

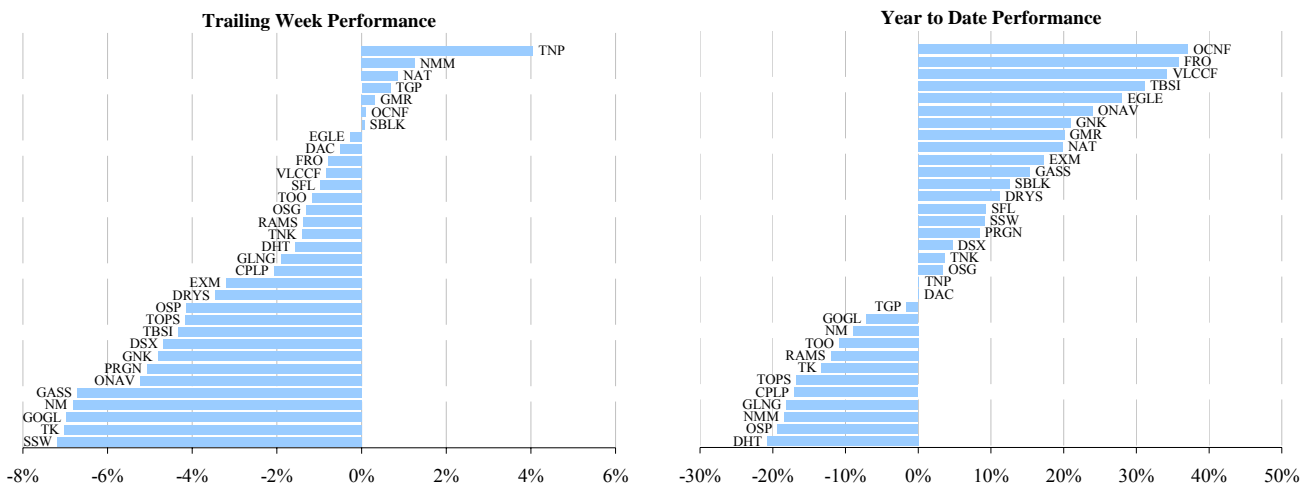
Weekly Summary

Wet Sector

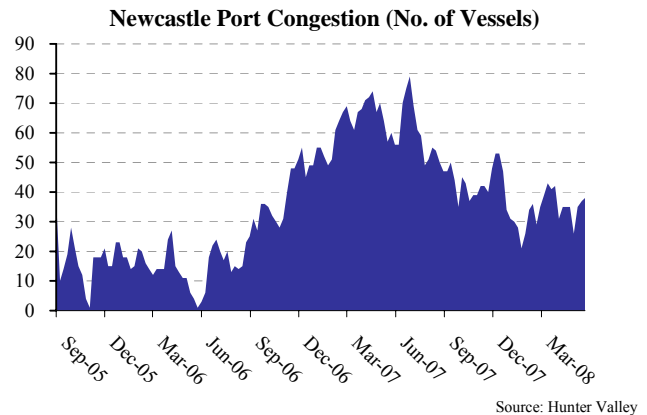
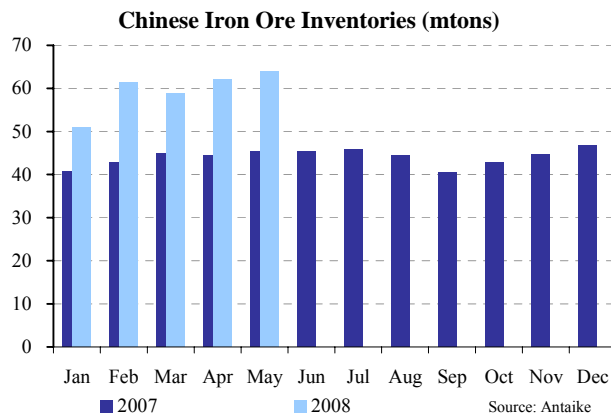
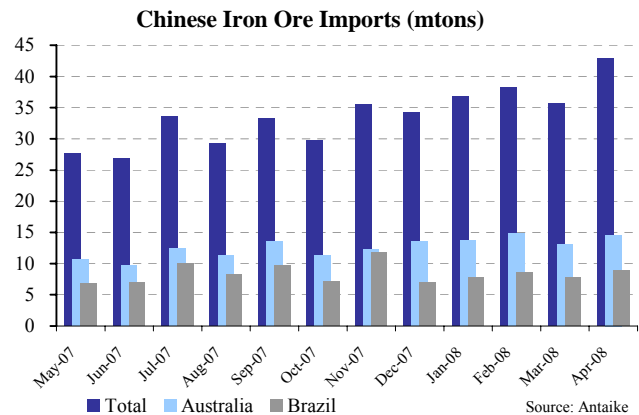
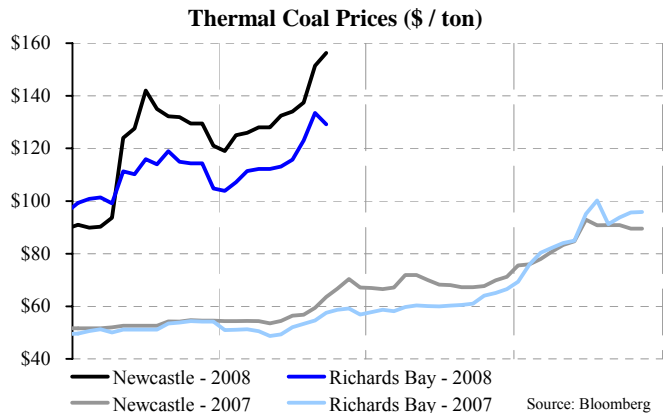
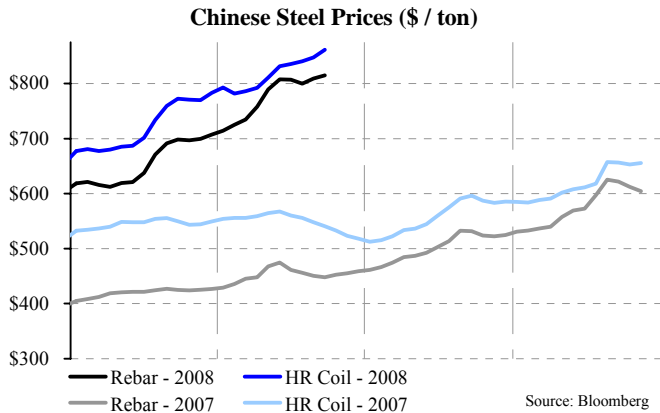
- ▶ Saudi Aramco announced pricing for its July program, reducing the discount for light crude to the US to \$2.45/bbl from \$5.65/bbl. The premiums to Asian buyers were left relatively flat, increased to \$2.05/bbl from \$1.85/bbl, however Aramco widened its discount to Northern European buyers to \$5.75/bbl, the widest discount offered since February 2007.
- ▶ Although the reduced discount to US would seem to indicate a more muted outlook for the tanker market, tanker FFAs surged sharply higher for the past three days following the announcement from Aramco. Moreover, VLCC rates in the Arabian Gulf showed modest firming toward the end of last week. Even with the increased prices, adjusted crack spreads in the US remain higher than this time last month when Aramco announced its discount for June. Moreover, the increased discount to Europe and steady pricing to Asia should keep demand to those regions stable, with strong refining margins there, particularly for diesel, supporting the tanker market throughout most of the year.
- ▶ US crack spreads came under pressure last week following the EIA report of a much larger than expected 2.9 million bbl build in gasoline stocks and surging crude prices later in the week. However, at over \$16/bbl, US cracks remain relatively strong, and refining margins around the world continue to benefit from soaring diesel demand. As reflected in the FFA market, tanker market players are holding on to a positive outlook for the remainder of the year despite Aramco's higher crude pricing to US and Asian buyers for July.

Dry Sector

- ▶ New records were recorded in the Capesize spot market last week, although rates eased a bit on Friday as activity slowed. Mid-week, average Capesize spot rates peaked at over \$233,000/day, and ended the week above \$230,000/day. The Panamax market remains slower due in part to farmer strikes in Argentina, however the record levels of Capesize rates have supported other vessel classes at firm levels.
- ▶ The deceleration of Capesize market activity late last week, and the resultant softening in both the physical and FFA markets, occurred simultaneously with a somewhat flat steel market in China. Similar to events two weeks ago, freight cost increases for raw materials outpaced the widening of steel production margins, and activity scaled back as a result.
- ▶ Dry bulk stocks came under pressure late last week as softening in the freight market coincided with a nearly 400 point drop in the Dow. However, with steel production margins sustaining strength and time charter activity remaining robust, dry bulk fundamentals and the outlook for the market remain positive. With spot rates achieving record levels on a weekly basis and the time charter market implying extremely attractive returns based off current resale prices, dry bulk companies remain favorably positioned, and weakness in the equity markets represents opportunities for attractive entry.



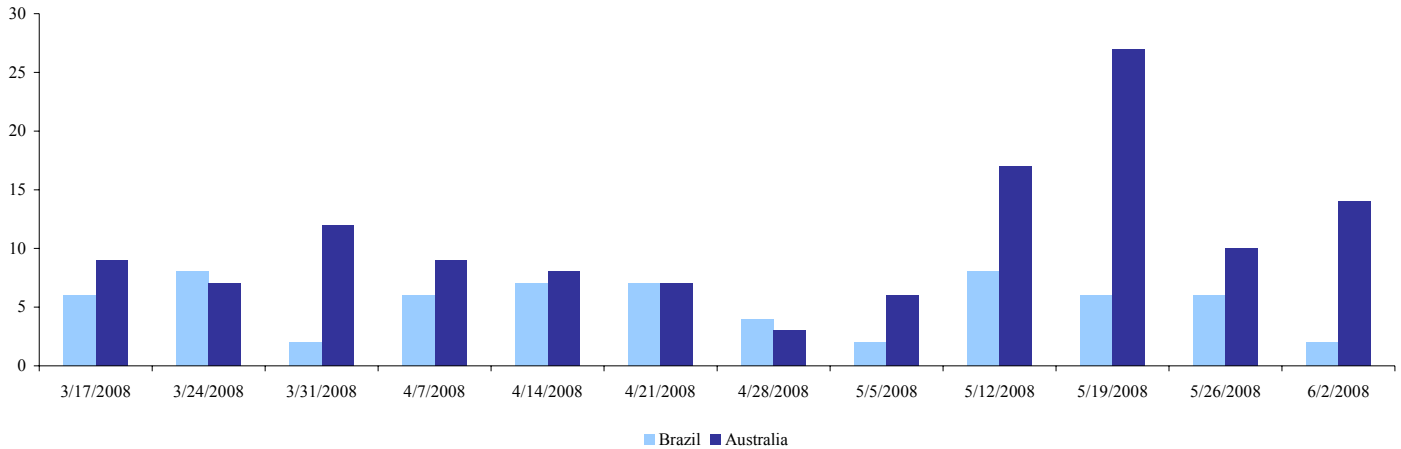
Dry Bulk Market Dynamics



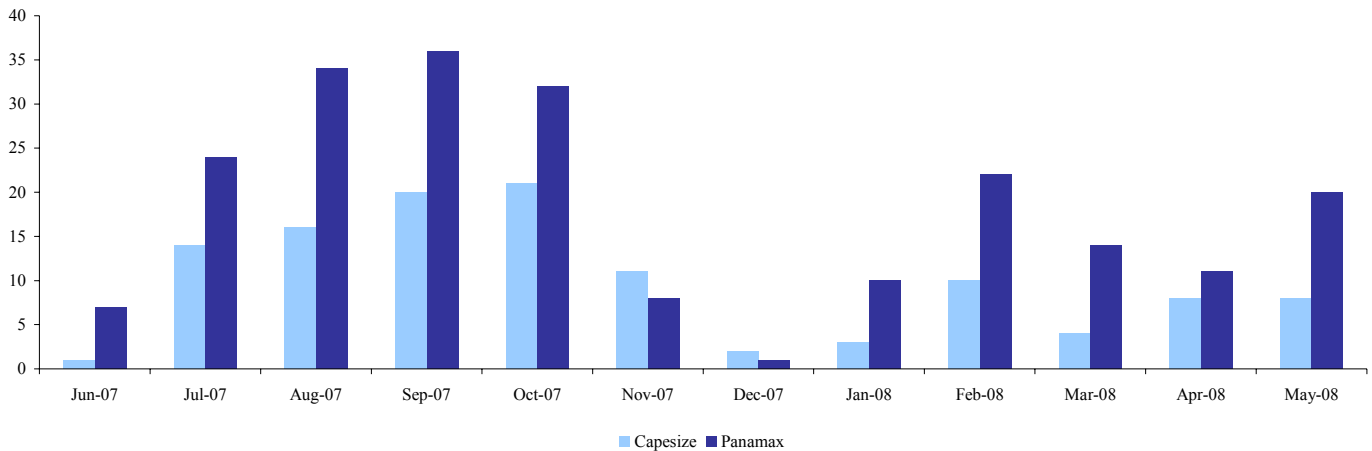
► **Steel prices retain strength, although the market decelerated late last week, putting pressure on dry bulk rates and FFAs. Margins remain high enough to imply continued demand for raw materials, however, and dry bulk fundamentals remain quite strong.**

Dry Bulk Fixture Volumes

Weekly Capesize Spot Fixture Volume



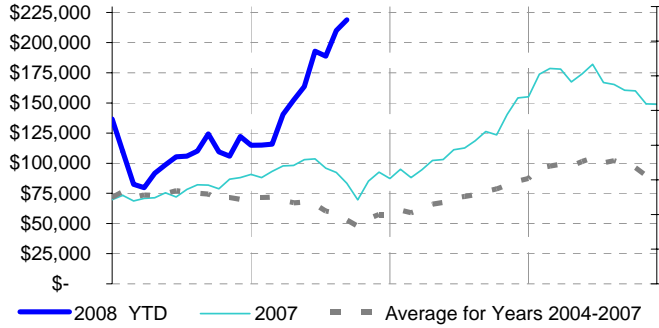
Monthly Time Charter Volume



► Activity slowed in the Atlantic as steel prices decelerated, however fixtures out of Australia continue at a rapid pace. Time charter activity, meanwhile, remains very robust, with a total of five contracts over 1 year in length already fixed in June, not including and additional 5 for vessels under construction.

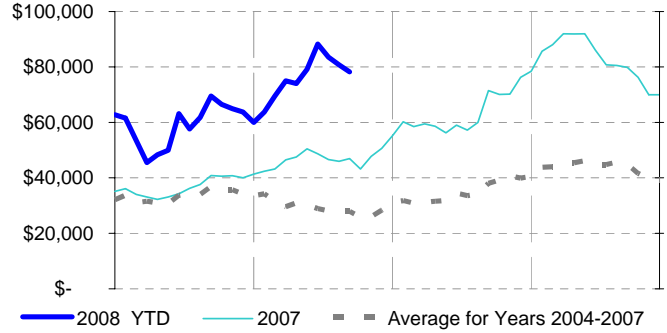
Dry Bulk Market Rates

YTD Capesize Charter Rates



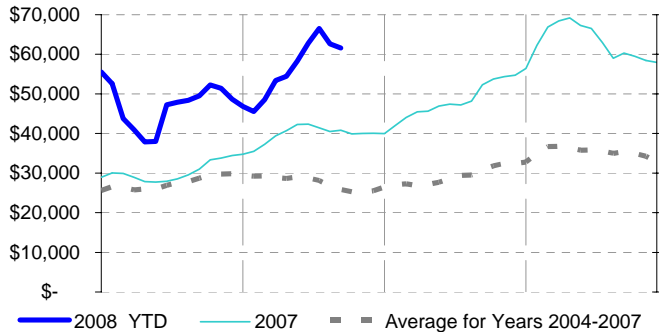
Source: Clarksons

YTD Panamax Charter Rates



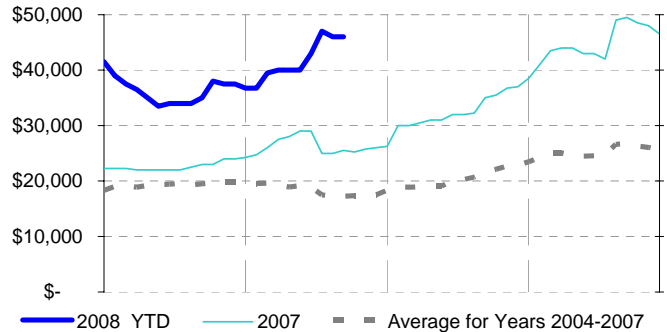
Source: Clarksons

YTD Handymax Charter Rates



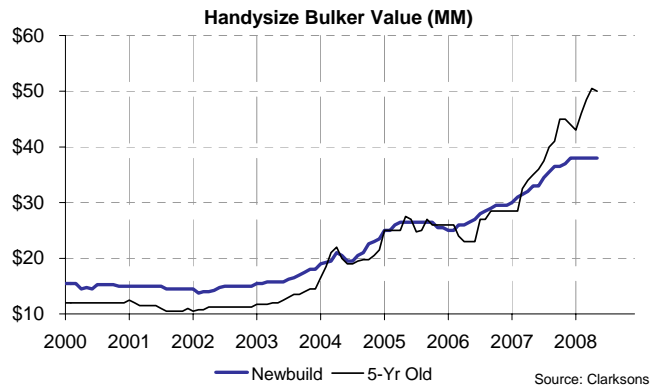
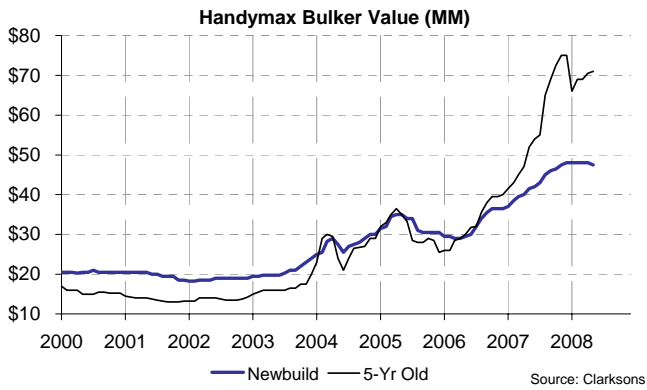
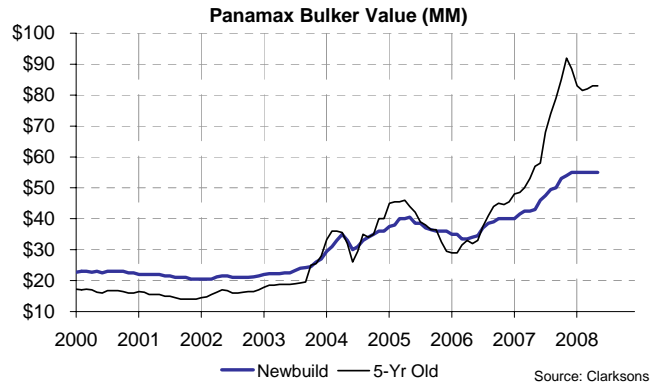
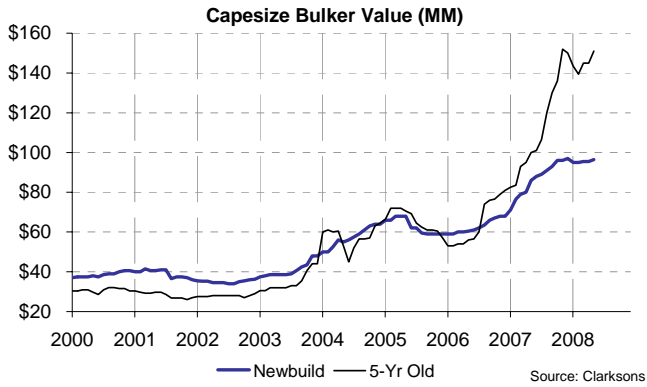
Source: Clarksons

YTD Handysize Charter Rates



Source: Clarksons

Dry Bulk Vessel Values



Rate Forecasts & Returns

Dahlman Rose Spot Dayrate Forecast								
	FY06A	FY07A	1Q08E	2Q08E	3Q08E	4Q08E	FY08E	FY09E
Tankers								
VLCC	\$62,500	\$44,250	\$100,000	\$100,000	\$75,000	\$75,000	\$83,333	\$45,000
Suezmax	\$48,750	\$38,000	\$55,000	\$75,000	\$50,000	\$50,000	\$58,333	\$37,000
Aframax	\$35,250	\$30,750	\$40,000	\$50,000	\$40,000	\$40,000	\$43,333	\$29,000
Panamax	\$28,750	\$26,250	\$30,000	\$27,000	\$27,000	\$27,000	\$27,000	\$25,000
MR Product	\$24,750	\$21,000	\$22,000	\$20,000	\$20,000	\$20,000	\$20,500	\$20,000
Dry Bulk								
Capesize	\$45,225	\$106,938	\$125,000	\$150,000	\$140,000	\$140,000	\$138,750	\$92,000
Panamax	\$23,650	\$54,375	\$63,000	\$72,000	\$68,000	\$68,000	\$67,750	\$48,000
Supramax	\$22,475	\$45,000	\$42,000	\$58,000	\$55,000	\$55,000	\$52,500	\$36,000
Handymax	\$20,850	\$39,175	\$35,700	\$49,300	\$46,750	\$46,750	\$44,625	\$30,600

Source: Dahlman Rose & Co.

Vessel Type	5-yr Old Price	1-yr TC	3-yr TC	Daily Opex*	ROA 1-yr TC	ROA 3-yr TC
Tanker						
VLCC	\$155.0 M	\$80,000	\$60,000	\$9,000	16.3%	11.7%
Suezmax	\$100.0 M	\$45,000	\$40,000	\$8,000	13.1%	11.4%
Aframax	\$73.0 M	\$34,000	\$28,750	\$7,000	13.1%	10.6%
Panamax	\$59.0 M	\$27,000	\$25,250	\$6,500	12.3%	11.3%
Handymax	\$51.5 M	\$22,750	\$22,500	\$6,000	11.5%	11.4%
Dry Bulk						
Capesize	\$153.0 M	\$162,500	\$105,000	\$7,500	36.0%	22.6%
Panamax	\$85.5 M	\$77,750	\$60,000	\$5,500	30.0%	22.6%
Supramax	\$75.5 M	\$64,000	\$44,000	\$5,500	27.5%	18.1%
Handysize	\$50.0 M	\$42,000	\$27,500	\$4,500	26.6%	16.3%

Source: Clarksons

*Includes provision for drydockings and special surveys

Fleet Statistics Age Distribution

Tanker	Fleet Age	Total DWT	Age Range (by DWT)						Single Hull
			0-5	6-10	11-15	16-20	21-25	25+	
VLCC	9.4 yrs	149.1m	48.6m	44.6m	32.7m	19.2m	3.3m	0.8m	40.5m
			32.6%	29.9%	21.9%	12.8%	2.2%	0.5%	27.1%
Suezmax	9.5 yrs	54.9m	20.5m	15.0m	7.2m	9.4m	1.3m	1.3m	8.6m
			37.4%	27.4%	13.2%	17.2%	2.4%	2.4%	15.7%
Aframax	9.4 yrs	77.2m	34.4m	16.1m	9.1m	11.0m	5.4m	1.2m	11.5m
			44.6%	20.9%	11.8%	14.3%	6.9%	1.5%	15.0%
Panamax	8.8 yrs	24.1m	14.3m	2.7m	1.4m	1.7m	3.1m	0.9m	4.3m
			59.4%	11.3%	5.9%	7.0%	12.7%	3.7%	17.8%
MR	11.8 yrs	84.1m	36.5m	13.6m	8.6m	6.9m	8.8m	9.6m	23.3m
			43.4%	16.2%	10.2%	8.2%	10.5%	11.4%	27.7%
Total Fleet	9.9 yrs	389.4m	154.4m	92.1m	59.0m	48.2m	21.9m	13.7m	88.2m
			39.6%	23.7%	15.2%	12.4%	5.6%	3.5%	22.6%

Dry Bulk	Fleet Age	Total DWT	Age Range (by DWT)					
			0-5	6-10	11-15	16-20	21-25	25+
Capesize	11.6 yrs	133.5m	44.0m	20.6m	29.4m	15.0m	15.7m	8.7m
			33.0%	15.4%	22.0%	11.3%	11.8%	6.5%
Panamax	12.1 yrs	110.4m	32.7m	26.9m	19.8m	7.1m	12.0m	11.8m
			29.6%	24.4%	18.0%	6.5%	10.8%	10.7%
Handymax	12.1 yrs	78.4m	24.7m	16.9m	14.2m	5.0m	11.9m	5.8m
			31.5%	21.5%	18.1%	6.3%	15.2%	7.4%
Handysize	20.5 yrs	76.6m	9.4m	8.0m	8.4m	3.2m	19.9m	27.6m
			12.3%	10.4%	10.9%	4.2%	26.0%	36.1%
Total Fleet	13.6 yrs	398.8m	110.8m	72.4m	71.8m	30.3m	59.5m	54.0m
			27.8%	18.1%	18.0%	7.6%	14.9%	13.5%

Container	Fleet Age	Total TEU	Age Range (by TEU)					
			0-5	6-10	11-15	16-20	21-25	25+
Post-Panamax	5.1 yrs	4.03m	2.63m	1.03m	0.32m	0.05m	0.00m	0.00m
			65.2%	25.6%	8.0%	1.2%	0.0%	0.0%
Panamax	8.9 yrs	3.03m	1.39m	0.55m	0.57m	0.29m	0.20m	0.03m
			45.9%	18.2%	18.8%	9.7%	6.5%	0.9%
Sub-Panamax	10.8 yrs	1.74m	0.61m	0.42m	0.25m	0.13m	0.19m	0.13m
			35.1%	24.3%	14.6%	7.6%	10.8%	7.6%
Handy	11.8 yrs	1.69m	0.46m	0.36m	0.43m	0.15m	0.15m	0.15m
			27.1%	21.6%	25.2%	8.7%	8.6%	8.9%
Total Fleet	8.2 yrs	10.5m	5.08m	2.37m	1.57m	0.62m	0.53m	0.31m
			48.5%	22.6%	15.0%	5.9%	5.0%	2.9%

Source: Clarksons

Fleet Statistics Orderbook

Fleet Type	Ending 2007	Current	Remaining Deliveries by DWT / TEU				Total
	DWT / TEU	DWT / TEU	2008	2009	2010	2011+	
Tanker							
VLCC	148.3	149.1	8.5	20.7	17.8	17.1	64.1
Suezmax	54.7	54.9	3.2	8.8	8.4	2.7	23.1
Aframax	76.2	77.2	8.0	11.1	9.5	3.9	32.5
LR Product	24.0	24.1	2.7	3.6	1.5	1.9	9.6
MR Product	82.2	84.1	12.7	13.0	10.2	4.6	40.5
Total Tanker	385.4	389.4	35.0	57.1	47.4	30.2	169.7
Dry Bulk							
Capesize	131.1	133.5	9.0	28.2	54.1	36.3	127.6
Panamax	108.4	110.4	7.4	11.1	17.8	14.5	50.9
Handymax	76.6	78.4	6.9	14.1	13.7	9.5	44.2
Handysize	75.6	76.6	3.9	7.0	6.8	5.2	22.8
Total Dry Bulk	391.6	398.8	27.3	60.3	92.5	65.4	245.5
Container							
Post-Panamax	3.8	4.0	0.8	1.0	1.2	1.6	4.5
Panamax	2.9	3.0	0.4	0.5	0.3	0.1	1.4
Sub-Panamax	1.7	1.7	0.2	0.1	0.1	0.0	0.4
Handymax	1.6	1.7	0.2	0.2	0.1	0.0	0.4
Total Container	10.0	10.5	1.6	1.8	1.6	1.8	6.7

Fleet Type	Newbuild Growth Profile						% Fleet on Order
	2006	2007	2008	2009	2010	2011+	
Tanker							
VLCC	2.9%	4.2%	7.6%	13.2%	10.0%	8.2%	43.0%
Suezmax	8.2%	4.6%	5.6%	15.3%	12.6%	3.6%	42.0%
Aframax	7.1%	6.9%	10.7%	13.2%	10.1%	3.7%	42.0%
LR Product	18.5%	12.1%	12.4%	13.5%	4.9%	6.1%	40.0%
MR Product	9.9%	8.2%	14.9%	13.7%	9.5%	3.6%	48.1%
Total Tanker	6.8%	6.1%	9.8%	13.6%	9.9%	5.5%	43.6%
Dry Bulk							
Capesize	9.0%	8.3%	7.3%	20.1%	32.1%	13.2%	96.2%
Panamax	8.5%	6.5%	8.2%	9.6%	14.0%	8.6%	46.1%
Handymax	7.1%	7.0%	10.3%	16.8%	14.0%	7.1%	56.5%
Handysize	0.4%	2.3%	4.1%	8.7%	7.9%	4.5%	30.0%
Total Dry Bulk	6.7%	6.3%	7.5%	14.4%	19.3%	9.4%	61.8%
Container							
Post-Panamax	31.8%	18.5%	20.3%	21.4%	21.0%	19.0%	110.9%
Panamax	11.7%	16.3%	14.5%	8.3%	1.6%	1.0%	46.0%
Sub-Panamax	10.5%	9.4%	9.9%	4.1%	1.8%	0.3%	24.9%
Handymax	7.1%	12.2%	10.8%	2.7%	1.0%	0.5%	26.2%
Total Container	16.3%	14.9%	14.9%	15.1%	12.1%	9.3%	64.3%

Source: Clarksons