ADVISEN
Insurance Intelligence

INDUSTRY ANALYSIS:
Marine Transportation

December 2012

Sponsored by:

AON

Industry Overview

Marine transportation has long been the dominant support of global trade. From its modest origins as Egyptian coastal sail ships around 3,200 BC to the Spanish galleons that plied across the Atlantic and Pacific oceans between the 15th and 18th centuries, marine vessels have facilitated the global exchange of goods and paved the establishment of maritime routes that gave birth to many of the major economic centers that we know today. And as transportation technology evolved over the years as an industry, marine vessels' role in global trade has further expanded and continues to integrate markets across geographies.

Today, the marine transportation industry remains a crucial pillar of the global economy. The importance of maritime transportation can be put into perspective by the fact that almost 90 percent of goods traded across borders are transported across the oceans and seas of the world.

In the U.S., the marine transportation industry accounts for approximately 80 percent of shipments by weight and 40 percent by cargo value. Given its strategic importance to international trade, the marine transportation industry is considered the life blood of the global economy, for without it intercontinental trade of manufactured goods and raw materials would simply not be possible.

Market Structure. The marine transportation industry consists of companies engaged in marine and inland water transportation services primarily for freight. The industry includes deep sea freight and cargo, barge, inland water, vessel chartering, and other freight transportation operations. The marine transportation industry excludes passenger cruise lines, ferry and fresh water commuter transportation, and recreational charter and sightseeing boat services.

There are basically three large international categories of marine transport companies: (1) tanker companies, which carry "wet" cargoes that are often energy-related, as in crude oil or liquefied natural gas (LNG), but could also be cooking oil or a variety of other liquid cargoes; (2) dry-bulk companies, which, as the name implies, carry dry cargoes of a wide variety, such as grains, scrap metals, coal, or ores; and (3) container companies, which carry anything that can be put into a standard freight container. There are also some smaller categories, such as companies that operate vessels with a limited geographic range, such as barges, tugboats and riverboats of various kinds. Other types of ocean-going vessels exist, including roll-on/roll-off ferries, passenger ships, partial containerships, refrigerated cargo boats, barge carriers, and specialized cargo ships.

It was not until fairly recently that many marine transport companies were publicly traded. Most were privately held, many of them by Greek, Italian, and Scandinavian owners, frequently multi-generational families. The large U.S. investment banks, however, discovered shipping companies as major users of capital, and flooded the industry with cash, much of which was highly leveraged. Investors also see marine transportation as a beneficiary of globalization, as opposed to many industries that find it hard to compete with companies from low-wage countries. One of the main results has been that there are now a wide variety of small-cap shipping companies.

Market Leaders. The major global players in the marine transportation industry based on annual revenue as of 2011 are A.P. Moller-Maersk of Denmark ($60.23 billion), Nippon Yusen Kabushuki Kaisha of Japan ($22.92 billion), Mitsui O.S.K. Lines, Ltd. of Japan ($18.19 billion), Kuehne & Nagel International AG of Switzerland ($18.33 billion), Kawasaki Kisen Kaisha Ltd. of Japan ($12.32 billion), and Hanjin Shipping Holdings Co. Ltd. of South Korea ($8.58 billion).

Revenue Drivers. The marine transportation industry tends to follow boom-and-bust patterns. In good times, there is an over-building of new vessels. This move tends to create an over-supply of carrying capacity that brings rates down. Put simply, when there are lots of carriers with empty ships, rates drop. When an over-supply persists, rates plunge, causing weaker companies out of business. This may create an even larger surplus of vessels as fleets are liquidated. Eventually, the drop-off in new ship production reduces the supply of ships compared to demand, and when demand rises again the mismatch causes prices to spike.

Cost Structure. Similar to any other transport industry, marine transportation costs are affected by numerous factors and vary according to the size of the vessel and distances. The marine transportation industry is both labor- and capital-intensive, with the principal expenses being the costs and maintenance of ships, salaries, equipment, and fuel. The costs of ships are the major fixed cost of this industry, as is the interest paid on the debt to finance these purchases. Labor cost is among the top expenses, which include ship captains, deck officers or mates, engineers, licensed seamen, oilers, and cooks. Fuel is also among the largest expenses, which depend on the vessel's age, size and average distance.

Latest Activities. The global financial crisis in 2007-2009 took its toll on the maritime transportation industry as economies worldwide deteriorated, consequently slowing down demand for maritime shipments. The industry initially felt the brunt of the financial crisis in 2008 when global revenue fell 1.7 percent to $340.4 billion from 2007's $346.3 billion. It was in 2009, however, when the industry hit an all-time low as it saw its revenue slid by as much as 12.1 percent to $299.3 billion. The contraction in industry revenue was due to decreased seaborne trade volumes amid contraction in export volumes as a result of drop in demand for consumer goods and slowdown in industrial production in major world economies. The industry was also affected by low energy demand in the oil trade sector, primarily from the developed nations. Oil demand fell sharply in Japan and the U.S., thereby affecting the global demand for oil. Given the seaborne trade volumes, prices of new marine vessels have fallen dramatically. Prices of brand-new, generic dry-bulk carrier, for example, have fallen to as low as $30 million. At the top of the market, buyers paid almost $100 million for a similar ship. The prices of used ships have likewise plummeted by as much as 60 percent.

In 2010, global seaborne trade bounced back reporting an increase in general cargo and coal transport. Industry revenue in 2010 reportedly reached $376.9 billion, representing a compound annual growth rate (CAGR) of 0.6 percent between 2006 and 2010. This is a significant increase from the revenue reported in 2009.

In 2011, global industry revenue exceeded the $400-billion mark and is expected to increase further to reach $511.8 billion by the end of 2015. Growth will be driven by developing countries in the Asia-Pacific region encouraged by continued industrial development, expansion in commercial operations of business organizations, and increase in trade activities. Developments in China are particularly noteworthy with regard to the supply of and demand for ships and shipping services. On the demand side, Chinese containerized exports make up a quarter of the world total. On the supply side, Chinese shipping companies are among the fastest growing. Between 2008 and 2009, China overtook Germany as the third largest ship-owning country, Japan as the No. 2 shipbuilding country, and India as the busiest ship recycling country. Aside from China, India and the Middle East are expected to offer immense opportunities fuelled by population growth, rising urbanization, economic growth, increasing cargo hubs, deregulation, and rising inter-regional trade. Architectural improvements in container ships for superior maneuverability on bendy rivers on the world's major shipping lanes and ports, also bodes well for maritime transportation.

Industry Trends

Global issues from world trade, to terrorism, to climate change, and environmental issues, impact the marine transportation industry. Challenges and threats, amid trends and opportunities follow:

- **Emerging Economies Shift Marine Routes** – Economic development of emerging countries has led to the shifting of marine routes, which are no longer just Transatlantic but also South-South. Moreover, the industry is witnessing a major concentration around Asia. Trade between Africa and China has also increased, as demonstrated by the strategy of the Chinese shipping agents China Ocean Shipping Company and CSCL China Shipping Container Lines. Africa is also reinforcing its links with South America (i.e. Angola-Brazil and Senegal-Brazil). Moreover, the expansion of South–South trade, enabled by more South–South investments, also helped boost the import demand of developing countries as new markets that offer goods at more competitive prices become accessible (e.g. growth in container trade from China to West Africa to the detriment of Europe). This trend is likely to continue and vary with shifting patterns of comparative advantages (e.g. higher labor costs in China as compared with other emerging economies in Asia and Africa). The construction of megaports, which feature large container terminal facilities and advanced port infrastructure for docking and storage, in emerging economies also illustrate the heightened profile of Asia, Latin America, and Africa in terms of global trade.

  Increasing oil consumption in emerging economies is also influencing marine routes, with China and India emerging as major oil importers, and West Africa and more recently Brazil with its latest offshore oil finds, as growing major exporters. These developments are already altering the patterns of shipping globally, and trends in oil trade are shifting, as illustrated by growth in tanker ton-mile demand. In 2010, oil tanker demand measured in ton-miles was estimated to have grown by 2.2 percent after declining by 1.9 per cent in 2009. Much of the said demand came from China with its oil demand expanding by an impressive 10.4 percent in 2010. In 2011, China was one of the few major economies to continue trafficking in Iranian oil, helping support tanker traffic.

- **Climate Change Opens New Marine Routes** – The melting of the Arctic ice triggered by climate change could open up new marine routes (northwest and northeast passages). Projections of sea ice loss suggest that the Arctic Ocean will likely be free of summer sea ice sometime between 2060 and 2080, while another estimate puts this date at 2030. The melting of the Arctic ice would ease maritime travel as this would lessen the need of going through the Suez Canal in Egypt or the Panama Canal in Panama. Traversing the Arctic region, for example, will be 7,000 kilometers (km) less to ship goods from China to Europe, and 3,000 km less from the German port of Hamburg to Vancouver on the Pacific coast of Canada. These shortened journeys will cut fuel and shipping costs dramatically, which will consequently lower down international trading costs. For instance, transporting a shipping container from Yokohama in Japan to northern Europe through Alaska's Aleutian Islands in the Arctic region will only cost about $500, while moving the same container between the same points through the Suez Canal in Egypt costs about $1,500.

  The economic viability of this new route, however, implies the resolution of problems of sovereignty between the Arctic countries and the international community. The five Arctic coastal states – Canada, Denmark (of which Greenland is a territory), Norway, Russia, and the U.S. – are in the process of preparing Arctic territorial claims for submission to the Commission on the Limits of the Continental Shelf. The Russian claim to the enormous underwater Lomonosov Ridge, if accepted, would reportedly grant Russia nearly one-half of the Arctic area. There are also four other unresolved Arctic territorial disputes.

- **Maritime Piracy Continues to Threaten Industry** – Piracy in the high seas have now moved from the Asian region to Somalia in East Africa, and more recently to the western African region in the Gulf of Guinea. Of the 439 piracy attacks recorded by the International Maritime Bureau (IMB) in 2011, 275 took place off Somalia on the east coast and in the Gulf of Guinea on the west coast of Africa. According to the IMB, Somali pirate attacks were predominantly concentrated within the cross roads of the Arabian Sea and the Gulf of Aden. However, 2011 marked the first hijacking by Somali pirates of an anchored vessel from within the territorial waters of a foreign State – namely, Oman – highlighting the need for ports and vessels at anchorages in the region to be vigilant. The IMB also noted an increase in piracy incidence Nigeria and Benin as continuing piracy hotspots, with 10 attacks reported in Nigeria, including two hijackings. The IMB warned that this number is not representative of the real threat of Nigeria piracy. Underreporting of attacks in Nigeria continues to be a cause for concern, and IMB states that it is aware of at least another 34 unreported incidents in Nigerian waters.

  In order to guarantee the security of supplies, operators have not hesitated to reconsider certain traditional passages like the Suez Canal. Diverting marine routes can limit the risks of exposure to piracy, but can generate significant additional costs: according to the latest report by the African Development Bank, if one third of the ships coming from Asia sailed around Africa via the Cape of Good Hope, additional costs relating to the extended journey to Europe would stand at about $7.5 billion per year. Moreover, pirate attacks are moving away from the coast into international waters, which is encouraging operators to consider sailing at over 300 miles from the shore, in areas with no established sovereignty. It then becomes difficult for States to prevent acts of piracy in international waters. That being said, the European Union (Operation Atlanta), the North Atlantic Treaty Organization (Operation Ocean Shield), and the U.S. (Combined Task Force 151 in the Indian Ocean) are attempting to provide defensive solutions to these problems. These solutions will likely remain in force, given the prospective scenarios envisaged: the number of acts of piracy could double by 2016, at a total cost of between $13 billion and $15 billion as of 2014.

- **Europe Debt Crisis Affects Industry** – The debt crisis in Europe has forced many banks to shed dollar-denominated assets such as ship and trade finance loans to meet tougher capital rules imposed on euro zone lenders. This development has led to tighter bank financing and is forcing many industry players to find alternate sources of funding.

  In a recent survey conducted by international law firm Norton Rose, 42 percent of respondents from the marine transportation industry said a lack of finance was the greatest threat to their businesses. UniCredit, Italy's largest bank by assets, is scaling down its ship financing operations to boost its capital reserves. Media reports have also indicated that Lloyds Banking Group aimed to sell its $10 billion portfolio of shipping loans. France's two biggest listed banks, Societe Generale and BNP Paribas, also plan to exit or shrink non-core businesses such as shipping, according to bank memos. In response to the credit squeeze, industry players are turning to other sources for fill the funding gap. In the same survey conducted by Norton Rose, almost a third of respondents in the survey, 31 percent, expected their primary source of funding over the next two years to come from private equity, and 18 percent said it would come from export credit agencies. Nevertheless, 43 percent still expected their primary source of funding to come from bank debt over the next two years. The survey also found 55 percent believed their key priority was to maintain cash reserves and secure funding lines, with 56 percent planning joint ventures or mergers over the coming year.

  The total financing required by the marine transportation industry over the next two years is expected to be around $130 billion to $150 billion according to investment bank Standard Chartered. And with European banks becoming more risk averse due to the debt crisis in the region, European industry players are likely to suffer a considerable funding gap.

- **Environmental Impact** – Although marine transportation is considered to be among the most environment friendly means of shipping goods, the industry still finds itself a subject of environmental issues. Recent oil spills have prompted the European Union (EU) to speed up the phase-out of single hull tankers, just one year after a prior agreement with the International Maritime Organization (IMO), and the IMO followed under EU pressure. These new rules create an opportunity for owners of double hull tankers, but mostly represent an additional expense for industry players. New IMO regulations for managing ballast water, responsible for spreading invasive species, will bring substantial new costs for the industry. New IMO emissions standards have taken effect, but newer EU and California proposals will likely tighten standards and cause multiple standards for a greater number of areas.

  The marine industry has established a bi-national, voluntary program called Green Marine that aims to improve participants' environmental performance beyond regulatory compliance. Participants are taking concrete actions to improve their record in eight key environmental areas. Their results are independently verified by a third party and shared publicly to demonstrate their commitment to the environment. In October 2011, the Royal Bank of Canada and the Supply Chain & Logistics Association of Canada released a report that identifies environmental sustainability as a key issue faced by the country. The report highlighted environmental sustainability issues within the shipping, air, road, rail and truck transportation industries, and how distribution and transportation companies can enhance competitiveness in an increasingly global business environment. In terms of marine transportation, the report praised the shipping sector for its ability to mass transport goods with substantial energy efficiency.

  However, the marine mode as a whole still has a significant environmental impact. Marine transport uses heavier fuels which emit more sulphur oxides, nitrogen oxides and particulate matter when burned. International marine shipping, along with aviation are the only two industries not covered by the 1997 Kyoto Protocol because their greenhouse gas emissions (GHG) cannot be pinned down to a particular country. The report added that despite no emission-reduction targets, industry players are proactively working together for a cleaner marine mode to minimize other emissions and to prepare for potential future GHG regulation. Among the shipping industry's self-regulation efforts is the Emissions Control Area that will be implemented in North America in 2012. The report added that shipping companies such as Maersk Line have introduced new ships which are able to cut GHG emissions by 50 percent. The report is the second in a series aimed at helping leaders of Canadian organizations better understand the risks and benefit from the business opportunities presented by the environmental sustainability challenge.

  Technological Innovations – Today's marine transportation companies operate in an era exemplified by advances in technology, automation, and software. On the Maritime Management System organizational front, two trends are worthy of note: process approach and management system integration. A process approach to compliance, standards, and maintenance is exemplified by process ownership and organization of information based on company-defined themes that reference requirements in a matrix. Process ownership is assigned to a specific individual and differentiated from organizational responsibility by department or title. When combined with a process approach, adaptive management system integration allows a single management system structure to handle multiple requirements such as regulatory, standards, maintenance and training. This eliminates the need for separate systems. This also provides maritime companies with a framework that scales to meet new requirements.

The emergence of a National Electrical Manufacturers Association (NEMA) based "black box" is also expected to have an impact on maritime maintenance management and planning. This technology can be utilized to collect engine related data from sensors and send this information to a software management system. The display of these data may be via the onboard Vessel Management System viewed on a vessel-based desktop, laptop, tablet, or smart phone, or in hardcopy. Data may also be managed by Port Engineers on a web-based shore-side portal for planned maintenance activities. Through this system human entry error stemming from pen, and paper based logs may be reduced by automating the data flow to a software system. Other technological trends in the industry include cloud-based and interactive Maritime Management System software that allow marine transportation companies to customize systems according to their needs and operations and adapt with changing business needs in the industry.

- **Free Trade Agreements to Benefit Industry** – The surge of free trade agreements (FTAs) has been beneficial to the marine transportation industry. As of November 2011, there have been some 505 regional FTAs, counting goods and services notifications separately, according to the World Trade Organization (WTO). In the U.S. three FTAs have been ratified in 2011 – Colombia, Panama, and South Korea. The South Korea deal, the biggest for the U.S. since the North American Free Trade Agreement in 1994, removes duties on almost two-thirds of American farm exports, and phases out tariffs on more than 95 percent of industrial and consumer exports within five years. The establishment of these FTAs is expected to increase international movement of cargo and shipments, which will consequently drive the need to expand transportation capacity, benefitting players in the marine transportation industry.

- **Mergers & Acquisitions** – Players in the marine transportation industry have long utilized mergers and acquisitions as a means to expand and rationalize business operations, create significant economies of scale, reduce costs, and minimize financial risks. M&As also offer strategic advantages for players who intend to establish their presence in a business segment they may not already have a presence in. Below are some of the most notable M&A deals in the marine transportation industry in 2012:
    - In July 2012, LNG shipping company Golar LNG said it will sell its interests in the Nusantara Regas Satu floating storage and re-gasification unit (FSRU) to its subsidiary Golar LNG Partners LP for $385 million.
    - In July 2012, China's Mingde Heavy Industries has signed an agreement with U.S.-based Cambridge Energy Group to jointly develop liquefied natural gas vessels. Both companies plan to build up to five LNG carriers with options for four more.
    - In June 2012, Norwegian oil and gas company Statoil ASA said it has signed a deal to buy a floating production, storage and offloading unit from Maersk for an undisclosed figure.
    - In May 2012, Dutch shipbuilding firm Damen Shipyards has acquired the shares of Swedish ship repair and maintenance yard Oskarshamnsvarvet in Oskarshamn for an undisclosed sum.
    - In May 2012, Bulk Handling USA, an affiliate of Oiltanking Holding Americas, has signed an agreement to acquire US United Bulk Terminal (UBT), a subsidiary of United Maritime Group (UMG). The aggregate purchase price is expected to be about $215 million in cash.
    - In April 2012, Damen Shipyards has acquired French ship repair yard Sobrena as part of its long-term strategy to expand its repair services. Damen has not disclosed the value of the transaction.
    - In February 2012, Russia's United Shipbuilding (USC) has acquired 79.33 percent of the Vyborg shipbuilding plant in the country's north-west for $61.8 million.

Business Initiatives and Risks

The information in this section covers a broader industry than the rest of this report.

Global issues and trends affect the marine industry, encompassing globalization of world economies, new security measures to combat terrorism, and new environmental regulations. These issues create business initiatives that industry players must consider for growth and survival. Pursuing, and not pursuing, these initiatives come with risks to companies in the industry.

Business initiatives for the marine industry fall across four areas: strategy, service and support, compliance, and financial management. Strategy business initiatives refer to new methods used by some marine companies that reduce the industry's reliance on high fixed costs and will lead to further consolidation. They also stress the importance of serving clients globally, leading to global expansion and partnerships.

Service and support initiatives explain necessary reforms to pricing strategies and improved uses of technology in order for the industry to become more flexible and serve its customers better. Compliance initiatives outline lobbying efforts needed to help mold future regulations, both security and environmental, and stress the importance of complying with these regulations. Financial management business initiatives refer to the importance of keeping fixed costs under control, and to have an active currency-hedging program in an industry that deals with multiple currencies.

Strategy

The marine industry is a cyclical industry, relying on the state of the global economy. In order for industry players to stabilize revenue and earnings, companies need to reduce their reliance on high fixed costs. Companies can achieve this by leasing more ships and outsourcing more ground-handling services. But more importantly, they can change their business models to become complete distribution services companies, performing customs brokerage, freight forwarding, logistics, and supply chain management.

Large companies are more likely to benefit from these measures to reduce fixed cost reliance, and utilize modern management techniques to view revenue on a risk-adjusted basis, leading to new pricing strategies for contracts that serve customers better and share risks with customers. Newly consolidated companies are using their professional skills as a competitive advantage in this fragmented industry. Opportunities for further acquisitions exist, and it will become necessary for some small companies to become acquired in order to survive. Economies of scale that come with size will become more important as the high costs of security and environmental regulations continue to grow.

Globalization is a fact of life, and world trade will only continue to grow as markets continue to open with free trade agreements and WTO negotiations. Companies need to provide shipping services worldwide to serve the global needs of their clients. The only way to economically provide this complete global service is through partnerships and alliances to help fill in geographic holes. Alliances also help to complete boatloads for shipping routes, as opposed to two companies shipping half boatloads for the same route.

The marine industry is by nature a global business. Shipping companies often have owners from one country, headquarters in a second, are flagged in a third, and ship to many other countries. Having a global mindset is critical for this industry. Many of the acquisition opportunities are dispersed around the world, and expanding to global locations should be part of global strategies. Opening routes to global ports is also part of a global expansion strategy.

Components of Strategy business initiatives include:

- Redefine the business model;
- Pursue growth through acquisitions;
- Pursue growth through partnerships and alliances; and
- Pursue growth through global expansion.

The following tables outline risks associated with these Strategy business initiatives.

Strategic	**Operational**
• Ineffective business model/positioning strategy • New distribution initiative results in channel conflicts • New geographic initiative leads to regulatory and political exposures • International initiative leads to expropriation and currency and convertibility risks • Failure of acquisitions, joint ventures, or alliances • Liability assumed by contract	• Business initiative fails from lack of qualified human capital • Inefficient operations render initiative unprofitable • Oversized overhead renders initiative unprofitable • Liability assumed by contract • Theft/fraud by employees
Financial	**Hazard**
• Infrequent debt maturity structure, due in large amounts • Currency fluctuations cause earnings volatility in home currency • Counter party default on settlements • Inadequate cash flow to support daily operations • Low bank borrowing capacity/inadequate lines of credit • Off-balance sheet liabilities and commitments larger than expected • Interest rate rise causes increased cost of capital • High demand elasticity of unit sales • Highly leveraged capital structure causes burdensome interest payments or default	• Lawsuits arising from contract disputes • Lawsuits arising from performance or non-performance of professional services • Lawsuits by shareholders arising from errors or omissions of directors or officers

Service and Support

Many large companies in the marine industry are viewing revenue from a risk-adjusted basis, and are finding that many contracts that appeared to be lucrative are not when considering the inherent risk that the company is assuming. Industry players need to change their relationship with customers by changing their pricing strategies offered in contracts. For example, companies can offer discounts for customers that agree to a minimum space guarantee, in effect having a penalty for no-shows. Companies could also offer a discount for shipments they can interrupt, effectively making a premium for shipments that must not be interrupted. Furthermore, marine shipping companies need to use information technology that both improves efficiency and provides more information to customers. The former would improve on-time arrivals and the latter can provide customers with more control over their shipments. These initiatives will serve clients' needs better and help share the risk of certain contracts.

Components of the Service and Support business initiative include:

- Develop and improve customer relationship management programs; and
- Implement technology to improve the efficiency and effectiveness of customer service areas.

The following tables outline risks associated with the Service and Support business initiative.

Strategic	Operational
• New product/service fails in the market • Ineffective business model/positioning strategy • Business initiative damages company's reputation • Inadequate or ineffectual allocation of resources • Liability assumed by contract	• Business initiative fails from lack of qualified human capital • Inefficient operations render initiative unprofitable • Customer satisfaction suffers from poor service and support • Breakdown in supply chain cause production/service irregularities • Inadequate information processing systems create inefficiencies
Financial	**Hazard**
• Counter party default on settlements • Inadequate cash flow to support daily operations • Low bank borrowing capacity/inadequate lines of credit • High demand elasticity of unit sales	• Lawsuits arising from contract disputes • Lawsuits by shareholders arising from errors or omissions of directors or officers

Compliance

The marine industry needs to lobby international organizations such as the WTO and IMO, governments such as the U.S., and economic unions such as the E.U., in order to ensure that legislation and regulation are in line with industry realities. Free trade is important to increase demand for marine services, and lobbying the WTO and governments is essential to ensure the continued opening of markets and to keep shipping a relatively open global service. Terrorism and piracy present security issues that need to be handled. These regulations can benefit the industry by creating safer shipping facilities and ships, but regulations need to be realistic and workable. Furthermore, the marine industry needs governments and the U.N. to take action against pirates to help reduce this threat.

Environmental regulations, such as requirements for double hull tanker use and ballast water management systems are expensive, but are here to stay. The industry needs to lobby the IMO, the E.U., and governments to create reasonable requirements. Furthermore, lobbying efforts should focus on encouraging ports of refuge for distressed ships, which will significantly lessen the environmental damage, and litigation, resulting from accidents.

Influencing new regulations are not enough. Complying with these regulations is also imperative. Failure to follow security regulations and certain environmental regulations can result in denial of entry, delaying delivery of shipments. Furthermore, failure to comply with environmental regulations that result in accidents can cause a large litigation liability. Regulations can and often do differ between countries and regions, and with U.N. agreements, which makes complying with these regulations complicated. Professional compliance reviews and empowered officers are necessary to diligently follow such regulations. Companies need to have security procedures that go beyond IMO requirements in order to protect themselves from piracy and terrorism.

Components of Compliance business initiatives include:

- Lobby governments to achieve desired regulatory outcomes; and
- Review compliance procedures to ensure compliance to regulations.

The following tables outline risks associated with these Compliance business initiatives.

Strategic	Operational
• Business initiative damages company's reputation • New geographic initiative leads to regulatory and political exposures • Inadequate or ineffectual allocation of resources • Liability assumed by contract	• Business initiative fails from lack of qualified human capital • Inefficient operations render initiative unprofitable • Inadequate support cause products/services to fail • Inadequate production capacity to support initiative • Customer satisfaction suffers from poor service and support • Breakdown in supply chain cause production/service irregularities • Compliance procedures breakdown creates liability exposure • Lack of training causes misuse of company assets • Breakdown of internal controls
Financial	**Hazard**
• Decline in credit rating • Inadequate cash flow to support daily operations • Low bank borrowing capacity/inadequate lines of credit • Off-balance sheet liabilities and commitments larger than expected	• Facilities, equipment, data or inventory damaged or destroyed by fire, explosion or catastrophe • Goods damaged in transit • Workers injured during course of employment • Theft, robbery or fraud by third parties • Lawsuits arising from performance or non-performance of professional services • Lawsuits arising from employment-related activities • Lawsuits by shareholders arising from errors or omissions of directors or officers • Lawsuits arising from storage, transportation or disposal of hazardous substances

Financial Management

In order to become more flexible and react quicker to economic cycles, companies need to rely less on fixed costs. Building ships is expensive, and has long lead times. Marine companies tend to decide on building new ships during good economic times, but by the time ships are built the economy has often slowed. This only further exacerbates the supply and demand mismatches that occur from market cycles. Companies should lease more of their ships, which will allow them to adjust costs and services in line with market conditions.

Being a global business, the marine industry deals with most currencies in the world. One company might have both revenue and expenses denominated in multiple currencies. Companies in this industry need a comprehensive currency hedging strategy to avoid shocks to earnings and cash flow resulting from uncontrollable currency fluctuations.

Components of Financial Management business initiatives include:

- Control capital spending; and
- Optimize currency exchange program.

The following tables outline risks associated with these Financial Management business initiatives.

Strategic	Operational
• Ineffective business model/positioning strategy • International initiative leads to expropriation and currency and convertibility risks	• Product development stalls from ineffective sourcing of resources • Oversized overhead renders initiative unprofitable • Inadequate support cause products/services to fail
Financial	**Hazard**
• Infrequent debt maturity structure, due in large amounts • Currency fluctuations cause earnings volatility in home currency • Lack of access to capital markets (equity and fixed income) • Low bank borrowing capacity/inadequate lines of credit • Large capital investments cause cash strain • Inadequate capital investments restrain future growth • Highly leveraged capital structure causes burden-some interest payments or default • Improper hedging techniques cause exposure to market volatility	• Lawsuits arising from contract disputes • Lawsuits by shareholders arising from errors or omissions of directors or officers

SIC Codes:

SIC Codes:		
	4400	Water Transportation
	4410	Deep Sea Foreign Transportation Of Freight
	4412	Deep Sea Foreign Transportation Of Freight
	4424	Deep Sea Domestic Transportation Of Freight
	4432	Freight Transportation On The Great Lakes-St. Lawrence Seaway
	4449	Water Transportation Of Freight, Nec
	4452	Ferries
	4459	Local Water Transportation, Nec
	4481	Deep Sea Transportation Of Passengers, Except By Ferry
	4482	Ferries
	4489	Water Transportation Of Passengers, Nec
	4491	Marine Cargo Handling
	4499	Water Transportation Services, Nec

Competitors

Top 20 U.S. Companies Sorted by Sales

Ticker	Company Name	Market Cap (in Millions)	Sales (in Millions)	Employees	Sales Per Employee	Net Income	Price Earnings Ratio
KEX	Kirby Corporation	3,273.25	1,850.42	4,225	437,968.52	183.03	15.75
MATX	Matson Inc	866.31	1,722.00	2,100	820,000.00	34.00	21.73
HRZL	Horizon Lines Inc	42.71	1,026.16	1,635	627,623.24	-229.42	0.06
GNK	Genco Shipping & Trading Ltd	154.70	392.21	1,434	273,510.46	25.39	-2.40
EGLE	Eagle Bulk Shipping Inc	48.89	313.43	950	329,928.42	-14.82	-1.67

Stock and Financial Performance Trends

Marine Transportation Income Statement

	Kirby Corporation	Matson Inc	Horizon Lines Inc	Genco Shipping & Trading Ltd	Eagle Bulk Shipping Inc	Average Industry
Most Recent Quarter Date	**6/30/12**	**6/30/12**	**6/30/12**	**6/30/12**	**6/30/12**	**6/30/12**
Sales	$511.85M	$394.2M	$270.94M	$62.93M	$48.54M	$59.57M
Cost of Goods Sold	$349.82M	$621.8M	$239.52M	$31.68M	$31.46M	$23M
Selling, General and Administrative Expense	$43.1M	$28.5M	$19.1M	$8.36M	$9.42M	$4.71M
Operating Income Before Depreciation	$118.93M	$81.7M	$12.32M	$22.89M	$7.66M	$14.5M
Depreciation and Amortization	$35.2M	$37.2M	$10.4M	$33.32M	$18.73M	$4.29M
Operating Income After Depreciation	$83.73M	$44.5M	$1.92M	$(10.43)M	$(11.07)M	$10.21M
Interest Expense	$5.9M	$1.9M	$17.49M	$19.88M	$12.05M	$0.51M
Non-operating Income (Expense)	$0.1M	$1.6M	$(0.49)M	$0.17M	$0.02M	$0.11M
Special items	$(0.1)M	$(5.8)M	$(15.03)M			$(0.39)M
Pretax Income	$77.83M	$30.6M	$(31.09)M	$(30.15)M	$(23.11)M	$7.13M
Income Taxes - Total	$29.39M	$15.3M	$0.05M	$0.34M		$2.94M
Minority Interest	$0.88M			$(2.75)M		$0.06M
Income Before Extraordinary Items	$47.55M	$15.3M	$(31.14)M	$(27.74)M	$(23.11)M	$4.13M
Dividends - Preferred						
Income Before Extraordinary Items - Available for Common	$47.55M	$15.3M	$(31.14)M	$(27.74)M	$(23.11)M	$4.13M
Common Stock Equivalents - Dollar Savings	$(0.38)M					$(0.02)M
Income Before Extraordinary Items - Adjusted for Common Stock Equivalents	$47.18M	$15.3M	$(31.14)M	$(27.74)M	$(23.11)M	$4.11M
Net Income (Loss)	$47.55M	$7.8M	$(46.07)M	$(27.74)M	$(23.11)M	$3.64M

Marine Transportation Balance Sheet

	Kirby Corporation	Matson Inc	Horizon Lines Inc	Genco Shipping & Trading Ltd	Eagle Bulk Shipping Inc	Average Industry
Most Recent Quarter Date	**6/30/12**	**6/30/12**	**6/30/12**	**6/30/12**	**6/30/12**	**6/30/12**
Assets						
Cash and Short Term Investments	$5.8M	$35.5M	$19.73M	$246.02M	$17.38M	$2.72M
Accounts Receivable/ Debtors-Total	$332.65M	$170.6M	$116.63M	$11.89M	$10.25M	$33.09M
Inventories – Total	$170.85M	$4.4M	$27.92M	$10.07M	$12.58M	$11.52M
Current Assets – Other – Total	$45.23M	$26.3M	$20.85M	$6.31M	$5.61M	$4.7M
Current Assets – Total	$554.54M	$236.8M	$185.13M	$274.29M	$45.81M	$52.03M
Property, Plant and Equipment – Total (Net)	$1,903.28M	$783M	$160.08M	$2,734.48M	$1,752.60M	$176.61M
Intangible Assets – Total						
Assets – Other – Total	$608.46M	$169.7M	$273.17M	$65.37M	$36.74M	$51.16M
Assets – Total	$3,066.28M	$1,189.50M	$618.38M	$3,074.14M	$1,835.15M	$279.8M
Liabilities and Net Worth						
Debt in Current Liabilities – Total	$111.63M	$28.4M	$5.73M	$221.45M		$9.21M
Current Liabilities – Other	$137.54M	$49.1M	$98.76M	$25.54M	$29.44M	$12.27M
Current Liabilities – Total	$393.33M	$207.7M	$150.54M	$250.6M	$36.07M	$39.52M
Long-Term Debt – Total	$687.9M	$344.4M	$425.24M	$1,451.06M	$1,130.19M	$67.87M
Long-Term Debt Due in One Year						
Account Payable/ Creditors – Trade	$139.8M	$130.2M	$46.04M	$3.6M	$6.63M	$17.75M
Deferred Taxes – Balance Sheet	$330.01M	$252M	$5.49M			$38.26M
Liabilities – Other	$93.81M	$138.1M	$36.33M	$20.02M	$21.61M	$15.25M
Income Taxes Payable	$4.36M					$0.29M
Liabilities – Total	$1,505.06M	$942.2M	$617.59M	$1,721.68M	$1,187.87M	$161.72M
Minority Interest						
Preferred/ Preference Stock (Capital)						
Common/Ordinary Equity – Total	$1,548.78M	$247.3M	$0.79M	$1,150.58M	$647.28M	$118.08M
Common/Ordinary Stock (Capital)	$5.93M	$31.8M	$0.93M	$0.44M	$0.16M	$2.48M
Treasury Stock – Total (All Capital)	$92.66M					$6.09M
Capital Surplus/ Share Premium Reserve	$360.88M	$246.9M	$378.69M	$861.42M	$757.09M	$39.96M
Retained Earnings	$1,274.63M	$(31.4)M	$(378.83)M	$288.72M	$(109.96)M	$81.74M
Shareholders Equity-Total	$1,548.78M	$247.3M	$0.79M	$1,150.58M	$647.28M	$118.08M

Marine Transportation Cash Flow

	Kirby Corporation	Matson Inc	Horizon Lines Inc	Genco Shipping & Trading Ltd	Eagle Bulk Shipping Inc	Average Industry
Most Recent Annual Date	**12/31/11**	**12/31/11**	**12/31/11**	**12/31/11**	**12/31/11**	**12/31/11**
Operating Activities (Indirect)						
Depreciation and Amortization	$126.03M	$109M	$28.84M	$139.39M	$77.26M	$8.43M
Operating Activities - Net Cash Flow	$312M	$86M	$(34.09)M	$158.18M	$58.3M	$26.57M
Investing Activities						
Investing Activities - Net Cash Flow	$(1,088.73)M	$(71)M	$(3.4)M	$(133.37)M	$(157.79)M	$(77.52)M
Capital Expenditures	$226.24M	$67M	$4.23M	$132.62M	$179.46M	$19.63M
Financing Activities						
Cash Dividends (Cash Flow)		$53M				$3.55M
Financing Activities - Net Cash Flow	$597.39M	$(7)M	$36.08M	$(67.72)M	$(4.56)M	$39.31M

Marine Transportation Financial Ratio Comparisons

Valuation Ratios						
	Kirby Corporation	**Matson Inc**	**Horizon Lines Inc**	**Genco Shipping & Trading Ltd**	**Eagle Bulk Shipping Inc**	**Average Industry**
Price to Earnings (TTM)	16.02	22.07	0.06	-2.31	-1.68	21.61
Price to Sales (TTM)	1.52	0.53	0.04	0.47	0.2	1.37
Profitability Ratios(%)						
	Kirby Corporation	**Matson Inc**	**Horizon Lines Inc**	**Genco Shipping & Trading Ltd**	**Eagle Bulk Shipping Inc**	**Average Industry**
Operating Margin (TTM)	16.36	11.29	0.71	-16.58	-22.8	17.13
Operating Margin (TTM) 3 Year Avg.	17.15	10.04	2.46	22.4	8.85	
EBITDA Margin (TTM)	23.23	20.73	4.55	36.37	15.78	19.88
EBITDA Margin (TTM) 3 Year Avg.	24.38	18.44	6.44	59.24	17.08	20.58
Pretax Margin (TTM)	15.21	7.76	-11.48	-47.91	-47.6	10.36
Pretax Margin (TTM) 3 Year Avg.	16.12	7.95	-2.68	-0.09	-10.9	11.41
Effective Tax Rate (Annual)	37.77	50	-0.16	-1.14		37.76
Effective Tax Rate (Annual) 3 Year Avg.	37.62	38.24	-9	0.99		39.15

Marine Transportation Financial Ratio Comparisons (cont'd)

Management Effectiveness Ratios						
	Kirby Corporation	**Matson Inc**	**Horizon Lines Inc**	**Genco Shipping & Trading Ltd**	**Eagle Bulk Shipping Inc**	**Average Industry**
Return on Assets	8	2.11	-10.02	-1.88	-2.58	5.48
Return on Assets (3 Year Avg.)	7.47	2.04	-5.31	2.47	-0.42	
Return on Equity	14.9	5.72	-6,173.93	-5.12	-7.3	11.74
Return on Equity (3 Year Avg.)						9.07
Coverage & Leverage Ratio						
	Kirby Corporation	**Matson Inc**	**Horizon Lines Inc**	**Genco Shipping & Trading Ltd**	**Eagle Bulk Shipping Inc**	**Average Industry**
Times Interest earned (TTM)	14.19	23.42	0.11	-0.52	-0.92	11.67
EBITDA/ Interest(TTM)	20.15	43	0.7	1.15	0.64	17.48
EBITDA - Capex/ Interest (TTM)	-5.92	33.79	0.46	1.02	0.63	9.99
Debt to Capital (MRQ)	0.34	0.6	1	0.55	0.64	0.41
Debt to Equity (MRQ)	0.52	1.51	548.32	1.45	1.75	0.65
Debt (avg. 12 mos.) to EBITDA (TTM)	1.08	2.4	5.86	10.74	15.59	1.33
Free CF (TTM) to Total Debt (avg. 12 mos.)	8.69	-6.91	-7.4	0.46	-4.26	0.15
Liquidity & Activity Ratios						
	Kirby Corporation	**Matson Inc**	**Horizon Lines Inc**	**Genco Shipping & Trading Ltd**	**Eagle Bulk Shipping Inc**	**Average Industry**
Current Ratio (MRQ)	1.41	1.14	1.23	1.09	1.27	1.31
Quick Ratio (MRQ)	0.86	0.99	0.91	1.03	0.77	0.9
AR Turnover (MRQ)	7.31	9.23	7.88	30.29	18	8.03
Inventory Turnover	10.37	52.84	25.33		13.51	14.79
AP Turnover	1.41	9.3	20.72	8.13	18.9	9.09

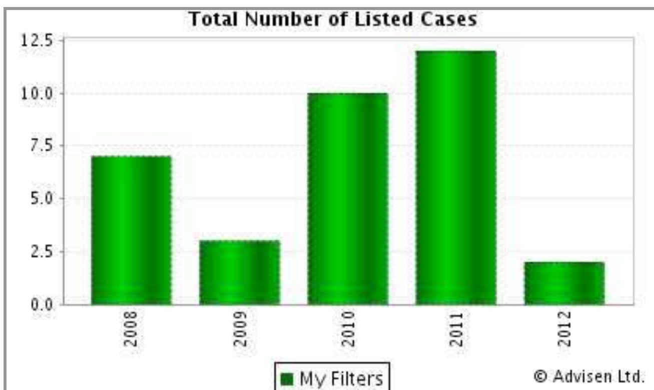
MSCAd Industry Large Losses

Advisen's Master Significant Case & Action database (MSCAd) compiles details and statistics on significant large losses, including management liability cases such as securities class actions, auditing and other management malpractice, state and federal government regulatory fines, employment liability cases and errors and omissions litigation. This also includes EEOC settled litigation, ERISA/Fiduciary Duty, Malpractice, Anti-Trust, Fraud, Trade Practices, and Contract Cases.

MSCAd is the most comprehensive, accurate source of this data available to the industry. Our information is compiled by a dedicated research team using numerous sources such as Stanford Securities, Federal agencies such as the Department of Justice, the EEOC, and the Securities & Exchange Commission, research tools such as LEXIS/NEXIS, major law firms and claims administrators, State insurance commissioners and attorneys general, and other sources. The consolidated data is subject to ongoing review and rigorous audit procedures to ensure both accuracy and timeliness.

Cases Filtered For:	
Industry Filters	
Dates:	2012,2011,2010,2009,2008
Case Count:	**34**

MSCAd Large Losses – 5 Year Trend



Total Number of Listed Cases

	My Filters
2008	7
2009	3
2010	10
2011	12
2012	2
Total:	34
Annual Average:	6.80

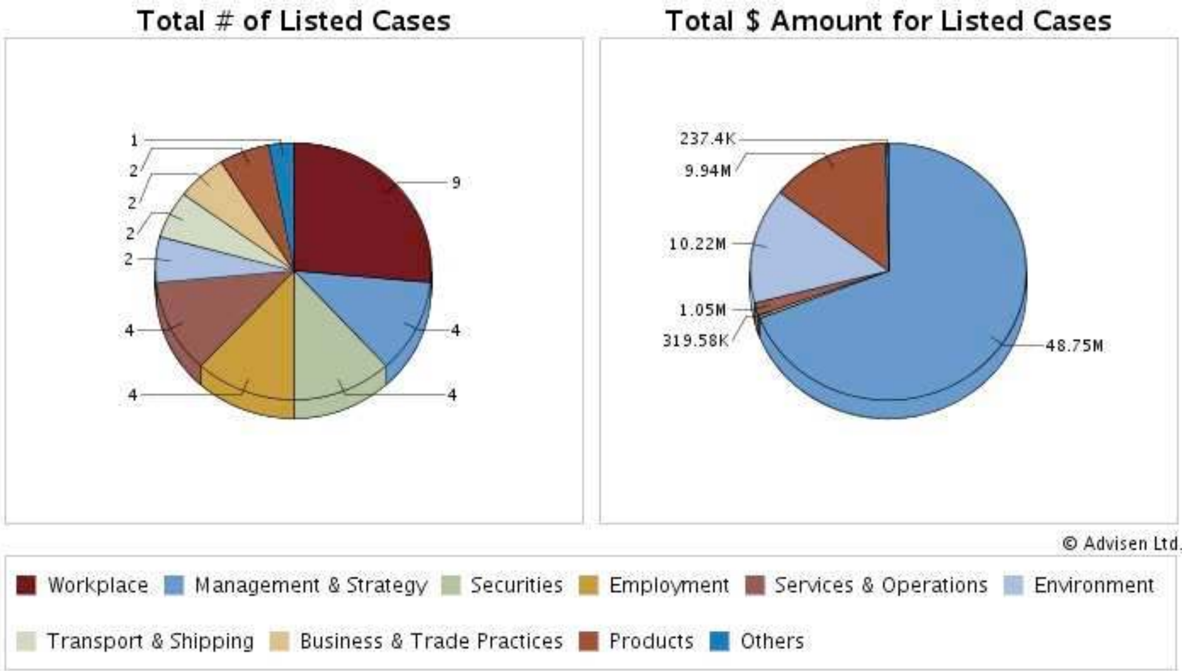
© Advisen Ltd.

Total $ Amount for All Listed Cases

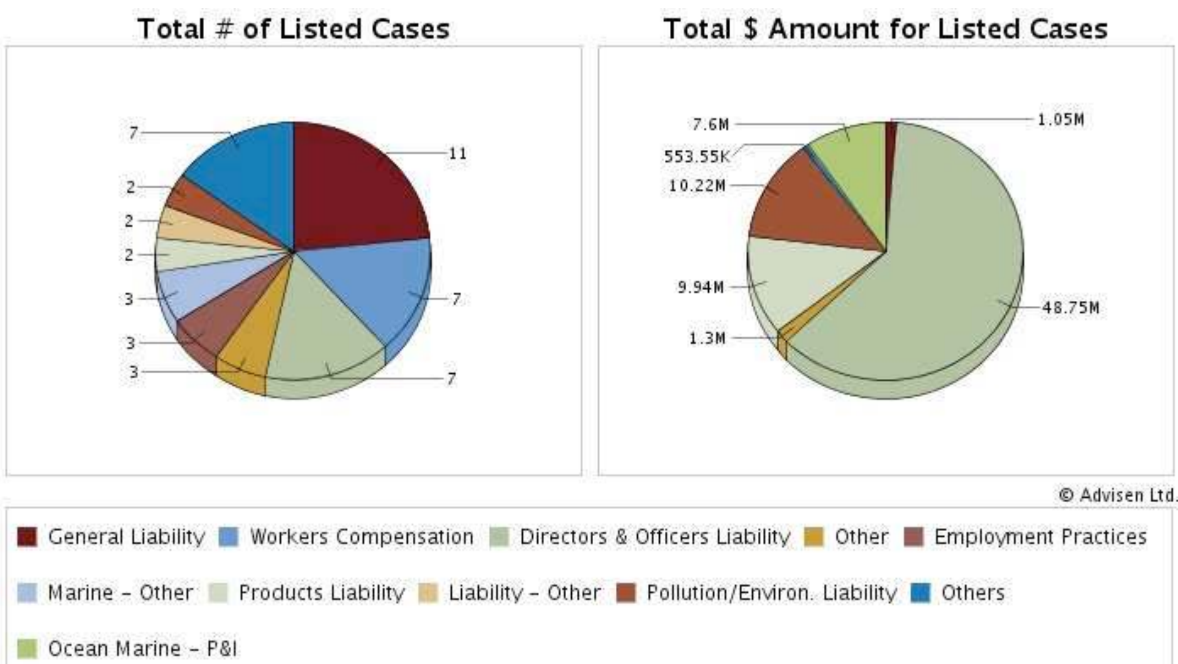
	My Filters
2008	35M
2009	0.07M
2010	18M
2011	18M
2012	0.24M
Total:	71M
Annual Average:	14.10M

© Advisen Ltd.

MSCAd Large Losses – Case Category Breakdown



MSCAd Large Losses – Line of Business



MSCAd Large Losses – Recent 10 cases

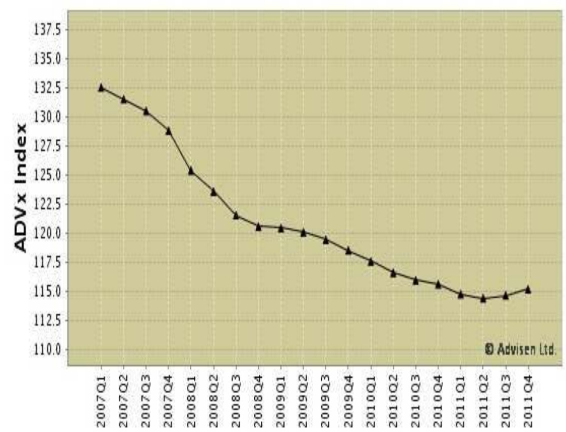
Case ID	Company Name	Company ID	Category/Type	Accident Date	Filing Date	Status	Total Amount($)
688310	Gulf Tran, Inc	1283755	Products/Recalls - Consumer Products	04/23/2012	04/23/2012	Event	
684410	St. James Stevedoring Company, Ltd.	7402266	Employment/Whistle blower/Retaliation		03/23/2012	Settled	245,000
679482	Pacific Stevedoring, Inc.	2642144	Workplace/Fines & Penalties	08/08/2011	12/01/2011	Proposed Settlement	51,100
669783	United States Maritime Services, Inc.	13340662	Business & Trade Practices/Breach of Contract		10/27/2011	Pending	
668713	Marietta Industrial Enterprises Inc	1294788	Workplace/Fines & Penalties	03/30/2011	08/01/2011	Settled	186,300
660139	Eagle Bulk Shipping Inc	2718812	Securities/Derivative Shareholder Action		06/13/2011	Pending	
664184	West Basin Container Terminal LLC	2874906	Environment/Air	06/01/2011	06/01/2011	Settled	2,620,000
662375	Inttra Inc.	2453236	Intellectual Property/ Patent Infringement	05/02/2011	05/02/2011	Pending	
683677	Horizon Lines Inc	2717271	Management & Strategy/Anti-trust	05/01/2002	02/24/2011	Settled	15,000,000
646676	Bouchard Transportation Co., Inc.	1264423	Environment/Ocean	04/27/2003	11/15/2010	Settled	7,600,000

MSCAd Large Losses – Top 10 by Settlement Amount ($)

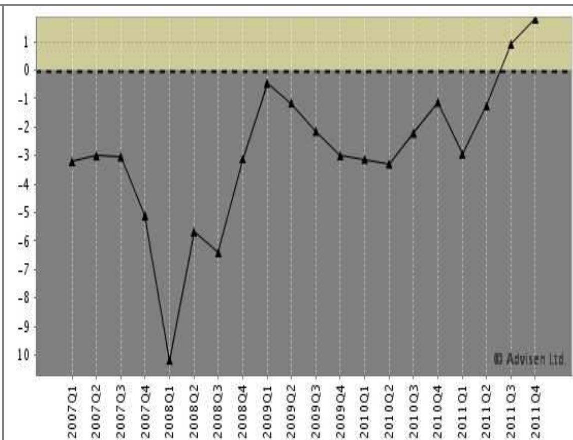
Case ID	Company Name	Company ID	Category/Type	Accident Date	Filing Date	Status	Total Amount($)
683685	Horizon Lines Inc	2717271	Management & Strategy/Anti-trust	05/01/2002	04/22/2008	Settled	20,000,000
422033	Attransco, Inc	6720838	Products/Exposure/ Consumption	01/01/1974	01/26/2010	Award	9,936,688
646676	Bouchard Transportation Co., Inc.	1264423	Environment/Ocean	04/27/2003	11/15/2010	Settled	7,600,000
664184	West Basin Container Terminal LLC	2874906	Environment/Air	06/01/2011	06/01/2011	Settled	2,620,000
420889	Delaware River Stevedores Inc	1267462	Services & Operations/ Business/Service Site, Premises, Situation	02/05/2007	04/04/2008	Settled	1,050,000
684410	St. James Stevedoring Company, Ltd.	7402266	Employment/Whistle blower/Retaliation		03/23/2012	Settled	245,000
668713	Marietta Industrial Enterprises Inc	1294788	Workplace/Fines & Penalties	03/30/2011	08/01/2011	Settled	186,300
422596	Direct Hit Logistics, Inc.	21053928	Employment/Wage and Hour	03/01/2008	02/20/2009	Award	68,479
679482	Pacific Stevedoring, Inc.	2642144	Workplace/Fines & Penalties	08/08/2011	12/01/2011	Proposed Settlement	51,100
400719	Milwaukee Motorcycle Imports Inc	2599877	Employment/Wage and Hour	02/29/2008		Award	3,430

Insurance Program Pricing

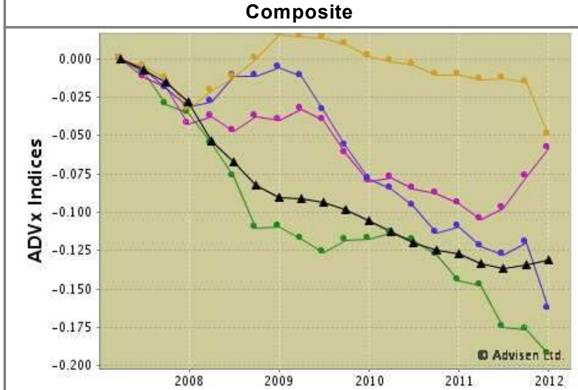
ADVx tracks changes in average premiums paid upon the renewal of commercial lines insurance policies. The index is the composite of four lines of business: domestic property, general liability, workers compensation and directors & officers liability, weighted by their relative premium volume as reported in Best's Aggregates and Averages. Premiums are adjusted to 2000 dollar value. Policy renewal data are collected and compiled by Advisen from retail and wholesale insurance brokers and risk managers.



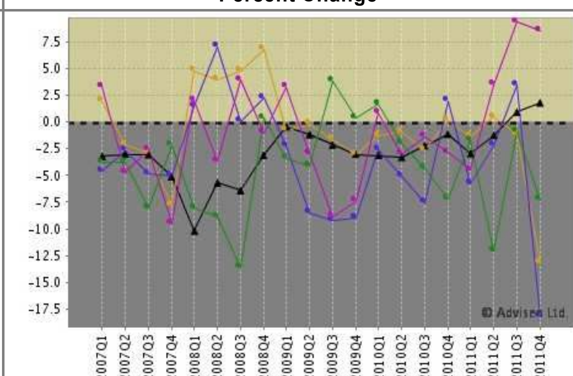
Composite



Percent Change



Individual Lines of Business



Percent Change

Recent Industry News of Top 5 Competitors

Kirby Corp Reaffirms Q3 2012 EPS Guidance-Conference Call
2012-09-20
Kirby Corp reaffirmed its third-quarter 2012 guidance and expects earnings per share (EPS) to be in the range of $0.87 to $0.97. According to I/B/E/S Estimates, analysts are expecting the Company to report EPS of 0.90 for the third quarter of 2012.

Kirby Corp Reaffirms FY 2012 EPS Guidance; Signs Agreement To Acquire Allied Transportation Company
2012-09-04
Kirby Corp announced that for fiscal 2012, it remains in the $3.50 to $3.70 per share range. According to I/B/E/S Estimates, analysts are expecting the Company to report EPS of $3.64 for fiscal 2012. The Company also announced that it has entered into an agreement to purchase the assets of Allied Transportation Company (Allied), a subsidiary of Allied Marine Industries, and two affiliated companies. The purchase will be financed through Kirby's revolving credit facility. Kirby received the consent and commitment from participating banks to increase its unsecured revolving credit facility from $250 million to $325 million. The closing of the Allied transaction is expected to occur in the late third or early fourth quarter of 2012 and is subject to certain conditions, including expiration of the required waiting period under the Hart-Scott-Rodino Act.

Kirby Corporation Issues Q3 2012 EPS Guidance In Line With Analysts' Estimates; Raises Low End Of Prior FY 2012 EPS Guidance To A Range In Line With Analysts' Estimates
2012-07-25
Kirby Corporation announced that for the third quarter of 2012, it expects earnings per share (EPS) to be in the range of $0.87 to $0.97 per share. For fiscal 2012, it expects earnings per share (EPS) to be in the range of $3.50 to $3.70. According to I/B/E/S Estimates, analysts are expecting the Company to report EPS of 0.90 for the third quarter of 2012; EPS of $3.56 for fiscal 2012.

Alexander & Baldwin Holdings Inc Completes Separation Of Land And Transportation Businesses
2012-06-29
Alexander & Baldwin Holdings Inc announced that it has completed on June 29, 2012 its previously announced plan to separate its land and transportation businesses into two stand-alone, publicly traded companies. The land business will operate under the name Alexander & Baldwin, Inc. (A&B) and, beginning on July 2, will trade on the New York Stock Exchange under the ticker symbol ALEX. The transportation business will operate under the name Matson, Inc. (Matson) and, also beginning on July 2, will trade on the New York Stock Exchange under the ticker symbol MATX. Stanley Kuriyama, current president and chief executive officer of Alexander & Baldwin, Inc., will continue in his role as CEO of A&B and will also become its chairman. Matthew Cox, current president of Matson, Inc., will assume the role of Matson's chief executive officer.

Horizon Lines, Inc. Names Sam Woodward As President And Chief Executive Officer
2012-06-07
Horizon Lines, Inc. announced that Sam Woodward has joined the Company as President and Chief Executive Officer (CEO) and has been appointed to the Company's Board of Directors, effective June 7, 2012. Mr. Woodward succeeds Stephen H. Fraser, who has served as interim President and CEO since March 2011, and who will also step down from the Company's Board of Directors, effective June 7, 2012.

Horizon Lines, Inc. Announces Chairman Change-Form 8-K
2012-04-16
Horizon Lines, Inc. reported in its Form 8-K that effective April 9, 2012 Mr. Mandl resigned as the Chairman of the Board of the Company, and the Board appointed Jeffrey A. Brodsky as Mr. Mandl's replacement.

Horizon Lines, Inc. Reaches Settlement With Opt Outs In Puerto Rico Antitrust Litigation
2011-11-29
Horizon Lines, Inc. announced that it has entered into a settlement agreement with all of the remaining significant shippers who opted out of the Puerto Rico direct purchaser antitrust class action settlement. Horizon Lines agreed to settle with these shippers at a total cost to Horizon Lines of $13.75 million in exchange for full release of all antitrust claims. Under the terms of the settlement agreement, Horizon Lines will make a payment of $5.75 million within 10 business days of the November 23, 2011, effective date, a payment of $4.0 million by June 30, 2012, and a final payment of $4.0 million by December 24, 2012. The agreement effectively resolves claims related to class action lawsuits that were filed against Horizon Lines in 2008 on behalf of customers who purchased domestic ocean shipping services from Horizon Lines and other ocean carriers in the Puerto Rico tradelane between May 2002 and April 2008. Horizon Lines entered into a settlement agreement with the class in June 2009, which received final court approval in September 2011. Some shippers opted out of the class settlement, and Horizon has previously announced settlement with a number of them. Today's announcement resolves claims of all the remaining significant opt outs.

Genco Shipping & Trading Limited Completes Common Stock Offering
2012-02-28
Genco Shipping & Trading Limited announced that it has successfully completed its previously announced public offering of 7,500,000 shares of newly issued common stock. Gross proceeds of the offering were approximately $53.25 million. Genco intends to use its net proceeds from the offering for general corporate purposes. Morgan Stanley & Co. LLC, Deutsche Bank Securities Inc. and Jefferies & Company, Inc. were joint book-running managers for the offering, and Credit Agricole Securities (USA) Inc., DNB Markets, Inc., DVB Capital Markets LLC, Knight Capital Americas, L.P. and SEB Enskilda were co-managers for the offering.

Genco Shipping & Trading Limited Prices Common Stock Offering
2012-02-23
Genco Shipping & Trading Limited announced the pricing of its public offering of common stock. The offering was made pursuant to Genco's registration statement (including a prospectus and related prospectus supplement for the offering). Total gross proceeds from the offering will be approximately $53.25 million, exclusive of any proceeds attributable to the underwriters' possible exercise of their option to purchase shares of common stock described below. The offering is expected to close on February 28, 2012, subject to the satisfaction of customary closing conditions. Genco intends to use the net proceeds from the offering for general corporate purposes. Genco agreed to sell 7,500,000 shares of common stock at a public offering price of $7.10 per share. In connection with the offering, Genco granted the underwriters a 30-day option to purchase up to an additional 1,125,000 shares of common stock. Morgan Stanley & Co. LLC, Deutsche Bank Securities Inc. and Jefferies & Company, Inc. are acting as joint book-running managers for the offering, and Credit Agricole Securities (USA) Inc., DNB Markets, Inc., DVB Capital Markets LLC, Knight Capital Americas, L.P. and SEB Enskilda are acting as co-managers for the offering.

Genco Shipping & Trading Limited Announces Common Stock Offering
2012-02-22
Genco Shipping & Trading Limited announced that it has commenced a public offering of common stock. Genco plans to offer, subject to market and other conditions, $50 million in shares of its common stock. Genco intends to use the net proceeds from the offering for general corporate purposes. Genco expects to grant the underwriters 30 day options to purchase up to an additional $7.5 million in shares of common stock offered by Genco. Morgan Stanley and Co. LLC, Deutsche Bank Securities Inc., and Jefferies & Company, Inc. are acting as joint book-running managers for the offering.

Eagle Bulk Shipping Inc. Announces Chief Financial Officer Transition
2012-07-11
Eagle Bulk Shipping Inc. (the Company) announced that Adir Katzav, formerly Director of Financial Reporting, has been promoted to Chief Financial Officer. Mr. Katzav succeeds Mr. Alan S. Ginsberg, who has advised the Company of his decision to pursue other professional interests. To facilitate an orderly transition, Mr. Ginsberg has agreed to oversee a transition of his responsibilities through mid-August of this year.