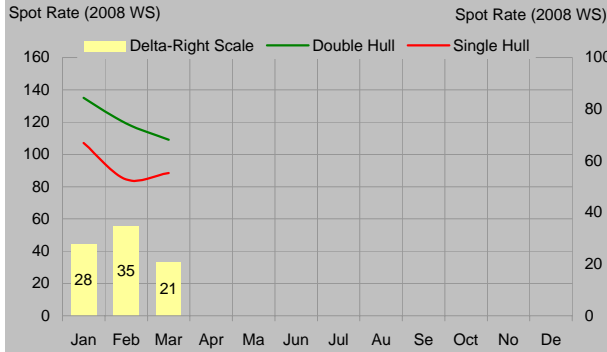
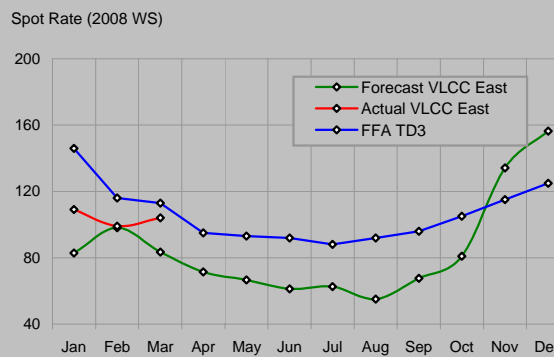




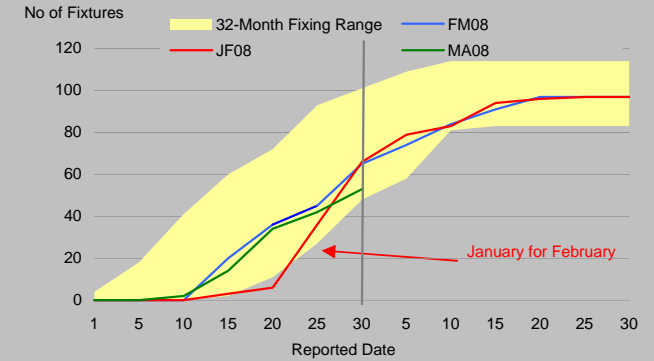
AG / EAST SPREAD (Figure 1)



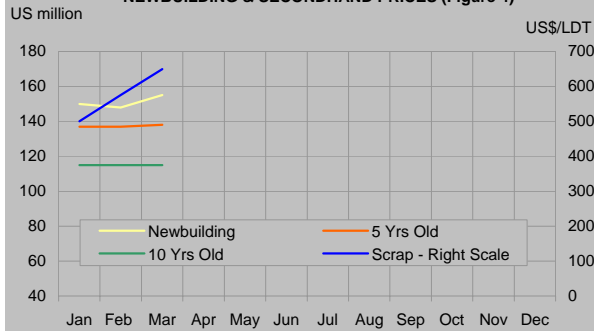
AG / EAST PERFORMANCE (Figure 2)



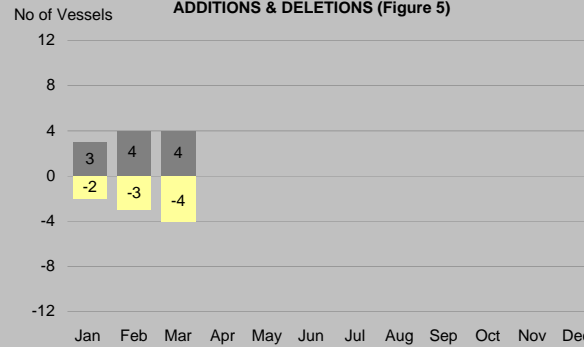
AG FIXTURES (Figure 3)



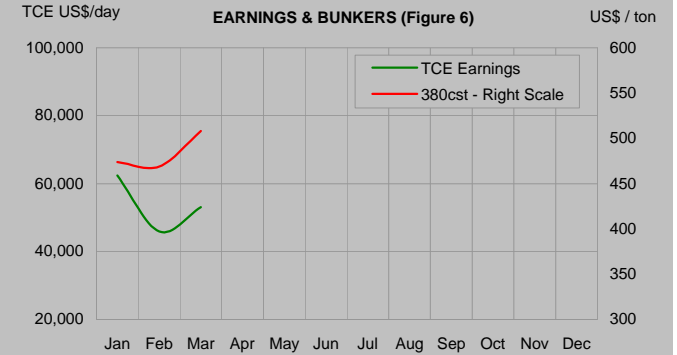
NEWBUILDING & SECONDHAND PRICES (Figure 4)



ADDITIONS & DELETIONS (Figure 5)



EARNINGS & BUNKERS (Figure 6)



With this note we begin a series of quarterly summaries on various tanker sectors. The intent is to keep our readers abreast on the tanker market by graphically illustrating the behavior of sector fundamentals over a three month period. The summary of figures and comments follows herebelow:

Figure 1 illustrates the spread between single and double hull rates in the first quarter of 2008. A significant spread was observed in February reaching 35 points on average. The single hull fleet is still playing an important role in the VLCC chartering sphere. Since the Hebei Spirit accident some charterers stopped taking single hull vessels while others insist on discounting them as much as possible. As a result the spread between single and double hull rates was significant in the first quarter.

Figure 2 illustrates our January forecast for the AG / East trade and current FFA TD3 index. The physical market recorded in the first quarter is also illustrated and interestingly it falls between our forecast and the FFA trend line. The spot market was above our expectations in January and March while in February it was equivalent to our projections.

Figure 3 illustrates number of fixtures in the AG VLCC market fixing cycle. One market cycle is comprised of two months (fixing and lifting month). January fixing for February lifting (JF08) is the only cycle in the first quarter that was out of the ordinary. The first two decades of the month saw lower than usual activity as charterers were holding back on their February cargoes. However, as the third decade of January approached more than fifty February cargoes were fixed (red arrow).

Figure 4 illustrates secondhand and newbuilding prices in the first quarter. Substantial increases were observed in newbuilding contract prices as well as the scrap prices. The price of a newbuilding VLCC reached US \$160 million levels while the scrap prices were confirmed at above US \$700 / LDT on two occasions. The secondhand market remained untested throughout the first quarter and thereby price levels remained flat.

Figure 5 illustrates the changes to the tanker trading fleet in the first quarter of 2008. Various conversion projects were scheduled for the first half of 2008. Some of the vessels scheduled for conversion exited the fleet and others were sold for scrap. More exits are expected to take place in the second quarter of the year. In terms of additions, 26% of 2008 deliveries joined the fleet in the first quarter. We expect approximately the same number of deliveries to join the fleet in the second quarter of the year.

Figure 6 illustrates bunker prices and TCE earnings in the first quarter. Despite high freight rates in March, TCE earnings did not spike as high due to increasing price of bunkers.