

Marcon International, Inc.

Vessels and Barges for Sale or Charter Worldwide

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January 2008

Tug Market Report

Following is a breakdown of available anchor handling coastal, ocean and harbor tugs. Separate reports available on inland river pushboats and anchor handling tug supply vessels.

Horsepower

	Under 1,000	1,000 – 2,000	2,000 – 3,000	3,000 – 4,000	4,000 – 5,000	5,000 – 6,000	6,000 - 7,000	7,000 – 8,000	8,000 – 9,000	9,000 Plus	Total
Mar 1996	199	163	59	65	18	7	8	7	4	4	550
Jan 1997	178	159	83	65	19	6	9	5	5	2	532
Jan 1998	139	142	72	46	14	9	6	6	5	2	432
Jan 1999	174	143	83	81	35	10	2	5	5	1	536
Jan 2000	161	145	72	62	27	15	3	4	7	2	498
Jan 2001	138	133	81	72	34	20	5	7	8	2	500
Jan 2002	117	134	85	67	38	22	2	5	6	4	480
Jan 2003	152	176	96	71	40	21	2	4	6	5	573
Jan 2004	117	140	77	67	29	21	1	5	12	3	472
Jan 2005	117	141	71	69	28	21	1	11	9	2	470
Jan 2006	97	125	90	66	21	16	5	6	8	1	435
Apr 2006	95	117	95	71	28	10	5	5	6	1	433
Jul 2006 -	88	125	105	77	25	15	5	6	7	1	454
Oct 2006	88	124	108	78	26	12	5	6	8	1	456
Jan 2007	77	114	97	68	25	10	5	4	7	0	407
Apr 2007	69	101	82	61	25	14	4	3	4	0	363
Jul 2007	81	121	108	57	24	14	5	4	3	1	418
Oct 2007 -	79	127	114	58	25	12	5	4	3	1	428
Jan 2008 - Worldwide	73	118	105	58	19	13	2	7	1	1	397
Jan 2008 - U.S.	22	29	26	12	6	3	0	0	0	0	98
Jan 2008 - Foreign	51	89	79	46	13	10	2	7	1	1	299
Avg. Age - Worldwide	1972	1976	1984	1982	1986	1989	1980	1977	1976	1977	
Avg. Age - U.S.	1961	1954	1963	1957	1966	1972	-	-	-	-	
Avg. Age - Foreign	1977	1984	1991	1989	1996	1994	1980	1977	1976	1977	
Charter - Worldwide	26	45	44	24	21	12	4	8	6	6	196
Charter - U.S.	9	5	7	3	5	3	1	7	0	0	40
Charter - Foreign	17	40	37	21	16	9	3	1	6	6	156

Market Overview

Of the 8,179 vessels and 2,893 barges that Marcon currently tracks, 3,219 are tugs with 397 currently officially on the market for sale worldwide. Of these tugs for sale, 41.81% of foreign and 97.96% of U.S. tugboats are direct from Owners. 92 or 23.2% of the tugs worldwide, primarily foreign flagged, were built within the last ten years or are newbuilding re-sales, or currently under construction – compared to 24.3% at the last report. 67 (16.9%) are over fifty years of age and 3 tugs are 75 years of age or older. 21 have no age listed. The oldest tug Marcon currently has listed is a 65' x 17.5', 900HP single screw tug located in the Great Lakes built of riveted steel in 1903. This is balanced by 13 newbuildings in the 2 – 4,999HP range scheduled for delivery in 2008 and 2009.

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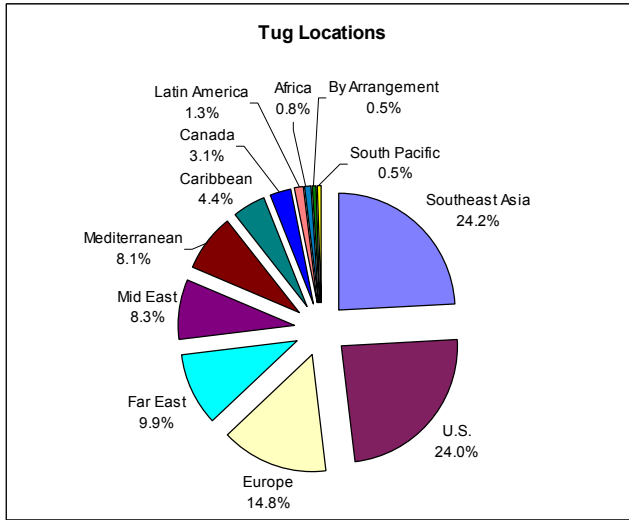
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Breakdown by Year Built and Brake Horsepower

Built	0-999BHP	1000-1999BHP	2000-2999BHP	3000-3999BHP	4000-4999BHP	5000-5999BHP	6000-6999BHP	7000-7999BHP	8000-8999BHP	9000-9999BHP	Total
Unknown	5	10	4	1	1						21
1903	1										1
1908		1									1
1926	1										1
1938		1									1
1939	1	1									2
1940		2		1							3
1941		1									1
1942		3									3
1943	1	3	1	2							7
1944	2	2	1		1						6
1945		1	1								2
1946	1										1
1948		1									1
1949	2				1						3
1950			1								1
1951		2									2
1952		1	2	2							5
1953	1	1	1								3
1954	1	1		1							3
1955	2										2
1956	2	2	2								6
1957		1	4								5
1958	3	3		1							7
1959		1	1								2
1960				1							1
1961		1	2								3
1962	1	3									4
1963	2	3									5
1964	1		1								2
1965	3	5	2		1						11
1966	1	1	2	3							7
1967	2			3		1					6
1968	1		1			1					3
1969	1	1	5	1							8
1970	1	3	1		2			1			8
1971	1	1	2	1							5
1972	2	1	3	1							7
1973	3	2	1	1							7
1974	1		1	1		2					5
1975		5		2			1	2			10
1976	1	1	5	1					1		9
1977	2	1	3	2	1			2		1	12
1978	2		1			2					5
1979	2	1	2	1	1			1			8
1980	2	2	2								6
1981	1	2	3								6
1982	2	7	1	2	1	1					14
1983			1	2	1			1			5
1984			2	1							3
1985				1			1				2
1986	1	1		2							4
1987	1	1		2							4
1989	1		1	1							3
1990			1	3							4
1991	1	1	1								3
1992		4	1	1							6
1993	2	3		1							6
1994			1		1						2
1995	1	4									5
1996	1		2	1							4
1997		2	1	1							4
1998		4	1		3						8
1999		1	3								4
2000	4	2	1	2							9
2001	1	2	1	1							5
2002	2		2								4
2003		2	2	1							5
2004	2	2	1								5
2005		1	4			2					7
2006		1	4	3	1	1					10
2007	1	9	15	3	2						30
2008			4	3	2	3					12
2009				1							1

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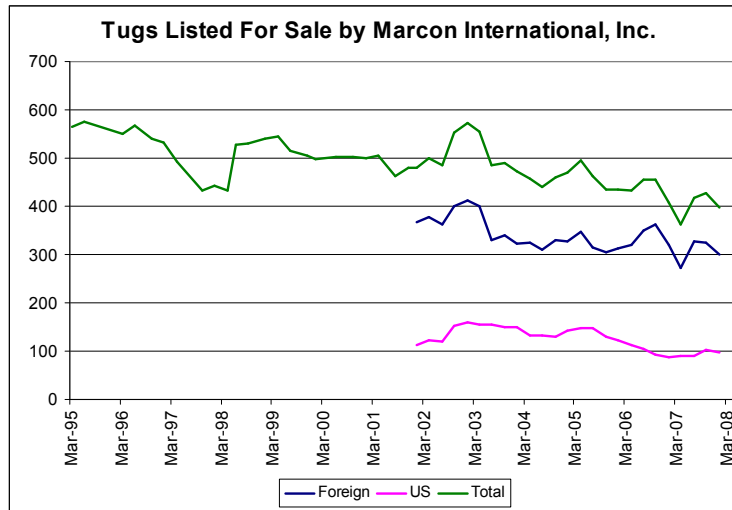
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The majority of the tugs Marcon has listed for sale are located in Southeast Asia with 93 tugs, followed by the United States with 92 tugs, 57 in Europe, 38 in the Far East, 32 in the Mid East, 31 in the Mediterranean, 17 in the Caribbean, 12 in Canada, 5 in Latin America, 3 in Africa, and 2 each in the South Pacific and by arrangement.

CAT diesels still power most of the tugs listed for sale with machinery in 56 or 16% of the tugs Marcon lists for sale, where engine type is known. This is followed by 39 Cummins, 34 EMD's and 19 General Motors / Detroit Diesels. 13 tugs, generally older U.S. units, are powered by Fairbanks Morse. Yanmar leads foreign manufacturers powering 26 tugs, followed by 20 Deutz, 17 Niigata and 15 Wartsila powered tugs. 113 tugs are powered by machinery from various other manufacturers.

Conventional single and twin screw tugs are still the most prevalent with 205 twin and 139 single screw listed for sale worldwide. 5 tugs are triple screw, 34 are azimuthing, 11 are Voith Schneider tractor tugs, plus we have one quad screw tug listed. Marcon expects the number of listings and same mix of tugs types for sale on the international market to remain at present level through 2008. Older single-screw tugs have always been available in the U.S. with few takers and this will continue throughout the upcoming year.

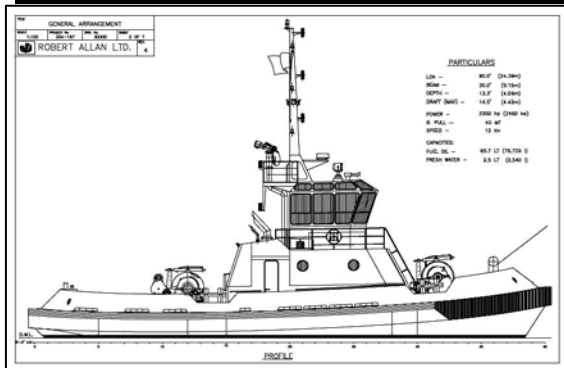


A few more U.S. flag 2,250BHP+ conventional twin screw tugs will probably come on the S+P market in 2008 – both officially and on a private and confidential basis. Whether prices will be attractive to Buyers though remains to be seen. While prices for second-hand conventional propulsion equipment seem to have reached a plateau both overseas and in the United States, we would not be surprised to see some slight future softening domestically. It is difficult today to provide an accurate percentage increase or decrease in average asking prices for various horsepower ranges as most Sellers still ask us not to quote an "official price". The S+P market continues to be tight worldwide for good, quality second-hand equipment. Older equipment, single screw and "non-desirable" engine packages are not attracting much interest either domestically or overseas. Newer equipment in the international market with modern propulsion will continue to maintain value over the next five years as newbuilding prices continue to rise both domestically and abroad. Prices in Turkish yards seem to increase around 30 to 50% every two years and some Chinese yards now quote in Euros at numerically the same number that they were indicating in U.S. dollars only a short time ago. Final negotiated prices for Marcon sales in 2007 averaged 92.71% of the asking price compared to 94.49% in 2006.

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Tug Boat Market Report – January 2008

Recent Marcon Tug & Barge Sales & Charters



The first of two newbuilding Robert Allan Ltd. design 40 tonne bollard pull, ASD tugs which Marcon announced last year were delivered by our friends at Sanmar Denizcilik Makina of Tuzla, Turkey to Remolcadores Dominicanos of Santo Domingo, Dominican Republic. The 24.39m (80') x 9.15m x 4.04m "Ulupinar" series tug "Haina" (ex-Ulupinar II) is powered by a pair of CAT 3512TA's diesels developing a total of 3,300BHP at 1,800RPM to US-155 FP azimuthing drives from Rolls Royce. The RINA classed tug is also fitted with Rolls Royce hydraulic towing winches fore and aft, hydraulic 8" retractable tow pins and a hydraulic 45 tonne SWL tow hook. Two Perkins generator sets each provide 74kVA electrical power. New Owners are sailing the tug on her own bottom from Turkey to Santo Domingo, where she will be

employed in ship assist work. A representative of Marcon attended the hand-over of the tug in Tuzla. Delivery of the second tug "Ulupinar IV" (to be renamed) is scheduled for the first quarter of 2009. Sanmar, still a family run firm, was founded in Istanbul in 1978 to operate tugs, mooring and pilot boats of the BOTAS Pipeline Corp. located in southern Turkey, on the Mediterranean. They became involved with new construction in 1982 and the first tug of Sanmar's own fleet "Sanmar I" was built in 1990. Sanmar can build tugs to suit any customer requirements, marrying their own skills with those of renowned naval architects such as Robert Allan Ltd. Sanmar built vessels fully meet the highest international standards and comply with the rules and regulations of many various international classification societies. The first "Ulupinar" class tug is still in Sanmar's fleet, but will be delivered to German owners in March 2008. The second "Ulupinar" is now the "Haina" mentioned above. "Ulupinar III" was repurchased by Sanmar for use by the shipyard in the new port of Mersin and "Ulupinar V" is also being built for their in-house fleet. "VI" is being built for another Turkish operator, "VII" for German operators, "IX" is under consideration by Marcon clients and "Ulupinar X" to "XII" are presently available with full details and price guidance available on request from this office. Remolcadores Dominicanos is a 35-year old, privately owned harbor & deep sea towing company operating a fleet of 12 single and twin-screw tugs between 400 and



3,300HP, 3 line handling launches and a 11,000bbl fuel barge (purchased via Marcon), based in the Dominican Republic, working in the Caribbean, Southern Bahamas Islands and adjacent Atlantic waters. Founded in 1973 in the port of Santo Domingo by two leading shipping agencies (Baez & Rannik and Frederic Schad), Remolcadores Dominicanos began life with the 1,200HP World War II ex-Navy diesel-electric single screw tug, "Saona" (ex-YTB 389). This tug served reliably until the end of 1989, when it was sold for scrap. Marcon has sold Remolcadores Dominicanos several tugs and barges over the years.

Marcon recently arranged a tow for the U.S. Military Sealift Command from San Diego, California to Guam with the tug "Island Champion" (ex-Mogul). The well known US West Coast single screw tug is powered by a CAT3606 with 2,800BHP driving a 119" x 110" propeller in a fixed kort nozzle through a Reintjes 5.074 gear. Her 115' x 31' x 16.5' hull provides good ocean towing capability. The vessel has a single drum Markey TYS-32 towing winch, and packs about 100,000 gallons of fuel. Tug was originally built to ABS Class requirements in 1965 by Albina Engine & Machinery in Portland, Oregon and has an ABS International Loadline. She was re-powered by her former Owner in 1997. The Pentagon is expanding the U.S. military presence in the Western Pacific over the next six years, spending to-date about US\$ 13 billion on the island increasing the number of military personnel by about 40,000, Trident submarines, fighter jets, submarines and soon-to-be aircraft carriers.



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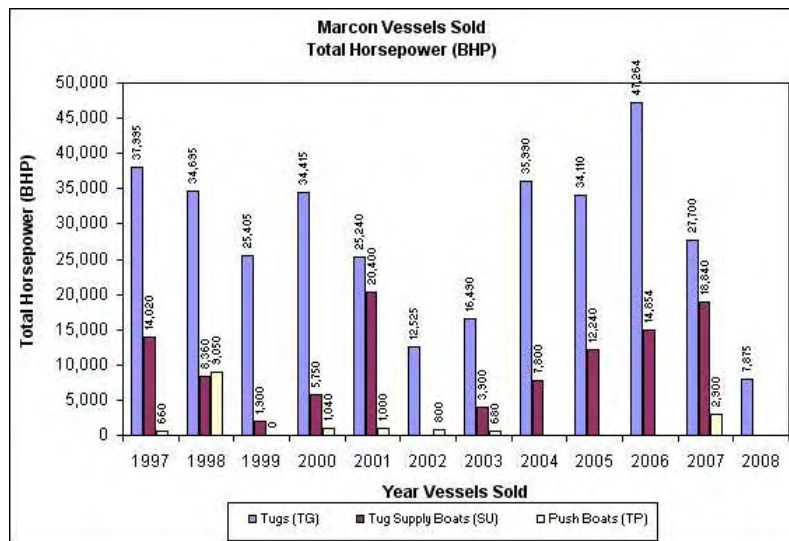
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Marcon International's first sale of '08 was the 2,000BHP twin screw "Mr. Nick" bought by E.J. Ventures, LP of Texas from Moby Marine of Florida. Tug was built in 1976 by Slocum Iron Works, Mobile, Alabama and measures 99.5' x 31' x 17' depth with an ABS Loadline draft of 14.5'. She is powered by twin EMD8-645 diesels driving fixed pitch, open propellers via Falk reverse reduction gears. Her Smatco 55-DAW-170 double drum waterfall winch is GM6-71 powered and carries 3,000' of 1.5" diameter wire per drum and provides a line pull of 150,000 lbs. Tankage includes 77,000g fuel, 17,000g water and 1,000g lube oil. Tug has a raised foc'stle bow which makes her well suited for ocean and coastal towing. She has quarters for 12 crew in 4 cabins, and is fully air-conditioned.



Last year was an "interesting year". After a record 2006 we were wondering if Marcon could do it again. 2007 did turn out to be an excellent year, although we were constantly looking over our shoulder wondering what was going to happen next. Out of 46 vessels and barges sold (where commissions received in Calendar Year 2007) six were tugs totaling 27,700BHP, three were pushboats (2,900BHP) and two were AHTSs totaling 18,840BHP. The actual number of vessels brokered by Marcon in 2007 was down 37% from 2006, but the average sales price was up 101.8%. It felt as if the whole "normal" mid-range of listings in vessels and barges that regularly change hands and are our "bread and butter" were missing from the market. The majority of equipment sold was either from the low end of the market as Buyers were forced to purchase older equipment out of default because nothing else was available - or a vessel priced at top dollar (or Euro) at the opposite end of the spectrum, again because a vessel or barge was needed for a specific project, nothing else was available and the buyer could not wait for a newbuilding. 2007 was also notable for the number of sales falling through at the last minute. Official reasons ranged from a vessel not passing final inspection, Buyer not securing financing, clear title not obtained and in one case a vessel being committed by Sellers to two different Buyers through separate brokers. I believe that the underlying reason for many failures may have been the serious lack of good, suitably-priced equipment available. In the exuberance of the moment some Buyers "jumped the gun" to get a hold on selected tonnage before their competition. Many chased "marginal" equipment that would have been a hard-sell in a "normal" market and they may not have performed their full due diligence until after receiving a commitment from Sellers. It was frustrating for brokers no matter what the reason. Now we start all over again. The 2008 first quarter looks good, but again we look over our shoulders. To-date in 2008 Marcon has sold or chartered 7,875BHP in tugs plus have sales of 10 vessels pending including hopefully two or three more tugs. Since 1990 when we started closely tracking historical sales Marcon has sold over a half a million BHP in tugs worldwide.



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Tug Boat Market Report – January 2008

Global Slowdown

According to the **World Bank**, resilience in developing economies is cushioning the current slowdown in the U.S., with real GDP growth for developing countries expected to ease to 7.1% in 2008, while high-income countries are predicted to grow by a modest 2.2%. Their report, “**Global Economic Prospects 2008 (GEP 2008)**” notes that world growth slowed modestly in 2007 to 3.6% compared with 3.9% in 2006, a downturn due largely to weaker growth in high-income countries. In 2008 global growth is expected to be 3.3%. A weaker US dollar, specter of an American recession and rising financial-market volatility could cast a shadow over this soft landing scenario for the global economy. These risks would cut export revenues and capital inflows for developing countries, and reduce the value of their dollar-investments abroad. Reserves and other buffers that developing countries have built up in past years may be needed to absorb unexpected shocks. “Overall, we expect developing-country growth to moderate only somewhat over the next two years. However, a much sharper United States slowdown is a real risk that could weaken medium-term prospects in developing countries,” said Uri Dadush, Director of the World Bank’s Development Prospects Group. The report assumes that credit turmoil in international markets will persist into late 2008, but that costs to large financial institutions will remain manageable. Moreover, they predict that spillover from problems in the US housing market on consumer demand will remain limited. “Looking at trade, strong import demand across the developing countries is helping to sustain global growth. As a result and given a cheaper US dollar, American exports are expanding rapidly. This is helping shrink the U.S. current account deficit and is contributing to a decline in global imbalances,” said Hans Timmer, co-author and Manager of Global Trends. Recent robust developing country growth contributed to high commodity prices, notably for oil, metals and minerals. These benefited many commodity exporters, thus explaining the strength of demand growth in some poorer countries. However, the recent increase in grain prices – partly due to increased grain production for biofuels – is hurting real incomes among urban poor.



In the first half of 2007, industrial production sped up across the developing regions, notably in East Asia (20%, year over year). Robust production data are also reflected in GDP results. China, India, and Russia were instrumental in driving up output. **GDP in East Asia and the Pacific** is expected to grow about 10% in 2007, with China expected to grow by more than 11%. Growth for the region should ease to 9.7% in 2008 and to 9.6% by 2009. The effects from the turmoil in the world’s financial centers may be small in most economies in the Region. Except for China, direct exposures of financial institutions in the region to mortgage-based securities (or sub-prime crisis) are limited. **GDP in Europe and Central Asia** is expected to grow by 6.7% in 2007, and then slow to 6.1% in 2008 and 5.7% in 2009.



Inflation has risen in several countries, tied to sustained strong domestic demand and rising food and fuel prices (made worse by drought in Bulgaria and Romania). Signs of overheating are evident in Bulgaria and the Baltic states. In Turkey, an easing of monetary policy is expected to strengthen domestic demand, leading to a pickup in growth, and a continued large current account deficit. **GDP in Latin America and Caribbean** advanced by 5.1% in 2007 and is growth expected to ease to 4.5% in 2008 and further to 4.3% by 2009, mainly reflecting a return to more sustainable growth rates in Argentina and Venezuela. Elsewhere, including in Brazil, growth should remain robust, while in Mexico it is expected to rebound from a weak 2007. **GDP in the Middle East and North Africa** eased slightly in 2007 to 4.9% and will likely rise with the help of high oil prices to 5.4% in 2008. In oil-exporting countries, higher oil prices are adding to revenues, some of which are being invested in infrastructure in countries like Algeria and Iran. Diversified exporters like Jordan, Morocco and Tunisia are enjoying double-digit growth, thanks to

increased trade demand from Europe. **GDP growth in South Asia** edged down slightly in 2007 to 8.4%, with industrial production and GDP growth driven by strong domestic demand. An expansion of credit, rising incomes, and strong worker remittances are buoying private consumption. Meantime, improvements in business sentiment along with rising corporate profits, are providing a further boost. **GDP in Sub-Saharan Africa** grew 6.1% in 2007, and is expected to rise 6.4% in 2008, with much of the impetus coming from strong domestic demand. Investment in the region is expected to remain strong, despite tightening of international credit, due in part to large foreign-financed investments. In contrast, private demand in South Africa, where higher interest rates and an erosion of real incomes are curbing real outlays, is projected to soften. Regional growth may slip to 5.8% by 2009 as oil exporters respond to international conditions and restrain output moderately.

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Record Number of Tugs Worldwide

The number of tugs in the world again hit a record number this year. While information in Lloyds Register only covers “sea-going” vessels of over 100 gross register tons, there are many tugs either under that tonnage or in inland service. According to Lloyds, as of January 2008, there were 12,316 “sea-going” tugs over 100GRT worldwide, up 4.7% from the 11,760 “sea-going” tugs in January 2007. Total horsepower of this fleet is also up over 1,600,000HP or 5.8% from 28,116,599 last year to the current 29,746,970BHP.



Even taking into account flags of convenience, the largest national fleet of tugs worldwide in both numbers and horsepower sail under U.S. registry with Indonesia coming in at a close second for the number of tugs. The U.S. operates 1,440 sea-going tugs over 100GRT, or 11.7% of the world market, totaling 4,210,799 horsepower (14.2% of global horsepower) with a 37.28 average age, the 150th oldest “sea-going” fleet in the world. The registry with the youngest tug fleet of five years is France (FIS) with four tugs total 21,778BHP.

Top 50 “Sea-Going” Tug Fleets By Units As Of January 2008 According to Lloyds Register

Flag	Total BHP	%	No. Tugs	%	Avg BHP	Avg Age
Worldwide	29,746,970	100.00%	12,316	100.00%	2,280	1978
United States of America	4,210,799	14.16%	1,440	11.69%	2,924	1970
Indonesia	2,205,071	7.41%	1,401	11.38%	1,574	1991
Japan	2,387,680	8.03%	847	6.88%	2,819	1991
Singapore	1,551,571	5.22%	649	5.27%	2,391	2000
Unknown	642,025	2.16%	455	3.69%	1,411	1975
Korea, South	1,019,372	3.43%	406	3.30%	2,511	1985
Malaysia	598,775	2.01%	320	2.60%	1,871	1996
Panama	1,036,873	3.49%	320	2.60%	3,240	1979
Russia	777,844	2.61%	320	2.60%	2,431	1984
Italy	827,074	2.78%	310	2.52%	2,668	1981
India	629,008	2.11%	270	2.19%	2,410	1989
China, People's Republic of	794,654	2.67%	262	2.13%	3,033	1984
United Kingdom	631,553	2.12%	239	1.94%	2,654	1984
Spain	595,227	2.00%	201	1.63%	2,961	1984
Canada	476,079	1.60%	191	1.55%	2,493	1969
Australia	510,216	1.72%	169	1.37%	3,019	1986
Iran	288,236	0.97%	152	1.23%	1,896	1942
Venezuela	297,072	1.00%	148	1.20%	2,007	1981
United Arab Emirates	372,913	1.25%	146	1.19%	2,554	1988
Turkey	306,570	1.03%	142	1.15%	2,159	1985
Mexico	422,424	1.42%	140	1.14%	3,017	1968
Brazil	360,573	1.21%	136	1.10%	2,691	1969
Netherlands	327,692	1.10%	130	1.06%	2,521	1985
Saudi Arabia	398,403	1.34%	130	1.06%	3,065	1987
Egypt	294,674	0.99%	119	0.97%	2,497	1979
St Vincent & The Grenadines	338,440	1.14%	119	0.97%	2,844	1987
Greece	187,473	0.63%	117	0.95%	1,602	1970
Honduras	140,836	0.47%	110	0.89%	1,292	1972
Ukraine	185,281	0.62%	110	0.89%	1,684	1978
Philippines	207,577	0.70%	105	0.85%	1,977	1975
France	307,737	1.03%	100	0.81%	3,108	1982
China, Republic of (Taiwan)	230,163	0.77%	98	0.80%	2,349	1986
Germany	269,313	0.91%	96	0.78%	2,805	1982
Thailand	207,127	0.70%	88	0.71%	2,354	1981
Norway	212,146	0.71%	79	0.64%	2,685	1976
Bahrain	172,725	0.58%	65	0.53%	2,657	1987
Sweden	190,611	0.64%	65	0.53%	2,978	1965
Chile	167,853	0.56%	63	0.51%	2,664	1957
Poland	99,229	0.33%	61	0.50%	1,627	1974
Vietnam	108,020	0.36%	59	0.48%	1,831	1988
Finland	159,402	0.54%	58	0.47%	2,748	1966
Cyprus	172,104	0.58%	57	0.46%	3,019	1960
Algeria	131,502	0.44%	53	0.43%	2,481	1986
Portugal	102,219	0.34%	53	0.43%	1,929	1975
Colombia	112,824	0.38%	50	0.41%	2,256	1907
Romania	87,306	0.29%	48	0.39%	1,819	1978
Denmark (Dis)	143,684	0.48%	47	0.38%	3,057	1985
Belgium	175,782	0.59%	45	0.37%	3,906	1993
Hong Kong, China	129,099	0.43%	42	0.34%	3,074	1996
Argentina	97,603	0.33%	40	0.32%	2,440	1974

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Breakdown of U.S. “Sea-Going” Fleet

Following is a breakdown of the U.S. sea-going tug fleet by horsepower compared with last year. Note that Lloyds only has data on 92 tugs under 999BHP. As most of the “under thousand horsepower” class tugs in the U.S. are below 100 gross register tons, they are not included in the Registry. In reality though, there are eight to nine hundred additional small tugboats in this horsepower range working daily in U.S. coastal waters.

U.S. Sea-Going Tug Fleet Over 100GRT By BHP According to Lloyds Register as of Jan 2008

	Unknown BHP	Under 999	1000-1999	2000-2999	3000-3999	4000-4999	5000-5999	6000-6999	7000-7999	8000-8999	9000 Plus	Total
Total #	182	92	327	280	211	148	66	46	49	2	37	1,440
Avg LOA	91.4	81.3	90.4	102.6	109.6	110.6	125.8	128.0	139.0	141.6	142.9	
Avg Beam	29.0	23.8	26.5	30.3	33.2	34.7	35.8	38.0	40.6	42.0	57.3	
Avg Depth	12.8	10.6	11.7	13.0	14.1	14.0	16.8	17.9	18.2	16.0	23.3	
# Single Screw	151	78	193	85	21	12	3	2	2	-	-	547
# Twin/Triple Screw	31	14	134	195	190	136	63	44	47	2	37	893
Avg Year Built	1976	1951	1962	1974	1979	1987	1980	1989	1982	1989	1993	

U.S. Sea-Going Tug Fleet Over 100GRT By BHP According to Lloyds Register as of Jan 2007

	Unknown BHP	Under 999	1000-1999	2000-2999	3000-3999	4000-4999	5000-5999	6000-6999	7999-7999	8999-9000	9,000 Plus	Total
Total #	8	97	316	289	206	146	61	45	43	3	39	1,427
Avg. LOA	86.4	81.7	90.4	101.7	109.6	110.8	127.4	128.2	141.6	140.4	141.0	
Avg. Beam	27.5	23.0	26.4	29.9	32.9	34.7	36.1	37.8	40.4	43.0	56.4	
Avg. Depth	12.8	11.1	11.7	12.9	14.1	14.1	17.0	17.8	17.9	17.5	22.9	
# Single Screw	154	80	196	89	22	12	3	2	2	0	0	560
# Twin/Triple Screw	28	17	120	200	184	134	58	43	41	3	39	867
Avg. Year Built	1976	1953	1962	1973	1979	1987	1979	1988	1980	1986	1993	

All dimensions in feet and tenths

Of the 1,440 U.S. flag tugs showing up in Lloyds as of January 2008, 483 or 42% are powered by EMDs, 262 (23%) by CATs, and 168 (15%) by General Motors / Detroit Diesels. Fairbanks still power 65 tugs or 6% of the fleet, mostly in older tugs. Over the year EMD has slipped by one percentage point while CAT increased 2% and GM/DD 1% although it should be noted that we have seen some EMDs showing up in the Lloyd's Register under the GM designation which may throw the statistics off a little. The tables above also reflect the obvious decline in use of single screw tugs with thirteen fewer single screw boats in the fleet as of the beginning of this year compared to the previous year.

Overall Market – Is There A “Bubble?”

The CEO of a major towing company e-mailed me the article “*The Next Bubble*” from February 2008’s “*Harper’s Magazine*” asking if it had any relevance to the tug market, especially in relation to Fair Market Values. Two days before one of Marcon’s brokers passed around a copy of a 29th January “*MarketWatch*” entitled “*In America, Land of the Bubbles, The Next Pop Will Be The Biggest*”. I next pick up the January / February 2008 “*Ship & Boat International*” with an editorial comment titled “*The Tug Market: A Ticking Time Bomb*”. Interesting articles, but how well do they relate to the towing industry. Are today’s tug values inflated and sign of a bubble?

My head went from nodding in agreement over some paragraphs to shaking in disagreement on others and then finally just spinning. From everything I read and listen to in the news, the U.S. definitely has the potential of falling into a recession with a capital “R”. Whether or not we avoid a formal and technical “*Recession*”, it will still feel like one. Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 0.6% in the fourth quarter of 2007, according to preliminary estimates released by the Bureau of Economic Analysis. Compared though to 4.9% growth in the third quarter it feels like someone is stepping on the brakes. What might this mean to the towing industry and what will be the effect on tug values and sales?

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Tug Boat Market Report – January 2008

There is a slow-down in coastwise towing on the East and Gulf Coasts for the first time since “*Katrina*” – but admittedly things were pretty crazy back then. We could be seeing a seasonal downturn, but it feels like more than just the “*winter blahs*”. Several owners report some tugs “*under-utilized*” and asked whether this is a good time to sell. As always - it depends on the individual equipment itself. Although the number of U.S. tugs officially on the market for sale and listed with Marcon is down four boats from our last report in October 2007, a few more are coming available – both openly and on a private and confidential basis. One market indicator is that some operators now receive four or five phone calls a week from crew looking for work. This is a reversal from 2006 and early 2007 when owners were struggling to just man their boats and poaching of crews was becoming common. My crystal ball is not omnipotent. Following are a few of my “*gut-feelings*” as I try and sort out for myself what the future holds.

The towing industry cannot easily be covered by just one or two “*sound-bites*” about the overall market. My comments even oversimplify a complex issue. Tugs today include very diverse types, but can be broken down into five general categories – with some blurring of lines between various designs and trades. Each type has its own niche in the market and is affected differently – plus in each group there are further subdivisions as to geographical area, cabotage laws, age, type of machinery, emissions, local regulations, etc.

- Harbor / Shipdocking and terminal escort tugs.
- ATBs / ITBs.
- Conventional Ocean and Coastal tugs.
- Anchor handling Tugs.
- Salvage Tugs / ETVs / High Horsepower Ocean Towing.

Harbor / shipdocking and terminal escort tugs with ASD drives dominate the newbuilding scene – both in the U.S. and abroad. This will continue for the foreseeable future. Almost half the tugs on the order-books in the U.S. are fitted with ASD propulsion for shipdocking and/or escort service. ASD tugs will continue to be in great demand – both in the U.S. and overseas for the next five years at least and probably longer. Fair Market Values for this class of tug will be buoyed by continued sky-rocketing newbuilding costs over that time-period. When will the demand be finally satisfied – seven years from now, eight, nine years, or ? We might see a steepening in the depreciation curve at that time, but as this is still just guess-work we are not yet calculating it into any of our appraisals. In 2012



many early generation azimuthing tugs will be approaching the end of their economic life. They will still have value though. Many will be repowered and move on to second or third-tier harbors and operators while replacements are built for original operators. As the older units move to second or third-tier operators and harbors they will replace older-yet conventional twin and single screw shipdocking tugs working those ports today.



Orders for **ATBs** continue to grow especially in the U.S. where abt. 38% of the current order-book are articulated tugs. Demand is expected to continue as new and larger barges are constructed. I do not expect all articulated tugs on today's order-book will be built. Some options will not be exercised or will be postponed due to the economic slowdown. Second-hand ATBs sold independently of their mated-barges are seldom on the S+P market, although larger, relatively high horsepower conventional tugs will continue to be sold into this trade for conversion. The 6,500HP, 150' “*Pete*” (ex-*Mr. Pete*) sold by McAllister to K-Sea last year through Marcon is an example. Most articulated tugs built will be mated up with new double-hull tank barges, but not all. The

desire to obtain better fuel consumption and, consequently, lower operating costs will continue to create a market for this type tug to push large dry bulk barges in the Great Lakes and coastwise. Although a recession will put downwards pressure on tonnage of commodities carried and tug/barge utilization, demand for twin screw articulated tugs is expected to remain strong due to efficiencies in their operation. FMVs will continue to be well supported by the cost to build new or convert existing conventional tugs plus the lack of suitable candidates for conversion.



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Mid to lower horsepower range **conventional ocean and coastal tugs** in selected trades or geographic areas could suffer the brunt of any deep and long-lasting slowdown in economic growth or recession, but do not expect to see anything even approaching the 80's downturn. Utilization can slip and with a lower utilization there might be a slight softening in Fair Market Values from the present plateau - although most sellers will likely stand firm on their numbers. Many operators purchased or built conventional tugs prior to the current run-up in values so any potential future reduction in FMV would most likely be just a "paper" loss. The key factor will be the book value of a specific tug and whether that asset has been over-leveraged. Higher horsepower tugs in good condition will hold value as long as demand for larger project tows continues both overseas and domestically plus in the U.S. as candidates for conversion to ATBs as discussed above. Some owners may decide that it is a good time to try and sell selected assets at a profit while still near the peak of the market, while others may decide it more prudent to hold onto the tug (or barge) due to the difficulty and high cost of finding or building a replacement in case the vessel is needed in the future. The market is still tight and there are definitely no bargains to be found.

Modern **AHTs** worldwide built since the 90's will continue to hold value, while 25 – 35 year old, lower horsepower units could follow the path conventional and coastal tugs. Many of the 1970's and 1980's built conventional, twin screw tugs towing barges coastwise in the United States and across the globe started off their lives in the "oil patch" working for companies such as Gulf Fleet, Nolty J. Theriot, Tidewater, Zapata, Otto Candies, Robin Towing, etc. **Modern salvage tugs / ETVs** and newer high horsepower ocean tugs will hold value – and I hope to someday see more Emergency Towing Vessels stationed in other parts of the world. Older, less efficient ocean tugs which are maintained in class and now earning top daily rates will hold their high value for the near future as they can earn top day rates, but as maintenance costs rise, Special Surveys come due and newer tonnage comes on-line that value will normalize.

The **U.S. Federal Reserve** is trying to limit the weakening of the U.S. economy by slashing the federal funds rates and still probably have a way to go. Just how long can they continue though to lower rates though? I am not an economist, but I do not think "dancing the limbo" while dropping the interest rate bar lower and lower is necessarily the answer. We could see a reduction in overseas investment in the U.S., although the weak dollar does make some U.S. assets more attractive. With mounting inflation it also seems as if one hand may be giving and another hand taking away. I also question whether a simple "stimulus package" of handing out "cash" will be effective. Would this happen if it were not an election year? Most people who will receive their check should probably save it instead of spending the money - but that is another story and one that won't happen. We need to spend more on this country's infrastructure – investing in roads, ports, bridges, seaports, locks, dredging and railroads – and do it efficiently. When Marcon has a good year we put money back into the company to strengthen what we have for the future. The country needs to do the same.

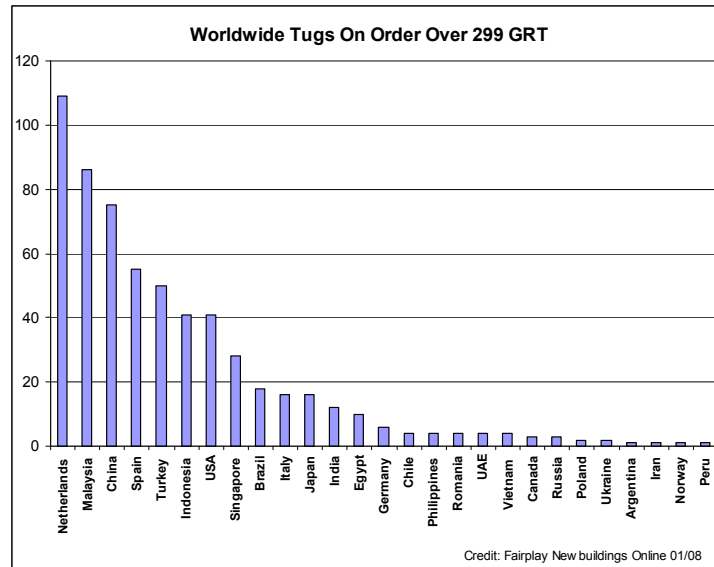
Back to values - are today's Fair Market Values overly inflated? If an owner prices his tug at US\$ 4 million, OSV for US\$ 8.5 million or ocean barge for US\$ 5.5 million and he can only get US\$ 3.45 million, \$6.0 million or \$3.65 million respectively for that piece of equipment is that asking price overly inflated and the sign of a "market bubble"? Not necessarily, even though a surveyor's report may state the higher value. It is still a tight market for good tugs and barges. You have to carefully look at how and for what reason the numbers were derived. Was the surveyor in error by giving the high numbers? Again not necessarily. Eighteen years ago Marcon sold a barge for \$1.1 million – which obviously would be the FMV based on "willing buyer, willing seller". Owners surveyed the barge and the FMV was assigned at that level. Three months later the barge was lost at sea. There were no second-hand barges on the Coast to replace her. It cost Owners an additional \$300,000 for mobilization costs to bring a new barge around. After purchase would have been a good time to assign a higher FMV because the sale itself made the market just that much tighter. If the Sellers had decided to put her back on the market though before being lost, the Fair Market Value of \$ 1.1 million would have been accurate. Also, as brokers, we may recommend that a Seller ask his \$ 4 million, \$ 8.5 million or \$ 5.5 million in case he is able to find that one buyer. It is always easier to negotiate downwards if that Buyer is not found than to go back up if an Owner starts out too low. While being optimistic, both Seller and Broker have to be realistic and be ready to negotiate as the market directs. If we put on our "Appraiser's hat" instead of our "Broker's hat", then our FMV for a creditor may be stated as US\$ 3.4 - 3.7 million, \$6.0 - 6.7 million or \$3.7 - 4 million for that specific tug, OSV or barge. The actual price the vessel sold for may not be the initial asking price but when compared to an accurate Fair Market Value or Orderly Liquidation Value it does not necessarily reflect a "bubble". Fair Market Values and Orderly Liquidation Values constantly change. Owners, Brokers and their Bankers need to keep a continued, close eye on the industry and the various factors that affect values.

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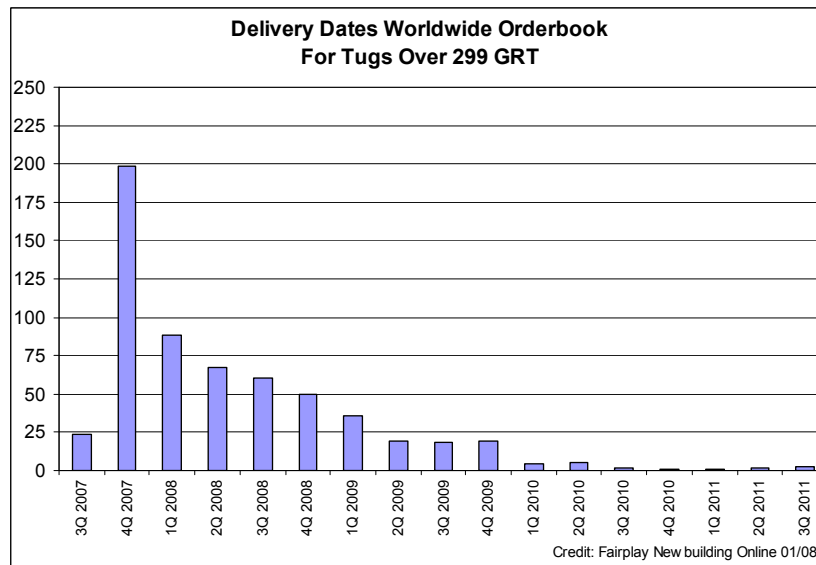
Tug Boat Market Report – January 2008

New Construction, Shipyard and Conversion News

According to "Fairplay", as of 14th January 2008, there were 11,348 ships over 299GRT on the World Orderbook. Of this number, 597 are tugs or "towing / pushing" vessels, 727 are Offshore Supply Vessels and 173 are designated as "Offshore – Other". As this data only covers those vessels over 299GRT, I would not be surprised to find another 25%, or 149 plus, tugs below 299GRT that are not recorded being built across the world from Argentina to Vietnam.



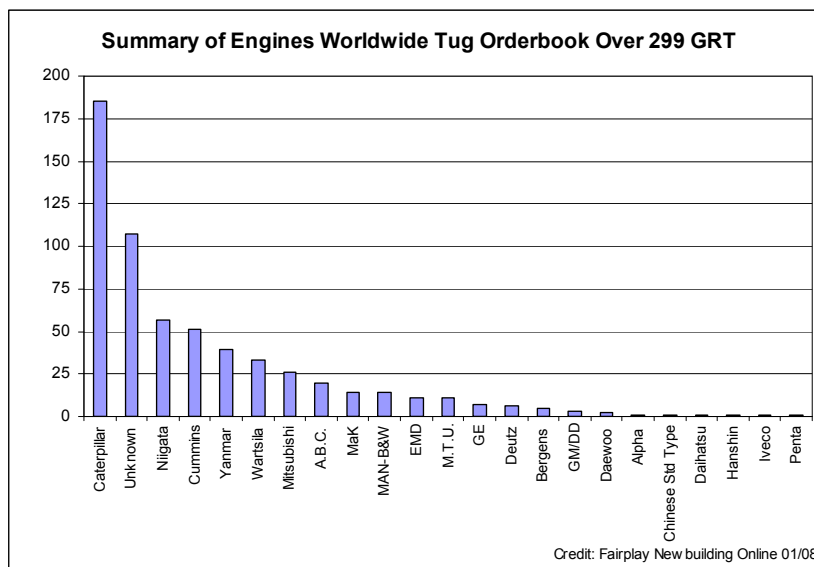
As of the second week in January, of the 597 tugs under construction, Netherlands still lead the order book with a total of 109 (down 9) tugs being built. They are followed by Malaysia at 86 and China (PRC) at 75 tugs under construction; Spain 55; Turkey 50; 41 each in U.S. and Indonesia; Singapore 28; Brazil 18; 16 each in Japan and Italy; India 12; Egypt 10; Germany 6; Chile, the Philippines, Romania, UAE and Vietnam 4 each; Canada and Russia 3 each; Poland and Ukraine 2 each; and Argentina, Iran, Norway and Peru 1 each. 222 of the tugs are still showing as scheduled for delivery in 2007. It is not known yet exactly how many of these actually delivered prior to the end of the year versus slipped to delivery in Spring 2008.



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CAT power by far still lead propulsion packages with engines in 185 tugs followed by Niigatas in 57, Cummins 51, Yanmar 39, Wartsila 33, Mitsubishi 26, ABC 20, MAN/MAN-B&W and MaK 14 each, EMD and MTU 11 each, General Electric 7, Deutz 6, Bergen 5, General Motors / Detroit Diesel 3, Daewoo 2, Alpha, Chinese Std Type, Daihatsu, Hanshin, Iveco and Penta 1 each. Engines were not listed for 107 tugs.



As per our last quarterly market report, most of the tugs over 299GRT being built worldwide are still in the 3 – 4,000HP category with 152 tugs, or 25.5% of those tugs where the horsepower is listed. If I had to take a guess, I would say that over half of the 3 – 4,000HP tugs being built are ASD propulsion.

Only 28 tugs are shown under 1,000BHP, but this is most likely because most of the tugs being built in this horsepower range will be under 299GRT. 18.1% under construction are in the 2,000 – 2,999BHP range.

Summary of Horsepower – Fairplay Worldwide Tug Orderbook Over 299GRT

	Under 1,000HP	1,000 – 1,999HP	2,000- 2,999HP	3,000- 3,999HP	4,000- 4,999HP	5,000- 5,999HP	6,000- 6,999HP	7,000- 7,999HP	8,000- 8,999HP	9,000- 9,999HP	Over 10,000HP	Unk.	Total
Tugs	28	69	108	152	67	53	14	4	8	0	4	90	597

Over the last year or two there has been a shift in the newbuilding market from multiple Chinese, Turkish and Indian tugs and AHTSs prompt available to the current tight market with few available with reasonable delivery times. Recent updates from various foreign yards indicate that engines and azimuthing drive unit lead-times are the main culprit in holding back speculative building with manufacturers having lead-times of two to three years and thus further driving up prices that seem to go up every day.

One Chinese shipyard just advised that they still have the capacity to build a 65mt bollard pull azimuthing tug within 10 months, but due to CAT and Schottel delivery times, the earliest they can deliver a finished boat is mid-2010. If a buyer already has the machinery, they can still provide a 10 month delivery, but few buyers have the equipment.



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Tug Boat Market Report – January 2008

The increase in price for a new vessel made of steel, machinery, wiring, and paint, much less man-hours, are rising. Cost for steel alone in a series of mid-size U.S. built tugs scheduled for delivery in Fall 2008 is expected to be abt. US\$ 15,000 – 20,000 higher than those now being delivered earlier this year. Another U.S. yard is waiting on progressing



further into their building cycle on a series of stock vessels before they provide official quotes. One European owner building in Southeast Asia saw prices for new 60 ton bollard pull shipdocking tugs jump approx. 35% higher than he paid in 2004/2005. Main engine and thruster prices increased about 8 – 12% per annum plus there are considerable increases in steel, winches and nautical equipment. Engine manufacturers also face rising costs, not only in labor and materials. Increased R&D costs associated with designing and producing emissions-compliant engines means a significantly higher price for propulsion machinery. It all adds up to the owner/operator spending more money, but demand for tugs, barges and OSVs continues strong. Newbuilding tug and

OSV prices will continue to go through the roof for at least another five years as the demand continues at a faster pace than shipyards (and diesel engine manufacturers) can supply.

According to **Metal Bulletin Research** of London, who regularly analyzes global metal markets, steel markets in the U.S. remain buoyant despite worries about the current economic predicament. Market supply continues to tighten as both imports and inventories remain low; and this may give producers of some steel products room to raise prices. Dongkuk Steel of Korea announced a price hike of abt. US\$ 100 per metric ton for steel plate due to their rising costs of slab, the raw material for producing thick steel plate used in shipbuilding. Posco is expected to increase prices for thick steel plate in April after negotiations for ore and coke are completed. In Europe, like the U.S., the financial crisis has yet to make a significant impact on steel markets and a tight market is adding strength to prices. Chinese exports surged in the final quarter of 2007, as producers and buyers sought to close deals before the change in export taxes. As a result domestic prices have risen in January as domestic supply has tightened, providing welcome relief to producers. Overall, demand looks strong enough in the first quarter for producers to pass on higher raw material and energy costs through higher prices. Nevertheless, the threat posed by the a worsening economic environment should not be understated.

It is not just energy and raw materials. Currency fluctuations also play an important role as more vessels and barges are being built for export. Even in China where the government is trying to freeze regulated prices of energy and tightly controls their currency in order combat inflation and make exports more desirable, the slipping exchange rate between the U.S. dollar and Chinese RMB (Yuan Renminbi) has increased costs for tugs and barges. Last year the dollar slipped about 5.6% compared to the Yuan. Other currencies have seen greater fluctuations compared to the U.S. dollar over 2007 with the Euro up 11.4%, Malaysian Ringgit 7.4%, Norwegian Kroner 15.1%, Singapore Dollar 6.5% and Turkish New Lira up 20.7%.



Currency fluctuations have become a double-edged sword for builders worldwide who historically have priced newbuildings in U.S. dollars. Even though U.S. manufactured goods, such as diesel engines and generators, may now be priced more competitive for those buyers with strong currencies, some shipyards cannot take full advantage of the situation as they are being paid in a weakening dollar. They are forced to keep adjusting prices higher as they convert dollars into national currencies to cover local costs for labor and materials. Several Chinese shipyards are following the lead of European and Turkish yards by starting to quote in Euros instead of U.S. dollars.



The weak U.S. dollar also creates difficulties for U.S. owners operating large fleets of offshore supply vessels overseas or tugs making foreign voyages. The majority of day rates for OSV operators outside of mainland Europe are still earned in U.S. dollars, but local costs such as repairs, drydockings, consumables, agents, etc. are normally paid in the local currency. This can only add further to an operator's cost of doing business overseas, cutting sharply into narrowing profit margins.

Marcon International, Inc.

Tug Boat Market Report – January 2008

Wärtsilä reported that net sales grew 18% in 2007 while profitability improved to 10.1% and they expect profitability to exceed 11% in 2008. Ship Power markets continued to be active in 2007. Demand accelerated during Spring 2007 and once again ordering levels hit an all time high both in terms of vessels ordered and tonnage. The number of vessels was approx. 20% above the previous years' level, while tonnage was 40% higher than in 2006. Although the total annual volume was clearly above 2006, vessel orders were lower in December than in earlier months of the year. This appears to be due to a somewhat more nervous atmosphere in the market and slightly softened freight rates. During the year demand was very strong especially in the merchant vessel segment. This was fuelled by the very high ordering of the bulk carriers driven by high earnings of owners. Demand for container vessels was brisk, and was even surprisingly strong in the bigger end of the vessel range. As expected, tanker orders declined after the record year in 2006. During the review period the LNG vessel market was not active and new investments were postponed due to delays of related production and terminal facility investments. For the offshore segment the year was good with high utilization and day rates. The very high oil price has made investments into the offshore segment very attractive. Exploitation of deeper water reserves requires new kinds of equipment which has also increased demand in this segment. During 2007 many new semi-submersible rigs, drill ships and pipe layers were ordered. After very strong demand in 2006 a slowdown could be seen in the market for anchor handlers and supply vessels, mainly due to long lead times and a fear of over capacity. Demand in the more stable cruise and ferry market remained at the same levels as 2006. In the special vessel segment, demand was lower only for tugs, especially in Asian shipyards. This was mainly due to allocation of building slots to other vessel types. In European yards, the volumes remained at last year's levels.



China continued its growth in shipbuilding, and with 41% of new vessels ordered in 2007, becoming the leading shipbuilding nation. Korea, the second biggest shipbuilding nation had 30% of new vessel orders and Japan and Europe 10% each. Other countries accounted for 9%. Compared to the corresponding period in 2006 both China and Korea gained market share whereas the market shares of Japan and Europe have decreased.



The total market volume for medium-speed main engines at the end of fourth quarter was 8,800MW (8,700MW at end of the previous quarter) and Wärtsilä's market share was 38% (42% at end of previous quarter). Wärtsilä's market share somewhat suffered from capacity constraints and longer lead times. Another reason behind the decrease in market share was inactivity in the LNG segment where Wärtsilä's 50 DF engine has had a very strong position. Wärtsilä's market share for low-speed main engines remained unchanged at 16%, whereas the total market volume grew strongly to 38,100 MW (34,100 at the end of the previous quarter). The market for auxiliary engines totaled 9,000 MW (8,200) and Wärtsilä's market share was 6%.

In Ship Power, orders intake were clearly dominated by the offshore segment at the beginning of 2007. Wärtsilä booked many orders for semi-submersible rigs, drill ships, floating production units as well as for various supply vessels. One of the big landmarks during 2007 was the contract to supply an entire power, automation and propulsion system for a well-testing FPSO vessel for Brazilian Dynamic Producer Inc. In the offshore supply vessel market the greatest demand came from the Norwegian, Singaporean and Chinese shipyards. The offshore segment represented 36% of total Ship Power order intake in 2007. During the latter part of 2007 various kinds of merchant vessels were the more dominant, and ordering activity for smaller offshore supply vessels showed a slight slowdown from the previous very strong boom. Merchant vessels represented 43% of the total orders for Ship Power. The merchant vessel segment includes both larger vessels that use low-speed main engines and smaller vessels with medium-speed main engines. Vessels using medium-speed main engines are of stronger relevance to Wärtsilä from an earnings point of view due to the licensee business model of the low-speed engine manufacturing and Wärtsilä's better market position in medium-speed applications. The ship yards in the merchant vessel segment are mainly situated in Korea and China. Special vessels segment represented 10%, cruise & ferry 7% and navy 5% of Ship Power's total order intake for 2007

Marcon International, Inc.

Tug Boat Market Report – January 2008

The strongly growing fleet has for a longer period of time already, suggested a weakening flow of new vessel orders. Despite expectations of normalized demand, activity in shipping and shipbuilding continued to be very high until the end of 2007. Last autumn, sentiment in the market became more cautious and slightly softened freight rates have also had an impact. The US credit crisis tightened the financial market and also impacted the attractiveness of new investments, although it should be noticed that ship owners have operated on very profitable markets for a long period of time and are therefore not directly dependent on the credit market for funding new investments. Even though ordering levels seem to have normalized during December 2007 it is still too early to judge whether this is an indication of a start of a more stable period or if the market is temporarily catching its breath. For Wärtsilä Ship Power ordering activity remains on a good level and a stable order flow is expected to continue for at least the next quarter. During the latter part of Spring 2008 some slow down in ordering activity might be seen. Based on the strong order book, Wärtsilä's net sales are expected to grow by about 25% in 2008 and profitability exceed 11%. Wärtsilä's profitability varies considerably from one quarter to another. The first quarter is likely to be the weakest and the last quarter the best.



Caterpillar Inc. recorded their fifth straight year of record sales and revenues and the fourth consecutive year of record profit. Sales and revenues were \$44.958 billion, up 8% from 2006. Caterpillar also reported record fourth-quarter sales and revenues of \$12.144 billion, 10% percent higher than fourth quarter '06, and up 14% from a year ago. *"Our broad global footprint has enabled us to benefit from strong economic growth outside the U.S., as global markets for mining, energy and infrastructure development are booming,"* said Chairman and CEO Jim Owens. *"I'm very pleased with our overall 8% growth in sales and revenues in a year when end markets in the United States were so weak. When you consider that North American dealers took machine inventories down \$1.1 billion in 2007, our sales story is even more impressive."* Machinery & Engines operating cash flow of \$5.446 billion was up 18% from '06 and was an all-time record. Overall engine sales of \$13.603 billion were an increase of \$796 million, or 6%, from '06 as sales volume fell US\$ 18 million and price realization increased \$522 million. North American sales for marine applications increased 30%, with increased demand for workboats, commercial oceangoing vessels and cruise ships. In Asia Pacific sales for marine applications increased 47%, with continued strong demand for workboat and offshore shipbuilding. Large diesel demand grew in the offshore and general cargo applications.

In 2008, Caterpillar expects another record year with sales and revenues increasing 5 to 10%. *"It's gratifying to be able to maintain an outlook for 2008 that reflects continued growth and all-time records for sales and revenues and profit at a time when we're expecting recessionary conditions to persist in key markets we serve in the United States. We're starting 2008 with a very strong order backlog, particularly for larger products like industrial gas turbines, large reciprocating engines and mining trucks,"* Owens commented. *"While we expect anemic growth in the U.S. economy, we continue to see positive conditions for our sales in most of the rest of the world. In 2008, we'll be stepping up Research and Development (R&D) for new products and capital investment to increase capacity around the world. We expect the world's robust investment in infrastructure to continue well into the next decade, and we'll need more capacity to serve our customers....."*



Caterpillar is forecasting 2008 to be the sixth consecutive year of record sales and revenues driven by strength in the economies outside North America, strong worldwide engine demand and a slight rebound in on-highway truck engine sales. These factors will more than offset continued weakness in the North American machinery market. 2008 economic growth in most of the world outside the U.S. is expected to be slightly slower than '07. CAT expects growth in the U.S. to remain weak, with recession a definite threat. Recent economic data and Federal Reserve Board comments confirm this growing concern. Marine demand, though, should benefit from increased world trade and favorable freight rates with Shipyards are already contracting for '09 and later berths The capacity to increase production of the large 3500 series engines is expected to increase in '08.

Marcon International, Inc.

Tug Boat Market Report – January 2008

Manitowoc results for last quarter 2007 set records for net sales as robust global construction activity continues to drive demand for Manitowoc's lifting solutions. Net sales for the quarter totaled \$1.1 billion, an increase of 44% from fourth quarter '06. *"The Manitowoc Company's exceptional performance in 2007 is an impressive achievement for which every one of our employees can take credit,"* said Glen E. Tellock, Manitowoc's president and CEO. *"Marine segments were strong performers, generating increased operating profits for both the fourth quarter and the full year,"* Tellock said. *"...Marine segment completed an outstanding quarter and full year due primarily to improved manufacturing efficiencies and strong repair activity."* Revenue for the Marine segment during fourth quarter '07 was \$72.3 million, a decrease of 6% from the '06 quarter. Operating earnings rose 68% to \$5.7 million from \$3.4 million the fourth quarter '06. The improved operating margin stemmed from increased contributions on government and commercial projects as well as an early start to this year's winter repair season. *"... Marine segment's improved profitability was driven by outstanding performance on our backlog of commercial projects, particularly OPA-90 barges. The repeat nature of these projects has created significant operating efficiencies. During the quarter, we delivered our 16th tank barge, and the delivery was well ahead of schedule,"* Tellock said.



Construction and testing of the unique Carrousel towing system and winch platform for the first of two combi-tugs building in Malaysia for Dutch salvage and towage company **Multtraship** has been completed, and inspected by Bureau Veritas. Following sandblasting and painting, it will be shipped to Malaysian shipbuilder **Nautica Nova Shipbuilding & Engineering**, where the tugs are being built. Construction of the towing system for the second vessel is well advanced, and the unit is expected to be shipped to Malaysia shortly. The Carrousel system and integrated winch platform were



built in the Netherlands and shipped in containers to Malaysia. The outer turning circle of the system, including the winch platform, is approx. 13m. The construction, weighing about thirty tonnes overall, embodies three different types of steel. It includes roughly 75 load runners, two-thirds of which are engaged in rotational movement, while the remainder bear the weight of the Carrousel and provide an anti-lift effect when the Carrousel is load-bearing and the ship has a heeling angle. The theoretical maximum load for the construction is about 300 tonnes, validated by finite element calculations. Rolf Kievits, general manager of **Novatug**, the Rotterdam-based designer of the Carrousel system, says, *"We are very pleased with the progress achieved to date. We believe the vessels now under construction*

could revolutionise tug design and will address particularly the needs of big ships requiring escort facilities into harbours and rivers." The two eighty-tonne static bollard-pull Carrousel combi-tugs reportedly will be among the most robust harbour and escort tugs in the world. They will be highly stable both statically and dynamically, and will therefore be of particular significance for large vessels making approaches to rivers and harbors. They are also especially fuel-effective, producing potential savings in this regard of between 30 and 50%.

Seabulk Towing, a subsidiary of Seacor Holdings, celebrated a double christening of the 98' x 34' sister escort tugs *"Buccaneer"* and *"Gasparilla"* at the Port of Tampa, Florida on Thursday, 24th January. The celebration was attended by several hundred guests, including dignitaries from the region, U.S. Coast Guard officials and executives from Port of Tampa and Port Manatee. *"Buccaneer"* and *"Gasparilla"*, named for the unique cultural history of Tampa Bay, are state-of-the-art 5,000HP Z-drive tractor tugs powered by CAT 3516B-HD diesels that will serve the ports of Tampa and Manatee. Bollard pull is abt. 66.7 tons. Tugs were built by **Eastern Shipbuilding** of Panama City, Florida and classed ABS A1, Towing Vessel, Escort Vessel, Fire Fighting Vessel Class 1, +AMS, +ABCU, Unrestricted Service.

The new firefighting VSP terminal-escort tug *"Messico"* joined **Rimorchiatori Riuniti's** Genova fleet in mid-December. The 36.7m x 13.6m x 5.0m depth Voith Schneider tractor tug, with a power of 7,180BHP and bollard pull of abt. 83mt will use Genoa Harbor as an operational base. She will be employed both for harbor towage services and off-port towage services. Tug was built by **Armon Navia** of Navia, Spain as Hull 651 and is powered by a pair of MAK 8M25 4SA 8 cylinder 255 x 400mm diesels. Tug is classed by RINA.



Marcon International, Inc.

Tug Boat Market Report – January 2008



In November, **Bollinger Gretna**, Harvey, La., and **Bollinger Algiers**, completed the new construction of the second of two 80,000bbl OPA'90 compliant tank barges, as well as the retrofit and conversion of a Bouchard tug, respectfully, to **Bouchard Coastwise Management**, Melville, N.Y. The 80,000 BBL tank barge, "B. No. 282", is a manned ocean, clean oil barge measuring 399' x 74' x 28' depth. Barge is built to meet requirements of OPA'90, with twelve cargo compartments and three separate pumping systems. While "B. No. 282" was in the final stages of construction, Bollinger Algiers retrofitted the tug "Ellen S. Bouchard" with an Intercon C coupler, generator upgrades, regulatory recertification and received life extensions. Tug

measures 112' x 35' beam 17' depth. Morton S. Bouchard III, president and CEO of Bouchard Affiliates, said "Our fleet modernization continues on schedule with the delivery of the 'B. No 282' from Bollinger. Our next deliveries will be the 35,000 'BBL B. No. 233' and the 60,000 BBL 'B. No. 260', from Bollinger Marine Fabricators and Bollinger Gretna."

Crowley Maritime's technical services group has awarded a construction contract to **Diversified Marine** in Portland, Ore., to build two new, 76' "Avik"-class tugboats, to serve in Crowley's oil transportation and distribution fleet in Alaska. The first tug of similar type named "Avik" was delivered to Crowley in 2004 and was put into service shortly thereafter with much success. The two additional tugs will follow the design of their predecessor closely with delivery dates within the first quarter of 2009. The tugs will handle barges transporting fuel and general cargo to communities in Alaska where shallow water and lack of docking facilities is common. In those cases, tugs and barges make a beach landing to load and unload cargo. "We understand the Alaska market and its dependency on seasonal deliveries," said Craig Tornga, VP petroleum distribution, Alaska "The first Avik-class vessel has proven its worth in this market and we are looking forward to deploying additional tugs of this type to serve our Western Alaska customers." With the addition of these two new Avik-class tugs, Crowley will be able to more efficiently serve the Western Alaska communities. One tug will work Bristol Bay and the lower Kuskokwim coast, and the other new tug will be deployed on the Yukon River. These purpose-built tugs are designed for both shallow water and ocean towing operations and are the first step in the company's plan to modernize its Alaska river operations fleet. Replacing two existing tugs ("Kantishna" and "Twilite"), the "Avik"-class tugs will feature a raised bridge for improved visibility, an electric Markey Single Drum tow winch for coastal towing and fendered push knees for river or beaching operations. They will be powered by three CAT C18 diesels generating a total of 1,362 HP. Each tug incorporates environmentally friendly features such as engines that meet IMO emissions requirements, on board holding tanks to retain treated sewage, electric deck machinery instead of hydraulic and fuel tanks surrounded by void spaces to minimize the chance of fuel spills.



A federal bankruptcy court approved the sale of **Nichols Bros. Boat Builders** of Whidbey Island to **Ice Flow, LLC** for US\$ 9.1 million. The sale is expected to close by 12th February. Ice Flow, LLC was founded by Joseph Usibelli, Chairman of the Board of the family owned **Usibelli Coal Mine** of Healy, Alaska – a long-time time investor and customer of Nichols Bros. The sale was backed by Dallas-based private investment firm **Treadstone Partners**. Founded in 1993, Treadstone makes investments in lower-to-middle market operating companies that are, typically, overleveraged, under-managed or confronting some other event-driven development. Investments are made across the capital structure and range from discounted bank debt to controlling equity interests. Matt and Bryan Nichols will

continue to work at the shipyard, but reportedly will no longer act as CEO and president. Nichols Bros. is expected to continue work on two new ASD tugs for **Minette Bay** in March and also plans to try and requalify to participate with two other shipyards to build new Washington State Ferries. In the past Nichols was noted for building tugs such as Crowley Maritime's 5,500HP, 120' "Protector", 4,800BHP, 105' "Guide" / sisters, 1,800HP shallow draft tug "Aku" and others.

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Ben Bordelon, executive VP of repair at **Bollinger Shipyards**, confirmed that Bollinger is planning, and has already implemented, several upgrades to quite a few of their Gulf Coast shipyards to meet the requirements of their customer base. *"We are excited to be planning and scheduling our re-investing in our assets, and upgrading the capabilities of our yards."*, said Bordelon during a recent interview. *"We have already made several changes at various locations, and we are planning additional changes and upgrades pending the outcome of several programs."* The overall upgrades and improvement plans at Bollinger, consist of building new dry-docks to handle the larger support vessels, dredging and bulk-heading of key locations, site improvements to better service topside needs, relocation of existing assets, improved customer office facilities, new fabrication facilities, gas free and vapor recovery for inland and offshore tank barge operators, along with additional crane capacity at key locations. Locations that are being considered for receiving the most attention will be: **Bollinger Texas City** with a new state of the art 320' x 116' with 30' wing wall drydock rated for 9,000T lifting capacity, BTC is targeted to support increased activity in the western region of the Gulf of Mexico and opportunities out of Mexico. A new 275' x 40' finger pier with increased cranes to add more topside capabilities and associated bulk heading and dredging, will be strategic for this facility that is located on the Texas City Industrial Canal at Dock 42. Phase 1 construction of the finger pier is underway, as is Phase 2 construction of the new dry-dock, at Bollinger Gretna. **Bollinger Calcasieu** located near Sulphur LA., has been identified as the as the most versatile site, based on location and water depth. BCR Phase 1 improvements are already on the move with the recent commissioning of a new dry-dock measuring 160' x 61' with 20' wing walls, and rated for 2,000T lifting capacity. This dock complements current dry-docks at the facility. Phase 2 with expansion of an additional drydock improvements under consideration, will consist of a drydock measuring 540' x 108' with 35' wing walls and 22,400T lifting capacity, new 280' x 40' finger pier to add more topside capabilities, 2500' of new bulkhead with two new slips for drydocks, land improvements for roll on/roll off capabilities, new 40,000ft2 fabrication building, new office and customer office complex, along with increased crane capacity and services. Phase 2 is subject to receiving commitments and incentives from the Louisiana Department of Economic Development, Calcasieu Police Jury, as well as the Lake Charles Harbor and Terminal District. The location has long been know for its tank cleaning services, and Bollinger is looking at improving on current service with gas free facility upgrades to handle inland & ocean going vessels with multiple vapor control devices. The facility is located on the Calcasieu River at the intersection of the Intracoastal Canal, 17 miles north of Cameron, Louisiana. This is a deepwater channel that has a maintained draft of 40' in the ship channel and 30' of maintained draft at the facility. Bollinger reports that they are close to inking a deal for the Phase 2 projects. **Bollinger Amelia Repair**, known for its liftboat, offshore and inland vessel repair features, started Phase 1 improvements and will be commencing Phase 2, contingent upon working out an incentive program with the State of Louisiana, St Mary Government and the Port of Morgan City. It is proposed that the facility will be getting more than 1,400' of new bulkhead, with new sized slipway for



docks and topside work, increased cranes and services, as well as associated dredging. Its docking capacity will be enhanced with a dry-dock measuring 341' x 110' with 20' wing walls and 8,100T lifting capacity. **Bollinger Morgan City**, which is currently one of the busiest shipyards on the Gulf coast, is taking on a greater role within the Bollinger group with plans for additional drydocks. Two docks have already been moved into place in the past month, with the 1st drydock measuring 351' x 116' with 30' wing walls and 10,000T lifting capacity, and the 2nd, a drydock rated for 1,600 tons now servicing the industry. This location will also add to future dock capacity with a new 258' x 82' dock with 25' wing walls and 5,000T lifting capacity. Bollinger will start cutting steel on this dock in early January 2008. The location will be increasing their current crane capacity, along with other facility services for supporting dockside repairs and docking needs. **Bollinger Fourchon** is the only Bollinger location that is currently only servicing dockside requirements. Located in the Port of Fourchon, Bollinger Fourchon has no drydock and is known for their "in and out" top-side repair services. This location will be getting their first dock, which will be 292' x 82' with 25' wing walls and 5,000T lifting capacity. Additionally, the facility is getting additional crane capacity, along with improved services.

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On the 5th of December 2007 the naming of the **Damen ASD Tug 2810 "Isola del Tino"** was performed by Mrs. Rosella Caso, the daughter of the technical manager of **Scafi**, Mr Francesco Caso. The naming took place in the homeport of the vessel, La Spezia. The "Isola del Tino" is the 10th Damen ASD Tug which was ordered by Scafi or its affiliated companies. The first Damen ASD Tug 3110 was ordered in 1992 by which Scafi became the launching customer for the Damen ASD Tug 3110. Between 1992 and 1999 six Damen ASD Tugs 3110 were delivered to Scafi as well as a Damen ASD Tug 3211 and in 1999 a new design ASD Tug being the Damen ASD Tug 2810 was contracted by Scafi. At present, two Damen ASD Tugs 3111 are under construction for the affiliated company Con Tug, which are due for delivery in 2009.....On Monday 26th of November contracts were signed between Damen and **PB Towage (Australia) Pty. Ltd.** (former **AMS Australia**) for the delivery of two Damen ATD 2412 Tugs. These tugs are currently under construction and are scheduled for delivery in June 2008. The Damen ATD 2412 Tug, which is of the tractor type drive configuration with a bollard pull of 62.0 tons, is one of the most recent Damen designs.....On the 22nd of November contracts were signed with **Half Tide Marine Pty Ltd** of Mackay Australia for the delivery of two Damen ASD Tugs 3111. These contracts were signed following a successful operation period of the first Damen ASD Tug 3111 "Kolijo" delivered in July 2007. The new tugs with hull numbers 511309 and 511310 will be delivered in 2010 and early 2011.....On October 26th the



"Orgullo de Izabal" has been delivered at Damen Shipyards Galati to **Novacom S.A.** "Orgullo de Izabal" means "Pride of the Izabal Province". This Damen Stan Tug 2208 will be working in the Port of Santo Tomas de Castilla in Guatemala. Santo Tomas de Castilla traditionally is a cargo port, however, a few years ago it started to also be a port of call for cruise vessels. The Damen Stan Tug 2208 is a more powerful version of various Damen Stan Tugs 2207 that were earlier delivered to work in Guatemalan ports.....In November, **Smit** and Damen Shipyards Gorinchem signed a contract for 11 newly built vessels. Two tugs

(type ASD 2810) are replacements for the harbor towage fleet in Rotterdam. These tugs will be equipped with a substantially higher bollard pull (60 tons bp) and are scheduled for delivery in respectively May and June 2009. Two vessels (type ASD 3211, 70 tons bp) will be built for Smit Terminals and will be delivered in respectively February and May 2009. An additional four ASD 2810 type tugs (60 tons bp) will be deployed as replacement for and expansion of this Divisions' worldwide fleet. These tugs will be delivered respectively end 2008 and early 2009. Smit also has reached an agreement for the construction of 3 work vessels. These multipurpose pusher tugs (approximately 28 tons bp) are sister vessels to their existing "B-class" vessels. The first two of these vessels, which will be deployed for Smit Transport Europe, will be delivered in, respectively, May and September 2009. The last one is expected early 2010. All fleet renewals and expansions fit into Smit's strategy of moving to the top-segment of the market with long-term contracts, autonomous growth, fleet renewal and optimization. Smit has reached agreement with a consortium of banks regarding an unsecured committed senior credit facility of EUR 200,000,000. The consortium consists of Fortis (Coordinator), ABN AMRO, ING Rabobank, DBS and Banque Artesia. The new facility is valid for 5 years, subject to two one-year extension options. Upon approval of the consortium, the amount of the facility may be increased once by a maximum of EUR 100,000,000. Commenting on the new credit facility, C.F.O. René Verbruggen stated that "The new facility is intended to finance the planned modernization of the fleet and the investment in expansion. We are pleased that our banks have continued to support our program for growth."

Damen Shipyards purchased 49% of the shares of **Albwardy Marine Engineering**, Dubai, United Arab Emirates. AME is active in ship repair, shipbuilding, repair of offshore units and diving activities. AME has facilities in Dubai, Fujairah and Salalah, Oman. AME employs approx. 780 people, of whom the vast majority is active in repair. Participating in AME enables Damen to construct vessels (high speed naval craft, ferries, tugs, workboats and dredgers) in Dubai for the local market, as well as serving Damen customers through repairs and services. Team Shipping has awarded Albwardy Marine a contract to build two 29m x 12m x 3.5m, 1,920BHP multi-purpose tugs. The keel-laying ceremony was held at the Drydocks World yard in Al Jadaf on 2nd January. Tugs will be classed BV I +Hull, +Mach Tug/Coastal Area.



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Damen has also purchased the premises and operations of **FarOcean Marine**, Cape Town, South Africa. As of January 2008 the company will be renamed Damen Shipyards Cape Town (DSCT). DSCT employs approx. 150 people and will be mainly active in the new building of tugs, workboats, ferries, high speed and naval craft vessels, fishery inspection and research vessels up to a length of 50m and primarily for the South African and African markets.



Serco Denholm Marine Services Ltd. and Damen Shipyards Gorinchem signed Contracts for 29 new vessels as part of a 15 year program to deliver marine services to the **Royal Navy**. The new vessels will operate in a fleet of around 110 vessels operated by Serco Denholm in both port and deepwater operations at HM Naval Bases Portsmouth, Devonport, Clyde and the Kyle of Lochalsh. The contract covers an extensive range of services, including: provision of tugs and pilot boats to move the Royal Navy fleet in and out of port; passenger and crew transfer to and from the ships; loading of dry & liquid stores and removal of waste from ships and protection of the environment in the event of oil or other spills. The majority of newbuild vessels will be based on

the following standard Damen designs.

- 2 x Damen Pushy Cat 1204
- 1 x Damen Stan Tug 1405
- 3 x Damen Stan Tender 1505
- 3 x Damen Stan Tender 1905
- 4 x Damen ASD Tug 2009
- 3 x Damen Stan Tug 2608
- 2 x Damen ASD Tug 2509
- 4 x Damen ATD Tug 2909
- 2 x Damen Multi Cat 2510
- 1 x Damen Water Lighter Barge 3009
- 1 x Damen Diesel Lighter Barge 2909
- 1 x Damen Liquid Mixed Lighter Barge 4315
- 1 x Damen Fast Crew Supplier 3307
- 1 x Worldwide Support Ship 8316

Serco Denholm will be supported by the **Briggs Group**, who will provide navigation buoys and mooring maintenance support. Damen Shipyards Gorinchem has also been awarded a contract from Briggs for the supply of a 61 meter Buoy Handling Vessel (Damen AHTS 6114) to maintain the larger Naval Buoys around the UK. The vessels will be delivered in 2008, 2009 and 2010. The first vessel, a Damen Pushy Cat 1204, has already been delivered to Portsmouth, just three weeks after contract signature. For Damen, the contract with Serco Denholm Marine Services Ltd is one of the largest single contracts for workboats in its history. The combined value of this contract together with the contract with the Briggs Group is €160 million. All the vessels will be built within the Damen Shipyards Group. This includes yards in The Netherlands, Poland and Romania. Serco Denholm Marine Services Limited is a joint venture between Serco Group plc, J. & J. Denholm and Infrastructure Investors. Damen Shipyards Group has a turnover of € 1.4 billion with approximately 8000 employees. Damen Shipyards Gorinchem in 2007 had a production volume of € 500 million with approx. 550 employees. The Briggs Group has grown to become one of the market leaders in marine contracting and environmental services, providing the supply of marine contracting services and the provision of oil and gas marine facilities management and environmental consultancy services.



The first week of January, Med Marine of Karadeniz Ereğli, Turkey delivered the Robert Allan Ltd. Rampart 3200 design ASD tugs “*TMM Tepalcates*” (ex-*Medyilmaz 02*) and “*TMM Cuyutlan*” (ex-*Medyilmaz 03*) to Grupo TMM of Mexico. Both 32m x 11.6m x 5.36m depth fire-fighting tugs are powered by CAT 3516B diesels total 5,220BHP and classed with Bureau Veritas.

Marcon International, Inc.

Tug Boat Market Report – January 2008

Robert Allan Ltd. has been awarded a contract to design a Class of new **Z-Tech** tugs for the **United States Navy Pilots**. To be designated as the **Z-Tech 4500** Class, these 90' x 38.25' x 16.45' depth tugs will be very similar in size to the current **Z-Tech 6000** Class tugs, of which more than twenty tugs have been built to date. The tugs will be built in Tacoma, WA by **J. M. Martinac Shipbuilding** who are a sub-contractor to **Pacific Tugboat Services** of Long Beach, CA, the prime contractor for the delivery. The hull form for the new **Z-Techs** will be essentially identical to the well-



proven and ocean-tested hull used on the recent ten-tug order for the Panama Canal Authority. Four of these tugs have sailed across the Pacific under their own power, demonstrating that the tugs, designed essentially for harbor service are proving to be capable sea boats. The tugs are configured essentially as "day-boats" but also provide accommodation for a crew of up to six persons. One of the unique features of the layout is the complete separation of the accommodation deckhouse from the machinery casing, a configuration designed to both provide a reasonably dry access to the accommodation spaces in the notoriously damp north-west climate, as well as provide a significant degree of noise attenuation in the crew spaces.

Propulsion for the 40 short ton bollard pull tugs will be provided by a pair of CAT 3512C DITTA 1,810BHP main engines through Schottel 1012 azimuthing drives. Free running speed is expected to be 12kn minimum and the tugs will have a 7 day endurance underway at a 10kn free running speed. Construction of the first of this new series of tugs is expected to commence early in 2008. The U.S. Navy tugs will be based in Bremerton, Washington, and will perform ship-handling duties for the full range of U.S. Navy surface warships and submarines. For the latter duties the tugs are equipped with an extensive array of underwater fendering, as well as the typical fenders for surface ships.

Rosetti Marina Spa of Ravenna, Italy, founded in 1925, has provided us with the following list of their newbuildings and recent contracts for ocean-going & harbor tugs and AHTSs.

Newbuilding No.	Name / Type Vessel	Owner
C.90-106N30	Tug SD 32/82	S.E.R.S. Offshore SRL
C.91-106N40	Tug SD 32/82	S.E.R.S. Offshore SRL
C.92-107N10	AHTS Sister "Carlo Magno" – UT 514 8,000kW	Augustea Imprese Marittime
C.93-107N20	Tug ASD 31/53	Augustea Imprese Marittime
C.94-107N30	Tug ASD 31/53	Augustea Imprese Marittime
C.95-107N40	Tug ASD 31/53	CAPIECI
C.96-107N50	Tug ASD 31/53	CAPIECI
C.97-107N60	Tug ASD 32/70 4,360kW	CAPIECI
C.98-107N70	Tug ASD 32/70 4,360kW	CAPIECI
C.99-107N80	Tug AHTS 8,160BHP	Augustea Imprese Marittime
C.100-107N90	Tug AHTS 8,160BHP	Augustea Imprese Marittime

Wärtsilä, together with **Aker Arctic**, has developed a novel hybrid concept for use in heavy ice conditions. With high oil prices feeding interest in exploiting the natural resources of the Arctic, the development of new, highly specialized sea tonnage for use in such harsh environments is becoming increasingly relevant. The **Double Acting Pusher Puller Barge system (DAPPB)** is based on the principle of a barge being pushed by a dedicated pusher tug in open waters. When the combination comes to the ice edge, the open water pusher is replaced by a specially designed ice breaking tug, or puller, that pulls the barge through the ice. The principle could be applied to a range of different arctic ship types, such as LNG carriers, general cargo, and container vessels. However, the market offering the biggest potential is likely to be that of arctic oil transportation. The propulsion arrangement consists of two electrically driven azimuthing propulsors located in the forward part of the puller unit. This enables the propellers to eat through rough ice, while at the same time flushing the hull behind it to reduce ice friction. The ice puller benefits from a diesel electric machinery system that has steerable propulsors to optimize icebreaking performance. The cost of the machinery is of course high, but it is only used in ice conditions where the good features can reap maximum benefits. The open water pusher, on the other hand, is not designed for ice breaking at all, and can therefore utilize conventional machinery. With a bulbous bow optimized for low resistance in open water, the pusher barge is propelled by a single CP propeller mechanically driven by one or two diesel engines.

Marcon International, Inc.

Tug Boat Market Report – January 2008



Van Isle Barge Services' 115.58m x 23.17m "Van Isle Link" and 30.36m x 8.84m "Sealink Pusher" ATB recently completed sea trials off the coast of Vancouver, British Columbia. This commercial drop trailer ATB is powered by two fuel efficient, V288 medium-speed diesel engines provided by **GE Marine** of Erie, PA. Similar to others in the fleet, "Van Isle Link" / "Sealink Pusher" will provide cargo services between the city of Vancouver, BC and Vancouver Island once it is placed into service rotation mid January. In fact, with the addition of this new ATB, VIBS will provide 60% of Vancouver Island's groceries. The short-sea shipping concept that uses commercial drop trailer barges allows Van Isle's ATB fleet to act as roll-on

and roll-off vessels to carry semi-trailers, automobiles, off-road industrial equipment and other self-propelled vehicles. The drop-trailer transport service offers a safe, secure shipping alternative, saving approx. 50% over traditional driver accompanied ferry transport by eliminating the cost of tractor and driver during the ferry waiting / sailing process.

"With the changing demographics on Vancouver Island calling for an increased demand in consumer products, we decided to invest in additional capacity for this growing segment of the Vancouver Island supply chain. We view the purchase and application of GE's diesel engine as an investment in our future," said Doug Jesson, business development manager of VIBS. *"GE engines meet stringent Environmental Protection Agency Tier II emissions standards, are fuel efficient and inherently designed for reliable operation. Since the inception of our relationship with GE, we have been impressed with the company's strong commitment to customer service, its reputable distribution partner Cullen Diesel Ltd., and accessibility to parts and service capabilities,"* Jesson added. VIB's



ATBs operate between the Vancouver inland port of Fraser Surrey with Vancouver Island's Duke Point port in Nanaimo. "Van Isle Link" is powered by an 8 cylinder V288 diesel engine rated at 1,750HP at 900RPM. "Sealink Pusher" uses GE's 12 cylinder V228 diesel, rated at 2,500HP at 1,050RPM. Both engines were built at GE's Rove City, PA facility.



According to John Manison, manager of GE Marine; Erie, PA., *"This ATB project with Van Isle Barge Services holds many milestones for GE. We were able to deliver the 12 cylinder quickly to effectively meet Van Isle Barge Services' tight project deadline. In addition, this ATB marks the first application of GE diesels in marine service in the Canadian Pacific Northwest."* "Sea-Link Pusher" (ex-Constant II) is an ex-YTB out of Honolulu which was converted, fitted with an upper pilothouse, repowered and upgraded in 2007. She was originally built in 1973 by Martinette Marine Corp. of Marinette, Wis. "Van Isle Link" is the former Crowley 400' x 76' x 20' ocean deck barge "Fairbanks" which was built in 1968 by Bethlehem Steel in San Francisco, CA and now fitted with a notch aft.

U.S. Shipping Partners L.P. launched their 150' "Galveston", the tug portion of its second articulated tug barge, or ATB, at the **Eastern Shipbuilding Group, Inc.** shipyard in Panama City, Florida. Outfitting and commissioning of the ABS classed tug will take place over the coming months and is on schedule. Completion of the 160,000bbl OPA'90 double hull ocean tank barge portion is proceeding at the **Manitowoc Marine Group** shipyard and the Partnership expects that the completed ATB will be delivered in August 2008, which is according to schedule. "Galveston" is the first of three sister-tugs under construction at Eastern Shipbuilding. Tug is powered by a pair of Wartsila 9L32 main engines providing a total of 12,000HP to 155" Lips controllable pitch props in kort nozzles. The tug is capable of burning heavy fuel oil as well as No.2 marine diesel.

Marcon International, Inc.

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ASL Marine Holdings Ltd., offering services in shipbuilding, ship repair and ship chartering; and owning shipyards in Singapore, Batam (Indonesia) and Guangdong (China), saw strong growth in revenue and profit for the six months ended 31 December 2007 (1H FY2008). *“Once again, the Group has delivered record revenue and earnings on the back of strong growth in all three business segments. This sterling performance comes against the back drop of increasing concerns relating to the financial derivative control as well as the world economy. In the light of this, we have reviewed our internal control procedures and the checks and balances to address such concerns.”* commented Mr. Ang Kok Tian, Chairman and Managing Director.



ASL recorded a 23.7% rise in revenue to \$193.4 million in 1H FY2008. The growth was broad-based with all three business segments recording higher revenue and profitability. ASL's gross profit jumped 48.5% from \$24.3million in 1H FY2007 to \$36.1 million in 1H FY2008. Gross profit margin improved from 15.6% in 1H FY2007 to 18.7% in 1H FY2008, due to higher gross profit margins recorded by the shipbuilding and ship repair operations. Economies of scale and higher operating efficiency resulted in a lower corresponding increase in administrative expenses. ASL also recorded higher other income in 1H FY 2008 mainly due to higher gain on disposal of plant and equipment. This resulted in a 65.5% jump in profit before tax to \$32.5 million, from \$19.7 million in 1H FY2007. Net profit attributable to equity holders surged 66.9% to \$28 million in 1H FY2008. Gross profit from shipbuilding operations more than doubled



to \$12.4 million in 1H FY2008, compared to \$6.1 million in 1H FY2007. Gross profit margin improved to 10.6% in 1H FY2008 due to progressive recognition of higher value projects undertaken as well as from improved operating efficiency. ASL Marine's 60% owned shipyard in Guangdong, focusing mainly on shipbuilding activities, has commenced shipbuilding in May 2007. The shipyard has progressively upgraded from building tugs and barges to more sophisticated vessels such as AHTSs. At the Singapore and Batam yards, ASL has been building higher value and sophisticated vessels which included Heavy Lift Pipelay Vessel, Emergency Response & Rescue vessels, Anchor Handling Towing and Supply vessels, tankers, tugs and barges. ASL feels that

the industry prospects remain positive, quoting from the DBS Research Report titled *“More Lubricants for Growth”*, dated 02 January 2008. The research house highlighted *“... replacement cycle is yet to be completed, and the oil and gas industry would continue to re-invest in new offshore equipment, rigs and vessels to replace the ageing global fleets. The extension of replacement cycle into 2008 will continue to be driven by technological obsolescence, lengthened maintenance downtime, and delivery bottlenecks...”* The report added, *“...The lack of trained personnel, long equipment delivery lead-time, and yard space has created bottlenecks for the stream of vessels coming into service. This will result in a longer replacement cycle, which will reduce the chance of an oversupply situation from arising...”*

As at 31 December 2007, ASL has an outstanding order book for shipbuilding of \$609 million with approximately 25% of these projects expected to be recognized in 2H FY2008. Subsequently, ASL secured additional shipbuilding contracts for 4 vessels worth \$51 million, where recognition is expected after FY2008. In addition, ASL has an outstanding shipbuilding order book of approximately \$31 million for the building of 7 vessels for companies from within ASL. Ship repair revenue and gross profit increased by 52.9% and 76% respectively. The increase in revenue was attributed to an increase in the number of ship repair and ship conversion jobs undertaken at the 150,000 dwt graving dry dock and the 20,000 dwt floating dock. Higher gross margin was achieved due to higher margin ship repair jobs undertaken during this period. Mr Ang concluded, *“We have moved up the value chain with the construction and repair of more sophisticated vessels. This is testament to our increasingly recognized capabilities as well as the confidence that our customers have in us”*. Barring unforeseen circumstances, ASL Marine is optimistic of achieving higher revenue and earnings in FY2008 compared to FY2007.

Marcon International, Inc.

Tug Boat Market Report – January 2008

Bollinger Algiers, L.L.C. completed the conversion of the **Crescent Towing** tug *“Admiral Jackson”*, from a single engine to a twin-engine docking/assist tug with 4,200 HP. It is the fifth of eight Crescent Towing 105’ sister ships to undergo the same major conversion at Bollinger’s Algiers facility. The *“Admiral Jackson”*, (ex-*Glenn Smith*), received her renovation and life extension by first having a total redesign of the vessel, including wheel



house, stern section and propulsion system. Her existing EMD 12-645C 1,500HP engine, Falk gear and single 104” 4-blade stainless steel prop was replaced with two 228 General Electric 8 cylinder engines, coupled to Reintjes 4:1 reduction gears, driving 85” stainless steel prop in 86” Type 37 kort nozzles with stainless steel inner rings. The rudders are 45° angle for better maneuverability and its new power package is designed to generate over 100,000 pounds of bollard pull. Bollinger reconstructed the *“Admiral Jackson’s”* wheelhouse with improved window placement and low profile stacks for maximum visibility and installed new electronics package which included radars, GPS, depth sounders, hailers, VHF radios, fax machines, sound powered telephones, as well as fuel emergency shut off systems, and remote control start and stops for the main engines. New fendering was installed for maximum protection during docking maneuvers, and new galley and living area furnishings focused on crew



comfort, with new air conditioning and heater systems. With the installation of the new propulsion system, *“Admiral Jackson”* received new channel coolers, Coast Guard approved oily-water separators, new sanitary systems and all regulatory documents were renewed. Prior to the commencement of *“Admiral Jackson’s”* conversion, Bollinger Algiers successfully converted the *“Florida”*, *“Louisiana”*, *“Ned Ferry”* and *“G. Shelby Friedrichs”*, Crescent single screw tugs, re-powering each to twin screw with similar renovation and life extension. *“Glen Smith”* was originally built by Dravo Corp. of Neville Is., Pennsylvania as the *“Jersey City”* for Penn Central Railroad. All are part of the Crescent fleet of docking/assist tugs servicing the shipping community on the lower Mississippi River.



MarineLog and Colton’s latest breakdown of current commercial shipbuilding contracts shows 72 tugs up to 16,500BHP on order in the U.S., up from 65 at the time of the October 2007 Report. The majority of tugs on order in the U.S. are shipdocking / terminal escort tugs or ATBs with relatively few conventional ocean or coastal tugs under construction.

Breakdown of Current Commercial Shipbldg. Contracts from MarineLog and Colton Co. as of January 3, 2008

Type of Vessel	Customer	Yard # or Status	Name	Description	Price (\$mm)	Delivery
Bender Shipbuilding, Mobile AL						
Tug	OSG America	7800	OSG Vision	12,000 hp		2008
Tug	OSG America	7900	OSG Quest	12,000 hp		2008
Tug	OSG America	8000	OSG Horizon	12,000 hp		2008
Tug	OSG America	8015	OSG Courageous	12,000 hp		2008
Tug	OSG America	8016	OSG Endurance	12,000 hp		2009
Tug	OSG America	Firm	OSG Endeavor	12,000 hp		2009
Tug	OSG America	Firm	OSG Mariner	12,000 hp		2010
Tug	OSG America	Firm	OSG Discovery	12,000 hp		2010
Chesapeake Shipbuilding, Salisbury MD						
Tug	Vane Brothers	Firm		3,000-hp		
Tug	Vane Brothers	Firm		3,000-hp		
Chiasson Welding, Larose LA						
Tug	Brice Construction	Firm		84-ft.		2008
Colle Towing, Pascagoula MS						
Tug	Colle Towing	Firm	John Colle	78 ft., 4,000-hp		2008
Dakota Creek Industries, Anacortes WA						
ATB Tug	Crowley Marine	Firm	Legacy	16,320 hp		2H 2011
ATB Tug	Crowley Marine	Firm	Legend	16,320 hp		2H 2012
ATB Tug	Crowley Marine	Firm	Liberty	16,320 hp		2H 2013

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Derecktor Connecticut, Bridgeport CT						
Escort Tug	Boston Towing	Firm				2008
Escort Tug	Boston Towing	Firm				2008
Eastern Shipbuilding, Panama City FL						
AHT	Harvey Gulf Marine	883	Harvey War Horse II	16,500-hp		07-Nov
ATB Tug	U. S. Shipping	Firm				3Q 2008
ATB Tug	U. S. Shipping	Firm				4Q 2008
Tug	McAllister Bros.	Firm	Andrew McAllister	6,000 hp		08-Jan
Tug	McAllister Bros.	Firm	Rosemary McAllister	6,000 hp		08-May
Eire Shipbuilding, Erie PA						
Icebreaking Tug	Undisclosed			130 ft.		
Icebreaking Tug	Undisclosed			130 ft.		
Icebreaking Tug	Undisclosed			130 ft.		
Foss Shipyards, Seattle WA						
Tug	AMNAV	Firm	Freedom	78 ft., 5,080-hp		Sep-07
Tug	AMNAV	Firm	America	78 ft., 5,080-hp		Jan-08
Gladding-Hearn Shipbuilding, Somerset MA						
Tug	Wilmington Tug	Firm	Madeline	80-ft., 4720-bhp		08-Jan
Great Lakes Towing, Cleveland OH						
Harbor Tug	Tugz International	Firm		74-ft., 2,800-hp		07-Nov
Harbor Tug	Tugz International	Firm		74-ft., 2,800-hp		08-Apr
Gulf Ship, Gulfport MS						
Escort Tug	Edison Chouest	1		110 ft.		2008
Escort Tug	Edison Chouest	2		110 ft.		2008
Escort Tug	Edison Chouest	3		110 ft.		2008
Escort Tug	Edison Chouest	4		110 ft.		2008
Escort Tug	Edison Chouest	5		110 ft.		2009
Escort Tug	Edison Chouest	6		110 ft.		2009
Escort Tug	Edison Chouest	7		110 ft.		2009
Escort Tug	Edison Chouest	8		110 ft.		2009
Lockport Fabrication, Lockport LA						
Tug	Russell Plaisance	5		84-ft.		2007
Main Iron Works, Houma LA						
Tug	Bay-Houston Towing	423	Wesley A	98 ft., 6,300 hp		2007
Tug	Bisso Towboat	Firm		100 ft., 4,300 hp		Late 2007
Tug	Harbor Docking	Firm		6,140 hp		2008
Tug	Harbor Docking	Firm		6,140 hp		2008
Marinette Marine, Marinette WI						
Tug	K-Sea Transportation	LOI				09-Dec
Tug	K-Sea Transportation	LOI				10-Dec
Martinac Shipbuilding, Tacoma WA						
Tug	Signet Maritime	Firm	Signet America	6,220-hp	9	07-Nov
Tug	Signet Maritime	Firm	Signet Stars and Stripes	6,220-hp	9	08-Feb
Tug	Pacific Tugboat Services	Firm		3,620-hp		2009
Tug	Pacific Tugboat Services	Firm		3,620-hp		2009
Nichols Bros. Boatbuilders, Freeland WA						
Tug	Minette Bay	152		100 ft.		07-Dec
Tug	Bay Delta Marine	Firm		100 ft.		2008
Tug	Bay Delta Marine	Firm		100 ft.		2008
Orange Shipbuilding, Orange TX						
Escort Tug	Bay-Houston Towing	391		98-ft., 7,500 hp		2008
Escort Tug	Suderman & Young Towing	392		98-ft., 7,500 hp		2008
Escort Tug	Bay-Houston Towing			98-ft., 7,500 hp		2009
Escort Tug	Suderman & Young Towing			98-ft., 7,500 hp		2009
Rodriguez Shipbuilding, Coden AL						
Tug		Firm		80 ft.		2007

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Thoma-Sea Shipbuilders, Lockport LA					
Tug	Penn Maritime	Firm		116-ft., 4,000-hp	07-Dec
VT Halter Marine, Pascagoula MS					
ATB Tug	Crowley Marine	1973	Commitment	9,280 hp	2H 2007
ATB Tug	Crowley Marine	1974	Courage	9,280 hp	1H 2008
ATB Tug	Crowley Marine	1975	Integrity	9,280 hp	2H 2008
ATB Tug	Crowley Marine	Firm	Pride	9,280 hp	1H 2009
ATB Tug	Crowley Marine	Firm	Achievement	9,280 hp	2H 2009
ATB Tug	Crowley Marine	Firm	Innovation	9,280 hp	1H 2010
ATB Tug	Crowley Marine	Firm	Vision	9,280 hp	2H 2010
Washburn & Doughty, East Boothbay ME					
Tug	Moran Towing	Firm		92 ft., 5,100 hp	08-Mar
Tug	Moran Towing	Firm		92 ft., 5,100 hp	08-Jun
Tug	Moran Towing	Firm		92 ft., 5,100 hp	08-Sep
Tug	Moran Towing	Firm		92 ft., 5,100 hp	08-Dec
Tug	Moran Towing	Firm		92 ft., 5,100 hp	09-Mar
Tug	Moran Towing	Firm		92 ft., 5,100 hp	09-Jun
Western Towboat, Seattle WA					
Tug	Western Towboat	Firm	Alaska Titan	120 ft., 4,200 hp	2007

Recent News – North America



Seattle-based **Foss Maritime** will enter into an alliance with Houston-based **Signet Maritime**. As part of this alliance, Foss will add to its fleet of tanker escort and assist vessels by leasing two new advanced Z-drive 30m, 80 metric tonne AZ 30/80 tugs from Signet. The first of the leased vessels will join the Foss fleet in February and the second in May 2008. As part of Foss' ongoing fleet development plan, one vessel is slated to be assigned to the North Puget Sound, and the second to one of the other West Coast ports Foss serves. Both vessels have 6,610 BHP equaling to a minimum 80 metric tons bollard pull. The AZ 30/80 is a new high-performance tug design which developed by Signet in concert with **Robert Allan Ltd.** of Vancouver, B.C. for unique operational requirements, addressing functions of ship assist, escort, fire fighting, coastal towing and rig moves. Tugs are outfitted with state-of-the-art FiFi 1 firefighting equipment, Markey hawser winches and a robust Schuyler fendering system. Signet, in return, is leasing two Foss vessels: a conventional twin-screw tugboat for its contract towing work and a newly constructed Dolphin-class Z-drive harbor tug. Foss and Signet may exchange and lease other vessels to each other and engage in other fleet optimization activities in the future. The two companies, which have worked together on projects in the Gulf of Mexico for more than 20 years, are partnering by trading resources to ensure both maintain the right fleet mix for customers' needs, while maintaining flexibility to respond to new opportunities. *"The timing on this partnership couldn't be better,"* said Gary C. Faber, Foss President & COO. *"Foss' and Signet's vessel needs were aligned and could be met with a trade. We have a long history of working cooperatively with Signet in the Gulf and this is the next step in the evolution of that relationship."* *"Partnering with Foss, a company that builds its own vessels, is an ideal situation for Signet. This way, as opportunities arise, we can respond quickly with new-construction vessels,"* said J. Barry Snyder, Signet CEO & President. *"The ability to remain nimble by leasing out vessels that are in high demand, and gaining vessels that are the right fit for the global needs of our customers works out very well for everyone."*



J.M. Martinac Shipbuilding is holding a christening of the 98' x 40' x 17.5' draft ASD tug "America" for Signet Maritime on Saturday 23rd February at their yard in Tacoma, WA. Tug is classed ABS *A1, Escort Tug, FiFi 1, AMS. She is powered by a pair of MTU 16V4000 diesels each providing 3,305HP to Niigata ZP-41 360 deg. azimuthing drives with 102" props. For deck gear the tug is fitted with a Markey 75HP electric hawser winch with auto-tension control and 600' 10" Spectra line while aft is a Burrard Iron Works electric capstan. Firefighting is provided by two Stang Industries monitors with a 12,000gpm system. Tug is sponsored by Diane Faber.

Marcon International, Inc.

Tug Boat Market Report – January 2008

Quincy Maritime Corp. / General Dynamics has sold their U.S. flagged, 3,900BHP azimuthing tug “*Winslow C. Kelsey*” to **Portland Towboat**. The 98’ x 34.5’ x 16.5’ tug was built in 1985 by Eastern Marine, Inc. of Panama City, Florida and powered by a pair of EMD 16-645E6’s driving Ulstein azimuthing drives with four-bladed 86” props. She worked many years working for Electric Boat in Groton, Connecticut docking submarines. She was classed ABS +A1 Towing Service, +AMS.



Crowley Maritime’s energy and marine services unit safely completed the tug-and-barge transport, discharge and delivery of oversized cargo across a remote beach in Cabinda Province Angola, West Africa to the Cabinda Gas Plant. In partnership with **Chicago Bridge and Iron (CB&I)** and **Cabinda Gulf Oil Company (CABGOC)**, a wholly owned **Chevron** subsidiary, Crowley was contracted for the loading, marine transportation, discharging and delivery of oversize modules and support accessories to the Gas Plant, which is about three miles from the beach landing point. The fleet required for the sealift included the large 400’ x 100’ x 20’ barges “*Barge 410*”, “*Barge 420*”, “*Isla Bonita*” and “*Barge 408*” towed respectively by the 7,200BHP “*Invader*” class ocean-going tugs “*Cavalier*”, “*Crusader*”, “*Commander*” and “*Warrior*”. Due to shallow water depths the “*Invader*” class tugs had to anchor seven miles from the beach landing area. The two shallow draft, assist tugs “*Stephen Dann*” on charter from **Dann Towing** and “*Afon Goch*” on charter from **Holyhead Towing** brought the barges into the beach and assisted in the beach landing itself. The initial tug and barge departed Houston Sept. 14. The second and third tug and barge combinations sailed at staggered intervals thereafter, and the final pair of vessels left Houston Oct. 21. The journey from Houston to Cabinda Province is over 6,600nm requiring approx. 40 days at sea. Transportation and discharge of all of the cargo from the four tug and barge tandems concluded Dec. 2. Upon arrival at the beach, the Crowley team safely maneuvered the barges ashore, ballasting and anchoring each in position to avoid the sub-sea pipelines in place nearby. Drawing on previous remote beach landing experience in the Russian Far East, the team assembled a bridge from the barge to the beach using ramps and flexi-floats to discharge the cargo. The Crowley multinational team at the job site consisted of 34 personnel from the U.S., Russia, Brazil, Italy, Venezuela, Ukraine, Netherlands and United Kingdom. They worked 17,136 man hours without a lost time incident, setting offshore moorings, beaching barges, making roads, and providing heavy lift and land transportation services. Cargo handled included a 120’ long, 90 ton Deethanizer Column, containers, structural steel and three Motor Control Center (MCC) buildings. The largest MCC building measured 75’ by 25’ and weighed 126 tons. “*We very much appreciate the opportunity to be of service to Chicago Bridge and Iron and Chevron,*” said Tom Crowley Jr., company chairman, president and CEO. “*Our experienced, capable team worked very closely with their team to make sure we delivered their cargo safely and in accordance with their requirements.*” “*As energy companies go to the ends of the earth to find and extract oil and natural gas, Crowley’s energy and marine services group is helping to make that possible,*” said John Douglass, Crowley senior VP and general manager, Atlantic/Gulf region. “*We’re providing transportation, logistics, project management, marine consulting, and risk assessment services in some of the most challenging environments in the world. From the North Slope of Alaska to the Russian Far East to Africa to deepwater Gulf of Mexico, Crowley has been there and done that safely with knowledgeable experts, high-horsepower oceangoing tugs, large heavy-lift, flat-deck barges and other specialty equipment.*” In four of the past six years, Crowley performed major open beach remote



landings in three different locations in two countries for world-class contractors including CB&I, Bechtel Corp., Enka Construction & Industry and ABB, all of whom provide a wide-range of services to major oil companies such as ExxonMobil, Shell and Chevron. “*We have a core project management team that is very diverse in its ability and knowledge,*” said John Ara, Crowley’s director of marine ops in the U.S. Gulf. Each remote beach landing project has its own challenges, which Crowley uses to innovate. “*We have found uses for equipment for means other than which they were designed,*” Ara said. “*We’ve used flexi-floats to build dry bridges/causeways and outfitted heavy construction equipment like front-end loaders with forks for lifting and transporting cargo over difficult terrain.*”

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Three men were rescued after the 45' tug **"Joe Foss"** (ex-Samish Bay) sank near Tillamook, Oregon. Coast Guard Station Tillamook Bay received a call from the crew of the tug at 0615 that the vessel was taking on water and sinking eight miles north of Tillamook Bay. By 0650 the crew of the **"Joe Foss"** had donned survival suits and entered the water as the vessel was going down. They were picked up by the crew of the fishing vessel **"Kilchis"** and later transferred to a 47' motor lifeboat from Station Tillamook River. An helicopter crew from Air Station Astoria, Oregon also responded. The men were taken to Garibaldi, Oregon. No injuries were reported. This was the second time in three days the Coast Guard responded to the **"Joe Foss"**.



Coast Guard Station Quillayute River in La Push, Washington received a call at approx. 0800 the previous Sunday from the crew of the tugboat when she first began taking on water. The **"Joe Foss"** was traveling from the Seattle area to Depoe Bay, Oregon, when they started taking on water 25 nautical miles northwest of the Quillayute River entrance. Station Quillayute River launched a 47' Motor Lifeboat crew to assist the **"Joe Foss"** with dewatering efforts and to



escort the vessel into the safe harbor of La Push. The escort lasted 13 hours due to heavy weather and required a second MLB boat crew to be launched to continue the escort. Through the course of dewatering the vessel, two P-6 pumps were used to remove 200 gallons of water and a damage control kit from one of the MLB's aided in slowing the flow of water until repairs could be made. Nothing was found that may have contributed to the later sinking. The 42' x 14' single screw, 420HP tug was originally built in 1967 by Pacific Shipyard in Anacortes, Washington as the seventh in a series of new harbor tugs to provide better service for Puget Sound ports.

The U.S. Department of Transportation's **Maritime Administration** has awarded new contracts to dispose of five ships: four from the James River Reserve Fleet in Newport News, Va., and one from the Beaumont Reserve Fleet in Texas. The four from the James River Reserve Fleet had all been under a contract with **North American Ship Recycling** of Sparrows Point, Md., which ceased operations before it could take possession of the ships. Three vessels from the James River fleet, **"Pride"**, **"Scan"**, and **"Cape Charles"**, will be dismantled at the **Marine Metals, Inc.** facility in Brownsville, Texas, under the terms of three contracts worth a total of more than \$1.4 million. The **"Southern Cross"**, also a James River ship originally awarded to the Sparrows Point firm, will be dismantled at the Esco Marine facility in Brownsville, Texas under the terms of a contract for \$617,600. **"Banner"**, which is currently at the Beaumont fleet site, will also be dismantled at Esco, under the terms of a contract for \$532,726. The departure of **"Cape Charles"**, **"Pride"**, **"Southern Cross"**, and **"Scan"** will bring the number of ships leaving the James River to 66 since January 2001. All five ships in today's announcement were built in the 1960s. The **"Cape Charles"**, a freighter launched in 1963, was constructed at the Bethlehem Steel shipyard at Sparrows Point. **"Pride"**, **"Southern Cross"**, and **"Scan"** were built for the Moore-McCormack Company as combination freight and passenger vessels. The freighter **"Banner"** was built in 1961 as the **"Export Banner"** at the NASSCO shipyard in California.

Hannah Marine of Lemont, IL renamed their new tugboat **"Pacific Victory"** to **"Wilbur R. Clark"**, in honor of Wilbur **"Bob"** Clark, whose dedication and service to Hannah Marine for the past 31 years is greatly appreciated. **"Wilbur R."** is currently being overhauled in Mobile, Alabama and scheduled to enter service on the Great Lakes in early 2008. Marcon International had brokered the sale of the 3,900BHP tug to Hannah from Victory Towing of Seattle, WA last year. **"Pacific Victory"** (ex-Petro Challenger, ex-Marine Challenger, ex-Polar Challenger) was originally built as the U.S. Army **"LT 789"** in 1945 by Marietta Manufacturing as Hull 525 at their Point Pleasant shipyard on the Ohio River. She was one of 40 – 50 similar LTs built by Marietta during World War II. Retired from service, she was converted in 1975-76 from single screw by Marine Power & Equipment of Seattle, Washington. She now has triple rudders, twin fixed pitch open propellers of 115" x 90" and carries abt. 180,000 gallons of fuel. When converted, she was re-powered EMD 16-645E2's for total of 3,900BHP, replacing the original 1,000HP Skinner uniflow steam plant, and fitted with Lufkin 4.39:1 reduction gears. Hannah currently owns two similar ex-Marietta built LT tugs **"Mary E. Hannah"** and **"James A. Hannah"**.



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Tug Boat Market Report – January 2008



Crowley Maritime's 7,200BHP "Invader Class" tugboat "Gladiator", the state-funded seasonal emergency response tug stationed at Neah Bay, Washington helped escort the 918' container vessel "APL Australia" part way through the Strait of Juan de Fuca. The container ship lost its secondary hydraulic steering system, but its primary steering system is functional. Due to high winds and other unfavorable sea and weather conditions, the Coast Guard issued a Captain of the Port order requiring a tug escort for the container ship all the way to its destination in Seattle. "Gladiator" met the "APL Australia" near the entrance to the Strait of Juan de Fuca and provided escort halfway to Port Angeles. A different tug will escort the ship into Seattle. "APL Australia" left Hong Kong on Jan. 28 and was

slated to arrive at Terminal 5 in Elliott Bay Friday 8th February. Somewhere during its transit across the Pacific, the container ship lost its backup steering system. A 540' ship carrying freight from Vancouver, British Columbia, to Portland, Oregon., also had to be diverted to Port Angeles, after developing engine problems. Coast Guard Lt. Cmdr. Richard Hartley says an emergency response tug stationed at Neah Bay was sent out to meet the "Global Ace", which had drifted into U.S. waters after its crew shut down its engine Tuesday 5th February in the Strait of Juan de Fuca. But the Japanese-owned vessel's crew managed to replace a fuel injector and restart the engine so the giant ship was able to travel the 20 miles to Port Angeles. The tug "Gladiator" provided an escort. "Gladiator" was also dispatched mid-December to assist a tug towing a loaded oil barge after the vessel temporarily lost its primary electrical power and steering. The "Na Hoku" was headed down Washington's outer coast when its primary electrical generator engine failed about 12.5 miles west of Cape Flattery. The 105' tug was towing a fuel barge containing more than two million gallons of diesel fuel and about a half million gallons of gasoline. "This incident highlights why we have – and continue to need – the capability of responding to vessels that can pose a serious risk to our environment if they lose power or propulsion," said Dale Jensen, manager in charge of the Washington Department of Ecology's Spills Program. "A 2.5 million gallon spill would have been catastrophic to our valuable marine resources. We need to maintain the safety net that the tug provides." Jensen noted the state has contracted to station a standby emergency response tug at Neah Bay since spring 1999. The tug has stood by or assisted 36 ships that were disabled or had reduced maneuvering or propulsion capability while transporting oil and other cargo along the coast and through the Strait of Juan de Fuca. The actions helped ensure the ships didn't drift onto rocks and spill oil. As recently as Dec. 3, "Gladiator" was dispatched after a 720' container vessel was struck by 60' waves near Cape Flattery that broke out windows on the ship's bridge, swamping electrical gear and shutting down the vessel's primary steering system. The incident with the "Na Hoku" occurred just before midnight Tuesday outside of the voluntary "area to be avoided" within the Olympic Coast National Marine Sanctuary. "Na Hoku's" main propulsion engines remained operable throughout the incident, and the vessel was able to maintain control of the barge tow and steering using its two propulsion engines during the power outage. The crew was delayed starting a backup generator for about an hour due to a separate electrical problem. The U.S. Coast Guard directed the tug to take the "Gladiator" as an escort. The response tug met the "Na Hoku" about eight miles west of Cape Flattery and accompanied the tug and barge into the Strait of Juan de Fuca for about 60 miles until both generators were back on line. "In case the 'Na Hoku' lost its electrical power again, I issued an order directing the tug to take an escort until moored safely," said U.S. Coast Guard Captain Stephen Metruck, Captain of the Port for Sector Seattle. "We and the state wanted to be sure to mitigate any threat to public safety and the environment." The "Na Hoku" and barge moored in Port Angeles to ensure that repairs are properly completed and systems are verified to be operating properly before they resume their voyage. The state has contracted to station a standby emergency response tug at Neah Bay since spring 1999. "Gladiator" will complete her contract for this winter season in March.

The **St. Lawrence Seaway Management Corporation** capped the 2007 navigation season on December 28th with the passage of the CSL Group's "Birchglen", establishing a Seaway navigation season for 2007 that spanned some 283 days. This season marks the second consecutive season that the Seaway was open for a record 283 days. The Welland Canal remained open to navigation until December 29th. Total Seaway cargo volume for 2007 is estimated to amount to 42.7 million tonnes, lower than the 2006 total of 47 million tonnes, due principally to lower ocean vessel traffic and steel imports into the Seaway. "We are satisfied with our accomplishments in 2007" stated Richard Corfe, President and CEO of the SLSMC. "While the season started slowly, we enjoyed a strong resurgence in cargo volumes by mid-summer, and this trend continued through the fall. We are particularly optimistic that the momentum in project cargoes that we observed this year will carry forward into the future. Shipments of specialty cargoes such as wind turbine components, destined for various "green energy" projects throughout Eastern North America, have become a hallmark of the Seaway's drive to diversify its cargo base."

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Details believed correct, not guaranteed. Offered subject to availability.

This document, and more, is available for download from Martin's Marine Engineering Page - www.dieselduck.net

Marcon International, Inc.

Tug Boat Market Report – January 2008

The U.S. Coast Guard is soliciting applications for seven positions to the **Towing Safety Advisory Committee** that need to be received on or before February 15, 2008. The TSAC advises the Secretary of Homeland Security on matters relating to shallow-draft inland and coastal waterway navigation and towing safety. This advice also assists the Coast Guard in formulating the position of the United States in advance of meetings of the International Maritime Organization. The TSAC meets at least once a year at Coast Guard Headquarters in Washington or another location selected by the Coast Guard. The 16-person membership includes 7 representatives of the Barge and Towing Industry (reflecting a regional geographical balance); 1 member from the Offshore Mineral and Oil Supply Vessel Industry; and 2 members from each of the following areas: Maritime Labor; Shippers (of whom at least one shall be engaged in the shipment of oil or hazardous materials by barge); Port Districts, Authorities, or Terminal Operators; and the General Public. The Coast Guard is currently considering applications for 2 positions from the Barge and Towing Industry, 1 position from Port Districts, Authorities, or Terminal Operators; 1 position from Maritime Labor; and 1 position from the General Public. To be eligible, applicants should have particular expertise, knowledge, and experience relative to the position in towing operations, marine transportation, or business operations associated with shallow-draft inland and coastal waterway navigation and towing safety.



The Canadian flagged, 15m single screw tug / pilotboat **"Check-Mate III"** built in 1987 sank in icy waters north of Baccalieu Island off the coast of eastern Newfoundland on a delivery trip to the new Owner. After receiving a garbled and distorted Mayday call two vessels and a Cormorant helicopter were dispatched to the scene. Although both crew were wearing survival suits, when found the suits contained a considerable amount of water and the two crew died before a nearby Coast Guard vessel was able to reach them.



Moran Towing Corp. has added Morehead City and Wilmington, North Carolina to its ports of operation. Moran began operations in both ports on November 30, 2007. The ports will continue to be served by the fleets of Moran of Morehead City and Moran of Wilmington Corp., both of which Moran has purchased. The two

companies are longtime providers of ship docking and harbor services to Morehead City and Wilmington respectively; both were also Moran vendors until their sale, which was expedited by mutually respectful, well-oiled relationships that each maintained with Moran over the years. Al Cook, who will oversee the local management of the ports for Moran, commented that *"We were fortunate to have the opportunity to hire some great employees that worked [for the previous owners] on the tugs and in the offices."* Captain Pat Bailey, a seasoned Moran port captain from Norfolk, will lead the management of Wilmington for Moran. Captain Don Thomas, formerly of Morehead City Towboat, will lead Moran's Morehead City operation. While ship docking, ship-assist services and harbor services will continue to be the principal activities of the Morehead City and Wilmington fleets, Moran has brought a wider range of capabilities to the area. Moran's versatility, reflected in its contract towing, marine transportation, special projects, and LNG capabilities, might stimulate demand for these services by the North Carolina customer base, and could help to fuel new maritime business development in the region. The Port of Morehead City handles breakbulk and bulk cargoes, offering convenient access to Interstates 95 and 40, and to the Norfolk Southern railroad. The port is centrally located to serve the growing southeast U.S. market, and is home to the United States Marine Corps 2nd Division at Camp Lejeune. Moran, which currently serves the Military Sealift Command in Norfolk, Virginia, could be contracted by the Command to provide services in Morehead City as well, Cook noted. The Port of Wilmington, situated on the east bank of the Cape Fear River, handles breakbulk, bulk and containerized cargoes. According to the North Carolina State Ports Authority, Wilmington's 42-foot channel affords container vessel customers an additional 15% vessel capacity over the limit typically allowed by shallower depths at many ports. The Port's readily available container storage areas and equipment are also advantageous. Wilmington has direct access to Interstates 95 and 40, and to CSX Railways. *"Both ports have the potential for future expansion and growth"* said Cook.



Marcon International, Inc.

Tug Boat Market Report – January 2008



K-Sea Transportation reported operating income of \$13.4 million, an increase of \$5.6 million, or 72%, compared to \$7.8 million of operating income for the three months ended December 31, 2006. This increase resulted primarily from inclusion of the recently acquired **Smith Maritime Group** and from the continuing addition of new barges from the K-Sea's expansion and upgrade program. Since January 1, 2007, K-Sea has taken delivery of five new tank

barges, and purchased three tugboats that have reduced reliance on more expensive chartered-in towing. Results for the second quarter of fiscal 2008 were also affected by continued strong rates, which were partially offset by lower vessel utilization, increases of \$2.9 million in depreciation and amortization due to the Smith acquisition and the expanded fleet, and \$2.0 million in higher general and administrative expenses as a result of the acquisition and continued growth. Vessel utilization was lower due to higher scheduled drydocking days and lower utilization of certain lower-valued, single-hull vessels. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by \$10.7 million, or 67%, to \$26.6 million for the three months ended December 31, 2007, compared to \$15.9 million for the three months ended December 31, 2006. Net income for the three months ended December 31, 2007 was \$9.9 million for the three months ended December 31, 2006. The fiscal 2008 second quarter benefited from the \$5.6 million increase in operating income, and from the \$2.1 million non-recurring gain on final settlement of the DBL 152 legal proceedings mentioned above. These increases were partially offset by a \$1.9 million increase in interest expense resulting from debt incurred to finance the Smith acquisition and vessel newbuildings over the past year. The second quarter of fiscal 2008 included a non-recurring gain of \$2.1 million, or \$0.12 per fully diluted limited partner unit, representing proceeds from the settlement of legal proceedings relating to the Company's previously reported November 2005 incident involving the barge DBL 152. Fully diluted earnings including and excluding this gain were \$0.68 and \$0.56 per limited partner unit, respectively, compared to \$0.39 per limited partner unit in the second quarter of fiscal 2007.

President and CEO Timothy J. Casey said: *"During the second quarter of fiscal 2008, we made significant progress in integrating the Smith Maritime Group, and our fleet expansion and upgrade program continues to provide us new and more efficient vessels. Our operating income, EBITDA, and net income per unit are markedly ahead of last year. Our growth plans remain on target. During the second quarter of fiscal 2008, we took delivery of two new 28,000 barrel tank barges, and we have ten additional units under construction. Nine new tank barges are scheduled to be delivered, approximately one per quarter, over the next two years, and we have also begun construction on the previously announced 185,000-barrel articulated tug-barge unit, which is scheduled for delivery in the fourth quarter of calendar 2009 and will then begin work under a multi-year charter with a major customer. Demand for our services continues to be strong, as evidenced by the extension of several contracts with existing customers and long-term commitments from new customers. Our average daily rates are higher in both our coastwise and local trades, reflecting overall market strength and the impact of an increase in our average vessel size. I would also remind our investors that our third fiscal quarter ending in March is generally our lowest seasonally, due mainly to winter slowdowns in Alaska and the Great Lakes."*



K-Sea Transportation Quarterly Supplemental Operating Statistics

	2007				2006				2005				2004
	31 Dec	30 Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Local Trade													
Avg. Daily Rate	\$6,759	\$6,904	\$7,122	\$6,765	\$6,644	\$6,888	\$6,328	\$5,645	\$5,436	\$5,454	\$5,433	\$5,232	\$5,491
Net Utilization	81%	76%	76%	82%	84%	74%	71%	80%	80%	76%	78%	83%	81%
Coastwise Trade													
Avg. Daily Rate	\$13,556	\$13,427	\$13,048	\$12,772	\$11,971	\$11,744	\$12,038	\$11,422	\$11,454	\$13,367	\$12,121	\$11,091	\$10,612
Net Utilization	89%	91%	87%	90%	92%	91%	88%	88%	93%	91%	92%	92%	85%
Total Fleet													
Avg. Daily Rate	\$11,225	\$10,902	\$10,615	\$10,226	\$9,765	\$9,797	\$9,699	\$8,909	\$8,823	\$9,66	\$8,914	\$8,264	\$8,462
Net Utilization	86%	85%	82%	87%	89%	83%	80%	84%	87%	84%	84%	87%	83%

Average daily rate is equal to the net voyage revenue earned by a group of tank vessels during the period, divided by the number of days worked by that group of tank vessels during the period. Net utilization is equal to the total number of days worked by a group of tank vessels during the period, divided by total calendar days for that group of tank vessels during the period.

Marcon International, Inc.

Tug Boat Market Report – January 2008



Tidewater Inc. of New Orleans third quarter net earnings for the period ended December 31st were \$89.4 million on revenues of \$314.2 million. For the same quarter last year, net earnings were \$93.4 million on revenues of \$287.9 million. The immediately preceding quarter ended September 30, 2007, had net earnings of \$86.5 million on revenues of \$319.0 million. Included in net earnings for the quarter ended December 31, 2006, was a gain of \$6.0 million (\$3.7 million after tax related to the sale of three of Tidewater's offshore tugs for a total sales price of \$8.9 million. Crew, repair & maintenance and fuel, lube & supplies were up 2.7%, 11.3% and 4.5% respectively over the previous quarter and 13.2%, 24.1% and 12.6% over the corresponding 2006 period. Tidewater's international offshore tug

utilization fell from 59.8% the previous quarter to 54.7% while international towing-supply/supply vessel utilization improved from 76.9% to 79.2%. During the same time period rates improved 3.7% for international towing/supply vessels and 8.9% for offshore tugs. Tidewater's domestic towing- supply/supply utilization fell from 56.6% to 46.1% for their third fiscal quarter while rates also fell from an average of \$11,856 per day to \$10,399 per day. No figures were provided for domestic offshore tugs since Tidewater no longer operates offshore tugs in the domestic market.

Tidewater, Inc. Quarterly Utilization and Rates

	2007				2006				2005				2004
	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Utilization													
Domestic													
Towing/Supply	46.1%	56.6%	61.0%	55.9%	59.6%	64.0%	64.2%	62.0%	62.2%	60.6%	64.2%	50.7%	57.6%
Offshore Tugs	N/A	N/A	N/A	N/A	100.0%	41.8%	39.8%	30.8%	32.7%	26.4%	26.2%	28.6%	24.6%
International													
Towing/Supply	79.2%	76.9%	77.4%	79.7%	79.8%	77.7%	77.4%	76.8%	75.8%	72.1%	71.5%	68.7%	72.2%
Offshore Tugs	54.7%	59.8%	63.4%	70.7%	63.3%	65.1%	72.1%	63.3%	63.0%	46.4%	57.5%	64.1%	62.2%
Avg. Day Rates													
Domestic													
Towing/Supply	\$10,399	\$11,856	\$11,951	\$12,461	\$12,665	\$12,102	\$11,645	\$10,545	\$9,474	\$7,569	\$7,169	\$5,569	\$6,194
Offshore Tugs	N/A	N/A	N/A	N/A	\$6,511	\$17,793	\$15,920	\$9,707	10,146	\$11,110	\$9,191	\$7,385	\$7,338
International													
Towing/Supply	\$10,455	\$10,080	\$9,478	\$9,142	\$8,682	\$8,311	\$8,076	\$7,682	\$7,32	\$7,121	\$6,728	\$6,050	\$6,288
Offshore Tugs	\$7,092	\$6,511	\$7,044	\$6,501	\$5,934	\$6,328	\$5,964	\$5,735	\$6,129	\$5,847	\$4,960	\$4,371	\$4,347
No. Vessels													
Domestic													
Towing/Supply	34	35	38	39	47	50	50	49	49	48	48	48	48
Offshore Tugs	0	0	0	0	1	6	13	16	17	18	17	16	18
International													
Towing/Supply	225	221	218	217	211	205	207	208	206	205	202	201	198
Offshore Tugs	37	38	37	37	39	39	38	40	40	40	41	42	40

The strength in Tidewater's international operations during the nine months ended December 31, 2007 can be attributed to higher average day rates and an increase in the number of vessels operating internationally. Average day rates increased approx. 21% during the first nine months of fiscal 2008 as compared to the same period in fiscal 2007. International ops have been primarily dependent on the supply and demand relationship of crude oil. During the quarter ended December 31, 2007, crude oil prices exceeded \$90/bbl and stayed above this price point for the majority of the quarter. Analysts expect future crude oil prices to remain strong during calendar year 2008 and well beyond due to high global consumer demand which is driven by emerging economies, dwindling excess OPEC production capacity, continuing concerns over possible supply interruptions caused by geopolitical risk in certain countries that are members of OPEC and production declines in mature oil fields. Tidewater anticipates international vessel demand will remain strong as long as crude oil prices remain at levels that would support E&P companies continuing to expend anticipated E&P spending budgets. Tidewater is also committed to construction of three offshore tugs totaling approx. \$40.6 million. The tugs are being constructed at two separate international shipyards and are expected to be delivered in May 2008, July 2009 and August 2009.

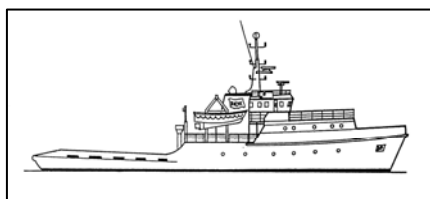
Recent News – Europe and Mediterranean



Svitzer Salvage, in cooperation with partner **Beaufort Salvage**, was awarded a LOF salvage contract by the owners of the Turkish general cargo ship “*Omer N*” to provide salvage services to their vessel which capsized on October 28th on its port side with the superstructure below the surface. “*Omer N*” a 1416 GT general cargo vessel, built 1984 by Nordsovaerftet in Ringkobing, Denmark, with 11 crewmembers, bound for Nantes capsized off Lehmann, 15 miles. West of Gedser last Sunday 28 October. The Slovakian flagged, 72.5m x 11.3m “*Omer N*” carried approx. 2,000 tonnes of fertilizer. Four

crewmembers were rescued by the Danish Navy and German Coastguard. The Danish Navy coordinated the rescue operation and Svitzer Salvage assisted as needed. After diver’s conducted a thorough inspection of the vessel, they managed to connect hoses to the bunker tanks to remove the estimated 30 tonnes of fuel oil onboard..

Smit Internationale N.V. agreed with **Fairplay Towage** to acquire Fairplay Towage’s 50% interest in **URS**. Through this acquisition Smit will become 100% shareholder of URS, the leading towage provider in Belgium. Total consideration for this transaction amounts to EUR 182.5 million. The transaction will be paid partly in shares and partly in cash. The calculation is based on Smit’s share price at closing of Euronext Amsterdam of 28 December 2007 of EUR 68.34. Smit will increase its outstanding shares by issuing new shares to an amount of 9.99% of its outstanding shares, which represents an amount of abt. EUR 108 million. The cash consideration amounts to EUR 74.5 million. Closing is expected in the first quarter of 2008 and is subject to regulatory competition authority filings and works council advice. CEO Ben Vree of Smit says that URS in Antwerp is of strategic interest in Smit’s network of harbor towage activities while the Antwerp harbor is expected to grow continuously. With this acquisition Smit will be able to realize a number of synergies between its Rotterdam and Antwerp activities. At the same time, Fairplay will become a significant shareholder in Smit, giving an international dimension to Fairplay’s continuing European towage activities. **Smit** also reached agreement with a consortium of banks regarding an unsecured committed senior credit facility of EUR 200,000,000. The consortium consists of Fortis (Coordinator), ABN AMRO, ING Rabobank, DBS and Banque Artesia. The new facility is valid for 5 years, subject to two one-year extension options. Upon approval of the consortium, the amount of the facility may be increased once by a maximum of EUR 100,000,000. Commenting on the new credit, C.F.O. René Verbruggen stated “*The new facility is intended to finance the planned modernization of the fleet and the investment in expansion. We are pleased that our banks have continued to support our program for growth.*”



According the Spanish press, the single screw, 40.9m x 7.6m x 4.6m, former ocean salvage tug “*Ocean Lady*” (ex-*Ocean Chief*, *Boa Chief*, *Eide Chief*, *Jomi*, *Uller*, *Topdalsfjord II*) sank in deep water in the Strait of Gibraltar after the tug caught on fire and was towed out of the port of Cueta, North Africa. The abandoned, Panamanian flagged tug was under arrest after sailing into the Spanish Moroccan port in February 2007. While being held she became a shelter for illegal immigrants who may have started the fire in the piles of trash

below decks in protest against regular raids. “*Ocean Lady*” was originally built during World War II in 1943 by Moss Vaerft/Dokk in Moss, Norway for Swedish owners and rebuilt in 1976, 1993 and 1995. The ice strengthened tug belonged at times during her life to various well-known Norwegian companies such as Fekete & Co., Kare Misje Rederi, Ivar & Kare Revsnes, Eide Shipping Ltd. and Taubatkompagniet of Norway before being sold foreign and declassified by DnV in 2000. She was powered by a single Alco 16-251F installed in 1976 providing 3,615HP through a controllable pitch rudder nozzle providing abt. 43 tonnes bollard pull. Tug reportedly had no fuel on board at the time of her sinking with the exception of what little was contained in the engines themselves. Tug was reportedly in poor condition at the time of her fire and sinking. I remember being impressed with her lines when Marcon was marketing her for sale about six or seven years ago.



Marcon International, Inc.

Tug Boat Market Report – January 2008



Boa Offshore AS has taken delivery of the first barge in a series of 10 semi-submersible barges. “*Boa Barge 29*” was delivered from the yard to Owners on the 17th. December 2007. The barge’s main dimensions are 124 x 31.5 x 7.93 meters, with an impressive uniform deck load of 31mt per square meter. The barge can be submersed to a depth over deck of 8 meters forward and 12 meters aft, enabling the barge to dock or transport large vessels and rigs. “*Boa Barge 29*” enters directly into a long term contract in South America.

With the help of Harms Bergung’s deepsea 220 tonne bollard pull tug “*Janus*”, Kotug’s “*RT Magic*”, the “*Smit Humber*” and “*Fairplay 21*” totaling about 400 tonnes of bollard pull the 244m x 39m x 13.5m depth semi-sub heavy-lift load carrier “*Zhen Hua 10*” was finally refloated at high tide and towed into Rotterdam on Wednesday 6th February. “*Zhen Hua 10*” lost her anchor about 5-6 miles off the coast and with broken-down engines drifted ashore in a Force 9 – 10 gale with 8m seas on 1st February. The ship was loaded with five container cranes for at the time of the grounding. Two search and rescue vessels and three tugs stood by the day after grounding, but were initially were unable to get closer than abt. 300m to the ship due to the bad weather.

In line with the announcement made on 19th July 2007 of **Bourbon’s** plan to sell its harbor towage business to **Grupo Boluda Corporación Marítima**, the sale was completed on 21st December 2007. Bourbon’s 2007 annual revenues totaled 769.7 million euros, up 26.5% (+35.5% at constant exchange rates). In the fourth quarter of 2007, revenue increase reached 13.9%, or +24.4% at constant exchange rates. Within the new scope of the group, particularly since finalizing the sale of the port towage business on December 21, 2007, Bourbon generated 92% of its revenues internationally.

The **European Commission** has published the second call for proposals for the creation and upgrade of freight transport services under the **Marco Polo II** program. Successful projects should fight congestion on European roads and improve the environmental performance of the freight transport system, two main objectives of the EU transport policy. Companies across the European Union and beyond are invited to submit proposals in the second Marco Polo program. The general aim of the program is to help companies during the high risk start-up phase of new services or significantly upgraded ones for shifting freight off the road and on to short-sea shipping, rail and inland waterways. The top-ranked projects in the competitive evaluation process will be offered grant contracts of up to six years. However, only projects capable of demonstrating sustainable non-road freight transport services – i.e. projects that can survive on the market even after they cease receiving EU financial support – have a chance at receiving a grant. The call is open to applications for five types of actions:



- Modal shift actions which will shift freight from the road to short sea shipping, rail, inland waterways or a combination of modes of transport;
- Highly innovative catalyst actions which are aimed at overcoming structural barriers in the freight transport market in the European Union, such as the low speed of freight trains or technical interoperability problems between transport modes;
- Common learning actions which will improve cooperation and optimize working methods and procedures between actors in the freight transport chain.
- Motorways of the Sea actions which shift freight from road to short sea shipping or a combination of short sea shipping and other modes of transport, offering a very large-volume, high-frequency intermodal maritime transport service.
- Traffic avoidance actions which integrate transport into production logistics in order to reduce freight transport demand by road.

The budget for the 2008 call has been increased to € 59 million compared to € 57 million in 2007. The full call text including information on how to apply for a grant is available on the Marco Polo website.

Marcon International, Inc.

Tug Boat Market Report – January 2008



European ETVs and tugs have been busy this winter with casualties and groundings. Mid-January at a quarter to one in the morning, the 131.6m x 19.4m, 7,148mt dw general cargo vessel **"Ice Prince"** sank in very rough weather approx. 26 miles south southeast of the Portland Bill (50 09.9N 002 02.08W). She had been monitored throughout the evening and night by the French Coastguard tug **"Abeille Liberté"** and a further JP Knights tug, the **"Anglian Earl"**. Salvors were aboard both tugs. Just before she sank, the crew of the **"Abeille Liberté"** reported that additional deck cargo had been lost to the sea and that the angle of the list had increased further. Visibility was very poor and weather very rough. After sinking both tugs remained on scene until Trinity House completed their survey of the wreck site to ensure that the wreck did not pose any hazard to navigation. The Greek flagged **"Ice Prince"**, heading for Alexandria, had sent out an emergency call the evening

before after getting into difficulties. Twenty people were on board and she was drifting without power at nearly 4 knots although the Master confirmed she had navigation lights working off emergency batteries. A further vessel, **"Libertas H"**, was standing by and various other vessels also responded to the emergency call. Salcombe and Torbay RNLi all weather lifeboats were immediately requested to launch and the French Coastguard tug, **"Abeille Liberté"** departed from Cherbourg to stand by. Weather on scene was clear, but with rough seas and winds of up to Force 7 causing the **"Ice Prince"**, with abt. 5,258mt of sawn timber on board including abt. 2,000 tons on deck to roll heavily. The cargo shifted causing the vessel to take a 25 degree list. By 2015 in the evening the Master informed the Coastguard that he now had a crewman who was in need of urgent medical attention after he had broken his leg in the darkness on board. A Coastguard rescue helicopter **"India Juliet"** from Portland, which had been put on standby, was immediately scrambled to the vessel.



At just before 9.00 p.m. this evening, the Master then indicated to the Coastguard that he wished to evacuate 15 non essential crew plus the injured casualty. Twelve crew, including a 41 year old Greek national with a broken leg, were airlifted by the Coastguard helicopter to Portland whilst the RNLi Torbay and Salcombe lifeboats took off the remaining 8 crew. At just before midnight all 20 crew had now abandoned the vessel which by now was listing 40 degrees to port with some navigation and partial upper deck lights showing. The sea state locally was reported to be a 5m swell with winds gusting to force 8. After sinking, a guard vessel, the Klyne tug, **"Anglian Earl"** remained on scene until Trinity House completed their survey of the wreck site to ensure

that the wreck did not pose any hazard to navigation. Salvors are currently working on a plan to decide how best to recover the oil and pollutants that are currently contained within tanks on the vessel to minimize the risk of environmental impact. There have been reports of a light sheen of oil on the surface at the wreck site, but this is being broken up by wave energy and natural sea movement. The timber cargo that broke free from the vessel when she sank is estimated to be 2,000 tons of untreated sawn timber of differing sizes.

Already some of the packages have broken up into individual pieces. Discussions are taking place with the owners to appoint a contractor to be responsible for the collection of the cargo. The MCA anticipate the cargo of timber will reach land between the Dorset/Hampshire border and East Sussex. A Temporary Exclusion Zone of 1,000 meters was implemented around the wreck site. It has been confirmed that the vessel was carrying 5,258 tons of packaged untreated sawn timber of differing sizes; 2,516 tons on deck and 2,742 tons in the holds. An estimated 2,000 tons broke free when she sank. Some of these packages have broken up into individual pieces. A contractor has been appointed to recover any timber washed ashore. SOSREP has requested that the owners also arrange for recovery at sea of timber in estuaries and inshore waters.



Marcon International, Inc.

Tug Boat Market Report – January 2008

In the early hours of Monday morning a large car carrier **"The City of Sunderland"** of 9,576 Gross Registered Tonnes and carrying 642 cars, ran aground at the south edge of Happisburgh Sands, 8 miles off the coast between Cromer and Great Yarmouth Norfolk. Yarmouth Coastguard received the call from the Isle of Man registered vessel at 2:18am stating they had run aground with 13 crew aboard, there were no sustained injuries. The vessel is apparently undamaged and they hope to refloat the vessel on the next high tide, the next high water in the area is approximately 11:00 to 11:30am. Glynn Young, Acting Watch Manager at Yarmouth Coastguard, says: *"Although the vessel is intact and there has been no apparent threat of pollution the vessel is currently listing 10 degrees to port, and the weather is south westerly force 6 – 7 gusting 8 – 9. The vessel is being buffeted by the wind and sea as it lies across the wind; we are therefore closely monitoring the situation as it develops. Two tugs from Felixstowe were on scene at 11:00am, which was organized by the vessels owners with the intention of re floating the vessel at midday. Air and lifeboat assistance is close by should the situation worsen. The vessel was on passage from Zebbrugge to Tees Port at the time of the incident."* At 20.38 that evening the car carrier **"City Of Sunderland"** was successfully refloat with the assistance of the tugs **"Svitzer Trimley"** from Harwich and **"Grey Test"** from Felixstowe. The operation began at 20.19 and shortly afterwards the car carrier, which has 642 cars on board, was pulled free of the sandbank and successfully refloat. Operations to test the engines subsequent to refloating have been successful and the vessel is now en route to its original destination of Tees Port, shadowed by the tug **"Svitzer Trimley"** until her assistance was no longer felt necessary.



Just before 1130 on 10th January, Portland Coastguard were alerted to the chemical tanker the **"Mariella"**, a 1986 built, 41,766 tonne, 228m long Norwegian vessel with an 8.3m draft which had dragged its anchor in gale force conditions with winds gusting up to 45 knots in Weymouth Bay. The vessel was in ballast and her tanks inert. The vessel was in Weymouth Bay undergoing engine repairs at the time. The Coastguard Emergency Towing Vessel **"Anglian Earl"** which was in the area at the time was tasked to stand by the vessel and get a line on to the **"Mariella"** in order to hold her from grounding if possible in the challenging weather conditions. Weymouth RNLI all weather lifeboat was also requested to launch and stand by the vessel in case non essential personnel needed to be evacuated. By 1245 a line had been passed to the **"Anglian Earl"** to establish the tow. The rate of drift was also dramatically reduced by the deployment of the vessel's port anchor. The tanker was finally towed to Portland Port by the **"Anglian Earl"** and berthed at the deepwater berth. The vessel had come to within 60 yards of going aground and had less than a meter of water under the hull at the time of attaching the tow. Units on scene reported that it was a close run thing that the vessel did not ground given the prevailing swell conditions and wind conditions which consistently exceeded 50 knots. Several other vessels were also within the bay sheltering as a warning was issued for severe gales in the area.



A 90, 465GRT large container vessel, carrying 42,785 tonnes of cargo in containers, which ran aground in the Dover Strait the morning of the 2nd of January was successfully refloat at high tide the same evening. **"LT Cortesia"** came to a sudden stop on the Varne Bank, 9 miles south of Dover Harbor, while traveling through the Dover Strait from Thames Port en-route to the Suez. The vessel was refloat by the **"Svitzer Victory"** (64 tonnes bollard pull), **"Svitzer Mercia"** (55 tonnes bollard pull) and **"Multraship 7"** (52 tonnes bollard pull) at high tide and pulled stern first off the sand bank at their first attempt. Coastguard Tug **"Anglian Monarch"** was on scene throughout the operation, available for additional support if needed. **"LT Cortesia"** then made her way to a nearby safe anchorage in the Downs approximately 10 miles East of Dover to undergo inspections at anchorage the Maritime and Coastguard Agency, as well as the vessels Classification Society Germanischer Lloyd. There was no reported pollution from the vessel. The vessel had 27 people on board who are all uninjured. Cargo was reported to be secure and early indications were that the vessel was watertight. Weather on scene was South South East force 4 but winds were forecast to strengthen later to Force 5 or 6 and occasionally Force 7 later.



Marcon International, Inc.

Tug Boat Market Report – January 2008

After receiving a call from the Clyde Coastguard that there was someone in distress in the water near Clyde Bank, **Svitzer UK** reported that they lost radio contact with their tug *"Flying Phantom"*. The tug sank at approximately 1810 hrs on Wednesday, December 19th, in the River Clyde just before the Rothesay Dock and opposite Clydebank College. *"Flying Phantom"* was lead tug towing the 76,596mtdw, 224.9m x 32.3m x 19.5m bulk carrier *"Red Jasmine"*. Two other Svitzer tugboats, *"Mallaig"* and *"Warrior 111"*, were in attendance. *"Flying Phantom"* reportedly parted its towline, ran aground in dense fog and subsequently capsized. One of the four members of the tugboat crew was rescued by launch as he swam to safety and was taken to the Western Infirmary, Glasgow. The initial search for survivors was seriously hampered by the poor visibility of abt. 15m.



Although the rescue helicopter had to stand down due to the lack of visibility, four Coast Guard Rescue teams, three RNLI lifeboats, Royal Navy and Strathclyde Police divers, Strathclyde Fire & Rescue and a number of other boats assisted in the search. The bodies of all three missing crew members have since been recovered. Svitzer UK will be carrying out its own investigation into the accident and co-operating fully with the Marine Accident Investigation branch of Department of Transport. The 38m x 9.7m *"Flying Phantom"* was built in 1981 by Ferguson Bros. in Port Glasgow for **Clyde Shipping Co. Ltd.** She was powered by a pair of

Ruston 6RKCM diesels totaling 2,820HP with a single controllable pitch prop providing a bollard pull of abt. 40 tonnes. Tug was also fitted with a forward mounted 600BHP Aquamaster retractable azimuthing thruster increasing pull to abt. 50 tonnes. In 2000, the *"Flying Phantom"* struck an underwater obstacle and was beached to prevent sinking, returning to service early 2001. The 400 tonne lift capacity crane barge *"GPS Atlas"* was scheduled to lift the tug from where she was lying in abt. 30' of water near Clydebank on 14th January after inspection completed by divers, fuel vents blocked off and wires installed under the stern. The salvaged tug is expected to remain at the King George V Dock until she can be drydocked and inspected further to determine the cause of the accident. Towards the end of October, Clyde Coastguard were notified that a 42,007dwt, 196.5m x 217.6m x 16.6m bulk carrier had run aground on a sand bank off the shore of Dumbarton Castle on the River Clyde. The ship was bound from Glasgow towards Hamburg laden with maize, soya and citrus pulp pellets. Initial efforts by the three tugs *"Flying Phantom"* (see above), *"Warrior III"* and *"Svitzer Mallaig"* to refloat the Maltese flag bulk carrier *"Ocean Light"* were unsuccessful. As the tide fell, the ship began to list and about half the crew were taken off. Five tugs eventually were successful pulling her free at high water the next day. (photo by Gavin Stewart)

On the afternoon of 6th December, Falmouth Coastguard took a call from the broken-down car carrier *"Figaro"* who requested a tug as it started drifting towards Wolf Rock, six miles off the coast of Cornwall.. The car carrier was on passage from Santander to Bristol with 2,520 cars onboard with a crew of 30. The *"Figaro"* is Singapore registered and is 50,681 tons. The master had declared an urgency situation as the vessel was without power and also unable to drop an anchor due to lack of power to the windlass. The ship's automatic CO2 fire extinguishing system in the engine room was set off by a huge wave and all power on board was automatically shut-down. Falmouth Coastguard immediately dispatched the coastguard tug *"Anglian Princess"* to proceed at best speed to the ship's position. Sennen Cove RNLI Lifeboat was requested to launch also to standby as required. The weather conditions at the time were south westerly gale force 8 with rough seas, a heavy swell and poor visibility. The *"Figaro's"* owners also tasked the commercial tug *"Suhaili"* from Falmouth to assist. Weather was not favorable and conditions for the tug were definitely challenging. After the tow wire from the *"Anglian Princess"* parted, *"Figaro"* managed to re-start its machinery and proceed with tug *"Suhaili"* to Zeebrugge in escort for repairs to the fire extinguishing system.



After supplying and de-anchoring of the SDR *"Zagreb"*, **Fairmount Marine's** 75m, 205 ton bollard pull ocean anchor handling tugs *"Fairmount Alpine"* and *"Fairmount Glacier"* departed from Abidjan with SDR *"Zagreb 1"* on January 7th, 2008. The two sister-tugs are towing the heavy rig to Pascagoula, Mississippi with a short stop a Trinidad for a crew change and replenishment of bunkers and provisions. As of the 10th of January, the convoy was proceeding at a speed of over 6kn and the estimated time of arrival in Pascagoula is around 15th February 2008.

Marcon International, Inc.

Tug Boat Market Report – January 2008

Mid-East

The Canadian warship **HMCS Charlottetown** rescued two Pakistani tug crew from a drifting 72m barge 185km off the coast of Oman in the Arabian Sea. The frigate's Sea King helicopter had spotted the barge with two people on board waving frantically and no tug in sight while on routine security patrol in the area. The crew were reportedly from the tug **"Al Wabi"** which was towing the barge **"Azaan"** to a scrap metal yard in Jiwani, Pakistan. They had left the United Arab Emirates on 29th January and the tow wire broke in heavy seas on 31st January. After boarding the barge to reconnect up a new tow line the tug for some reason lost propulsion, capsized and sank with five other crew members on board. The two men on the barge were left with nothing to eat or drink, no shelter and no method of communications for three days. After an exhaustive search of the vicinity in hopes of finding other crew members alive the frigate only found debris. The search was terminated at sunset



and the barge marked with lights as a hazard to navigation. HMCS **"Charlottetown"** embarked the two Pakistani sailors and gave them a hot meal, a shower, clean clothes, a place to sleep, and a chance to call home to let their families know they were safe and in good hands proceeded to the United Arab Emirates to deliver the rescued sailors to Pakistani officials.



This was not their first rescue of the year. Earlier in January lookouts aboard HMCS **"Charlottetown"** spotted a small boat with an odd blue sail that was not really a sail at all, but a plastic tarpaulin hung between two makeshift masts. The boat was hardly moving — not normal behavior for a small vessel 30 miles from shore. **"Charlottetown"** is engaged in maritime security operations, so the next step was obvious: investigate. An approach team with



a translator immediately set off in the frigate's rigid-hull inflatable boat. As the RHIB neared the Somali boat, the five men aboard began to wave vigorously and the members of the approach team could see they were in trouble. With the help of a translator, the boarding officer leading the approach team was able to talk to the master of the vessel, who said they were bound for Bossaso, Somalia, and they had been adrift without food or water for days.

The boat contained neither fuel for the engine or working navigational radar. get to Yemen from Somalia by boat across the Gulf of Aden. Stocked by **"Charlottetown"** with enough food, water and fuel to get them to their destination, the five Somalis got their engine going again and headed for the coast. HMCS **"Charlottetown"** is part of a coalition fleet conducting maritime security and counter-terrorism operations in the Gulf of Aden to bring security and stability to the maritime community. The frigate left her home port of Halifax, Nova Scotia, on 1st November 2007, and will return in the spring of 2008.



Smit has been awarded a 4 year contract, with option to extend, by the **Kuwait Oil Company** to provide assistance to tankers calling at their oil terminals in Kuwait. Whilst this is the first terminal assistance contract in Kuwait for Smit, Smit has a long track record of service provision in this area, especially in its Salvage Division. Smit will support the various tankers calling at KSC's shore terminals and a number of Single Point Moorings (SPM's) offshore. A total of 10 vessels will be deployed of which 3 smaller tugs of 35-45 tbp, 2 larger tugs of 70 tbp, 3 pilot boats, 1 mooring vessel and 1 crane-equipped self propelled work barge. The majority of these vessels will be new buildings. The contract will commence July 2008.

Marcon International, Inc.

Tug Boat Market Report – January 2008

The temporarily St. Vincent flagged, 35.4m overall x 13m x 6.82m depth newly built ice-classed firefighting tug **“Svitzer Korsakov”** was attacked by pirates off the coast of Somalia on Friday 1st February and is now at anchor in Somali waters. A distress call was received at 1317 by the sister-tug **“Svitzer Busse”** following the hijacked vessel. As a result of direct contact with the tug, it is understood that all six crew consisting of a British Master, Irish Chief Engineer, Russian Chief Officer and three Russian crew members are unharmed. Talks are in progress between the Danish towage company **Svitzer** and the pirates to seek the safe release of the crew, and their families continue to receive support. Local sources have said that the tug is lying at the natural port of Eyl in the northeastern semi-autonomous region Puntland, although other reports have her being towed into and lying in Mogadishu. The 6,300BHP / 4,640kW tug was just built by Admiralteyskiy Shipyard (Admiralteyskiy Hull 02210) in St. Petersburg, Russia and delivered to Svitzer about a month ago. She is powered by a pair of 8 cylinder Bergen diesels driving controllable pitch props. **“Svitzer Korsakov”** was hijacked after she left the Red Sea port of Bossaso on a delivery passage to Sakhalin Island in the Russian Far East where she was going to be re-flagged under Russian registry. She was scheduled upon arrival to go on charter to Sakhalin Energy servicing the oil terminals in the Sakhalin-2 project. The Lloyds +100A1 ice classed tug is expected to provide terminal assistance and clear the channel into the port of ice for



tankers as necessary in order to provide safe export of oil and gas year-round. Reportedly an unidentified spokesman for the Somali hijackers, calling themselves the **“Ocean Salvation Corps”** contacted Radio Garowe, a station in the regional capital of the semi-autonomous state of Puntland, to say that they are not pirates, but **“eco-warriors”** and **“gentlemen who work the ocean”** to rid Somali waters of ships damaging the environment because **“the ocean has been our Mother”**. Asked whether or not the group would ask for ransom, the man said: **“It has been the tradition to take ransom payment, but we will bring these ships in front of the law.”** The International Maritime Bureau advises that merchant ships stay at least 200nm from the Somali coast because of the risk of piracy. The Danish naval patrol vessel **“Thetis”** is in the area on another deployment. Although currently not officially involved in the situation as the tug

is flying the St. Vincent flag, the patrol vessel is reportedly ready to render assistance if the Danish government makes the decision. The Russian Government has also informed the NATO fleet of the situation. A spokesman for the Puntland administration said security forces have been dispatched to Eyl to oversee release efforts. Puntland Fisheries Minister Ahmed Said O’Nur condemned foreign ship owners for contacting and **“dealing directly with pirates.”** As our last update, talks were continuing between a British company with experiencing such conflicts and the pirates and reportedly U.S. Navy ships at one time fired shots at the pirates attempting to re-supply the captured tug.

Asia, South Pacific and the Far East

Five Oceans Salvage Consultants Limited and **Swire Pacific Offshore Limited (SPO)** announced the formation of a 50:50 joint venture for the operation of salvage services. **“Swire Ocean Salvage (Pte) Limited (SOS) will combine the strengths of both companies in order to provide cutting edge salvage, wreck removal and emergency towage services to ship owning and insurance interests around the world,”** said SPO in a statement. The JV will have the capability to mobilize modern and dedicated salvage equipment based in warehouses in Singapore, Dubai, West Africa and Greece to respond to all types of marine casualty. Five Oceans Salvage Consultants have successfully performed five Lloyds Open Form salvage contracts so far in 2007.

Following a collision in adverse weather conditions with the tug **“Sunkwang”** near Jakyakdo, Inchon, the 600GT cargo vessel **“88 Keum Young”** loaded with ore sank. Although all nine of the tug’s crew were safe, two of the ore carrier’s crew died and one is missing. Tug was towing a sand carrier at the time of the collision. The accident is being investigated by the Korean Coast Guard.

Marcon International, Inc.

Tug Boat Market Report – January 2008

On 9th Dec 2007, in a ceremony graced by the mayor of Fujian, the first 10,800BHP AHTS of POSH (**PACC Offshore Services Holding**) Series was launched. Equipped with Bergen engines and Brattvaag anchor handling winches, this DP2 vessel will be delivered at end March 2008. In addition to "POSH Vantage", a series of new POSH vessels will also be joining the fleet in the coming months. These include 5,000BHP AHTS, 8,000BHP AHTS, 16,000BHP AHTS as well as Accommodation vessels and Terminal support vessels. These deliveries will provide **SEMCO Pte Ltd & Maritime Pte Ltd.** with added capabilities to better serve the offshore customers. With more than 50 offshore vessels to be delivered over the coming 3 years, POSH aims to be a Global Integrated Offshore Solutions Provider with a wide range of offshore vessels catering to different phases of oilfield development. Headquartered in Singapore, POSH's mission is to be the best in class in each business segment. As a step towards this vision, POSH acquired Semco (the world leading FPSO towage operator) & Maritime (Asia's leading offshore construction support operator) in August 2007. In line with the new corporate identity "POSH", all existing and new vessels in the fleet will be marked with "POSH" on their ship sides, with the vessel re-painted in POSH colors (hull will be painted green for topsides/bulwarks and red/red-brown for the underwater areas).



Last November, **Pacific Basin Shipping Limited**, one of the world's leading dry bulk shipping companies, undertook approx. 90% interest in **Australian Maritime Services** alongside **Anglo Ports Pty. Ltd.**, which will own approx. 10% of AMS. AMS specializes in the provision of high quality harbor towage services to Australian and international customers. Its major business areas include Sydney, Melbourne and Brisbane. Mr. Richard Hext, CEO of Pacific Basin, said, "We are delighted to acquire a majority interest in Australian Maritime Services, a company which plays a vital role in the maritime supply chain in Australia, where about 20% of our cargoes are loaded and discharged. This acquisition will complement both our core dry bulk business, with some of our customers also moving cargoes using tugs and barges, and our new ports business." AMS now operates 6 tugs, and the transfer of ownership will take place immediately. This investment does not constitute a discloseable transaction of the Company under the Listing Rules of The Stock Exchange of Hong Kong Limited. Pacific Basin Shipping Limited specializes in shipping a broad range of dry bulk commodities which include forestry products, cement, minerals, iron ore, grains, fertilizers and scrap steel from resource-rich regions such as Australia, New Zealand, West Coast North America and South East Asia to high commodity consumption countries such as Japan, China, and South Korea. Pacific Basin has a global presence with its headquarters in Hong Kong and offices in Shanghai, Beijing, Dalian, Tokyo, Seoul, Singapore, Mumbai, Karachi, Dubai, Fujairah, London, Bad Essen, Houston, Vancouver, Auckland, Melbourne and Santiago.



Join us at the **International Tug & Salvage Convention** in Singapore from 19th-23rd May.

Photos From The Past

After earlier inviting Bid Proposals for removal of the abandoned 117.5' x 28' tug "**Enchantress**", the Port of Anacortes decided to defer the decision to the Washington State Dept. of Ecology. "**Enchantress**" (ex-*Western Sea, Polar Navigator, Enchanter, Leslie Foss, John Michael, LT 495*) has been lying in Anacortes, WA partially submerged with a broken piling through her hull since 2000. Tug was originally built of pine and oak in 1944 as the "LT-495", one of five "Miki" class tugs built by **Minneford Yacht Yard** in New York during World War II. The yard was started in 1936 in a former lumber mill and became famous for building a number of famous yachts including several America's Cup defenders. During World War II Minneford also built a series of coastal freighter, covered barges and passenger launches for the U.S. Army.



Marcon International, Inc.

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While most "Miki" tugs built on the West Coast were powered with Enterprise or Fairbanks diesels, "LT-495" being Eastern built was powered by a single 8 cylinder 1,200HP Superior. After the war she was purchased by **Baltimore Towing** of Maryland who renamed her "*John Michael*". They sold her in 1950 to the **Kotzebue Oil** of Kotzebue, Alaska who brought her around from the East Coast to tow between Puget Sound and Alaska. After losing their cargo barge that fall on a northbound run in 50-60kn winds and high seas she was arrested by owner of the cargo and sold on the Court House steps. **Foss Launch & Tug** purchased her for \$76,000, reportedly just beating out **Crowley Maritime**. After a major overhaul and outfitting, Foss renamed the tug "*Leslie Foss*" and

operated her for the next 18 years towing lumber barges, oil barges and other cargoes on the west coast from the Panama Canal to Alaska, including the Aleutian Islands. She started to suffer mechanical failures towards the end of her life with Foss. Parts for her Superior diesel were difficult to obtain on this coast. Foss laid her up in 1969 and she sold to **Gig Harbor Marine Charter Co.** for "\$10.00 and other valuable considerations". New Owners converted the tug to a charter yacht renaming her "*Enchanter*". After carrying passengers for a couple of years, she was sold back into commercial towing service as the "*Polar Navigator*" and bareboat chartered to **Northland Marine Lines** of Seattle towing container barges from Seattle to various ports throughout Southeastern and Southwestern Alaska in competition to Foss. Northland continued to operate the tug through 1976. She was again sold by the U.S. Marshal in June 1977, this time for \$57,000, to be used as a yacht with her towing gear retained.



"*Polar Navigator*" was sold in 1979 to **Western Sea Resources** of San Francisco and converted into a fish tender. A cargo hold was opened up below deck plus refrigeration and a small knuckle-boom crane installed. She was renamed "*Western Sea One*". I question whether her design was really suitable for a fish-tender and doubt whether she ever

worked in this trade. Instead she was managed by several operators towing up and down the coast for companies such as **General Construction**. At one time she sank in Seattle under the railroad bridge and salvaged by her owner, who seemed to be more than willing to keep pouring more and more money into her. I kept finding her tied up in various Puget Sound ports from Ballard to Everett, sometimes moored alongside the close sister-tug "*Polar Sea*" (ex-LT-464) built in 1944 in Quincy, Mass. In 1988 "*Western Sea One*" was sold by Western Sea Resources to Delaware Puget Sound Corp. On 31st December 1991 she was sold to **Treeseach Corp.**, her last recorded owner before being



tied up to pilings and abandoned at the site of an old burned-out plywood mill in Anacortes by Rick Carnes of Sedro-Woolley, WA. That same year he also abandoned the 118' wooden tuna seiner "*Ronnie S*" in Guemes Channel and a third smaller 50-60 year old steel tug originally out of the Columbia River was left hauled out at a local shipyard. Carnes was shot and killed the next year by his business partner in a dispute over Skagit County timberland and the partner later committed suicide.

According to Tim Colton's Shipbuilding History - of the four other tugs built by Minneford Yacht Yard "LT-492" was in a collision off Pascagoula, Mississippi in the 1960's and scrapped, "LT-493" as the "*Bertha R*" collided with another vessel off Panama City, Florida in 1954 and sank, "LT-494" later became the "*Jean Nelson*", then "*San Jorge*" (no further record) and "LT-496" as the "*Active*" was destroyed by fire in 1977. Out of the 61 "Miki" class tugs built during the war years for the U.S. Army Transport Services, 51 were built at U.S. West Coast Shipyards. The first 25 tugs were fitted with twin Fairbanks Morse diesels to a single screw and the last 36 in the series powered by single Enterprise or Superior diesels.



Marcon International, Inc.

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Featured Tugs For Sale or Charter Direct From Owners



File TG28072 Twin Screw Tugs 74.0' x 30.0' x 11.0' full load draft. U.S. flag. GRT <100. Built to ABS Load Line and ABS Ice Class standards. Because tug is less than 79' and less than 100 GRT Loadline Certificate is not required. Only one Licensed Operator required – other crewing at Owner's discretion; and crew not required to hold AB or OS ratings. FO abt. 25,340g. FW 1,855g. 2 x Cummins QSK 38 producing a total 2,800BHP @ 1,800RPM. Keel cooled. High fuel efficiency, smaller environmental footprint. Meets or exceeds EPA Tier II emissions regulations. Twin Disc MG 540 5.17:1 gears. 72.0" Kaplan type props in Type 37 stainless steel lined fixed kort nozzles (optional ASD

propulsion on future follow-on tugs). Speed est. 12kn free running. Bollard pull est. 72,000lbs. Endurance abt. 7 - 10 days. 2-65kW AC generators. 2,000gpm fire pump driven off one of the generators feeds single forward deckhouse-mounted monitor. Additional fire monitors and foam capability for a fireboat version of the tug are available as an option. Full walk-around bridge deck. Traditionally laid out wheelhouse with 360° view. 2 radars, GPS, autopilot, compass, and Techsol engine room monitoring and alarm system. Designed



for two man operation with bridge control of engine room and deck winches. Air conditioned accommodations for 5 – 6 persons. 2-two person and 1-one person cabins. Laundry. Mess room. Toilet / Shower room. The "Handy-Size" tugs are designed to fill the niche between the 2,400 - 3,200 hp tug market for harbor work, fireboats, and construction operations as well as for coastal towing. The newly designed "Handysize" Class describes the new tug design as just the right size, just the right power, environmentally sound, fuel efficient and versatile enough to accomplish most tug jobs at the lowest operating cost, "when bigger is just too big, and smaller is more than enough." Using an ABS "ice-class" hull standard for sturdiness and icebreaking, if applicable, the increased 5/8ths inch steel thickness and tighter framing in the bow and stern ensures an increase in the useful life of the tug beyond the normal or statutory life. Steel structure and deck have been strengthened to accommodate a range of customer requirements which can be installed at the time of construction or later, without need of performing major steel work. These options include a

forward hawser winch, an aft towing winch, and a knuckle boom crane. The first two tugs are available as nozzled Twin-Screw Conventional models which are ideal for those operators whose work application makes the Z-drive unnecessary and too expensive. Some operators believe that the conventional tugs will work better in ice and in debris-filled, low, and muddy waters. Follow-on tugs will be available as ASD's, and shipyard has already purchased Z-drive units to meet future delivery schedules. Further details, photographs, drawings & price / rate ideas on request. *Hull 101* should be completed abt. April 2008. *Hull 102* probably completed in abt. August 2008. *Hull 103* delivery date still open. Inspection / delivery U.S. Great Lakes.



File TG40021 Twin Screw Tug 125.3' x 29.52' x 15.1' depth x 12' draft. Built 1965 by New Iberia Shipbldg., New Iberia, Louisiana. Flag US, GRT 176, NRT 75 (ITC - 350G / 105N). ABS Loadline through 04 May 2008. Annual Loadline Survey #4 due 05 May 2007. FO 75,403g (at 100% including 2-940g day tanks). LO 3,262g. Stop oil 2,721g. Fresh Water 1,436g + watermaker. 2 x Fairbanks Morse 10-38D8-1/8 total 4,000bhp at 750RPM. Falk 3:1 reverse reduction gears driving two 92" x 54" fixed pitch, inboard turning open props. 2-100kW/GM8V71 440vAC 60Hz generators new in 1992. Enclosed double drum Markey TESD-28 winch with 2,000' x 2" wire capacity. Vertical capstan port side aft. "H" bits fore & aft. Bow winch.

Rubber bow pud and tire fendering. Gyro, VHF, Radar, Auto Pilot, Echo sounder. Fully operational. Inspection / delivery U.S. Gulf Coast by arrangement through this office. Price ideas, further details and photographs available on request.

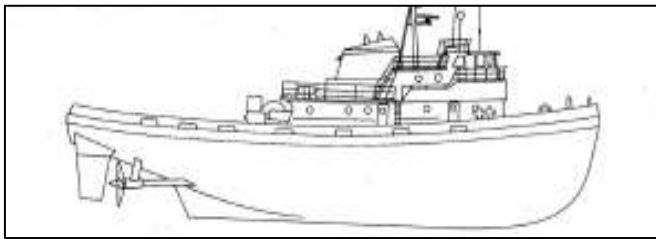
www.marcon.com

Details believed correct, not guaranteed. Offered subject to availability.

This document, and more, is available for download from Martin's Marine Engineering Page - www.dieselduck.net

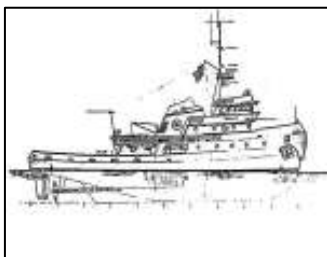
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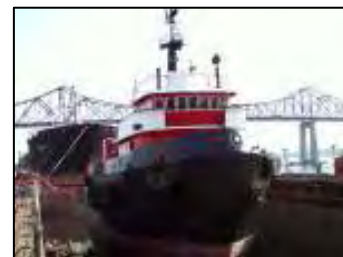
File TG57146 Twin Screw Tug 136.2' / 127.2' x 36.5' x 19.2' depth x abt. 17' light / 20' loaded draft. Built 1968 by J.R. McDermott; Amelia, LA. U.S. flag. G/NRT 194/132.. ABS +A1, Towing Service, +AMS. Unrestricted Service. Annual Hull Survey 5, Annual Mach Survey 5 & Drydocking due end April 2007. FO abt. 155,000g. FW abt. 15,000g. 2 x EMD 16-645E5 total 5,750BHP at 900RPM. Falk 4.345:1 gears. 5-blade 120" x 99" 5-blade stainless steel

open props. Bollard pull abt. 135,000lbs. ahead and abt. 95,000lbs. astern. Markey TDSDW 36 double drum tow winch with capacity for 2,200' 2.25" and 2,600' 2.125" wire. 2-60kW CAT D3304 generators. Full com / nav aids including 2 radars, GPS, fathometer, VHF, SSB, gyro and autopilot. Inspection / delivery strictly "as is, where is" U.S. Gulf Coast by arrangement through this office. Further details, owner's brochure, small scale outboard profile, ABS Safenet, price guidance and comments on condition available on request from this office. As brokers only, we invite your best firm cash, prompt offers for Owner's immediate consideration. Marcon has sold approx. 80 vessels and barges either to or from this Owner over the years.



TG44122 Twin Screw Tug 121.5' x 34.2' x 17.5' depth. U.S. flag. GRT 198. Built 1970 by Gulfport Shipbldg, Port Arthur, TX. Totally rebuilt 2000. Extensive steel work in way of all ballast tanks, chain locker, deck plate, etc. completed at Main Iron Works in 2000. Additional steel work in '06. ABS +A1, Towing Services, +AMS. ABS Int'l Loadline. Special survey passed April '06 & due July 2010. FO 102,547g. 2 x Fairbanks Morse 12-38D8-1/8 total 4,400BHP at 825RPM. Direct reversing. Lufkin reduction gears. All shaft seals replaced in '06. Main engines totally rebuilt in 2000 including 3 of 4 crank shafts renewed. Both reduction gear boxes overhauled. Shafts, wheels & rudders pulled and re-worked. All packing glands, rudder bearings, etc. renewed. 2-125kW/GM6-71

generators. One generator engine rebuilt in '00, one in '06. Single drum Burrard Iron Works tow winch with 2,500' x 2.25" wire new in '06. Winch rebuilt in '06 with 2 new winch motors in '00. "Texas bar" installed. Windlass overhauled in '00. 2,000# anchor & 105 fathoms of 1.25" stud link chain new in '06. New bow rubber installed in '00. All valves & vents replaced new on deck in '06. All air controls renewed. D deck machinery hydraulically powered & supplied by independent GM6-71 driven pump (in addition 50HP electric driven hydraulic pump). Stern roller 21" dia. x 60" long new in '00. Wagner hydraulic ram-helm pump steering with two electric hydraulic & manual pumps rebuilt '00. Steering hydraulic cylinders, valves and hoses all rebuilt/replaced in '06. 2 radars, 4 VHF's, 2 GPS, fathometer, AREA 3 GMDSS Suite, gyro/magnetic compasses and autopilot, Doppler speed log, AIS, SSAS, SART, EPIRB and Integrated electronic chart display. Inmarsat C, Sat Phone. Ten berths in six staterooms with four bathrooms. Completely air conditioned with exception of machinery space. Sale "as is, where is". Delivery US East Coast. For a direct reversing vessel, she has a quick respond time (@6-7 seconds from forward to astern), and a good handling boat. Marcon has brokered this boat so far twice in its life.



File TG30106 Twin Screw Tug 105' / 94.7' x 30' x 15' depth. Approx. 13' max draft. Built 1966 by Main Iron Works. Extensively rebuilt in 1984 after sinking and in 1990. U.S. flag. GRT 191. ABS Loadline (5 yr. renewal due Feb 2008). Last drydocking '05 (blast & paint, etc.). FO 50,000g. FW 3,000 g. BW 26,000g. 2 x EMD 12-645E2 total 3,000BHP. Falk 3.46:1 gears. 94"x62" fixed pitch props open wheel on 9.5" shafts. Bollard pull @ 35 st. Free running speed @10.5 knots. 2-60kW / GM6-71 110v AC generators. Single Drum Markey hydraulic tow winch with 2,000' x 2" wire. Quarters for 8-10 in 5 cabins. Air-conditioned. Full galley. Gyro, 2 VHF's, 2 Radars, SatPhone, SSB, GPS, Autopilot, fathometer. El/hyd. Steering. Price ideas, full details, copies of certificates, photos and May 2007 survey on request. Marcon sold tug to present Owners. Delivery US Gulf, Caribbean or US East Coast by arrangement December 2007. Tug working and can be made available to inspect by arrangement per vessel schedule.

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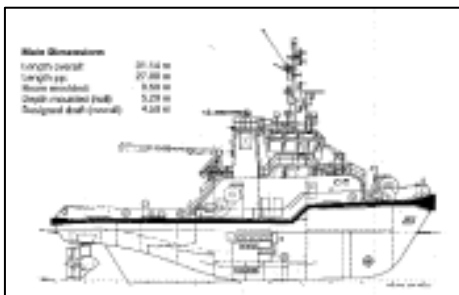
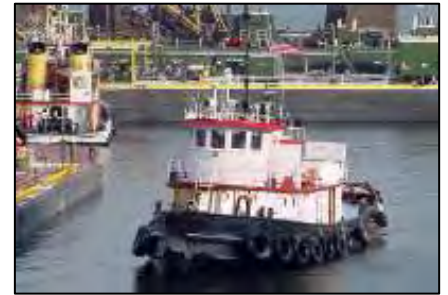
Files TG29105 / TG29106 Single Screw Tugs (2 each) 107' x 32' x 18' depth. Built 1969 by Gulfport Shipbuilding, Port Arthur, TX. Extensively rebuilt in '05 for mid-life refit with steel work, and machinery work conducted. Canadian flag. GRT 307.84. No Loadline. Fuel 81 m³. 1 x EMD16-645E5 2,875BHP. Falk 6:1 ratio gear driving single fixed pitch prop in fixed kort nozzle. Single steering rudder and two flanking rudders. Abt. 41mt bollard pull. 2-60kW/GM6-71 220v 60Hz generators. 2 – 3" FiFi water cannons capable of spraying 5,000 gpm of water @ 300 psi. FiFi Pumps driven by GM12V71. 3-1.5" hoses on deck. Foam 5,000g. No tow winch. Vertical Capstan on bow. Mainly day boat but has bunk space for 4 persons, head with shower toilet and space for a small galley. Previously used in dedicated terminal support for shipdocking and escort work in Canada's Northeast. Full com/navaids.



File TG20109 Single Screw Tug 108.5' x 28.9' x 16.3' depth/13.7 loaded draft. Built 1965 at Marinette Marine; Marinette, WI as YTB. US Flag. GRT 147. Built to ABS specs. Drydocked & refurbished 2001. Last drydock Feb '07. Fuel: 63,000g. Water: 7,000g. 1 x Fairbanks 38D8-1/8, 10 cylinder 2,000 BHP. Recently replaced sea chest vent lines, upgraded oil filter system & new tachometer. Western 5.95:1 reverse gear. 144"x112" 4– blade stainless prop. Wesmar 105 HP 24" dual prop bowthruster. Speed abt. 12 knots free at 80 gph. 2-75kW/GM6-71 208vAC 60Hz. gensets. New quick-change oil system, new tachometers. 150# CO hose reel in engine room. New 100 gpm bilge pump. Ballast pumps rated @ 35 psi. Fire monitor. Single drum winch powered by GM6-71 + capstan. Winch capacity 2,800'

1-3/4" wire. 30 HP windlass. 1,750# anchor. Three new Hydraulic tow pins. Full com/navaids including 2 radars, 2 VHF's, autopilot, fathometer, SSB, GPS, New chart plotter, depth sounder & rudder angle indicator. Sperry electric steering. Floodlights. A/C accommodations for 6 in 2 staterooms. Six man liferaft. Prompt inspection/delivery on US West Coast. In very good, turn-key condition. See recent photos on our website. Please call Marcon for price ideas or for further details. Tug drydocked Feb 2007 when hull sand blasted, painted, new zincs, cleaned fuel tanks and replaced 3 tow pins. Several maintenance issues & upgrades made at this time. Marcon sold to present Owners.

File TG12072 Twin Screw Tug 75.0' / 79.4' x 22.5' x 9.5' depth x abt. 8.0' laden draft. Built 1966 by Allied Shipyard, Larose, LA U.S. flag: GRT / NRT 104 / 87. Single drum tow winch with 1,800' 1.5" wire capacity driven by GM3-71 FO 20,000g. FW 5,000g. 2 x GM 12V149 total 1,400BHP at 1,800RPM. 2 x 40 KW gensets driven by GM3-71 diesel engines. Steel plate thickness' reported 1/2" bottom, 1/4" deck and 3/8" sides. Model bow low profile tug ,variously rebuilt over the years with last major rebuilding completed in 1997. The vessel is currently working and maintained in good condition. Inspection / delivery U.S. East Coast. Sale "as is, where is".



File TG40172 Azimuthing Tug 31.5m / 27.0m x 9.9m x 5.2m depth x 4.2m design / 4.67m max draft. Built 1993 by Detlef Hegemann; Germany. RINA *100A1.1 Mn Re Salv.Nav. I.C. TPF 500 IAQ1 FFQ1. G/NRT 350/104. FO abt. 194m³. FW abt. 41m³. LO abt. 3m³. Waste oil abt. 3m³. Sewage abt. 4m³. Foam abt. 17m³. BW abt. 40m³. 70T / 15T static / dynamic towing winch fore & aft. 50 tonne SWL tow hook. 2 x MWM Deutz SBV8M628 4SA 8 cyl. 240x280mm total 3,000kW / 4,000BHP. CP rudder props. Bow thruster. Remote control of propulsion from wheelhouse for all maneuvers including start/stop of main engines. 3-109kW 380vAC 50Hz generators. Speed abt. 12.5kn free running. Full navaids. Accommodations for 6 crew.

After completing a three year charter arranged via Marcon, tug is expected to become charter-free in Latin America around May 2008. Further details, photographs, rate ideas and inspection arrangements available on request from this office. Owners looking for long-term bareboat charter without purchase option.

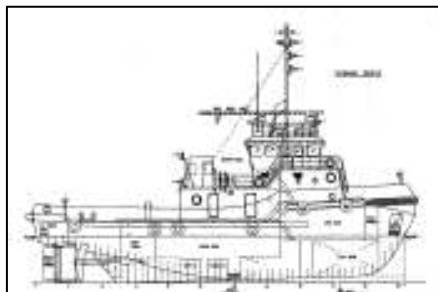
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Tug Boat Market Report – January 2008

File TG13068 Twin Screw Line Handling Boat 22.5m / 21.3m x 7.5m x 3.2m depth / 2.4m draft. Built 1991 by Jiangsu Wuxi Shipyard; Wuxi, China. St. Vincent Flag. G/NRT 132/32. LR 100A1. Surveys due. Previously classed/built under ABS +A1 (E), +AMS. FO 75mt. FW 13mt. Pumps fuel oil abt. 4-5m³/h fitted & 20m³/h portable. 2 x Cummins VTA-28-M2 total 1,350BHP. Repowered 7/04 when installed new ZF gears & fixed pitch props. Bollard pull @16.4 / 17.2mt continuous / max. Speed abt. 10kn free. 2-35kW / Cummins 380vAC 50Hz generators. Full com / nav aids including 2 VHF's, EPIRB, GPS, Fathometer, Radar. Accommodations for six persons. 2-10 person life rafts. Inspection / delivery Mid-East. Sale "as is, where is".

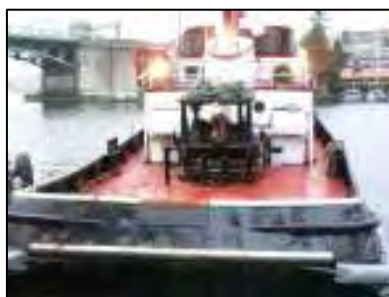


Files TG20137 / TG20140 Twin Screw Tugs (2) 29.0m / 26.5m x 9.0m x 4.25m depth / 3.9m max draft. Built 1999 by Jiangdu Yuehai Ship; China. Singapore flag. G/NRT 247/74. ABS +A1 (E) Towing, +AMS thru Oct '09 / Jul '09 resp. Drydocking due Oct / Jul 2009 resp. FO abt. 145m³. FW abt. 25m³. BW abt. 33m³. Electro-hyd. windlass. 2-490kg anchors on 275m 19mm Grade U2 chain each side. Plimsoll electro-hyd. double drum w/f tow winch remote controlled from wheelhouse. Capacity 300m 80mm / 700m 40mm upper / lower drum. 50mt static brake. 2 x Wartsila SACM UD25V12M5D total 2,000BHP. Fixed pitch props in kort nozzles. Free running speed abt. 9 / 11kn econ. / max. on abt. 4 / 6 m³/h MGO. Bollard pull abt. 23 mt. 2-85kW Leroy Somer / GM-71 415vAC 50Hz generators. 30m³/h @ 50m head emergency fire pump. Fire detection & alarm system in living & engine room spaces. Total 10 berths in 2-1 and 2-4 berth cabins. All cabins and engine control room fully



air conditioned. 2-10 man SOLAS approved liferafts. Full com / nav aids including SSB, VHF, Navtex, EPIRB, Radar, Fathometer, Magnetic Compass, Watchkeeping Receiver, Weatherfax and Speed log. 2-1,000W search & 4-400W flood lights. Inspection / delivery Southeast Asia.

File TG32087 Twin Screw Tug 26.8m x 8.0m x 3.8m depth x 2.6 – 3.2m design draft. Built 2003 by Zhuhai Shipbuilding, China. BVI \star Hull \star Mach Tug Unrestricted Nav. GRT 203. FO abt. 155mt. FW abt. 35mt. Short Tow Hook 50MT SWL with electro-hyd. quick release. Electro-Hyd. Tow Winch 50MT Brake. Bow Towbitt: 80T SWL. Aft Towbitt: 135T SWL. 2 x Cummins KTA50M2 (U.S. mfg.) total 3,200BHP. ZF-Masson 6.01:1 marine gears. Fixed pitch props in kort. External Fire Fighting Monitor ~400 cbm/hr range >100M. GMDSS; SSB; VHF; GPS; AP; weatherfax; radar; magnetic reflector compass; echo sounder; EPIRB. Air conditioned wheelhouse and messroom. 2 senior officer cabins & two 6 berth crew cabins total 14 persons. Vessel delivered Mid-East.



TG14071 Twin Screw Tug 70' / 60.07' x 22' x 9.0' loaded draft. Built 1972 by Marine Power & Equip; Seattle, WA, of 3/8" plate. U.S. flag. G/NRT 86/ 58. FO 16,000g LO 200g FW 1,500g. 1,000# anchor on 900' 1" chain. Windlass. Single drum tow winch with new electrically powered hydraulic back-up motor. 1,500' 1.5" tow wire new in '07. Clear deck aft abt. 18' x 13'. 2 x GM12V149TA total 1,800BHP at 1,800RPM. Twin Disc MG-527 5.17:1 gears. 68"x47" props. Speed abt. 11.6kn free. 1-20kw/GM2-71 & 1-30kW / Isuzu generators. Full electronics including 2 Furuno radars, Chart Plotter, GPS, Weather Fax, Fathometer. 2 VHF's, Sea 322

SSB, Sperry Autopilot, CAP TT3022D Sat and AIS. Quarters include Captains cabin, and 2-2 bunk cabins below deck. No air-conditioning. Electric heat only. Last drydocked '07 when blasted, painted & new zincs. Range abt. 2,200nm. Hydraulic fold down mast (23' air draft with mast down & 34' with mast up). Located Pacific Northwest for prompt inspection. \$735,000 "as is, where is". Good condition. As brokers, we invite best prompt firm / cash offers.



Marcon International, Inc.

Tug Boat Market Report – January 2008

TG22132 Twin Screw Tug 115' x 31.0' x 15.5' built 1968 by McDermott Shipyard; Amelia, LA with raised foc'stle bow. Later fitted with upper pilothouse. U.S. flag. G / NRT 182 / 124. FO abt. 102,420g. Intercon double drum tow winch powered by CAT 3304 diesel with 1,800' 2" wire capacity each drum. 2 x CAT D399TA total 2,250RPM. Fixed pitch props. Open wheel. Speed abt. 12kn free. 2-60kW generators. For sale out of competition. Price on request.



File TG27004 / TG27007 ASD Tugs (2 each) 94.3' / 86.2' x 29.84' x 16' depth x 11.97' draft. Built 1984 by Sabah SY, Malaysia. Extensive Rebuild 2007 in Canada. Canadian Flag. G / NRT 251.8 / 118. Classed LR +100A1 with fresh 5 year Class Certificates issued May 2007. Fuel: 91.5mt Water: 25mt Ballast Water: 6mt Lube: 3mt 2 x Deutz SBV6M628 with total 2,720BHP (Rebuilt 2007). Twin forward mounted Schottel SRP 503/505 Z-drive (Rebuilt 2007) propulsion with large center skeg mounted aft. LIPS (2,100mm) 4-fixed pitch propellers. Shaft brakes. Speed abt. 10kn free running. Bollard pull abt. 60,000 lbs. 2-68kW/Deutz diesel powered 400v, 3 Phase 50Hz generators + 30kW inverter all New 2007. Anchor windlass forward. 1-80mt Htlapa single

drum hydraulic towing winch aft with H-Bitt and 250m tow wire capacity. Accommodations for 10 in 4 cabins. Full galley. Fully air-conditioned. These tugs were completely rebuilt during Winter 2006-2007. The Deutz main engines, and the Schottel Z-drives were completely rebuilt by factory mechanics, and the vessels were fitted with new gensets. Bridge electronics and new Kobelt electronic controls were also installed during rebuild. The vessels also underwent upgrading required by Canadian Coast Guard and the hulls are reportedly at 95% of original steel thickness as measured by Lloyd's Class officials during the recent special survey (records available on request to serious interests). The vessels have recently undergone blasting and painting and are available for immediate delivery in "like new" condition in Quebec, Canada. Inspection arrangements, photographs and further details are available by contacting this office directly, or by downloading from our website.



Further details on these and other tugs and barges are available on our website at www.marcon.com.

