

FLAGSHIP MANAGEMENT LLC

NOTICE TO MARINERS
SALARY REVIEW JUNE 2012



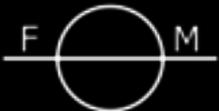
EXECUTIVE SUMMARY

During the course of our daily business activities we are exposed to salary and compensation data from both the employer and employee perspective. While we hold individual data in confidence we believe providing accurate compensation data to the market is a beneficial service. We trust you agree.

There is no doubt that uncertainty in Europe, slowing demand for commodities, slowing growth in China, and a sluggish economy in the USA are having an impact on employer hiring. Overall the markets have been active. While not robust we have seen movement in certain segments of the industry particularly tankers, OEM support services, the Offshore sector, and Class. There has been little hiring activity in the liner, marine terminal, and dry bulk sectors. Many employers are being more selective in their hiring, requiring additional experience and skills than when the markets were more robust. We are seeing more job descriptions that include more detailed and “must have” requirements, as well as additional interviews.

Overall salaries are flat when compared to the 2010/2011 period. Unemployed candidates are experiencing a longer transition period between roles. Many are also accepting a step back in both compensation and responsibilities in order to get back into the market. Candidates are being more selective when considering a career change. There are opportunities for both employers and candidates, but we're in a changing market.

The salary data provided is based on information reviewed over the past 12 months. The figures given are for base compensation and do not include any overtime, social benefits, or expatriate provisions. These provisions vary by company and for each specific country of residence.



SECTOR SUMMARY

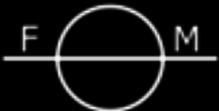
Activity has been strong in ship vetting, risk assurance, and HSE roles. Continued emphasis on safety and operational integrity for ship owners across all segments has driven the demand. Mariners with Senior Licenses have an advantage over other candidates when being considered for these roles.

Until recently there has been little movement in the commercial space, particularly in the tanker segment. With the decline in charter rates in both the term and spot market, there has been little movement of personnel. Owners seem more concerned with maintaining existing business with little focus on expansion efforts. We have seen a recent uptick in chartering activity from several tanker and specialty owners, as well as the oil majors. There have been some shifts in pool arrangements as well as other market events which seem to be driving this.

The Original Equipment Manufacturing (OEM) market has seen a significant upswing in the past 12 months in the USA and Canada. The 2009-2011 years were characterized by depressed shipping rates, slumping profit margins, and dim prospects for growth caused a sharp pullback by the engine, propulsion, and auxiliary equipment manufacturers.

Many ship owners and operators deferred maintenance and operated machinery in other than optimal conditions, causing a wave of demand for service, replacement parts, and even new equipment. OEM's have started hiring technical sales engineers to capture this renewed demand. OEM's have also begun to compete with "downmarket" service and parts providers by improving the skills of their service engineers and technicians, investing in technology to improve margins on spare parts, and instill a quality mentality throughout their organization.

This market shift has provided numerous opportunities for marine engineers, either in technical roles such as service engineers or application engineers, or in business development and sales roles.



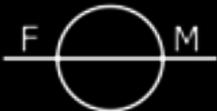
EUROPEAN MARKETPLACE

The tough times for the Tanker Market effect the greater UK / EUR region as a whole however the market for talent has plugged along. Most hiring that we have seen has resulted with the companies getting candidates with more than 90% of what they looked for in terms of requirements for the role.

As always the Technical needs remain steady with activity peaks and valley's on the Ship Operator sides. We have glimpses of Senior Level Roles starting to show up as retirements that had been put off during the crash are now being exercised. More and more companies will have a look externally to test markets before making the internal promotions.

Selected Position Salary ranges All in GBP

| | |
|--------------------------|-----------------|
| Operator - Tanker | 40,000 - 75,000 |
| Technical Superintendent | 60,000 - 90,000 |
| Ship Broker | 40,000 - 80,000 |
| Service Engineer | 45,000 - 65,000 |



NORTH AMERICA MARKETPLACE

This market is as varied as it gets with the US Flag fleet struggling but showing improvement, Oil Majors splitting up or relocating offices and staff, and pool participants shuffling the mix. Some of this has created uncertainty but with an aging population of shore side professionals we are seeing companies looking to hire at the Director level for future Senior Management roles.

The Canadian market remains hot with the shipyards in a growth pattern on the East and West Coasts. Canadian specialist shipping companies are doing well, conservatively weathering the down markets. The uncertainty of liner volumes and the reduced demand in the dry bulk sector has led to relatively little movement in these sectors.

Selected Position Salary ranges

All in USD

| | |
|--------------------------|-------------------|
| Marine Vetting | 105,000 - 140,000 |
| Technical Superintendent | 90,000 - 145,000 |
| Marine Surveyor | 65,000 - 95,000 |
| Service Engineer | 65,000 - 90,000 |



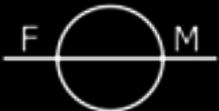
ASIA MARKETPLACE

The Asian market remains strong across various sectors. We see activity being driven by the offshore industry, including FPSO conversions, DP work, and shipyards. Technology is key, with green technology for the industry starting to come online. The employment market is good right now for engineers.

Commercially, activity is still stable, with China still a strong influence in the market. Several new owners and trading houses are opening up shop in Singapore. There is still a strong expatriate community in Asia, specifically Singapore, with many Americans and Europeans relocating there. Asia continues to exhibit signs of growth despite reports of a slow down in economic activity in China.

Selected Position Salary ranges All in SGD

| | |
|--------------------------|-------------------|
| Operator Tanker | 80,000 - 117,000 |
| Technical Superintendent | 110,000 - 162,000 |
| Marine Surveyor | 100,000 - 132,000 |
| Service Engineer | 75,000 - 110,000 |



BRAZILIAN MARKETPLACE

This market is sizzling, driven by market demand, a shortage of qualified local candidates, and high costs on local hires. Overall the market is solid with a good deal of companies looking to enter the Brazilian market place.

The market will continue to grow through this year as new vessels appear on the scene and new contracts are signed. The growth will bring opportunities as we see qualified candidates being head hunted and switching companies.

Selected Position Salary ranges All in BRL

| | |
|--------------------------|-------------------|
| Business Development | 240,000 - 330,000 |
| Technical Superintendent | 180,000 - 210,000 |
| Marine Surveyor | 160,000 - 190,000 |
| Offshore Operations | 220,000 - 280,000 |



FLAGSHIP MANAGEMENT LLC

Our Principals have been the Maritime Industry's leaders in executive recruitment since 2006. Flagship Management, LLC is a professional services firm, which provides strategic consulting services across a variety of disciplines in the maritime industry.

A key feature of our service is providing focused executive recruiting services for the maritime and energy industries. We have performed searches across all disciplines, at all levels from trainee through to the C suite.

Our Principals and Associates are all maritime academy graduates who have industry experience at sea and ashore. We have a unique network of contacts developed during 200+ years of maritime business experience in various industry segments.

When it comes to personnel and career decisions work with the people you know and trust.

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