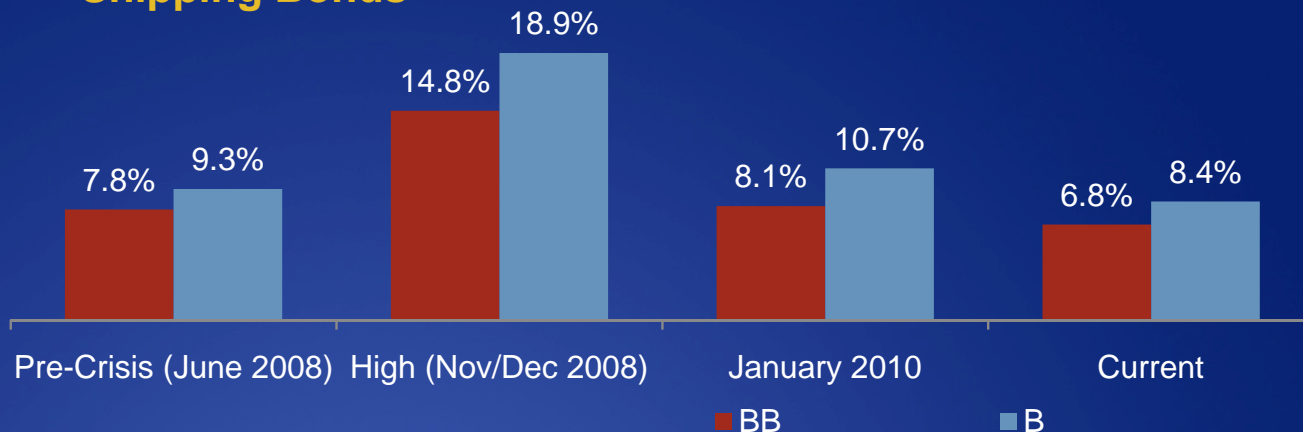
After record increases in rates and spreads, bond yields have returned to pre-crisis levels

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



# 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.

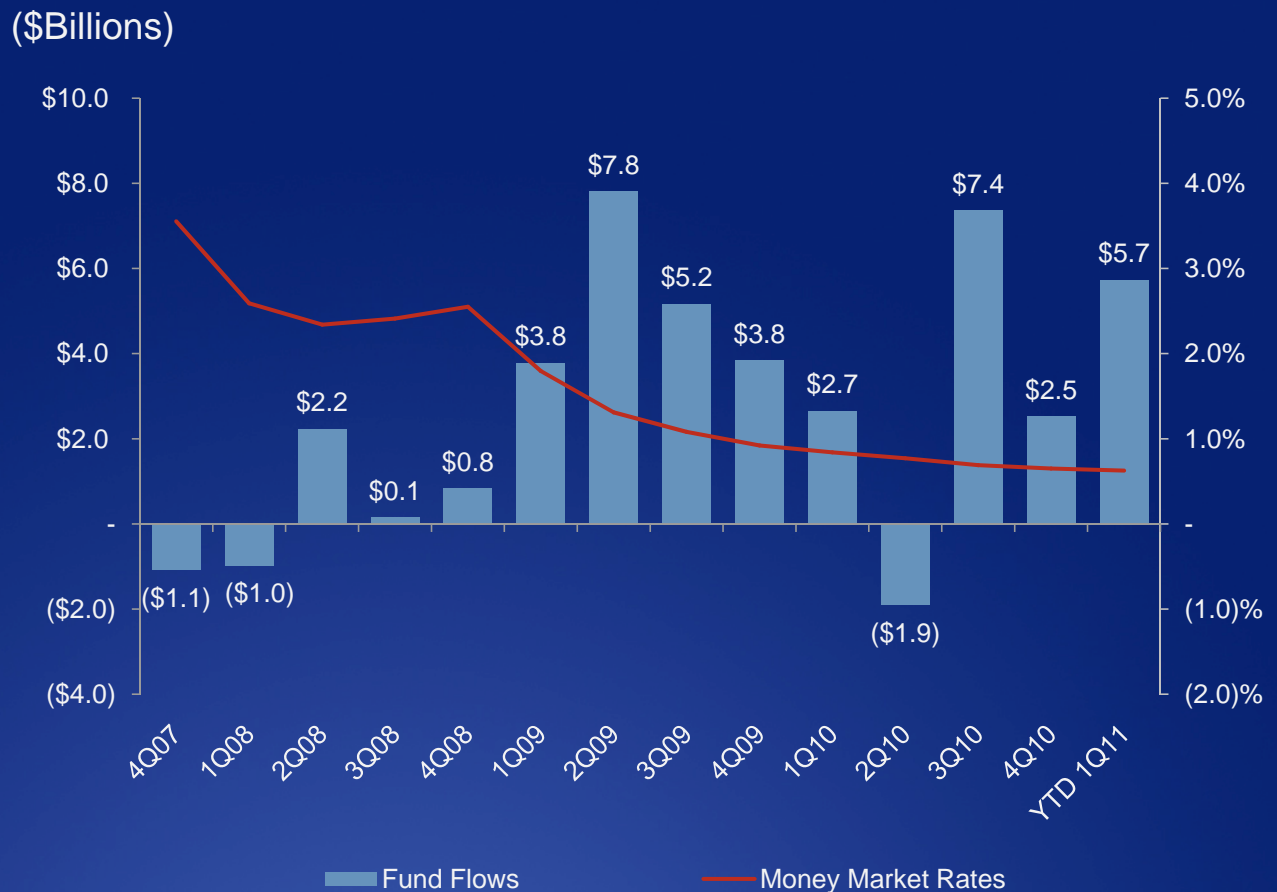
# Fund Flows Drive the Market

## HY Mutual Fund Flows by Quarter

2011 has started strong with \$5.7 billion flows in the first eleven 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



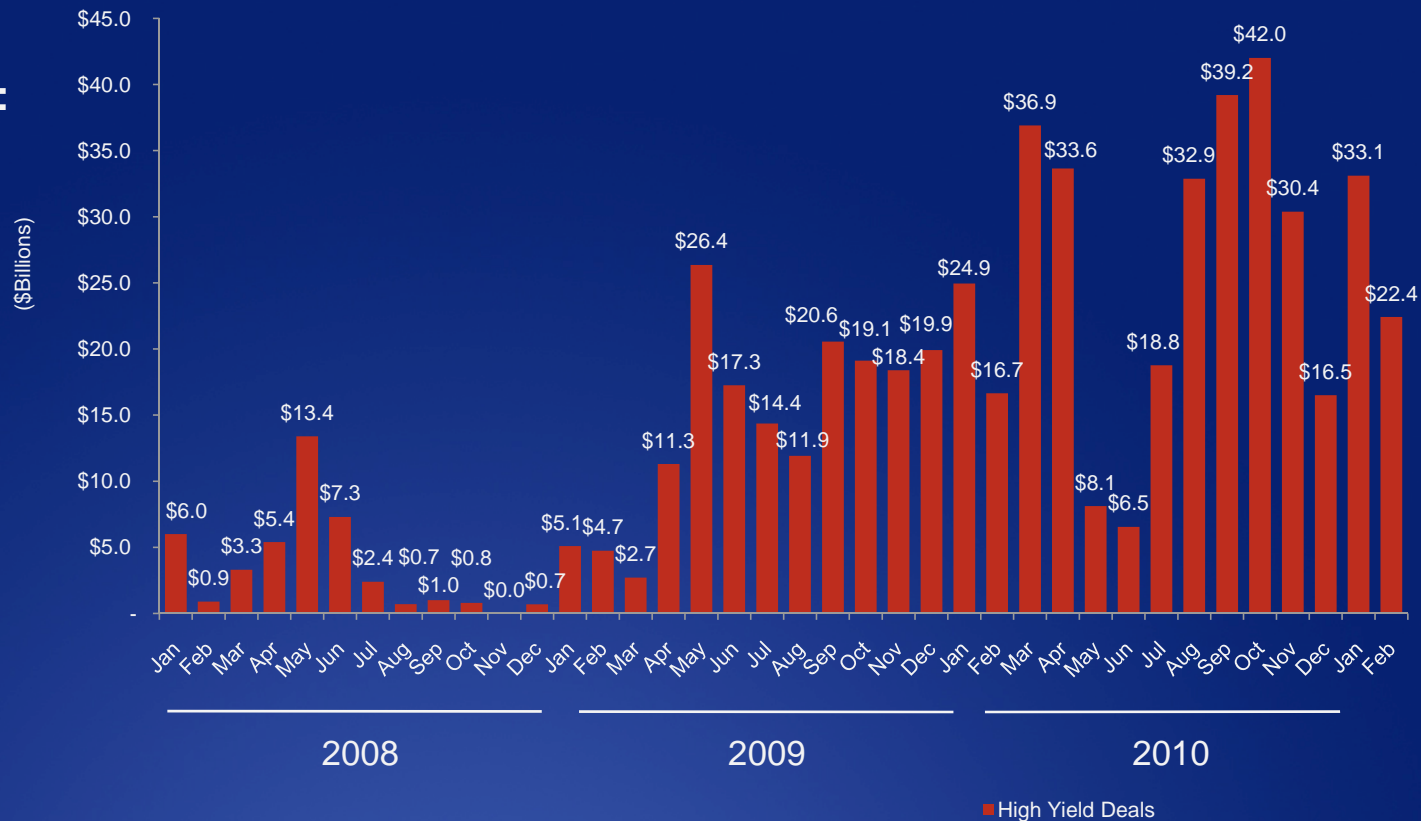
# US New Issue Activity Has Returned

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

## US New Money High Yield Issues<sup>(1)</sup>

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

High Yield Issuance in  
 February 2011  
 increased by almost  
 35% year over year



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