Greek Shipping A Global Leader

By Nicolas Bornozis, President, Capital Link*

MARITIME SHIPPING: THE LIFELINE OF INTERNATIONAL TRADE

The maritime shipping industry is essential to international trade as it is a practical and cost-effective means of transporting large volumes of commodities. Shipping is the lifeline of global trade. Indeed, world trade is about $14 trillion annually with 90% carried by the shipping industry contributing $380 billion in freight rates to the global economy.

Yet, maritime shipping is often understated in its relative size and effect on the global economy as most people are more familiar with other forms of transportation such as airlines, trucking and railroads.

“The total value of all cargo transported on ships annually is roughly the same as the GDP of the United States, nearly 12 trillion dollars” says Nikolas Tsakos, CEO of Tsakos Energy Navigation (TEN) (NYSE: TNP), one of the largest transporters of energy in the world. And he adds “To put this in perspective just for our company, our tankers transport annually the equivalent of 45 days of oil imports to the USA”.

“Maritime transportation is the only practicable and cost effective means of transporting large volumes of many essential commodities. For example, even if tanker freight rates were to double from their current levels, gasoline prices in the US would hardly be affected” adds Evangelos Marinakis, CEO of Crude Carriers (NYSE CRU).

“Shipping is the artery of world trade. A disruption in shipping would have a profound impact on the day to day life of every human being”, points out George Economou, CEO of DryShips (NASDAQ DRYS), a leading operator of dry bulk carriers and offshore oil deep water drilling.

Tankers, which carry liquid fuels such as oil, oil products and chemicals account for 40% of total sea borne trade, whereas dry bulk shipping which transports commodities such as iron ore, coal, grain, accounts for 38% and the rest is general cargo and containers that carry mainly finished goods.

Given the cargoes carried, tanker shipping is mainly affected by developments in the global energy markets including both OECD and non-OECD economies, whereas dry bulk shipping is tied mainly to infrastructure development especially that of developing economies in the Far East, and container shipping to consumer demand mainly in the developed markets.

Opportunities and Risks

After a period of steady growth since the turn of 21st century, the global economy came to a standstill when the financial crisis hit in Q4 2008. The lack of financing severely diminished global trade and demolished freight rates, earnings and asset values putting the shipping industry in turmoil. But the industry did weather the storm. Since then, the market has gradually come back, albeit still far from its previous highs, creating a sleuth of new opportunities for shipping companies and investors.

Overall, shipping is a cyclical, seasonal and volatile business. Global economic conditions and political developments affect the demand side, while the size and availability of the global fleet affect the supply side. Imbalances between demand and supply affect asset values, freight rates and earnings.

The thesis for investing in shipping is straightforward and more or less the same across all market segments. With the global economic recovery on its way, the industry is coming out from the storm, with improving freight rates and current asset values at attractive levels. But even though on the upturn, these are well below historical levels, especially if one looks at the ten-year averages.

“We are in this business for the long term” states Michael Bodouroglou, CEO of Paragon Shipping (NYSE: PRGN), a global dry bulk shipping company “and weak markets can present attractive growth opportunities for strong companies like ours”. “The entry point for investing in shipping assets is a major determinant for the final returns and right now vessel prices are well below their average historical values. This is a unique opportunity to invest at

* Nicolas Bornozis is the President of Capital Link, Inc., a New York based Investor Relations and Financial Communications firm specializing, among other, in shipping. Capital Link works with several listed companies, including the companies featured in this report.

Capital Product Partners L.P.
(NASDAQ: CPLP)

Company Profile
Capital Product Partners L.P. (NASDAQ: CPLP), a Marshall Islands Master Limited Partnership, is an international owner of modern high specification double-hull tankers that engage in the global trade of oil products such as gasoline, gas oil, diesel oil, distillates etc..

Capital Product Partners L.P. owns 19 modern vessels, comprising of 16 Medium Range (MR) tankers, two small product tankers and one Suezmax crude oil tanker. The 19 double-hull tankers have an average age of approximately 3.2 years – a modern fleet compared to the industry average, and a distinct competitive advantage for its business. 16 out of the 19 vessels are IMO II/III, or IMO III compliant, which allows them to carry certain chemical cargoes such as ethanol, and 10 are built to Ice Class 1A standard which allows them to trade in ice conditions. Most of the company’s vessels are under medium to long-term charters with an average remaining duration of 3.6 years from today to BP Shipping Limited, Morgan Stanley Capital Group Inc., Overseas Shipholding Group and Capital Maritime and Trading Corp, its Sponsor. At the time of the Partnership’s IPO, in April 2007, the Partnership owned eight newly built Ice Class 1A MR chemical/product tankers.

The Company’s fleet is managed by Capital Maritime & Trading, which has significant presence in the global shipping markets and has successfully satisfied the operational, safety, environmental and technical vetting criteria of some of the world’s most selective major international oil companies, and has qualified to do long term business with them, one of a handful of companies globally to do so. The Partnership benefits from Capital Maritime's commercial and technical capabilities and its relationships with oil majors and oil traders worldwide, providing it with a significant operational competitive advantage. These services are provided at a fixed rate 5-year fee.

The Partnership’s management has recently provided an annual distribution guidance of $0.90 per unit based on its assessment of a sustainable distribution based on the prevailing market conditions. It also allows the Partnership to pursue strategic growth opportunities which is a top priority. As a result, the Partnership continues its tradition of distributing cash to unit holders throughout the changing market environment, while also positioning for future growth and industry leadership.

CEO Message
Ioannis Lazaridis, Chief Executive Officer and Chief Financial Officer of the Partnership, commented, “During 2009, we kept our focus on the consistent implementation of our business strategy, despite an adverse trade environment in the global economy and the tanker industry. Our modern fleet of product tankers that are designed to the industry’s highest specifications, our charters under medium to long-term, fixed-rate charters, our profit sharing arrangements, and our agreement with Capital Maritime for the commercial and technical management of our vessels, allowed us to maintain the same base distributions throughout 2009 as in the preceding year.

During the first quarter of 2010, we have observed an improvement in the product tanker market from its multi year lows. The product tanker industry has seen an overall improvement in the average spot earnings levels, and slightly higher period rates. We continue to closely examine key industry factors in order to assess the market recovery for the remainder of 2010 and 2011. These factors include changes in oil product demand, oil refinery utilization rates, the implementation of the single-hull tanker phase out, the availability of shipping finance, as well as further delays and cancellations that could reduce the number of new tanker vessel deliveries."

In February 2010, we completed successfully our first public secondary equity offering raising circa $54 million for the acquisition of the M/T Atrotos, the 19th vessel of our fleet. We intend to continue to evaluate potential acquisitions of additional vessels and to take advantage of our unique relationship with Capital Maritime, in order to make strategic acquisitions in the medium to long term in a prudent manner that is accretive to our unit holders and to long-term dividend growth. We aim to revisit our annual distribution guidance as the charter market further recovers, and we grow our fleet."

CPLP NASDAQ LISTED

www.capitalpplp.com

Baltic Dry Index 2001-2010

Source: Bloomberg

the lower end of the shipping cycle" adds Evangelos Marinakis, CEO of Crude Carriers, a company focusing on the crude tanker industry.

But there are risks as well. Many uncertainties can affect the demand side. Uncertainty about sovereign debts in Europe could spread and slow down the global economic recovery. The rising dollar could make commodities, which are dollar based, more expensive affecting demand. If oil gets too expensive, as it did in the past, it could affect both demand and economic growth prospects. On the fleet supply side, the boom years created large orderbooks of newbuildings that if delivered on time could create significant imbalance between supply and demand. But, with financing tight, so far only a fraction of the scheduled deliveries materialized.

Greek Shipping a Global Leader

Despite the cyclical character of shipping, Greek shipowners have managed to survive in weak freight markets and turn losses into profits when markets improved. The global shipping and investment communities continue to look at the behavior of Greek shipowners during peaks and troughs, as they have been consistently able to prove their success in one of the most significant, difficult and unpredictable professions of the world.

Greece, a country of about 11 million people, controls by far the biggest share, between 15% and 20%, of the world's shipping fleet in terms of carrying capacity measure in deadweight tonnage (dwt) making the country a top player in world trade. It controls 20.5% of the tanker fleet, 19.5% of the dry bulk fleet, 13.5% chemical tankers, and 5.9% of containerships.

After pouring $4.5 billion in 2009 buying 229 vessels, in 2010, Greek shipowners topped the global list ahead of the Chinese as the most aggressive buyers of second hand and newbuilding vessels. According to John Cotzias of N. Cotzias Shipping Consultants, until the end of April 2010, Greek shipowners committed to buy 98 vessels investing $2.6 billion, with the Chinese coming second with 111 vessels and $1.75 billion. This included 55 dry bulk vessels ($1.44 billion), 24 tankers ($919 million) and 14 containers ($260 million).

Shipping A Global Business

The shipping sector is the second largest pillar of Greece's 240 billion Euro ($312 billion) economy, following tourism. There are about 1,400 shipping companies in Greece employing close to 250,000 people, generating significant currency inflows and contributing annually about $20 billion to the Greek economy. But shipping is a global business conducted outside Greece. "Even though we have our executives offices in Greece, our business is affected by trends in the global energy and commodity markets and not by developments in the domestic economy" states John Dragnis, COO of Goldenport Holdings (LSE:GPRT), an owner of dry bulk and container vessels. "Actually, the current situation with domestic unemployment about to rise, may steer a higher number of Greeks to the maritime profession, making up for the shortages we experienced in skilled personnel in previous years" states Nikolas Tsakos, CEO of TEN.

Greek shipping is a unique success story on a global scale. It brings to mind legendary names like Onassis, Niarchos, Livanos and many others. The ranks of Greek shipowners today include the scions of families with a long tradition in shipping but also several self made entrepreneurs. Among the listed companies, Euroseas (NASDAQ: ESEA), an owner of dry bulk and container vessels, boasts the Pittas shipping family tradition of 136 years.

Behind every major shipping company is a charismatic CEO. Shipping has always been a family business not only in Greece but everywhere, with the founder and CEO making

---

Crude Carriers Corp.
(NYSE: CRU)

Company Profile
Crude Carriers Corp. (NYSE: CRU), incorporated in the Marshall Islands, is an international transportation company focused on the crude tanker industry. Their fleet consists of two newly built VLCCs (Very Large Crude Carriers) and three modern, high specification Suezmax tankers with a total carrying capacity of approximately 1,060,000 dwt and a weighted average age of approximately one year, compared to the industry average of 9 years. The company's dividend policy is to distribute to shareholders, on a quarterly basis, all of their net cash flow less operating reserves, as defined by the Board of Directors.

Within the short period of time since its IPO in March 2010, Crude Carriers has been able to expand its initial three vessel fleet by acquiring two additional modern, high specification Suezmaxes, which were successfully employed immediately after their acquisition. Crude Carriers also recently announced that it secured a no-cost no-risk option to acquire an additional newbuilding VLCC and further expand its fleet.

Crude Carriers employs its vessels primarily in the spot market transporting crude oil along global trade routes for oil majors and other well known international counterparties as the spot market has historically provided highest returns. The Company's fleet is managed by Capital Ship Management Corp., which has significant presence in the global shipping markets and has successfully satisfied the operational, safety, environmental and technical vetting criteria of some of the world's most selective major international oil companies, including BP p.l.c., Royal Dutch Shell plc, StatoilHydro ASA, Chevron Corporation and Total S.A., and has qualified to do spot and period business with them.

Crude Carriers' strategy is to manage and expand its fleet in a manner that produces strong cash flows, which, in turn, fund dividends to its shareholders. Key elements of the company's business strategy include:

- Strategically deploying its vessels in order to optimize the opportunities in the charter market.
- Strategically develop and grow its fleet in an accretive manner to both earnings and cash flow.
- Return a substantial portion of cash flow to shareholders through quarterly dividends.
- Maintain a strong balance sheet.
- Operate a high-quality, modern fleet.

CEO Message
Evangelos Marinakis, Chairman & Chief Executive Officer of Crude Carriers, commented "I believe we have created a simple, compelling investment vehicle where our investors are able to gain an exposure to the crude spot market at the low point of the tanker cycle.

First, we are buying vessels at an attractive point in the cycle at prices substantially below historical averages. The minimal debt strategy gives us financial flexibility for growth and dividends, together with our clear dividend policy of distributing all net cash flow less operating reserves.

Finally, Crude Carriers will benefit from Capital Maritime's commercial and technical relationships with the oil majors going forward. We will concentrate our charter strategy in the spot market. Therefore, Crude Carriers represents a unique opportunity to invest in high quality, recently-acquired vessels at no premium vs other listed tanker companies at what we perceive to be the turning point in the shipping cycle."

www.crudecarrierscorp.com

CRU LISTED NYSE

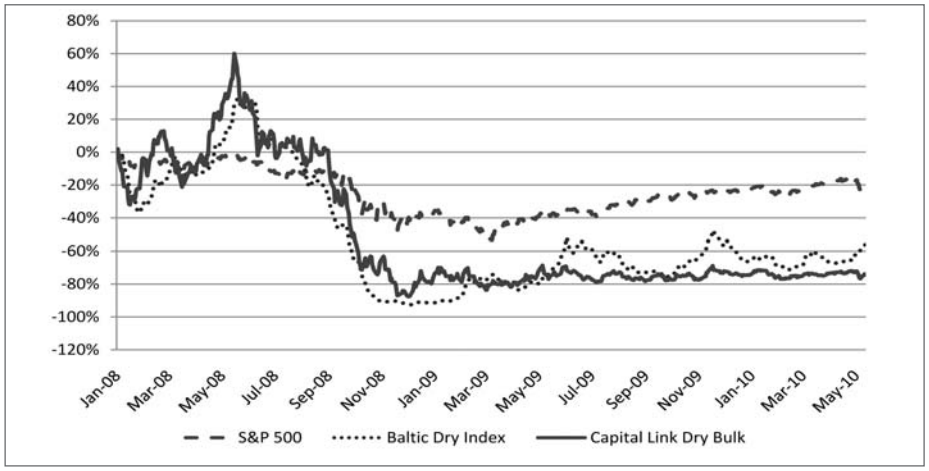
all decisions. But as companies grew larger and the younger generation took over, corporate procedures and governance guidelines were put in place opening up shipping to the public capital markets and spurring it to a new growth era.

Shipping and the Capital Markets

Shipping is a capital intensive business and as the availability of bank financing declined, publicly listed shipping companies have a competitive advantage over their private peers in terms of access to capital. But public shipping companies today represent only about 5-7% of the global fleet, indicating the potential of shipping for the capital markets.

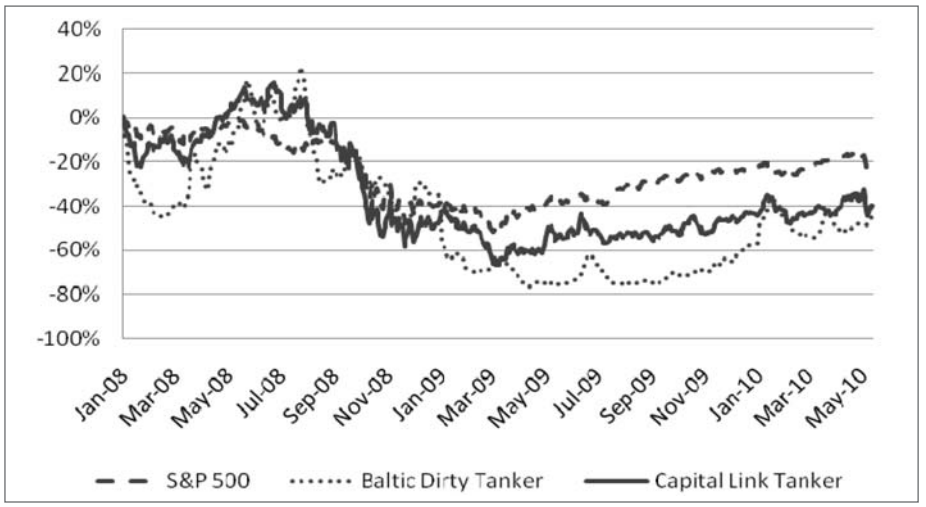
The U.S. capital markets have become the destination of choice for shipping companies from all over the world. Today, the U.S. has the largest group of listed shipping companies, with significant analyst follow up and a large and growing institutional and retail investor base. From 2005 to 2009 over $13.3 billion of equity was raised by shipping companies through public offerings with IPOs accounting for $5.7 billion. In 2010, until the end of April, another $1.4 billion was raised, of which $650 million was in IPOs bringing three new companies to the market, two tanker companies (Crude Carriers –NYSE: CRU and Scorpio Tankers – NYSE:STNG) and one dry bulk company (Baltic Trading, NYSE: BALT).

Capital Link Dry Bulk vs. S&P 500 and Baltic Dry Index



Source: Bloomberg, Capital Link Research

Capital Link Tanker vs. S&P 500 and Baltic Dirty Tanker Index



Source: Bloomberg, Capital Link Research

About half of the 44 U.S. listed shipping companies today claim a Greek link. Shipping is a well defined sector in the U.S. capital markets – 44 companies in total with a market cap of $28.4 billion. This includes 15 dry bulk ($7.5 billion), 19 tanker ($14 billion), 6 container ($3 billion) and 3 LNG/LPG companies ($2.5 billion). The group also includes 6 mixed fleet companies ($3 billion) and 4 MLPs ($3.6 billion).

Tracking U.S. Listed Shipping Companies

Capital Link's Maritime Indices enable investors to track the performance of U.S. listed shipping companies and compare them against each other, their sector, freight indices and the broader stock market. The indices cover the whole maritime sector and each segment, dry bulk, tankers, containers, mixed fleet, LNG/LPG

DryShips Inc.
(NASDAQ: DRYS)

Company Profile

DryShips Inc. is an owner and worldwide operator of drybulk carriers and offshore oil deep worldwide. DryShips owns a fleet of 39 drybulk carriers (including 2 newbuildings) comprising 7 Capesize, 30 Panamax and 2 Supramax, with a combined deadweight tonnage of over 3.5 million tons, 2 ultra deep water semisubmersible drilling rigs and 4 ultra deep water newbuilding drillships.

DryShips strategically employs its fleet between fixed employment contracts, including time or bareboat charters, and spot charters. 100% of the ship days in 2010 and 82% in 2011 are secured under time charters.

DryShips owns and operates two ultra-deep water, harsh environment, semi-submersible drilling rigs, the Leiv Eiriksson and the Eirik Raude which are currently employed under time charters with Petróleo Brasileiro S.A. for exploration drilling in the Black Sea, and with Tullow Oil PLC for development drilling in offshore Ghana, respectively.

In addition, Ocean Rig UDW Inc. has contracts for the construction of four newbuilding advanced capability ultra-deep water drillships which are to be delivered to the company in 2011.

DryShips Inc.'s common stock is listed on the NASDAQ Global Market where its trades under the symbol "DRYS".

CEO Message

George Economou, Chairman and Chief Executive Officer of the Company commented: "Since our listing in February 2005, we expanded our fleet from 6 vessels with an average fleet age of 19 years to 39 vessels with an average fleet age of 8 years, as of May 2010. In addition, we positioned ourselves, in the ultra deep water ("UDW") sector which we believe has strong long term fundamentals. Upon completion in late 2011, our UDW drilling unit will be among the most modern in the industry.

"Our combined revenue backlog from our UDW unit and our drybulk fleet is about $2 billion. In regards to the four newbuildings under construction, we remain focused on securing employment for them allowing us to move forward with a potential IPO of the drilling unit when the valuation is right.

"We have secured the future of our drybulk shipping business enhancing our earnings visibility. Today, we are pleased to have our drybulk fleet 100% fixed for the remainder of the 2010 at just under $34,000 per day, and 82% fixed for 2011 at an average rate of $37,000 per day. Our visible cash flow generation shields us from market volatility and enables us to reduce our debt. Our excellent relationships and support from our bankers also provide us the backing for future fleet growth. With over $1 billion in cash on our balance sheet, we are one of the better positioned shipping companies to take advantage of market opportunities as they arise.

"We are working to release the value in the drilling business with a potential IPO, at an opportune time potentially towards the end of this year. Ultra Deepwater (UDW) acreage is the new frontier for oil industry. The easy oil on land and in shallow offshore areas either is already being produced or is in the hands of National Oil Companies. International Oil Companies have no option but to drill in the UDW acreage to replace produced reserves and meet anticipated demand.

"We appreciate the support and patience of our shareholders and our message is simple, we are working tirelessly to create shareholder value and highlight the attractive valuation of our Company."

www.dryships.com

DRYS
NASDAQ
LISTED

and shipping MLPs. They are market cap weighted, include all U.S. listed shipping companies, are updated daily and can be found on **Capital Link's Shipping website www.CapitalLinkShipping.com**, dedicated to providing free information on listed shipping companies and the shipping industry. The site aggregates news, SEC filings, blogs, stock data, earnings and conference call information on all US listed shipping companies and covers all major stock market and freight indices.

DRY BULK SHIPPING

Iron ore and coal, which are carried on the larger Capesize and Panamax vessels, drive the trade accounting for 26% and 27% of the trade respectively, with grain at 14% and the remaining 33% related to minor bulks such as are fertilizers, steels, sugars, cement etc. The Baltic Dry Index (BDI) of the Baltic Exchange tracks the sector's spot market freight rate developments.

"The developing economies have been and will continue to be the main drivers of the dry bulk trade and especially those of China and more recently India" states Akis Tsirigakis, CEO of Star Bulk, a global dry bulk company. "Asia today, presents growth opportunities for the shipping industry equivalent to the growth realized in the U.S., during the industrial revolution at the turn of the 20th century, and that in Europe following World War II" adds George Economou of DryShips.

"The demand for core commodities such as iron ore and steel is related to the continued infrastructure development of these countries, and as such, it is relatively inelastic. Even if these economies are to slow down temporarily, the trend towards urbanization and industrialization is irreversible" says Michael Bodouroglou, CEO of Paragon Shipping.

Demand for dry bulk carriers in 2009 was dependent on China, while Europe and the United States remained handcuffed as a result of the world recession but now there is a gradual recovery in both developed and developing economies. "In April 2010, the IMF increased its forecast for economic growth" adds Dale Ploughman, CEO of Seanergy, "expecting world growth of 4.2% for 2010, with advanced economies to grow at 2.3% and emerging and developing economies to grow at 6.3%. China's economy is expected to grow by 10% in 2010 and overtake Japan as the world's second largest economy, while India's growth is expected at 8.8%."

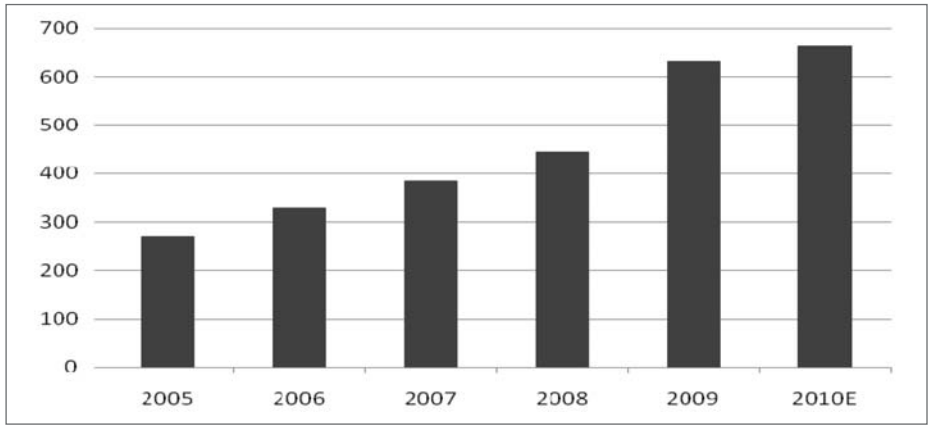
China's GDP grew by 11.9% in Q1 2010, the fastest quarterly growth rate for three years. Despite a 43% decline in Chinese lending, its industrial production rose 19.6% during the quarter, highlighted by an increase in quarterly car sales of 73% year-on-year to 4.6 million cars, making China the world's largest car manufacturer. China imported 155 million tons of iron ore in Q1 2010, up 18% year-on-year, to keep pace with high steel production and demand driven by major new infrastructure projects and domestic consumption. Crude steel production in China for Q1 2010 was 158 million tons, up 24% year-on-year. But at the same time, global steel production rose 29%, with strong increases in Japan at 51%, South Korea at 29%, the EU at 37% and Brazil at 59%.

According to industry experts, the iron ore and coal trades are expected to remain the catalysts for dry bulk shipping. China, which was a coal exporter, has become a net importer since 2009. Against most expectations Chinese coal imports in Q1 2010 were up over 200% year-on-year to 44 million tons and the trend is expected to continue due to increased demand and the effect of the drought in South West China, which led to a 5% year-on-year reduction in hydropower generation in Q1. This compares to a 24% increase in thermal power generation in the same period. And if we look at India, Indian coal imports have increased dramatically at a 21% compounded annual growth rate since 2006. According to the Central Electricity Authority of India, this demand will continue to substantially grow as the majority of planned new power generators will be coal fired.

Supply Side – The Wild Card

With this demand outlook as a backdrop the big

Chinese Iron Ore Imports (2005-2010)



In Millon Tonnes

Source: Clarksons March 2010

Goldenport Holdings Inc.

(LSE: GPRT.L)

Company Profile

Goldenport Holdings Inc. is an international shipping company that owns and operates a fleet of 25 container and dry bulk vessels that transport cargo worldwide. Goldenport is listed on the Main Market of the London Stock Exchange, since 5 April 2006, under the ticker GPRT.

The Company's fleet currently consists of 25 vessels, 11 containers and 14 dry-bulk carriers, of which 7 vessels (1 container and 6 bulk-carriers) are new building orders with deliveries expected between 2010 and 2011. As of 10 May 2010, 88% of the combined fleet available days for 2010 and 63% for 2011 are fixed under time charter employment, excluding the new buildings (of which the majority is already chartered).

Goldenport is a customer oriented global provider of shipping services that brings added value services to its charterers and provides innovative solutions for cargo movement requirements. It operates a well diversified fleet and has been active in acquiring additional tonnage and continuously renewing its fleet with the acquisition of younger tonnage.

CEO Message

Captain Paris Dragnis, Founder and CEO of Goldenport, commented: "Since our IPO in April 2006, we have more than doubled the size and extended the economic life of our fleet which supports a long term quality earnings stream. In April 2006, our fleet consisted of 17 ships, 8 container and 9 dry bulk vessels. Today, it has grown to 25 vessels, 11 containers and 14 dry bulk carriers with a much younger age profile and a significant increase in capacity.

"Our strategy to maintain presence in both the container and dry bulk markets enables us to take advantage of the opportunities in each segment as they develop, and translates into diversity and stability for our company. We seek to employ our vessels under medium to long term charters generating stable and visible cash flows shielding us from market volatility. As of today, for the container fleet, we have secured 99% of the available days for 2010 and 89% for 2011 under period employment, and 72% and 29% for our dry bulk fleet respectively.

Our new-building progresses on track. These vessels were contracted at prices in line with current market conditions, have secured finance and their deliveries in 2010 and 2011 will expand our revenue and profit generation capabilities.

Our business strategy has been that of prudent growth, and while we remain focused on safeguarding the value we created for our shareholders, we are also alert to take advantage of opportunities. In 2010, we exchanged at no additional cost a container new building contract for a 93,000 dwt new building post-panamax contract with delivery in 2011, disposed of a 962 TEU 1978-built container vessel realizing a $2 million book profit, and took advantage of the attractive asset values acquiring a 1991 built 2,986 TEU containership and a 1994 built 48,170 dwt Handymax dry bulk carrier, which both commenced agreed employment upon delivery.

Goldenport is in a strong financial condition given that as of 31 March 2010 our net debt was only US$ 126.6 million and our net debt to book capitalization was 34.2%, a moderate figure for our industry.

"Our strategy has enabled us to continue to reward our shareholders with a regular dividend, which we maintained even through the more difficult year of 2009. Management maintains a significant shareholding in Goldenport thereby aligning our interest with all other shareholders.

"We have taken advantage of the market opportunities and are confident about the future growth prospects of the Company, based on our strong forward time charter coverage, our new-building program that progresses on track and our strong balance sheet. We are optimistic about the long term demand outlook of both the container and dry bulk markets. We are in a strategic position with adequate bank financing to enable us to seek additional opportunities as these may occur."

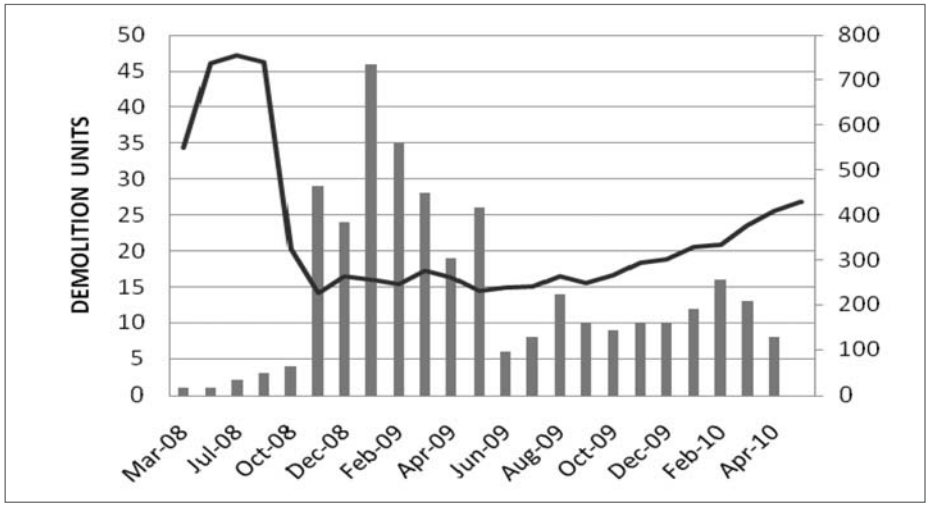
www.goldenportholdings.com or www.goldenport.biz

question centers on fleet supply given the size of the newbuilding orderbook. At the end of March 2010, the world dry bulk fleet consisted of 7,488 vessels or 475.6 million dwt in capacity, with the orderbook at about 285.7 million dwt, equivalent to 62.4 percent of the existing fleet. Using Clarkson's data, 109.5 million dwt is scheduled for delivery in 2010, 104.3 million dwt in 2011 and 74.4 million dwt in 2012.

There is significant slippage between scheduled and actual deliveries reflecting the lack of available financing for owners and yards, and the fact that several Greenfield shipyards never materialized. Orders were cancelled, delayed or restructured. In 2009, the slippage was 40% and in Q1 2010 it was 41%. And for 2010, the slippage is expected to be around 48% with the actual deliveries projected at 65 million dwt, but still a record year for newbuildings.

Scrapping, new trade routes requiring ships to travel longer distances and port congestion can also impact fleet supply positively. Scrapping jumped with the collapse of the freight market in Q4 2008. The average annual scrapping rate over a 4-year period (2004-2007) was 0.25% of the fleet; in 2008 it jumped to 1% (all of it in Q4) and in 2009 it reached a record of 10 million dwt or 2.4% of the fleet. As the freight market improved, scrapping slowed to 1.2 million dwt to date, equivalent to 5 million dwt on an annualized basis. "With 16% of the fleet older than 25 years of age and 26% of the fleet over 20 years old, this provides over 120 million dwt scrapping potential" notes Anthony Kandylidis, CEO of OceanFreight, an operator of dry bulk and tanker vessels.

Dry Bulk Demolition Units vs Avg Scrap Price 2008-2010



Source: N. Cotzias Shipping Consultants

Dry bulk vessel demand is driven by demand for natural resources and by the distance these cargoes are transported. China becoming a net coal importer, coal supply disruptions in Australia and an increasing demand from India are the reason behind an increase in Atlantic and Pacific coal trades. Coal movements have begun from Colombia to China for the first time recently. Also, as India uses more of its iron ore domestically, its exports to China decline, with the gap filed with imports from Australia and Brazil, increasing not only the overall seaborne demand but also the ton-miles travelled to transport the cargoes.

"Port congestion remains a major characteristic of the industry" says John Dragnis, COO of Goldenport. "At the end of April, about 11% of the entire dry bulk fleet was waiting to berth at home ports worldwide, with the biggest concentration in Capesize vessels, and this limits the supply of available vessels."

Freight Rates Gradually Recover

After rising to a high of 11,793 on May 2008, the BDI dropped 95% to a low of 663 in December 2008. It has since gradually recovered hitting a new high of 3,608 by May 7, 2010.

Freight rates have gradually but consistently recovered, but they are still low. For example, the daily spot hire for a 5-year old Panamax just crossed its 10-year average", said Aristides Pittas, CEO of Euroseas (NASDAQ: ESEA), an operator of dry bulk and container vessels. In May 2010, the one-year daily time charter rate rose to $36,000 for Capesize vessels, $29,000 for Panamaxes and $24,000 for Supramaxes. The average rates for 2009 were $33,300, $18,200 and $14,700 respectively and for 2008, $111,500, $55,600 and $45,500. With daily vessel operating expenses at around $8,000 for a Capesize and $7,000 for a Panamax, at current freight levels, this leaves a healthy EBITDA margin.

Asset Values at Low Levels

Asset values are modestly turning up but they are also at historical lows both for newbuildings and second hand vessels. Using Clarkson's data, the year end cost for a 5-year 150,000 dwt Capesize vessel was $150 million in 2007, $45

International Registries, Inc.
The Marshall Islands Maritime and Corporate Administrators

WHY CHOOSE THE MARSHALL ISLANDS?
By Clay Maitland, Managing Partner, International Registries, Inc.

Marshall Islands companies are legally structured to be particularly well-suited to the management of shipowning enterprises, and are easily adapted to the world's diverse commercial systems. Since the mid-1900s, the number of shipping and offshore oil and gas companies that have gone public has grown rapidly. In addition, with the changes in the markets and in asset values, institutional investors have expressed considerable interest in private equity transactions in the shipping industry. Moreover, the rights and benefits of an investor, like the ownership of a vessel, depend upon local as well as international recognition of their validity. Gary Wolfe, Esq. the head of the Capital Markets Group at Seward & Kissel LLP has had years of experience in the shipping and offshore oil and gas drilling areas. He notes that:

"We have found that the Marshall Islands is the premier jurisdiction for these types of companies for a number of reasons:

- The Marshall Islands has a close relationship with the United States with which it has a Compact of Free Association.

- The Marshall Islands corporate, limited partnership and limited liability company laws are based on similar laws of leading U.S. jurisdictions such as Delaware and New York. For that reason, investors can easily understand how such Marshall Islands entities function and how their constitutive documents are likely to be interpreted.

- The Marshall Islands corporate and maritime registries are top notch. They are managed from Reston, Virginia, and New York City. It is as easy and quick to form a Marshall Islands corporation as it is to establish a Delaware corporation.

- Marshall Islands entities are efficient from a tax point of view. The Marshall Islands imposes no income tax on nonresident corporations. The U.S. Internal Revenue Service includes Marshall Islands corporations, limited partnerships and limited liability companies as foreign entities that can "check the box".

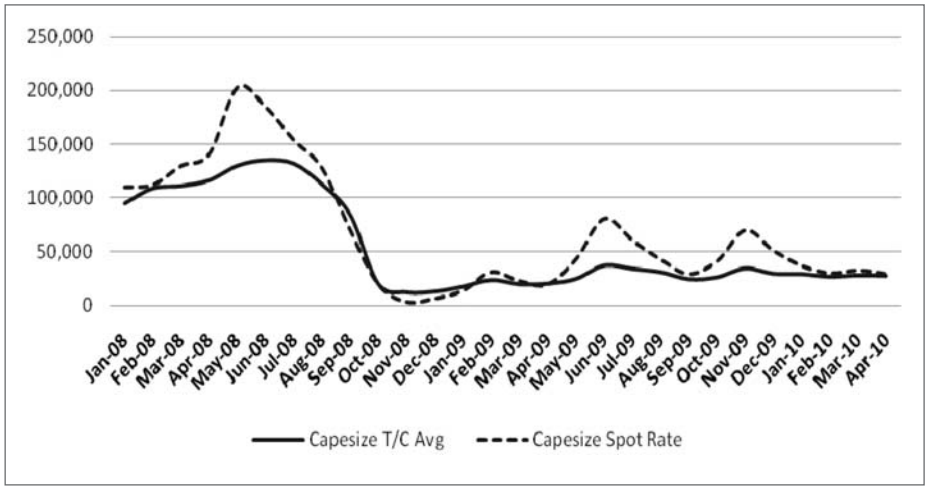
- The staff of the Marshall Islands corporate and maritime registries understand the industries on which they are focused."

The most important thing to remember about Marshall Islands corporations, partnerships, and limited liability companies (LLCs) is that the underlying legal system developed over a long period of time in the hands of lawyers in New York and London. Based upon their experience, the Marshall Islands legal framework is specifically tailored to the needs of companies that own and operate ships, although many non-maritime clients have found them equally useful. I am often asked whether or why the Marshal Islands is preferable to, for example, Delaware as a domicile. Although the two jurisdictions have quite a lot in common, the presence of Marshall Islands representative offices in many locations throughout the world makes for a more speedy and effective processing of time-sensitive documentation. In addition, a great many of the services provided by the Marshall Islands corporate registry are cost-free to the user. When the Marshall Islands corporate laws were developed, the use of tried-and-true United States and British legal and financial terminology, and the fact that the Marshall Islands is an independent nation closely aligned with the United States, has made this form of corporation highly popular with existing publicly held corporations, or corporations going public for the first time.

As Mr. Wolfe, an experienced lawyer, puts it, "All in all, for us and our clients in the shipping and offshore oil and gas industries, the Marshall Islands is a top choice."

www.register-iri.com

Capesize T/C Rate vs Capesize Spot Rate 2008 – 2010



T/C = Time Charter

Source: N. Cotzias Shipping Consultants

million in 2009, $55 million in 2009 and $62 million in April 2010. The year-end cost for a 5-year old 76,000 dwt Panamax was $88.5 million in 2007, $26 million in 2008, $36 million in 2009 and rose to $39.5 million in April 2010.

In this environment, shipping companies rush to grab opportunities. After almost doubling its controlled fleet in its first year of operations in 2009, in May 2010, Seanergy announced another agreement to acquire a controlling interest in a fleet of nine 10-year old Handysize vessels expanding its fleet to 20 vessels. In the newbuilding market, companies can place new orders directly with the shipyards, or buy a resale contract from another owner, bank or yard when the initial contract could not be fulfilled, in most cases due to lack of financing. "We resisted the temptation to place newbuilding orders at the height of the market" says Akis Tsirigakis, CEO of Star Bulk "but now newbuilding prices are very attractive, about half of what they were a few years ago." "The attractive prices for newbuildings enable us to pursue a fleet renewal and expansion plan that is optimal in terms of cost, time horizon given the delivery schedule of the vessels and the terms we negotiate with the yards and banks" said Michael Bodouroglou, CEO of Paragon.

In 2010, Star Bulk placed an order for two Capesize vessels with delivery in 2011, Paragon for four Chinese built Handysize vessels and four Kamsarmax vessels (large Panamaxes) with deliveries in 2011 and 2012, DryShips for 2 Panamax vessels with deliveries in 2011 and 2012 and Goldenport swapped a container newbuilding contract for a Panamax newbuilding with delivery in 2011.

OceanFreight placed an order for three Very Large Ore Carriers (VLOCs) of 260,000 dwt each with deliveries in 2012 and 2013 and fixed them already under medium term time charters upon their deliveries. "These high specification bulk carriers were ordered at the behest of our customers and are specifically designed to serve the long-haul Brazil to China iron ore trade" states Anthony Kandylidis, OceanFreight's CEO.

Euroseas took another route. It will invest $25 million into a joint venture with two private equity firms putting in $75 million each for a total equity of $175 million. Euroseas will run the joint venture, which look for opportunities across all shipping markets. DryShips boasts a cash position of about $1 billion giving it the opportunity to go hunting for deals.

TANKER SHIPPING

The tanker sector is much more consolidated compared to the dry bulk sector. Oil companies acting as charterers, terminal operators, shippers and receivers are increasingly selective and rigorous in their inspection, vetting and acceptance of vessels and operators. Operational efficiencies, safety and environmental protection have been a major focus of the tanker industry over the past years causing tanker owners to take extra care in the quality and maintenance of their vessels.

The Very Large Crude Carriers (VLCCs), Suezmax and Aframax vessels (above 100,000 dwt) transport crude oil, whereas smaller vessels can be specially outfitted to also carry refined petroleum products. A 300,000 dwt VLCC can carry 2 million barrels of crude oil, a Suezmax 1million and an Aframax about 800,000 barrels.

Demand for tankers is influenced by world oil demand and supply, which in turn is affected by factors such as international economic stability, geographic changes in oil production and consumption, price levels of oil, inventory policies of major oil trading companies and strategic policies of countries.

Oil is one of the most important energy sources and the tanker industry plays a vital role in the supply chain. From 2000 to 2008, global oil demand grew by 13% from 76.6 million barrels

OceanFreight Inc.
(NASDAQ: OCNF)

Company Profile

OceanFreight Inc., is an owner and operator of both drybulk and tanker vessels. It owns a fleet of 11 vessels, comprising of 8 drybulk vessels (3 Capesize, 5 Panamaxes) and 3 crude carrier tankers (1 Suezmax, 2 Aframaxes) with a combined deadweight tonnage of approximately 1.2 million tons and has on order three newbuilding Very Large Ore Carriers with deliveries in 2012 and 2013.

OceanFreight's strategy is to operate across all shipping markets, thereby minimizing dependency on any single market while taking advantage of opportunities that may occur in any market segment.

The Company seeks to employ its vessels under medium to long term charters to a number of well established and reputable charterers in order to reduce counterparty risk.

OceanFreight Inc. was incorporated on September 11, 2006 under the laws of the Marshall Islands. The Company's common shares are listed on the Nasdaq Global Market under the symbol "OCNF".

CEO Message

Anthony Kandylidis, the Company's President and Chief Executive Officer, commented: "Despite the challenging markets, we have positioned OceanFreight for continued positive developments and long term growth.

Since 2009, we took several steps to restore the Company's balance sheet and operations.

- We raised new equity to strengthen our balance sheet.
- We disposed of aged assets improving our operational efficiency.
- We deployed the equity raised and the available credit lines from vessel sales to invest in modern assets with accretive earnings.
- In 2009, we sold four aging drybulk carriers with an average age of 14.5 years and replaced them with four modern Capesize vessels with an average age of 4 years while more than doubling the carrying capacity of our fleet.
- In 2010, we continued our fleet renewal and growth objectives, disposing of two older tankers and entering into an agreement to build three Very Large Ore Carriers, at Shanghai Waigaichao Shipyard, with a capacity of 206,000 dead weight tons each. Two of the vessels are scheduled to be delivered in the second and fourth quarters of 2012 and the third vessel in the first quarter of 2013.

These high specification bulk carriers were ordered at the behest of our customers and are specifically designed to serve the long-haul Brazil to China iron ore trade. They are pivotal for the long-term development of OceanFreight. Utilizing our close relationships with charterers, we have secured employment for the three vessels at favorable market rates, well in advance of their contractual delivery dates thereby locking in visible cash flows. We are also pleased to have been able to secure profit sharing arrangements for two of the vessels which can increase our revenues as we take advantage of market upsides.

We remain committed to our strategy of fixed rate charters with staggered renewals and we have continued to build our relationships with existing and new customers. Our track record of sourcing modern high quality tonnage with fixed employment enhances the visibility and stability of our cash flows. As of May 2010, we have secured gross revenues of $115 million until the end of 2010 with 92% fleet charter coverage for the remainder of 2010 and 72% for 2011.

We believe we remain uniquely positioned to seek additional accretive growth opportunities talking advantage of the prevailing attractive asset values, thereby enhancing shareholder value over the long term."

www.oceanfreightinc.com

OCNF
NASDAQ
LISTED

per day to 86.3 mbpd. The decline in oil demand from the second half of 2008 was mainly driven by a weaker demand in the OECD countries and the US due to the financial and economic crisis. The reduction of demand increased inventory buildup, which in turn contributed to OPEC's production cuts, which further depressed tanker demand. According to the International Energy Agency (IEA), in 2009 global oil demand declined by 1.29 million bpd to 85 mbpd, the largest decline since 1982. However, fueled by the Chinese government's economic stimulus, Chinese oil demand increased by 0.61 mbpd the largest increase since 2004 and that in India by 0.17 mbpd.

Positive Long Term Demand Outlook

Nikolas Tsakos, CEO of TEN commented "As the IMF data indicate, world GDP in 2010 is expected to grow, both in OECD and mainly in non-OECD countries. And the IEA expects oil demand to recover by 1.8% to 86.6 mbpd. Our optimism for the positive sector fundamentals is not based just on demand expectations for 2010, but well beyond. The IEA estimates global oil demand to reach 90 mbpd by 2013 mainly on the back of demand from non-OECD countries. OECD countries remain a very significant factor in oil demand. But the potential of China and India for oil consumption is enormous. Their total population is 2.5 billion in a world of 6.5 billion and their per capita consumption is now at very low levels. These countries embarked on an aggressive industrialization program and the development of a middle class auto owner." He concluded "If just China reaches the same levels of per capita consumption as for example Thailand, its oil demand would rise to 18 mbpd, an increase of 10 mbpd from current levels."

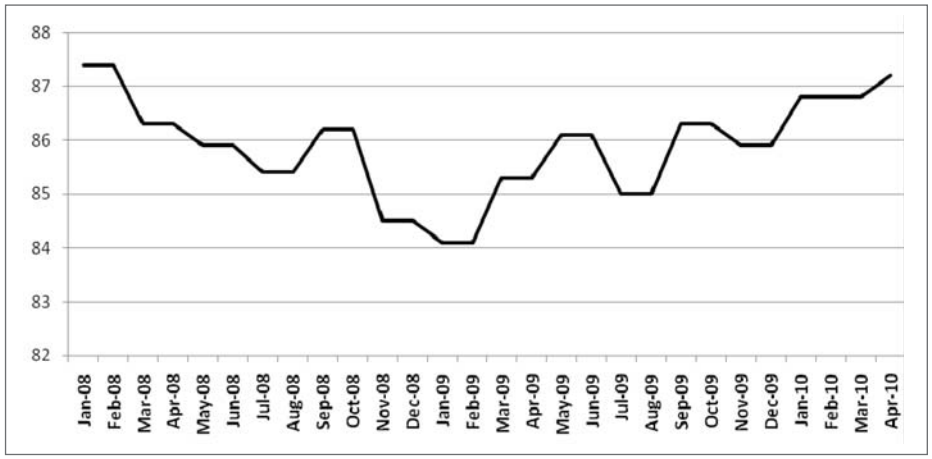
How the oil industry can meet this increased demand remains to be seen. OPEC production increases may be in store with Iraq being a major wild card. According to industry consensus, it may have around 100 billion barrels of recoverable oil and its current production is at the low level of 2.5 mbpd. Furthermore, the Obama Administration recently permitted the first offshore drilling outside the Gulf of Mexico for more than 20 years, but the recent drillship accident with the huge oil spill may slow down the progress in this direction. "Ultra Deepwater (UDW) acreage is the new frontier for the oil industry. The easy oil on land and in shallow offshore areas either is already being produced or is in the hands of National Oil Companies. International Oil Companies have no option but to drill in the UDW acreage to replace produced reserves and meet anticipated demand." states George Economou, CEO of DryShips. By early 2012, DryShips will have completed a 6-UDW drillship business unit, one of the youngest in the industry.

Supply Side Also The Wild Card

Against this positive demand outlook, the uncertainly comes mainly from the sizeable newbuilding orderbook. At the end of March 2010, the world tanker fleet (vessels above 10,000 dwt) consisted of 5,348 vessels or 441.4 million dwt in capacity, with the orderbook standing at approximately 1,310 vessels or 128.6 dwt, equivalent to about 29.1% percent of the existing fleet. According to Clarkson's data, 50.4 million dwt is scheduled for delivery in 2010, 57.3 million dwt in 2011 and 21 million dwt in 2012.

But the same factors that impacted the dry bulk sector, also affect tankers. Low freight rates in 2009, declining asset values, several Green field yards never coming on line and lack of financing caused order cancellations and delays. "About 25% of the orderbook in 2009 was delayed or cancelled" stated Evangelos Marinakis, CEO of Crude Carriers "and 2010 year-to-date tanker deliveries are so far 33% behind schedule. And most of the remaining orders do not have financing yet. For example, for VLCCs and Suezmaxes alone industry analysts estimate that an additional $10.5 billion in equity will need to be injected over the next two years to sustain the current orderbook. This money is simply not there."

World Oil Demand (2008-2010)



In Million Barrels Per Day

Source: N. Cotzias Shipping Consultants, IEA

Tsakos Energy Navigation Ltd (TEN)

(NYSE: TNP)

Company Profile

Tsakos Energy Navigation Ltd. (TEN) (NYSE:TNP) is one of the largest independent transporters of energy in the world and controls a versatile fleet of modern crude and product tankers with strong ice-class capabilities. TEN is the longest listed shipping company and has been profitable every year since its inception in 1993 regardless of the state of the shipping market. Also, it has been paying a cash dividend every year since its listing in New York in March 2002.

With a fleet of 48 double-hull vessels of 5.1 million dwt (45 operational and 3 under construction), TEN provides worldwide marine transportation services to state and international oil major refineries under long, medium, and short term charters. TEN operates one of the youngest fleets in the world with an average age of 7 years compared to world's average of 9 years.

Following delivery of the 4 newbuildings in 2010 and 2011, the fleet will include 24 crude tankers ranging from VLCCs to Aframaxes and 23 product carriers ranging from Aframaxes to Handysize complemented by one LNG. 22 of TEN's vessels can operate in ice-class environments.

TEN's total annual dividend for 2009 was $0.60, the eight consecutive year of dividend distribution. Since its NYSE listing in 2002, TEN has distributed $8.18 per share in cash dividends. The listing price at the time was $7.50 per share accounting for the 2-1 share split in November 14th 2007.

TEN follows a balanced fleet deployment strategy with emphasis on short, medium and long term time charters at fixed rates and also with profit sharing arrangements above a minimum base rate enabling the Company to share into the market upside. 70% of the available ship days in 2010 and 50% for 2011 have committed employment. As of April 30, 2010, TEN had 30 vessels under period employment expected to generate revenues of $293 million over the duration of their charters and assuming only the minimum rates for the profit sharing contracts.

TEN Limited is incorporated in Bermuda, managed out of Athens Greece, and listed in the New York Stock Exchange (NYSE) under the symbol TNP.

CEO Message

Nikolas P. Tsakos, President and Chief Executive Officer of Tsakos Energy Navigation Ltd., commented: "Our objective is to seek stable and strong earnings throughout the various cycles and we aim to achieve this by employing our vessels under a mix of short, medium and long-term time charters.

Despite the market volatility and worldwide economic uncertainty, we are pleased with our performance. This is due to our modern and diversified fleet, the balanced employment and our long standing relationships with first-class counterparties worldwide. These are the cornerstones of our strategy, coupled with our commitment to use debt prudently and maintain a strong balance sheet. We have a clear and focused strategy that we have executed consistently year after year. The sustainability of our dividend distributions and our strong results validate our business strategy.

Over the years, we have executed a prudent fleet renewal and expansion strategy without compromising the strength of our balance sheet. In October 1993, our fleet consisted of four vessels of 0.2 dwt and today it has expanded to 48 vessels and 5.1 million dwt. Since 1997, we have invested over $3 billion in 55 newbuildings. Buying and selling ships is an integral part of our operation and we have being doing this consistently year after year taking advantage of market conditions.

We will continue to monitor the markets closely and align our growth and fleet employment policies accordingly, but always with an eye to the needs of our clients. With loyal charterers, financiers and equity holders coupled with a healthy balance sheet with about $300 million in cash, we remain confident that the future of our company remains bright.

We remain optimistic of market prospects for the future and we believe well managed companies with modern tonnage such us ours will continue to benefit from the improving market dynamics.

TNP LISTED NYSE

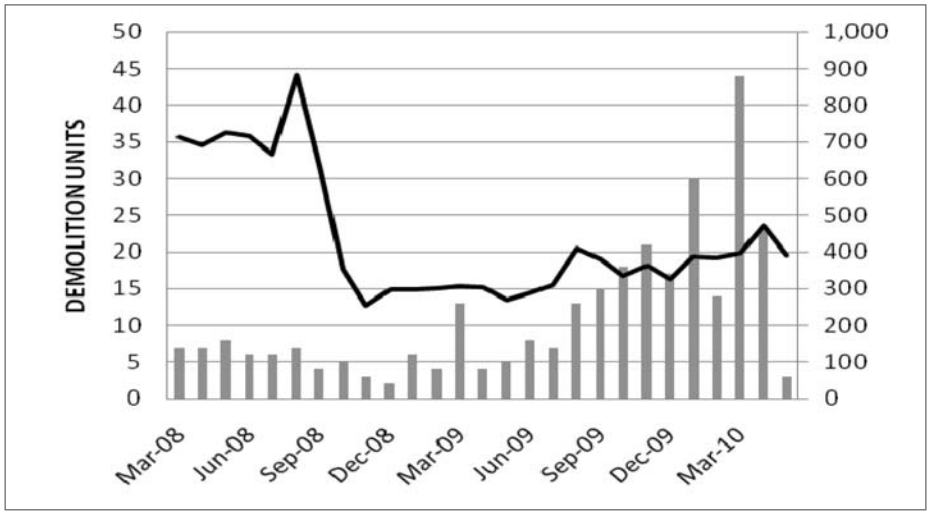
www.tenn.gr

Another critical factor reducing tanker supply is the International Maritime Organization (IMO) phase out requirement of single hull crude tankers in 2011 for international voyages. "With approximately 10% of the world's tanker fleet still single hull, the phase out can offset a good part of newbuildings coming into the market and sustain a healthy freight market" added Evangelos Marinakis. "And, on top, 12% of the world tanker fleet is over 20 years old and are prime candidates for scrapping. In our business, which is highly regulated due to safety concerns, the age and quality of our fleet is a competitive advantage. Old ships are very restricted in their trading capability and profitability, as most oil majors will not use them."

Changing trading patterns require that ships travel longer distances to transport crude oil and products and therefore affect tanker supply, and thus freight rates. "Incremental crude oil demand originates further away from supply and impacts the ton-mile multiplier" stated Anthony Kandylidis, CEO of OceanFreight, which operates both dry bulk and tankers. "Because of this, the global seaborne petroleum ton-mile indicator has been rising faster than the rate of the oil consumption" added Nikolas Tsakos of TEN. "New long-haul routes are emerging from Venezuela, Brazil and West Africa towards the Far East. For example, the roundtrip Venezuela to China takes 87 days thus taking the vessel out of the available fleet for a long time."

The same trend happens with oil products. "There is a shortage of refining capacity in oil consuming nations and a dislocation between refining capacity and demand" continues Nikolas Tsakos. "Global refinery capacity is expected to expand by 15% by the end of 2010 and 80% of the new refineries are constructed in Middle East and India" adds Ioannis Lazaridis, CEO, of Capital Product Partners (NASDAQ: CPLP), a global product tanker company.

Tanker Demolition Units vs Avg Scrap Price 2008-2010



Source: N. Cotzias Shipping Consultants

Freight Rates on the Road to Recovery

The Baltic Dirty Tanker Index (BDTI) and the Baltic Clean Tanker Index (BCTI) track the spot freight rates for moving crude oil and oil products. The strong volatility over the past two years in the BDTI and BCTI correlated with the credit crisis. Following a record year for tanker earnings in 2008, at one point VLCC earnings peaked at $171,267 per day, rates fell significantly in 2009, with VLCC spot earnings averaging 63% lower than the 2008 average. "2009 was one of the most challenging years the tanker market has experienced in recent memory" said Nikolas Tsakos of TEN. "The unprecedented global economic recession lead to a second consecutive year of decreased world oil demand, which, coupled with considerable OPEC production cuts and large newbuilding inflows, created an air of uncertainty that pushed spot rates to levels near or below vessels' operating expenses."

After rising to a high of 2,347 on June 23, 2008, the BDTI fell to a low of 453 on April 16, 2009. The BCTI achieved a high of 1,509 on June 19, 2008 and a low of 345 on April 15, 2009. On May 7, 2010, the BDTI was at 992 and the BCTI at 724.

In 2010, freight rates recovered on the back of stronger demand due to the global economic recovery, lower oil stocks, and inclement weather, but they are still below their historic averages. The spot market is the most volatile particularly for the larger vessels. In May 2010, the one-year time charter daily rate rose to $43,000 for VLCCs, $25,000 for Suezmaxes and $18,500 for Aframaxes. The average rates for 2009 were $39,600, $30,600 and $20,100 respectively and for 2008, $73,400, $47,200 and $35,800. The inflation adjusted 10-year average rates for these vessels are $52,500, $39,300 and $29,900 respectively. With daily vessel operating expenses at around $9,500 for a modern VLCC and $8,500 for modern

Euroseas Ltd.
(NASDAQ: ESEA)

Company Profile
Euroseas Ltd. (NASDAQ: ESEA) was formed on May 5, 2005 under the laws of the Republic of the Marshall Islands to consolidate the ship owning interests of the Pittas family of Athens, Greece, which has been in the shipping business over the past 136 years.

The Company has a fleet of 15 vessels, including 4 Panamax drybulk carriers and 1 Handymax drybulk carrier, 2 Intermediate containership, 5 Handysize containerships, 2 Feeder containerships and a multipurpose dry cargo vessel. Euroseas` 5 drybulk carriers have a total cargo capacity of 331,808 dwt, its 9 containerships have a cargo capacity of 15,779 teu and its multipurpose vessel has a cargo capacity of 22,568 dwt or 950 teu.

CEO Message
Aristides Pittas, Chairman and CEO of Euroseas commented: "In this challenging market environment, we have been fortunate to reap the benefits of our risk management program which in 2008 enabled us to avoid investing in vessels at the peak of the markets. As a result, the huge decline of the markets in 2009 found us with a very strong balance sheet which enabled us to withstand the low rate environment and use the depressed markets as an opportunity to renew our fleet at a fraction of the cost compared to 2008.

"Since Euroseas accessed the capital markets in August 2005, we have paid 19 consecutive quarterly dividends indicative of our intention and ability to continue paying dividends to our shareholders throughout the market cycles in parallel with our expansion program.

"In March, 2010, we commenced our joint venture with Eton Park and Rhone Capital, to form Euromar LLC with a total equity infusion of $175 million to invest across the shipping markets. We believe that this arrangement is beneficial to our shareholders as it will give us access to a greater number and larger size of opportunities, allow our investments to be spread over a more diversified portfolio of vessels, and enable us to achieve overhead and operating costs savings."

ESEA NASDAQ LISTED

www.euroseas.gr

Paragon Shipping Inc.
(NYSE: PRGN)

Company Profile
Paragon Shipping Inc. (NYSE:PRGN), a company incorporated in the Republic of the Marshall Islands in April 2006, is an international shipping company specializing in the transportation of drybulk cargoes globally. The Company's current fleet, including a 2009 built Panamax vessel to be delivered within June and July 2010, consists of 8 Panamax, 2 Supramax and 2 Handymax drybulk carriers, with an average age of 7.6 years. Paragon also entered into shipbuilding contracts with a Chinese shipyard for the construction of four drybulk Handysize class vessels and four Kamsarmax class vessels to be delivered to the company in 2011 thru 2012.

Paragon's present chartering strategy is to employ vessels under fixed rate charters for periods ranging from one to five years.

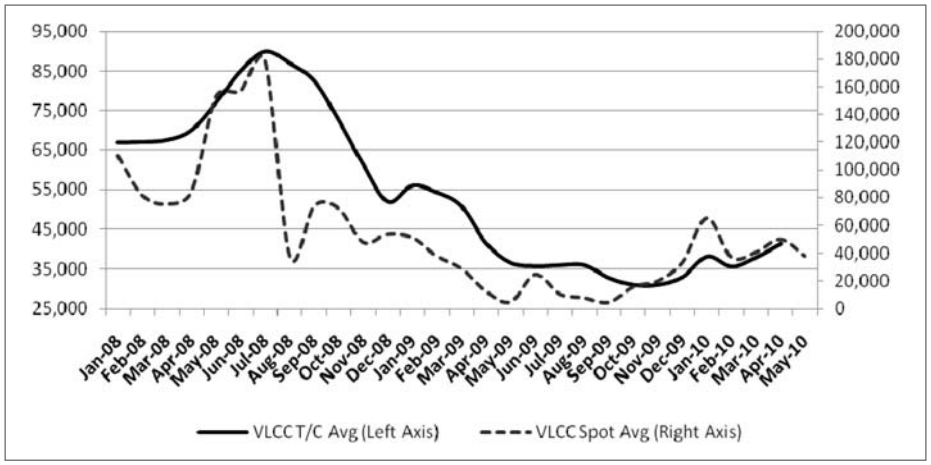
CEO Message
Michael Bodouroglou, Chairman and Chief Executive Officer of Paragon Shipping commented, "Paragon is in a strong operational and financial condition and well positioned in the current market environment to achieve further growth. Our current fleet has significant protection against charter rate volatility as we have 100% and 91% of our 2010 and 2011 revenue days fixed under time charters at levels that will generate free cash flow over and above all of our obligations. Our fixed revenues also allow us to comfortably continue paying a quarterly dividend which we have consistently done since our IPO in August 2007. Pursuant to our growth strategy, 2010 has already been a very active year for Paragon with the purchase of a 2009-built Panamax drybulk carrier and newbuilding contracts for the construction of four drybulk Handysize class vessels and four Kamsarmax class vessels. The newbuildings have been contracted at extremely competitive prices and advantageous terms. They will expand the drybulk sectors in which we operate from three to five thereby offering our charterers enhanced flexibility.

We shall continue to explore the market for other higher quality vessels that we expect to enhance cash flow and provide long-term shareholder value. As in the past, we continue to remain cautious in any investing decision and we will only invest when we believe the acquisition will create long term stockholder value."

PRGN LISTED NYSE

www.paragonship.com

VLCC T/C Rate vs VLCC Spot Rate 2008 – 2010



T/C = Time Charter

Source: N. Cotzias Shipping Consultants

Suezmaxes and $7,500 for modern Aframaxes, even at current freight levels, this leaves a healthy EBITDA margin.

"The crude tanker spot market has shown considerable strength in 2010 compared to 2009, as the world economy recovers and increased oil demand from China and India is being met by long haul exporters such as West African countries, Brazil and Venezuela" said Evangelos Marinakis of Crude Carriers. "We are primarily a time charter operator" said Ioannis Lazaridis of Capital Product Partners "and in this environment, we plan to recharter our vessels coming open for shorter periods, as we believe rates will become stronger."

Attractive Asset Values Below Historic Levels

Using Clarkson's data, the year end cost for a 5-year 310,000 dwt VLCC was $155 million in 2007, $104 million in 2009, $79 million in 2009 and it was $82 million in April 2010. The year-end cost for a 5-year old 160,000 dwt Suezmax was $92 million in 2007, $78 million in 2008, $56.5 million in 2009 and rose to $63 million in April 2010.

Most of the opportunities though are in the newbuilding market, as second hand vessel prices fell less than freight rates. Yards are eager to accept new orders at lower prices and there are several resale contracts for newbuildings, when the original owner cannot take delivery usually due to lack of financing. "Vessel prices have dropped from their peak well below their 5-year average prices" stated Evangelos Marinakis of Crude Carriers. "Historically, a key in determining returns in shipping has been at what point of the cycle you invest. Since we purchased our IPO fleet in March 2010, crude tanker asset prices have increased by 10-15%. So, we believe this is an optimal time to invest as the market begins to turn." Crude Carriers became public on March 18, 2010 raising $256.5 million in addition to a $40 million personal investment from Marinakis himself.

"Our four newbuildings to be delivered in 2010 and 2011 were ordered prior to the peak of the market" stated Nikolas Tsakos of TEN. "In addition, asset trading is an integral part of our business. Annually, we generate capital gains which are roughly 25% of our operating income, as we have a sales and purchase activity consistently taking advantage of asset trading opportunities."

Interestingly, two of the three IPOs in 2010 were tanker companies, Crude Carriers and Scorpio Tankers. Capital Product Partners resumed its fleet growth in Q1 2010 acquiring a 47,000 dwt 2007 built product tanker after raising $54 million from a follow on offering on February 23, 2010 . And on April 8, 2010, Navios Acquisition Corp. (NYSE: NNA) announced a definitive agreement to acquire for $457.7 million a 13-vessel fleet comprised of 11 product and two chemical tankers. Citing the strong sector long term fundamentals and vessel prices being near their inflation adjusted historical lows, NNA announced that Navios Holdings would consummate the transaction for its own account if NNA's shareholders would not approve it.

CONTAINER SHIPPING

An ever-increasing proportion of the world's manufactured and other dry cargo goods are shipped in containers. Today, about 90% of non-bulk cargo worldwide moves in containers stacked on transport ships; 26% of all containers originate from China.

Participants in the container shipping industry include "liner" companies, which operate the container shipping services, containership owners, often known as charter owners, who own containerships and charter them out to the liner companies, and shippers who require the seaborne movement of containerized goods.

About 25 large liner companies dominate the container industry controlling about 85 percent of the container capacity. The liner companies own and operate containerships themselves but since the last decade they have been increasingly chartering-in vessels from third owners,

Navios Maritime Holdings Inc.

Navios Maritime Holdings

(NYSE: NM)

Company Profile

Navios, one of the leading global brands in seaborne shipping, specializes in the worldwide carriage, trading, storage and related logistics of international bulk cargoes. For over 50 years, raw materials producers, agricultural traders and exporters, industrial end users, ship owners, charterers, ship and derivative brokers, agents, and financial business partners have relied on Navios' expertise and innovation.

Navios' core controlled fleet of owned and chartered-in vessels comprises 59 dry bulk vessels of 6.4 million dwt with an average age of 4.6 years. 89.2% of the fleet days in 2010 and 65.0% in 2011 are under time charters, insured by a AA+ European Union Government Agency.

Navios has a 31.3% stake, including GP interest, in Navios Maritime Partners, L.P. a publicly traded MLP (NYSE: NMM) with a fleet of 13 dry bulk carriers. Also, a 65.5% stake in Navios South American Logistics formed in early 2008 to focus on South American markets leveraging the existing grain storage and transshipment facility in Uruguay. Navios Maritime Acquisition Corp., a publicly traded Special Purpose Acquisition Corporation (NYSE: NNA), in which Navios has a 33.3% stake, announced in April 2010 an agreement to acquire a 13-vessel fleet of 11 product and two chemical tankers for a purchase price is $457.7 million.

CEO Message

Ms Angeliki Frangou, Chairman and CEO of Navios Holdings stated "Since taking control of Navios Holdings in August of 2005, we grew the fleet by more than 250%. We did this although we also launched Navios Partners on the New York Stock Exchange toward the end of 2007. In total, the Navios group controls 72 dry bulk vessels, of 7.5 million dwt. Moreover, the Navios group has a combined enterprise value of $3.0 billion as compared to Navios Holdings' enterprise value in August 2005 of $0.6 billion, a 414% growth."

www.navios.com

NM LISTED NYSE

Navios Maritime Partners L.P.

Navios Maritime Partners L.P.

(NYSE:NMM)

Company Profile

Navios Maritime Partners, a publicly traded MLP, an international owner and operator of dry cargo vessels, was formed by Navios Maritime Holdings Inc. (NYSE: NM), a vertically integrated seaborne shipping company with 55 years of operating history in the dry bulk shipping industry.

NMM's young, modern and high quality fleet consists of 13 vessels, including ten Panamax, two Capesize and one Ultra-Handymax with an average age of about 6.3 years, significantly younger than the industry average of about 15.3 years.

Its vessels are chartered-out under medium to long-term time charters with an average remaining term of approximately 4.0 years to a diversified customer base with strong creditworthy counterparties. NMM's charter-out contracts are insured by a AA+ rated European Union Governmental Agency. An agreement with NM, fixes vessel operating costs for NMM's fleet until November 2011.

The Company's common units are listed on the New York Stock Exchange under the symbol "NMM."

CEO Message

Ms. Angeliki Frangou, Chairman and Chief Executive Officer of NMM, commented: "In the 18 months since we went public, we increased distributions by 18.6%, and grew our fleet by over 83.8%, from 626,100 dwt to over 1.1 million dwt. We did this all while also maintaining a strong balance sheet.

Our cash distribution per unit was $0.415 for Q1 2010 or $1.66 on an annualized basis, reflecting a yield of 10.1% based on the unit closing price of $16.45 on May 11, 2010.

We are optimistic about the long term fundamentals of the dry bulk sector and believe NMM is well positioned to take advantage of growth opportunities in 2010 and provide its unit holders with sustainable and attractive cash distributions."

www.navios-mlp.com

NMM LISTED NYSE

who also operate them for the liner companies along their prescribed trading routes. “Liner companies are quite demanding in selecting their counterparties” said John Coustas, CEO of Danaos Corporation (NYSE: DAC), one of the largest owners and operators of containerships in the world “as the performance of vessel operators is vital to ensure the quality and efficiency of the overall service liner companies provide.”

Vessel capacity is measured by the number of container boxes a vessel can carry, with the 20-foot equivalent (TEU) being a standard box size. Larger “Deep Sea” container vessels can carry more than 3,000 TEUs and serve long-haul East-West trade routes, mainly from China to the US and Europe. Smaller "intermediate" vessels 1,000 to 2,999 TEUs generally serve North-South and intra-regional trade routes. “Feeder” ships below 1,000 TEUs operate on an intra-regional basis, relaying or "feeding" cargo within a region from or to main port hubs served by main lane trade routes. Most of the growth in containership capacity in recent years has been in the larger "Deep Sea" segments, with ships becoming bigger reaching 8,000 even 13,000 TEUs. Ownership of the Panamax (5,000+ TEUs) and above sized sector is less fragmented than of smaller vessels.

For the last decade, container shipping grew at an annual rate of 10%, with freight rates and asset values on the rise and shipowners placing significant newbuilding orders to accommodate the growing needs of their charterers, the liner companies.

Given the dynamics of container shipping, there is almost no spot market. There is a two-tier market between large and smaller vessels. Large vessels are typically chartered out to liner companies for long periods, usually ten years or more. Danaos Corporation, for example, claims 9+ year forward time charter coverage for its fleet. Owners placed orders for new containerships after securing long-term charters from liner companies commencing upon vessel delivery. “Almost all of the orderbook in large containerships is already pre-chartered” said John Coustas, CEO of Danaos. Smaller vessels are usually chartered for periods averaging three to five years or less, and their orderbook is much smaller. Euroseas has 43% coverage for its container fleet in 2010 and 17% for 2011 and Goldenport 99% and 88% respectively.

At the start of April 2010, the global container fleet comprised of 1,630 larger vessels (3,000 TEUs and above) with a total capacity of 8,830,000 TEUs and 3,210 smaller vessel (below 3,000 TEUs) with a total capacity of 4,319,500 TEUs. The total orderbook was for 4,394,000 TEUs, or 33% of the existing fleet, of which 91% was for the larger and 9% for the smaller vessels. The nominal delivery schedule calls for 1,847,000 TEUs in 2010, 1,627,000 in 2011 and 918,000 in 2012+. 6.5% of the fleet is older than 20 years.

A Bloody 2009

The global recession that hit in Q4 2008 impacted container shipping the hardest. As containers carry mainly finished goods, it is mainly consumer demand from developed countries that drives the industry. And consumer demand was the first to evaporate in the crisis and its resumption usually lags the overall economic recovery.

In 2009 the industry found itself in a sudden vacuum. As trade volumes continued shrinking and the global fleet kept expanding in double digits honoring pre-existing commitments, liner companies, who were the first ones on the hook, took drastic steps. They implemented substantive cost-cutting measures, laying up vessels, scrapping older owned tonnage, slow steaming in select routes, reducing administrative costs and as a last resort renegotiating charters with shipowners in many cases lowering the daily hire but extending the time charter duration. With slow steaming, as vessels moved with slower speed, liner companies added more ships to keep the same throughput in trade loops, thus alleviating some supply issues. Fuel savings because of the slower speed more than made up for the additional vessel hires.

Charter owners faced their own challenges. Vessels coming out of hire were returned to them and rechartering, if available, was usually at or below operating costs. This pushed them to scrap older tonnage or lay-up vessels. The percentage of the world containership fleet in lay-up peaked in March 2009 at 12%. Asset prices declined but less than freight rates and with little activity in the second hand market, putting, however, owners in jeopardy with their bank covenants. And, particularly for the larger vessels, owners were on the hook with shipyards, as based on chartering commitments from liner companies they had placed significant orders, many of which did not have financing. A classic case for a potential domino effect, with liner companies, shipowners, shipyards and banks tightly interwoven.

To put things in perspective, a 6,500 TEU 5-years old vessel commanded a daily hire of about $40,000 if fixed in 2007 for 3 years and only $10-12,000 in 2009 for about one year, as no owner was willing to charter his vessel for a longer period. That vessel would cost in excess of $100 million in 2007 and around $42-43 million in 2009. Operating expenses are in the region of $7-8,000 per day for such a ship. In May 2010, the daily hire for a one year charter would be in excess of $24,000.

For smaller vessels, a 2,500 TEU 6-year old vessel commanded an about $27-28,000 daily hire if fixed in 2007 for two years and only $5,000 in 2009 for the same employment. That vessel would cost in excess of $50 million in 2007 and around $16 million in 2009. Operating expenses are in the region of $6,000 per day for such a ship. In May 2010, the daily hire for a

Seanergy Maritime Holdings Corp.
(NASDAQ: SHIP)

Company Profile

Seanergy Maritime Holdings Corp. (NASDAQ:SHIP), is a Marshall Islands corporation engaged in the transportation of dry bulk cargoes worldwide through the ownership and operation of dry bulk carriers.

The Company's current controlled fleet includes 11 drybulk carriers including four Capesize, three Panamax, two Supramax and two Handysize vessels with a total carrying capacity of 1,043,296 dwt and an average age of 14 years.

CEO Message

Dale Ploughman, the Company’s Chief Executive Officer, stated: “Within the first year of our operations in 2009, we doubled our controlled fleet from 6 to 11 vessels with the acquisition of BET. We also reinforced our capital structure with the conversion into common stock of the $28.5 million promissory note, issued in our business combination and in February 2010 we raised a net amount of about $28 million for vessel acquisitions expanding our shareholder base and improving the liquidity of our shares.

“In line with our goal to expand our fleet with the proper acquisitions, in May 2010 we entered into a Letter of Intent with Maritime Capital Shipping (Holdings) Limited (“Maritime Capital”) to acquire a 51% interest in Maritime Capital Shipping Limited (“MCS”), which has a fleet of nine handysize dry bulk carriers with a cargo-carrying capacity of 249,236 dwt and an average age of approximately 10.7 years, thereby expanding our controlled fleet to 20 vessels. Maritime Capital, a company controlled by members of the Restis family, will retain a 49% ownership interest in MCS. As a result of the acquisition, the size of Seanergy’s fleet will increase from 11 to 20 dry bulk vessels with a cargo-carrying capacity of approximately 1,292,532 dwt and an average fleet age of 12.6 years”.

“Although we are a very young company, the fact that we have an excellent relationship with the Restis family and its affiliates with a long and proven track record of more than 40 years in shipping, provides confidence among our lenders and enables us to benefit from economies of scale and efficiencies regarding the technical and commercial management of our fleet”.

“We have secured under time charter coverage 95% of our fleet days for 2010 and 51% for 2011 providing us with significant cash flow visibility.”

www.seanergymaritime.com

SHIP NASDAQ LISTED

Star Bulk Carriers
(NASDAQ: SBLK)

Company Profile

Star Bulk (NASDAQ: SBLK) is a global shipping company providing worldwide seaborne transportation solutions in the dry bulk sector. Star Bulk's vessels transport major bulks, which include iron ore, coal and grain and minor bulks such as bauxite, fertilizers and steel products. Star Bulk was incorporated in the Marshall Islands on December 13, 2006.

Currently, Star Bulk has an operating fleet of eleven dry bulk carriers with definitive agreements to buy one and sell one Capesize vessel as well as contracts to build two Capesize vessels with delivery in September, November 2011. The total fleet consists of six Capesize, and eight Supramax dry bulk vessels with a combined cargo carrying capacity of 1,462,377 deadweight tons. The average age of our current operating fleet is 10.3 years.

CEO Message

Akis Tsirigakis, President and CEO of Star Bulk, commented “We believe Star Bulk is one of the better positioned dry bulk companies with upside potential to its share value. Our qualities include a strong balance sheet, ample liquidity, a young and modern fleet, experienced management, efficient in-house technical and commercial fleet management, strong charter coverage and a record of quarterly dividend distribution. All these factors we believe translate into our company being well positioned for continued growth creating value for its shareholders.

We enjoy a very comfortable financial position with a net debt of approximately 22% of total assets, a moderate figure for our industry and a cash position of $45 million. Our long term time charters to a diversified and high quality customer base provide future earnings visibility and enhance our ability to declare a quarterly dividend. We have secured 98% of our 2010 operating days and 64% of 2011 under time charters.

As we go forward, our approach will continue be one of conservative growth by seeking value-enhancing assets, while maintaining the strength of our balance sheet.”

www.starbulk.com

SBLK NASDAQ LISTED

one year charter would be about $7,500 to $8,000.

But the industry held. Liner companies absorbed significant losses, but survived. The awaited avalanche of distressed sellers or bankruptcies did not materialize except in isolated cases. Shipyards cooperated with owners rescheduling delivery dates of newbuildings or converting them to other ship types. Banks cooperated with owners granting waivers, rescheduling debt repayments and in some cases extending new financing.

2010 Gives First Glimmer of Hope

Year-to-date in 2010, the container industry experienced modest improvement but not to the same extent as other sectors. On the demand side, there has been improvement month to month across all major trade routes, essentially the long haul ones from China to the United States and Europe. According to statistics, total container imports to the US in Q1 2010 were up 10% measured in TEU, with a similar trend in Europe.

On the supply side, in Q1 2010 only about 17% of scheduled deliveries materialized, which, if replicated for the rest of the year, suggests that only 60-70% of scheduled deliveries will actually happen in 2010. This slippage is primarily realized in the larger vessel category as smaller vessels have a smaller orderbook anyway.

So far, it is the larger vessels that have benefited from the market rebound and several were called out of lay up. "The smaller size classes we operate have benefited less from rate increases and our containerships continue to face significant challenges in securing profitable employment contracts; however, we believe that our ships will soon benefit from the improving market environment and we consider it probable to re-activate our two vessels currently laid-up before the end of the year" said Aristides Pittas, CEO of Euroseas. "Only 15% of this year's deliveries are for ships smaller than 4,000 TEUs" added John Dragnis of Goldenport "and these vessels target trades representing about 60-70% of total demand. This means, that if demand continues to improve, it can draw down on surplus capacity and lead to a shortage of small ships."

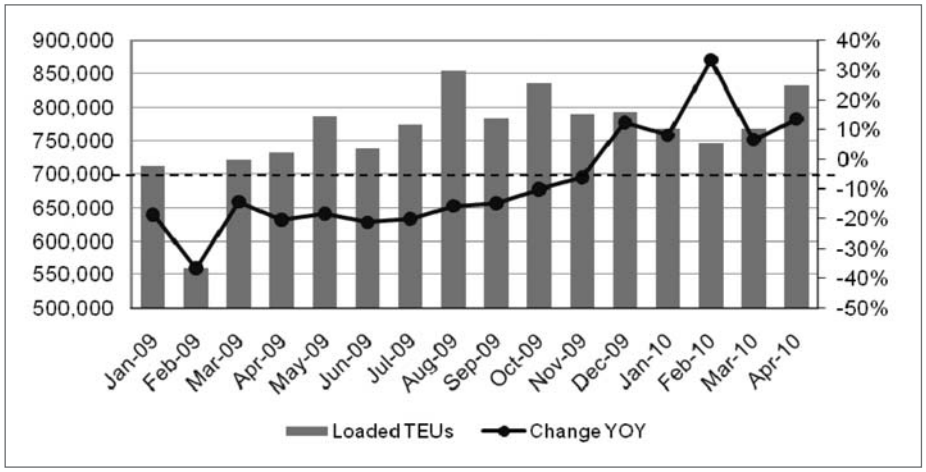
For 2010, industry experts place fleet utilization at 75-80% without significant improvements in freight rates and asset values. Looking ahead at the medium to longer term, industry experts place the recovery for late 2011 or 2012. Delayed deliveries and to a smaller extent cancellations and conversions, coupled with higher scrapping and slow steaming can considerably shrink the annual net fleet supply. And, provided global economic demand continues to improve as current trends suggest, this could create a tighter supply and demand balance bringing the industry back to normal pricing levels by 2012.

Great Opportunity and Risk

Aristides Pittas, CEO of Euroseas said "Today's low asset values reflect the continued turmoil in container shipping. But if you believe there are better days for the word economy ahead, as I do, it is a matter of time for the container trade to improve following the overall trend. So, it may be advantageous to buy containerships today at prices well below their historic levels and, if necessary, even lay them up temporarily. The payoff can be significant when the market returns. We are in this business for the long term, and part of the game for strong companies like ours is exactly to take advantage of weak markets and invest at the right point n the cycle."

The container sector seems to present the biggest challenges and opportunities for those not faint at heart. Several public and private companies, as well as private equity funds indicated interest to commit equity and buy into the current low market levels. As mentioned, Euroseas announced a $175 million joint venture and will look for opportunities across shipping sectors.

Total Loads Through the Ports of Los Angeles and Long Beach



Source: FBR Capital Markets

Knight®

Knight is a global capital markets firm that provides investment banking and investment research across multiple asset classes. Knight is the leader in shipping and marine equity trading and is ranked as a leading source of liquidity in U.S. equities with over 10 billion shares traded daily. The firm has a growing global presence with offices located throughout North America, Europe and the Asia-Pacific region.

For more information, please contact:
Equity Capital Markets
Sandy Reddin
phone 212.209.1478 email sreddin@knight.com

© June 2010 Knight Capital Group, Inc. All rights reserved. TradeWeb BlockData - Market Rankings are based on trade volume reported by Broker Dealers (Knight Equity Markets, Knight Capital Markets and Knight Direct LLC). YTD through Mar 31, 2010. To learn more about Knight Capital Group, Inc. (NYSE EURONEXT: KCG) go to www.knight.com.

DVB

The leading specialist in international transport finance

www.dvbbank.com

Frankfurt/Main · Hamburg · London · Cardiff · Rotterdam · Bergen
Oslo · Piraeus · Zurich · Singapore · Tokyo · New York · Curaçao