Πανεπιστήμιο Πειραιώς

Τμήμα Ναυτιλιακών Σπουδών

Πρόγραμμα Μεταπτυχιακών Σπουδών (ΠΜΣ) στη Ναυτιλία

Διπλωματική Εργασία

ΘΕΜΑ : « The ideal model of a Shipping company using the method of SWOT Analysis »

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6^{ος} κύκλος

Πειραιάς 2010

Abstract

History proves Greeks to be leaders in the shipping sector, masters of the seas. From the ancient years already, their shipping knowledge has been one of the most important advantage towards other nations, an ace in the sleeve, not only during peaceful eras (sea-trading) but also during periods of war. Nowadays, greek shipping community is the proud owner of the largest part in the global shipping business. As a consequence of that, a big number of maritime companies have also gone public at stock exchanges around the world, and most important, at New York Stock Exchange, the heart of global trading, attracting shareholding interest from all over the world. The main subject of this essay is to take a deeper glance into a small sample of those listed Greek shipping companies from a different perspective.

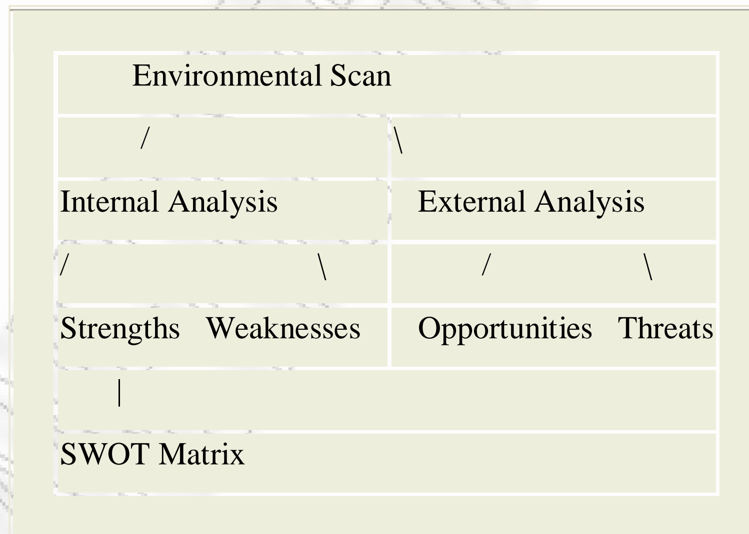
The companies used for the study include ship owning companies and managers, dry bulk and oil traders, containerships and LPG's, as an attempt to examine all different types existing in the shipping sector. More specifically we are talking about Aegean Marine Petroleum Network Inc., Danaos Corporation, Diana Shipping Inc., Tsakos Energy Navigation Ltd, Stealth Gas Inc., Dry Ships Inc., Top Ships Inc. and Paragon Shipping Inc. Taking every different company separately, the procedure followed firstly includes a short presentation of the company's main business sector, when and where it was founded, the fleet it owes or operates, the exact date it became listed etc. This presentation could also contain any other details the writer thinks are important for the reader to know in order to proceed with reading and deeper examination (i.e. geographic sector that the company is trading, variety of customers etc).

Right afterwards the main part of the essay begins, a SWOT analysis to each and every company separately. Strengths, Weaknesses, Opportunities and Threats include all different sectors within which a company might operate. Business sector, trading factors, operational matters, financing, law restrictions, relationship with their suppliers or clients and many more. Following comes the part of the derivative governance. An explanation of what the policy of each company is regarding its derivatives to the shareholders from the very beginning of its listing until the most recent published results.

Lastly, after careful SWOT analysis of all companies, all the important results are executed into one “combined” company. Taking into consideration the results for each company separately, and after comparing them we can conclude to three to four top factors that are common to all. More specifically, the aim of all that search and analysis would be to give an answer to the question : what are the most important strengths, the most considerable weaknesses, the most prosperous opportunities, and the most risky threats for a listed greek shipping company in the first decade of the 2000, at a cyclical and volatile era for the global market, at a highly compatible shipping industry.

Method of S.W.O.T. analysis

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. The technique is credited to Albert Humphrey, who led a convention at Stanford University in the 1960s and 1970s using data from Fortune 500 companies. SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. Strengths and weaknesses are internal factors. Opportunities and threats are external factors. The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection. The following diagram shows how a SWOT analysis fits into an environmental scan:



A SWOT analysis must first start with defining a desired end state or objective. A SWOT analysis may be incorporated into the strategic planning model. Strategic planning has been the subject of much research.

- Strengths: attributes of the person or company that are helpful to achieving the objective(s).

- Weaknesses: attributes of the person or company that are harmful to achieving the objective(s).
- Opportunities: external conditions that are helpful to achieving the objective(s).
- Threats: external conditions which could do damage to the objective(s).

Strengths

A firm's strengths are its resources and capabilities that can be used as a basis for developing a competitive advantage. Examples of such strengths include:

- patents
- strong brand names
- good reputation among customers
- cost advantages from proprietary know-how
- exclusive access to high grade natural resources
- favorable access to distribution networks

Weaknesses

The absence of certain strengths may be viewed as a weakness. For example, each of the following may be considered weaknesses:

- lack of patent protection
- a weak brand name
- poor reputation among customers
- high cost structure
- lack of access to the best natural resources
- lack of access to key distribution channels

In some cases, a weakness may be the flip side of a strength. Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not share, it also may be a considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment.

Opportunities

The external environmental analysis may reveal certain new opportunities for profit and growth. Some examples of such opportunities include:

- an unfulfilled customer need
- arrival of new technologies
- loosening of regulations
- removal of international trade barriers

Threats

Changes in the external environmental also may present threats to the firm. Some examples of such threats include:

- shifts in consumer tastes away from the firm's products
- emergence of substitute products
- new regulations
- increased trade barriers

The SWOT analysis is often used in academia to highlight and identify strengths, weaknesses, opportunities and threats. It is particularly helpful in identifying areas for development.

Another way of utilizing SWOT is matching and converting. Matching is used to find competitive advantages by matching the strengths to opportunities. Converting is to apply conversion strategies to convert weaknesses or threats into strengths or opportunities.

An example of conversion strategy is to find new markets.

SWOT analysis may limit the strategies considered in the evaluation. J. Scott Armstrong notes that "people who use SWOT might conclude that they have done an adequate job of planning and ignore such sensible things as defining the firm's objectives or calculating ROI for alternate strategies."

The usefulness of SWOT analysis is not limited to profit-seeking organizations. SWOT analysis may be used in any decision-making situation when a desired end-state (objective) has been defined. Examples include: non-profit organizations, governmental units, and individuals. SWOT analysis may also be used in pre-crisis planning and preventive crisis management. SWOT analysis may also be used in creating a recommendation during a viability study. A firm should not necessarily pursue the more lucrative opportunities. Rather, it may have a better chance at developing a competitive advantage by identifying a fit between the firm's strengths and upcoming opportunities. In some cases, the firm can overcome a weakness in order to prepare itself to pursue a compelling opportunity.

To develop strategies that take into account the SWOT profile, a matrix of these factors can be constructed. The SWOT matrix is shown below:

	Strengths	Weaknesses
Opportunities	S-O strategies	W-O strategies
Threats	S-T strategies	W-T strategies

- S-O strategies pursue opportunities that are a good fit to the company's strengths.
- W-O strategies overcome weaknesses to pursue opportunities.
- S-T strategies identify ways that the firm can use its strengths to reduce its vulnerability to external threats.
- W-T strategies establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.

Introduction

The aim of this thesis is to examine eight Greek shipping companies listed in the New York Stock Exchange, through a more finance procedure than usual and then suggest the most important factors that the model of an ideal shipping company should be consisted of. For that reason the method of the SWOT analysis has been used.

At first we have Aegean Marine Petroleum Network Inc. Aegean is a holding company operating as an independent physical supplier and marketer of refined marine fuel and lubricants. Most important strengths of Aegean Maritime include its integrated service capability, the strong relationship bonds they have achieved with their customers, their modern fleet of double hull bunkering tankers, effective credit controls, strong management team with successful track record and excellence in their operations. On the other hand, main weakness is focused on the fact that if the contractions of the global credit markets and the resulting volatility in the financial market continues or worsens, then they may not be able to obtain sufficient funds to grow or effectively manage their growth. Most of its threats are summarized in terrorist attacks, vulnerability to price fluctuations, possible inability to comply with existing environmental laws and regulations.

Afterwards, the company analysed is Danaos Corporation, an international owner of containerships. Its strong advantages include high level of customer service, charter portfolio diversity, new building and second hand vessel acquisitions and investment in larger containerships. Among the company's weaknesses we could mention its dependence on the ability and willingness of its charterers to honour their commitments to it for all its revenues, exposure on the global demand for containerships for its profitability and growth and the possibility of its lenders to require prepayments or provide additional collateral if the company fails to obtain extensions of its existing waiver agreements when necessary or comply with covenants which is not able to obtain. Danaos' opportunities consist of its very little exposure to volatility, the fact that the company benefits from a growing trend toward vessel outsourcing, little downside risk to dividends due to its long-term charter deals. Danaos' Corp business includes risks relating to the downturn in the container

shipping market, which could have an adverse effect on its earnings, affect compliance with loan covenants and result in having to restructure its obligations.

Moving on we meet Diana Shipping Inc, a company engaged in transporting dry bulk cargoes. Its modern high quality fleet provides operational and scheduling flexibility to the company, as well as cost efficiencies. Its experienced management team manages vessels operations internally and benefits from strong relationships with members of the shipping and financial industries. Finally, its strong balance sheet leads to very low level of ineptness. On the other hand, Diana's operating results are subject to seasonal fluctuations and to complex laws and regulations. An increase in the inspection procedures and tighter import and export controls could disrupt business. The company will create itself the opportunities for its future growth if it proves able to locate and acquire suitable vessels, identify and consummate acquisitions or joint ventures, enhance its customer base, manage its expansion and obtain required financing on acceptable terms. Diana's most important threats are about the volatility of dry bulk shipping industry and exposure to wide changes in spot market.

Tsakos Energy Navigation Ltd (TEN) is a leading provider of international seaborne crude oil and petroleum product transportation services. All vessels are owned by the Company's subsidiaries. The company's advantages are its modern high-quality and diversified fleet, its stability throughout industry cycles and its significant leverage from relationship with Tsakos Shipping, since the expertise, scale and scope of their managers are key components in maintaining low operating costs, efficiency, quality and safety. However, some weaknesses also arise including the highly competitive global tanker industry, the significant drawdown of charter markets for crude oil and product tankers since summer 2008 and its exposure to various laws and regulations. Moreover, the company faces numerous challenges including difficulties in raising all the required capital, difficulties in the assimilation of acquired operations, diversion of management's attention from other business concerns, assumption of potentially unknown material liabilities or contingent liabilities of acquired companies and competition from other potential acquirers some of which may have greater financial resources.

Afterwards, it is time to deal with a provider of international seaborne transportation services to LPG producers and users, Stealth Gas Inc. By operating primarily within the LPG sector the company benefits from natural barriers-to-entry,

which are related to the operational complexity involved in managing LPG vessels and the limited availability of qualified crews. Stealth Gas' strategy of operating smaller LPG vessels within the regional spoke-and-hub portion of the LPG value chain has partially shielded the company from near-term supply disruptions currently being experienced by larger LPG vessels. However, the company's operating results are subject not only to seasonal fluctuations but also to regulations and liabilities under environmental laws, to the ability of their customers to honour their commitments, to foreign currency fluctuations and devaluations and to lack of diversified business. Stealth's biggest opportunity is to continue to grow its fleet with a balance of modern second-hand purchases and new build orders. But, if LPG vessels are not readily available for purchase in the second hand sales market or new build slots are full at shipyards, it is common sense that Stealth Gas will focus on maintaining return-on-equity (ROE) by deploying excess capital in shipping segments where management believes attractive long-term returns exist.

Dry Ships Inc. was incorporated in 2004 under the laws of Marshall Islands, has its principal offices in Greece and is an owner and operator of dry bulk carriers that operate worldwide. All of Dry Ships vessels are managed by an affiliated company, Cardiff, a Liberian corporation, with offices in Greece. The company believes that its main strengths are summarized in its experienced management team, strong customer relationships, efficient and dependable vessel operations, flexible geographic and trade route profile and ensuring that their customers' needs are prioritized. Unfortunately, the company is dependent on time charters in a volatile era for the global shipping industry, on the ability of subsidiaries to distribute funds to it in order to satisfy financial obligations and to Cardiff to entirely manage its fleet. Moreover, its credit facilities impose operating and financial restrictions and operation of dry-bulk carriers has certain unique operational risks.

Moving on with the thesis, Top Ships Inc, is engaged in the worldwide transportation of liquid and petroleum cargoes as well as dry bulk cargoes. The company considers that its leading position is attributable to numerous strengths as multi - sector presence, experienced management team, established track record, strong customer relationships, cost efficient operations, high quality - high specifications double-hull and dry bulk carriers and focusing on sister ships. On the other side, the company faces the threats of international tanker and dry-bulk shipping industry drastic downturn, acts of piracy on oceangoing vessels, expend substantial

sums during construction of new buildings without assurance that they will be completed and, most important. It may also be unable to attract and retain key management personnel and other employees in the international tanker and dry bulk shipping industries, which may negatively impact the effectiveness of its management and the results of operations.

Lastly, Paragon Shipping Inc. is an international shipping company specializing in the transportation of dry bulk cargoes. The company believes that it possesses a number of competitive strengths including an experienced management team, strong customer relationships and a modern, high quality, low cost fleet. Unfortunately, Paragon is another company that operates through the cyclical dry bulk industry, with attendant volatility in charter hire rates and profitability. Factors that influence demand for vessel capacity include demand for and production of dry bulk products, global and regional economic and political conditions including developments in international trade, fluctuations in industrial and agricultural production and armed conflicts, the distance dry bulk is to be moved by sea, environmental and other regulatory developments and changes in seaborne and other transportation patterns.

As a conclusion of the above mentioned essay, the model of an ideal shipping company is being presented emphasizing on its procedures, its organizational chart, the various departments and categories it should be consisted of, in order to radically fulfil all of its operational activities internally with the most effective way. Moreover, there is an attempt to execute the most important features related to the strengths, the weaknesses, the opportunities and the threats that each and every shipping company faces nowadays.

Contents

Abstract ... i

Method of S.W.O.T. analysis ... iii

Introduction ... vii

1 Aegean Marine Petroleum Network, Inc. ... 1

1.1 Company's Strengths ... 2

1.2 Company's Weaknesses ... 3

1.3 Company's Opportunities ... 6

1.4 Company's Threats ... 6

1.5 Dividend Policy ... 7

2 Danaos Corporation ... 11

2.1 Company's Strengths ... 12

2.2 Company's Weaknesses ... 12

2.3 Company's Opportunities ... 14

2.4 Company's Threats ... 15

2.5 Dividend Policy ... 17

3 Diana Shipping Inc ... 20

3.1 Company's Strengths ... 20

3.2 Company's Weaknesses ... 21

3.3 Company's Opportunities ... 22

3.4 Company's Threats ... 22

3.5 Dividend Policy ... 24

4 Tsakos Energy Navigation Ltd ... 26

4.1 Company's Strengths ... 27

4.2 Company's Weaknesses ... 28

4.3 Company's Opportunities ... 29

4.4 Company's Threats 30
4.5 Dividend Policy..32
5 Stealth Gas Inc 35
5.1 Company's Strengths 35
5.2 Company's Weaknesses 36
5.3 Company's Opportunities..37
5.4 Company's Threats 38
5.5 Dividend Policy..39
6 Dry Ships Inc. 42
6.1 Company's Strengths 43
6.2 Company's Weaknesses 43
6.3 Company's Opportunities..44
6.4 Company's Threats 45
6.5 Dividend Policy..46
7 Top Ships Inc 50
7.1 Company's Strengths 50
7.2 Company's Weaknesses 51
7.3 Company's Opportunities..52
7.4 Company's Threats 53
7.5 Dividend Policy..53
8 Paragon Shipping Inc 55
8.1 Company's Strengths 56
8.2 Company's Weaknesses 57
8.3 Company's Opportunities..58
8.4 Company's Threats 58
8.5 Dividend Policy..59
9 The ideal model of a shipping company..62

9.1 Strategic procedures 62

9.2 Main / corporate procedures 65

9.3 Supportive procedures 70

10 Conclusions 71

11 Bibliography 77

1 Aegean Marine Petroleum Network, Inc.

Aegean Marine Petroleum Network, Inc. (Aegean) is a holding company. Through its subsidiaries, the Company operates as an independent physical supplier and marketer of refined marine fuel and lubricants. The Company procures marine fuel from refineries, oil producers, and resells to a diversified customer base, representing all segments of the shipping industry, including tankers, container ships, dry bulk carriers, cruise ships, reefers, liquefied natural gas (LNG) / liquefied petroleum gas (LPG), car carriers, ferries, and marine fuel traders and brokers. They are one of a limited number of independent physical suppliers that owns and operates a fleet of bunkering tankers and conducts physical supply operations in multiple jurisdictions. The Company serves Greece, Gibraltar, the United Arab Emirates, Jamaica, Singapore, Northern Europe, Portland, West Africa, Vancouver, Montreal and Mexico. As of March 31, 2009, it owned a fleet of 33 bunkering vessels, 28 of which are double hull. On July 1, 2008, Aegean acquired ICS Petroleum Ltd., a Canada-based marketer and supplier of marine petroleum products in Vancouver, Montreal and Mexico.

They provide a service to their customers that require sophisticated logistical operations designed to meet their strict fuel quality and delivery scheduling needs. Believe that their extensive experience, management systems and proprietary software systems allows them to meet their customers' specific requirements when they purchase and take delivery of marine fuels and lubricants around the world and represent a significant barrier to the entry of competitors. Aegean has devoted its efforts to building a global brand representing high quality and service at every location around the world. Finally, they use their bunkering tankers in their physical delivery operations and do not generally charter them out to others.

1.1 Company's Strengths

The company possesses a number of core strengths that provide it with a competitive advantage in the marine fuel supply industry. These strengths include:

Integrated Service Capability - ability to control the supply chain of physically supplying refined marine fuel to end users from procurement to delivery provides high barriers to entry. Through that integrated service capabilities, it has:

- Long-term contractual arrangements with supply sources for marine petroleum products
- Local service centres that monitor and support the logistical aspects of each customer order
- Bunkering tankers to transport fuel from its suppliers to the customer

Strong Customer Relationships - have developed strong relationships with their customers as a result of the quality of their operations and reliability of their service. As a Greek-based independent physical supplier, has developed strong relationships with international commercial shipping companies. Has also been approved as a supplier to the United States Navy in Greece and played a role in fuelling the United States Naval fleet during "Operation Iraqi Freedom." The company believes that their successful industry relationships provide significant leverage opportunities as it continues to expand its global service centre locations.

Fleet of Double Hull Bunkering Tankers - The percentage of the fleet comprised of double hull bunkering tankers is well above the industry average. Due to the expected phase-out of single hull tankers under environmental protection laws and regulations worldwide, it is believed that the global supply of bunkering tankers will decline significantly. They moreover plan to capitalize on this dynamic industry environment by significantly increasing the number of new double hull bunkering tankers in already existing fleet.

Effective Credit Controls - Aegean Marine Petroleum Network provides trade credit to customers who, according to their in-house credit system, exhibit an acceptable credit risk profile. They believe that their active credit risk management

has been essential to their success. That credit evaluation system has enabled business to grow while allowing to effectively managing credit exposure.

Strong Management with Successful Track Record - Aegean has assembled a management team of senior executive officers and key employees with decades of experience in all aspects of the marine fuel supply and shipping industries. Believes that its management team has a demonstrated history of successfully expanding the Company's marine fuel delivery capabilities by entering into new markets and strategically adding to its modern fleet of bunkering tankers.

Excellence in Operations – The Company is ISO 9001 certified for the Provision of Procurement Services for Marine Fuel Oils and Lubricants and ISO 14001 certified for Environmental Management System. It has also obtained a TR-8 certification issued by Lloyds for Quality Management for Bunker Supply. Their operational effectiveness and logistical reliability are attributable to the expertise which has been developed through their experience in operating bunkering business in multiple locations around the world.

1.2 Company's Weaknesses

If the contraction of the global credit markets and the resulting volatility in the financial markets continues or worsens then they may not be able to obtain sufficient funds to grow or effectively manage their growth. - their future growth will depend on a number of additional factors, which also may be adversely affected in the current economic climate, which include the company's ability to:

● increase its fleet of bunkering vessels
● identify suitable markets for expansion
● consummate vessel acquisitions
● integrate acquired vessels successfully with its existing operations
● Hire, train and retain qualified personnel to manage and operate its growing business and fleet
● improve operating and financial systems and controls
● maintain or improve its credit control procedures

● obtain and maintain required governmental authorizations, licenses and permits for new and existing operations
● provide timely service at competitive prices
● attract and retain customers.

If further emergency governmental measures are implemented in response to the economic downturn, that could have a material adverse impact on the company's results of operations, financial condition and cash flows - in response to the extraordinary volatility of the global financial markets and the adverse changes in the global credit markets, governments have taken highly significant measures in response to such events, including the enactment of the Emergency Economic Stabilization Act of 2008 in the United States, and may implement other significant responses in the future. Securities and future markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The U.S. Securities and Exchange Commission, or the SEC, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may affect changes in law or interpretations of existing laws. The Company cannot predict what, if any, such measures would be, but changes to securities, tax, environmental, or other laws or regulations, could have a material adverse effect on results of operations.

An inability to obtain financing for growth or to fund its future capital expenditures could negatively impact the company's results of operations and financial condition - inn order to fund future vessel acquisitions, new markets and products, increased working capital levels or capital expenditures, they will be required to use cash from operations, incur borrowings or raise capital through the sale of debt or additional equity securities. Use of cash from operations for those purposes would reduce cash available for dividend distributions to shareholders. Their ability to obtain additional bank financing or to access the capital markets for any future offerings may be significantly limited by the volatility in the global financial markets over the last year, and the adverse changes in the global credit markets. The credit markets in the United States and elsewhere have experienced significant contraction, deleveraging and reduced liquidity. These adverse market conditions and other contingencies and uncertainties are beyond control. The ability to obtain

additional bank financing will also depend on its financial condition, which may be adversely affected by prevailing economic conditions.

Failure to obtain the funds for future vessel acquisitions, new markets, products or capital expenditures could impact financial condition - the issuance of additional equity securities would dilute interest in the Company and reduce dividends payable. Even if they are successful in obtaining additional bank financing, paying debt service would limit cash available for working capital and increasing their indebtedness could have a material adverse effect on business, results of operations, cash flows and financial condition.

Business acquisition opportunities may present increased risks and uncertainties, which if realized could result in costs that outweigh the financial benefit of such acquisitions - as part of its growth strategy, the company intends to explore acquisition opportunities of marine fuel supply and complementary businesses. This expansion could expose it to additional business and operating risks and uncertainties, including:

● the ability to effectively integrate and manage acquired businesses
● the ability to realize its investments in the acquired businesses
● the diversion of management's time and attention from other business concerns
● the risk of entering markets in which they may have no or limited direct prior experience
● the potential loss of key employees of the acquired businesses
● the risk that an acquisition could reduce their future earnings
● exposure to unknown liabilities.

Due to the lack of diversification in their lines of business, adverse developments in the marine fuel supply business would negatively impact results of operations and financial condition - they rely primarily on the revenues generated from business of physical supply and marketing of refined marine fuel and lubricants to end customers. Due to the lack of diversification in their lines of business, an adverse development in marine fuel supply business would have a significant impact on business.

1.3 Company's Opportunities

The ownership of floating storage facilities allows the Company to mitigate its risk of supply shortages - Generally, storage costs are included in the price of refined marine fuel quoted by local suppliers. The Company expects that the ownership of floating storage facilities will allow it to convert the variable costs of this storage fee mark-up per metric ton quoted by suppliers into fixed costs of operating its owned storage facilities, thus enabling the Company to spread larger sales volumes over a fixed cost base and to decrease its refined fuel costs.

1.4 Company's Threats

International authorities and flag states may delay implementation of the phase-out of single hull vessels which may lessen the competitive advantage the company hopes to gain by acquiring double hull bunkering tankers - their future success will depend, in part, on the timely and comprehensive implementation of the phase-out of single hull vessels. Any delay or limitation in application of the environmental protection laws and regulations could limit anticipated growth or other anticipated benefits because their strategy involves employing and acquiring second hand double hull bunkering tankers.

If unable to comply with existing or modified environmental laws and regulations in the United Kingdom relating to their fuel storage facilities, they would be exposed to significant compliance costs and liabilities

Most of their customers are not obligated to continue to employ them and if some of key customers reduce or terminate their purchases the company's results of operations would decrease - generally, they have not derived a significant amount of revenue from written volume commitments from key customers or any other understandings with them that relate to future purchases. Purchases by key customers could be reduced or terminated at any time. A substantial reduction or a termination of purchases by any of our key customers could decrease results of operations.

If they increase marine fuel inventory, they will be more vulnerable to price fluctuations, which may result in the reduced value of inventory and cause the company to suffer financial loss - due to the nature of business, they may increase the volume of marine fuel inventories. Depending upon the price and price movement of refined marine fuel, marine fuel inventories may subject them to a risk of financial loss. Pricing terms with suppliers and customers and hedges by way of oil futures or other instruments, should they enter into them, may not adequately protect them in the event of a substantial downward movement in the price of marine fuel.

Terrorist attacks, piracy, and international hostilities have previously affected the shipping industry, and any future attacks could negatively impact results of operations and financial condition - terrorist attacks, such as the attack on the MT Limburg in October 2002, could adversely affect operations. Aegean conducts its marine fuel supply operations outside of the United States, and business, results of operations, cash flows and financial condition could suffer by changing economic, political and government conditions in the countries and regions where vessels are employed or registered. Moreover, they operate in a sector of the economy that is likely to be adversely impacted by the effects of political instability, terrorist or other attacks, war, piracy, or international hostilities.

1.5 Dividend Policy

Aegean was formed on June 6, 2005, under the laws of the Marshall Islands. Aegean's authorized common and preferred stock since inception consisted of 100,000,000 common shares (all in registered forms), par value $0.01 per share and 25,000,000 preferred shares (all in registered forms), par value $0.01 per share.

The holders of the common shares are entitled to one vote on all matters submitted to a vote of stockholders and to receive all dividends, if any. The Company's board of directors shall have the authority to establish such series of preferred stock and with such designations, preferences and relative, participating, optional or special rights and qualifications, limitations or restrictions as shall be stated in the resolutions providing for the issue of such preferred stock. In

December 2006, the Company completed its initial public offering in the United States under the United States Securities Act of 1933. In this respect, 14,375,000 shares of common stock at par value $0.01 were issued for $14.00 per share. The proceeds of the initial public offering, net of underwriting commissions of $14,088, and net of offering expenses of 1,953, amounted to $185,209. The Company declared and paid dividends of $4,000, $1,705 and $1,711 during the years ended December 31, 2006, 2007 and 2008, respectively.

Company's policy is to pay regular cash dividends on a quarterly basis on shares of its common stock so long as they have sufficient capital or earnings to do so. While they cannot assure their shareholders that they will do so, and subject to, among other things, legal requirements, that ability to obtain financing on terms acceptable to them and the ability to satisfy financial covenants contained in their financing arrangements, the company paid dividends of $0.01 per share in March, June, September and December 2007 for the fourth quarter of 2006 and the first, second and third quarters of 2007, respectively. They anticipate retaining most of their future earnings, if any, for use in operations and the expansion of their business. Any further determination as to dividend policy will be made by board of directors and will depend on a number of factors, including the requirements of Marshall Islands law, their future earnings, capital requirements, financial condition and future prospects and such other factors as that board of directors may deem relevant.

Marshall Islands law generally prohibits the payment of dividends other than from surplus, when a company is insolvent or if the payment of the dividend would render the company insolvent. In addition, the company may incur expenses or liabilities, including extraordinary expenses, which could include costs of claims and related litigation expenses, or be subject to other circumstances in the future that reduce or eliminate the amount of cash that they have available for distribution as dividends or for which their board of directors may determine requires the establishment of reserves. Board of directors may determine to finance company's growth with cash from operations, which would reduce or even eliminate the amount of cash available for the payment of dividends.

Their ability to pay dividends is also subject to the ability to satisfy financial covenants contained in financing arrangements. Under their senior secured credit facility they are prohibited from paying dividends if, among other things,

(i) an event of default has occurred or will occur as a result of the payment of the dividend

(ii) their book net worth is less than $150.0 million

(iii) their ratio of total liabilities to total assets exceeds 0.65-toone or

(iv) they fail to maintain free liquidity of $25.0 million in an account at their lender's bank.

- *On February 27 2007*, the Company granted 109,167 shares of restricted common stock to certain employees of the Company. The restricted shares vest, and the restrictions lapse, with respect to each 25% lot of these shares, on February 27, 2008 and on February 27 of each of the three years thereafter.

- On *May 22 2007*, the Company granted 29,600 shares of restricted common stock to four non-executive members of the Board of Directors. With respect to 19,600 shares, the restricted shares vest and the restrictions lapse on the date of the 2008 Annual Meeting of Shareholders. The remaining 10,000 shares vest on the date of the 2009 Annual Meeting of Shareholders.

- *On September 7 2007*, the Company granted 10,000 shares of restricted common stock to a certain employee of the Company. The restricted shares vest, and the restrictions lapse, with respect to each 25% lot of these shares, on September 7, 2008 and on September 7 of each of the three years thereafter.

- On *May 30 2008*, the Company made grants of restricted common stock aggregating 133,043 shares to certain officers and directors of the Company. With respect to 30,000 shares, the restrictions lapse in 20% lots over five years from the grant date. With respect to 75,000 shares, the restrictions lapse in five years from the grant date. With respect to 9,000 shares, the restrictions lapse in one year from the grant date. With respect to 19,043 shares, the restrictions lapse in 25% lots over four years from the grant date.

- *On July 30 2008*, the Company granted 8,000 shares of restricted common stock to a certain officers of the Company. The restricted shares vest, and the

restrictions lapse, with respect to each 25% lot of these shares, on July 1, 2009 and on July 1 of each of the three years thereafter.

- *On August 11 2008*, the Company granted 10,000 shares of restricted common stock to a certain officer of the Company. The restricted shares vest, and the restrictions lapse, with respect to each 25% lot of these shares, on June 5, 2009 and on June 5 of each of the three years thereafter.

- *On September 22 2008*, the Company granted 1,908 shares of restricted common stock to non-executive member of the Board of Directors. The restricted shares vest and the restrictions lapse on the date of the 2009 Annual Meeting of Shareholders.

- *On December 29 2008*, the Company granted 375 shares of restricted common stock to non-executive member of the Board of Directors. The restricted shares vest and the restrictions lapse on the date of the 2009 Annual Meeting of Shareholders.

- *On November 11 2009*, the Company's Board of Directors declared a third quarter 2009 dividend of $0.01 per share payable on December 3, 2009, to shareholders of record as of November 12, 2009. The dividend amount was determined in accordance with the Company's dividend policy of paying cash dividends on a quarterly basis subject to factors including the requirements of Marshall Islands law, future earnings, capital requirements, financial condition, future prospects and such other factors as are determined by the Company's Board of Directors. The Company anticipates retaining most of its future earnings, if any, for use in operations and business expansion.

2 Danaos Corporation

Danaos Corporation (Danaos) is an international owner of containerships. As of June 30, 2009, the Company had a fleet of 42 containerships aggregating 172,433 twenty foot equivalent units (TEUs). Danaos charters its containerships under multi-year, fixed-rate period charters to a diverse group of liner companies, which range from 1 to 12 years for vessels in its existing fleet, and up to 18 years for its contracted vessels. As of June 30, 2009, these customers included China Shipping, CMA-CGM, Hanjin, Hyundai, Maersk, MISC, MSC, United Arab Shipping Corporation (UASC), Yang Ming and ZIM Israel Integrated Shipping Services. The Company operates through a number of subsidiaries incorporated in Liberia and Cyprus, all of which are wholly owned by it and either directly or indirectly owns the vessels in its fleet. The Company's manager is Danaos Shipping Company Limited (Danaos Shipping).

Thirty years of growth strategy have paid off in the form of dramatically expanded operational resources. From three original multipurpose vessels in 1987, and currently owning 42 containerships, additional 27 new vessels are scheduled for delivery between 2009 and 2012, which put Danaos among the largest containership charter owners in the world.

Consistent with a strategy of pursuing attractive growth opportunities, the latest Danaos' investments in contracted new deliveries will add some 211,450 TEU capacity, boosting the total of 384,000 TEU mark, from a purposeful 69-vessel containership fleet assuming no further acquisitions or dispositions.

2.1 Company's Strengths

High level of customer service – the company focuses on being a high-quality, cost-efficient provider of ships and vessel services allowing customers to offer integrated logistics solutions in the marketplace. As a preferred supplier to many charterers, it is committed to customer service and technological leadership.

Charter portfolio diversity - they maintain a portfolio of time charters that is highly diverse from a customer, location and maturity perspective. This approach reduces their revenue concentration, minimizes dangerous exposure to any one customer and allows them to recharter vessels at any time in the charter market cycle.

New building and second hand vessel acquisitions – Danaos carefully positions itself to take advantage of growth in the industry and retain significant financial flexibility to pursue growth through additional selective acquisitions. Its manager's reputation and long history as a leading ship operator presents it as an attractive provider to liner companies.

Investment in larger containerships – people of Danaos believe that larger containerships are more attractive to customers because these vessels allow economies of scale and constitute the core of the fleet of liner services. Additional benefits include longer-term stable cash flows and reduced residual vessel value exposure.

2.2 Company's Weaknesses

In 2009, the company entered into waivers and amendments to certain of its credit facilities to waive the prior breaches, as of December 31, 2008 and new breaches as of June 30, 2009, resulting from the decrease in the market value of its vessels and the decline in the fair value of interest rate swaps. Such waivers and covenants do not, however, cover other covenants contained in credit facilities. If the current low charter rates in the containership charter market and low vessel values continue, including continuing beyond the period covered by the waivers they obtained in 2009, they may not be in compliance with these covenants or other covenants not covered by waivers,

and would have to seek additional waivers of compliance from lenders and/or raise additional funds through asset sales, equity infusions or similar transactions.

If the Company fails to obtain extensions of its existing waiver agreements when necessary or comply with covenants and is not able to obtain covenant waivers or modifications with respect to such non-compliance, its lenders could require it to make prepayments or provide additional collateral. - Certain of these events, including under cross-default provisions, could in turn lead to additional defaults under loan agreements and the consequent acceleration of the indebtedness there under and the commencement of similar foreclosure proceedings by other lenders.

The Company is dependent on the ability and willingness of its charterers to honour their commitments to it for all of its revenues – the failure of charterers to meet their obligations under time charter agreements could cause it to suffer losses or otherwise adversely affect business.

It could lose a charterer or the benefits of a time charter if:

- the charterer fails to make charter payments to them because of its financial inability, disagreements with the company, defaults on a payment or otherwise
- the charterer exercises certain specific limited rights to terminate the charter
- the Company does not take delivery of a contracted new building containership at the agreed time
- the charterer terminates the charter because the ship fails to meet certain guaranteed speed and fuel consumption requirements and the company is unable to rectify the situation or otherwise reach a mutually acceptable settlement.

Although they have arranged charters for each of their 28 contracted new building vessels, they are dependent on the ability and willingness of the charterers to honour their commitments under such charters as it would be difficult to redeploy such vessels at equivalent rates, or at all, if charter markets continue to experience weakness.

Danaos' profitability and growth depend on the demand for containerships - the recent changes in general economic conditions, and the impact on consumer confidence and consumer spending, has resulted and may continue to result in a decrease in containerized shipping volume, driving charter rates to significantly lower levels than the historical highs of the past few years.

Factors that influence demand for containership capacity include:
- Supply and demand for products suitable for shipping in containers
- Changes in global production of products transported by containerships
- The distance that container cargo products are to be moved by sea
- The globalization of manufacturing
- Global and regional economic and political conditions
- Developments in international trade
- Changes in seaborne and other transportation patterns, including changes in the distances over which containerized cargoes are transported
- Environmental and other regulatory developments
- Currency exchange rates

2.3 Company's Opportunities

Growth in the containership industry was rapid from 2000 through 2006, averaging over +11% annualized. The main driver of that growth was increased trade globally including, of course, the shipping of consumer goods from Asian to U.S. and European markets. Lately, growth in containership volumes to the U.S. has slowed mainly due to the weakening economy and U.S. dollar; both factors have slowed U.S. imports. Nonetheless, trade routes between Asian nations and the Middle East have picked up markedly and volumes between Asia and Europe remain strong - these factors have offset much of the U.S. decline. But despite the almost continuous increase in demand, shipping rates are seasonal and can be volatile at times.

Danaos Corp. has very little exposure to this volatility - almost all of its 36 containerships are locked in 8 to 12-year fixed-rate contracts with major shipping

firms. These contracts minimize the company's exposure to short-term swings in supply and demand.

The company benefits from a growing trend toward vessel outsourcing. - in other words, shipping firms do not want to shell out to purchase their own fleet of ships to transport goods. Instead, they prefer to lease these ships from dedicated third-party operators like Danaos. This trend has allowed the company to grow its fleet and sign up new ships under long-term lease agreements. In fact, the firm has 32 additional ships scheduled for delivery in the next three years, and the majority of them already have contracts in the works.

Danaos Corp currently sports a dividend yield of 7.4%; there is little downside risk to dividends due to its long-term charter deals. - and as new ships are delivered and start earning fees, there's room for the company to continue boosting its payout.

The Company offers a strong yield with relatively little exposure to any short-term weakness in containership traffic to the U.S. - That said, the stock has been unfairly hit by fears that a U.S. economic slowdown would hurt the containership industry. This situation has given long-term investors a rare chance to capture a steadily growing company and a solid dividend yield at a rock-bottom price.

2.4 Company's Threats

Danaos' Corp business, and an investment in its securities, involves a high degree of risk, including *risks relating to the downturn in the container shipping market*, which continues to adversely affect the major liner companies which charter its vessels and to have an adverse effect on its earnings, affect compliance with loan covenants and could result in having to restructure its obligations.

The abrupt and dramatic downturn in the containership market, from which they derive all of their revenues, has severely affected the container shipping industry, particularly the large liner companies to which they charter their vessels. The average

daily charter rate of a 4,400 TEU containership, which represents the approximate average TEU capacity of its fleet, decreased from $36,000 in May 2008 to $6,500 in July 2009. The decline in charter rates is due to various factors, including the reduced availability of trade financing for purchases of containerized cargo carried by sea, which has resulted in a significant decline in the volume of cargo shipments, and the level of global trade, including exports from China to Europe and the United States. The decline in the containership market has affected the major liner companies, one of which, Zim Israel Integrated Shipping Services, recently stated that it is reducing, unilaterally, all of its long-term charter hires payments to ship-owners by 35% commencing September 1, 2009. It also affects the value of vessels, which follow the trends of freight rates and containership charter rates, and earnings on their charters, and similarly, affects cash flows and liquidity, as well as adversely affecting company's ability to obtain the significant amount of additional financing needed to fund the remaining instalments on already contracted new building containerships.

They have had to obtain waivers from the lenders under all but one of their credit facilities because they have not been in compliance with the covenants contained in loan agreements. - The decline in the containership charter market has had and may continue to have additional adverse consequences for industry including an absence of financing for vessel acquisitions and new buildings, the absence of an active second hand market for the sale of vessels, charterers not performing under existing time charters and widespread loan covenant defaults in the container shipping industry.

The market value of containerships is sensitive to, among other things, changes in the charter markets with vessel values deteriorating in times when charter rates are falling and improving when charter rates are anticipated to rise. The current low in charter rates in the containership market coupled with the prevailing difficulty in obtaining financing for vessel purchases have adversely affected containership values. These conditions have led to a significant decline in the fair market values of their vessels and the extremely low prevailing interest rates have led to significant declines in the fair value of their interest rate swap agreements.

2.5 Dividend Policy

After its initial public offering, the Company paid regular quarterly dividends from February 2007 to November 19, 2008. They paid no dividends in 2006 and, prior to initial public offering, they paid aggregate dividends of $12.4 million and $244.6 million in 2004 and 2005, respectively. The company paid its first quarterly dividend since becoming a public company in October 2006, of $0.44 per share, on February 14, 2007, and subsequent dividends of $0.44 per share, $0.44 per share, $0.465 per share and $0.465 per share on May 18, 2007, August 17, 2007, November 16, 2007 and February 14, 2008. In addition, paid a dividend of $0.465 per share on May 14, 2008, August 20, 2008 and November 19, 2008, respectively.

While the company has historically paid a high dividend, the board of directors has decided to suspend dividend payments based on the overall assessment of the world financial and economic crisis and the risks that such a prolonged crisis may present to the overall business of the company. Declaration and payment of any dividend is subject to the discretion of board of directors. The timing and amount of dividend payments will be dependent upon earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in credit facilities, the provisions of Marshall Islands law affecting the payment of distributions to stockholders and other factors. The payment of dividends is not guaranteed or assured, and may be discontinued or modified at any time at the discretion of Danaos' board of directors. Their ability to pay dividends may be limited by the amount of cash they can generate from operations following the payment of fees and expenses and the establishment of any reserves as well as additional factors unrelated to profitability. They are a holding company, and depend on the ability of their subsidiaries to distribute funds in order to satisfy dividend payments.

Under our articles of incorporation, authorized capital stock consists of 200,000,000 shares of common stock, $0.01 par value per share, of which, as of December 31 2008 and June 30 2009, 54,542,500 shares and 54,550,598, respectively, were issued and outstanding and fully paid, and 5,000,000 shares of blank check preferred stock, $0.01 par value per share, of which, as of December 31, 2008 and June 30, 2009, no shares were issued and outstanding and fully paid. On October 14 2005 and September 18 2006, the Company's Articles of Incorporation were amended. Under the amended articles of incorporation the Company's

authorized capital stock consists of 200,000,000 shares of common stock with a per value of $0.01 and 5,000,000 shares of preferred stock with a par value of $0.01. Additionally, on September 18, 2006, the Company effected an 88,615-for-1 split of its outstanding common stock. The Company has adjusted its stockholders' equity accounts as of December 31, 2006, by increasing the stated capital and decreasing the additional paid-in capital by $443,070 to reflect the increase in outstanding shares from 500 shares par value $.01 to 44,307,500 shares par value $.01.

- *On October 6, 2006*, the Company completed its initial public offering and the Company's common stock was listed on the New York Stock Exchange. In this respect 10,250,000 shares of common stock at par value of $0.01 were issued for $21 per share. The net proceeds to the Company totalled $201.3 million.

- *On January 18, 2007*, the Company declared dividends amounting to $0.44 per common share for the fourth quarter of 2006, which resulted in an aggregate dividend of $24.0 million paid on February 14, 2007, to all shareholders of record as of January 29, 2007.

- *On April 24, 2007,* the Board of Directors declared a dividend of $ 0.44 per common share for the first quarter of 2007, which resulted in an aggregate dividend of $24.0 million paid on May 18, 2007, to all shareholders of record as of May 4, 2007.

- *On July 23, 2007*, the Board of Directors declared a dividend of $ 0.44 per common share for the second quarter of 2007, which resulted in an aggregate dividend of $24.0 million paid on August 17, 2007, to all shareholders of record as of August 3, 2007.
- *On October 22, 2007,* the Board of Directors declared a dividend of $ 0.465 per common share for the third quarter of 2007, which resulted in an aggregate dividend of $25.4 million, paid on November 16, 2007 to all shareholders of record as of November 2, 2007.

- *On January 23, 2008*, the Company declared dividends amounting to $0.465 per common share for the fourth quarter of 2007, which resulted in an aggregate dividend of $25.4 million paid on February 14, 2008, to all shareholders of record as of January 30, 2008.

- *On April 18, 2008*, the Company declared a dividend amounting to $0.465 per common share for the first quarter of 2008, which resulted in an aggregate dividend of $25.4 million paid on May 14, 2008, to all shareholders of record as of April 30, 2008.

- *On July 18, 2008*, the Company declared a dividend amounting to $0.465 per common share for the second quarter of 2008, which resulted in an aggregate dividend of $25.4 million paid on August 20, 2008 to all shareholders of record as of August 6, 2008.

- *On October 24, 2008*, the Board of Directors declared a dividend of $0.465 per common share for the third quarter of 2008, which resulted in an aggregate dividend of $25.4 million, paid on November 19, 2008 to all shareholders of record as of November 5, 2008.

3 Diana Shipping Inc

Diana Shipping Inc. is a global provider of shipping transportation services. The Company is engaged in transporting dry bulk cargoes, including commodities as iron ore, coal, grain and other materials along global shipping routes. The Company's fleet consists of 19 dry bulk carriers, of which 13 are Panamax and six are Capesize dry bulk carriers, having a combined carrying capacity of approximately two million deadweight tons and a weighted average age of 3.5 years. During the year ended December 31, 2008, the Company had a fleet utilization of 99.6%.

3.1 Company's Strengths

Among the distinguishing strengths that the company believes provide it with a competitive advantage in the dry bulk shipping industry are the following:

- They own a modern, high quality fleet of dry bulk carriers.
- The fleet includes four groups of sister ships, providing operational and scheduling flexibility, as well as cost efficiencies.
- Have an experienced management team.
- Manage their vessel operations internally.
- Benefit from strong relationships with members of the shipping and financial industries.
- Have a strong balance sheet and a relatively low level of indebtedness.

Company's main objective is to manage and expand its fleet in a manner that will enable it to enhance shareholder value. To accomplish this objective, they intend to pursue highly focused business strategies, including: continuing to operate a high

quality fleet, strategically expanding the size of the fleet, pursuing an appropriate balance of short-term and long-term time charters, maintaining a strong balance sheet and maintaining low cost, highly efficient operations. In addition, they intend to capitalize on their reputation for high standards of performance, reliability and safety to establish and maintain relationships with major international charterers and financial institutions.

3.2 Company's Weaknesses

• Diana's operating results are subject to seasonal fluctuations, which could affect the amount of available cash with which they could pay dividends, if declared.

• Fuel, or bunker prices, may adversely affect profits.

• They are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business. They are also subject to international safety regulations and the failure to comply with these regulations may subject them to increased liability, may adversely affect insurance coverage and may result in a denial of access to, or detention in, certain ports.

• Increased inspection procedures and tighter import and export controls could increase costs and disrupt business. Maritime claimants could arrest one or more of their vessels, which could interrupt company's cash flow. Governments could requisition one or more vessels during a period of war or emergency, resulting in a loss of earnings.

• They charter some of their vessels on short-term time charters in a volatile shipping industry and the decline in charter hire rates could affect results of operations and ability to pay dividends again. The board of directors has determined to suspend the payment of cash dividends as a result of market conditions in the international shipping industry but cannot assure that will reinstate dividends in the future, or when such reinstatement might occur.

• The company is exposed to U.S. dollar and foreign currency fluctuations and devaluations that could harm its reported revenue and results of operations

3.3 Company's Opportunities

The company's future growth will primarily depend on its ability to:

- locate and acquire suitable vessels
- identify and consummate acquisitions or joint ventures
- enhance its customer base
- manage its expansion
- obtain required financing on acceptable terms.

Growing any business by acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements will be unenforceable or insufficient to cover potential losses and difficulties associated with imposing common standards, controls, procedures and policies, obtaining additional qualified personnel, managing relationships with customers and integrating newly acquired assets and operations into existing infrastructure. Of course, the company cannot give any assurance that they will be successful in executing their growth plans or that they will not incur significant expenses and losses in connection with future growth.

3.4 Company's Threats

The dry bulk shipping industry is cyclical with attendant volatility in charter hire rates and profitability. For example, the degree of charter hire rate volatility among different types of dry bulk carriers has varied widely. After reaching historical highs in mid-2008, charter hire rates for Panamax and Capesize dry bulk carriers have reached near historically low levels.

Because they charter some of their vessels pursuant to short-term time charters, they are exposed to wide changes in spot market and short-term charter rates

for dry bulk carriers and such changes may affect earnings and the value of dry bulk carriers at any given time.

No one can assure investors that the company will be able to successfully charter its vessels in the future or renew existing charters at rates sufficient to allow it to meet its obligations or pay any dividends in the future. Because the factors affecting the supply and demand for vessels are outside of human control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

A further economic slowdown in the Asia Pacific region could exacerbate the effect of recent slowdowns in the economies of the United States and the European Union and may have a material adverse effect on business, financial condition and results of operations. Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on business.

The market values of vessels have decreased, which could limit the amount of funds that they can borrow under their credit facilities and which could cause them to breach covenants in credit facilities and adversely affect operating results.

An over-supply of dry bulk carrier capacity may lead to reductions in charter hire rates and profitability.

Acts of piracy on ocean-going vessels have recently increased in frequency, which could adversely affect business.

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a material adverse impact on results of operations, financial condition and cash flows, and could cause the market price of the company's common stock to further decline .

3.5 Dividend Policy

As a result of market conditions in the international shipping industry and in order to position the company to take advantage of market opportunities, board of directors, beginning with the fourth quarter of 2008, has suspended common stock dividend. The Company's policy, historically, was to declare quarterly distributions to stockholders by each February, May, August and November substantially equal to available cash from operations during the previous quarter after cash expenses and reserves for scheduled dry dockings, intermediate and special surveys and other purposes as board of directors may from time to time determine are required, and after taking into account contingent liabilities, the terms of credit facilities, growth strategy and other cash needs and the requirements of Marshall Islands law. The declaration and payment of dividends, if any, will always be subject to the discretion of board of directors. The timing and amount of any dividends declared will depend on, among other things, our earnings, financial condition and cash requirements and availability, our ability to obtain debt and equity financing on acceptable terms as contemplated by our growth strategy and provisions of Marshall Islands law affecting the payment of dividends. In addition, other external factors, such as their lenders imposing restrictions on their ability to pay dividends under the terms of credit facilities, may limit ability to pay dividends. Further, the company may not be permitted to pay dividends if in breach of the covenants contained in loan agreements.

Their growth strategy contemplates that they will finance the acquisition of additional vessels through a combination of debt and equity financing on terms acceptable to them. If financing is not available on acceptable terms, board of directors may determine to finance or refinance acquisitions with cash from operations, which could also reduce or even eliminate the amount of cash available for the payment of dividends. Marshall Islands law generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. The company may not have sufficient surplus in the future to pay dividends and can give no assurance that will reinstate its dividends in the future or when such reinstatement might occur.

For those periods that they paid dividends, they calculated dividends per share as if any debt, excluding construction pre-delivery financing, in excess of $150.0 million were financed entirely with equity such that

(i) the available cash from operations as determined by board of directors would be increased by the amount of interest expense incurred on account of such outstanding debt during the related period, and

(ii) the number of shares outstanding would be deemed to include an additional number of shares, which, if issued, would have generated net proceeds that would have been sufficient to have allowed company to repay such outstanding debt as of the beginning of the related period (based on the market price of its common stock as of the determination date). From time to time they used the net proceeds from equity offerings to temporarily reduce outstanding debt, excluding construction pre-delivery financing, to less than $150.0 million pending the application of such proceeds to vessel acquisitions or other uses.

They believe that, under current law, any dividends that they have paid and may pay in the future from earnings and profits constitute “qualified dividend income” and as such are generally subject to a 15% United States federal income tax rate with respect to non-corporate United States stockholders. Distributions in excess of their earnings and profits will be treated first as a non-taxable return of capital to the extent of a United States stockholder’s tax basis in its common stock on a dollar-for-dollar basis and thereafter as capital gain. It is noted that legislation was previously introduced in the United States Congress, which, if enacted in its present form, would preclude dividends received after the date of enactment from qualifying as “qualified dividend income.”

Since Diana’s initial public offering in March 2005, it has declared and paid dividends of $2.71 per share representing cash available from operations for the first three quarters of 2008, $2.19 per share representing cash available from operations for 2007, $1.56 per share for 2006 and $1.485 per share, for 2005. As of November 2008 and after the significant deterioration of the credit markets significantly affecting the international dry bulk shipping, Board of Directors decided to suspend the payment of future dividends as a result of market conditions in the international shipping industry.

4 Tsakos Energy Navigation Ltd

Tsakos Energy Navigation is a leading provider of international seaborne crude oil and petroleum product transportation services. In 2007 it also started to transport liquefied natural gas. Tsakos Energy Navigation owns a fleet of tankers providing worldwide marine transportation services for national and other independent oil companies and refiners under long, medium and short-term charters. As of March 31, 2009, the Company operated a fleet of 46 double-hull tankers providing worldwide marine transportation services for national and other independent oil companies and refiners under long, medium and short-term charters and one LNG carrier. The Company's fleet consists of three very large crude carriers (VLCCs), 10 suezmaxes, 11 aframaxes, seven panamaxes, six handymaxes, eight handysizes and one LNG carrier. All vessels are owned by the Company's subsidiaries.

It was incorporated in 1993 as an exempted company under the laws of Bermuda under the name Maritime Investment Fund Limited. In 1996, Maritime Investment Fund Limited was renamed MIF Limited. Its common shares were listed in 1993 on the Oslo Stock Exchange (OSE) and the Bermuda Stock Exchange although de-listed from the OSE in March 2005 due to limited trading. The Company’s shares are no longer actively traded on the Bermuda exchange. In July 2001, the Company’s name was changed to Tsakos Energy Navigation Limited to enhance its brand recognition in the tanker industry, particularly among charterers. In March 2002, they completed an initial public offering of the common shares in the United States and common shares began trading on the New York Stock Exchange under the ticker symbol “TNP.” Since incorporation, the Company has owned and operated 65 vessels and has sold 20 vessels (of which three had been chartered back and eventually repurchased at the end of their charters. In 2008, one of these, Olympia, was sold again after a further one year’s trading).

4.1 Company's Strengths

Modern, high quality fleet - they own a fleet of modern, high-quality tankers that are designed for enhanced safety and low operating costs. Since inception, have been committed to investments of over $3.2 billion, including investments of approximately $2.4 billion in new building constructions, in order to maintain and improve the quality of existing fleet. The Company believes that increasingly stringent environmental regulations and heightened concerns about liability for oil pollution have contributed to a significant demand for its vessels by leading oil companies, oil traders and major government oil entities. Tsakos Shipping, the technical manager of the fleet, has received ISO 14001 certification, based in part upon audits conducted on vessels themselves.

Diversified fleet – TEN's diversified fleet, which includes VLCC, suezmax, aframax, panamax, handysize and handymax tankers, as well as one LNG carrier, allows it to better serve its customers' international crude oil and petroleum product transportation needs. They have also committed a sizable part of their new building and acquisition program to ice-class vessels. By March 31, 2009, they had 23 ice-class vessels. Additionally, the company entered the LNG market with the delivery of is first LNG carrier in 2007.

Stability throughout industry cycles - Historically, TEN has employed a high percentage of its fleet on long and medium-term employment with fixed rates or minimum rates plus profit sharing agreements. It is believed that this approach has resulted in high utilization rates for its vessels. At the same time, the company maintains flexibility in its chartering policy to allow it to take advantage of favourable rate trends through spot market employment and contract of affreightment charters with periodic adjustments. Over the last five years, its overall average fleet utilization rate was 97.1%.

Industry Recognition - For over 36 years, the Tsakos Group has maintained relationships with and has achieved acceptance by national, major and other independent oil companies and refiners. Several of the world's major oil companies and traders, including Houston Refining, PDVSA, Exxon Mobil, FLOPEC, Shell, BP,

Sunoco, Tesoro, Petrobras, Trafigura, Glencore and Neste Oil are among the regular customers of the Tsakos Group and of Tsakos Energy Navigation, in particular.

Significant Leverage from Relationship with Tsakos Shipping – At TEN people believe the expertise, scale and scope of Tsakos Shipping are key components in maintaining low operating costs, efficiency, quality and safety. They leverage Tsakos Shipping's reputation and longstanding relationships with leading charterers to foster charter renewals.

4.2 Company's Weaknesses

• TEN is a Bermuda company and its subsidiaries are organized under the laws of Cyprus, Liberia, Panama or Malta.

• Most of its directors and executive officers are residents of countries other than the United States. Substantially all of its subsidiaries' assets and a substantial portion of the assets of its directors and officers are located outside the United States. As a result, it may be difficult or impossible for United States investors to effect service of process within the United States upon the company, its subsidiaries or those of its directors and officers who are not resident here or to realize against them judgments obtained in the United States courts.

• The charter markets for crude oil carriers and product tankers have deteriorated significantly since the summer 2008, which could affect company's future revenues, earnings and profitability.

• The Baltic Dirty Tanker Index declined from a high of 2,347 in July 2008 to a low of 453 in mid-April 2009, which represents a decline of 80%. The Baltic Clean Tanker Index has fallen over 1,160 points, or 77%, since the early summer of 2008. The decline in charter rates is due to various factors, including the significant fall in demand for crude oil and petroleum products, the consequent rising inventories of crude oil and petroleum products in the United States and in other industrialized nations and the corresponding reduction in oil refining, the dramatic fall in the price of oil in 2008, and the restrictions on crude oil production that the Organization of

Petroleum Exporting Countries (OPEC) and other non-OPEC oil producing countries have imposed in an effort to stabilize the price of oil.

• The tanker industry is highly dependent upon the crude oil and petroleum products industries.

• The employment of vessels is driven by the availability of and demand for crude oil and petroleum products, the availability of modern tanker capacity and the scrapping, conversion or loss of older vessels. Historically, the world oil and petroleum markets have been volatile and cyclical as a result of the many conditions and events that affect the supply, price, production and transport of oil.

• The global tanker industry is highly competitive. Their competitors include owners of VLCCs, suezmax, aframax, panamax, handymax and handysize tankers. These competitors include other independent tanker companies, as well as national and independent oil companies, some of whom have greater financial strength and capital resources than TEN. Competition in the tanker industry is intense and depends on price, location, size, age, condition, and the acceptability of the available tankers and their operators to potential charterers.

4.3 Company's Opportunities

Despite the current economic crisis, a key strategy of management is to continue to further renew and grow its fleet by pursuing the acquisition of additional vessels or fleets or tanker companies that are complementary to existing operations, assuming they have the financial resources and debt capacity to do so. They share the view commonly held by financial advisers to Company that the crisis may present opportunities in the coming months to acquire new vessels or tanker companies or contracts to construct new vessels or even to undertake new construction contracts at prices more favourable than those seen in the recent past. If they seek to expand through such acquisitions of other tanker or companies, they face numerous challenges, including:

- difficulties in raising all the required capital
- difficulties in the assimilation of acquired operations
- diversion of management's attention from other business concerns
- assumption of potentially unknown material liabilities or contingent liabilities of acquired companies
- competition from other potential acquirers, some of which have greater financial resources
- potential loss of clients or key employees of acquired companies.

No one can assure that they will be able to integrate successfully the operations, personnel, services or vessels that they might acquire in the future, and failure to do so could adversely affect their profitability.

4.4 Company's Threats

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a further material adverse impact on results of operations - The United States and other parts of the world are exhibiting deteriorating economic trends and have been in a recession. For example, the credit markets in the United States have experienced significant contraction, de-leveraging and reduced liquidity, and the United States federal government and state governments have implemented and are considering a broad variety of governmental action and/or new regulation of the financial markets. Recently, a number of financial institutions have experienced serious financial difficulties and, in some cases, have sought and received significant government assistance or have been put under the control of regulatory authorities. The uncertainty surrounding the future of the credit markets in the United States and the rest of the world has resulted in reduced access to credit worldwide.

Taking advantage of attractive opportunities in pursuit of their growth strategy may result in financial or commercial difficulties - Despite the current economic crisis, a key strategy of management is to continue to further renew and grow its fleet by pursuing the acquisition of additional vessels or fleets or tanker companies that are complementary to existing operations, assuming they have the financial resources and debt capacity to do so. They share the view commonly held by financial advisers to the Company that the crisis may present opportunities in the coming months to acquire new vessels or tanker companies or contracts to construct new vessels or even to undertake new construction contracts at prices more favourable than those seen in the recent past. If they seek to expand through such acquisitions of other tanker or companies, they face numerous challenges.

If the Company's exposure to the spot market or contracts of affreightment increases, its revenues could suffer and its expenses could increase - The spot market for crude oil and petroleum product tankers is highly competitive. As a result of any increased reliance on the spot market, TEN may experience a lower utilization of its fleet, leading to a decline in operating revenue. Moreover, to the extent the vessels are employed in the spot market, both revenue from vessels and operating costs, specifically, voyage expenses will be more significantly impacted by increases in the cost of bunkers (fuel). Unlike time charters in which the charterer bears all of the bunker costs, in spot market voyages TEN bears the bunker charges as part of voyage costs. As a result, while historical increases in bunker charges are factored into the prospective freight rates for spot market voyages periodically announced by World Scale Association (London) Limited and similar organizations, increases in bunker charges in any given period could have a material adverse effect on cash flow and results of operations for the period in which the increase occurs. In addition, to the extent they employ their vessels pursuant to contracts of affreightment or under pooling arrangements. The rates that earn from the charterers under those contracts may be subject to reduction based on market conditions, which could lead to a decline in operating revenues.

4.5 Dividend Policy

Tsakos Energy Navigation‘s common shares were listed in 1993 on the Oslo Stock Exchange (OSE) and the Bermuda Stock Exchange although were de-listed from the OSE in March 2005 due to limited trading. The Company's shares are no longer actively traded on the Bermuda exchange. In March 2002, the company completed an initial public offering of the common shares in the United States and began trading on the New York Stock Exchange under the ticker symbol "TNP." The operating performance and the share price of the company have experienced a disconnect. TEN's shares are now trading at levels last seen in early 2004.

Earnings and dividends for the year 2003 were $1.72 and $ 0.5 per share. The year's 2004 diluted earnings per share were $3.76 and dividends attributable were $ 0.83 per share. Despite the low valuation in today's environment TEN has generated exceptional relative returns for its long-term shareowners. Since listing on the NYSE with a related IPO in March of 2002, the total returns (dividends plus stock appreciation) for holders of TEN's shares has been 18.6% p.a.

- *In 2004*, the shareholders approved a share-based incentive plan providing for the granting of up to 1,000,000 of stock options or other share-based awards to directors and officers of the Company, crew members and to employees of the related companies.

- *In June 2006*, the Company granted a total of 20,000 restricted share units to the non-executive directors, to vest after one year.

- *In 2007*, 186,000 restricted share units related to the 2004 Plan were issued to Company crew members, directors and officers and 394,000 to individuals employed by the related companies. A further 4,650 RSUs were issued to non-executive directors in June 2007 to vest after one year and 1,000 RSUs were issued to a non-executive director in June 2007 vesting immediately.

The Company's dividend policy targets a cash dividend payout of 25% to 50% of earnings subject to the discretion of the Board of Directors and depends on market

conditions, anticipated cash needs to include potential acquisition opportunities, overall financial condition, loan agreement restrictions, capital commitments, future prospects for earning and cash flows, as well as other relevant factors. Dividends are declared and paid semi-annually with payment dates in October and in April.

- *On November 14, 2007*, the Company effected a two-for-one stock split relating to its common stock in the form of a share dividend. All share and per share amounts disclosed in the Financial Statements give effect to this stock split retroactively.
  In 2007, no treasury stock was purchased. In addition, repurchases of stock for cancellation for the years ended December 31, 2008 and 2007 amounted to $12,232 and $1,338, respectively. The transactions were open market based through the New York Stock Exchange.

- *During 2008*, the Company purchased 812,700 shares as treasury stock at a cost of $21,937.

The Company has a shareholder rights plan that authorizes to existing shareholders substantial preferred share rights and additional common shares if any third party acquires 15% or more of the outstanding common shares or announces its intent to commence a tender offer for at least 15% of the common shares, in each case, in a transaction that the Board of Directors has not approved.

- *On March 19, 2009*, the Board of Directors resolved that a dividend of $0.85 cents per share will be paid on April 30, 2009 to shareholders of record on April 24, 2009.

The historical record of dividends attributable to each fiscal year of operations since initiation of cash payments and accounting for the 2-1 stock split affected on November 14, 2007 is as follows:

Fiscal Year of Operations	**Cash Dividends**
2008	$1.75
2007	$1.73

2006	$1.37
2005	$1.05
2004	$0.82
2003	$0.50
2002	$0.35

TEN believes, given its current cash holdings ($340 million at March 31, 2009) and the number of vessels they have on time charter, that even if there is a further major and sustained downturn in market conditions, its financial resources, including the cash expected to be generated within the year, will be sufficient to meet their liquidity needs through January 1, 2010 , taking into account their existing capital commitments and debt service requirements.

5 Stealth Gas Inc

Stealth Gas Inc is a provider of international seaborne transportation services to LPG producers and users. Its vessels carry various petroleum and petrochemical gas products in liquefied form, including propane, butane, butadiene, isopropane, propylene and vinyl chloride monomer, which are all by-products of the production of oil and natural gas. These products are transported in liquefied form in order to reduce their volume and to facilitate their handling.

Stealth Gas currently owns 45 LPG carriers, which include 40 currently under operation and 5 new buildings for delivery between 2009 and 2012. The average age of that LPG fleet is about 11.1 years at the end of 2009 compared to an industry average of 19 years and the total carrying capacity of the LPG fleet is 176,999 cbm. Stealth Gas ranks number 1 worldwide in owned vessels in the 3,000 to 8,000 cbm LPG carrier segment which is its strategic focus.

Transportation by sea represents a major element of gas transportation logistics. LPG products have a variety of both industrial and other uses, including transportation, fertilizer production, and the manufacture of plastics, space heating, cooking, water heating and process heating. Stealth Gas serves industrial companies, as well as national and independent energy companies and energy traders.

5.1 Company's Strengths

Since its IPO, Stealth Gas has gained a leading market position within the niche LPG transportation segment. The company is currently the largest, asset-based operator of LPG vessels in the 3,000-8,000 cbm with an expected 13% share of the Handysize carrier segment by 2011. The company counts industrial companies as well as national or independent energy companies and energy traders among its customers.

By operating primarily within the LPG sector the company benefits from natural barriers-to-entry, which are related to the operational complexity involved in managing LPG vessels and the limited availability of qualified crews.

Stealth Gas' strategy of operating smaller LPG vessels within the regional spoke-and-hub portion of the LPG value chain has partially shielded the company from near-term supply disruptions currently being experienced by larger LPG vessels, which operate within the long-haul trade-routes between refineries and regional storage units, due to a delay in LNG projects coming on-stream in the Middle East. Due to inland draft restrictions within the rivers and waterways of many emerging and industrialized countries, vessels over 15,000 cbm generally find it difficult to compete with smaller vessels in many of the inland trade routes. Furthermore, the operation of larger LPG vessels within the regional trade routes is generally inefficient from a cost perspective.

5.2 Company's Weaknesses

• Its operating results are subject to seasonal fluctuations, which could affect them and the amount of available cash with which the company can pay dividends.
• They are subject to regulation and liability under environmental laws that could require significant expenditures and affect financial conditions and results of operations. Its vessels are subject to periodic inspections by a classification society. Risks involved with operating ocean-going vessels could affect business and reputation, which would adversely affect revenues and stock price.
• Its operations outside the United States expose it to global risks, such as terrorism, that may interfere with the operation of the fleet.
• They depend on third party managers to manage part of their vessels.
• They are dependent on the ability of their charterers to honour their commitments to them for all revenues. The company depends upon a few significant customers for a large part of its revenues. The loss of one or more of these customers could adversely affect its financial performance.

• A significant increase in its debt levels may adversely affect cash flows. Its loan agreements or other financing arrangements contain restrictive covenants that may limit its liquidity and corporate activities.
• Because they generate all of their revenues in United States dollars but incur a portion of expenses in other currencies, exchange rate fluctuations could hurt results of operations.
• It principally operates in one segment of the shipping industry, the seaborne transport of LPG, and its lack of a diversified business could adversely affect it. But if they expand into dry, wet or other gas shipping sectors, may not be able to successfully execute such expansion plans.
• Purchasing and operating previously owned, or second hand, vessels may result in increased operating costs and vessels off-hire.
• The shipping industry has inherent operational risks that may not be adequately covered by insurance.
• Its existing major stockholder effectively controls the outcome of matters on which stockholders are entitled to vote. United States tax authorities could treat Stealth Gas as a ''passive foreign investment company,'' which could have adverse United States federal income tax consequences to United States holders.
• The company is incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law.

5.3 Company's Opportunities

As it seems, Stealth Gas will continue to grow its fleet with a balance of modern second-hand purchases and new build orders. Although it is believed that the company remains highly committed to building on its current position within the LPG market, no one could rule out the potential for segment diversification from time to time.

If LPG vessels are not readily available for purchase in the second-hand sales market or new build slots are full at shipyards, it is common sense that Stealth Gas will focus on maintaining return-on-equity (ROE) by deploying excess capital in shipping segments where management believes attractive long-term returns exist. As an example, Stealth Gas recently purchased two Handysize product tankers in 4Q07,

as near-term, high-quality LPG tonnage was increasingly difficult to identify in H207. Subsequently, the company announced in March 2008 that it would spend approximately $204mm to secure 5 modern second-hand LPG vessels and 5 LPG new builds. As such, it is expected that Stealth Gas will have grown its operating fleet to, at least, 48 vessels by the end of 2011.

5.4 Company's Threats

• The cyclical nature of the demand for LPG product transportation may lead to significant changes in chartering and vessel utilization, which may adversely affect the company's revenues, profitability and financial position.
• If the demand for LPG products and LPG shipping does not continue to grow, business, results of operations and financial condition could be adversely affected. Its revenues, operations and future growth could be adversely affected by a decrease in supply of liquefied natural gas, or LNG.
• Because the market value of its fleet is currently at high levels and may fluctuate significantly, the company may incur losses when selling its vessels, which may adversely affect earnings and possibly lead to defaults under loan agreements. Maritime claimants could arrest vessels, which could interrupt company's cash flow.
• Governments could move on to requisition of vessels during a period of war or emergency, resulting in loss of revenues.
• As their fleet continues to grow in size, they will need to improve their operations and financial systems, staff and crew; if they cannot improve these systems or recruit suitable employees, business and results of operations may be adversely affected.
• May enter into certain significant transactions with companies affiliated with the Vafias Group which may result in conflicts of interests. The company's directors and officers may in the future hold direct or indirect interests in companies that compete with it. Stealth Maritime and companies affiliated with Stealth Maritime may acquire vessels that compete with its existing fleet.
• As current charters expire, new charters at attractive rates may not be available which would have an adverse impact on company's revenues. If they fail to manage that planned growth properly, they may not be able to successfully expand market share.

• Stealth Gas may be unable to attract and retain key management personnel and other employees in the LPG carrier industry, which may negatively affect the effectiveness of its management and its results of operation.
• Their ability to obtain additional debt financing may be dependent on the performance of their then existing charters and the creditworthiness of future charterers.
• In the highly competitive international LPG carrier market, the company may not be able to compete for charters with new entrants or established companies with greater resources.

5.5 Dividend Policy

As of on or about October 12th 2005, the Company intended to declare and pay quarterly dividends from its net profits to stockholders each January, April, July and October, beginning January 2006, in amounts the Board of Directors will determine are appropriate. However, they may have to make provisions for vessel acquisitions and other obligations that would reduce or eliminate the cash available for distribution as dividends. While they cannot assure that they will do so, and subject to the law limitations, they expected to declare and pay an initial dividend of $0.1875 per share in January 2006. However, they may incur other expenses or liabilities that would reduce or eliminate the cash available for distribution as dividends. There can be no assurance that they will pay regular quarterly dividends in the future. Such dividends as they do pay may be in amounts less than the $0.1875 per share dividend they intended to declare and pay in January 2006.

Declaration and payment of any dividend is subject to the discretion of the company's Board of Directors. The timing and amount of dividend payments would be dependent upon earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in its loan agreements, including the loan agreement with Fortis Bank, the provisions of Marshall Islands law affecting the payment of distributions to stockholders and other factors. The payment of dividends is not guaranteed or assured, and may be discontinued at any time at the discretion of Board of Directors. Because Stealth Gas is a holding company with no material assets other than the stock of its subsidiaries, its ability to pay dividends will depend on the

earnings and cash flow of its subsidiaries and their ability to pay dividends to it. If there is a substantial decline in the LPG carrier market, earnings would be adversely affected thus limiting their ability to pay dividends. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or would be rendered insolvent upon the payment of such dividend. There can be no assurance that dividends will be paid in the anticipated amounts and frequency.

- *19/8/2008*: At today's meeting, the Company's Board of Directors declared a quarterly cash dividend of $0.1875 per common share, payable on September 5, 2008 to shareholders of record on August 29, 2008. This is the eleventh consecutive quarterly dividend since the company went public in October 2005. Since then, the Company has declared quarterly dividends aggregating $2.0625 per common share.

- *13/11/2008*: At today's meeting, the Company's Board of Directors declared a quarterly cash dividend of $0.1875 per common share, payable on December 1, 2008 to shareholders of record on November 24, 2008. This is the twelfth consecutive quarterly dividend since the company went public in October 2005. Since then, the Company has declared quarterly dividends aggregating $2.25 per common share.

- *19/2/2009*: At today's meeting, the Company's Board of Directors declared a quarterly cash dividend of $0.1875 per common share, payable on March 9, 2009 to shareholders of record at the close of business on March 2, 2009. This is the thirteenth consecutive quarterly dividend since the company went public in October 2005. Since then, the Company has declared quarterly dividends aggregating $2.4375 per common share.

- *14/5/2009*: At today's meeting, the Company's Board of Directors decided to suspend dividend payments to shareholders until it determines, in consultation with management, that economic conditions allow dividend payments to be resumed.

- *20/8/2009*: At today's meeting, the Company's Board of Directors decided to continue the suspension of dividend payments to shareholders.

ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΑ

6 Dry Ships Inc.

Dry Ships Inc. was incorporated in 2004 under the laws of Marshall Islands and has its principal offices in Greece. It is an owner and operator of dry bulk carriers that operate worldwide. Dry ships vessels are able to trade worldwide on a multitude of trade routes carrying a wide range of cargoes for a number of industries. Commodities transported by the company consist of major bulks, which include iron ore, coal, and grain, and minor bulks such as bauxite, phosphate and steel products. Dry Ships currently owns a fleet of 27 dry bulk carriers with a total carrying capacity of 2.3 million deadweight tons (dwt) and consists of 4 Capesize carriers, 21 Panamax carriers and 2 Handymax carriers. All of Dry Ships vessels are managed by an affiliated company, Cardiff, a Liberian corporation, with offices in Greece. They currently own and operate a fleet of thirty-eight vessels and eight new buildings consisting of nine Capesize dry bulk carriers including four new building Capesize dry bulk carriers, thirty-three Panamax dry bulk carriers including two new building Panamax dry bulk carriers, two new building Kamsarmax dry bulk carriers, and two Supramax dry bulk carriers. In addition to its owned fleet, the company also chartered-in a 2000 built Panamax dry bulk carrier for a period of three years ended in December 2008. The average age of the vessels in the fleet is 8.8 years (10.0 years, 8.6 years and 5.5 years for the Capesize, the Panamax and the Supramax vessels, respectively). The expected date of delivery of the eight new building vessels is between the second quarter of 2008 and second quarter of 2010, respectively.

During 2005 and subsequent to the completion of initial public offering in February 2005, Dry Ships took delivery of twenty-one second hand dry bulk carrier vessels. During 2006 and 2007 the company took delivery of eight and fifteen second hand dry bulk carrier vessels, respectively, and disposed of one and eleven dry bulk carrier vessels, respectively. They employ their vessels primarily in the short-term, or spot, charter market, under period time charters, in dry bulk carrier pools, and on

bareboat charters. Three of the Panamax dry bulk carriers in the fleet are currently operated in a dry bulk carrier pool. Pools have the size and scope to combine spot market voyages, time charters and contracts of affreightment with FFAs for hedging purposes and to perform more efficient vessel scheduling, thereby increasing fleet utilization. Thirty-two of the vessels are currently on time charter. Their chartered-in vessel is one period time charter that runs concurrently with the time charter-in period. Three of the vessels are on bareboat charter. Each one of them is owned through a separate wholly-owned subsidiary established under the laws of Malta or the Marshall Islands.

6.1 Company's Strengths

It is believed that Dry Ships has established a reputation in the international dry bulk shipping industry for operating and maintaining a fleet with high standards of performance, reliability and safety. The company is fully committed to promoting openness, ethical conduct and integrity in all its dealings and has developed a 'code of business ethics and conduct' establishing rules and standards regarding behaviour and performance. They believe that they possess a number of competitive strengths in their industry:

- Experienced Management Team.
- Strong Customer Relationships.
- Efficient and Dependable Vessel Operations.
- Flexible Geographic and Trade Route Profile.
- Ensuring their Customers' needs are Prioritized.

6.2 Company's Weaknesses

• The company is dependent on time charters in a volatile shipping industry and a decline in charter hire rates would affect results of operations and ability to pay dividends.

• They depend entirely on Cardiff to manage and charter the fleet. Cardiff is a privately held company and there is little or no publicly available information about it.

Dry Ships' Chairman and Chief Executive Officer have affiliations with Cardiff which could create conflicts of interest.

• Their credit facilities impose operating and financial restrictions on them.

• The operation of dry bulk carriers has certain unique operational risks. Dry bulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, dry bulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold), and small bulldozers. This treatment may cause damage to the vessel.

• They are a holding company, and it depends on the ability of its subsidiaries to distribute funds to it in order to satisfy financial obligations.

• The investment in Ocean Rig ASA carries (On December 20, 2007, the Company acquired 51,778,647 shares in Ocean Rig ASA, or Ocean Rig, which represents 30.4% of the issued and outstanding shares) with its certain obligations that may require them to pay additional consideration, purchase additional shares or prevent the company from exercising its rights in the shares acquired.

• They are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law and, as a result, shareholders may have fewer rights and protections under Marshall Islands law than under a typical jurisdiction in the United States.

6.3 Company's Opportunities

The company intends to continue to grow its fleet. The future growth will primarily depend on its ability to:

- locate and acquire suitable vessels,
- identify and consummate acquisitions or joint ventures,
- enhance its customer base,
- manage its expansion, and
- obtain required financing on acceptable terms.

Growing any business by acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements

will be unenforceable or insufficient to cover potential losses and difficulties associated with imposing common standards, controls, procedures and policies. Obtaining additional qualified personnel, managing relationships with customers and integrating newly acquired assets and operations into existing infrastructure. Dry Ships may be unable to successfully execute that growth plans or it may incur significant expenses and losses in connection with its future growth which would have an adverse impact on financial condition and results of operations.

6.4 Company's Threats

• Charter hire rates for dry bulk carriers are volatile and may decrease in the future, which would adversely affect company's earnings.
• The market values of its vessels may decrease, which could limit the amount of funds that it can borrow under its credit facility.
• Rising fuel prices may adversely affect profits. Increased inspection procedures and tighter import and export controls could increase costs and disrupt business.
• An economic slowdown in the Asia Pacific region could materially reduce the amount and/or profitability of transfers. Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on their financial condition and results of operations.
• Earnings may be adversely affected if not able to take advantage of favourable charter rates.
• Investment in derivative instruments such as freight forward agreements could result in losses.
• If vessels fail to maintain their class certification and/or fail any annual survey, intermediate survey, dry-docking or special survey, those vessels would be unable to carry cargo, thereby reducing profitability and violating certain covenant under the company's credit facility.
• Anti-takeover provisions in its organizational documents could make it difficult for stockholders to replace or remove current board of directors or have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of Dry Ships' common stock.

6.5 Dividend Policy

Dry Ships Inc. is a Marshall Islands corporation that was formed in September 2004. Prior to its initial public offering it issued 15,400,000 shares of its common stock to its shareholders in October 2004. In February 2005, completed its initial public offering and issued an additional 14,950,000 common shares with a per value of $0.01 at a price of $18.00 per share. The net proceeds of the initial public offering amounted to $251.3 million. As of on or around February 3rd 2005, the Company's policy was to declare and pay quarterly dividends from its net profits to shareholders each January, April, July and October, beginning July 2005, in amounts the Board of Directors may from time to time determine are appropriate.

- On *May 10, 2006*, the company filed its universal shelf registration statement and related prospectus for the issuance of up to 5,000,000 common shares. From May 2006 through August 2006, 4,650,000 shares of common stock with a par value $0.01 were issued. The net proceeds after underwriting commissions of 2.5% and other issuance fees were $56.5 million.

Its shareholders voted to adopt a resolution at their annual general shareholders' meeting on July 11, 2006, which increased the aggregate number of shares of common stock that they are authorized to issue from 45,000,000 registered shares with par value of $0.01 to 75,000,000 registered shares with par value $0.01.

- On *October 24, 2006*, board of directors agreed to the request of the company's major shareholders (Elios Investments Inc., Advice Investments S.A. and Magic Management Inc.) following the declaration of their $0.20 quarterly dividend per share in September 2006, to receive their dividend payment in the form of common shares in lieu of cash. In addition, the board of directors also agreed on that date to the request of a company related to Mr. Economou to accept repayment of the outstanding balance of a seller's credit in respect of a vessel purchased in common shares. As a result of the agreement, an aggregate of $3,080,000 in dividends and the seller's credit together with interest

amounting to $3,327,000 were settled with 235,585 and 254,512 of their common shares, respectively. The price used as consideration for issuance of the above common shares was equal to the average closing price of common stock on the Nasdaq Global Select Market over the eight trading days ended October 24, 2006, which was $13.07 per share.

- From *December 2006 through December 2007*, Dry Ships issued an aggregate of 1,191,000 common shares with par value $0.01 per share. The net proceeds, after underwriting commissions ranging between 2%to 2.5% and other issuance fees, amounted to $127.1 million.

- From *January 2008 through March 2008* issued an aggregate of 4,759,000 common shares with par value $0.01 per share. The net proceeds, after underwriting commissions ranging between 2%to 2.5%and other issuance fees, amounted to $352.8 million.

- In *January 2008*, following a special shareholders meeting, increased the aggregate number of authorized shares of common stock of the Company from 75,000,000 registered shares with par value of $0.01 to 1,000,000,000 registered shares with a par value of $0.01 and increased the aggregate number of authorized shares of preferred stock from 30,000,000 registered shares, par value $0.01 per share, to 500,000,000 registered preferred shares with a par value of $0.01 per share.

- *In March 2008*, filed a prospectus supplement relating to the offer and sale of up to 6,000,000 common shares, par value $0.01 per share pursuant to their controlled equity offering.

- In *May 2008*, we issued 1,109,903 common shares pursuant to this prospectus supplement. The net proceeds, after underwriting commissions and other issuance fees, amounted to $101.6 million.

- On *October 21, 2008*, they filed a prospectus supplement pursuant to controlled equity offering for the sale of up to 4,940,097 common shares, pursuant to

which they sold 2,069,700 shares. The net proceeds of this offering amounted to $41.9 million.

- *On November 6, 2008*, filed a prospectus supplement pursuant to their controlled equity offering for the sale of up to 25,000,000 common shares, pursuant to which the company sold 24,980,300 shares. The net proceeds of this offering amounted to $167.1 million.

- *On January 28, 2009*, the company entered into an ATM Equity Sales Agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated and filed a related prospectus supplement relating to the offer and sale of up to $500 million of its common shares, pursuant to which they have sold 71,265,000 shares as of March 26, 2009. The net proceeds of this offering were $370.5 million, after commissions and before offering expenses.

- On *March 19, 2009,* they issued a total of 11,990,405 common shares to the nominees of Central Mare Inc. in connection with the disposal of three new building Capesize vessels.

- As *of March 26, 2009*, they had 153,855,405 common shares issued and outstanding.

The market price of their common shares has recently dropped below $5.00 per share, and the last reported sale price on the Nasdaq Global Select Market on March 26, 2009 was $5.11 per share. If the market price of common shares remains below $5.00 per share, under stock exchange rules, their shareholders will not be able to use such shares as collateral for borrowing in margin accounts. This inability may lead to sales of such shares creating downward pressure on and increased volatility in the market price of their common shares.

In addition, under the rules of the Nasdaq Stock Market, listed companies have historically been required to maintain a share price of at least $1.00 per share and if the share price declines below $1.00 for a period of 30 consecutive business days, then the listed company would have a cure period of at least 180 days to regain compliance with the $1.00 per share minimum. In light of recently deteriorating

market conditions, under a rule change recently approved by the U.S. Securities and Exchange Commission, or the SEC, the Nasdaq Stock Market has temporarily suspended the minimum share price requirement through April 19, 2009. Following the expiration of the suspension, in the event that share price declines below $1.00, it may be required to take action, such as a reverse stock split, in order to comply with NASDAQ rules that may be in effect at the time. The company continues to raise equity capital at the market and in privately negotiated transactions. The effect of this may be to depress share price and dilute our shareholders' investment.

For the third quarter of 2009, the Company reported a net profit of $35.6 million or $0.12 basic and diluted profit per share. Included in the third quarter 2009 results is a loss of $39.3 million or $0.15 per share associated with the valuation of the Company's interest rate swaps. Excluding this item, net income would amount to $74.9 million or $0.27 per share. EBITDA was $104.8 million for the third quarter of 2009 as compared to $258.5 million for the same period in 2008.

7 Top Ships Inc

TOP SHIPS Inc. is engaged in the worldwide transportation of liquid and petroleum cargoes as well as dry bulk cargoes through the ownership of a fleet of 8 tankers and 5 dry bulk carriers. Specifically, the fleet consists of 8 Handymax double hull tankers (for chemical/ petroleum products or crude oil) with average age 2 years and 5 dry cargo vessels with average age 8.4 years. Total cargo carrying capacity of the fleet is approximately 720.000 DWT. 100% of the tanker fleet is double hull.

TOP SHIPS Inc. is a Marshall Islands company (formerly TOP Tankers Inc and before that Ocean Holdings, Inc.). Ocean Holdings Inc was established in 2000 with its principal executive offices established in Athens, Greece. In July 2004 the company was listed in New York on the 'NASDAQ National Market' under the name Top Tankers Inc. and since July 2006 the company is listed on the new NASDAQ Global Select Market. Further to the acquisition of the dry bulk carrier vessels by the company and following TOP SHIPS Inc. shareholders special meeting held on 13th December 2007, Top Tankers Inc. changed name to "TOP SHIPS Inc." and continued to trade on the 'NASDAQ Global Select Market' but under the name TOP SHIPS Inc.

TOP Tanker Management Inc., a wholly owned subsidiary, is responsible for the chartering, operational and technical management of the fleet under management agreements with the vessel owning subsidiaries.

7.1 Company's Strengths

Its founder, President and Chief Executive Officer, Evangelos J. Pistiolis, has assembled a management team of senior executive officers and key employees with extensive experience in the operation of large and diversified fleets of ocean-going tankers and dry bulk carriers. That team has expertise in all aspects of commercial,

technical management and financial areas of the international shipping industry, which ensures a focused marketing effort, enhanced quality and cost controls, effective and safety oriented operations. Moreover, TOP SHIPS Inc. remains fully committed to promoting openness, ethical conduct and integrity in all its dealings and has developed a 'code of business ethics and conduct', which establishes rules and standards regarding behaviour and performance. Generally, the company considers that its leading position is attributable to the following strengths:

- Multi - Sector Presence
- Experienced Management Team
- Established Track Record
- Strong Customer Relationships
- Cost Efficient Operations
- High Quality, High Specifications Double-Hull and Dry Bulk carriers
- Focusing on sister ships

7.2 Company's Weaknesses

• The international tanker and dry bulk shipping industries have experienced drastic downturns after experiencing historically high charter rates and vessel values in the recent past, and a continued downturn in these markets may have an adverse effect on company's earnings, impair the carrying value of its vessels and affect compliance with its loan covenants.

• Acts of piracy on oceangoing vessels have recently increased in frequency, which could adversely affect business.

• They are in breach of certain financial covenants contained in their loan agreements, have received notices from certain of their lenders regarding these covenant breaches, and if they are not successful in obtaining waivers and amendments with respect to covenants breached, the lenders may declare an event of default and accelerate outstanding indebtedness under the relevant agreement, which would impair the ability to continue to conduct their business.

• Their inability to comply with certain financial and other covenants under loan agreements raises substantial doubt about their ability to continue as a going

concern. Servicing current and future debt will limit funds available for other purposes and impair the ability to react to changes in business.

• They expend substantial sums during construction of new buildings without assurance that they will be completed. Due to market conditions, the company may not take delivery of its new buildings or may sell them at a loss.

• Rising fuel prices may adversely affect profits.

• They may not have adequate insurance to compensate them if losing their vessels.

• Certain existing stockholders, who hold approximately 36.97% of its common stock, may have the power to exert control over the company, which may limit ability to influence their actions.

7.3 Company's Opportunities

The Company intends to continue to grow its fleet. That growth will depend on:

- locating and acquiring suitable vessels
- identifying and consummating acquisitions or joint ventures
- integrating any acquired business successfully with existing operations
- enhancing customer base
- managing expansion
- obtaining required financing.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel, managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. Top Ships cannot give any assurance that it will be successful in executing those growth plans or that it will not incur significant additional expenses and losses in connection therewith.

7.4 Company's Threats

- An increase in the supply of vessel capacity without an increase in demand for vessel capacity would likely cause charter rates and vessel values to decline, which could have a material adverse effect on Top Ships' revenues and profitability.
- Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a material adverse impact on its results of operations, financial condition and cash flows, and could cause the market price of shares of common stock to decline.
- If the recent volatility in LIBOR continues, it could affect company's profitability, earnings and cash flow.
- In the highly competitive international tanker and dry bulk shipping markets, it may not be able to compete for charters with new entrants or established companies with greater resources.
- It may also be unable to attract and retain key management personnel and other employees in the international tanker and dry bulk shipping industries, which may negatively impact the effectiveness of its management and the results of operations.

7.5 Dividend Policy

As of on or around July 23, 2004 the company completed its initial public offering. The net proceeds of initial public offering, approximately $124.6 million, were primarily used to finance the acquisition of 10 vessels. The total cost of the acquisition was approximately $251.3 million.

In April 2005 the Board adopted the TOP SHIPS INC. 2005 Stock Incentive Plan, under which the company's officers, key employees and directors may be granted options to acquire common stock. A total of 1,000,000 shares of common stock were reserved for issuance under that plan, which is administered by the Board. Since the plan's inception, the number of shares of common stock reserved for issuance under it has been increased to 5,000,000. The Plan also provides for the issuance of stock appreciation rights, dividend equivalent rights, restricted stock, unrestricted stock, restricted stock units, and performance shares at the discretion of

our Board of Directors. The Plan expires 10 years from the date of its adoption. On July 11, 2007, the Company increased the Plan's reserve by 1,000,000 shares.

The Company paid special dividends of $15.00 per share and $7.50 per share on March 27, 2006 and April 25, 2006, respectively. On April 6, 2006 Board decided to discontinue the Company's policy of paying regular quarterly dividends. The declaration and payment of any future special dividends shall remain subject to the discretion of the Board and shall be based on general market and other conditions including the Company's earnings, financial strength and cash requirements and availability. They are permitted to pay dividends under the loans so long as they are not in default of a loan covenant and if such dividend payment would not result in a default of a loan covenant.

- On *January 22, 2008*, the Company granted 197,560 shares of restricted common stock of the Company, or Shares, pursuant to the Company's Plan. The fair value of each Share on the grant date was $6.69.

- *On July 1, 2008*, the Company increased the Plan's reserve by 1,000,000 shares and granted 500,000 Shares, pursuant to the Company's Plan. The fair value of each share on the grant date was $6.20

- *On July 10, 2008*, the Company granted 2,666 Shares pursuant to the Company's Plan. The fair value of each Share on the grant date was $5.15.

- On *September 2, 2008*, the Company granted 387,666 Shares pursuant to the Company's Plan. The fair value of each Share on the grant date was $5.08.

- On *September 4, 2008*, the Company increased the Plan's reserve by 2,000,000 shares and granted 1,472,438 Shares pursuant to the Company's Plan. The fair value of each Share on the grant date was $5.23.

8 Paragon Shipping Inc

Paragon Shipping Inc. is an international shipping company specializing in the transportation of dry bulk cargoes. Its vessels are able to trade worldwide in a multitude of trade routes carrying a wide range of cargoes covering a number of industries. The Panamax dry bulk carriers carry predominantly coal and iron ore for energy and steel production as well as grain and a variety of other dry bulk commodities. The Handymax dry bulk carriers carry iron and steel products, fertilizers, minerals, forest products, ores, bauxite, alumina, cement and other construction materials. These raw materials and products are used as production inputs in a number of industries. They transport these various cargoes on several geographical routes. The fleet's carrying capacity totals 765,137 deadweight tons.

The Company is focused on delivering shareholder value by maximising returns on its investments while at the same time ensuring its vessels adhere to the highest safety and environmental standards. It is a Marshall Islands registered company that was formed in April 2006. The business strategy is focused on building and maintaining enduring relationships with charterers of dry bulk carriers and providing reliable seaborne transportation services at competitive cost. They seek to create shareholder value by acquiring and operating second hand dry bulk carriers in the Panamax and Handymax sectors, and employing them in a combination of "spot charter", and "period time charter" contracts. Mr. Michael Bodouroglou, Chief Executive Officer, has been active in shipping since 1976 and formed the Company's related technical and commercial ship-management company, All seas Marine S.A. in 1991. Allseas has established a reputation in the international dry bulk shipping industry for operating and maintaining a fleet with high standards of performance, reliability and safety. Paragon Shipping Inc. is fully committed to promoting openness, ethical conduct and integrity in all its dealings and has developed a 'code of business ethics and conduct' establishing rules and standards regarding behaviour and performance. The company's executive offices are located in Voula, Athens, Greece

and it has been listed on the NASDAQ since August 2007. They currently operate a fleet of twelve dry bulk carriers. The fleet deployment strategy for their new purchases will be to try to employ these vessels in the medium and long term time charter market, while current fleet is deployed in one to two years time charter. They anticipate that this strategy will result in better opportunities and greater transparency of earnings. From time to time management will adjust that fleet deployment strategy according to the prevailing and expected dry bulk shipping charter market conditions. Its vessels are able to trade worldwide in a multitude of trade routes carrying a wide range of cargoes for a number of industries.

8.1 Company's Strengths

Paragon Shipping Inc. believes that it possesses a number of competitive strengths:

Experienced Management Team - The Company's management team has over 60 years of combined experience in operating dry bulk carriers and in all operational and financial aspects of the business. Management leverages this lengthy experience to ensure effective operations with tight quality and cost controls, and the highest standards of fleet safety.

Strong Customer Relationships - Paragon Shipping Inc. has strong relationships with customers and charterers which is the result of the quality of its fleet and a reputation for dependability. The Company, through Allseas, its vessel management company, has established relationships with leading charterers and a number of chartering, sales and purchase brokerage houses around the world. Allseas has a long-standing reputation for a high level of dependability and safety, which supports Paragon's commitment to building and retaining strong customer relationships.

High Quality Modern, Low Cost Fleet - Paragon Shipping Inc.'s fleet consists of modern, well-maintained vessels that reduce operating costs while improving safety. The Company carefully selects high quality second hand vessels and employs a proactive preventative maintenance program, both ashore and at sea. In addition, the Company competitively commissions reliable, cost efficient shipyards to perform

repairs, reconditioning and systems upgrading work. The Company believes that this combination allows it to minimize maintenance down-time, effectively manage insurance costs and control overall operating expenses.

8.2 Company's Weaknesses

The dry bulk shipping industry is cyclical with attendant volatility in charter hire rates and profitability. - The degree of charter hire rate volatility among different types of dry bulk carriers has varied widely. Although charter hires rates decreased slightly during 2005 and the first half of 2006, since July 2006, charter rates have risen sharply and are currently at or near their historical highs. Factors that influence demand for vessel capacity include:

- Demand for and production of dry bulk products
- Global and regional economic and political conditions including developments in international trade, fluctuations in industrial and agricultural production and armed conflicts
- The distance dry bulk is to be moved by sea
- Environmental and other regulatory developments;
- Changes in seaborne and other transportation patterns.

The factors that influence the supply of vessel capacity include:

- The number of new building deliveries
- Port and canal congestion
- The scrapping rate of older vessels
- Vessel casualties
- The number of vessels that are out of service, i.e., laid-up, dry docked, awaiting repairs or otherwise not available for hire.

8.3 Company's Opportunities

Since the completion of its initial public offering in August 2007, the company has taken delivery of four Panamax dry bulk carriers and one Supramax dry bulk carrier. The addition of these vessels to existing fleet has resulted in a significant increase in the size of it and imposes significant additional responsibilities on management and staff. While they expect that fleet to grow further, this may require to increase the number of their personnel. They will also have to increase their customer base to provide continued employment for the new vessels.
Future growth will primarily depend on Paragon's ability to:

• locate and acquire suitable vessels

• identify and consummate acquisitions or joint ventures

• integrating any acquired business successfully with its existing operations

• enhance its customer base

• manage its expansion

• obtain required financing on acceptable terms.

Growing any business by acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements will be unenforceable or insufficient to cover potential losses and difficulties associated with imposing common standards, controls, procedures and policies, obtaining additional qualified personnel, managing relationships with customers and integrating newly acquired assets and operations into existing infrastructure. Paragon cannot give any assurance that it will be successful in executing its growth plans or that it will not incur significant expenses and losses in connection with its future growth. If is not able to successfully grow the size of the company or increase the size of its fleet, the ability to pay dividends may be adversely affected.

8.4 Company's Threats

Demand for vessel capacity could be threatened by below mentioned factors:

- Supply and demand for energy resources, commodities, semi-finished and finished consumer and industrial products
- Changes in the exploration or production of energy resources, commodities, semi-finished and finished consumer and industrial products
- The location of regional and global exploration, production and manufacturing facilities
- The location of consuming regions for energy resources, commodities, semi-finished and finished consumer and industrial products
- The globalization of production and manufacturing
- Global and regional economic and political conditions, including armed conflicts and terrorist activities, embargoes and strikes
- Developments in international trade
- Changes in seaborne and other transportation patterns, including the distance cargo is transported by sea
- Environmental and other regulatory developments
- Currency exchange rates
- Weather

Increased inspection procedures and tighter import and export controls could increase costs and disrupt business.

8.5 Dividend Policy

The company intended to pay quarterly dividends to the holders of its common shares in February, May, August and November of each year in amounts substantially equal to its available cash flow from operations during the previous quarter, less cash expenses for that quarter (principally vessel operating expenses and interest expense) and any reserves the board of directors determines it should maintain for reinvestment in its business. These reserves may cover, among other things, dry-docking, intermediate and special surveys, liabilities and other obligations, interest expense and debt amortization, acquisitions of additional assets and working capital.

Currently, one of its amended credit facilities requires that they obtain prior written consent of the lender before paying any dividend, and certain of any other

amended credit facilities restrict the amount of dividends they may pay during 2009 to $0.125 per share per quarter ($0.50 per annum) and/or limit the aggregate amount of dividend payments paid with respect to 2009 to $13.5 million. In addition, the terms of their credit facilities contain a number of financial covenants and general covenants that may not permit them to pay dividends in any amount under their credit facilities if being in default of any of these loan covenants.

Since initial public offering in August 2007, the company has declared and paid dividends of $2.3625 per common share, representing cash available from operations for 2007 and 2008.

- *On February 12, 2008* declared a dividend of $0.4375 per common share in respect of the period from October 1, 2007 through December 31, 2007 payable to shareholders of record on February 19, 2008.

- *On May 13, 2008* declared a dividend of $0.4375 per common share in respect of the period from January 1, 2008 through March 31, 2008 payable to shareholders of record on May 29, 2008.

- *On August 1, 2008* declared a dividend of $0.50 per common share in respect of the period from April 1, 2008 through June 30, 2008 payable to shareholders of record on August 28, 2008.

- *On November 12, 2008* declared a dividend of $0.50 per common share in respect of the period from July 1, 2008 through September 31, 2008 payable to shareholders of record on November 17, 2008.

- *On March 17, 2009* declared a dividend of $0.05 per common share in respect of the period from October 1, 2008 through December 31, 2008 payable to shareholders of record on March 30, 2009.

- *On March 17, 2009* board of directors declared a dividend of $0.05 per common share with respect to the fourth quarter of 2008 to shareholders of record on March 30, 2009, payable on April 9, 2009, which represents a total dividend payment of $1.36 million.

The board of directors declared a quarterly dividend of $0.05 per common share with respect to the first quarter of 2009 to shareholders of record as of May 29, 2009, payable on June 9, 2009.

ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΑ

9 The ideal model of a shipping company

Beginning this thesis, a research was executed to the eight most famous and well-established Greek-owned shipping companies, listed in the New York Stock Exchange market. Each and every one of these giants possesses an important piece in the global shipping pie, regardless the diversity of the sector it operates in. The effective operation of an ideal company presumes the existence of several factors and procedures based on international etiquettes and practices, adjusted to the special needs of the demanding shipping sector. The target of those functions is to outline the total range of its operations, with clear determination and description of its procedures, and categorize them into strategic, main-corporate and supportive ones.

9.1 Strategic procedures

a. Strategic procedures contribute in configuration of the strategies of the company, determine the frame of its activities and operations, conduce to the locating of corporate chances and assure the continuous expansion and future survival of the company. Regarding that specific sector, the ideal company has clear and well-defined picture of the sector it primarily operates in. That way the company benefits from natural barriers-to-entry, which are related to the operational complexity involved in managing different types of vessels and the limited availability of qualified crews for each and every one of them. The model of specialization in a particular sector of the shipping market minimizes the exposure to several dangers and risks. Risks most commonly related to the industry i.e. dry-bulk, fuel and LPG market, containership etc or related to the business i.e. goods trading, bunkering.

Moreover, depending on the sector of the market it operates, an ideal company should carefully determine the geographic area it would serve for avoiding piracy or other terrorist attacks. The above mentioned risk is getting multiplied for companies operating as physical suppliers and marketers of refined marine fuel and lubricants like Aegean Marine Petroleum Network Inc. or marketers of various petroleum and petrochemical gas products in liquefied form like Stealth Gas Inc. Acts of piracy on

ocean-going vessels have recently increased in frequency. They have historically affected ocean-going vessels trading in regions of the world such as the South China Sea and in the Gulf of Aden off the coast of Somalia. Throughout 2008 and into 2009, the frequency of piracy incidents increased significantly, particularly in the Gulf of Aden off the coast of Somalia. For example, in November 2008, the M/V Sirius Star, a tanker vessel, was captured by pirates in the Indian Ocean while carrying crude oil estimated to be worth $100 million. In January 2009, Somalian pirates captured the Long champ, a 1990-built, 4,316 dwt LPG carrier, which was participating in a convoy through the Gulf of Aden. If these piracy attacks result in regions in which the ideal company's vessels are deployed being characterized by insurers as "war risk" zones, as the Gulf of Aden continues to be, or Joint War Committee (JWC) "war and strikes" listed areas, premiums payable for such coverage, for which the company is responsible with respect to vessels employed on spot charters, but not vessels employed on bareboat or time charters, could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including due to employing onboard security guards, could increase in such circumstances. The company may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on it. In addition, detention hijacking as a result of an act of piracy against vessels, or an increase in cost, or unavailability of insurance for vessels, could have a material adverse impact on business, financial condition and results of operations. Moreover, operations outside the United States expose the company to global risks, such as terrorism, that may interfere with the operation of vessels. An international company primarily conducts its operations outside the United States. Changing economic, political and governmental conditions in the countries where it is engaged in business or where its vessels are registered affect it. In the past, political conflicts, particularly in the Arabian Gulf, resulted in attacks on vessels, mining of waterways and other efforts to disrupt shipping in the area. For example, in October 2002, the vessel Limburg was attacked by terrorists in Yemen. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Following the terrorist attack in New York City on September 11, 2001 and more recent attacks in other parts of the world, and the military response of the United States and other nations, including the conflict in Iraq, the likelihood of future acts of terrorism may increase, and vessels may face higher risks of being attacked. In addition, future hostilities or other political instability in regions where

vessels trade could adversely affect operations and performance in general. Furthermore, future terrorist attacks could result in increased volatility of the financial markets in the United States and globally and could result in an economic recession in the United States or the world. Terrorist attacks, or the perception that LPG or natural gas facilities or oil refineries and LPG carriers, natural gas carriers or product carriers are potential terrorist targets, could materially and adversely affect the continued supply of LPG, natural gas and refined petroleum products to the United States and to other countries. Concern that LPG and natural gas facilities may be targeted for attack by terrorists has contributed to a significant community and environmental resistance to the construction of a number of natural gas facilities, primarily in North America. If a terrorist incident involving a gas facility or gas carrier did occur, the incident may adversely affect necessary LPG facilities or natural gas facilities currently in operation.

The ideal type of a shipping company aims to minimize its great exposure to volatility by seeking for stability throughout industry circles. For instance, the dry bulk shipping industry is cyclical with attendant volatility in charter hire rates and profitability. The degree of charter hire rate volatility among different types of dry bulk carriers has varied widely. After reaching historical highs in mid-2008, charter hire rates for Panamax and Capesize dry bulk carriers have reached near historically low levels. And what's more, the cyclical nature of the demand for LPG transportation, which has recently declined, may lead to significant changes in chartering and vessel utilization. Historically, the international LPG carrier market has been cyclical with attendant volatility in profitability, charter rates and vessel values. The degree of charter rate volatility among different types of gas carriers has varied widely. Because many factors influencing the supply of, and demand for, vessel capacity are unpredictable, the timing, direction and degree of changes in the international gas carrier market are also not predictable. After increasing throughout 2007 and into 2008, charter rates for handy size LPG carriers declined in the second half of 2008 and into 2009 as a result of slowdown in the world economy. Although these declines were not as significant as those seen in other areas of the shipping industry, if charter rates remain depressed, a company's earnings may decrease, particularly with respect to vessels deployed in the spot market or up for rechartering. To the extent, vessels in the spot market are exposed to changes in spot rates which could affect earnings and the value of carriers at any given time. Especially for

companies operating in the LPG industry, like Stealth Gas Inc., future growth in the demand for LPG carriers and charter rates will depend on economic growth in the world economy and demand for LPG product transportation that exceeds the capacity of the growing worldwide LPG carrier fleet's ability to match it. The charter rate levels will depend primarily upon economic growth in the world's economy, particularly in the economies of China, India and Southeast Asia, and upon seasonal and regional changes in demand and changes to the capacity of the world fleet. The capacity of the world fleet seems likely to increase in the near term, while there may not be significant, or any, economic growth in the near term, and possibly for an extended period, as a result of the current worldwide financial crisis. Adverse economic, political, social or other developments, including the continued turmoil in the global financial system and economic crisis, could have a material adverse effect on world economic growth and thus on our business and results of operations. But even for the ideal company, the factors affecting the supply and demand for LPG carriers are outside of its control, and the nature, timing and degree of changes in industry conditions are unpredictable. Therefore ways to ensure stability throughout industry cycles should be of high priority for it. Historically, Tsakos Energy Navigation for instance, has employed a high percentage of its fleet on long and medium-term employment with fixed rates or minimum rates plus profit sharing agreements. It is believed that this approach has resulted in high utilization rates for its vessels. At the same time, the company maintains flexibility in its chartering policy to allow it to take advantage of favourable rate trends through spot market employment and contract of affreightment charters with periodic adjustments. Over the last five years, its overall average fleet utilization rate was 97.1%. It is easily concluded, that the main and most important mean to achieve the elimination of this exposure is the ownership of an experienced and well-educated management team, a factor which clearly reveals the importance of main-corporate procedures.

9.2 Main / corporate procedures

b. <u>Main / corporate procedures</u> characterize the centre of a company's operations, and according to them, its basic functions are defined. In fact, they describe the way in which a company operates in a daily basis, in order to ensure the dispensation of

sufficient quantitative and qualitative services to its clients. Therefore, the need of a strong management team with successful track record becomes imperative. Aegean Marine Petroleum Network for example, has assembled a management team of senior executive officers and key employees with decades of experience in all aspects of the marine fuel supply and shipping industries. Believes that its management team has a demonstrated history of successfully expanding the Company's marine fuel delivery capabilities by entering into new markets and strategically adding to its modern fleet of bunkering tankers. The Company's management team has over 60 years of combined experience in operating dry bulk carriers and in all operational and financial aspects of the business. Management leverages this lengthy experience to ensure effective operations with tight quality and cost controls, and the highest standards of fleet safety. In parallel, the ideal company is fully committed to promoting openness, ethical conduct and integrity in all its dealings and has developed a 'code of business ethics and conduct' establishing rules and standards regarding behaviour and performance. Taking Top Ships Inc for example, its founder, President and Chief Executive Officer, Evangelos J. Pistiolis, has assembled a management team of senior executive officers and key employees with extensive experience in the operation of large and diversified fleets of ocean-going tankers and dry bulk carriers. That team has expertise in all aspects of commercial, technical management and financial areas of the international shipping industry, which ensures a focused marketing effort, enhanced quality and cost controls, effective and safety oriented operations.

The effective operation of the ideal company presumes a concrete organizational structure. The function of a corporation is nothing, more or less, but the framework of many various activities. It is generally approved that it cannot be possible for every individual to carry out projects that demand different qualifications, and moreover that a chief, whether that is the businessman himself or not, cannot be capable of interfering in and attending all procedures at the same time. Eventually, arises an issue of banding together all activities as per categories of the same kind, by defining the responsibilities of each category, the necessary means for the regular operation of every sector and the accomplishment of cooperative relations among various departments. Specifically, in the shipping sector, the division in sections can be achieved through various ways:

- Per function: this approach defines the most commonly used way of internal structure of a company. The distribution of employees and responsibilities is effected upon the sector it serves. A lot of different departments are being established and organized in order for the ideal company to fulfill all of its procedures internally, based entirely on its own strengths. The usual aid to showing the pattern of different functions in a shipping company is tide organization chart. Such a chart is an important mean of defining the areas of authority and responsibility and thus of evaluating if the organization satisfies the demands placed on it.

The Legal Department covers a large field. Among the main functions can be mentioned Board matters, contracts for new buildings, company law, national/international taxes, purchase / sale of ships. The company lawyer is also often on the Managing Director's staff, and/or secretary to the Board of Directors. Frequently, this department will often also handle marine and other insurance matters that may arise of a legal nature.

The Administrative Department is responsible for the main organization, for personnel, internal services and internal control. Within all these fields a new development has taken place during the last few years. The importance of a sensible employment policy combined with systematic training has been given increased emphasis. Internal control covers the traditional auditing as well as the more detailed control work required to ensure that the organization works according to the policies laid down and within the working instructions given.

The Finance and Accounting Departments cover budgets, accounting, EDP and finance. Regular reports are prepared for each operational department, each ship and for the company as a whole. The management needs to keep the Accounting Department up to date with operational proceedings at all times, with changes and corrections when necessary. Computers have been used for a long time in modern shipping companies and for different purposes. Computers are indispensable as an advanced technical aid in the office, also for complicated techno-economic calculations and for budgeting in the operational and liquidity area. During the last few years long range planning has also been taken up as a subject of business administration. The reporting of the economic results should follow the organization

chart and will, if correctly done, be of prime importance to the management, for the organization's mode of operations and for the control of the results. Financial questions will always be vital to any shipping company. To arrange finance when building new vessels and to find the highest interest for liquid working capital are main activities together with follow-up of the unstable currency markets and protection against currency losses.

The Technical and Marine Departments take care of fleet management, including ship operations, manning, storing, repair and maintenance and dockings. The departments are also usually responsible for building of new ships, often organized in a new-building section. Project development with optimization studies and operational analysis is done in cooperation with other departments, mainly the shipping departments. For Project developments EDP is increasingly becoming a useful tool.

The Marine Insurance and Claims Department handles ship insurance, statistics of damage and makes preparations for adjustments of claims. All claims relating to damage of the cargo are handled in this department. These claim adjustments cause considerable work, particularly within the liner trade.

- Per procedure: this way of sections division refers to the different industry market the ideal company may operate in and primarily addresses to the shipping and chartering departments.

The Liner Department. From an organizational point of view it is of interest to observe that the liner trade seldom operates under the supervision of one company alone. There are many different types of cooperation. In some cases the owners put their ships at the disposal of a separate joint venture company which manages the operations. In other cases they may participate as partners in a co-sailing agreement, possibly also with a pool agreement. Usually this takes place within the framework of a liner conference, where all the shipping companies serving the trade in question participate. No matter how the cooperation is arranged, it includes marketing and booking of cargo, allocation of space, responsibility for routering, documents, port facilities, loading/discharging, control of port expenses, stevedore contracts, etc.

Tanker and Dry Cargo Department arrange employment for the vessels and are also responsible for their operation. These departments are frequently referred to as Chartering Departments. The tanker department will usually handle bunker contracts for the company fleet. In the organization chart the interaction between the main department and the sub-departments is shown by the lines of authority. This authority goes down from the ship-owners, through the main departments and down into the organization. The lines show how the instructions for the company are transmitted from the ship-owners through the different links. All department heads are fully responsible for their own activities and they must therefore be fully familiar with all matters concerning their departments so as to be capable of managing and making decisions. Information, messages, tasks, proposals, etc. follow the formal lines of communication. This is the main principle, but modifications occur.

Other departments. Department for other activities reflects the fact that many shipping companies have assumed other shipping related activities within their organization, such as agencies activities, forwarding, travel agency, and in recent years, offshore activities. Shipping companies will frequently build their organization around key personnel and the dividing lines between the departments might therefore be very different from those mentioned above. Shipping companies should also be aiming at flexibility in their organizational development, as changing conditions in the world market might make it necessary to reorganize or set up new departments to cater for new trades or ventures.

- Per region: at this case the ideal company could establish different offices at various locations around the world for every geographic region it operates containing the departments required or even found appendixes of the maternal company. Aegean Marine Petroleum Network Inc for example, is a holding company which serves, through its subsidiaries, Greece, Gibraltar, the United Arab Emirates, Jamaica, Singapore, Northern Europe, Portland, West Africa, Vancouver, Montreal and Mexico. Therefore, Aegean has offices filled with key personnel all over the world.

Another ways of distribution of initiatives could be per product, per category of clients / suppliers etc.

9.3 Supportive procedures

c. Supportive procedures are necessary for the two above mentioned groups of operations to be materialized effectively. Thereby the company successfully implements its obligations towards its workers, its clients, third parties etc. Despite the current economic crisis, a key strategy of management to achieve the perpetual healthy collaboration with its clients is to continue to further renew and grow its fleet by pursuing the acquisition of additional vessels or fleets or companies that are complementary to existing operations, assuming the ideal company has the financial resources and debt capacity to do so. Taking Tsakos Energy Navigation for example, they share the view commonly held by financial advisers to Company that the crisis may present opportunities in the coming months to acquire new vessels or tanker companies or contracts to construct new vessels or even to undertake new construction contracts at prices more favourable than those seen in the recent past. Generally, taking advantage of attractive opportunities in pursuit of its growth strategy shows great interest in serving the sector it operates in at the most efficient way. Moreover, it proves that its customers' needs are prioritized since, even the ideal company, is dependent on the ability and willingness of its charterers to honour their commitments to it for all of its revenues. The failure of charterers to meet their obligations under time charter agreements could cause it to suffer losses or otherwise adversely affect business. Also, in case of depending upon a few significant customers for a large part of its revenues, means that the loss of one or more of these customers could adversely affect its financial performance.

10 Conclusions

As mentioned above, the main objective was primarily to present a number of well-known, public, greek-owned shipping companies listed in the New York Stock Exchange. A Swot analysis was used, as an effort to explain and understand their pros and cons when operating through the rough maritime business sector. After carefully examining and analyzing each company's strengths, weaknesses, opportunities and threats, we concluded on what changes should be made in every of these aspects in order to create a new, listed shipping company, financially strong and with limited possible weaknesses. Below, we present the conditions we believe a company should meet per category:

Strengths

A common strength in all companies is their focus on new buildings or well-preserved second-hand vessels. Regardless the sector that each company operates, it is very important for a shipping company to own a fleet with strong and reliable vessels, providing operational and scheduling flexibility, as well as cost deficiencies. Strict environmental regulations and concerns about liability for sea pollution, have led to a significant demand for such vessels by charterers. By owing, operating or maintaining a fleet with high performance standards, reliable and safe, a company establishes a good reputation in the international shipping industry.

Strong relationships with their customers or suppliers could be one of the most important strengths against a company's business opponents. Successful industry relationships with international commercial shipping companies provide significant leverage and therefore opportunities to expand globally. Especially for older shipping companies, firm relationships with their customers and acceptance by major national and international companies, including some of the world's most powerful ones among their regular customers, is definitely an ace in the sleeve.

An experienced management team is also a very important strength. Some of the most well established shipping companies have assembled a management team of

senior executive officers and key employees experienced in all aspects of the marine fuel supply and shipping industries. These teams have many years of combined experience in all operational and financial aspects of the business. Management takes advantage of employee’s experience and ensures effective operations with tight quality and cost controls, and the highest standards of fleet safety. Aegean Marine Petroleum for example strongly believes that its management team has a demonstrated history of successfully expanding the Company's marine fuel delivery capabilities by entering into new markets and strategically adding to its modern fleet of bunkering tankers.

Finally, a factor that eliminates risk and turns to be an advantage for the business is a company’s multi-sector presence. In this situation, a company maintains a portfolio of time charters that is highly diverse from a customer, location and maturity perspective. Consequently, a company reduces its revenue concentration, minimizes dangerous exposure individual customers and allows them to re-charter vessels at any time in the charter market cycle. Moreover, owing a geographically diversified fleet, especially for a crude oil trading company could be a strong advantage. In Tsakos Energy Navigation for example, its diversified fleet (Tsakos Energy Navigation includes VLCC, suezmax, aframax, panamax, handysize, handymax tankers and one LNG carrier) allows it to better serve its customers’ needs.

Weaknesses

The most important weakness regarding the maritime industry is that the business depends on global market’s condition. If the turmoil in the global credit markets and the resulting volatility in the financial markets continues or worsens then the companies may not be able to obtain sufficient funds to grow or effectively manage their growth. In particular, the charter markets for crude oil carriers and product tankers have deteriorated significantly since the summer 2008, which might affect a company’s future revenues, earnings and profitability. The Baltic Dirty Tanker Index declined from a high of 2,347 in July 2008 to a low of 453 in mid-April 2009, a decline of 80%. The degree of charter hire rate volatility among different types of dry bulk carriers varies. Although charter hires rates decreased slightly during 2005 and the first half of 2006, charter rates have risen sharply and are currently reaching historical highs.

Another factor is that most companies are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business. They are also subject to international safety regulations. A possible failure to comply with these regulations may subject them to increased liability, may adversely affect insurance coverage and may result in denied access to certain ports. If further emergency governmental measures are implemented in response to the economic downturn, that could have a material adverse impact on a company's operations, financial condition and cash flows. To tackle the extraordinary volatility in the global financial markets and the adverse changes in the global credit markets, governments have taken strict measures, such as the enactment of the Emergency Economic Stabilization Act of 2008 in the United States.

Capital markets, future markets and credit markets are subject to comprehensive rules and regulations. Changes to securities, tax, environmental, or other laws or regulations, could have a negative effect on results of operations. Specifically, TEN for example, is a Bermudan company and its subsidiaries are organized under the laws of Cyprus, Liberia, Panama or Malta. Stealth and Dry Ships on the other hand, are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law, therefore shareholders may have fewer rights and protections than in United States of America.

An important weakness arises when a Company is dependent on the ability and willingness of its charterers to honour their commitments for all of its revenues. The failure of charterers to meet their obligations under time charter agreements could cause a company to suffer losses. Also, in case of a company depending upon a few significant customers for a large part of its revenues; a loss of one or more of these customers could adversely affect its financial performance. Although a company could have arranged charters for each of its new building vessels, they are dependent on the ability and willingness of the charterers to honour their commitments under such charters, as it would be difficult to redeploy such vessels at equivalent rates, if charter markets continue to experience weakness.

Lastly, despite the fact that the shipping world decided to trade upon international currency, i.e. US dollar, this could be measured as a disadvantage rather than an advantage, nowadays. A company's may have a significant exposure to currency risk when most of its revenues come from US and expenses incur in other

currencies. This currency exposure could harm its reported revenue and results of operations.

Opportunities

The ownership of floating storage facilities allows, especially for an oil-trading shipping Company, to mitigate its risk of supply shortages. Generally, storage costs are included in the price of refined marine fuel quoted by local suppliers. A company expects that the ownership of floating storage facilities will allow it to convert the variable costs of this storage fee mark-up per metric ton quoted by suppliers into fixed costs of operating its owned storage facilities, thus enabling the Company to spread larger sales volumes over a fixed cost base and to decrease its refined fuel costs.

Growth rate in the shipping industry was rapid from 2000 to 2006, averaging over +11% annualized. The main driver of that growth was the increased global trade including the shipping of consumer goods from Asian to U.S. and European markets. Despite the continuous increase in demand, shipping rates are seasonal and can be volatile at times. Little exposure to this volatility could be profitable for a shipping company and can be achieved through long-term charter deals. Danaos Corp for example, has most of its containerships locked in 8 to 12-year fixed-rate contracts with major shipping firms. These contracts minimize the company's exposure to short-term swings in supply and demand. Danaos Corp currently sports a dividend yield of 7.4%, proving that there is little downside risk to dividends due to its long-term charter deals. As new ships are delivered and start earning fees, there's room for the company to continue boosting its payout.

Despite the current economic crisis, a key strategy of management is to continue to further renew and grow its fleet by pursuing the acquisition of additional vessels or fleets or companies that are complementary to existing operations, assuming they have the financial resources and debt capacity to do so. A commonly held view by financial advisors nowadays is that the crisis may present opportunities in the coming months to acquire new vessels or contracts, to construct new vessels or even to undertake new construction contracts at prices more favourable than in recent past. Stealth Gas for instance, will continue to grow its fleet with a balance of modern second-hand purchases and new build orders. Although it is believed that the

company remains highly committed to building on its current position within the LPG market, no one could rule out the potential segment diversification from time to time. If LPG vessels are not available for purchase in the second-hand sales market or new build slots are full at shipyards, Stealth Gas will focus on maintaining return-on-equity (ROE) by deploying excess capital in shipping segments where management believes attractive long-term returns exist. As an example, Stealth Gas recently purchased two Handysize product tankers in 4Q07, as near-term, high-quality LPG tonnage was increasingly difficult to identify in H207. Subsequently, in March 2008 , the company announced that it will spend approximately $204mm to secure 5 modern second-hand LPG vessels and 5 LPG new builds. It is expected that Stealth Gas will have grown its operating fleet to at least 48 vessels by the end of 2011.

Threats

Future growth of a shipping company primarily depends on its ability to locate and acquire suitable vessels, identify and consummate acquisitions or joint ventures and integrating any acquired business successfully with its existing operations. Growing any business by acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements will be unenforceable or insufficient to cover potential losses and difficulties associated with imposing common standards, controls, procedures and policies, obtaining additional qualified personnel, managing relationships with customers and integrating newly acquired assets and operations into existing infrastructure. Each company cannot give any assurance that it will be successful in executing its growth plans or that it will not incur significant losses in the future. If the company is not able to successfully grow its size or increase its fleet, the ability to pay dividends may be adversely affected.

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have an adverse impact on results of operations. The United States and other parts of the world are exhibiting deteriorating economic trends and have been in a recession. For example, the credit markets in the United States have experienced significant contraction, de-leveraging and reduced liquidity, and the United States federal government and state governments have implemented and are considering a broad variety of governmental action and/or new regulation of the financial markets. Recently, a number of financial

institutions have experienced serious financial difficulties and, in some cases, have sought and received significant government assistance or have been put under the control of regulatory authorities. The uncertainty surrounding the future of the credit markets in the United States and the rest of the world has resulted in reduced access to credit worldwide.

Terrorist attacks, piracy, and international hostilities have previously affected the shipping industry, and possible future attacks could negatively impact results of operations and financial condition. Most oil companies conduct their marine fuel supply operations outside of the United States, and business, results of operations, cash flows and financial condition could suffer by changing economic, political and government conditions in the countries and regions where vessels are employed or registered. Shipping companies operate in a sector of the economy that is likely to be affected by the effects of political instability, terrorist attacks, war, piracy, or international hostilities.

Emphasizing on spot market, if a company's exposure to contracts of affreightment increases its profits will suffer. The spot market for crude oil and petroleum product tankers is highly competitive. As a result of increased reliance on the spot market, a company may experience a lower utilization of its fleet, leading to a decline in operating revenue. To the extent that the vessels are employed in the spot market, both revenues and operating costs from vessels will be significantly impacted by increases in the cost of bunkers (fuel). Unlike time charters in which the charterer bears all of the bunker costs, in spot market voyages the owner bears the bunker charges as part of voyage costs. As a result, while historical increases in bunker charges are factored into the prospective freight rates for spot market voyages periodically, increases in bunker charges in any given period could have a material impact on financial cash flows and results of operations for the period in which the increase occurs.

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