
NewLead strikes debt deal



NewLead Holdings is closing in on a deal that will wipe out \$81.2m in debt tied to the collapse of a sale-and-leaseback contract with Lemissoler Maritime of Bahrain.

The Nasdaq-quoted shipowner says it has struck a preliminary agreement that will see the obligation erased in exchange for 174 million shares of common stock.

If all goes according to plan chief executive Michael Zolotas expects NewLead's restructuring campaign to conclude in the fourth quarter of 2012 when it hopes to be left with a debt balance of around \$58m.

When the smoke clears the company will have slashed its financial deficit by approximately \$628.3m, be left with more than 482 million shares outstanding and control a fleet of four vessels, according to a statement.

In an email exchange with TradeWinds a spokesman said the stable will include two bulkers, the 76,000-dwt NewLead Victoria (built 2002) and 71,200-dwt **NewLead Markela** (built 1990), and a pair of products tankers, the 37,000-dwt **Hiotissa** (built 2004) and **Hiona** (built 2003).

While the latter two were sold with the blessing of Piraeus Bank in June when the lender signed off on a **deal that saw debt converted into equity**, the spokesman says NewLead is still in charge of management.

As TradeWinds has reported, in April NewLead handed four bulkers back to Lemissoler six years ahead of schedule in a **move that marked the ailing Greek operator's exit from the capesize segment**.

The company sold the quartet in 2010 in a sale-and-leaseback transaction and chartered the vessels back for eight years under a contract that included what the counterparty described as a step-down payment structure.

At the time Lemissoler said the deal, which boasted a Shariah-complaint lease structure, would protect it from residual value risk as it included a put option that required NewLead to repurchase the ships at the end of the charter.

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