

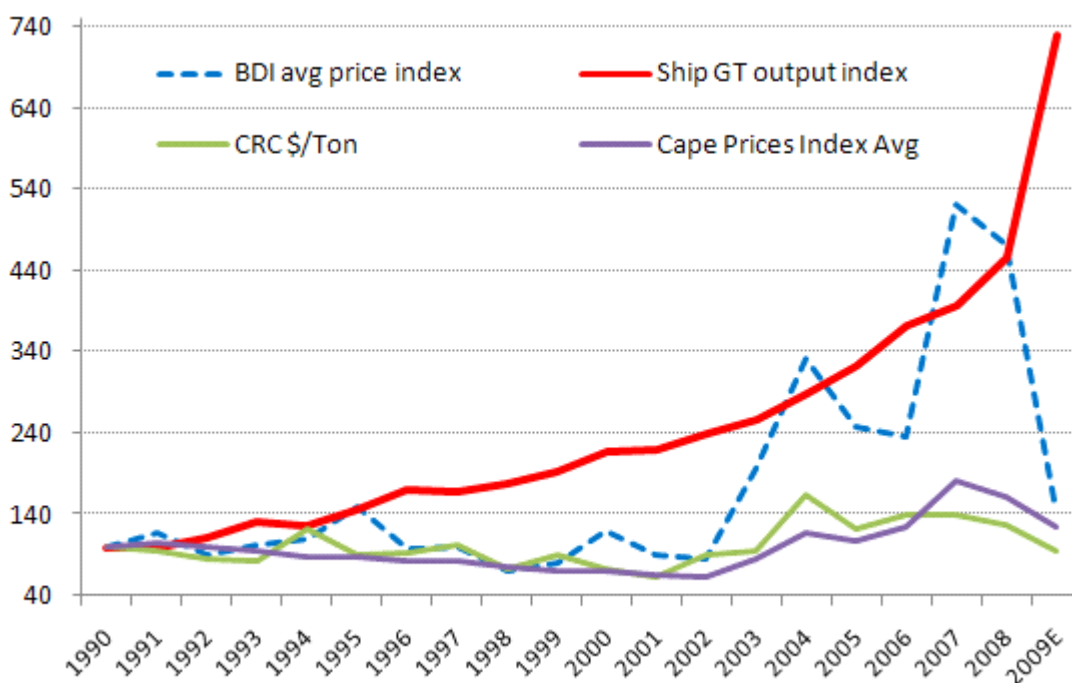


A Simple Depiction* of Challenges Ahead

2 March 2009

- **Charting the BDI to ships produced** (expressed in gross tons) from 1990 tells the simple story of what is still to come for those who went overweight ships and have not reduced exposure sufficiently
- **The process of coming down from Greenspan** low interest rate, free money boom will be painful. If governments provide more taxpayer money to support the system, the pain may be less for those who didn't plan conservatively, but it will be worse for others waiting on the sidelines for opportunities
- **Another difficulty has now been introduced from South Korea** and the Won's devaluation to the 1560 level. For shipyards there may not even be an option of making more cheap ships, thankfully. But in this case, the yards may dig in even harder by fighting tooth and nail to get top dollar for good contracts
- **We re-iterate the need for urgent action.** The faster we get most excess capacity ships canceled, scrapped or otherwise sidelined, the sooner we can all get back a more normal state of affairs

Chart Indexing Key Ship Production and BDI Series at 100 in 1990, based on Annual Averages



Source: Datastream; Clarksons; Baltic Exchange; Transport Trackers * Note: We've left out 2010 from this chart as 2009 is the first hurdle

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