



Funding Shipping Companies Shipping Industry & Capital Markets Overview

November, 2008

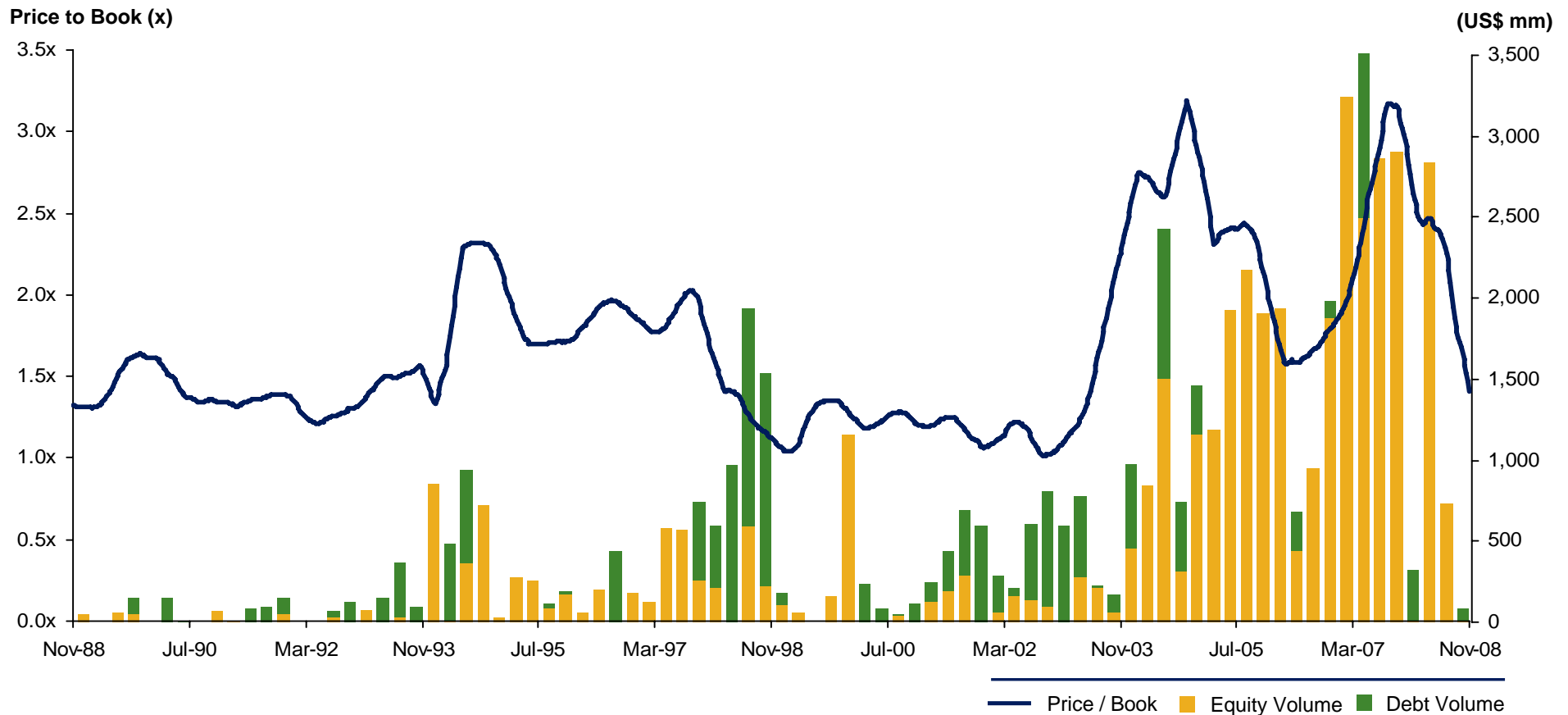


Global Markets & Investment Banking Group

Cyclicality in the Shipping Industry Over the Past 20 years

The Current Down Cycle is No “Anomaly”

Price to Book Value ⁽¹⁾ & Shipping Capital Market Issuances ⁽²⁾ Over the Past 20 years

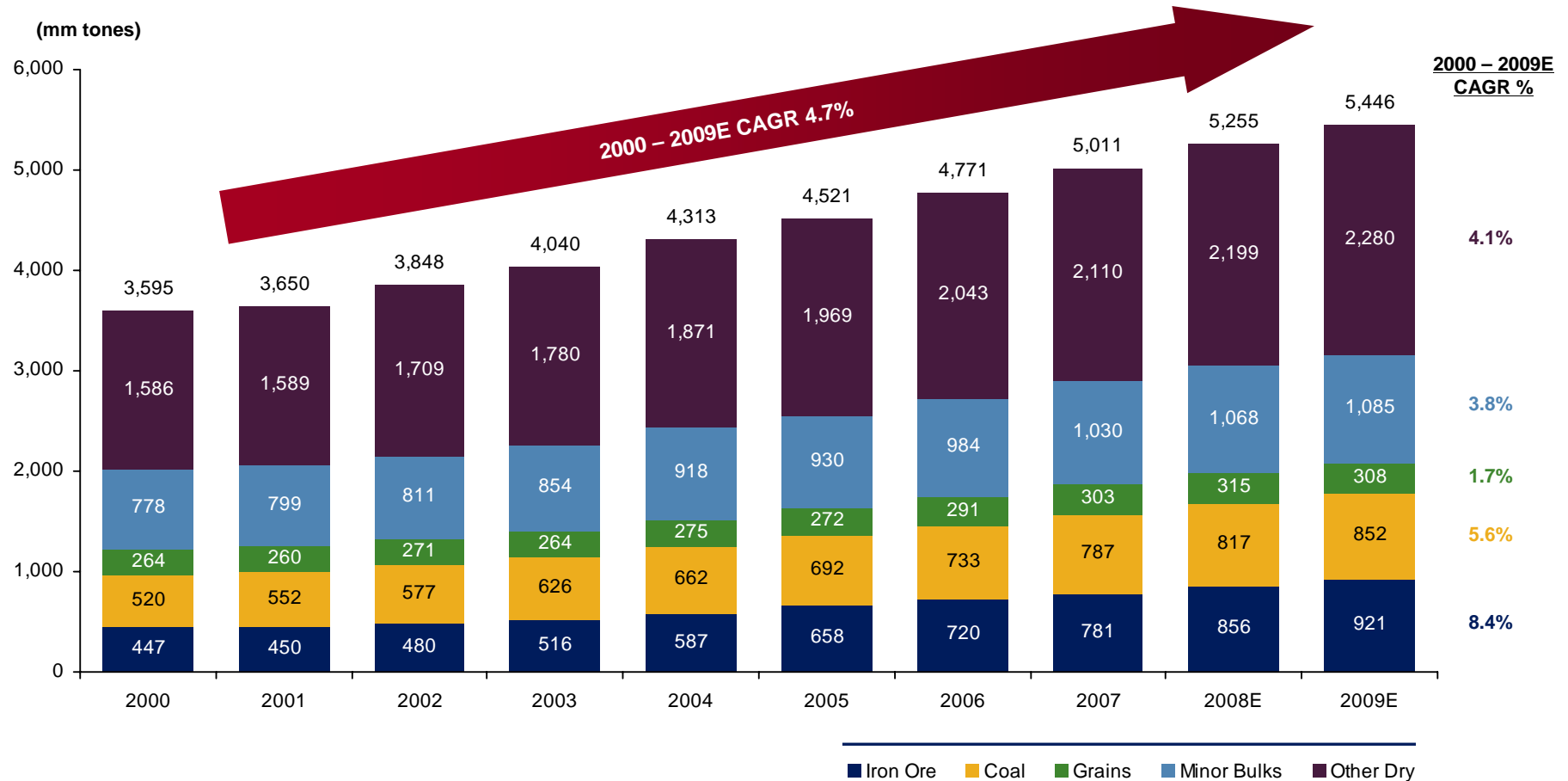


(1) Source: Factset and Reuters, as at November 5, 2008: Price to Book Value based on an equally weighted index comprising 67 Global and Asian Shipping Companies
(2) Source: Dealogic; Global Shipping Equity & Debt Deals by Value, November 1988 to 2008 YTD



Despite the Cyclical, the Underlying Global Trade Volume is Increasing Steadily . . .

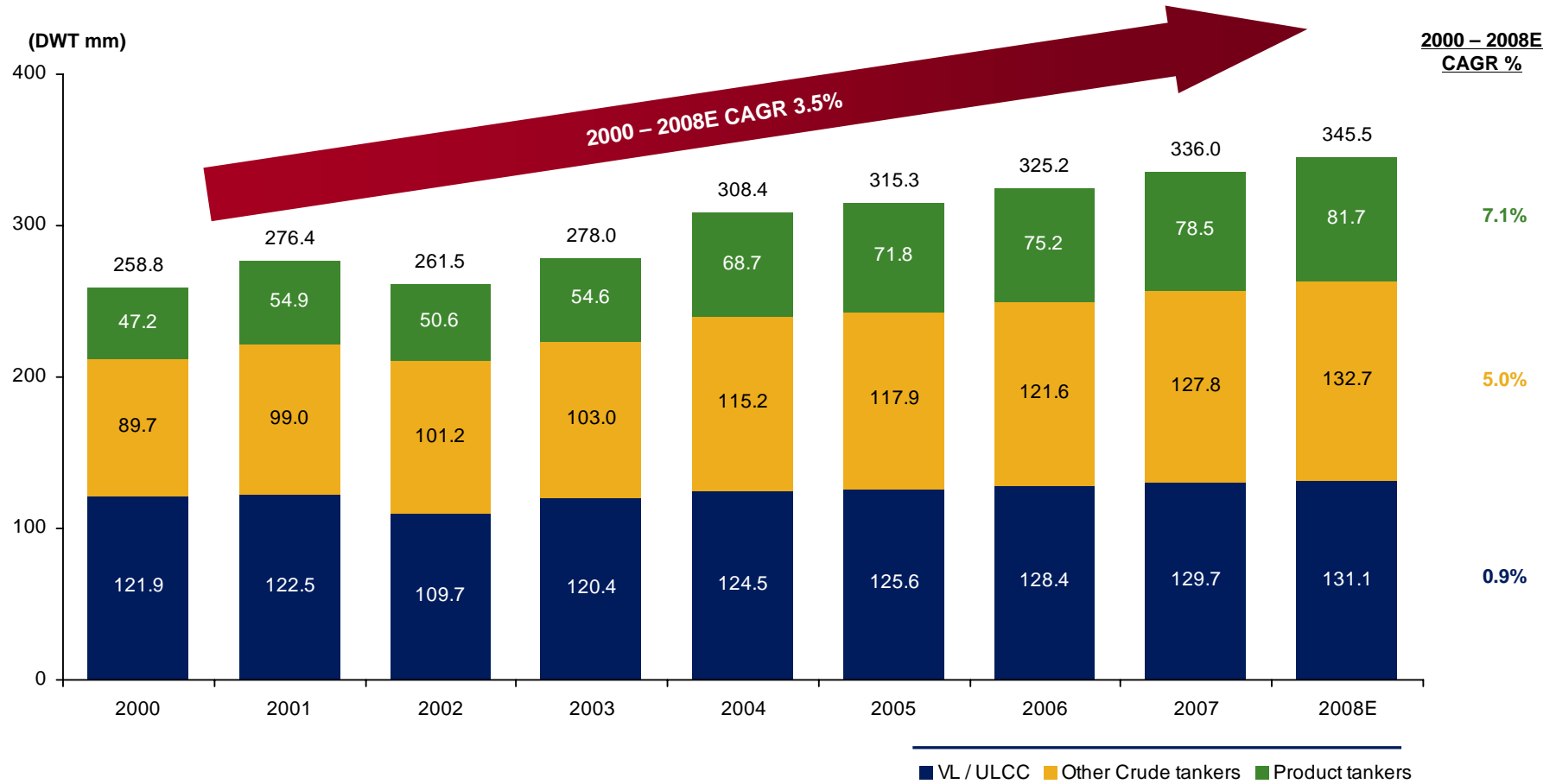
Dry Bulk Trade⁽¹⁾ – Global Long-Term Growth Trend



(1) Source: Clarksons, as at November 5, 2008

... Across All Categories ...

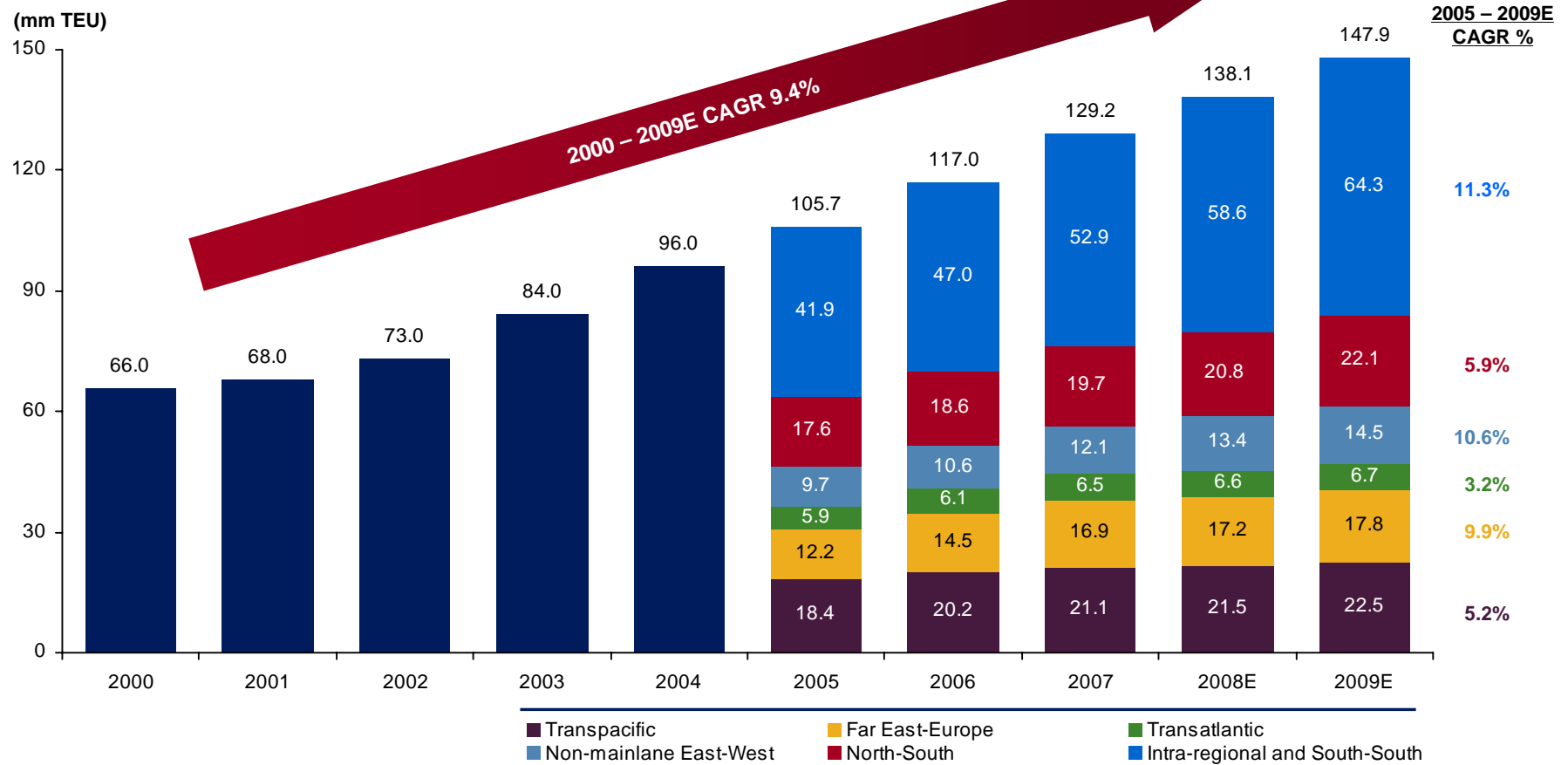
Liquid Bulk Trade ⁽¹⁾ – Global Long-Term Growth Trend



(1) Source: Clarksons, as at November 5, 2008

... But With a Significant Surge in Containers

Container Trade ⁽¹⁾ - Global Long-Term Growth Trend

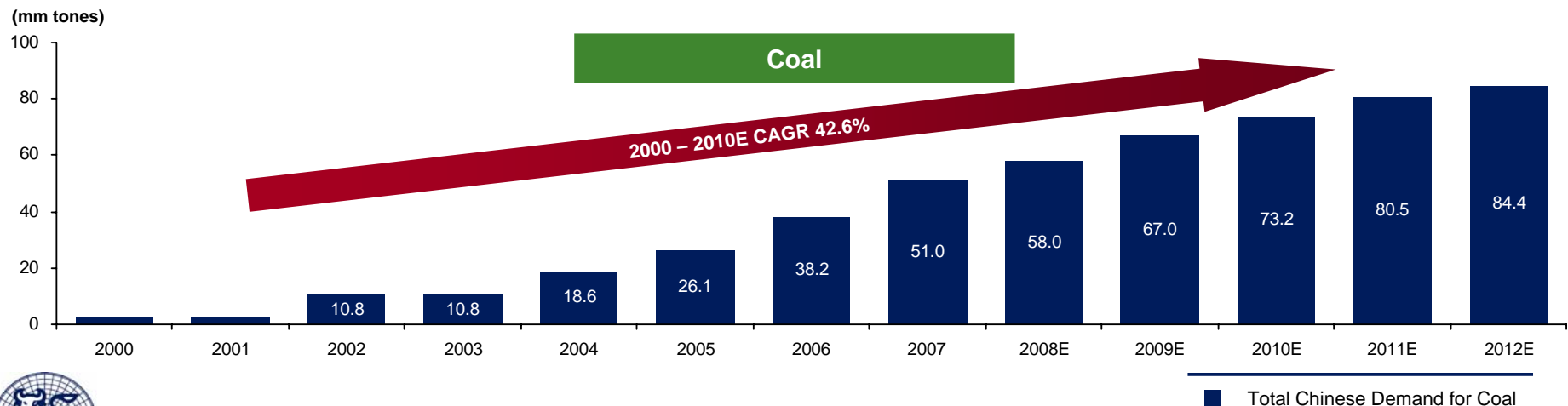
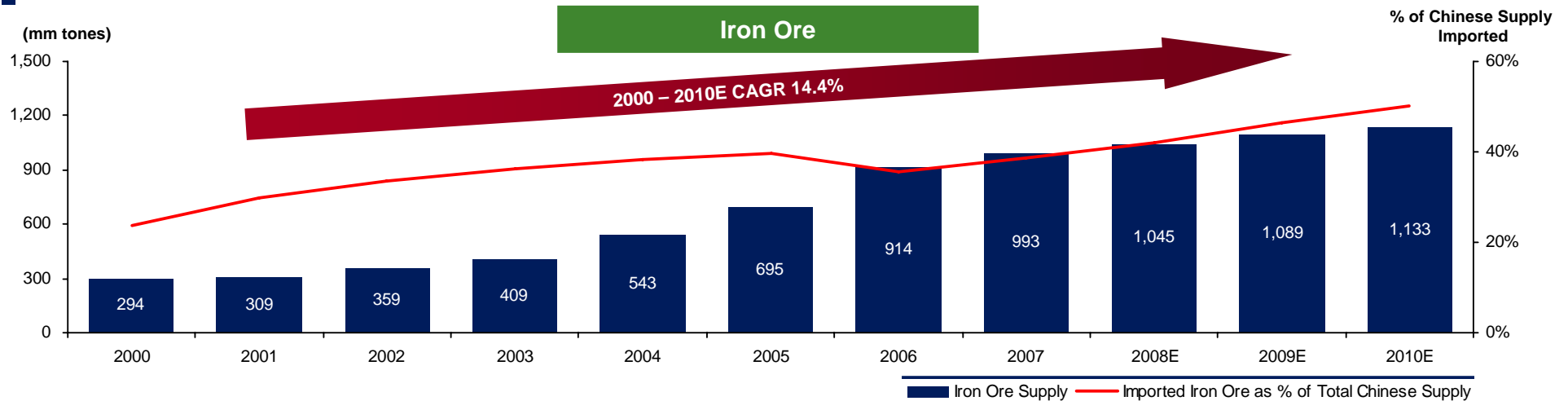


Note: Container trade data by route not available prior to 2005
 (1) Source: Clarksons, as at November 5, 2008



China is the Driving Force Behind the Global Dry Bulk Growth Rate of ~5% p.a.

Chinese Dry Bulk ⁽¹⁾ - Long-Term Growth Trend



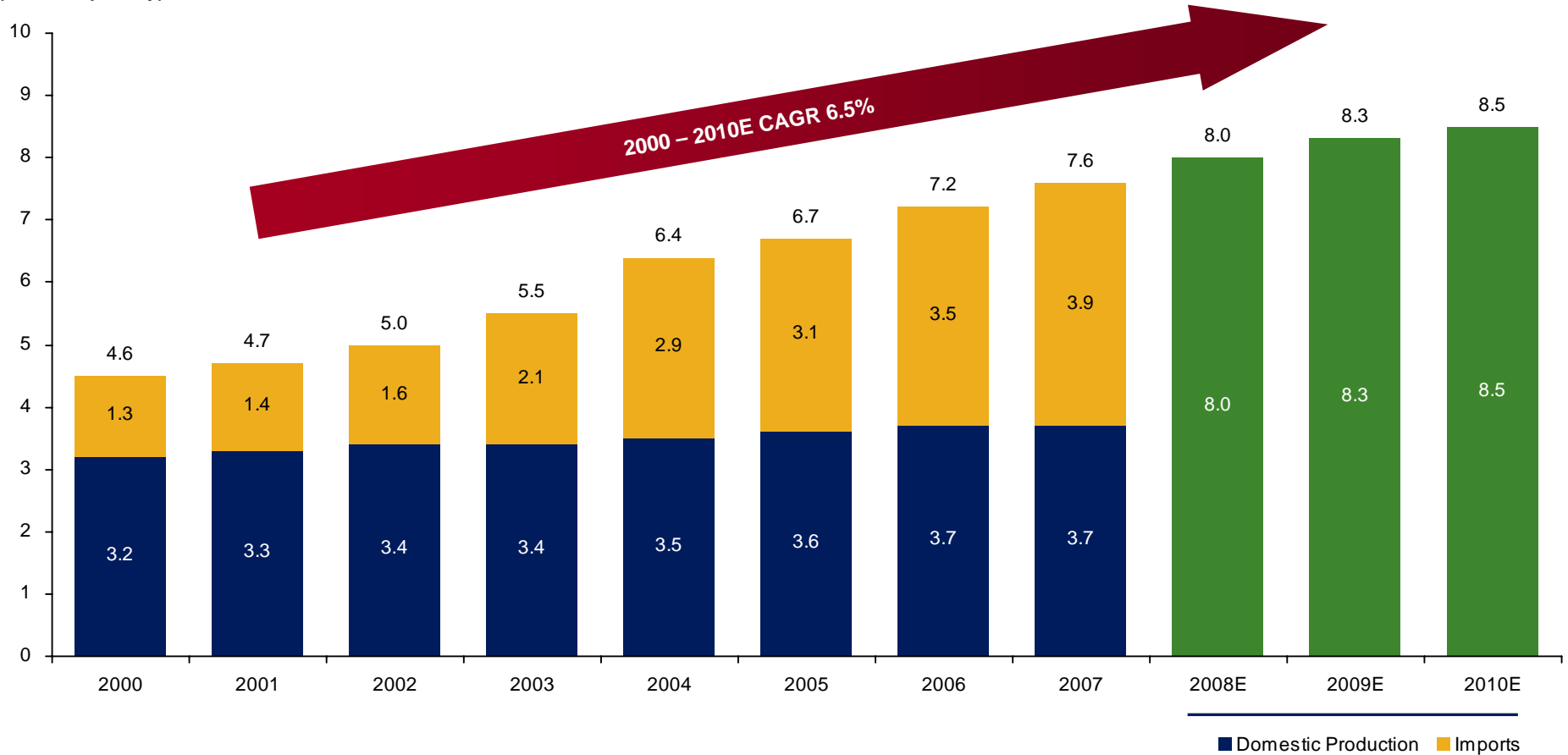
(1) Source: AME Mineral Economics



China's Oil Consumption and Therefore Imports are Growing at nearly Twice the Global Growth Rate

Chinese Oil Consumption ⁽¹⁾

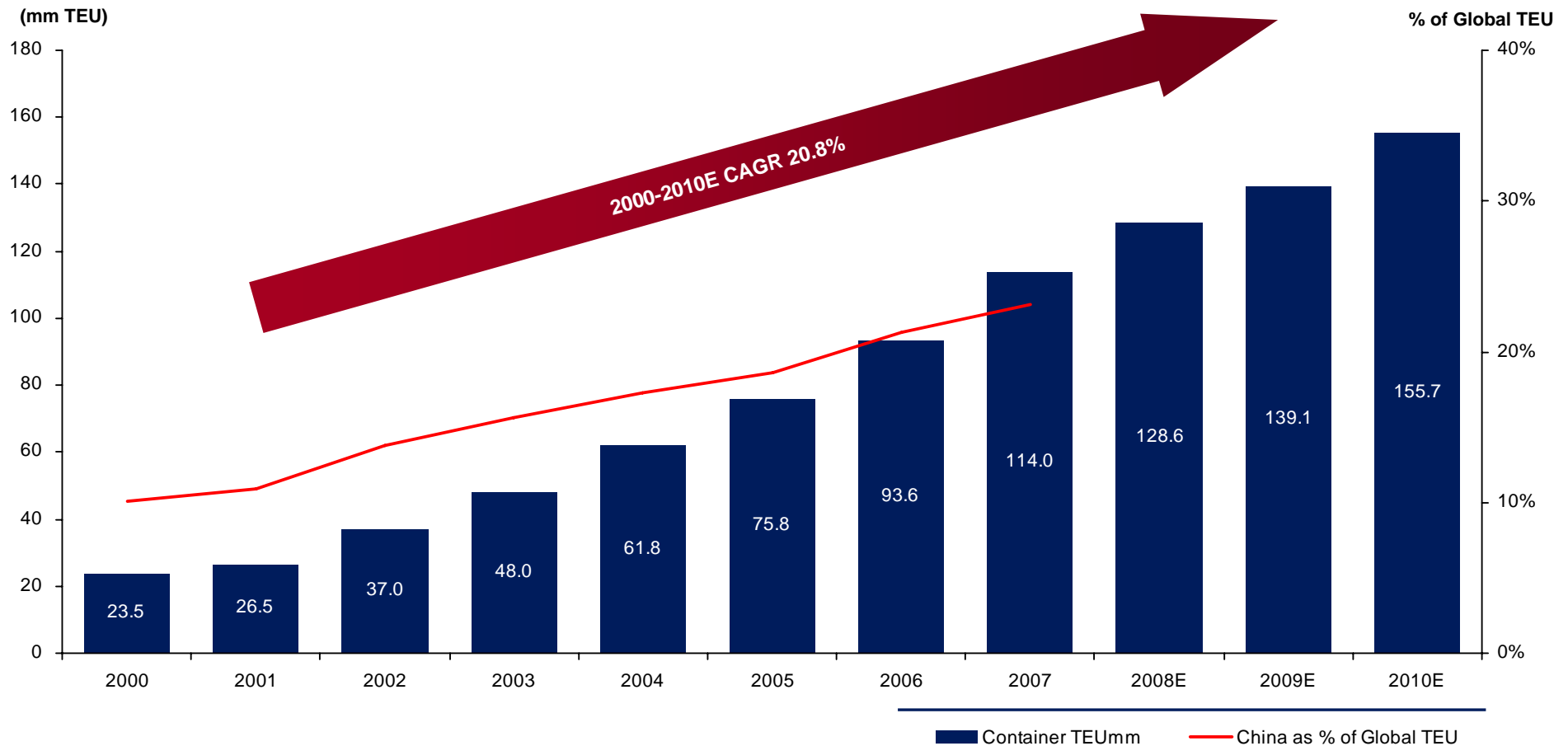
(mm BOE per day)



(1) Source: Energy Information Administration (EIA), Cambridge Energy Research Associates (CERA)

Most Importantly, China is Exceeding the Global Container Growth Rate by More Than Double

Chinese Container Trade ⁽¹⁾ - Long-Term Growth Rate

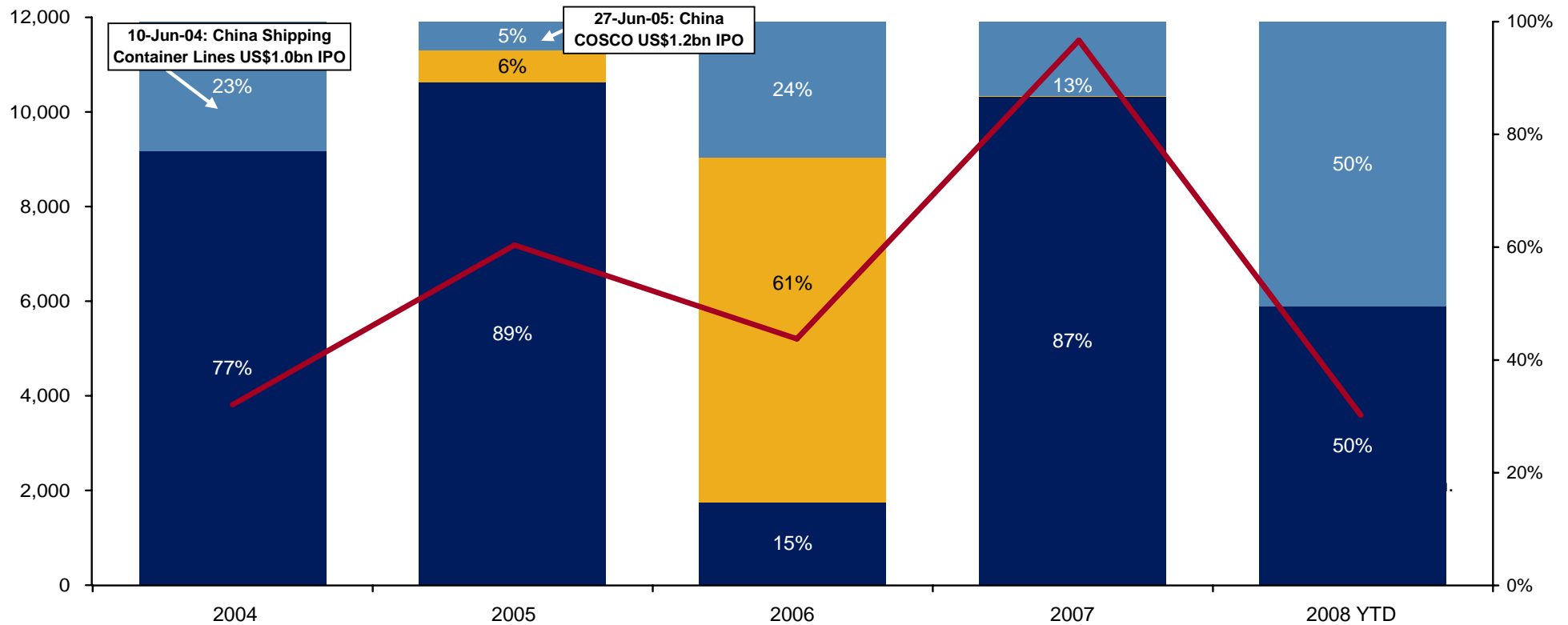


(1) Source: Broker research, Chinese Trade Logistics Data

Developed Capital Markets Such as the US and Europe Lead In Global Shipping Equity Issuances

Total Global Equity Issuances (US\$mm)

% of Funds Raised

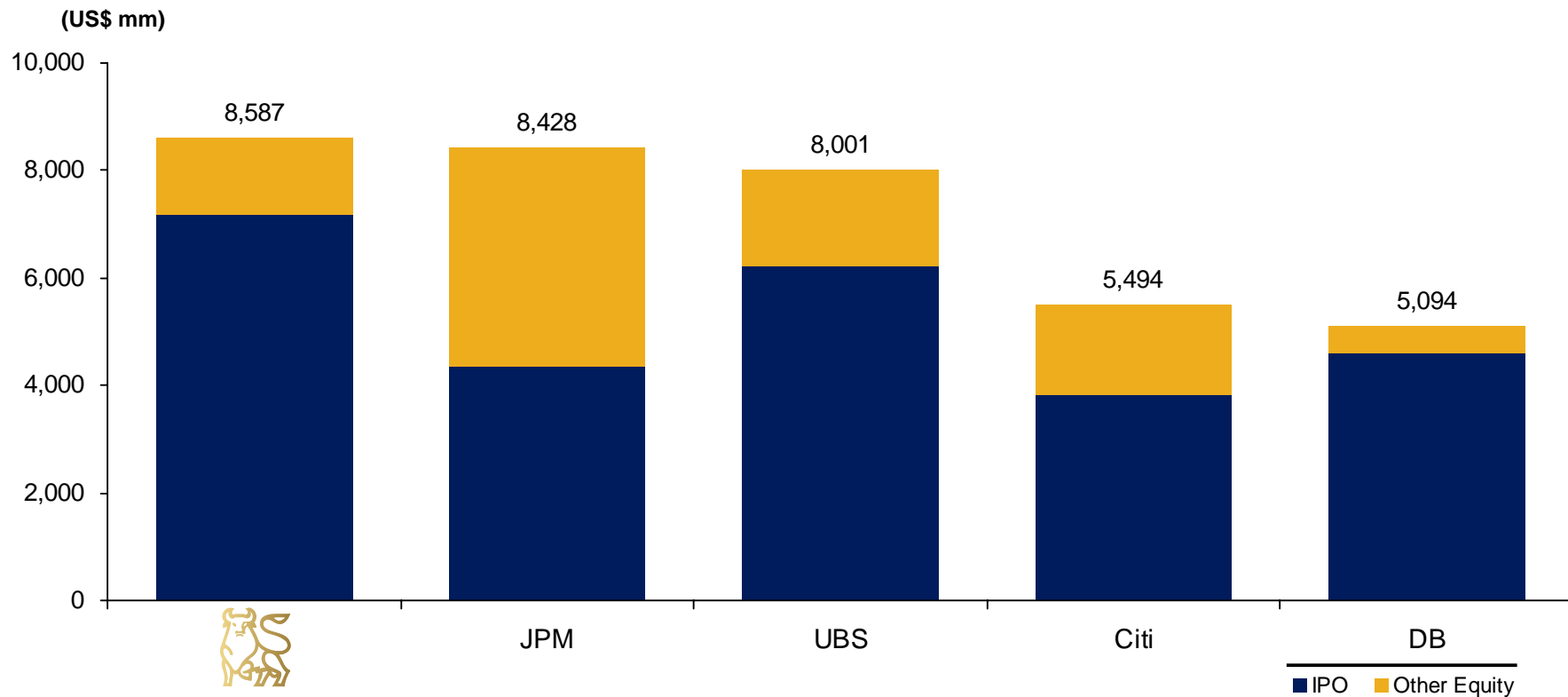


Source: Dealogic ECM Analytics, 2004 – 2008 YTD as of November 5, 2008. Full credit to each bookrunner

Merrill Lynch Credentials

Leader in Global Marine Transportation Equity Issuance

Top Global Marine Transportation Equity House



No. of Deals

25

32

29

29

29



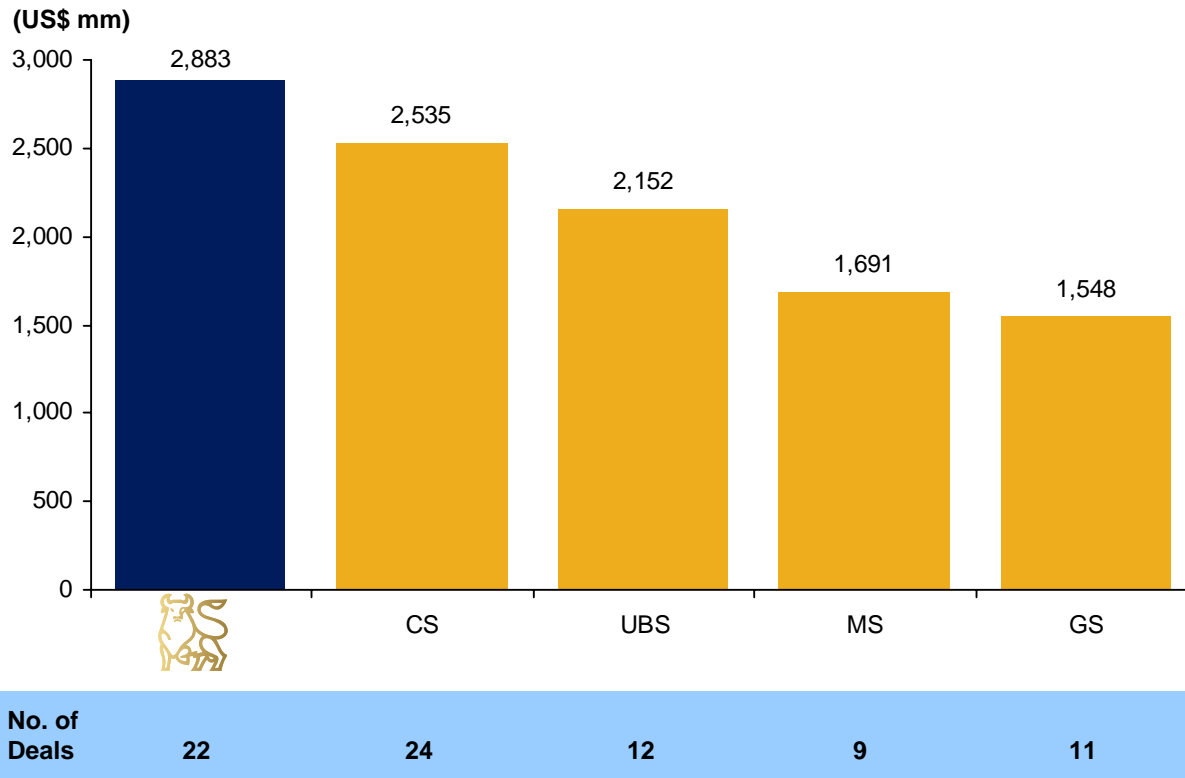
Source: Dealogic ECM Analytics, 2005 – 2008 YTD as of November 5, 2008. Full credit to each bookrunner

Merrill Lynch Credentials

Merrill Lynch is the Bank of Choice for Chinese Issuers Listing in the US

Merrill Lynch is the Undisputed Leader for Chinese Issuers in the US

2007-2008YTD Chinese Equity & Equity-Linked Issuances in the US



Recent ML-Led US Transactions

Dec 2007

US\$173 mm

Gushan 古杉

Gushan Environmental

Initial Public Offering

Merrill Lynch Bookrunner

Dec 2007

US\$372 mm

Yingli Green

Yingli Green

Convertible Bond and Block

Merrill Lynch Bookrunner

Dec 2007

US\$282 mm

Xinyuan Real Estate Co Ltd

XINYUAN REAL ESTATE

Initial Public Offering

Merrill Lynch Bookrunner

Nov 2007

US\$384 mm

Nepstar Drugstore

NEPSTAR DRUGSTORE

Initial Public Offering

Merrill Lynch Bookrunner

Oct 2007

US\$1 bn

Giant Interactive

GIANT

Initial Public Offering

Merrill Lynch Joint Bookrunner

Jun 2006, Jan & Nov 2007

US\$888 mm (Nov 2007)
US\$608 mm (Jan 2007)
US\$416 mm (Jun 2006)

Focus Media Holding Ltd.

Focus Media Holding Ltd.

Add-on Offerings

Merrill Lynch Joint Bookrunner



Source: Dealogic ECM Analytics as of November 5, 2008

Merrill Lynch Credentials

Leader in Global Marine Transportation Equity Issuance

Merrill Lynch Shipping “Deal of the Year” Awards

Marine Money 2007 Deals of the Year

Marine Money Shipping IPO of the Year – 3 Years In A Row

Private Equity & Financing

Add-On Offering


2007

2006


2005

October 2007

\$850MM


CHEMBULK
TANKERS

Sole Advisor to
Chembulk Tankers
On Sale To



BLT

Berlian Laju Tanker Tbk

Sole Advisor
Merrill Lynch & Co.

New Issue April 2007

\$161MM



seaspan
CORPORATION

Add-On Offering

Joint Bookrunner
Merrill Lynch & Co.

New Issue March 2007

\$291MM



CAPITAL
PRODUCT PARTNERS L.P.

Initial Public Offering

Joint Bookrunner
Merrill Lynch & Co.

New Issue October 2006

\$215MM



danans

Initial Public Offering

Joint Bookrunner
Merrill Lynch & Co.

New Issue August 2005

\$606MM


seaspan
CORPORATION

Initial Public Offering

Joint Bookrunner
Merrill Lynch & Co.

Merrill Lynch has garnered numerous awards for its ability to successfully execute for its transportation clients, and features a high number of repeat clients



Conclusions

- 1 ■ Current environment unsustainable; market will improve
- 2 ■ If the market improves, it will rebound quickly
- 3 ■ Merrill Lynch is your advisor of choice in both good and bad times



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