

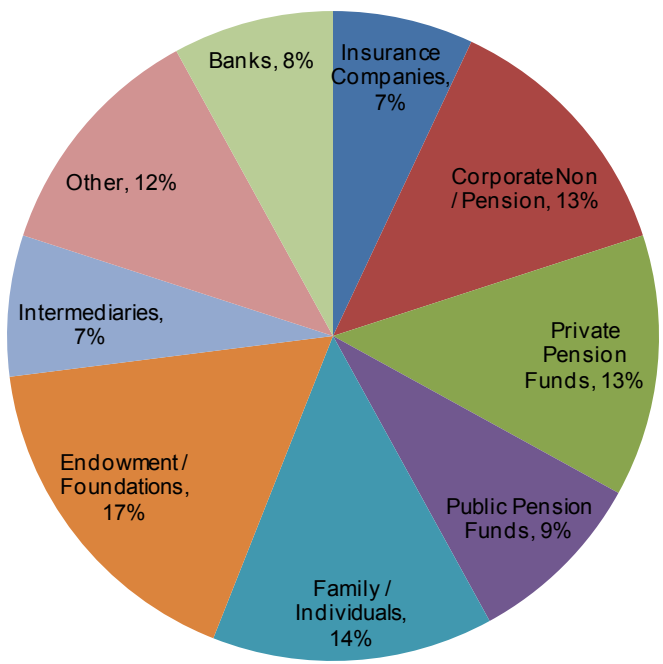
Private Equity and Shipping



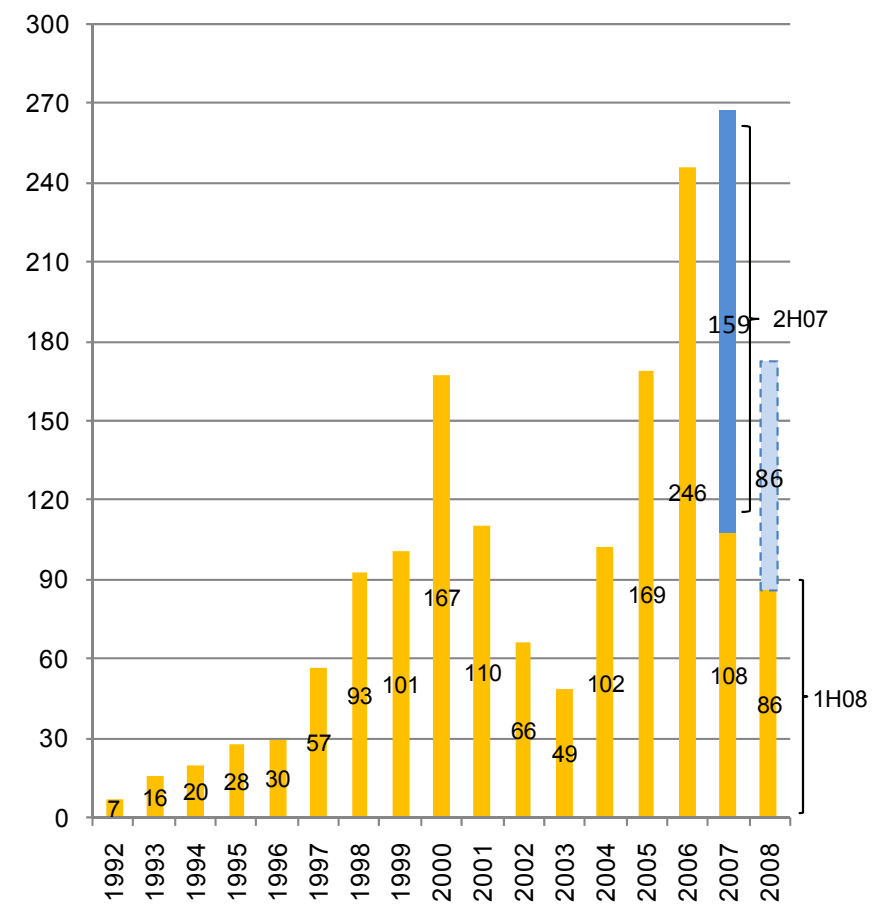
Craig Stevenson

Where Does Private Equity Capital Come From?

Private Equity Capital Commitments By Investor Type



Global Leveraged Buyout Fundraising Volume (\$Bn)

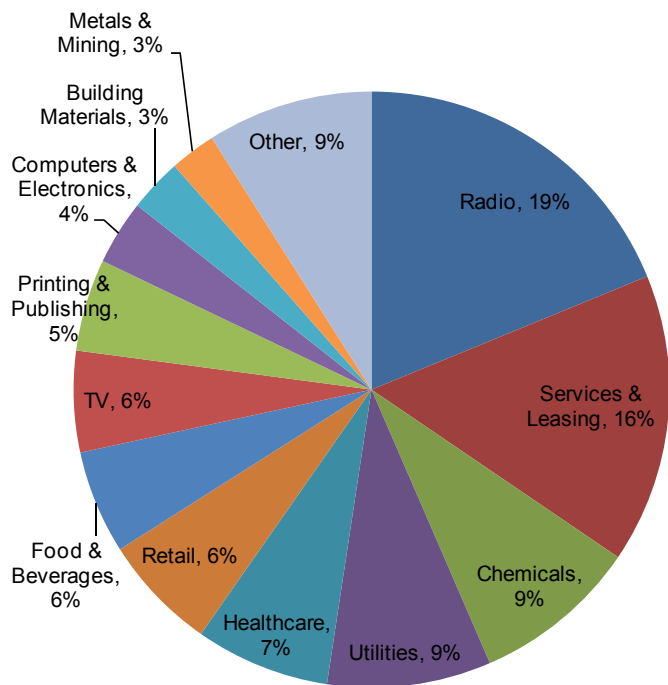


Source Thomson Financial Venture Economics

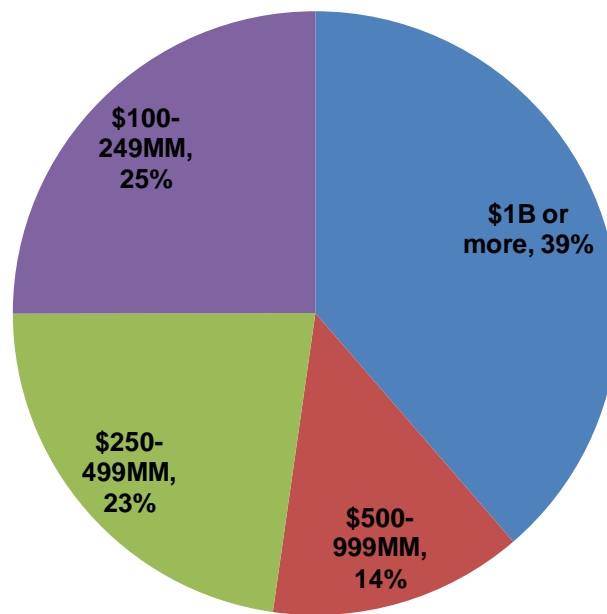


What Do Private Equity Funds Buy?

Total New Issue Sponsor Loan Volume: 2Q08



Number of LBO's by Total Sources: 1H08



Source S&P



- » Historically, a healthy, diverse focus on transportation assets generally, but limited focus on shipping assets specifically
- » Two periods of shipping investment by financial sponsors: Jones Act beginning in 2002, Dry Bulk in 2005

Private Equity Capital Commitments

Announcement Date	Effective / Closing Date	Target	Acquiror	Target Nation	% Sought	Agg Value (\$MM)	AV / LTM EBITDA
10/8/07		UN Ro-Ro Management Inc	Kohlberg Kravis Roberts & Co	Turkey	98	1,300	NA
6/25/07	9/10/07	Saga Group Ltd	Automobile Association Ltd / CVC Capital Partners Ltd	United Kingdom	100	5,594	NA
6/19/07		Scandlines AG	3i Group PLC / Allianz Capital Partners GmbH	Germany	100	2,095	NA
5/17/07		Birmingham International	Airport Group Investments Ltd / Ontario Teachers' Pension Plan	United Kingdom	48	829	NA
5/8/07	7/26/07	Florida East Coast Inds Inc	Fortress Investment Group LLC	United States	100	2,592	19.3x
4/20/07	7/19/07	Interpool Inc	Fortress Investment Group LLC	United States	100	980	4.8x
3/29/07		Iberia Lineas Aereas de Espana	TPG Capital LP / Vista Capital de Expansion / Quercus Equity	Spain	100	2,290	10.4x
3/19/07	8/2/07	EGL Inc	CEVA Group PLC / Apollo Management LP	United States	100	2,250	16.5x
12/27/06	1/5/07	Dockwise Transport BV	3i Group PLC	Netherlands	100	700	NA
11/23/06	6/7/07	Orient Overseas(Intl)-US	Ontario Teachers' Pension Plan	United States	100	2,410	NM
11/15/06	2/14/07	RailAmerica Inc	Fortress Investment Group LLC	United States	100	1,071	11.7x
8/23/06	11/4/06	TNT NV-Logistics Division	Apollo Management LP	Netherlands	100	1,896	NA
7/26/06	9/12/06	Turned SL	Vista Capital de Expansion / Carlyle Group LLC	Spain	100	1,016	NA
7/6/06	8/23/06	DX Services PLC	Candover Partners Ltd	United Kingdom	100	750	11.5x
2/8/06	6/26/06	BAA PLC	GIC Special Invest Pte Ltd	United Kingdom	100	30,190	17.3x
1/30/06	3/24/06	AWAS	Terra Firma Capital Partners	United States	100	2,500	NA
1/26/05	3/23/05	Eagle Bulk Shipping	Kelso & Co.	Marshall Islands	100	380	NA
1/13/05		Quintana Maritime Limited	First Reserve Corp / AMCI / Corbin J. Robertson, Jr.	Marshall Islands	100	230	NA
12/6/04	2/10/05	American Medical Response Inc	Onex Partners LP	United States	100	820	NA
10/4/04	10/29/04	Saga Group Ltd	Charterhouse Capital Partners	United Kingdom	100	2,426	NA
7/29/04	10/13/04	Grandi Navi Veloci SpA	Vento SpA / Barla Sarl Permira Advisers Ltd	Italy	80	609	10.6x
5/24/04	7/8/04	Horizon Lines Inc	Castle Harlan Inc	United States	100	650	NA
12/16/02	2/6/03	CSX Lines, LLC	The Carlyle Group	United States	100	315	4.4x
6/13/02	9/13/02	Sea Bulk International	The Carlyle Group	NA	100	NA	NA
1/1/02		US Shipping	Sterling Investment Partners	United States	100	180	NA

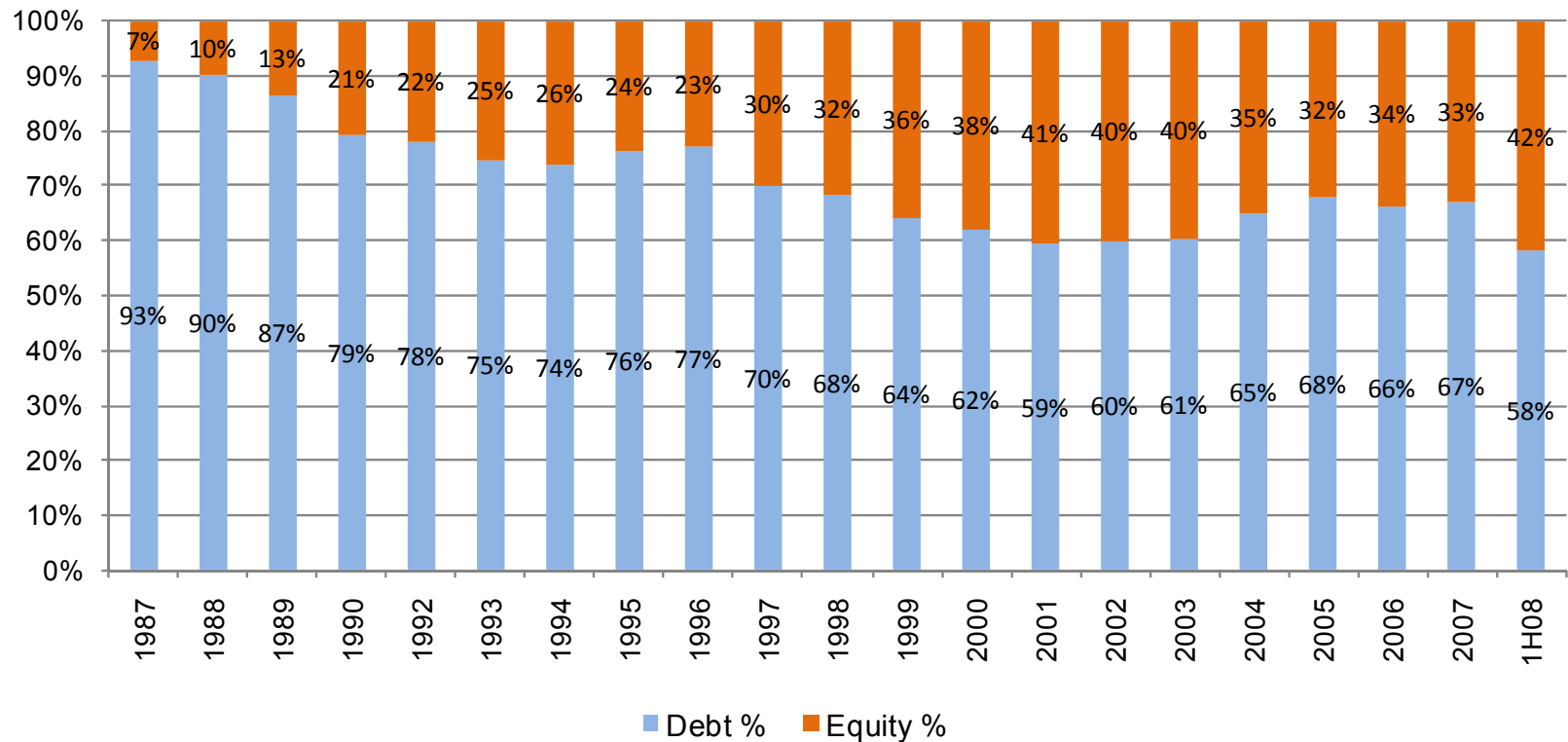
Source Morgan Stanley



How Are Acquisitions Funded?

- » At its inception, private equity investors sought returns from financial engineering, i.e. lots of leverage
- » More recently, as the percentage of leverage has decreased, private equity firms focus on price, operational performance, sustainable cash flows, strategic positioning and growth to drive the success of an investment

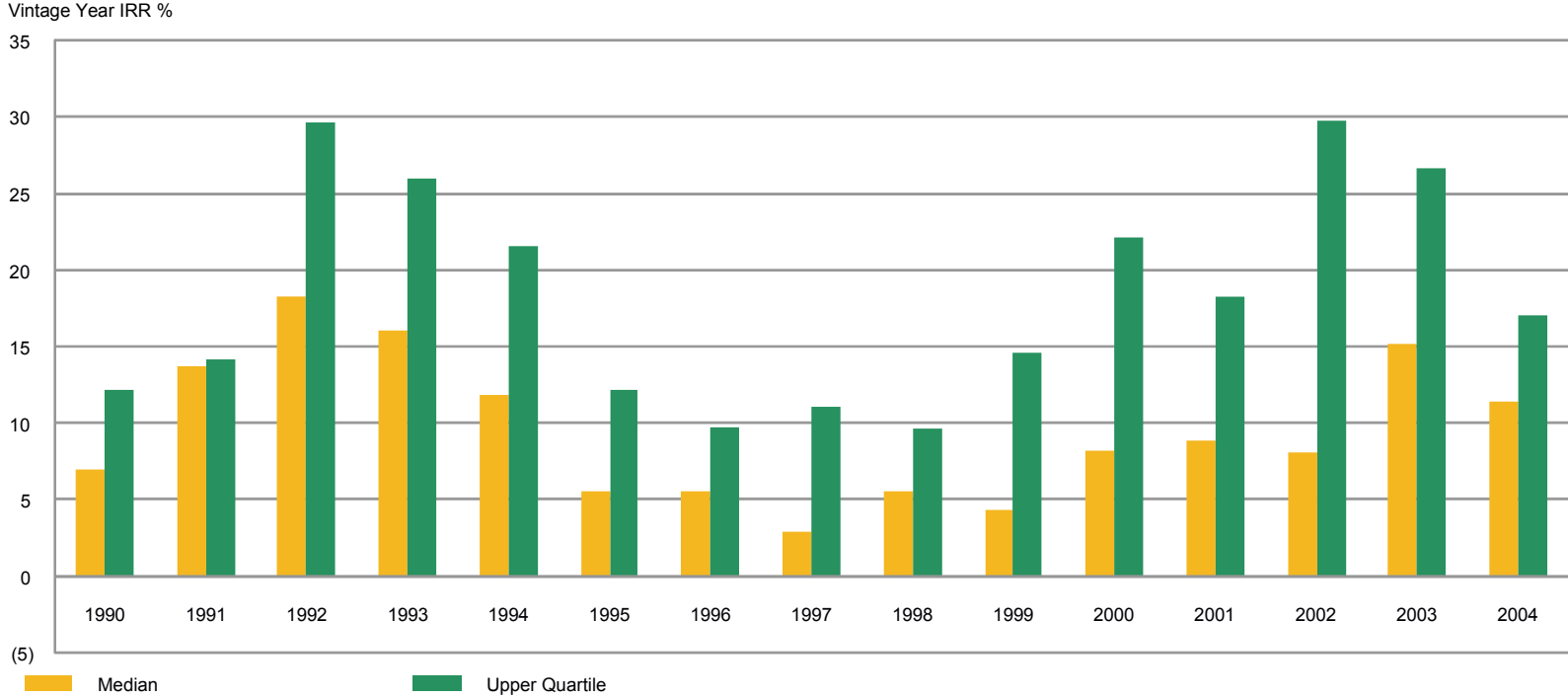
Leveraged Buyout Debt/Equity Percentages



How Have Private Equity Firms Typically Performed?

- » Private equity firms typically target a 25% IRR, which implies the value of invested equity is tripled over a 5 year investment
- » As is evident below, funds raised in years prior to a major cyclical downturns performed well

U.S. Buyout Funds – Vintage Year Returns



Source: Venture Economics as of 31 March 2008



- » Lower prices, bargains
- » Sustainable cash flows
- » A reasonable growth trajectory
- » IRR target of 20% no longer good enough, private equity looking for 30%+!

- » Given the changes in the global shipping environment there will be private equity capital opportunistically looking to invest in shipping

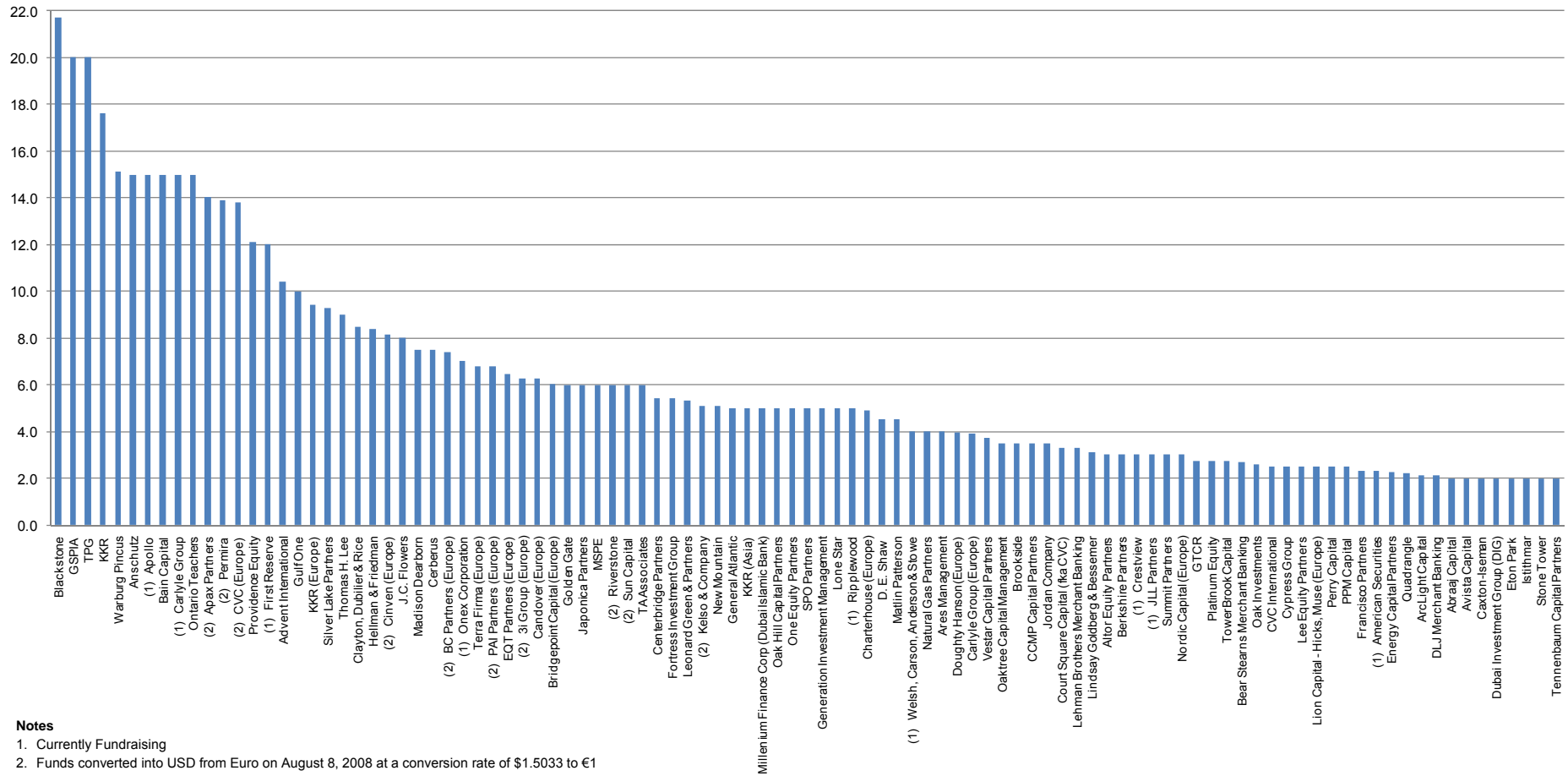


Fund Size Today

- 10 Funds ≥ \$15.0Bn
- 24 Funds ≥ \$8.0Bn
- 76 Funds ≥ \$3.0Bn
- 181 Funds ≥ \$1.0Bn

- » Tremendous buying power remains
- » Approximately \$450Bn of dry powder still seeking investments

Top Global Funds



Notes

1. Currently Fundraising
2. Funds converted into USD from Euro on August 8, 2008 at a conversion rate of \$1.5033 to €1
3. Source: Preqin



- » Long term *investment* performance goals (vs. short term *financial* performance)
- » Emphasis on execution of management growth plan (vs. emphasis on meeting quarterly earnings estimates)
- » Compensation will be directly aligned with investment success (vs. stock options)
- » Opportunity to prove out growth plan over a long investment term (vs. constantly defending strategic vision)
- » As long as the investment thesis is intact, empathy for near term volatility in earnings and cash flow (vs. hedge funds, short term traders)

