UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

OR

o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report:

Commission file number: 1-33373

CAPITAL PRODUCT PARTNERS L.P.

(Exact name of Registrant as specified in its charter)

Republic of The Marshall Islands
(Jurisdiction of incorporation or organization)

3 Iassonos Street, Piraeus, 18537 Greece
+30 210 458 4950
(Address and telephone number of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common units representing limited partnership interests	Nasdaq Global Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**
Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

13,512,500 Common Units
8,805,522 Subordinated Units
455,470 General Partner Units

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES o NO x
If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
YES o NO x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES x NO o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer x

Indicate by check mark which financial statements item the registrant has elected to follow.

ITEM 17 o ITEM 18 x

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES o NO x

CAPITAL PRODUCT PARTNERS L.P.

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FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F (the "Annual Report") should be read in conjunction with the audited consolidated and predecessor combined financial statements and accompanying notes included herein.

Statements included in this Annual Report which are not historical facts (including statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) are forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business, financial condition and the markets in which we operate, and involve risks and uncertainties. In some cases, you can identify the forward-looking statements by the use of words such as "may," "could," "should," "would," "expect," "plan," "anticipate," "intend," "forecast," "believe," "estimate," "predict," "propose," "potential," "continue" or the negative of these terms or other comparable terminology. Forward-looking statements appear in a number of places and include statements with respect to, among other things:

- *anticipated future acquisition of vessels from Capital Maritime, and in particular the expected acquisition of the M/T Aristofanis in the second quarter of 2008;*
- *our anticipated growth strategies;*
- *future charter hire rates and vessel values;*
- *our ability to make cash distributions on the units;*
- *our future financial condition or results of operations and our future revenues and expenses, including revenues from profit sharing arrangements;*
- *the repayment of debt and settling of interest rate swaps;*
- *our ability to access debt and equity markets;*
- *future refined product and crude oil prices and production;*
- *planned capital expenditures and availability of capital resources to fund capital expenditures;*
- *future supply of, and demand for, refined products and crude oil;*
- *increases in domestic oil consumption;*
- *changes in interest rates;*
- *our ability to maintain long-term relationships with major refined product importers and exporters, major crude oil companies, and major commodity traders;*
- *our ability to leverage to our advantage Capital Maritime & Trading Corp.'s ("Capital Maritime") relationships and reputation in the shipping industry;*
- *our continued ability to enter into long-term, fixed-rate time charters with our tanker charterers;*
- *obtaining tanker projects that we or Capital Maritime bid on;*
- *our ability to maximize the use of our vessels, including the re-deployment or disposition of vessels no longer under long-term time charter;*
- *timely purchases and deliveries of newbuilding vessels;*
- *our ability to compete successfully for future chartering and newbuilding opportunities;*
- *the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business;*
- *our anticipated general and administrative expenses and our expenses under the management agreement and the administrative services agreement with Capital Ship Management Corp., a subsidiary of Capital Maritime ("Capital Ship Management"), and for reimbursement for fees and costs of our general partner;*
- *the expected impact of heightened environmental and quality concerns of insurance underwriters, regulators and charterers;*
- *the anticipated taxation of our partnership and distributions to our unitholders;*

- *estimated future maintenance and replacement capital expenditures;*
- *expected demand in the refined product shipping sector in general and the demand for our medium range vessels in particular;*
- *our ability to retain key employees;*
- *customers' increasing emphasis on environmental and safety concerns;*
- *future sales of our common units in the public market; and*
- *our business strategy and other plans and objectives for future operations.*

These and other forward-looking statements are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and therefore involve a number of risks and uncertainties, including those risks discussed in "Risk Factors." The risks, uncertainties and assumptions involve known and unknown risks and are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward- looking statement. You should carefully review and consider the various disclosures included in this Annual Report and in our other filings made with the SEC that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

PART I

Item 1. Identity of Directors, Senior Management and Advisors.

Not Applicable.

Item 2. Offer Statistics and Expected Timetable.

Not Applicable.

Item 3. Key Information.

Selected Financial Data

We have derived the following selected historical financial and other data for the three years ending December 31, 2007 from our audited consolidated and predecessor combined financial statements for the years ended December 31, 2007, 2006, 2005 respectively, appearing elsewhere in this Annual Report. The historical financial and other data presented for the period from August 27, 2003 (inception) to December 31, 2004 have been derived from audited financial statements not required to be included in this Annual Report and are provided for comparison purposes. August 27, 2003 refers to the incorporation date of the vessel-owning subsidiary of the M/T Aktoras and is the earliest incorporation date of any of our vessel-owning subsidiaries.

Consolidated Financial Statements. Financial statements presented reflecting our balance sheet as of December 31, 2007 and results of operations and cash flows from April 4, 2007 (completion of our initial public offering) to December 31, 2007 are referred to herein as our "consolidated financial statements" and include operations of the five vessels which had been delivered as of December 31, 2006 and the M/T Attikos and operations of the remaining seven vessels in our fleet which were delivered between January and September 2007 as of their respective delivery dates.

Predecessor Combined Financial Statements. Financial statements presented reflecting the historical carrying costs of certain vessel-owning companies under the common control of Capital Maritime which were contributed to us by Capital Maritime at the time of our initial public offering or which were purchased by us from Capital Maritime are collectively referred to herein as our "predecessor combined financial statements". These include the balance sheet as of December 31, 2006 and the results of operations and cash flows of the eight vessels that comprised our fleet at the time of our initial public offering (the "initial vessels") from their respective delivery dates in 2006 to April 3, 2007, the date they were transferred to us, and of the M/T Attikos from January 20, 2005, the date it was delivered to Capital Maritime, to September 23, 2007, the date it was acquired by us. Construction costs incurred by Capital Maritime in connection with the M/T Attikos during the period from August 27, 2003 (inception) to December 31, 2004 are included in the historical financial data for the period presented below.

Our historical results are not necessarily indicative of the results that may be expected in the future. Specifically, our audited consolidated and predecessor combined financial statements are not comparable, as our initial public offering and certain other transactions that occurred during 2007, including the delivery of four newbuildings, the acquisition of the M/T Attikos, the agreement we entered into with Capital Ship Management for the provision of management and administrative services to our fleet for a fixed fee and the new financing arrangements we entered into, have affected our results of operations. Furthermore, for the year ended December 31, 2006, only six of the vessels in our current fleet had been delivered to Capital Maritime. Five of these vessels were delivered between April and November 2006 and were in operation for only a portion of the year. The M/T Attikos was delivered on January 20, 2005 and is the only vessel in our fleet which had been delivered to Capital Maritime during the year ended December 31, 2005. Consequently, the following table should be read together with, and is qualified in its entirety by reference to, the historical audited consolidated and predecessor combined financial statements and the accompanying notes included elsewhere in this Annual Report. The table should also be read together with "Item 5: — Management's Discussion and Analysis of Financial Condition and Results of Operations".

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles. All numbers are in thousands of U.S. Dollars, except numbers of units and earnings per unit.

	Period from Aug. 27, 2003 (inception) to Dec. 31, 2004*	Year Ended Dec. 31, 2005*	Year Ended Dec. 31, 2006*	Year Ended Dec. 31, 2007
Income Statement Data:				
Revenues	$ -	$ 4,377	$ 19,913	$ 72,543
Expenses:				
Voyage expenses(1)	-	520	373	770
Vessel operating expenses—related party	-	216	890	12,283
Vessel operating expenses(2)	40	1,932	4,043	3,196
General and administrative expenses	-	-	-	1,477
Depreciation and amortization	-	360	3,370	13,109
Total operating expenses	40	3,028	8,676	30,835
Operating income (expense)	(40)	1,349	11,237	41,708
Interest expense and finance costs	-	(389)	(4,584)	(10,809)
Loss on interest rate swap agreement	-	-	-	(3,763)
Interest income	-	1	13	710
Foreign currency gain/(loss), net	-	9	(56)	(19)
Net income (loss)	(40)	$ 970	$ 6,610	$ 27,827
Less:				
Net income attributable to predecessor operations:				
Initial vessels' net income from January 1, 2007 to April 3, 2007	-	-	-	$ (5,328)
Attikos' net income from January 1, 2007 to September 23, 2007	-	-	-	(928)
Partnership's net income for the period from April 4 to December 31, 2007	-	-	-	21,571
General partner's interest in our net income	-	-	-	431
Limited partners' interest in our net income	-	-	-	21,140
Net income per limited partner unit, basic and diluted:				
Common units	-	-	-	1.11
Subordinated units	-	-	-	0.70
Total units	-	-	-	0.95
Weighted-average units outstanding (basic and diluted):				
Common units	-	-	-	13,512,500
Subordinated units	-	-	-	8,805,522
Total units	-	-	-	22,318,022
Balance Sheet Data (at end of period)**:**				
Vessels, net and under construction	$ 25,152	$ 49,351	$ 208,028	$ 429,171
Total assets	25,165	50,553	216,124	454,914
Total partners'/stockholders' equity	19,658	24,840	49,397	161,939
Number of shares/units	3,700	3,700	3,700	22,773,492
Common units	-	-	-	13,512,500
Subordinated units	-	-	-	8,805,522
General Partner units	-	-	-	455,470
Dividends declared per unit	-	-	-	$ 0.75

	Period from Aug. 27, 2003 (inception) to Dec. 31, 2004*	Year Ended Dec. 31, 2005*	Year Ended Dec. 31, 2006*	Year Ended Dec. 31, 2007
Cash Flow Data:				
Net cash provided by operating activities	29	1,468	9,497	50,582
Net cash used in investing activities	(25,152)	(24,559)	(162,047)	(246,938)
Net cash provided by financing activities	25,134	23,087	153,782	215,034

(1) Vessel voyage expenses primarily consist of commissions, port expenses, canal dues and bunkers. Since April 4, 2007 our only voyage expenses have been commissions.

(2) Since April 4, 2007 our vessel operating expenses have consisted primarily of management fees payable to our manager, who provides commercial and technical services such as crewing, repairs and maintenance, insurance, stores, spares and lubricants, as well as administrative services pursuant to management and administrative services agreements. Vessel operating expenses presented in the predecessor combined financial statements consist of all expenses relating to the operation of the vessels including crewing, repairs and maintenance, insurances, stores and lubricants, management fees and miscellaneous expenses.

* The amount of historical earnings per unit for the period from August 27, 2003 (inception) to December 31, 2004, for the years ended December 31, 2005 and 2006 and for the period from January 1, 2007 to April 3, 2007, giving retroactive impact to the number of common and subordinated units (and the 2% general partner interest) that were issued upon the completion of our initial public offering on April 3, 2007 is not presented in our selected historical financial data. We do not believe that a presentation of earnings per unit for these periods would not be meaningful to our investors as the vessels comprising our initial fleet and the M/T Attikos were under construction during the period from August 27, 2003 (inception) to December 31, 2004 and during the year ended December 31, 2005 the vessel-owning subsidiaries included herein, with the exception of the one which owns the M/T Attikos which was delivered in January 2005 to Capital Maritime, were in the start-up phase. In addition, during the year ended December 31, 2006 only six of the 13 vessels we owned as of December 31, 2007 had been delivered to us and only the M/T Attikos was in operation for the full year ended December 31, 2006, while the other five vessels were in operation for only part of the period (the vessels were delivered in April, May, July, August and November 2006, respectively) and a portion of the revenues generated during 2006 was derived from charters with different terms and conditions from those in the charters in place during 2007. Earnings per unit for these periods are not reflective of our anticipated earnings and operations going forward.

Please note that our audited consolidated and predecessor combined financial statements for the years ended December 31, 2007, 2006 and 2005 and for the period from August 27, 2003 (inception) to December 31, 2004 have been retroactively adjusted to reflect the results of operations and initial construction costs of the M/T Attikos, which was delivered in January 2005 to an entity under common control and acquired by us in September 2007.

Risk Factors

Some of the following risks relate principally to the countries and the industry in which we operate and the nature of our business in general. Although many of our business risks are comparable to those of a corporation engaged in a similar business would face, limited partner interests are inherently different from the capital stock of a corporation. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. In particular, if any of the following risks actually occurs, our business, financial condition or operating results could be materially adversely affected. In that case, we might not be able to pay distributions on our common units, the trading price of our common units could decline, and you could lose all or part of your investment.

Risks Inherent in Our Business

We may not have sufficient cash from operations to enable us to pay the quarterly distribution on our common units following the establishment of cash reserves and payment of fees and expenses.

We may not have sufficient cash available each quarter to pay the declared quarterly distribution per common unit following establishment of cash reserves and payment of fees and expenses. The amount of cash we can distribute on our common units principally depends upon the amount of cash we generate from our operations, which may fluctuate based on numerous factors generally described under this “Risk Factors” heading, including, among other things:

- the rates we obtain from our charters;
- the level of additional revenues we generate from our profit-sharing arrangements, if any;

- the level of our operating costs, such as the cost of crews and insurance, following the expiration of our management agreement pursuant to which we pay a fixed daily fee for an initial term of approximately five years from the time we take delivery of each vessel, which includes the expenses for its next scheduled special or intermediate survey, as applicable, and related drydocking;
- the number of unscheduled off-hire days for our fleet and the timing of, and number of days required for, scheduled drydocking of our vessels;
- delays in the delivery of newbuildings and the beginning of payments under charters relating to those vessels;
- demand for seaborne transportation of refined oil products and crude oil;
- supply of product and crude oil tankers and specifically the number of newbuildings entering the world tanker fleet each year;
- prevailing global and regional economic and political conditions; and
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business.

The actual amount of cash we will have available for distribution also will depend on other factors, some of which are beyond our control, such as:

- the level of capital expenditures we make, including for maintaining vessels, building new vessels, acquiring existing vessels and complying with regulations;
- our debt service requirements and restrictions on distributions contained in our debt instruments;
- interest rate fluctuations;
- the cost of acquisitions, if any;
- fluctuations in our working capital needs;
- our ability to make working capital borrowings, including to pay distributions to unitholders; and
- the amount of any cash reserves, including reserves for future maintenance and replacement capital expenditures, working capital and other matters, established by our board of directors in its discretion.

The amount of cash we generate from our operations may differ materially from our profit or loss for the period, which will be affected by non-cash items. As a result of this and the other factors mentioned above, we may make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income.

The shipping industry is cyclical, which may lead to lower charter hire rates and lower vessel values, resulting in decreased distributions to our common unitholders.

The shipping industry is cyclical, which may result in volatility in charter hire rates and vessel values. We may not be able to successfully charter our vessels in the future or renew existing charters at the same or similar rates. If we are required to enter into a charter when charter hire rates are low, our results of operations and our ability to make cash distributions to our common unitholders could be adversely affected.

In addition, the market value and charter hire rates of product and crude oil tankers can fluctuate substantially over time due to a number of different factors, including:

- prevailing economic conditions in the market in which the vessel trades;
- regulatory change;
- lower levels of demand for the seaborne transportation of refined products and crude oil;
- increases in the supply of vessel capacity; and
- the cost of retrofitting or modifying existing ships, as a result of technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, or otherwise.

We have entered into an agreement with Capital Maritime to purchase, among others, its interests in the subsidiaries that own two newbuildings, expected to be delivered during 2008, at pre-determined purchase prices. We will purchase from Capital Maritime its interests in each subsidiary that owns the newbuildings upon delivery of the vessel to the applicable subsidiary. Even if the market value of similar vessels declines between the time we entered into the agreement and the time the newbuildings are actually delivered, we will still be required to purchase the interests in those subsidiaries at the prices specified in the agreement with Capital Maritime. As a result, we may pay substantially more for those vessels than we would pay if we were to purchase those vessels from unaffiliated third parties. For more information on our agreement to purchase the two newbuildings from Capital Maritime, please read “Item 4: Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Purchase of Vessels Following the Offering” and “Item 7B: Related Party Transactions—Share Purchase Agreement.”

If we sell a vessel at a time when the market value of our vessels has fallen, the sale may be at less than the vessel's carrying amount, resulting in a loss. A decline in the market value of our vessels could also lead to a default under any prospective credit facility to which we become a party, affect our ability to refinance our existing credit facilities and/or limit our ability to obtain additional financing.

We have a limited operating history, which makes it more difficult to accurately forecast our future results and may make it difficult for investors to evaluate our business and our future prospects, both of which will increase the risk of your investment.

We were formed as an independent limited partnership on January 16, 2007. Only five of the vessels in our current fleet had been delivered to the relevant vessel-owning subsidiaries as of December 31, 2006 and were in operation during a portion of the period then ended. Moreover, as these vessels were operated as part of Capital Maritime's fleet during the reporting period, the vessels were operated in a different manner than they are currently operated, and thus their historical results may not be indicative of their future results. Because of our limited operating history, we lack extended historical financial and operational data, making it more difficult for an investor to evaluate our business, forecast our future revenues and other operating results, and assess the merits and risks of an investment in our common units. This lack of information will increase the risk of your investment. Moreover, you should consider and evaluate our prospects in light of the risks and uncertainties frequently encountered by companies with a limited operating history. These risks and difficulties include challenges in accurate financial planning as a result of limited historical data and the uncertainties resulting from having had a relatively limited time period in which to implement and evaluate our business strategies as compared to older companies with longer operating histories. Our failure to address these risks and difficulties successfully could materially harm our business and operating results.

We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted.

We must make substantial capital expenditures to maintain, over the long-term, the operating capacity of our fleet. These maintenance and replacement capital expenditures include capital expenditures associated with drydocking a vessel, modifying an existing vessel or acquiring a new vessel to the extent these expenditures are incurred to maintain the operating capacity of our fleet. These expenditures could increase as a result of changes in:

- the cost of our labor and materials;
- the cost and replacement life of suitable replacement vessels;
- customer/market requirements;
- increases in the size of our fleet;
- the age of the vessels in our fleet;
- charter rates in the market; and
- governmental regulations, industry and maritime self-regulatory organization standards relating to safety, security or the environment.

Our significant maintenance and replacement capital expenditures will reduce the amount of cash we have available for distribution to our unitholders. Any costs associated with scheduled drydocking are included in a fixed daily fee of $5,500 per time chartered vessel ($8,500 for the M/T Amore Mio II), that we pay Capital Ship Management under a management agreement, for an initial term of approximately five years from the time we take delivery of each vessel, which includes the expenses for its next scheduled special or intermediate survey, as applicable, and related drydocking. In the event our management agreement is not renewed, we will separately deduct estimated capital expenditures associated with drydocking from our operating surplus in addition to estimated replacement capital expenditures.

Our partnership agreement requires our board of directors to deduct estimated, rather than actual, maintenance and replacement capital expenditures from operating surplus each quarter in an effort to reduce fluctuations in operating surplus. The amount of estimated capital expenditures deducted from operating surplus is subject to review and change by the conflicts committee at least once a year. In years when estimated capital expenditures are higher than actual capital expenditures, the amount of cash available for distribution to unitholders will be lower than if actual capital expenditures were deducted from operating surplus. If our board of directors underestimates the appropriate level of estimated maintenance and replacement capital expenditures, we may have less cash available for distribution in future periods when actual capital expenditures exceed our previous estimates.

If Capital Maritime or any third party seller we may contract with in the future for the purchase of newbuildings fails to make construction payments for such vessels, the shipyard may rescind the purchase contract and we may lose access to such vessels or need to finance such vessels before they begin operating, which could harm our business and our ability to make cash distributions.

To date, all the newbuildings we have acquired and agreed to acquire have been contracted directly by Capital Maritime and all costs for the construction and delivery of such vessels have been, or are being, incurred by Capital Maritime. Since our initial public offering in April 2007 we have taken delivery of five newbuildings from Capital Maritime, with an additional two expected for delivery in 2008. In the future, we may enter into similar arrangements with Capital Maritime or other third parties for the acquisition of newbuildings. If Capital Maritime or any third party sellers we contract with in the future fail to make construction payments for the newbuildings after receiving notice by the shipbuilder following nonpayment on any installment due date, the shipbuilder could rescind the newbuilding purchase contract. As a result of such default, Capital Maritime or the third party seller could lose all or part of the installment payments made prior to such default, and we could either lose access to the remaining newbuildings or any future vessels we contract to acquire or may need to finance such vessels before they begin operating and generating voyage revenues, which could harm our business and reduce our ability to make cash distributions.

If we finance the purchase of any additional vessels we acquire in the future or the purchase of the contracted newbuildings to be delivered in 2008 through cash from operations or by issuing debt or equity securities, our ability to make cash distributions may be diminished, our financial leverage could increase or our unitholders could be diluted. In addition, if we expand the size of our fleet by directly contracting newbuildings in the future, we generally will be required to make significant installment payments for such acquisitions prior to their delivery and generation of revenue.

The actual cost of a new product or crude oil tanker varies significantly depending on the market price charged by shipyards, the size and specifications of the vessel, governmental regulations and maritime self-regulatory organization standards. The total delivered cost of a vessel will be higher and include financing, construction supervision, vessel start-up and other costs.

To date, all the newbuildings we have acquired and agreed to acquire were contracted directly by Capital Maritime and all costs for the construction and delivery of these vessels have been, or are being, incurred by Capital Maritime. As of March 31, 2008, we had taken delivery of five newbuildings and purchased two additional vessels from Capital Maritime. We have financed the purchase of these vessels, and intend to finance the purchase of the remaining newbuildings to be delivered in 2008 and any other vessel we contract to acquire from Capital Maritime, either with debt, or partly with debt and partly by issuing additional equity securities. If we issue additional common units or other equity securities your ownership interest in us will be diluted. Please read "—We may issue additional equity securities without your approval, which would dilute your ownership interest" below.

If we elect to expand our fleet in the future by entering into contracts for newbuildings directly with shipyards, we generally will be required to make installment payments prior to their delivery. We typically must pay 5-25% of the purchase price of a vessel upon signing the purchase contract, even though delivery of the completed vessel will not occur until much later (approximately 18-36 months later for current orders), which could reduce cash available for distributions to unitholders. If we finance these acquisition costs by issuing debt or equity securities, we will increase the aggregate amount of interest payments or quarterly distributions we must make prior to generating cash from the operation of the newbuilding.

To fund the remaining portion of the acquisition price of the two newbuildings expected to be delivered in 2008 or the acquisition price of any additional vessels we may contract to purchase from Capital Maritime or other third parties and other related capital expenditures, we will be required to use cash from operations or incur borrowings or raise capital through the sale of debt or additional equity securities. Use of cash from operations will reduce cash available for distributions to unitholders. Even if we are successful in obtaining necessary funds, the terms of such financings could limit our ability to pay cash distributions to unitholders. Incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional equity securities may result in significant unitholder dilution and would increase the aggregate amount of cash required to meet our quarterly distributions to unitholders, which could have a material adverse effect on our ability to make cash distributions.

Our ability to obtain bank financing and/or to access the capital markets for future equity offerings may be limited by prevailing economic conditions. If we are unable to obtain funding or access the capital markets, we may be unable to complete any future purchases of vessels from Capital Maritime or from third parties.

Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing or offering, as well as by adverse market conditions resulting from, among other things, general economic conditions, weakness in the financial markets and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on our business, results of operations and financial condition and on our ability to make cash distributions. We expect to fund part of the purchase price of the vessels to be delivered in 2008 through drawdowns on our existing credit facility and the remainder through issuances of equity. If the prevailing equity market conditions at the time of delivery of the vessels are not favorable, we may be unable to complete the purchases, or we may have to complete them at terms not favorable to us or to our unitholders.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

As of March 31, 2008, we had drawn down $322.5 million under our existing credit facility and had $47.5 million available. In addition, we entered into a new $350.0 million credit facility on March 19, 2008 and, following the acquisition of the M/T Amore Mio II on March 27, 2008, had $304.0 million available. For more information regarding the terms of our existing revolving credit facilities, please read “Item 5:—Liquidity and Capital Resources—Revolving Credit Facilities.” Our level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired, or such financing may not be available on favorable terms;
- we will need a substantial portion of our cash flow to make interest payments and, following the end of the relevant non-amortizing periods, principal payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders;
- our debt level will make us more vulnerable to competitive pressures, or to a downturn in our business or in the economy in general, than our competitors with less debt; and
- our debt level may limit our flexibility in responding to changing business and economic conditions.

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms, or at all.

Our existing credit facilities contain, and we expect that any future credit facilities we may enter into will contain, restrictive covenants, which may limit our business and financing activities.

The operating and financial restrictions and covenants in our existing revolving credit facilities and in any future credit facility we enter into could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities. For example, our existing revolving credit facilities require the consent of our lenders to, or limit our ability to, among other items:

- incur or guarantee indebtedness;
- charge, pledge or encumber the vessels;
- change the flag, class, management or ownership of our vessels;
- change the commercial and technical management of our vessels;
- sell or change the beneficial ownership or control of our vessels; and
- subordinate our obligations thereunder to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement.

Our credit facilities also require us to comply with the ISM Code and to maintain valid safety management certificates and documents of compliance at all times.

In addition, our existing credit facilities require us to:

- maintain minimum free consolidated liquidity (50% of which may be in the form of undrawn commitments under the relevant credit facility) of at least $500,000 per financed vessel;

- maintain a ratio of EBITDA (as defined in each credit facility) to interest expense of at least 2.00 to 1.00 on a trailing four-quarter basis; and

- maintain a ratio of net Total Indebtedness to the aggregate Fair Market Value (as defined in each credit facility) of our total fleet, current or future, of no more than 0.725 to 1.00.

We will also be required to maintain an aggregate fair market value of our financed vessels equal to 125% of the aggregate amount outstanding under each credit facility.

Our ability to comply with the covenants and restrictions contained in our existing revolving credit facilities and any other debt instruments we may enter into in the future may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we are in breach of any of the restrictions, covenants, ratios or tests in our existing credit facility, especially if we trigger a cross-default currently contained in certain of our loan agreements, a significant portion of our obligations may become immediately due and payable, and our lenders' commitment to make further loans to us may terminate. We may not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, obligations under our credit facilities are secured by our vessels, and if we are unable to repay debt under the credit facilities, the lenders could seek to foreclose on those assets.

Restrictions in our debt agreements may prevent us from paying distributions.

Our payment of interest and, following the end of the relevant non-amortizing periods, principal on the debt will reduce cash available for distribution on our units. In addition, our existing credit facilities prohibit the payment of distributions if we are not in compliance with certain financial covenants or upon the occurrence of an event of default or if the fair market value of our financed vessels is less than 125% of the aggregate amount outstanding under each of our credit facilities.

Events of default under our credit facilities include:

- failure to pay principal or interest when due;

- breach of certain undertakings, negative covenants and financial covenants contained in the credit facility, any related security document or guarantee or the interest rate swap agreements, including failure to maintain unencumbered title to any of the vessel-owning subsidiaries or any of the assets of the vessel-owning subsidiaries and failure to maintain proper insurance;

- any breach of the credit facility, any related security document or guarantee or the interest rate swap agreements (other than breaches described in the preceding two bullet points) if, in the opinion of the lenders, such default is capable of remedy and continues unremedied for 20 days after written notice of the lenders;

- any representation, warranty or statement made by us in the credit facility or any drawdown notice thereunder or related security document or guarantee or the interest rate swap agreements is untrue or misleading when made;

- a cross-default of our other indebtedness of $5.0 million or greater or of the indebtedness of our subsidiaries of $750,000 or greater;

- we become, in the reasonable opinion of the lenders, unable to pay our debts when due;

- any of our or our subsidiaries' assets are subject to any form of execution, attachment, arrest, sequestration or distress in respect of a sum of $1.0 million or more that is not discharged within 10 business days;

- an event of insolvency or bankruptcy;

- cessation or suspension of our business or of a material part thereof;

- unlawfulness, non-effectiveness or repudiation of any material provision of our credit facility, of any of the related finance and guarantee documents or of our interest rate swap agreements;

- failure of effectiveness of security documents or guarantee;

- the common units cease to be listed on the Nasdaq Global Market or on any other recognized securities exchange;

- any breach under any provisions contained in our interest rate swap agreements;

- termination of our interest rate swap agreements or an event of default thereunder that is not remedied within five business days;

- invalidity of a security document in any material respect or if any security document ceases to provide a perfected first priority security interest; or

- any other event that occurs or circumstance that arises in light of which the lenders reasonably consider that there is a significant risk that we will be unable to discharge our liabilities under the credit facility, related security and guarantee documents or interest rate swap agreements.

We anticipate that any subsequent refinancing of our current debt or any new debt will have similar restrictions. For more information regarding our financing arrangements, please read "Item 5: Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

We currently derive all of our revenues from a limited number of customers, and the loss of any customer or charter or vessel could result in a significant loss of revenues and cash flow.

We have derived, and believe that we will continue to derive, all of our revenues and cash flow from a limited number of customers. BP Shipping Limited, Morgan Stanley Capital Group Inc. and Trafigura Beheer B.V. accounted for all of our revenues for the year ending December 31, 2007, with BP and Morgan Stanley representing 64% and 28% of our revenues, respectively. For the year ended December 31, 2006, BP and Morgan Stanley represented 53% and 23% of the revenues of our predecessor, respectively. In January 2008 we took delivery of the first of the three newbuildings chartered to subsidiaries of Overseas Shipholding Group Inc., increasing the number of our customers for 2008 to four. We could lose a customer or the benefits of a charter if:

- the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;

- the customer exercises certain rights to terminate the charter or purchase the vessel;

- the customer terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or

- a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

Please read "Item 4: Business Overview—Our Charters".

If we lose a key charter, we may be unable to re-deploy the related vessel on terms as favorable to us due to the long-term nature of most charters. If we are unable to re-deploy a vessel for which the charter has been terminated, we will not receive any revenues from that vessel, but we may be required to pay expenses necessary to maintain the vessel in proper operating condition. Until such time as the vessel is re-chartered, we may have to operate it in the spot market at charter rates which may not be as favorable to us as our current charter rates. In addition, if a customer exercises its right to purchase a vessel, we would not receive any further revenue from the vessel and may be unable to obtain a substitute vessel and charter. This may cause us to receive decreased revenue and cash flows from having fewer vessels operating in our fleet. Any replacement newbuilding would not generate revenues during its construction, and we may be unable to charter any replacement vessel on terms as favorable to us as those of the terminated charter. Any compensation under our charters for a purchase of the vessels may not adequately compensate us for the loss of the vessel and related time charter.

The loss of any of our customers, time or bareboat charters or vessels, or a decline in payments under our charters, could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

Delays in deliveries of newbuildings, our decision to cancel or our inability to otherwise complete the acquisitions of our newbuildings, could harm our operating results and lead to the termination of the related charters.

We are scheduled to take delivery of certain contracted newbuildings during the remainder of 2008, which are being built at STX Shipbuilding Co., Ltd. shipyard in South Korea. The delivery of these vessels, or any other newbuildings we may contract to acquire or order in the future, could be delayed, not completed or canceled, which would delay or eliminate our expected receipt of revenues under the charters for the vessels. The shipbuilder could fail to deliver the newbuilding vessels as agreed, or Capital Maritime could cancel a purchase or a newbuilding contract because the shipbuilder has not met its obligations, including its obligation to maintain agreed refund guarantees in place for our benefit. For prolonged delays, the customer may terminate the time charter.

Our receipt of newbuildings could be delayed, canceled, or otherwise not completed because of:

- quality or engineering problems;

- changes in governmental regulations or maritime self-regulatory organization standards;

- work stoppages or other labor disturbances at the shipyard;
- bankruptcy or other financial crisis of the shipbuilder;
- a backlog of orders at the shipyard;
- political or economic disturbances in South Korea, where the vessels are being built;
- weather interference or catastrophic event, such as a major earthquake or fire;
- the shipbuilder failing to deliver the vessels in accordance with our vessel specifications;
- our requests for changes to the original vessel specifications;
- shortages of or delays in the receipt of necessary construction materials, such as steel;
- our inability to finance the purchase of the vessels;
- a deterioration in Capital Maritime's relations with STX; or
- our inability to obtain requisite permits or approvals.

If delivery of a vessel is materially delayed, it could adversely affect our results of operations and financial condition and our ability to make cash distributions.

We depend on Capital Maritime and its affiliates to assist us in operating and expanding our business.

Pursuant to a management agreement and an administrative services agreement between us and Capital Ship Management, Capital Ship Management provides significant commercial and technical management services (including the commercial and technical management of our vessels, class certifications, vessel maintenance and crewing, purchasing and insurance and shipyard supervision) as well as administrative, financial and other support services to us. Please read "Item 7B: Related Party Transactions—Management Agreement" and "—Administrative Services Agreement". Our operational success and ability to execute our growth strategy will depend significantly upon Capital Ship Management's satisfactory performance of these services. Our business will be harmed if Capital Ship Management fails to perform these services satisfactorily, if Capital Ship Management cancels either of these agreements, or if Capital Ship Management stops providing these services to us. We may also in the future contract with Capital Maritime for it to have newbuildings constructed on our behalf and to incur the construction-related financing. We would purchase the vessels on or after delivery based on an agreed-upon price.

Our ability to enter into new charters and expand our customer relationships will depend largely on our ability to leverage our relationship with Capital Maritime and its reputation and relationships in the shipping industry. If Capital Maritime suffers material damage to its reputation or relationships, it may harm our ability to:

- renew existing charters upon their expiration;
- obtain new charters;
- successfully interact with shipyards during periods of shipyard construction constraints;
- obtain financing on commercially acceptable terms; or
- maintain satisfactory relationships with suppliers and other third parties.

If our ability to do any of the things described above is impaired, it could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

Our growth depends on continued growth in demand for refined products and crude oil and the continued demand for seaborne transportation of refined products and crude oil.

Our growth strategy focuses on expansion in the refined product tanker and crude oil shipping sector. Accordingly, our growth depends on continued growth in world and regional demand for refined products and crude oil and the transportation of refined products and crude oil by sea, which could be negatively affected by a number of factors, including:

- fluctuations in the actual or projected price of refined products and crude oil;
- refining capacity and its geographical location;
- increases in the production of oil in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve, or the conversion of existing non-oil pipelines to oil pipelines in those markets;

- decreases in the consumption of oil due to increases in its price relative to other energy sources, other factors making consumption of oil less attractive or energy conservation measures;

- availability of new, alternative energy sources; and

- negative or deteriorating global or regional economic or political conditions, particularly in oil consuming regions, which could reduce energy consumption or its growth.

Reduced demand for refined products and crude oil and the shipping of refined products or crude oil or the increased availability of pipelines used to transport refined products or crude oil, would have a material adverse effect on our future growth and could harm our business, results of operations and financial condition.

Our growth depends on our ability to expand relationships with existing customers and obtain new customers, for which we will face substantial competition.

Medium to long-term time charters and bareboat charters have the potential to provide income at pre-determined rates over more extended periods of time. However, the process for obtaining longer term time charters and bareboat charters is highly competitive and generally involves a lengthy, intensive and continuous screening and vetting process and the submission of competitive bids that often extends for several months. In addition to the quality, age and suitability of the vessel, longer term shipping contracts tend to be awarded based upon a variety of other factors relating to the vessel operator further described below under “Our vessels’ present and future employment could be adversely affected by an inability to clear the oil majors’ risk assessment process”.

In addition to having to meet the stringent requirements set out by charterers, it is likely that we will also face substantial competition from a number of competitors who may have greater financial resources, stronger reputation or experience than we do when we try to recharter our vessels. It is also likely that we will face increased numbers of competitors entering into our transportation sectors, including in the ice class sector. Increased competition may cause greater price competition, especially for medium to long-term charters.

As a result of these factors, we may be unable to expand our relationships with existing customers or obtain new customers for medium to long-term time charters or bareboat charters on a profitable basis, if at all. However, even if we are successful in employing our vessels under longer term time charters or bareboat charters, our vessels will not be available for trading in the spot market during an upturn in the tanker market cycle, when spot trading may be more profitable. If we cannot successfully employ our vessels in profitable time charters, our results of operations and operating cash flow could be adversely affected.

Our vessels’ present and future employment could be adversely affected by an inability to clear the oil majors’ risk assessment process.

Shipping, and especially crude oil, refined product and chemical tankers have been, and will remain, heavily regulated. The so called “oil majors companies”, together with a number of commodities traders, represent a significant percentage of the production, trading and shipping logistics (terminals) of crude oil and refined products world-wide. Concerns for the environment have led the oil majors to develop and implement a strict ongoing due diligence process when selecting their commercial partners. This vetting process has evolved into a sophisticated and comprehensive risk assessment of both the vessel operator and the vessel, including physical ship inspections, completion of vessel inspection questionnaires performed by accredited inspectors and the production of comprehensive risk assessment reports. In the case of term charter relationships, additional factors are considered when awarding such contracts, including:

- office assessments of the vessel operator, including extensive annual office audits;

- the operator’s environmental, health and safety record;

- compliance with the standards of the International Maritime Organization ("IMO"), a United Nations agency that issues international trade standards for shipping;

- compliance with heightened industry standards that have been set by some energy companies;

- shipping industry relationships, reputation for customer service, technical and operating expertise;

- shipping experience and quality of ship operations, including cost-effectiveness;

- quality, experience and technical capability of crews;

- the ability to finance vessels at competitive rates and overall financial stability;

- relationships with shipyards and the ability to obtain suitable berths;

- construction management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

Should Capital Maritime and Capital Ship Management not continue to successfully clear the oil majors' risk assessment processes on an ongoing basis, our vessels' present and future employment as well as our relationship with our existing charterers and our ability to obtain new charterers, whether medium or long-term, could be adversely affected. Such a situation may lead to the oil majors' terminating existing charters and refusing to use our vessels in the future which would adversely affect our results of operations and cash flows. Please read "Item 4: Information on the Partnership—Major Oil Company Vetting Process" for more information regarding this process.

We may be unable to make or realize expected benefits from acquisitions, and implementing our growth strategy through acquisitions may harm our business, financial condition and operating results.

Our growth strategy focuses on a gradual expansion of our fleet. Any acquisition of a vessel may not be profitable to us at or after the time we acquire it and may not generate cash flow sufficient to justify our investment. In addition, our growth strategy exposes us to risks that may harm our business, financial condition and operating results, including risks that we may:

- fail to realize anticipated benefits, such as new customer relationships, cost-savings or cash flow enhancements;
- be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;
- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;
- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions;
- incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired; or
- incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

Unlike newbuildings, existing vessels typically do not carry warranties as to their condition. While we generally inspect existing vessels prior to purchase, such an inspection would normally not provide us with as much knowledge of a vessel's condition as we would possess if it had been built for us and operated by us during its life. Repairs and maintenance costs for existing vessels are difficult to predict and may be substantially higher than for vessels we have operated since they were built. These costs could decrease our cash flow and reduce our liquidity.

The vessels that currently make up our fleet, as well as the six vessels we may purchase from Capital Maritime under our omnibus agreement, have been, or will be, built in accordance with custom designs from three different shipyards, and the vessels from each respective shipyard are the same in all material respects. As a result, any latent defect discovered in one vessel will likely affect all of our vessels.

The vessels that make up our existing and contracted fleet, with the exception of the M/T Amore Mio II, as well as the six vessels in Capital Maritime's fleet for which we have been granted a right of first offer, are, or will be, based on standard designs from Hyundai MIPO Dockyard Co., Ltd., South Korea, STX Shipbuilding Co., Ltd., South Korea and Baima Shipyard, China, and have been customized by Capital Maritime, in some cases in consultation with the charterers of the vessel, and are, or will be, uniform in all material respects. As a result, any latent design defect discovered in one of our vessels will likely affect all of our other vessels in that class. In addition, the remaining vessels we have agreed to acquire have, or will have, the same or similar equipment. As a result, any equipment defect discovered may affect all of our vessels. Any disruptions in the operation of our vessels resulting from defects could adversely affect our receipt of revenues under the charters for the vessels affected.

Certain design features in our vessels have been modified by Capital Maritime to enhance the commercial capability of our vessels and have not yet been tested. As a result, we may encounter unforeseen expenses, complications, delays and other unknown factors which could adversely affect our revenues.

Capital Maritime has modified certain design features in our vessels which have not yet been tested and as a result, they may not operate as intended. If these modifications fail to enhance the commercial capability of our vessels as intended or interfere with the operation of our vessels, we could face expensive and time-consuming design modifications, delays in the operation of our vessels, damaged customer relationships and harm to our reputation. Any disruptions in the operation of our vessels resulting from the design modifications could adversely affect our receipt of revenues under the charters for the vessels affected.

Terrorist attacks, increased hostilities or war could lead to further economic instability, increased costs and disruption of our business.

Terrorist attacks, such as the attacks that occurred in the United States on September 11, 2001, the bombings in Spain on March 11, 2004, the bombings in London on July 7, 2005, and the current conflicts in Iraq and Afghanistan and other current and future conflicts, may adversely affect our business, operating results, financial condition, ability to raise capital and future growth. Continuing hostilities in the Middle East may lead to additional armed conflicts or to further acts of terrorism and civil disturbance in the United States or elsewhere, which may contribute further to economic instability and disruption of oil production and distribution, which could result in reduced demand for our services.

In addition, oil facilities, shipyards, vessels, pipelines and oil and gas fields could be targets of future terrorist attacks. Any such attacks could lead to, among other things, bodily injury or loss of life, vessel or other property damage, increased vessel operational costs, including insurance costs, and the inability to transport oil and other refined products to or from certain locations. Terrorist attacks, war or other events beyond our control that adversely affect the distribution, production or transportation of oil and other refined products to be shipped by us could entitle our customers to terminate our charter contracts, which would harm our cash flow and our business.

Our operations expose us to political and governmental instability, which could harm our business.

Our operations may be adversely affected by changing or adverse political and governmental conditions in the countries where our vessels are flagged or registered and in the regions where we otherwise engage in business. Any disruption caused by these factors may interfere with the operation of our vessels, which could harm our business, financial condition and results of operations. In particular, we derive a substantial portion of our revenues from shipping oil and oil products from politically unstable regions. Past political efforts to disrupt shipping in these regions, particularly in the Arabian Gulf, have included attacks on ships and mining of waterways. In addition to acts of terrorism, trading in this and other regions has also been subject, in limited instances, to piracy. Our operations may also be adversely affected by expropriation of vessels, taxes, regulation, tariffs, trade embargoes, economic sanctions or a disruption of or limit to trading activities, or other adverse events or circumstances in or affecting the countries and regions where we operate or where we may operate in the future.

Marine transportation is inherently risky, and an incident involving significant loss of, or environmental contamination by, any of our vessels could harm our reputation and business.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as:

- marine disasters;
- bad weather;
- mechanical failures;
- grounding, fire, explosions and collisions;
- piracy;
- human error; and
- war and terrorism.

An accident involving any of our vessels could result in any of the following:

- environmental damage, including potential liabilities or costs to recover any spilled oil or other petroleum products and to restore the ecosystem where the spill occurred;
- death or injury to persons, loss of property;
- delays in the delivery of cargo;
- loss of revenues from or termination of charter contracts;
- governmental fines, penalties or restrictions on conducting business;
- higher insurance rates; and
- damage to our reputation and customer relationships generally.

Any of these results could have a material adverse effect on our business, financial condition and operating results.

Our insurance may be insufficient to cover losses that may occur to our property or result from our operations.

The operation of ocean-going vessels in international trade is inherently risky. Although we carry protection and indemnity insurance, all risks may not be adequately insured against, and any particular claim may not be paid. We do not currently maintain off-hire insurance, which would cover the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Accordingly, any extended vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business and our ability to pay distributions to our unitholders. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. Certain of our insurance coverage is maintained through mutual protection and indemnity associations, and as a member of such associations we may be required to make additional payments over and above budgeted premiums if member claims exceed association reserves.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic oil spill or marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results. In addition, certain of our vessels are under bareboat charters with BP Shipping Limited and subsidiaries of Overseas Shipholding Group Inc. Under the terms of these charters, the charterer provides for the insurance of the vessel and as a result these vessels may not be adequately insured and/or in some cases may be self-insured. Any uninsured or underinsured loss could harm our business and financial condition. In addition, our insurance may be voidable by the insurers as a result of certain of our actions, such as our ships failing to maintain certification with applicable maritime self-regulatory organizations.

Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available to us may be significantly more expensive than our existing coverage.

The maritime transportation industry is subject to substantial environmental and other regulations, which may significantly limit our operations or increase our expenses.

Our operations are affected by extensive and changing international, national and local environmental protection laws, regulations, treaties, conventions and standards in force in international waters, the jurisdictional waters of the countries in which our vessels operate, as well as the countries of our vessels' registration. Many of these requirements are designed to reduce the risk of oil spills and other pollution, and our compliance with these requirements can be costly.

These requirements can affect the resale value or useful lives of our vessels, require a reduction in cargo-capacity, ship modifications or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in certain ports. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup obligations, in the event that there is a release of petroleum or other hazardous substances from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of or exposure to hazardous materials associated with our current or historic operations. Violations of or liabilities under environmental requirements also can result in substantial penalties, fines and other sanctions, including, in certain instances, seizure or detention of our vessels.

We could incur significant costs, including cleanup costs, fines, penalties, third-party claims and natural resource damages, as the result of an oil spill or other liabilities under environmental laws. The United States Oil Pollution Act of 1990 ("OPA 90") affects all vessel owners shipping oil or petroleum products to, from or within the United States. OPA 90 allows for potentially unlimited liability without regard to fault of owners, operators and bareboat charterers of vessels for oil pollution in U.S. waters. Similarly, the International Convention on Civil Liability for Oil Pollution Damage, 1969, as amended, which has been adopted by most countries outside of the U.S., imposes liability for oil pollution in international waters. OPA 90 expressly permits individual states to impose their own liability regimes with regard to hazardous materials and oil pollution incidents occurring within their boundaries. Coastal states in the U.S. have enacted pollution prevention liability and response laws, many providing for unlimited liability.

In addition to complying with OPA 90, IMO regulations, such as Annex VI to the International Convention for the Prevention of Pollution from Ships, EU directives and other existing laws and regulations and those that may be adopted, shipowners may incur significant additional costs in meeting new maintenance and inspection requirements, in developing contingency arrangements for potential spills and in obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental requirements, can be expected to become stricter in the future and require us to incur significant capital expenditure on our vessels to keep them in compliance, or even to scrap or sell certain vessels altogether. For example, draft amendments to revise the regulations of the International Convention for the Prevention of Pollution from Ships ("MARPOL") regarding the prevention of air pollution from ships were agreed by the IMO Sub-Committee on Bulk Liquids and Gases when it met for its 12th session. Following lengthy and technically challenging discussions in the Air Pollution Working Group, the Sub-Committee agreed a draft revised Annex VI to the MARPOL Convention and amendments to the NOx Technical Code. These will now be submitted to the Marine Environment Protection Committee (MEPC), which meets for its 57th session from March 31 to April 4, 2008.

A number of options remain open for discussion at the MEPC, which is expected to approve the amendments prior to their formal adoption at MEPC 58 in October 2008. The amendments would then enter into force, under the tacit acceptance procedure, 16 months later, in March 2010, or on a date to be decided by the MEPC. Given the significant environmental, human health, and economic consequences of a decision on how best to further reduce emissions of sulphur oxide (SOx) and particulate matter from ships, the Sub-Committee decided that relevant policy decisions should be taken at the Committee level and that its principal duty was to initiate such discussions.

Further legislation applicable to international and national maritime trade is expected over the coming years in areas such as ship recycling, sewage systems, emission control, ballast treatment and handling, etc. This new legislation may require additional capital expenditure in order to maintain our vessels' compliance with international and/or national regulations.

Additionally, various jurisdictions are considering regulating the management of ballast water to prevent the introduction of non-indigenous species considered to be invasive. Further to that and as a result of marine accidents (such as the November 2002 oil spill from the motor tanker Prestige, a 26 year-old single-hull tanker - which was owned by a company unrelated to us), we believe that regulation of the shipping industry will continue to become more stringent and more expensive for us and our competitors. In recent years, the IMO and EU have both accelerated their existing non-double-hull phase-out schedules in response to highly publicized oil spills and other shipping incidents involving companies unrelated to us. Future incidents may result in the adoption of even stricter laws and regulations, which could limit our operations or our ability to do business and which could have a material adverse effect on our business and financial results. Please read "Item 4: Business Overview—Regulation".

We have a limited history operating as a publicly traded entity.

We completed our initial public offering on the Nasdaq Global Market on April 3, 2007 and have a limited history operating as a publicly traded entity. As a publicly traded limited partnership, we are required to comply with the SEC's reporting requirements and with corporate governance and related requirements of the U.S. Sarbanes-Oxley Act, the SEC and the Nasdaq Global Market, on which our common units are listed. Section 404 of the Sarbanes−Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting. However, as a newly public non−accelerated filer, we are not subject to this requirement for the first year of our operations. Currently, we would be subject to such requirement by the end of our fiscal year ending December 31, 2008. If we have a material weakness in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We will have to dedicate a significant amount of time and resources to ensure compliance with the regulatory requirements of Section 404. We will continue to work with our legal, accounting and financial advisors to identify any areas in which changes should be made to our financial and management control systems to manage our growth and our obligations as a public company. However, these and other measures we may take may not be sufficient to allow us to satisfy our obligations as a public company on a timely and reliable basis. We have incurred and will continue to incur significant legal, accounting and other expenses in complying with these and other applicable regulations. We anticipate that our incremental general and administrative expenses as a publicly traded limited partnership taxed as a corporation for U.S. federal income tax purposes will include costs associated with annual reports to unitholders, tax returns, investor relations, registrar and transfer agent's fees, incremental director and officer liability insurance costs and director compensation.

The crew employment agreements manning agents enter into on behalf of Capital Maritime or its affiliates may not prevent labor interruptions and the failure to renegotiate these agreements successfully in the future may disrupt our operations and adversely affect our cash flows.

The crew employment agreements that manning agents enter into on behalf of Capital Maritime or its affiliates may not prevent labor interruptions and are subject to renegotiation in the future. Any labor interruptions, including due to a failure to renegotiate employment agreements with our crew members successfully, could disrupt our operations and could adversely affect our business, financial condition and results of operations.

A global economic slowdown could have a material adverse effect on our business, financial position and results of operations.

Oil has been one of the world's primary energy sources for a number of decades. Global economic growth has been strong in recent years which has had a significant impact on shipping demand. However, such growth may not be sustained or the global economy may experience negative growth in the near future. Such an economic downturn may sharply reduce the demand for oil and refined petroleum products, and also potentially affect tanker demand. Even though our vessels are chartered under medium or long-term charters, a negative change in global economic conditions will likely have a material adverse effect on our business, financial position, results of operations and ability to pay dividends, as well as our future prospects.

Risks Inherent in an Investment in Us

Capital Maritime and its affiliates may engage in competition with us.

Pursuant to the omnibus agreement that we and Capital Maritime have entered into, Capital Maritime and its controlled affiliates (other than us, our general partner and our subsidiaries) generally will agree not to acquire, own or operate medium range tankers under time charters of two or more years without the consent of our general partner. The omnibus agreement, however, contains significant exceptions that may allow Capital Maritime or any of its controlled affiliates to compete with us, which could harm our business. Please read "Item 7B: Related Party Transactions—Omnibus Agreement—Noncompetition."

Unitholders have limited voting rights and our partnership agreement restricts the voting rights of unitholders owning 5% or more of our common units.

Holders of common units have only limited voting rights on matters affecting our business. We will hold a meeting of the limited partners every year to elect one or more members of our board of directors and to vote on any other matters that are properly brought before the meeting. Common unitholders elect only four of the seven members of our board of directors. The elected directors will be elected on a staggered basis and will serve for three-year terms. Our general partner in its sole discretion has the right to appoint the remaining three directors and to set the terms for which those directors will serve. The partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management. Unitholders will have no right to elect our general partner and our general partner may not be removed except by a vote of the holders of at least 66⅔% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class and a majority vote of our board of directors.

Our partnership agreement further restricts unitholders' voting rights by providing that if any person or group, other than our general partner, its affiliates, their transferees and persons who acquired such units with the prior approval of our board of directors, owns beneficially 5% or more of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes, unless required by law. The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote.

Our general partner and its other affiliates own a controlling interest in us and have conflicts of interest and limited fiduciary and contractual duties, which may permit them to favor their own interests to your detriment.

As of March 31, 2008, Capital Maritime owned a 45.6% interest in us, including a 2% interest through its ownership of our general partner which effectively controls our day-to-day affairs consistent with policies and procedures adopted by and subject to the direction of our board of directors. Although our general partner and its affiliates and our directors have a fiduciary duty to manage us in a manner beneficial to us and our unitholders, the officers of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to Capital Maritime. Furthermore, all of the officers of our general partner and certain of our directors are directors or officers of Capital Maritime and its affiliates, and as such they have fiduciary duties to Capital Maritime that may cause them to pursue business strategies that disproportionately benefit Capital Maritime or which otherwise are not in the best interests of us or our unitholders. Conflicts of interest may arise between Capital Maritime and its affiliates, including our general partner and its officers, on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, our general partner and its affiliates may favor their own interests over the interests of our unitholders. Please read "—Our partnership agreement limits the fiduciary duties of our general partner and our directors to our unitholders and restricts the remedies available to unitholders for actions taken by our general partner or our directors" below. These conflicts include, among others, the following situations:

- neither our partnership agreement nor any other agreement requires our general partner or Capital Maritime or its affiliates to pursue a business strategy that favors us or utilizes our assets, and Capital Maritime's officers and directors have a fiduciary duty to make decisions in the best interests of the unitholders of Capital Maritime, which may be contrary to our interests;

- the executive officers of our general partner and three of our directors also serve as executive officers and/or directors of Capital Maritime;

- our general partner and our board of directors are allowed to take into account the interests of parties other than us, such as Capital Maritime, in resolving conflicts of interest, which has the effect of limiting their fiduciary duties to our unitholders;

- our general partner and our directors have limited their liabilities and reduced their fiduciary duties under the laws of the Marshall Islands, while also restricting the remedies available to our unitholders, and, as a result of purchasing common units, unitholders are treated as having agreed to the modified standard of fiduciary duties and to certain actions that may be taken by our general partner and our directors, all as set forth in the partnership agreement;

- our general partner and our board of directors will be involved in determining the amount and timing of our asset purchases and sales, capital expenditures, borrowings, and issuances of additional partnership securities and reserves, each of which can affect the amount of cash that is available for distribution to our unitholders;

- our general partner may have substantial influence over our board of directors' decision to cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on the subordinated units or to make incentive distributions or to accelerate the expiration of the subordination period;

- our general partner is entitled to reimbursement of all reasonable costs incurred by it and its affiliates for our benefit;

- our partnership agreement does not restrict us from paying our general partner or its affiliates for any services rendered to us on terms that are fair and reasonable or entering into additional contractual arrangements with any of these entities on our behalf; and

- our general partner may exercise its right to call and purchase our common units if it and its affiliates own more than 80% of our common units.

Although a majority of our directors will over time be elected by common unitholders, our general partner will likely have substantial influence on decisions made by our board of directors. Please read "Item 7B: Related Party Transactions".

We currently do not have any officers and expect to rely solely on officers of our general partner, who face conflicts in the allocation of their time to our business.

We do not currently expect our board of directors to exercise its power to appoint officers of Capital Product Partners L.P. and, as a result, we expect to rely solely on the officers of our general partner, who are not required to work full-time on our affairs and who also work for affiliates of our general partner, including Capital Maritime. For example, our general partner's Chief Executive Officer and Chief Financial Officer is also an executive officer of Capital Maritime. The affiliates of our general partner conduct substantial businesses and activities of their own in which we have no economic interest. As a result, there could be material competition for the time and effort of the officers of our general partner who also provide services to our general partner's affiliates, which could have a material adverse effect on our business, results of operations and financial condition.

Our partnership agreement limits our general partner's and our directors' fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our general partner or our directors.

Our partnership agreement contains provisions that reduce the standards to which our general partner and directors would otherwise be held by Marshall Islands law. For example, our partnership agreement:

- permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. Where our partnership agreement permits, our general partner may consider only the interests and factors that it desires, and in such cases it has no duty or obligation to give any consideration to any interest of, or factors affecting us, our affiliates or our unitholders. Decisions made by our general partner in its individual capacity will be made by its sole owner, Capital Maritime. Specifically, pursuant to our partnership agreement, our general partner will be considered to be acting in its individual capacity if it exercises its call right, pre-emptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership, appoints any directors or votes for the election of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, general partner interest or incentive distribution rights or votes upon the dissolution of the partnership;

- provides that our general partner and our directors are entitled to make other decisions in "good faith" if they reasonably believe that the decision is in our best interests;

- generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of our board of directors and not involving a vote of unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or be "fair and reasonable" to us and that, in determining whether a transaction or resolution is "fair and reasonable," our board of directors may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us; and

- provides that neither our general partner and its officers nor our directors will be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or directors or its officers or directors or those other persons engaged in actual fraud or willful misconduct.

In order to become a limited partner of our partnership, a common unitholder is required to agree to be bound by the provisions in the partnership agreement, including the provisions discussed above.

Fees and cost reimbursements, which Capital Ship Management will determine for services provided to us and certain of our subsidiaries, will be substantial, may fluctuate, and will reduce our cash available for distribution to you. Such fees and cost reimbursements may change upon the expiration of the management and administrative agreements currently in place.

We pay a fixed daily fee for an initial term of approximately five years from the time we take delivery of each vessel for services provided to us by Capital Ship Management, and we reimburse Capital Ship Management for all expenses it incurs on our behalf. The fixed daily fee to be paid to Capital Ship Management includes all costs incurred in providing certain commercial and technical management services to us, including vessel maintenance, crewing, purchasing and insurance and also includes the expenses for each vessel's next scheduled special or intermediate survey, as applicable, and related drydocking. In addition to the fixed daily fees payable under the management agreement, Capital Ship Management is entitled to reasonable supplementary remuneration for extraordinary fees and costs of any direct and indirect expenses it incurs in providing these services which may vary from time to time. In addition, Capital Ship Management provides us with administrative services, including audit, legal, banking and insurance services, pursuant to an administrative services agreement with an initial term of five years from the date of our initial public offering, and we reimburse Capital Ship Management for all costs and expenses reasonably incurred by it in connection with the provision of those services. Costs for these services are not fixed and may fluctuate depending on our requirements.

Going forward, when we acquire new vessels or when the respective management agreements for our vessels expire, we will have to enter into new agreements with Capital Ship Management or a third party for the provision of the above services. It is possible that any such new agreement may not be on the same or similar terms as our existing agreements, and that the level of our operating costs may change following any such renewal. Any increase in the costs and expenses associated with the provision of these services by our manager in the future, such as the costs of crews for our time-chartered vessels and insurance, will lead to an increase in the fees we will have to pay to Capital Ship Management under any new agreements we enter into. The payment of fees to Capital Ship Management and reimbursement of expenses to Capital Ship Management could adversely affect our ability to pay cash distributions.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner, and even if public unitholders are dissatisfied, they will be unable to remove our general partner without Capital Maritime's consent, unless Capital Maritime's ownership share in us is decreased, all of which could diminish the trading price of our common units.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner.

- The unitholders will be unable to remove our general partner without its consent because our general partner and its affiliates own sufficient units to be able to prevent its removal. The vote of the holders of at least 66⅔% of all outstanding units voting together as a single class and a majority vote of our board of directors is required to remove the general partner. As of March 31, 2008, Capital Maritime owned a 45.6% interest in us, including a 2% interest through its ownership of our general partner.

- If our general partner is removed without "cause" during the subordination period and units held by our general partner and Capital Maritime are not voted in favor of that removal, all remaining subordinated units will automatically convert into common units and any existing arrearages on the common units will be extinguished. A removal of our general partner under these circumstances would adversely affect the common units by prematurely eliminating their distribution and liquidation preference over the subordinated units, which would otherwise have continued until we had met certain distribution and performance tests. "Cause" is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding our general partner liable for actual fraud or willful or wanton misconduct in its capacity as our general partner. Cause does not include most cases of charges of poor management of the business, so the removal of our general partner because of the unitholders' dissatisfaction with the general partner's performance in managing our partnership will most likely result in the termination of the subordination period.

- Common unitholders elect only four of the seven members of our board of directors. Our general partner in its sole discretion has the right to appoint the remaining three directors.

- Election of the four directors elected by unitholders is staggered, meaning that the members of only one of three classes of our elected directors are selected each year. In addition, the directors appointed by our general partner will serve for terms determined by our general partner.

- Our partnership agreement contains provisions limiting the ability of unitholders to call meetings of unitholders, to nominate directors and to acquire information about our operations as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

- Unitholders' voting rights are further restricted by the partnership agreement provision providing that if any person or group, other than our general partner, its affiliates, their transferees, and persons who acquired such units with the prior approval of our board of directors, owns beneficially 5% or more of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes, unless required by law. The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote.

- We have substantial latitude in issuing equity securities without unitholder approval.

The effect of these provisions may be to diminish the price at which the common units will trade.

The control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. In addition, our partnership agreement does not restrict the ability of the members of our general partner from transferring their respective membership interests in our general partner to a third party. Any such change in control of our general partner may affect the way we and our operations are managed, which could have a material adverse effect on our business, results of operations or financial condition and our ability to make cash distributions.

Substantial future sales of our common units in the public market could cause the price of our common units to fall.

We have granted registration rights to Capital Maritime and certain affiliates of Capital Maritime. These unitholders have the right, subject to some conditions, to require us to file registration statements covering any of our common, subordinated or other equity securities owned by them or to include those securities in registration statements that we may file for ourselves or other unitholders. As of March 31, 2008, Capital Maritime owned 2,007,847 common units, 8,805,522 subordinated units and certain incentive distribution rights. Following their registration and sale under the applicable registration statement, the subordinated units will become freely tradeable. By exercising their registration rights and selling a large number of common units or other securities, these unitholders could cause the price of our common units to decline.

We may issue additional equity securities without your approval, which would dilute your ownership interests.

We may, without the approval of our unitholders, issue an unlimited number of additional units or other equity securities, including securities to Capital Maritime. In particular, we have financed a portion of the purchase price of the non-contracted vessel we acquired from Capital Maritime during the first quarter of 2008 through the issuance of additional common units to Capital Maritime and we may finance a substantial portion of the purchase price of the remaining newbuildings to be delivered in 2008 through the issuance of additional common units.

The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- our unitholders' proportionate ownership interest in us will decrease;

- the amount of cash available for distribution on each unit may decrease;

- because a lower percentage of total outstanding units will be subordinated units, the risk that a shortfall in the payment of the quarterly distribution will be borne by our common unitholders will increase;

- the relative voting strength of each previously outstanding unit may be diminished; and

- the market price of the common units may decline.

In establishing cash reserves, our board of directors may reduce the amount of cash available for distribution to you.

Our partnership agreement requires our general partner to deduct from operating surplus cash reserves that it determines are necessary to fund our future operating expenditures. These reserves will also affect the amount of cash available for distribution to our unitholders. Our board of directors may establish reserves for distributions on the subordinated units, but only if those reserves will not prevent us from distributing the full quarterly distribution, plus any arrearages, on the common units for the following four quarters. As described above in "—Risks Inherent in Our Business—We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted." Our partnership agreement requires our board of directors each quarter to deduct from operating surplus estimated maintenance and replacement capital expenditures, as opposed to actual expenditures, which could reduce the amount of available cash for distribution. The amount of estimated maintenance and replacement capital expenditures deducted from operating surplus is subject to review and change by our board of directors at least once a year, provided that any change must be approved by the conflicts committee of our board of directors.

Our general partner has a limited call right that may require you to sell your common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80% of the common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, you may be required to sell your common units at an undesirable time or price and may not receive any return on your investment. You may also incur a tax liability upon a sale of your units.

As of March 31, 2008, Capital Maritime, an affiliate of our general partner, owned 12.9% of our common units. At the end of the subordination period, assuming no further issuances of common units and conversion of our subordinated units into common units, Capital Maritime will own 45.6% of our common units, including a 2% interest through its ownership of our general partner.

You may not have limited liability if a court finds that unitholder action constitutes control of our business.

As a limited partner in a partnership organized under the laws of the Marshall Islands, you could be held liable for our obligations to the same extent as a general partner if you participate in the "control" of our business. Our general partner generally has unlimited liability for the obligations of the partnership, such as its debts and environmental liabilities, except for those contractual obligations of the partnership that are expressly made without recourse to our general partner. In addition, the Marshall Islands Limited Partnership Act (the "Marshall Islands Act") provides that, under some circumstances, a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution. In addition, the limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some jurisdictions in which we do business. Please read "The Partnership Agreement—Limited Liability" for a discussion of the implications of the limitations on liability to a unitholder.

We can borrow money to pay distributions, which would reduce the amount of credit available to operate our business.

Our partnership agreement will allow us to make working capital borrowings to pay distributions. Accordingly, we can make distributions on all our units even though cash generated by our operations may not be sufficient to pay such distributions. Any working capital borrowings by us to make distributions will reduce the amount of working capital borrowings we can make for operating our business. For more information, please read "Item 5: Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing Arrangements."

Increases in interest rates may cause the market price of our common units to decline.

An increase in interest rates may cause a corresponding decline in demand for equity investments in general, and in particular for yield-based equity investments such as our common units. Any such increase in interest rates or reduction in demand for our common units resulting from other relatively more attractive investment opportunities may cause the trading price of our common units to decline.

Unitholders may have liability to repay distributions.

Under some circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under the Marshall Islands Act, we may not make a distribution to you if the distribution would cause our liabilities to exceed the fair value of our assets. Marshall Islands law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Marshall Islands law will be liable to the limited partnership for the distribution amount. Assignees who become substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership that are known to the assignee at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

We have been organized as a limited partnership under the laws of the Republic of The Marshall Islands, which does not have a well developed body of partnership law.

Our partnership affairs are governed by our partnership agreement and by the Marshall Islands Act. The provisions of the Marshall Islands Act resemble provisions of the limited partnership laws of a number of states in the United States, most notably Delaware. The Marshall Islands Act also provides that it is to be applied and construed to make it uniform with the Delaware Revised Uniform Partnership Act and, so long as it does not conflict with the Marshall Islands Act or decisions of the Marshall Islands courts, interpreted according to the non-statutory law (or case law) of the State of Delaware. There have been, however, few, if any, court cases in the Marshall Islands interpreting the Marshall Islands Act, in contrast to Delaware, which has a fairly well-developed body of case law interpreting its limited partnership statute. Accordingly, we cannot predict whether Marshall Islands courts would reach the same conclusions as the courts in Delaware. For example, the rights of our unitholders and the fiduciary responsibilities of our general partner under Marshall Islands law are not as clearly established as under judicial precedent in existence in Delaware. As a result, unitholders may have more difficulty in protecting their interests in the face of actions by our general partner and its officers and directors than would unitholders of a limited partnership formed in the United States.

Because we are organized under the laws of the Marshall Islands, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are organized under the laws of the Marshall Islands, and all of our assets are located outside of the United States. Our business is operated primarily from our office in Greece. In addition, our general partner is a Marshall Islands limited liability company and its directors and officers generally are or will be non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or the assets of our general partner or its directors and officers. For more information regarding the relevant laws of the Marshall Islands, please read “Service of Process and Enforcement of Civil Liabilities.”

Tax Risks

In addition to the following risk factors, you should read “Item 10E:—Taxation” for a more complete discussion of the expected material U.S. federal and non-U.S. income tax considerations relating to us and the ownership and disposition of common units.

U.S. tax authorities could treat us as a “passive foreign investment company,” which could have adverse U.S. federal income tax consequences to U.S. holders.

A foreign entity taxed as a corporation for U.S. federal income tax purposes will be treated as a “passive foreign investment company” (a “PFIC”) for U.S. federal income tax purposes if at least 75.0% of its gross income for any taxable year consists of certain types of “passive income,” or at least 50.0% of the average value of the entity’s assets produce or are held for the production of those types of “passive income.” For purposes of these tests, “passive income” includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute “passive income.” U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and projected method of operation we do not believe that we were a PFIC for our 2006 or 2007 taxable years nor do we expect to become a PFIC with respect to any other taxable year. Twelve of the 15 vessels in our fleet as well as the M/T Aristofanis, which we intend to acquire during the second quarter of 2008, are or will be engaged in time chartering activities and we intend to treat our income from those activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes. However, no assurance can be given that the Internal Revenue Service (the “IRS”) will accept this position. The remainder of our fleet will be engaged in activities that may be characterized as passive for PFIC purposes and the income from that portion of our fleet may be treated as passive income for PFIC purposes. See “Item 10E:—Taxation—PFIC Status and Significant Tax Consequences.”

The preferential tax rates applicable to qualified dividend income are temporary, and the enactment of previously proposed legislation could affect whether dividends paid by us constitute qualified dividend income eligible for the preferential rate.

Certain of our distributions may be treated as qualified dividend income eligible for preferential rates of U.S. federal income tax to U.S. individual unitholders (and certain other U.S. unitholders). In the absence of legislation extending the term for these preferential tax rates, all dividends received by such U.S. taxpayers in tax years beginning on January 1, 2011 or later will be taxed at ordinary graduated tax rates. Please read "Item 10E:—Taxation—U.S. Federal Income Taxation of U.S. Holders—Distributions."

In addition, previously proposed legislation proposed during a preceding legislative session of the U.S. Congress would deny the preferential rate of U.S. federal income tax currently imposed on qualified dividend income with respect to dividends received from a non-U.S. corporation, unless the non-U.S. corporation either is eligible for benefits of a comprehensive income tax treaty with the United States or is created or organized under the laws of a foreign country that has a comprehensive income tax system. Because the Marshall Islands has not entered into a comprehensive income tax treaty with the United States and imposes only limited taxes on entities organized under its laws, it is unlikely that we could satisfy either of these requirements. Consequently, if this legislation were enacted the preferential tax rates of federal income tax discussed under "Item 10E:—Taxation—U.S. Federal Income Taxation of U.S. Holders—Distributions" may no longer be applicable to distributions received from us. As of the date hereof, it is not possible to predict with any certainty whether this previously proposed legislation will be reintroduced and enacted.

We may have to pay tax on United States source income, which would reduce our earnings.

Under the Code, 50% of the gross shipping income of a vessel-owning or chartering corporation that is attributable to transportation that both begins or ends, but that does not begin and end, in the U.S. is characterized as U.S. source shipping income and such income generally is subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code.

We believe that we and each of our subsidiaries will qualify for this statutory tax exemption, and we will take this position for U.S. federal income tax return reporting purposes. See "Item 10E:—Taxation." However, there are factual circumstances, including some that may be beyond our control, which could cause us to lose the benefit of this tax exemption. In addition, our conclusion that we qualify for this exemption is based upon legal authorities that do not expressly contemplate an organization structure such as ours. Although we have elected to be treated as a corporation for U.S. federal income tax purposes, for corporate law purposes we are organized as a limited partnership under Marshall Islands law and our general partner will be responsible for managing our business and affairs and has been granted certain veto rights over decisions of our board of directors. Therefore, we can give no assurances that the IRS will not take a different position regarding our qualification, or the qualification of any of our subsidiaries, for this tax exemption.

If we or our subsidiaries are not entitled to this exemption under Section 883 for any taxable year, we or our subsidiaries generally would be subject for those years to a 4% U.S. federal gross income tax on our U.S. source shipping income. The imposition of this taxation could have a negative effect on our business and would result in decreased earnings available for distribution to our unitholders.

You may be subject to income tax in one or more non-U.S. countries, including Greece, as a result of owning our common units if, under the laws of any such country, we are considered to be carrying on business there. Such laws may require you to file a tax return with and pay taxes to those countries.

We intend that our affairs and the business of each of our controlled affiliates will be conducted and operated in a manner that minimizes income taxes imposed upon us and these controlled affiliates or which may be imposed upon you as a result of owning our common units. However, because we are organized as a partnership, there is a risk in some jurisdictions that our activities and the activities of our subsidiaries may be attributed to our unitholders for tax purposes and, thus, that you will be subject to tax in one or more non-U.S. countries, including Greece, as a result of owning our common units if, under the laws of any such country, we are considered to be carrying on business there. If you are subject to tax in any such country, you may be required to file a tax return with and to pay tax in that country based on your allocable share of our income. We may be required to reduce distributions to you on account of any withholding obligations imposed upon us by that country in respect of such allocation to you. The United States may not allow a tax credit for any foreign income taxes that you directly or indirectly incur.

We believe we can conduct our activities in a manner so that our unitholders should not be considered to be carrying on business in Greece solely as a consequence of the acquisition, holding, disposition or redemption of our common units. However, the question of whether either we or any of our controlled affiliates will be treated as carrying on business in any country, including Greece, will largely be a question of fact determined through an analysis of contractual arrangements, including the management agreement and the administrative services agreement we will enter into with Capital Ship Management, and the way we conduct business or operations, all of which may change over time. The laws of Greece or any other foreign country may also change, which could cause the country's taxing authorities to determine that we are carrying on business in such country and are subject to its taxation laws. Any foreign taxes imposed on us or any subsidiaries will reduce our cash available for distribution.

Item 4. Information on the Partnership.

A. History and Development of the Partnership

We are a limited partnership incorporated as Capital Product Partners L.P. under the laws of the Marshall Islands on January 16, 2007 by Capital Maritime. On April 3, 2007, we completed our initial public offering (the "Offering") on the Nasdaq Global Market of 13,512,500 common units at a price of $21.50 per unit. At the time of the Offering, Capital Maritime transferred all of the shares of eight wholly owned subsidiaries, each of which owned a newly built, double hull medium range product tanker, to us and we entered into an agreement with Capital Ship Management, a subsidiary of Capital Maritime, to provide management and technical services in connection with these and future vessels. As of March 31, 2008, Capital Maritime owned a 45.6% interest in us, including a 2% interest through its ownership of our general partner, Capital GP L.L.C. We maintain our principal executive headquarters at 3 Iassonos Street, Piraeus, 18537 Greece and our telephone number is +30 210 4584 950.

B. Business Overview

We are an international owner of product tankers formed by Capital Maritime, an international shipping company with a long history of operating and investing in the shipping market. Our fleet currently consists of 15 double-hull, high specification tankers including the largest Ice Class 1A medium range (MR) product tanker fleet in the world based on number of vessels and carrying capacity. Since the Offering we have taken delivery of five newbuildings and have also acquired two additional vessels from Capital Maritime, almost doubling the size of our fleet in terms of carrying capacity. We also expect to take delivery of an additional 12,000 dwt small tanker from Capital Maritime during the second quarter of 2008 and of two additional newbuildings in June and August of 2008 which we contracted to acquire from Capital Maritime prior to our Offering. Our vessels are capable of carrying crude oil, refined oil products, such as gasoline, diesel, fuel oil and jet fuel, as well as edible oils and certain chemicals such as ethanol and comply not only with the strict regulatory standards that are currently in place but also with the stricter regulatory standards that are currently expected to be implemented. We charter our vessels under medium to long-term time and bareboat charters (two to 10 years, with an average remaining term of approximately 5.3 years) to large charterers such as BP Shipping Limited, Morgan Stanley Capital Group Inc., Trafigura Beheer B.V., and subsidiaries of Overseas Shipholding Group Inc. All our charters provide for the receipt of a fixed base rate for the life of the charter, and in the case of 10 of our 11 time charters, also provide for profit sharing arrangements in excess of the base rate.

Business Strategies

- ***Our primary business objective is to increase quarterly distributions per unit over time***. In order to achieve this objective we execute the following business strategies:

  - ***Maintain and grow our cash flows.*** We believe that the medium to long-term, fixed-rate nature of our charters, our profit sharing arrangements, our contracted and potential acquisitions from Capital Maritime or third parties and our agreement with Capital Ship Management for the commercial and technical management of our vessels, which provides for a fixed management fee for an initial term of approximately five years from when we take delivery of each vessel and includes the expenses for its next scheduled special or intermediate survey, as applicable, and related drydocking will provide a stable and growing base of revenue and predictable expenses that will result in stable cash flows in the medium term.

  - ***Continue to grow our fleet.*** We intend to continue to make strategic acquisitions and to take advantage of our unique relationship with Capital Maritime in a prudent manner that is accretive to our unitholders and to long-term distribution growth. Since the Offering we have taken delivery of five newbuildings and have also acquired two additional vessels from Capital Maritime. We also expect to take delivery of one additional 12,000 dwt small tanker during the second quarter of 2008 and of two additional newbuildings in June and August of 2008. Furthermore, pursuant to our omnibus agreement with Capital Maritime, we have the opportunity to purchase six sister vessels currently owned or on order by Capital Maritime, but only in the event those vessels are fixed under medium to long-term charters. Capital Maritime also has a substantial newbuilding program in place and we will continue to evaluate opportunities to acquire both newbuildings and second-hand vessels, if and when they are chartered for more than two years, from Capital Maritime and from third parties as we seek to grow our fleet. We believe that our medium to long-term charters, strong relationships with reputable shipyards and financial flexibility will allow us to make additional accretive acquisitions based on our judgment and experience as to prevailing market conditions.

  - ***Capitalize on our relationship with Capital Maritime and expand our charters with recognized charterers***. We believe that we can leverage our relationship with Capital Maritime and its ability to meet the rigorous vetting processes of leading oil companies in order to attract new customers. We also plan to increase the number of vessels we charter to our existing charterers as well as enter into charter agreements with new customers in order to maintain a portfolio of charters that is diverse from a customer, geographic and maturity perspective. Following our Offering we have added Trafigura Beheer B.V. to our customer base, delivered the first of three vessels to Overseas Shipholding Group and chartered an additional vessel with BP Shipping Limited.

- ***Maintain and build on our ability to meet rigorous industry and regulatory safety standards.*** Capital Ship Management, an affiliate of our general partner that manages our vessels, has an excellent vessel safety record, is capable of fully complying with rigorous health, safety and environmental protection standards, and is committed to provide our customers with a high level of customer service and support. We believe that in order for us to be successful in growing our business in the future we will need to maintain our excellent vessel safety record and maintain and build on our high level of customer service and support.

Competitive Strengths

We believe that we are well-positioned to execute our business strategies and our future prospects for success are enhanced because of the following competitive strengths:

- ***Stable and growing cash flows based on medium to long-term charters.*** We believe that the medium to long-term, fixed-rate nature of our charters, our profit sharing arrangements and our fixed-rate management agreement provide a stable and growing base of revenue and predictable expenses that result in stable and growing cash flows. Our existing fleet has experienced significant growth since our Offering, almost doubling in terms of carrying capacity. In addition, we believe our intention to acquire the M/T Aristofanis in the second quarter of 2008, our commitment to purchase two additional vessels scheduled for delivery in 2008 and the potential opportunity to purchase up to an additional six sister vessels and up to 25 modern double-hull tankers of various sizes from Capital Maritime provides visible opportunity for future growth in our revenue, operating income and net income.

- ***Strong relationship with Capital Maritime.*** We believe our relationship with Capital Maritime and its affiliates provides numerous benefits that are key to our long-term growth and success, including Capital Maritime's reputation within the shipping industry and its network of strong relationships with many of the world's leading oil companies, shipyards, commodity traders, and shipping companies. We also benefit from Capital Maritime's expertise in technical fleet management and its ability to meet the rigorous vetting processes of some of the world's most selective major international oil companies, including BP p.l.c., Royal Dutch Shell plc, StatoilHydro ASA, and most recently Chevron Corporation and ExxonMobil Corporation. We believe we are well-positioned not only to retain existing customers such as BP Shipping Limited, Morgan Stanley Capital Group Inc., Trafigura Beheer B.V. and Overseas Shipholding Group Inc., but also to enter into agreements with other large charterers and oil companies.

- ***Leading position in the product tanker market, with a modern, capable fleet, built to high specifications.*** Our fleet of 15 tankers includes the largest Ice Class 1A MR fleet in the world based on number of vessels and carrying capacity. The IMO II/III and Ice Class 1A classification notations of most of our vessels provide a high degree of flexibility as to what cargoes our charterers can choose to trade as they employ our fleet. We also believe that the range in size and geographic flexibility of our fleet are attractive to our charterers, allowing them to consider a variety of trade routes and cargoes. In addition, with an average age of approximately 2.5 years, our fleet is one of the youngest fleets of its size in the world. Finally, we believe our vessels' compliance with existing and expected regulatory standards, the high technical specifications of our vessels and our fleet's flexibility to transport a wide variety of refined products and crude oil across a wide range of trade routes is attractive to our existing and potential charterers.

- ***Financial strength and flexibility.*** At the time of the Offering we entered into a non-amortizing revolving credit facility that provided us with the funds to purchase the vessels delivered to us to date, including the M/T Attikos, and we expect will provide us with the funds to pay a substantial portion of the purchase price for the remaining two newbuildings to be delivered in 2008. On March 19, 2008 we entered into a new 10-year revolving credit facility of up to $350.0 million, which is non-amortizing until March 2013, further enhancing our financial flexibility to realize new vessel acquisitions from Capital Maritime and third parties. We may use this facility to finance a portion of the acquisition price of certain identified vessels currently in Capital Maritime's fleet which we may elect to acquire in the future and up to 50% of the purchase price of any potential future purchases of modern tanker vessels from Capital Maritime or any third parties. To date, we have used $46.0 million of this facility to fund part of the acquisition price of the M/T Amore Mio II from Capital Maritime and expect to use approximately $11.5 million in connection with the acquisition of the M/T Aristofanis in the second quarter of 2008.**

Our Customers

We provide marine transportation services under medium to long-term time charters or bareboat charters with counterparties that we believe are creditworthy. Currently, our customers are:

- ***BP Shipping Limited***, the shipping affiliate of BP p.l.c., one of the world's largest producers of crude oil and natural gas. BP p.l.c. has exploration and production interests in 26 countries and as of December 31, 2006, BP p.l.c. had proved reserves of 17.7 billion barrels of oil and gas equivalent.

- ***Morgan Stanley Capital Group Inc.***, the commodities division of Morgan Stanley, the international investment bank, is a leading commodities trading firm in the energy and metals markets, encompassing both physical and derivative capabilities.

- ***Overseas Shipholding Group Inc.***, one of the largest independent shipping companies in the world operating crude and product tankers. As of December 31, 2007, Overseas Shipholding Group Inc.'s operating fleet consisted of 214 vessels, 44 of which were under construction, aggregating 14.8 million dwt.

- ***Trafigura Beheer B.V.***, a large trader of crude oil and refined products based in The Netherlands and founded in 1993. Trafigura is the world's largest independent oil trader with investments in industrial assets around the world of more than $600 million as of October 2007.

BP Shipping Limited and Morgan Stanley Capital Group Inc. accounted for 64% and 28% of our revenues, respectively, for the year ended December 31, 2007 and 53% and 23% of the revenues, respectively, of our predecessor, for the year ended December 31, 2006. The loss of any significant customer or a substantial decline in the amount of services requested by a significant customer could harm our business, financial condition and results of operations.

Our Fleet

At the time of the Offering on April 3, 2007, our fleet consisted of eight newly built, Ice Class 1A, IMO II/III double-hull, MR chemical/product tankers constructed by Hyundai MIPO Dockyard Co., Ltd. to high specifications. We also agreed to purchase from Capital Maritime a further four Ice Class 1A IMO II/III sister vessels which were delivered in 2007 and three IMO II/III MR chemical/product tanker sister vessels constructed by STX Shipbuilding Co., Ltd. scheduled for delivery in 2008 at a fixed price. Sister vessels are vessels of similar specifications and size typically built at the same shipyard. All of the vessels are or were designed, constructed, inspected and tested in accordance with the rules and regulations of either Det Norske Veritas (DNV) or the American Bureau of Shipping (ABS) and are under time or bareboat charters commencing at the time of their delivery. The three MR chemical/product tankers are chartered under bareboat charters to subsidiaries of Overseas Shipholding Group Inc., which has an option to purchase each vessel at the end of the eighth, ninth or tenth year of its charter.

Since the Offering, the size of our fleet has almost doubled in terms of carrying capacity. We have acquired the following vessels:

- The four Ice Class 1A, IMO II/III, 47,000 dwt, MR chemical/product contracted newbuildings were delivered to us between May and September 2007 and delivered to Morgan Stanley Inc., their charterer. The charters for all four of these vessels are subject to profit sharing arrangements which allow each party to share additional revenues above the base rate on a 50/50 basis. Our current fleet of 12 newly built, Ice Class 1A MR vessels represents the largest such fleet in the world based on number of vessels and carrying capacity. Ice Class 1A vessels may earn a premium during winter months as they are capable of navigating through many ice-covered routes inaccessible to standard product tankers.

- The M/T Attikos, a 12,000 dwt, 2005 built, double-hull product tanker which is chartered to Trafigura Beheer B.V. under a charter with an earliest scheduled expiration date of September 2009, was our first non-contracted acquisition from Capital Maritime. The vessel was delivered to us in September 2007.

- The M/T Alexandros II, a 51,258 dwt IMO II/III MR chemical/product tanker, the first of three such contracted newbuilding MR sister vessels, was delivered in January 2008 and delivered to subsidiaries of Overseas Shipholding Group Inc., its charterer. The two sister vessels we have agreed to acquire from Capital Maritime are scheduled for delivery in June and August of 2008, respectively. All vessels are capable of transporting a range of refined oil products, chemicals (including ethanol and biodiesel feedstock), fuel oil and crude oil worldwide.

- The M/T Amore Mio II, a 159,982 dwt, 2001 built, double-hull tanker, which is chartered to BP Shipping Limited under a charter with an earliest scheduled expiration date of January 2011, was acquired from Capital Maritime in March 2008. The charter is subject to a profit sharing arrangement which is calculated and settled monthly and which allows each party to share additional revenues above the base rate on a 50/50 basis.

In addition to the above vessels, we have entered into a letter of intent with Capital Maritime to acquire the M/T Aristofanis and intend to complete such acquisition during the second quarter of 2008. The M/T Aristofanis, a 12,000 dwt, 2005 built, double-hull product tanker, is chartered to Shell International Trading & Shipping Company Ltd. under a charter with an earliest scheduled expiration date of March 2010 and is a sister vessel to the M/T Attikos.

We expect that by the end of the third quarter of 2008 our fleet will consist of 18 double-hull tankers, including the M/T Aristofanis, with an average age of approximately 2.5 years.

Potential Additional Vessels from Capital Maritime

We intend to continue to make strategic acquisitions and to take advantage of our unique relationship with Capital Maritime in a prudent manner that is accretive to our unitholders and to long-term distribution growth. Pursuant to our omnibus agreement with Capital Maritime, Capital Maritime has granted us a right of first offer for any MR tankers in its fleet under charter for two or more years, giving us the opportunity to purchase up to an additional six vessels comprised of two 37,000 dwt Ice Class 1A MR chemical/product tanker sister vessels and four 51,000 dwt MR IMO II/III chemical/product tanker sister vessels in the future. Capital Maritime is, however, under no obligation to fix any of these six vessels under charters of two or more years. All six vessels are currently under charter for less than two years or are yet to be chartered as they are under construction. Please read “Item 7B: Related Party Transactions” for a detailed description of our omnibus agreement with Capital Maritime.

In addition, Capital Maritime currently owns or has on order a total of 25 modern**,** double-hull product and crude oil tankers of different sizes which we may potentially acquire in the event those vessels were fixed under charters of two or more years.

The first table below provides summary information as of March 31, 2008 about the vessels in our fleet and the vessels we have contracted to acquire or may have the opportunity to acquire from Capital Maritime as well as their delivery date or expected delivery date to us and their employment. The table also includes the approximate expected termination date of the management agreement with Capital Ship Management with respect to each vessel. The second table provides information about the modern vessels in Capital Maritime’s fleet as of March 31, 2008 and the year they were built or expected delivery date to Capital Maritime. We may agree to purchase certain of these vessels from Capital Maritime in the future. Sister vessels are denoted by the same letter in the tables.

OUR FLEET

Vessel Name	Sister Vessels (1)	Year Built/ Delivery Date	DWT	OPEX (per day)	Management Agreement Expiration	Duration/ Charter Type (2)	Expiry of Charter (3)	Daily Charter Rate (Net) (4)	Profit Sharing	Charterer (5)	Description
VESSELS CURRENTLY IN OUR FLEET											
Initial Fleet – Delivered to Us At Time of the Offering (6)											
Atlantas	A	2006	36,760	$250	Jan-Apr 2011	8-year BC	Mar-2014	$15,000(7)		BP	Ice Class 1A IMO II/III Chemical/ Product
Aktoras	A	2006	36,759	$250	Apr-Jul 2011	8-year BC	Jun-2014	$15,000(7)		BP	
Aiolos	A	2007	36,725	$250		8-year BC	Feb-2015	$15,000(7)		BP	
Agisilaos	A	2006	36,760	$5,500	May-Aug 2011	2.5-year TC	Jan-2009	$17,500(7)	ü	BP	
Arionas	A	2006	36,725	$5,500	Aug-Nov 2011	2.5-year TC	Apr-2009	$21,000(9) (8)	ü	BP	
Axios	B	2007	47,872	$5,500	Dec-2011-Mar-2012	3-year TC	Jan-2010	$20,500(8)	ü	BP	
Avax	B	2007	47,834	$5,500	Jun 2010	3-year TC	May-2010	$20,500	ü	BP	
Assos	B	2006	47,872	$5,500	Feb-May 2011	3-year TC	Oct-2009	$20,000	ü	MS	
Total DWT:			**327,307**								
Vessels Purchased from Capital Maritime since the Offering											
Atrotos (6)	B	May-2007	47,786	$5,500	Feb-May 2012	3-year TC	Apr-2010	$20,000	ü	MS	Ice Class 1A IMO II/III Chemical/ Product
Akeraios (6)	B	Jul-2007	47,781	$5,500	May-Aug 2012	3-year TC	Jun-2010	$20,000	ü	MS	
Anemos I (6)	B	Sept-2007	47,782	$5,500	Jul-Oct 2012	3-year TC	Aug-2010	$20,000	ü	MS	
Apostolos (6)	B	Sept-2007	47,782	$5,500	Jul-Oct 2012	3-year TC	Aug-2010	$20,000	ü	MS	
Attikos (10)	C	2005	12,000	$5,500	Sept-Nov 2012	26-28 mon. TC	Sept-2009	$13,503		Trafigura	Product
Alexandros II (11)(12)	D	Jan-2008	51,258	$250	Dec-2012-Mar 2013	10-year BC	Dec-2017	$13,000		OSG	IMO II/III Chem./Prod.
Amore Mio II (13)	E	2001	159,982	$8,500	Mar-Apr 2013	3-year TC	Jan-2011	$36,000	ü	BP	Crude Oil
Total DWT:			**704,858**								
VESSELS WE HAVE AGREED TO OR MAY PURCHASE FROM CAPITAL MARITIME											
Additional Contracted Vessels (With Expected Delivery Date)											
Aristofanis (10)	C	2005	12,000	$5,500		2-year TC	Mar-2010	$12,952		Shell	Product
Aristotelis II (11)(12)	D	Jun-2008	51,000	$250	Mar-Jun 2013	10-year BC	May-2018	$13,000		OSG	IMO II/III Chem./Prod.
Aris II (11)(12)	D	Aug-2008	51,000	$250	May-Aug 2013	10-year BC	Jul-2018	$13,000		OSG	
Total DWT:			**114,000**								

Vessel Name	Sister Vessels (1)	Year Built/ Delivery Date	DWT	OPEX (per day)	Management Agreement Expiration	Duration/ Charter Type (2)	Expiry of Charter (3)	Daily Charter Rate (Net) (4)	Profit Sharing	Charterer (5)	Description
May Purchase if Under Long-Term Charter (With Expected Delivery Date to Capital Maritime)											
Aristidis (6)	A	Jan-2006	36,680								Ice Class 1A IMO II/III Chem./Prod.
Alkiviadis (6)	A	Mar-2006	36,721								
Agamemnon II (11)	D	Oct-2008	51,000								IMO II/III Chemical/ Product
Ayrton III (11)	D	Jan-2009	51,000								
Adonis II (11)	D	Jan-2009	51,000								
Asterix II (11)	D	Mar-2009	51,000								
Total DWT:			**277,401**								

(1) Sister vessels, which are vessels of similar specifications and size typically built at the same shipyard, are denoted in the tables by the same letter.

(2) TC: Time Charter, BC: Bareboat Charter.

(3) Earliest possible redelivery date. With the exception of the charter for the M/T Attikos and the M/T Aristofanis, whose charters expire on the date of expiration, redelivery date is +/–30 days at the charterer's option.

(4) All rates quoted above are the net rates after we or our charterers have paid commissions on the base rate. The BP time and bareboat charters are subject to 1.25% commissions. The Trafigura time charter is subject to 2.5% commissions. The Shell time charter is subject to 2.25% commissions. We do not pay any commissions for the MS time charters.

(5) BP: BP Shipping Limited. MS: Morgan Stanley Capital Group Inc., OSG: certain subsidiaries of Overseas Shipholding Group Inc. Trafigura: Trafigura Beheer B.V. Shell: Shell International Trading & Shipping Company Ltd.

(6) These vessels were built by Hyundai MIPO Dockyard Co., Ltd., South Korea.

(7) The last three years of the BC will be at a daily charter rate of $13,433 (net).

(8) In addition to the commission on the gross charter rate, the ship broker is entitled to an additional 1.25% commission on the amount of profit share.

(9) The last six months of the TC will be at a net daily charter rate of $19,000 plus a 50/50 profit sharing arrangement (from November 4, 2008 to April 4, 2009).

(10) These vessels were built by Baima Shipyard, China. The M/T Attikos was acquired by us in September 2007. We intend to acquire the M/T Aristofanis by the end of the second quarter of 2008 in accordance with a letter of intent entered into with Capital Maritime in February 2008.

(11) These vessels were built or are being built by STX Shipbuilding Co., Ltd., South Korea.

(12) OSG has an option to purchase each of the three STX vessels delivered or to be delivered in 2008 at the end of the eighth, ninth or tenth year of the applicable charter, for $38.0 million, $35.5 million and $33.0 million, respectively, which option is exercisable six months before the date of completion of the eighth, ninth or tenth year of the charter. The expiration date above may therefore change depending on whether the charterer exercises its purchase option.

(13) This vessel was built by Daewoo Shipbuilding and Marine Engineering Co., Ltd., South Korea and was acquired by us in March 2008.

CAPITAL MARITIME'S FLEET

Vessel Name	Sister Vessels (1)	Year Built/Expected Delivery Date	DWT	Description
Suezmaxes				
Miltiadis M II (2)	-	2006	162,396	ICE Class 1A Product/Crude Oil
Alterego II (2)	E	2002	159,924	Crude Oil
Handy Tankers (3)				
Achilleas II	F	Jun-2010	25,000	IMO II Chemical/Product
Athlos II	F	Jun-2010	25,000	IMO II Chemical/Product
Amor II	F	Jul-2010	25,000	IMO II Chemical/Product
Aktor II	F	Jul-2010	25,000	IMO II Chemical/Product
Aristos II	F	Aug-2010	25,000	IMO II Chemical/Product
Anaxagoras II	F	Aug-2010	25,000	IMO II Chemical/Product
Amadeus II	F	Sep-2010	25,000	IMO II Chemical/Product
Aiolos II	F	Sep-2010	25,000	IMO II Chemical/Product
Aktoras II	F	Oct-2010	25,000	IMO II Chemical/Product
Alkaios II	F	Oct-2010	25,000	IMO II Chemical/Product
Atlantas II	F	Nov-2010	25,000	IMO II Chemical/Product
Amfitrion II	F	Nov-2010	25,000	IMO II Chemical/Product
Small Tankers – 14,000 dwt (4)				
Amorito II	G	Sep-2008	14,000	IMO II Chemical/Product
Allegro II	G	Nov-2008	14,000	IMO II Chemical/Product
Archimidis II	G	Dec-2008	14,000	IMO II Chemical/Product
Aias II	G	Apr-2009	14,000	IMO II Chemical/Product
Active II	G	Jun-2009	14,000	IMO II Chemical/Product
Amigo II	G	Jul-2009	14,000	IMO II Chemical/Product
Apollonas II	G	Aug-2009	14,000	IMO II Chemical/Product
Adamastos II	G	Sep-2009	14,000	IMO II Chemical/Product
Anikitos II	G	Dec-2009	14,000	IMO II Chemical/Product
Small Tankers – 12,000 dwt (5)				
Asopos	H	Aug-2008	12,000	IMO II Chemical/Product
Akadimos	H	Nov-2008	12,000	IMO II Chemical/Product
TOTAL DWT:			**772,320**	

(1) Sister vessels, which are vessels of similar specifications and size typically built at the same shipyard, are denoted in the tables by the same letter.
(2) These vessels were built by Daewoo Shipbuilding and Marine Engineering Co., Ltd., South Korea.
(3) These vessels are being built by Samho Shipbuilding Co., Ltd., South Korea.
(4) These vessels are being built or were built by Baima Shipyard, China.
(5) These vessels are being built by Ziuziang Yinxing Shipyard Co. Ltd, China.

Our Charters

All of our current vessels and the vessels we have contracted to purchase from Capital Maritime are or will be at the time of delivery under medium to long-term time charters or bareboat charters of more than two years. Under certain circumstances we may operate vessels in the spot market until the vessels have been fixed under appropriate medium to long-term charters.

Time Charters

A time charter is a contract for the use of a vessel for a fixed period of time at a specified daily rate. Under a time charter, the vessel's owner provides crewing and other services related to the vessel's operation, the cost of which is included in the daily rate and the charterer is responsible for substantially all vessel voyage costs, except for commissions which are assumed by the owner. In the case of the vessels under time charter to Morgan Stanley Capital Group Inc., the charterer is also responsible for the payment of all commissions. The basic hire rate payable under the charters is a previously agreed daily rate, as specified in the charter, payable at the beginning of the month in U.S. Dollars. We currently have 11 vessels under time charter of which five are with Morgan Stanley Capital Group Inc., five with BP Shipping Limited and one with Trafigura Beheer B.V. Of our 11 time charters, 10 contain profit-sharing provisions that allow us to realize at a pre-determined percentage additional revenues when spot rates are higher than the base rates incorporated in our charters or, in some instances, through greater utilization of our vessels by our charterers.

Profit Sharing Arrangements

Morgan Stanley Profit Sharing. The profit sharing arrangements for our vessels time chartered with Morgan Stanley Capital Group Inc. are calculated on the basis of a weighted monthly average of three indices published daily by the Baltic Exchange based on specific routes and cargo sizes representative of the vessel's trading. At the end of each month, the monthly average of each route is calculated and the Time Charter Equivalent (TCE) for a round voyage is estimated based upon the weighted average of the three routes, the speed and consumption of the vessel in question, bunker prices at agreed ports as published by Platts, port expenses adjusted twice a year and other parameters mutually agreed such as loading/discharging time, bad weather and commissions. If the weighted average hire rate is less than or equal to the basic hire rate, then we receive the basic hire rate only. If the weighted average hire exceeds the basic hire rate, then we receive the basic hire rate plus 50% of the excess. However, we also have the right to access the charterer's annual results of operations for each vessel and if it is shown that the vessel has performed better than the estimated profit outlined above, then we may opt to use the charterer's results of operations and are reimbursed the difference between profits received under the first option outlined above, and 50% of actual vessel profits above the basic hire rate. With the exception of the profit share arrangement for the M/T Assos, where 1.25% commission is deducted from the gross profit share amount, no commissions are payable on revenues derived from our profit shares. Annual results of operations from the charterer are to be presented by December 31 of each year for the period commencing December 1 of the previous year to November 30 of the year in question.

BP Profit Sharing. With the exception of the M/T Amore Mio II, our profit sharing arrangements for our vessels time chartered with BP Shipping Limited are based on the calculation of the TCE according to the "last to next" principle. Actual voyage revenues earned and received, actual expenses incurred and actual time taken to perform the voyage are used for the purpose of the calculation. The charterer is obliged to provide us with a copy of each fixture note and all reasonable documentation with respect to items of cost and earnings referring to each voyage within every calculation period, as well as with a statement listing actual voyage results for voyages completed and estimated results for any voyage not completed at the time of settlement. When actual revenue and/or expenses have not been settled, BP Shipping Limited's estimates apply but remain subject to adjustment upon closing of actual accounts. If the average daily TCE is less than or equal to the basic gross hire rate, then we receive the basic net hire rate only. If the average daily TCE exceeds the basic gross hire rate, then we receive the basic net hire rate plus 50% of the excess over the gross hire rate. In addition to the 1.25% commission we pay on the gross charter rate for each vessel, the relevant ship broker is also entitled to an additional 1.25% commission on the amount of profit share received from the M/T Agisilaos, the M/T Arionas, the M/T Axios and the M/T Amore Mio II. In the case of the M/T Amore Mio II, the calculation of the profit share is based on the weighted monthly average of two indices published daily by the Baltic Exchange based on specific routes and cargo sizes representative of the vessel's trading. The profit share with BP Shipping Limited is calculated and settled quarterly, except for the profit share for the M/T Amore Mio II, which is calculated and settled monthly.

TCE rate is a shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters generally are expressed in such amounts. TCE is expressed as per ship per day rate and is calculated as voyage and time charter revenues less voyage expenses during a period divided by the number of operating days during the period, which is consistent with industry standards.

Please read "—Our Fleet" above, including the chart and accompanying notes, for more information on our time charters, including expected expiration dates and daily charter rates.

Bareboat Charters

A bareboat charter is a contract pursuant to which the vessel owner provides the vessel to the customer for a fixed period of time at a specified daily rate, and the customer provides for all of the vessel's operating expenses including crewing, repairs, maintenance, insurance, stores, lube oils and communication expenses in addition to the voyage costs and generally assumes all risk of operation. The customer undertakes to maintain the vessel in a good state of repair and efficient operating condition and drydock the vessel during this period at its cost and as per the classification society requirements. The basic rate hire is payable to us monthly in advance in U.S. Dollars.

We currently have four vessels under bareboat charter, three with BP Shipping Limited and one with subsidiaries of Overseas Shipholding Group Inc. The two vessels scheduled for delivery by the third quarter of 2008 have also been fixed under bareboat charters commencing at the time of delivery with subsidiaries of Overseas Shipholding Group Inc. The charters entered into with subsidiaries of Overseas Shipholding Group Inc. are fully and unconditionally guaranteed by Overseas Shipholding Group Inc. Our charters with respect to the M/T Alexandros II, Aristotelis II and Aris II include options for the charterer to purchase each vessel for $38.0 million, $35.5 million or $33.0 million at the end of the eighth, ninth or tenth year of the charter, respectively. In each case, the option to purchase the vessel must be exercised six months prior to the end of the charter year. Please read "—Our Fleet" above, including the chart and accompanying notes, for more information on our bareboat charters, including the expected expiration dates and daily charter rates.

Seasonality

Our vessels operate under medium to long-term charters and are not generally subject to the effect of seasonable variations in demand.

Management of Ship Operations, Administration and Safety

Capital Maritime provides, through its subsidiary Capital Ship Management, expertise in various functions critical to our operations. This affords a safe, efficient and cost-effective operation and, pursuant to a management agreement and an administrative services agreement we have entered into with Capital Ship Management, we have access to human resources, financial and other administrative services, including bookkeeping, audit and accounting services, administrative and clerical services, banking and financial services, client and investor relations and technical management services, including commercial management of the vessels, vessel maintenance and crewing (not required for vessels subject to bareboat charters), purchasing and insurance and shipyard supervision.

Under our time charter arrangements, Capital Ship Management, our manager, is generally responsible for commercial, technical, health and safety and other management services related to the vessels' operation, and the charterer is responsible for port expenses, canal dues and bunkers and, in the case of the Morgan Stanley Capital Group Inc. time charters, for commissions. Pursuant to our management agreement, we pay a fixed daily fee of $5,500 per vessel for our time chartered vessels ($8,500 for the M/T Amore Mio II), for an initial term of approximately five years from when we take delivery of each vessel and covers vessel operating expenses, which include crewing, repairs and maintenance, insurance and the expenses of the next scheduled special or intermediate survey for each vessel, as applicable, and related drydocking. Please see the table in "—Our Fleet" above for a list of the approximate expected termination dates of the management agreement with Capital Ship Management with respect to each vessel currently in our fleet. Capital Ship Management is directly responsible for providing all of these items and services. The sole expense we incur in connection with our vessels under bareboat charter is a daily fee of $250 per bareboat chartered vessel payable to Capital Ship Management, mainly to cover compliance costs. Capital Ship Management may provide these services to us directly or it may subcontract for certain of these services with other entities, including other Capital Maritime subsidiaries. Going forward, when we acquire new vessels or when the respective management agreements for our vessels expire, we will have to enter into new agreements which may provide for different fees or include different terms. For more information on the management agreement and administrative services agreements we have with Capital Ship Management please read "Item 7B: Related Party Transactions—Management Agreement" and "—Administrative Services Agreement."

Capital Ship Management operates under a safety and quality management system certified under the ISM Code and complies with the quality assurance standard ISO 9001, the environmental management standard ISO 14001 and the Occupational Health & Safety Management System (OHSAS) 18001 with Lloyds Register of Shipping. As a result, our vessels are operated in a manner intended to protect the safety and health of Capital Maritime's employees, the general public and the environment. Capital Maritime's technical management team actively manages the risks inherent in our business and is committed to eliminating incidents that threaten safety, such as groundings, fires, collisions and petroleum spills, as well as reducing emissions and waste generation.

Major Oil Company Vetting Process

Shipping in general, and crude oil, refined product and chemical tankers, in particular, have been, and will remain, heavily regulated. Many international and national rules, regulations and other requirements – whether imposed by the classification societies, international statutes (IMO, SOLAS (defined below), MARPOL, etc.), national and local administrations or industry – must be complied with in order to enable a shipping company to operate and a vessel to trade.

Traditionally there have been relatively few large players in the oil trading business and the industry is continuously consolidating. The so called "oil majors companies", such as ExxonMobil Corporation, BP p.l.c., Royal Dutch Shell plc, Chevron Corporation, ConocoPhillips, StatoilHydro ASA and Total S.A., together with a few smaller companies, represent a significant percentage of the production, trading and, especially, shipping logistics (terminals) of crude and refined products world-wide. Concerns for the environment, health and safety have led the oil majors to develop and implement a strict due diligence process when selecting their commercial partners. This vetting process has evolved into a sophisticated and comprehensive risk assessment of both the vessel operator and the vessel.

While a plethora of parameters are considered and evaluated prior to a commercial decision, the oil majors, through their association, the Oil Companies International Marine Forum (OCIMF), have developed and are implementing two basic tools: (i) a Ship Inspection Report Programme (SIRE) and (ii) the Tanker Management & Self Assessment (TMSA) Program. The former is a physical ship inspection based upon a thorough Vessel Inspection Questionnaire (VIQ), and performed by accredited OCIMF inspectors, resulting in a report being logged on SIRE, while the latter is a recent addition to the risk assessment tools used by the oil majors.

Based upon commercial needs, there are three levels of risk assessment used by the oil majors: (i) terminal use, which will clear a vessel to call at one of the oil major's terminals; (ii) voyage charter, which will clear the vessel for a single voyage; and (iii) term charter, which will clear the vessel for use for an extended period of time. The depth, complexity and difficulty of each of these levels of assessment vary. While for the terminal use and voyage charter relationships a ship inspection and the operator's TMSA will be sufficient for the assessment to be undertaken, a term charter relationship also requires a thorough office assessment. In addition to the commercial interest on the part of the oil major, an excellent safety and environmental protection record is necessary to ensure an office assessment is undertaken.

We believe Capital Maritime and Capital Ship Management are among a small number of ship management companies to have undergone and successfully completed audits by five major international oil companies in the last few years (i.e., BP p.l.c., Royal Dutch Shell plc, StatoilHydro ASA, Chevron Corporation and ExxonMobil Corporation).

Crewing and Staff

Capital Maritime recruits the senior officers and all other crew members for our vessels either directly through a subsidiary crewing office in Romania or through a crewing agent. Capital Maritime also maintains a presence in Russia and has entered into an agreement for the training of officers under ice conditions at a specialized training center in St. Petersburg. Capital Maritime's vessels are currently manned primarily by Romanian, Russian and Filipino crew members. Having employed these crew configurations for a number of years, Capital Maritime has considerable experience in operating vessels in this configuration and has a pool of certified and experienced crew members.

Classification, Inspection and Maintenance

Every oceangoing vessel must be "classed" and certified by a classification society. The classification society is responsible for verifying that the vessel has been built and maintained in accordance with the rules and regulations of the classification society and ship's country of registry as well as the international conventions of which that country has accepted and signed. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned. The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state or port authority. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

For maintaining the class status, regular and extraordinary surveys of hull and machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

Annual Surveys, which are conducted for the hull and the machinery at intervals of 12 months.

Intermediate Surveys, which are extended surveys and are conducted two and one-half years after commissioning and after each class renewal survey. In the case of newbuildings, the requirements of the intermediate survey can be met through an underwater inspection in lieu of drydocking the vessel.

Class Renewal Surveys (also known as *special surveys*) are carried out at the intervals indicated by the classification for the hull (usually at five year intervals). During the special survey, the vessel is thoroughly examined, including Non-Destructive Inspections (NDIs) to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society will order steel renewals. The classification society may grant a one-year grace period for completion of the special survey. Substantial amounts of funds may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every five years, depending on whether a grace period is granted, a ship-owner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle. At an owner's application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as ESP - Enhanced Survey Program and CSM - Continuous Machinery Survey.

All areas subject to survey, as defined by the classification society, are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as "in class" by a classification society which is a member of the International Association of Classification Societies. All of our vessels are certified as being "in class" by American Bureau of Shipping, Det Norske Veritas and, in the case of the M/T Attikos, China Classification Society. All of the newbuildings we currently have on order and any other new and secondhand vessels that we purchase must be certified prior to their delivery. If any vessel we have contracted to purchase is not certified as "in class" on the date of closing, we have no obligation to take delivery of the vessel.

Risk Management and Insurance

The operation of any ocean-going vessel carries an inherent risk of catastrophic marine disasters, death or personal injury and property losses caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. The occurrence of any of these events may result in loss of revenues or increased costs or, in the case of marine disasters, catastrophic liabilities. Although we believe our current insurance program is comprehensive, we cannot insure against all risks, and we cannot be certain that all covered risks are adequately insured against or that we will be able to achieve or maintain similar levels of coverage throughout a vessel's useful life. Furthermore, there can be no guarantee that any specific claim will be paid by the insurer or that it will always be possible to obtain insurance coverage at reasonable rates. More stringent environmental regulations at times in the past have resulted in increased costs for, and may result in the lack of availability of, insurance against the risks of environmental damage or pollution. Moreover, under the terms of our bareboat charters, the charterer provides for the insurance of the vessel, and as a result, these vessels may not be adequately insured and/or in some cases may be self-insured. Any uninsured or under-insured loss could harm our business and financial condition.

We currently carry "hull and machinery", "increased value", "protection and indemnity" and "war risk" insurance coverage for each of our vessels to protect against most of the accident-related risks involved in the conduct of our business:

- *Hull and machinery insurance* covers loss of or damage to a vessel due to marine perils such as collisions, grounding and weather and the coverage is usually to an agreed "insured value" which, as a matter of policy, is never less than the particular vessel's fair market value.

- *Increased value insurance* augments hull and machinery insurance cover by providing a low-cost means of increasing the insured value of the vessels in the event of a total loss casualty.

- *Protection and indemnity insurance* is the principal coverage for third party liabilities and indemnifies against other liabilities incurred while operating vessels, including injury to the crew, third parties, cargo or third party property loss for which the shipowner is responsible and pollution. The current available amount of our coverage for pollution is $1.0 billion per vessel per incident.

- *War Risks insurance* covers such items as piracy and terrorism.

Not all risks are insured and not all risks are insurable. The principal insurable risks which nevertheless remain uninsured across the fleet are "loss of hire" and "strikes." Capital Maritime does not insure these risks because the costs are regarded as disproportionate to the benefit.

The following table sets forth certain information regarding our insurance coverage as of December 31, 2007.

Type	Aggregate Sum Insured For All Vessels in our Existing Fleet
Hull and Machinery	$551.0 million (increased value insurance (including excess liabilities) provides additional coverage).
Increased Value (including Excess Liabilities)	Up to $268.0 million additional coverage in total.
Protection and Indemnity (P&I)	Pollution liability claims: limited to $1.0 billion per vessel per incident.
War Risk	$819.0 million.

The International Product Tanker Industry

The international seaborne transportation industry represents the most cost effective method of transporting large volumes of crude oil and refined petroleum products. The seaborne movement of refined petroleum products between regions addresses demand and supply imbalances for such products caused by the lack of resources or refining capacity in consuming countries. Global demand for the shipping of refined products and crude oil has grown historically at a faster rate than the demand for the refined products and the crude oil themselves. The demand for product and crude oil tankers is cyclical and a function of several factors, including the general strength of the economy, location of oil production and the distance from refineries as well as refining and consumption and world oil demand and supply. Due to increasing environmental restrictions on the building of refineries in the countries that belong to the Organization for Economic Co-operation and Development (the “OECD”), additional refineries are expected to continue to be built at locations far from such points of consumption, resulting in refined product tankers being required to travel longer distances on each voyage.

Competition

We operate in a highly fragmented, highly diversified global market with many charterers, owners and operators of vessels. Competition for charters can be intense and depends on price as well as on the location, size, age, condition and acceptability of the vessel and its operator to the charterer and is frequently tied to having an available vessel which has met the strict operational and financial standards established by oil majors to pre-qualify or vet tanker operators prior to entering into charters with them. Although we believe that at the present time no single company has a dominant position in the markets in which we compete, that could change and we may face substantial competition for medium to long-term charters from a number of experienced companies who may have greater resources or experience than we do when we try to recharter our vessels. However, we believe the young age of our fleet which is one of the youngest in the industry, the high specifications of our vessels, including the ability of most of our vessels to transport refined oil products and certain chemicals, and the fact that 11 of our 15 charter contracts will expire on or after January 2010 (the date at which all single-hull tankers are due to be phased out under IMO regulations) when the number of vessels available for rehire will have decreased, position us well to recharter our vessels. In addition, Capital Maritime is among a small number of ship management companies that has undergone and successfully completed audits by five major international oil companies in the last few years, including audits with BP p.l.c., Royal Dutch Shell plc, StatoilHydro ASA, Chevron Corporation and ExxonMobil Corporation. We believe our ability to comply with the rigorous and comprehensive standards of major oil companies relative to less qualified or experienced operators allows us to compete effectively for new charters.

Regulation

General

Our operations and our status as an operator and manager of ships are significantly regulated by international conventions, (i.e. SOLAS, MARPOL), Class requirements, U.S. federal, state and local and foreign health, safety and environmental protection laws and regulations, including OPA 90, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the U.S. Port and Tanker Safety Act, the Act to Prevent Pollution from Ships, regulations adopted by the IMO and the European Union, various volatile organic compound air emission requirements, IMO/U.S. Coast Guard pollution regulations and various Safety of Life at Sea ("SOLAS") amendments, as well as other regulations described below. In addition, various jurisdictions either have or are considering regulating the management of ballast water to prevent the introduction of non-indigenous species considered to be invasive. Compliance with these laws, regulations and other requirements could entail additional expense, including vessel modifications and implementation of certain operating procedures.

We are also required by various other governmental and quasi-governmental agencies to obtain permits, licenses and certificates for our vessels, depending upon such factors as the country of registry, the commodity transported, the waters in which the vessel operates, the nationality of the vessel’s crew, the age and size of the vessel and our status as owner or charterer. Failure to maintain necessary permits, licenses or certificates could require us to incur substantial costs or temporarily suspend operations of one or more of our vessels.

We believe that the heightened environmental and quality concerns of insurance underwriters, regulators and charterers will in the future impose greater inspection and safety requirements on all vessels in the shipping industry. In addition to inspections by us, our vessels are subject to both scheduled and unscheduled inspections by a variety of governmental and private entities, each of which may have unique requirements. These entities include the local port authorities (such as U.S. Coast Guard, harbor master or equivalent), classification societies, flag state administration P&I Clubs, charterers, and particularly terminal operators and major oil companies which conduct frequent vessel inspections.

Our vessels operate in full compliance with applicable environmental laws and regulations. However, because such laws and regulations frequently change and may impose increasingly strict requirements, we cannot predict the ultimate cost of complying with these and any future requirements or the impact of these and any future requirements on the resale value or useful lives of our vessels.

United States Requirements

The United States regulates the tanker industry with an extensive regulatory and liability regime for environmental protection and the cleanup of oil spills, primarily through OPA 90 and CERCLA.

OPA 90 affects all vessel owners and operators shipping oil or petroleum products to, from, or within U.S. waters. The law phases out the use of tankers having single-hulls and can effectively impose unlimited liability on vessel owners and operators in the event of an oil spill. Under OPA 90, vessel owners, operators and bareboat charterers are liable, without regard to fault, for all containment and clean-up costs and other damages, including natural resource damages and economic loss without physical damage to property, arising from oil spills and pollution from their vessels. OPA 90 had historically limited liability to the greater of $1,200 per gross ton or $10.0 million per tanker that is over 3,000 gross tons (subject to possible adjustment for inflation), unless the incident was caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case liability was unlimited. Amendments to OPA 90 signed into law on July 11, 2006, however, increased these limits on the liability of responsible parties to the greater of $1,900 per gross ton or $16.0 million per tanker that is double-hulled and over 3,000 gross tons. In addition, OPA 90 does not preempt state law and permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries. Coastal states have enacted pollution prevention, liability and response laws, many providing for unlimited liability. CERCLA, which applies to the discharge of hazardous substances (other than oil) whether on land or at sea, contains a similar liability regime and provides for cleanup, removal and natural resource damages. Liability under CERCLA is limited to the greater of $300 per gross ton or $0.5 million, unless the incident is caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case liability is unlimited.

The financial responsibility regulations for tankers issued under OPA 90 also require owners and operators of vessels entering U.S. waters to obtain, and maintain with the U.S. Coast Guard, Certificates of Financial Responsibility, or COFRs, in the amount of $1,500 per gross ton for tankers, combining the previous OPA 90 limitation of liability of $1,200 per gross ton with the CERCLA liability of $300 per gross ton. The U.S. Coast Guard has indicated that it intends to propose a rule that will increase the required amount of such COFRs to $2,200 per gross ton to reflect the higher limits on liability imposed by the July 2006 amendments to OPA 90, as described above. Under the regulations, owners or operators of fleets of vessels are required to demonstrate evidence of financial responsibility for each covered tanker up to the maximum aggregate liability under OPA 90 and CERCLA. All of our vessels that need COFRs have them.

We insure each of our tankers with pollution liability insurance in the maximum commercially available amount of $1.0 billion per incident. A catastrophic spill could exceed the insurance coverage available, in which event there could be a material adverse effect on our business. OPA 90 requires that tankers over 5,000 gross ton calling at U.S. ports have double hulls if contracted after June 30, 1990 or delivered after January 1, 1994. Furthermore, OPA 90 calls for the phase-out of all single hull tankers by the year 2015 according to a schedule that is based on the size and age of the vessel, unless the tankers are retrofitted with double-hulls. All of our current vessels as well as the vessels that we have agreed to purchase have double hulls.

OPA 90 also amended the Federal Water Pollution Control Act (the "Clean Water Act") to require owners and operators of vessels to adopt contingency plans for reporting and responding to oil spill scenarios up to a “worst case” scenario and to identify and ensure, through contracts or other approved means, the availability of necessary private response resources to respond to a “worst case discharge.” In addition, periodic training programs and drills for shore and response personnel and for vessels and their crews are required. Our vessel response plans have been approved by the U.S. Coast Guard.

The Clean Water Act prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The Clean Water Act also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under the more recent OPA 90 and CERCLA, discussed above. The U.S. Environmental Protection Agency (the "EPA") had exempted the discharge of ballast water and other substances incidental to the normal operation of vessels in U.S. ports from Clean Water Act permitting requirements. However, on March 30, 2005, a U.S. District Court ruled that the EPA exceeded its authority in creating an exemption for ballast water. On September 18, 2006, the court issued an order invalidating the exemption in the EPA’s regulations for all discharges incidental to the normal operation of a vessel as of September 30, 2008, and directing the EPA to develop a system for regulating all discharges from vessels by that date. The EPA has appealed this decision. However, if the exemption is ultimately repealed, we would be subject to Clean Water Act permit requirements that could include ballast water treatment obligations that could increase the cost of operating in the United States. For example, this could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost and/or otherwise restrict our vessels from entering U.S. waters.

We believe that we are in compliance with OPA 90, CERCLA and all applicable state regulations in U.S. ports where our vessels call.

International Requirements

The IMO has also negotiated international conventions that impose liability for oil pollution in international waters and a signatory's territorial waters. In September 1997, the IMO adopted Annex VI to the International Convention for the Prevention of Pollution from Ships to address air pollution from ships. Annex VI, which became effective in May 2005, sets limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulphur content of fuel oil and allows for special areas to be established with more stringent controls on sulphur emissions. A failure to comply with Annex VI requirements could result in a vessel not being able to operate.

All of our vessels are subject to Annex VI regulations. We believe that our existing vessels meet relevant Annex VI requirements and that our undelivered product tankers will be fitted with these emission control systems prior to their delivery.

The ISM Code, promulgated by the IMO, also requires the party with operational control of a vessel to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by each flag state, under the ISM Code. All of our ocean going vessels are ISM certified.

Noncompliance with the ISM Code and other IMO regulations may subject the shipowner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. For example, the U.S. Coast Guard and EU authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in U.S. and EU ports.

Many countries have ratified and follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969 (the "CLC") (the United States, with its separate OPA 90 regime, is not a party to the CLC). Under this convention and depending on whether the country in which the damage results is a party to the 1992 Protocol to the International Convention on Civil Liability for Oil Pollution Damage, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain defenses. Under an amendment to the Protocol that became effective on November 1, 2003, for vessels of 5,000 to 140,000 gross tons, liability will be limited to approximately $6.6 million plus $926 for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability will be limited to approximately $131.0 million. As the convention calculates liability in terms of a basket of currencies, these figures are based on currency exchange rates on December 31, 2006. The right to limit liability is forfeited under the International Convention on Civil Liability for Oil Pollution Damage where the spill is caused by the owner's actual fault and under the 1992 Protocol where the spill is caused by the owner's intentional or reckless conduct. Vessels trading to states that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the International Convention on Civil Liability for Oil Pollution Damage has not been adopted, various legislative schemes or common law regimes govern, and liability is imposed either on the basis of fault or in a manner similar to that convention. We believe that our P&I insurance will cover the liability under the plan adopted by the IMO.

IMO regulations also require owners and operators of vessels to adopt Shipboard Marine Pollution Emergency Plans ("SMPEPs"). Periodic training and drills for response personnel and for vessels and their crews are required. The SMPEPs required for our vessels are in place.

In addition, our operations are subject to compliance with the International Bulk Chemical ("IBC") Code, as required by MARPOL and SOLAS for chemical tankers built after July 1, 1986, which provides ship design, construction and equipment requirements and other standards for the bulk transport of certain liquid chemicals. Under October 2004 amendments to the IBC Code (implemented to meet recent revisions to SOLAS and Annex II to MARPOL), some previously unrestricted vegetable oils, including animal fats and marine oils, must be transported in chemical tankers meeting certain double-hull construction requirements. Our vessels may transport such cargoes but are restricted as to the volume they are able to transport per cargo tank. This restriction does not apply to edible oils. In addition, those amendments require re-evaluation of the categorization of certain products with respect to their properties as marine pollutants, as well as related ship type and carriage requirements. Where necessary pollution data is not supplied for those products missing such data, it is possible that the bulk carriage of such products will be prohibited.

Vessel Security Regulations

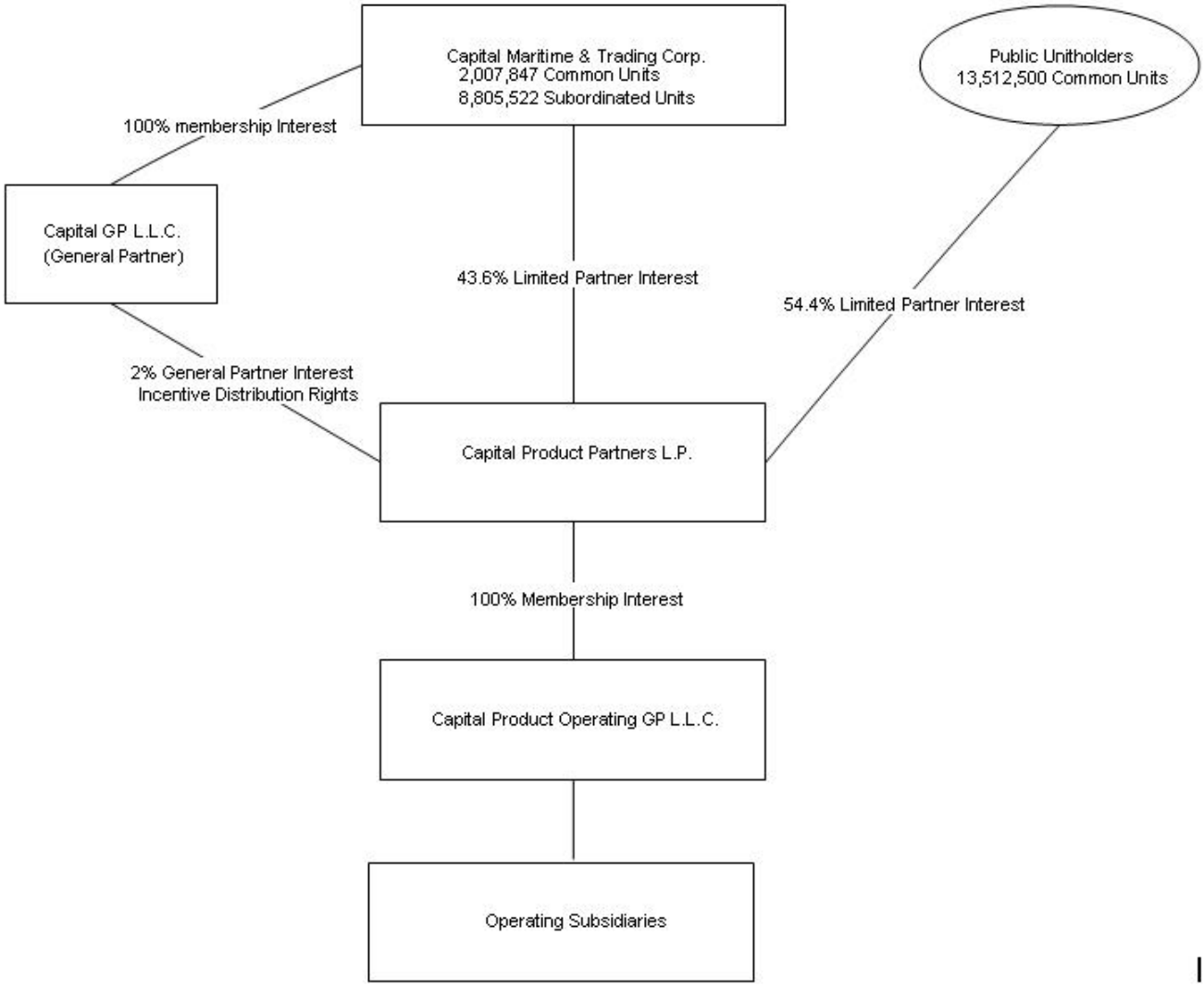
Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002 ("MTSA") came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States.

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect in July 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created International Ship and Port Facilities Security ("ISPS") Code. Among the various requirements are:

- on-board installation of automatic identification systems to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The U.S. Coast Guard regulations, intended to align with international maritime security standards, exempted non-U.S. vessels from MTSA vessel security measures provided such vessels had on board, by July 1, 2004, a valid International Ship Security Certificate that attests to the vessel’s compliance with SOLAS security requirements and the ISPS Code. We have implemented the various security measures addressed by the MTSA, SOLAS and the ISPS Code and have ensured that our vessels are compliant with all applicable security requirements.

C. Organizational Structure



Please also see Exhibit 8.1 to this Annual Report for a list of our significant subsidiaries as of December 31, 2007.

D. Property, Plants and Equipment

Other than our vessels, we do not have any material property.

Item 4A. Unresolved Staff Comments.

Not Applicable.

Item 5. Operating and Financial Review and Prospects.

You should read the following discussion of our financial condition and results of operations in conjunction with the audited consolidated and predecessor combined financial statements and related notes of Capital Product Partners L.P. included elsewhere in this Annual Report. Among other things, those financial statements include more detailed information regarding the basis of presentation for the following information. The financial statements have been prepared in accordance with U.S. GAAP and are presented in U.S. Dollars.

A. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are an international owner of product tankers formed in January 2007 by Capital Maritime, an international shipping company with a long history of operating and investing in the shipping market. As of December 31, 2007, our fleet consisted of 13 double-hull, high specification tankers, eight of which were transferred to us by Capital Maritime at the time of our Offering. Concurrently with the Offering, we also agreed to purchase an additional seven newbuildings from Capital Maritime delivered or scheduled for delivery during 2007 and 2008 at a fixed price, four of which had been delivered as of December 31, 2007. These four Ice Class 1A IMO II/III newbuilding sister vessels were delivered between May and September 2007. In September 2007 we also acquired the M/T Attikos, a 12,000 dwt, 2005 built product tanker from Capital Maritime which we had not previously agreed to purchase. In January 2008 we took delivery of the M/T Alexandros II, a 51,258 dwt MR IMO II/III chemical/product tanker, the first of three such newbuilding sister vessels which we contracted to acquire from Capital Maritime at the time of our Offering. The remaining two vessels are scheduled for delivery in June and August 2008 respectively. In addition, in the first quarter of 2008 we acquired the M/T Amore Mio II, a 159,982 dwt, 2001 built tanker from Capital Maritime. We also intend to acquire the M/T Aristofanis, a 12,000 dwt, 2005 built product tanker, from Capital Maritime during the second quarter of 2008. We expect that by the end of the third quarter of 2008 our fleet will consist of 18 double-hull tankers, including the M/T Aristofanis, with an average age of approximately 2.5 years.

Our primary business objective is to provide our unitholders with steadily rising distributions per unit over the long-term. Our growth strategy focuses on maintaining and growing our cash flows, continuing to grow our product tanker fleet and maintaining and building on our ability to meet rigorous industry and regulatory safety standards. We believe that the combination of the medium to long-term nature of our charters and our agreement with Capital Ship Management for the commercial and technical management of our vessels, which provides for a fixed management fee for an initial term of approximately five years from when we take delivery of each vessel, will provide us with a strong base of stable cash flows in the medium term. We intend to continue to make strategic acquisitions and leverage the expertise and reputation of Capital Maritime in a prudent manner that is accretive to our unitholders and to long-term distribution growth.

Our Initial Public Offering

On April 3, 2007, we completed our Offering on the Nasdaq Global Market of 13,512,500 common units at a price of $21.50 per unit which included 1,762,500 common units issued to the underwriters in connection with the exercise of their over-allotment option. The Offering also included 8,805,522 subordinated units issued to Capital Maritime and 455,470 general partner units issued to Capital GP L.L.C., our general partner, a wholly owned subsidiary of Capital Maritime. The net proceeds from the Offering were $270,472,956.0, including the proceeds from the exercise of the over-allotment option by the underwriters. We did not receive any proceeds from the sale of our common units. Capital Maritime used part of the proceeds from our Offering to repay the debt on the eight vessels that made up our fleet at the time of the Offering. Capital Maritime transferred its interest in the vessel-owning companies of these eight vessels to us at the time of the Offering. Capital Maritime also paid the offering expenses, underwriting discounts, selling commissions and brokerage fees incurred in connection with the Offering. As of December 31, 2007, Capital Maritime owned a 40.7% interest in us, including a 2% interest through its ownership of our general partner.

Potential Additional Vessels

Pursuant to our omnibus agreement with Capital Maritime, we have been granted a right of first offer to purchase an additional six vessels from Capital Maritime if they are fixed under charters of two or more years. Capital Maritime also owns or has on order a total of 25 modern**,** double-hull, modern tankers of different sizes which we may potentially acquire in the event those vessels were fixed under charters of two or more years. Furthermore, we will continue to evaluate opportunities to acquire both newbuildings and second-hand vessels from Capital Maritime and from third parties as we seek to grow our fleet.

Historical Results of Operations

We commenced operations as an independent entity on April 4, 2007, at which time Capital Maritime transferred its interest in eight vessel-owning companies to us. Our historical results are not necessarily indicative of the results that may be expected in the future. Specifically, our audited consolidated and predecessor combined financial statements are not comparable, as our Offering and certain other transactions that occurred during 2007, including the delivery of four newbuildings, the acquisition of the M/T Attikos, the agreement we entered into with Capital Ship Management for the provision of management and administrative services to our fleet for a fixed fee and the new financing arrangements we entered into, have affected our results of operations. Furthermore, for the year ended December 31, 2006, only six of the vessels in our current fleet had been delivered to Capital Maritime. Five of these vessels were delivered between April and November 2006 and were in operation for only a portion of the year.

For more detail on the differences between our historical results and expected future results, please read "—Factors to Consider when Evaluating our Results" and "—Results of Operations" below.

Accounting for Deliveries of Vessels

All vessels we acquire or have acquired from Capital Maritime are or were transferred to us at historical cost and accounted for as a combination of entities under common control or a transfer of assets between entities under common control. All assets, liabilities and equity, other than the relevant vessel, related charter agreement and related permits, of these vessels' ship-owning companies were retained by Capital Maritime.

At the time of our Offering, Capital Maritime contributed eight vessels to our fleet. Between May and September 2007 we acquired an additional five vessels from Capital Maritime for a total purchase price of $247.0 million. These five vessels have been recorded in our financial statements at the amount of $166.1 million, which represents the net book value of the vessels as reflected in Capital Maritime's consolidated financial statements at the time of transfer. We recognize transfers of assets between entities under common control at Capital Maritime's basis in the assets contributed. The amount of the purchase price in excess of Capital Maritime's basis in the assets, $80.9 million, was recognized as a reduction to partners' equity and presented as a financing activity in the statement of cash flows. For additional information on how we have accounted for specific transfers of vessels please see Note 1 (Basis of Presentation and General Information) to our consolidated and predecessor combined financial statements included elsewhere in this Annual Report.

Our Charters

We generate revenues by charging our customers for the use of our vessels to transport their products. Historically, we have provided services to our customers under the following two types of contractual relationships:

- *Time charters*, which are contracts for the use of a vessel for a fixed period of time at a specified daily rate. With the exception of our time charters with Morgan Stanley Capital Group Inc. where we receive net daily rates, we are responsible for the payment of all commissions under our time charters. All other expenses related to time charter voyages are assumed by the charterers. Capital Ship Management, our manager, is generally responsible for commercial, technical, health and safety and other management services related to the vessels' operation. With the exception of the time charter for the M/T Attikos, as of December 31, 2007 all of our time charter agreements contained profit sharing arrangements. Profit sharing refers to an arrangement between owners and charterers to share, at a pre-determined percentage, voyage profit in excess of the basic hire rate.

- *Bareboat charters*, which are contracts pursuant to which the vessel owner provides the vessel to the charterer for a fixed period of time at a specified daily rate, and the customer provides for all of the vessel's operating expenses including crewing, repairs, maintenance, insurance, stores, lube oils and communication expenses in addition to the voyage costs (with the exception of commissions) and generally assumes all risk of operation.

As of December 31, 2007, all of the vessels in our fleet as well as the two vessels expected to be delivered in 2008 were under medium- to long-term time or bareboat charters of between two to 10 years, with an average remaining term of approximately 5.3 years commencing at the time of their delivery. In addition, of our 13 charter contracts as of December 31, 2007, nine were scheduled to expire on or after January 2010 and of our 10 time charters, nine contained profit-sharing arrangements. The three-year time charter of the M/T Amore Mio II, purchased in March 2008 from Capital Maritime, also contains a profit-sharing arrangement.

All of our vessels are under charter contracts with BP Shipping Limited, Morgan Stanley Capital Group Inc., Trafigura Beheer B.V., and subsidiaries of Overseas Shipholding Group Inc. For the year ended December 31 2007, BP Shipping Limited and Morgan Stanley Capital Group Inc. accounted for 64% and 28% of our revenues, respectively, and 53% and 23% of our revenues for the year ended December 31, 2006, respectively. For the year ended December 31, 2006, Canterbury Tankers Inc., the charterer for the M/T Attikos, represented 24% of the revenues of our predecessor. During 2008, we expect to derive the majority of our revenues from BP Shipping Limited, Morgan Stanley Capital Group Inc., and Overseas Shipholding Group Inc. In the future, as our fleet expands, we also expect to enter into charters with new charterers in order to maintain a portfolio that is diverse from a customer, geographic and maturity perspective. The vessel purchased in March 2008 from Capital Maritime is also under time charter with BP Shipping Limited. We may in the future operate vessels in the spot market until the vessels have been chartered under appropriate medium to long-term charters.

Please read “Item 4: Business—Our Fleet”, “Item 4: Business—Our Charters” and “Item 4: Business—Profit Sharing Arrangements” for additional details regarding the length, daily charter rate, information regarding the calculation of our profit share arrangements and description of our charters.

Factors Affecting Our Future Results of Operations

We believe the principal factors that will affect our future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business. Other key factors that will be fundamental to our business, future financial condition and results of operations include:

- the continuing strong demand for seaborne transportation services;
- supply of product and crude oil tankers and specifically the number of newbuildings entering the world tanker fleet each year;
- the successful implementation of our fleet expansion strategy, including taking delivery of our newbuildings on or about their scheduled delivery dates;
- the ability of Capital Maritime’s commercial and chartering operations to successfully employ our vessels at economically attractive rates, particularly as our fleet expands and our charters expire;
- our ability to benefit from new maritime regulations concerning the phase-out of single-hull vessels and the more restrictive regulations for the transport of certain products and cargoes;
- the effective and efficient technical management of our vessels;
- Capital Maritime’s ability to obtain and maintain major international oil company approvals and to satisfy their technical, health, safety and compliance standards; and
- the strength of and growth in the number of our customer relationships, especially with major international oil companies and major commodity traders.

In addition to the factors discussed above, we believe certain specific factors have impacted, and will continue to impact, our combined and consolidated results of operations. These factors include:

- the charterhire earned by our vessels under time charters and bareboat charters;
- our access to capital required to acquire additional vessels and/or to implement our business strategy;
- our ability to sell vessels at prices we deem satisfactory;
- our level of debt and the related interest expense and amortization of principal; and
- the level of any distribution on our common units.

Please read “Risk Factors” for a discussion of certain risks inherent in our business.

Factors to Consider When Evaluating Our Results

Our historical results of operations and cash flows are not indicative of results of operations and cash flows to be expected from any future period and our financial statements and the financial statements of our predecessor are not comparable, principally for the following reasons:

- *Limited Operations*. The results of operations and cash flows presented in our audited consolidated and predecessor combined financial statements for the years ended December 31, 2007, 2006 and 2005 do not reflect operations of all the vessels comprising our fleet for the reporting period. As of December 31, 2007 our fleet was comprised of 13 vessels. The results of operations for the year ended December 31, 2007 include operations of the five vessels and the M/T Attikos which had been delivered as of December 31, 2006. The remaining seven vessels of our fleet were delivered from the shipyard between January and September of 2007 and are included in our results of operations and cash flows only as of their respective delivery dates. During the year ended December 31, 2006, our fleet was comprised of five vessels, which were in operation for only a part of the reporting period and the M/T Attikos which was in operation for the whole year. During the year ended December 31, 2005, our fleet was comprised of the M/T Attikos, which was in operation for the period from January 20, 2005 to December 31, 2005. The two vessels we have acquired or taken delivery of in the first quarter of 2008 are not reflected in our financial statements. Please read “—Accounting for Deliveries of Vessels” above and “—Different Statements of Income” below for a description of the financial treatment of vessel acquisitions, including of the M/T Attikos.

- *Different Sources of Revenues*. A portion of the revenues generated during the year ended December 31, 2006 and for the period ended April 3, 2007 was derived from charters with different terms than the charters that are currently in place.

- *Different Structure of Operating Expenses*. On April 3, 2007, we entered into a management agreement with Capital Ship Management pursuant to which Capital Ship Management agreed to provide commercial and technical management services to us for an initial term of approximately five years from when we take delivery of each vessel. Under the agreement we pay Capital Ship Management a fixed daily fee of $5,500 per vessel for our time chartered vessels which covers vessel operating expenses, including crewing, repairs and maintenance, insurance and the cost of any scheduled special/intermediate surveys for each vessel, and related drydocking, as applicable, and a fixed daily fee of $250 per bareboat chartered vessel. Operating expenses for the year ended December 31, 2006 and for the period ended April 3, 2007 for the initial vessels, and September 23, 2007 for M/T Attikos, represent actual costs incurred by the vessel-owning subsidiaries and Capital Ship Management in the operation of the vessels that were operated as part of Capital Maritime's fleet.

- *Different Structure of General and Administrative Expenses*. Since our Offering we have incurred certain general and administrative expenses as a publicly traded limited partnership that we had not previously incurred. For the year ended December 31, 2006, we did not incur any similar general and administrative expenses.

- *Different Financing Arrangements*. The vessels delivered to Capital Maritime during 2005 and 2006 were purchased under financing arrangements with terms that differ from those of the $370.0 million credit facility we entered into at the time of the Offering and which we used to finance the acquisition of the seven vessels we committed to purchase from Capital Maritime in 2007 and 2008. Importantly, under the financing arrangements entered into following our Offering, we are not required to make repayments of principal before June 2012. In addition, the historical bank debt bore interest at floating rates while we have entered into interest rate swap agreements to fix the LIBOR portion of our interest rate in connection with the debt drawn down under our existing credit facility. For a description of our non-amortizing revolving credit facility, please read "—Liquidity and Capital Resources—Revolving Credit Facilities" below.

- *The Size of our Fleet Continues to Change.* At the time of our Offering, our fleet consisted of eight vessels and we contracted to purchase an additional seven vessels from Capital Maritime. Between May and September 2007 we took delivery of four of the contracted vessels and also acquired the M/T Attikos from Capital Maritime. All of the vessels delivered between May and September 2007 were under long-term charters at the time of their delivery. An additional contracted vessel was delivered in January 2008 and the remaining two vessels we contracted to purchase are expected to be delivered by the end of the third quarter of 2008. In March 2008 we acquired an additional vessel from Capital Maritime which we had not contracted to purchase at the time of our Offering and we expect to acquire one additional non-contracted vessel from Capital Maritime during the second quarter of 2008. We intend to continue to make strategic acquisitions in a prudent manner that is accretive to our distributable cash flow per unit.

- *Statements of Income Retroactively Adjusted.* Our statement of income for the year ended December 31, 2007 includes the results of operations of the eight vessels comprising our fleet at the time of our Offering, the four vessels we had contracted to purchase from Capital Maritime which were delivered during 2007 and the M/T Attikos which was acquired from an entity under common control on September 24, 2007. Following the acquisition of the M/T Attikos, the statements of income for the years ended December 31, 2006 and 2005 have been retroactively adjusted to reflect the results of operations of the M/T Attikos as if it were owned by us for the entire three-year period from its delivery to Capital Maritime.

Results of Operations

Because we have a limited operating history, with the years ended December 31, 2007 and December 31, 2006 being the only periods with meaningful operations, other period-to-period comparisons of our results of operations are not yet be possible and may not be meaningful in the near future.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Revenues

Time and bareboat charter revenues amounted to approximately $72.5 million for the year ended December 31, 2007, as compared to $19.9 million for the year ended December 31, 2006 primarily due to the higher number of vessels in our fleet.

Time and bareboat charter revenues are mainly comprised of the charter hire received from unaffiliated third-party customers. Time and bareboat charter revenues are affected by daily hire rates, the number of days our vessels operate and the overall number of vessels in our fleet. For an explanation why revenues for this period are not indicative of revenues to be expected from any future period, please read "—Factors to Consider When Evaluating Our Results" above. Please also read "Item 4: Business Overview—Our Fleet" and "—Our Charters" for information about the charters on these vessels, including daily charter rates.

Voyage Expenses

Voyage expenses amounted to $0.8 million for the year ended December 31, 2007, as compared to $0.4 million for the year ended December 31, 2006 primarily due to the higher number of vessels in our fleet.

Voyage expenses are direct expenses to voyage revenues and primarily consist of commissions, port expenses, canal dues and bunkers. Voyage costs, except for commissions, are paid for by the charterer under time and bareboat charters. In the case of our time charters with Morgan Stanley Capital Group Inc., the charterer is also responsible for commissions.

Vessel Operating Expenses

For the year ended December 31, 2007, our vessel operating expenses amounted to approximately $15.5 million, of which $12.3 million was paid to our manager. For the year ended December 31, 2006, vessel operating expenses amounted to approximately $4.9 million, of which $0.9 million was paid to the manager.

Vessel operating expenses for the years ended December 31, 2007 and December 31, 2006 are not comparable. Vessel operating expenses for the period from April 4, 2007 to December 31, 2007 represent management fees payable to Capital Ship Management pursuant to our management agreement. For each time chartered vessel in our fleet as of December 31, 2007 we paid Capital Ship Management a fixed daily fee of $5,500 for the provision of commercial and technical services such as crewing, repairs and maintenance, insurance, stores, spares and lubricants. The fee also includes expenses related to the next scheduled special and intermediate survey, and related drydocking for each vessel. For each bareboat chartered vessel we pay a fixed daily fee of $250 to Capital Ship Management mainly for expenses to cover compliance costs, while the bareboat charterer is responsible for all other operating expenses such as crewing, repairs and maintenance, insurance, stores, spares, lubricants and expenses related to the next scheduled surveys and related drydocking of each vessel. The fee is payable for an initial term of approximately five years from when we take delivery of each vessel. For the year ended December 31, 2006 and for the period ended April 3, 2007 (and September 23, 2007 for the M/T Attikos), vessel operating expenses represent actual costs incurred by the vessel-owning subsidiaries in the operation of the vessels that were operated as part of Capital Maritime.

General and Administrative Expenses

General and administrative expenses amounted to $1.5 million for the year ended December 31, 2007. General and administrative expenses include consultancy fees, board of directors fees and expenses, audit fees, and other fees related to the expenses of the publicly traded company. For the year ended December 31, 2006, we did not incur any similar general and administrative expenses.

Depreciation and Amortization

Depreciation of fixed assets amounted to $13.1 million for the year ended December 31, 2007 as compared to $3.4 million for the year ended December 31, 2006.

This amount represents depreciation on six vessels for the whole year and on seven vessels for a part of the year commencing from their delivery dates in January, February, March, May, July and on two vessels in September of 2007, respectively. The amount of depreciation for the year ended December 31, 2006 represents depreciation on one vessel for the whole year and on five vessels for a part of the year commencing from their delivery dates in April, May, July, August and November of 2006, respectively.

Depreciation is expected to increase as our fleet grows.

Other Income (Expense), Net

Other income (expense), net for the year ended December 31, 2007 was approximately $(13.9) million as compared to $(4.6) million for the year ended December 31, 2006.

The 2007 amount represents interest expense and amortization of financing charges and bank charges of $(14.6) million of which $(3.8) million represent a loss from the transfer of interest rate swap agreements entered into by Capital Maritime prior to April 4, 2007 and acquired by us on that date and interest income of $0.7 million. The 2006 amount represents interest expense charged to the vessel-owning companies and amortization of financing charges and bank charges of $(4.6) million. Interest expense for the period ending December 31, 2006 is not indicative of interest expense to be expected for any future period, predominantly because the historical bank debt bore interest at floating rates while we have entered into interest rate swap agreements to fix the LIBOR portion of our interest rate in connection with the debt drawn down under our credit facilities.

Net Income

Net income for the year ended December 31, 2007 amounted to $27.8 million as compared to $6.6 million for the year ended December 31, 2006. For an explanation of why our historical net income is not indicative of net income to be expected in future periods, please refer to the discussion under "—Factors to Consider When Evaluating Our Results," "—Time and Bareboat Charter Revenues," "—Voyage Expenses", and "—Vessel Operating Expenses" above.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

The results of operations for the years ended December 31, 2006 and December 31, 2005 are not necessarily indicative of the results that may be expected in the future and as such we do not believe that a presentation of the comparison of the results of operations for these years would be useful to our investors or provide meaningful information regarding our current results of operations as the number of vessels, chartering agreements, nature of operating expenses and management and financing arrangements in place during these two years differ significantly from the arrangements in place as of the time of our Offering.

In particular, for the year ended December 31, 2006, only six of the vessels in our current fleet had been delivered to Capital Maritime. Five of these were delivered between April and November 2006 and were in operation for only a portion of the year. During the year ended December 31, 2005, the M/T Attikos was the only vessel which had been delivered to Capital Maritime and was in operation from its date of delivery, January 20, 2005. In addition, during the years ended December 31, 2006 and 2005 these vessels were managed as part of Capital Maritime's fleet and operating expenses represented actual costs incurred by the vessel-owning subsidiaries and Capital Ship Management in the operation of the vessels. As of the time of our Offering, however, we entered into a fixed fee agreement with Capital Ship Management for the provision of technical and management services to our vessels for an initial term of approximately five years from the date each vessel was delivered to us. Furthermore, the vessels delivered to Capital Maritime during 2005 and 2006 were purchased under financing arrangements with terms that differ from those of the existing credit facility which we used to finance the acquisition of the vessels. Importantly, under the financing arrangements entered into following our Offering, we are not required to make repayments of principal before June 2012. In addition, the historical bank debt bore interest at floating rates while we have currently entered into interest rate swap agreements to fix the LIBOR portion of our interest rate in connection with the debt drawn down under our existing credit facility. Finally, we do not believe that the presentation of information regarding the charter agreements our vessels operated under in 2005 is useful to our investors as the M/T Attikos traded in the spot market from the date of its delivery to May 2005, at which time it entered into a two year time-charter with Canterbury Tankers Inc. on different terms from the time-charter it is currently under with Trafigura Beheer B.V.

B. Liquidity and Capital Resources

As at December 31, 2007, total cash and cash equivalents were $19.9 million and total liquidity including cash and undrawn long-term borrowings was $115.4 million. As at December 31, 2006 total cash and cash equivalents were $1.2 million. This increase is primarily due to the different financing arrangements in place prior to the Offering and the increased number of vessels in our fleet.

We anticipate that our primary sources of funds for our liquidity needs will be cash flows from operations. Generally, our long-term sources of funds will be from cash from operations, long-term bank borrowings and other debt or equity financings. Because we distribute all of our available cash, we expect that we will rely upon external financing sources, including bank borrowings and the issuance of debt and equity securities, to fund acquisitions and expansion and investment capital expenditures, including opportunities we may pursue under the omnibus agreement with Capital Maritime.

We believe that our working capital will be sufficient to meet our existing liquidity needs for at least the next 12 months.

Cash Flows

Net Cash Provided by Operating Activities

Net cash provided by operating activities increased to $50.6 million for the year ended December 31, 2007 from $9.5 million for the year ended December 31, 2006 primarily due to an increase in net income due to the higher number of vessels in our fleet and an increase in hire received in advance from charterers ($8.6 million in 2007 as compared to $0.5 million in 2006). For an explanation of why our historical net cash provided by operating activities is not indicative of net cash provided by operating activities to be expected in future periods, please read "—Factors to Consider when Evaluating our Results" as well as "—Time and Bareboat Charter Revenues", "—Voyage Expenses" and "—Vessel Operating Expenses" above.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to $246.9 million for the year ended December 31, 2007, up from $162.0 million for the year ended December 31, 2006. Cash was used primarily for vessel acquisitions. Specifically, for the year ended December 31, 2007, $243.7 million of the net cash used was comprised of:

- $77.6 million, representing advances to the shipyards paid by Capital Maritime between January 1, 2007 and April 3, 2007 with respect to the construction of three of the vessels in our initial fleet: the M/T Aiolos, the M/T Avax and the M/T Axios; and
- $166.1 million, representing the net book value at the time of their acquisition by us of five vessels we contracted to purchase from Capital Maritime at the time of our Offering that were delivered between May and September 2007: the M/T Atrotos, the M/T Akeraios, the M/T Anemos I, the M/T Apostolos and the M/T Attikos.

The remaining $3.2 million represents restricted cash, which is the minimum amount of free cash we are required to maintain at all times under our credit facilities.

For the year ended December 31, 2006, $142.8 million related to the acquisition of the five newbuildings delivered to Capital Maritime in this period that were then transferred to us at the time of our Offering (the M/T Atlantas, the M/T Aktoras, the M/T Agisilaos, the M/T Assos and the M/T Arionas). The remaining $19.2 million related to advances toward the other three initial vessels: the M/T Aiolos, the M/T Avax and the M/T Axios. For the year ended December 31, 2006, there was no restricted cash.

Net Cash Provided by Financing Activities

Net cash provided by financing activities amounted to $215.0 million for the year ended December 31, 2007, up from $153.8 million for the year ended December 31, 2006.

During the second and the third quarters of 2007 we acquired five additional vessels from Capital Maritime: the M/T Atrotos, the M/T Akeraios, the M/T Apostolos, the M/T Attikos and the M/T Anemos I, for a total purchase price of $247.0 million. The excess of purchase price over book value of the acquired vessels, $80.9 million, is presented in our cash flow statement under net cash provided by financing activities as we recognize transfers of net assets between entities under common control at Capital Maritime's basis in the net assets contributed.

Proceeds from the issuance of long-term debt amounted to $344.4 million for the year ended December 31, 2007, up from $77.4 million for the year ended December 31, 2006. The proceeds for the year ended December 31, 2007 consisted of $274.5 million from our credit facility entered into on March 22, 2007 and $69.9 million from credit facilities entered into by Capital Maritime and certain vessel-owning subsidiaries prior to our Offering in order to finance the construction of the M/T Aiolos, M/T Axios and M/T Avax.

There were no proceeds from long-term debt due to related parties for the year ended December 31, 2007 as compared to $82.3 million for the year ended December 31, 2006.

Repayment of debt amounted to $16.8 million for the year ended December 31, 2007, down from $21.4 million for the year ended December 31, 2006, and comprised of installment payments made prior to the Offering for vessels in our fleet and the repayment of M/T Attikos' loan on September 9, 2007 by Capital Maritime. There was no repayment of related party debt for the year ended December 31, 2007 by us, as compared to the repayment of $2.3 million for the year ended December 31, 2006. Relevant related party debt in the amount of $134.0 million for the year ended December 31, 2007, was repaid by Capital Maritime from the proceeds from our Offering.

Capital contributions by Capital Maritime amounted to $13.7 million for the year ended December 31, 2007 and relate to contributions made prior to the Offering in connection with the acquisition of three initial vessels (the M/T Aiolos, M/T Avax and M/T Axios). Capital contributions for the year ended December 31, 2006 were $17.9 million. This decrease is mainly due to the different financing arrangements in place following our Offering.

Following completion of our Offering on April 4, 2007, we paid a $25.0 million cash dividend to Capital Maritime and also made distributions to unitholders in an aggregate amount of $17.0 million for the second and third quarters of 2007.

Borrowings

Our long-term third party borrowings are reflected in our audited consolidated and predecessor combined balance sheet as "Long-term debt, net" and as current liabilities in "Current portion of long-term debt." As of December 31, 2007, long-term debt was $274.5 million and the current portion of long-term debt was $0 million as compared to $59.3 million and $6.0 million, respectively, for the period ended December 31, 2006. Related party debt is reflected in our combined balance sheet as "Long-term related party debt" and as "Current portion of related party debt." As of December 31, 2007, there was no long-term related party and there was no current portion of related party debt as compared to $87.5 million and $8.0 million, respectively, for the year ended December 31, 2006.

Revolving Credit Facilities

The financing arrangements in place prior to our Offering are not indicative of our current or future financing arrangements. The financing arrangements in existence at December 31, 2006 represent loans with four separate banks in which Capital Maritime acted as the borrower and the respective vessel-owning companies as the guarantors or, in one instance, the vessel-owning company acted as the borrower and Capital Maritime as the guarantor, for the financing of the construction of the eight vessels which comprised our fleet at the time of our Offering. These loans were repaid in their entirety by Capital Maritime with a portion of the proceeds from our Offering and the vessels were transferred to us debt free.

On March 22, 2007, we entered into a non-amortizing revolving credit facility with a syndicate of financial institutions, including HSH Nordbank AG, Hamburg, for up to $370.0 million for the financing of the acquisition cost, or part thereof, of up to seven medium range product tankers (the "existing credit facility"). This facility provided us with sufficient funds to purchase the four newbuildings delivered in 2007, the newbuilding delivered in January 2008 and to partly fund the purchase price for the remaining two newbuildings we agreed to purchase from Capital Maritime at the time of our Offering which are scheduled for delivery in June and August of 2008. The loan agreement was amended on September 19, 2007 to include the financing of the acquisition cost of the M/T Attikos. As of December 31, 2007, we had drawn down $274.5 under our revolving credit facility. We drew down $48.0 million in connection with the acquisition of the M/T Alexandros II in January 2008 and expect to draw down all or a portion of the remaining balance of the loan in connection with the expected delivery in June and August of 2008 of the M/T Aristotelis II and the M/T Aris II, our remaining two contracted vessels. Please see Note 5 (Long-Term Debt) to our consolidated and predecessor combined financial statements for more information.

On March 19, 2008, we entered into a new 10-year revolving credit facility of up to $350.0 million which is non-amortizing until March 2013, with HSH Nordbank (the "new credit facility"). We may use this facility to finance a portion of the acquisition price of certain identified vessels currently in Capital Maritime's fleet which we may elect to acquire in the future. We may also use this facility to finance up to 50% of the purchase price of any potential future purchases of modern tanker vessels from Capital Maritime or any third parties. To date, we have used $46.0 million of this facility to fund part of the acquisition price of the M/T Amore Mio II from Capital Maritime and expect to use approximately $11.5 million in connection with the acquisition of the M/T Aristofanis in the second quarter of 2008. The new credit facility is subject to similar covenants and restrictions as those in our existing facility described below.

Our obligations under both our credit facilities are secured by first-priority mortgages covering each of our financed vessels and are guaranteed by each vessel-owning subsidiary.

Borrowings under our $370.0 million existing credit facility bear interest at a rate of 0.75% over US$ LIBOR. We may continue to draw down amounts under this facility until June 2012, at which date any amounts available for borrowing will automatically terminate and the outstanding amount will automatically convert into a five-year term loan. In addition, we are not required to make any repayments of the principal amounts outstanding under the facility until June 2012 provided that we maintain an aggregate market value of our financed vessels equal to 125% of the aggregate amount outstanding under the facility. The final maturity date of this facility is June 2017.

Borrowings under our $350.0 million new credit facility bear interest at a rate of 1.1% per annum over US$ LIBOR. We may continue to draw amounts under this facility until March 2013, at which date any amounts available for borrowing will automatically terminate and the outstanding amount will automatically convert into a five-year term loan. In addition, we are not required to make any repayments of the principal amounts outstanding under the facility until March 2013, provided that we maintain an aggregate market value of our financed vessels equal to 125% of the aggregate amount outstanding under the facility. The final maturity date of this facility is March 2018.

Our credit facilities contain restrictive covenants that, subject to the approval of our lenders, prohibit us from, among other things: incurring or guaranteeing indebtedness; charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of our vessels; changing the commercial and technical management of our vessels; selling or changing the beneficial ownership or control of our vessels; and subordinating the obligations under our existing credit facility to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement.

Under the terms of our credit facilities, we may not be able to pay distributions to our unitholders if we are not in compliance with certain financial covenants or upon the occurrence of an event of default or if the fair market value of our financed vessels is less than 125% of the aggregate amount outstanding under each credit facility.

In addition, our credit facilities require us to maintain minimum free consolidated liquidity (50% of which may be in the form of undrawn commitments under the credit facility) of at least $500,000 per financed vessel, maintain a ratio of EBITDA to net interest expense of at least 2.00 to 1.00 on a trailing four-quarter basis and maintain a ratio of total indebtedness to the aggregate market value of our total fleet of no more than 0.725 to 1.00. We are also required to maintain an aggregate market value of our financed vessels equal to 125% of the aggregate amount outstanding under each credit facility.

In connection with our existing credit facility and in order to hedge our exposure to interest rate changes, we have entered into eight interest rate swap agreements to fix the LIBOR portion of our interest rate at 5.1325% for $326.0 million in borrowings, of which we have drawn down $302.0 million, under the facility and into one interest swap agreement to fix the LIBOR portion of our interest rate at 4.925% for $20.5 million in borrowing under the facility for a period up to June 29, 2012. On March 27, 2008 we drew down $46.0 million under our new credit facility and entered into an interest rate swap agreement to fix the LIBOR portion of our interest rate at 3.525% for a period up to March 27, 2013. We also intend to swap the LIBOR portion of any further amounts drawn down under our new credit facility into a fixed rate until the end of the non-amortizing period on March 30, 2013.

Purchase of Vessels Following the Offering

The table below summarizes certain information with respect to the vessels we have purchased and have agreed to purchase from Capital Maritime in 2007 and 2008, including their purchase prices and the date they were delivered or are expected to be delivered to us.

Name of Vessel	Delivery Date/(Expected Delivery Date)	Expiration of Charter	Daily Charter Rate (Net)	OPEX (per day)	Charterer (1)	Purchase Price
Atrotos	May 2007	April 2010	$20,000(2)	$5,500	MS	$56,000,000
Akeraios	July 2007	June 2010	$20,000(2)	$5,500	MS	$56,000,000
Anemos I	September 2007	August 2010	$20,000(2)	$5,500	MS	$56,000,000
Apostolos	September 2007	August 2010	$20,000(2)	$5,500	MS	$56,000,000
Attikos	September 2007	September 2009	$13,504(3)	$5,500	Trafigura	$23,000,000
Alexandros II	January 2008	December 2017	$13,000(4)	$250	OSG	$48,000,000
Amore Mio II	March 2008	January 2011	$36,000(2)(3)	$8,500	BP	$95,000,000
Aristofanis	April-June 2008 (E)	March 2010	$12,952(3)	$5,500	Shell	$23,000,000
Aristotelis II	June 2008 (E)	May 2018	$13,000(4)	$250	OSG	$48,000,000
Aris II	August 2008 (E)	July 2018	$13,000(4)	$250	OSG	$48,000,000

(1) BP: BP Shipping Limited. Morgan Stanley: Morgan Stanley Capital Group Inc., OSG: certain subsidiaries of Overseas Shipholding Group Inc. Trafigura: Trafigura Beheer B.V. Shell: Shell International Trading & Shipping Company Ltd.

(2) Subject to 50/50 profit sharing arrangement. Please read “Item 4: Business —Time Charters—Profit Sharing” and “Item 4: Business —Our Fleet” above for more information on our profit sharing arrangements and relevant commissions.

(3) The rates quoted above are the net rates after we have paid commissions on the base rates. The rates for the M/T Attikos, the M/T Amore Mio II and the M/T Aristofanis are subject to 2.5%, 1.25% and 2.25% commissions, respectively.

(4) Under the charters with Overseas Shipholding Group Inc. for the three STX vessels to be delivered in 2008, Overseas Shipholding Group Inc. has an option to purchase each vessel at the end of the eighth, ninth or tenth year of the charter, for $38.0 million, $35.5 million and $33.0 million respectively, which option is exercisable six months before the date of completion of the eighth, ninth or tenth year of the respective charter. The expiration date above may therefore change depending on whether the charterer exercises its purchase option.

E. Off-Balance Sheet Arrangements

As of the date of this Annual Report, we have not entered into any off-balance sheet arrangements.

F. Contractual Obligations and Contingencies

The following table summarizes our long-term contractual obligations as of December 31, 2007 (thousands of U.S. Dollars).

	December 31,						
	2008	2009	2010	2011	2012	Thereafter	Total
Long-term Debt Obligations	-	-	-	-	$ 13,725	$ 260,775	$ 274,500
Interest Obligations (1)	$ 16,373	$ 16,328	$ 16,329	$ 16,329	$ 16,227	$ 54,200	$ 135,786
Vessel Purchase Commitments (2)(3)	$ 144,000	-	-	-	-	-	$ 144,000
Total	$ 160,373	$ 16,328	$ 16,329	$ 16,329	$ 29,952	$ 314,975	$ 554,286

(1) Interest expense has been calculated based on the fixed interest rate of 5.1325% plus a margin of 0.75% for the amount of $254.0 million and 4.925% plus a margin of 0.75% for the amount of $20.5 million. The interest rate fixation resulted from the nine interest rate swap agreements that we entered into in order to reduce our exposure to cash flow risks from fluctuating interest rates and fully cover our debt.

(2) Purchase commitments represent outstanding purchase commitments relating to the acquisition of the final three MR product tankers (M/T Alexandros II, M/T Aristotelis II and M/T Aris II) to be delivered to us pursuant to the share purchase agreement we entered into with Capital Maritime. The M/T Alexandros II was delivered to us in January 2008 and the remaining two vessels are scheduled for delivery in June and August 2008 respectively.

(3) On March 27, 2008, we entered into a share purchase agreement with Capital Maritime to acquire the M/T Amore Mio II for an aggregate purchase price of $95.0 million. Please read “Item 8B: Significant Changes” for more information regarding this acquisition.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our combined financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies that involve a higher degree of judgment and the methods of their application. For a description of all of our significant accounting policies, see Note 2 (Significant Accounting Policies) to our consolidated and predecessor combined financial statements included elsewhere in this Annual Report. Please also refer to Note 2 (Significant Accounting Policies – Recent Accounting Pronouncements) for a description of the most recent pronouncements issued by the Financial Accounting Standards Board which apply to us.

Vessel Lives and Impairment

The carrying value of each of our vessels represents its original cost (contract price plus initial expenditures) at the time of delivery or purchase less accumulated depreciation or impairment charges. Depreciation is calculated based on the vessel’s capitalized costs using the straight line method over an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard, after considering the estimated residual value. However, the actual life of a vessel may be different, with a shorter life potentially resulting in an impairment loss. Vessels transferred from Capital Maritime to us are transferred at their net book values because such transfers are accounted for as transfers of assets between entities under common control. We are not aware of any regulatory changes or environmental liabilities that we anticipate will have a material impact on the vessel lives of our current fleet. The carrying values of our vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. Both charter rates and newbuilding costs tend to be cyclical in nature. We review vessels and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If impairment indicators are present, we measure the recoverability of an asset by comparing its carrying amount to future undiscounted cash flows that the asset is expected to generate over its remaining useful life. If we consider a vessel or equipment to be impaired, we recognize impairment in an amount equal to the excess of the carrying value of the asset over its fair market value. No impairment loss was recorded for any of the periods presented in our audited consolidated and predecessor combined financial statements.

Revenue Recognition

We generate revenues from charterers for the charterhire of our vessels which are chartered either under time or bareboat charters. All of our time charters and bareboat charters are classified as operating leases. Revenues under operating lease arrangements are recognized when a charter agreement exists, the charter rate is fixed and determinable, the vessel is made available to the lessee, and collection of the related revenue is reasonably assured. Revenues are recognized ratably on a straight line basis as the average revenue over the period of the respective time or bareboat charter agreement in accordance with FASB 13 “Accounting for Leases”, paragraph 19b. We currently do not enter into spot voyage arrangements with respect to any of our vessels but may do so in the future. Although our charter revenues are fixed, and, accordingly, little judgment is required to be applied to the amount of revenue recognition, there is no certainty as to the daily charter rates or other terms that will be available upon the expiration of our existing charters.

Revenues from profit sharing arrangements in time charters represent the portion of time charter equivalent (voyage income less direct expenses divided by operating days), that exceeds the agreed base rate and are recognized in the period earned.

Interest Rate Swap Agreements

We designate our derivatives based upon the criteria established by SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities”, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. SFAS 133, as amended by SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities—An amendment of SFAS 133 ("SFAS 138") and SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, ("SFAS 149"), requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for the changes in the fair value of the derivative depends on the intended use of the derivative and the resulting designation. For a derivative that does not qualify as a cash flow hedge, the change in fair value is recognized at the end of each accounting period on the income statement. For a derivative that qualifies as a cash flow hedge, the change in fair value is recognized at the end of each reporting period in other comprehensive income/ (loss) (effective portion) until the hedged item is recognized in income. The ineffective portion of a derivative’s change in fair value is immediately recognized in the income statement.

We entered into eight interest rate swap agreements that were transferred from Capital Maritime through novation agreements on April 4, 2007 in order to reduce our exposure to cash flow risks from fluctuating interest rates for an amount of $326.0 million in borrowings, of which we have drawn down $302.0 million, under the facility we entered into on March 22, 2007. These swap agreements fix the LIBOR portion of interest rate at 5.1325% for a period up to June 29, 2012. We recognized a loss of $3.8 million in our income statement on April 4, 2007 as a result of the valuation of the eight interest rate swap agreements. On September 20, 2007 we entered into an additional interest rate swap agreement in order to reduce our exposure to cash flow risks from fluctuating interest rates for an amount of $20.5 million drawn down under the existing revolving credit facility in connection with the purchase of the M/T Attikos. The swap agreement fixes the LIBOR portion of interest rate at 4.925% for a period up to June 29, 2012. As of December 31, 2007 our nine interest rate swaps qualified as a cash flow hedge and the changes in their fair value were recognized in accumulated other comprehensive gain/(loss). On March 27, 2008 we entered into an additional interest rate swap agreement in order to reduce our exposure to cash flow risks from fluctuating interest rates with respect to $46.0 million drawn down under our new credit facility in connection with the purchase of the M/T Amore Mio II. The swap agreement fixes the LIBOR portion of interest rate at 3.525% for a period up to March 27, 2013. This swap agreement also qualifies as a cash flow hedge and any changes in the fair value of the swap will be recorded in “other comprehensive income”.

Item 6. Directors, Senior Management and Employees.

A. Directors and Senior Management

Management of Capital Product Partners L.P.

Pursuant to our partnership agreement, our general partner has delegated to our board of directors the authority to oversee and direct our operations, management and policies on an exclusive basis, and such delegation is binding on any successor general partner of the partnership. Our general partner, Capital GP L.L.C., a Marshall Islands limited liability company wholly owned by Capital Maritime, manages our day-to-day activities consistent with the policies and procedures adopted by our board of directors.

Our board of directors consists of three persons who are designated by our general partner in its sole discretion and four who are elected by the common unitholders. Directors appointed by our general partner serve as directors for terms determined by our general partner and directors elected by our common unitholders are divided into three classes serving staggered three-year terms. The initial four directors appointed by Capital Maritime and designated as Class I, Class II and Class III elected directors will serve until our annual meetings of unitholders in 2008, 2009 and 2010, respectively. At each annual meeting of unitholders, directors will be elected to succeed the class of directors whose terms have expired by a plurality of the votes of the common unitholders (excluding common units held by Capital Maritime and its affiliates). Directors elected by our common unitholders will be nominated by the board of directors or by any limited partner or group of limited partners that holds at least 10% of the outstanding common units.

Our general partner owes a fiduciary duty to our unitholders and is liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are expressly non-recourse to it. Whenever possible, the partnership agreement directs that we should incur indebtedness or other obligations that are non-recourse to our general partner. Officers of our general partner and other individuals providing services to us or our subsidiaries may face a conflict regarding the allocation of their time between our business and the other business interests of Capital Maritime. Our general partner intends to cause its officers to devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs. Our general partner's Chief Executive Officer and Chief Financial Officer, Ioannis E. Lazaridis, allocates his time between managing our business and affairs and the business and affairs of Capital Maritime. The amount of time Mr. Lazaridis allocates between our business and the businesses of Capital Maritime varies from time to time depending on various circumstances and needs of the businesses, such as the relative levels of strategic activities of the businesses.

Directors and Senior Management

Set forth below are the names, ages and positions of our directors and director nominees and our general partner's executive officers.

Name	Age	Position
Evangelos M. Marinakis (1)	40	Director and Chairman of the Board
Ioannis E. Lazaridis (1)	40	Chief Executive Officer and Chief Financial Officer and Director
Nikolaos Syntychakis (1)	46	Director
Robert Curt (2)	57	Director (5)
Abel Rasterhoff (3)	67	Director (5)
Evangelos G. Bairactaris (4)	37	Director and Secretary
Keith Forman (4)	49	Director (5)

(1) Appointed by our general partner (term expires in 2010).
(2) Appointed as initial Class I director (term expires in 2008).
(3) Appointed as initial Class II director (term expires in 2009).
(4) Appointed as initial Class III director (term expires in 2010).
(5) Member of our Audit Committee and our Conflicts Committee.

Biographical information with respect to each of our directors, our director nominees and our general partner's executive officers is set forth below. The business address for our directors and executive officers is 3 Iassonos Street Piraeus, 18537 Greece.

Evangelos M. Marinakis, Director and Chairman of the Board.

Mr. Marinakis joined our board of directors on March 13, 2007 and serves as the Chairman of the Board. Mr. Marinakis has served as Capital Maritime's President and Chief Executive Officer and as a director since its incorporation in March 2005. From 1992 to 2005, Mr. Marinakis was the Commercial Manager of Capital Ship Management and oversaw the businesses of the group of companies that form Capital Maritime. For the past 15 years, Mr. Marinakis has also been active in various other family businesses, all related to the shipping industry. During this time he founded Curzon Maritime Limited and ESTC. Mr. Marinakis began his career as a Sale & Purchase trainee broker at Harley Mullion in the UK, and then worked as a chartering broker for Elders Chartering Limited, also in the UK. Mr. Marinakis holds a B.A. in International Business Administration and an MSC in International Relations from the United States International University Europe, London.

Ioannis E. Lazaridis, Chief Executive and Chief Financial Officer and Director.

Mr. Lazaridis has served as the Chief Executive and Chief Financial Officer of our general partner since its formation in January 2007 and joined our board of directors on March 13, 2007. Mr. Lazaridis has served as Capital Maritime's Chief Financial Officer and as a director since its incorporation in March 2005. From 2004 to March 2005, Mr. Lazaridis was employed by our predecessor companies. From 1996 to 2004, Mr. Lazaridis was employed by Credit Agricole Indosuez Cheuvreux in London, where he worked in the equity department. From 1993 to 1996, Mr. Lazaridis was employed by Kleinwort Benson in equity sales and from 1990 to 1993 was employed by Norwich Union Investment Management. Mr. Lazaridis holds a B.A. degree in economics from the University of Thessaloniki in Greece and an M.A. in Finance from the University of Reading in the UK. He is also an Associate for the Institute of Investment Management and Research in the UK.

Evangelos G. Bairactaris, Director and Secretary.

Mr. Bairactaris joined our board of directors on March 13, 2007 and has served as our Secretary since our formation in January 2007. Mr. Bairactaris is a Greek attorney at law and a member of the Piraeus Bar Association. Mr. Bairactaris has been a partner in G.E.Bairactaris & Partners since 2000 and has acted as managing partner since 2003. He has regularly provided his professional services to our predecessor companies and many Greek and international shipping companies and banks. Mr. Bairactaris holds a degree in law from the Law School of the Kapodistrian University of Athens in Greece.

Nikolaos Syntychakis, Director.

Mr. Syntychakis joined our board of directors on April 3, 2007. Mr. Syntychakis, Managing Director of Capital Ship Management, joined Capital Ship Management in January 2001 where he has served as Vetting Manager, Crew Manager and Operations Manager. From 2000 to 2001, Mr. Syntychakis served as Fleet Operator of Delfi S.A. in Piraeus, Greece and from 1988 to 1997, he worked as the Chief Officer of Sougerka Maritime also in Piraeus, Greece. Mr. Syntychakis has been involved in the shipping industry in various capacities for over 25 years and has also been closely involved with vetting matters, serving on Intertanko's Vetting Committee for several years.

Abel Rasterhoff, Director.

Mr. Rasterhoff joined our board of directors on April 3, 2007. He serves on our conflicts committee and has been designated as the audit committee's financial expert. Mr. Rasterhoff joined Shell International Petroleum Maatschappij in 1967, and worked for various entities of the Shell group of companies until his retirement from Shell in 1997. From 1981 to 1984, Mr. Rasterhoff was Managing Director of Shell Tankers B.V., Vice Chairman and Chairman-elect of the Dutch Council of Shipping and a Member of the Dutch Government Advisory Committee on the North Sea. From 1991 to 1997, Mr. Rasterhoff was Director and Vice President Finance and Planning for Shell International Trading and Shipping Company Limited. During this period he also served as a Board Member of the Securities and Futures Authority (SFA) in London. From February 1998 to 2004, Mr. Rasterhoff has served as a member of the executive board and as Chief Financial Officer of TUI Nederland, the largest Dutch tour operator. From February 2001 to September 2001, Mr. Rasterhoff served as a member of the executive board and as Chief Financial Officer of Connexxion, the government owned public transport company. Mr. Rasterhoff was also on the Supervisory Board of SGR and served as an advisor to the trustees of the TUI Nederland Pension Fund. Mr. Rasterhoff served on the Capital Maritime Board from May 2005 until his resignation in February 2007 as the chairman of the audit committee. Mr. Rasterhoff is currently a director and audit committee member of Aegean Marine Petroleum Network Inc., a company listed on the New York Stock Exchange. Mr. Rasterhoff holds a graduate business degree in economics from Groningen State University.

Keith Forman, Director.

Mr. Forman joined our board of directors on April 3, 2007 and serves on our conflicts committee and our audit committee. Mr. Forman is a member of the board of directors of Kayne Anderson Energy Management, as investment company investing primarily in energy companies, and is also a member of the board of directors of Energy Solutions International Ltd., a supplier of oil and gas pipeline software management systems. From January 2004 to July 2005, he was Senior Vice President, Finance for El Paso Corporation, a leading provider of natural gas services. Mr. Forman, who joined El Paso in 1998 upon their acquisition of the general partner of the Leviathan Gas Pipeline Partners, also served as Vice President from 2001 to 2003, of El Paso Field Services and from 1992 to 2003 he served as Chief Financial Officer, GulfTerra Energy Partners L.P., a publicly traded master limited partnership. In his position with GulfTerra, he was responsible for the financing activities of the partnership, including its commercial and investment banking relationships.

Robert P. Curt, Director

Mr. Curt joined our board of directors on July 24, 2007 and serves on our conflicts committee and our audit committee. He had been a career executive for more than 30 years with ExxonMobil, and was named General Manager of ExxonMobil's Marine Transportation department following the merger of Exxon and Mobil in 1999. In 2003, he was seconded to Qatargas to lead its LNG vessel acquisition program and subsequently was appointed Managing Director of Qatar Gas Transport Company, the world's largest owner of LNG vessels. In 2006, he returned to the U.S., where he served as Vice President in ExxonMobil's SeaRiver subsidiary. Mr. Curt received his B.S. degree in Marine Engineering from the U.S. Merchant Marine Academy, Kings Point, and holds an MBA in Finance from Iona College.

B. Compensation

Reimbursement of Expenses of Our General Partner

Our general partner does not receive any management fee or other compensation for managing us. Our general partner and its other affiliates are reimbursed for expenses incurred on our behalf. These expenses include all expenses necessary or appropriate for the conduct of our business and allocable to us, as determined by our general partner. Our general partner did not incur any such expenses during 2006.

Executive Compensation

We and our general partner were formed in January 2007. Neither we nor our general partner have paid any compensation to our directors or our general partner's officers nor accrued any obligations with respect to management incentive or retirement benefits for our directors or our general partner's officers prior to April 3, 2007. Because our Chief Executive Officer and Chief Financial Officer, Mr. Lazaridis, is an employee of Capital Maritime, his compensation is set and paid by Capital Maritime, and we reimburse Capital Maritime for the cost of the provided services.

We do not have a retirement plan for our executive officers or directors. Officers and employees of our general partner or its affiliates may participate in employee benefit plans and arrangements sponsored by Capital Maritime, our general partner or their affiliates, including plans that may be established in the future.

Compensation of Directors

Officers of our general partner or Capital Maritime who also serve as our directors do not receive additional compensation for their service as directors. Our directors receive compensation for attending meetings of our board of directors or committee meetings as well as for serving in the role of committee chair. For the year ended December 31, 2007, our directors, excluding our chairman, received an aggregate amount of $202,274. In lieu of any other compensation, our chairman receives an annual fee of $100,000 for acting as a director and as the chairman of our board of directors. For the year ended December 31, 2007 this compensation amounted to $80,205. In addition, each director is reimbursed for out–of–pocket expenses in connection with attending meetings of the board of directors or committees and is fully indemnified by us for actions associated with being a director to the extent permitted under Marshall Islands law.

Employment Agreement

Under the three-year employment agreement entered into between our general partner and Mr. Lazaridis at the time of our Offering, if a change in control occurs within two years from the date of the agreement, Mr. Lazaridis may resign within six months of such change in control.

C. Board Practices

Our general partner, Capital GP L.L.C., manages our day-to-day activities consistent with the policies and procedures adopted by our board of directors which currently consists of seven members, four of which are independent. Unitholders are not entitled to elect the directors of our general partner or directly or indirectly participate in our management or operation. There are no service contracts between us and any of our directors providing for benefits upon termination of their employment or service.

Although the Nasdaq Global Market does not require a listed limited partnership like us to have a majority of independent directors on our board of directors or to establish a compensation committee or a nominating/corporate governance committee our board of directors has established an audit committee and a conflicts committee comprised solely of independent directors. Each of the committees operates under a written charter adopted by our board of directors which is available under "Corporate Governance" in the Investor Relations tab of our web site at www.capitalpplp.com. The membership and main functions of each committee are described below

Audit Committee. The audit committee of our board of directors is composed of three or more independent directors, each of whom must meet the independence standards of the Nasdaq Global Market, the SEC and any other applicable laws and regulations governing independence from time to time. The audit committee is currently comprised of directors Abel Rasterhoff (chair), Robert P. Curt and Keith Forman. All members of the committee are financially literate and our board of directors has determined that Mr. Rasterhoff qualifies as an "audit committee financial expert" for purposes of the U.S. Sarbanes-Oxley Act. The audit committee, among other things, reviews our external financial reporting, engages our external auditors and oversees our internal audit activities and procedures and the adequacy of our internal accounting controls.

Conflicts Committee. The conflicts committee of our board of directors is composed of the same directors constituting the audit committee, being Keith Forman (chair), Abel Rasterhoff and Robert P. Curt. The members of our conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, and must meet the independence standards established by The Nasdaq Global Market to serve on an audit committee of a board of directors and certain other requirements. The conflicts committee reviews specific matters that the board believes may involve conflicts of interest and determines if the resolution of the conflict of interest is fair and reasonable to us. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our directors, our general partner or its affiliates of any duties any of them may owe us or our unitholders.

D. Employees

We currently do not have our own executive officers and expect to rely on the officers of our general partner to manage our day-to-day activities consistent with the policies and procedures adopted by our board of directors. All of the executive officers of our general partner and three of our directors also are executive officers, directors or affiliates of Capital Maritime.

E. Share Ownership

	Common Units Owned		Subordinated Units Owned		Percentage of Total Common and Subordinated Units
Name of Beneficial Owner	**Number**	**%**	**Number**	**%**	
Capital Maritime(1)(2)	2,007,847	12.9%	8,805,522	100	43.6%
All executive officers and directors as a group (7 persons) (2)	0	0	8,805,522	100	36.2%

(1) Excludes the 2% general partner interest held by our general partner, a wholly owned subsidiary of Capital Maritime.

(2) The Marinakis family, including our chairman Mr. Marinakis, may be deemed to beneficially own all of our subordinated units through its ownership of Capital Maritime. None of our directors, director nominees or the officers of our general partner (other than Mr. Marinakis) may be deemed to beneficially own any of our subordinated units.

Restricted Units

We currently have not adopted a long-term incentive plan for our employees and directors. We expect, however, to establish an incentive compensation plan under which we will be able to issue a limited number of restricted units to some of our employees, affiliates or directors at a future date. Such number is not anticipated to exceed 500,000 restricted units.

Item 7. Major Unitholders and Related Party Transactions.

A. Major Unitholders

The following table sets forth as of March 31, 2008 the beneficial ownership of our common and subordinated units by each person we know beneficially owns more than 5.0% or more of our common or subordinated units, and all of our directors, director nominees and the executive officers of our general partner as a group. The number of units beneficially owned by each person is determined under SEC rules and the information is not necessarily indicative of beneficial ownership for any other purpose. Under SEC rules a person beneficially owns any units as to which the person has or shares voting or investment power.

	Common Units Owned		Subordinated Units Owned		Percentage of Total Common and Subordinated Units
Name of Beneficial Owner	**Number**	**%**	**Number**	**%**	
Capital Maritime (1)(2)	2,007,847	12.9%	8,805,522	100	43.6%
All executive officers and directors as a group (7 persons) (2)	0	0	8,805,522	100	36.2%
OppenheimerFunds, Inc., Oppenheimer Small- & Mid-Cap Value Fund (3)	2,215,001	14.3%	0	0	9.1%
Morgan Stanley, Morgan Stanley Strategic Investments, Inc. (4)	1,417,284	9.1%	0	0	5.8%
Lehman Brothers Holdings Inc.(5)	978,500	6.3%	0	0	4.0%
Swank Capital, LLC, Swank Energy Income Advisors, LP and Jerry V. Swank (6)	1,386,000	8.9%	0	0	5.7%

(1) Excludes the 2% general partner interest held by our general partner, a wholly owned subsidiary of Capital Maritime.

(2) The Marinakis family, including our chairman Mr. Marinakis, may be deemed to beneficially own all of our subordinated units through its ownership of Capital Maritime. None of our directors, director nominees or the officers of our general partner (other than Mr. Marinakis) may be deemed to beneficially own any of our subordinated units.

(3) Includes shared voting power and shared dispositive power as to 2,215,001 units (with respect to Oppenheimer Funds, Inc.) and 1,000,000 units (with respect to Oppenheimer Small- & Mid-Cap Value Fund). Oppenheimer Funds, Inc. is an investment adviser and Oppenheimer Small- & Mid-Cap Value Fund is an investment company. This information is based on the Schedule 13G/A filed by these parties with the SEC on February 6, 2008.

(4) This information is based on the Schedule 13G filed by these parties with the SEC on March 24, 2008. These units are owned, or may be deemed to be beneficially owned, by Morgan Stanley Strategic Investments, Inc., a wholly-owned subsidiary of Morgan Stanley.

(5) This information is based on the Schedule 13G/A filed by this person with the SEC on February 13, 2008.

(6) Includes shared voting and shared dispositive power of Swank Energy Income Advisors, LP as to 1,386,000 units. Swank Capital LLC, as general partner of Swank Energy Income Advisors, LP, may direct voting or disposition of the 1,386,000 units held by Swank Energy Income Advisors, LP. Jerry V. Swank, as the principal of Swank Capital, LLC, may direct voting or disposition of the 1,386,000 units held by Swank Capital, LLC and Swank Energy Income Advisors, LP. This information is based on the Schedule 13G filed by these parties with the SEC on February 14, 2008.

Our majority unitholders have the same voting rights as our other unitholders except that if at any time, any person or group, other than our general partner, its affiliates, their transferees, and persons who acquired such units with the prior approval of our board of directors, owns beneficially 5% or more of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes under our partnership agreement, unless otherwise required by law. The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote. As of March 31, 2008 Capital Maritime owned subordinated and common units representing a 43.6% interest in us and also had a 2% general partner interest in us through its ownership of our general partner, which gives it the ability to control the outcome of unitholder votes on certain matters. We are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of Capital Product Partners L.P.

B. Related Party Transactions

Capital Maritime, the sole member of our general partner, owns 2,007,847 common units and 8,805,522 subordinated units, representing a 43.6% limited partner interest in us. In addition, our general partner owns a 2% general partner interest in us and all of the incentive distribution rights. Capital Maritime's ability, as sole member of our general partner, to control the appointment of three of the seven members of our board of directors and to approve certain significant actions we may take and its ownership of all of the outstanding subordinated units and its right to vote the subordinated units as a separate class on certain matters, means that Capital Maritime, together with its affiliates, will have the ability to exercise influence regarding our management.

1. *Contribution Agreement.* Pursuant to a Contribution Agreement, entered into concurrently with the closing of our Offering, Capital Maritime sold us all of the outstanding capital stock of eight vessel-owning subsidiaries that owned the vessels in our initial fleet (Capital Maritime retained all assets of those subsidiaries other than the vessels, and paid off all debt of those subsidiaries), in exchange for:
    a. the issuance to Capital Maritime of 11,750,000 common units and 8,805,522 subordinated units,
    b. the payment to Capital Maritime of a cash dividend in the amount of $25.0 million at the closing of our Offering,
    c. the issuance to Capital Maritime of the right to receive an additional dividend of $30.0 million in cash or a number of common units necessary to satisfy the underwriters' overallotment option or a combination thereof, and
    d. the issuance of the 2% general partner interest in us and all of our incentive distribution rights to Capital GP L.L.C, a wholly owned subsidiary of Capital Maritime.

2. *Omnibus Agreement.* In connection with our Offering, we have entered into an omnibus agreement with Capital Maritime, Capital GP L.L.C., our general partner, and our operating subsidiary. The following discussion describes provisions of the omnibus agreement.

    Noncompetition. Under the omnibus agreement, Capital Maritime has agreed, and has caused its controlled affiliates (other than us, our general partner and our subsidiaries) to agree, not to acquire, own or operate medium range tankers under charter for two or more years. This restriction will not prevent Capital Maritime or any of its controlled affiliates (other than us and our subsidiaries) from:

    a. acquiring, owning, chartering or operating medium range tankers under charter for less than two years;

    b. acquiring one or more medium range tankers under charter for two or more years if Capital Maritime offers to sell to us the tanker for the acquisition price plus any administrative costs associated with transfer and re-flagging, including related legal costs, to Capital Maritime that would be required to transfer the medium range tankers and related charters to us at the time it is acquired or putting a medium range tanker that Capital Maritime owns or operates under charter for two or more years if Capital Maritime offers to sell the tanker to us for fair market value at the time it is chartered for two or more years and, in each case, at each renewal or extension of that charter for two or more years;

    c. acquiring one or more medium range tankers under charter for two or more years as part of the acquisition of a controlling interest in a business or package of assets and owning and operating or chartering those vessels provided, however, that:

        i. if less than a majority of the value of the total assets or business acquired is attributable to those medium range tankers and related charters, as determined in good faith by the board of directors of Capital Maritime; Capital Maritime must offer to sell such medium range tankers and related charters to us for their fair market value plus any additional tax or other similar costs to Capital Maritime that would be required to transfer the medium range tankers and related charters to us separately from the acquired business.

        ii. if a majority or more of the value of the total assets or business acquired is attributable to the medium range tankers and related charters, as determined in good faith by the board of directors of Capital Maritime. Capital Maritime shall notify us in writing, of the proposed acquisition. We shall, not later than the 10th calendar day following receipt of such notice, notify Capital Maritime if we wish to acquire the medium range tankers and related charters forming part of the business or package of assets in cooperation and simultaneously with Capital Maritime acquiring the Non-Medium Range Tankers (as defined below) and related charters forming part of that business or package of assets. If we do not notify Capital Maritime of our intent to pursue the acquisition within 10 calendar days, Capital Maritime may proceed with the acquisition as provided in (i) above.

    d. acquiring a non-controlling interest in any company, business or pool of assets;

e. acquiring, owning or operating medium range tankers under charter for two or more years subject to the offers to us described in paragraphs (b) and (c) above (i) pending our determination whether to accept such offers and pending the closing of any offers we accept, or (ii) if we elect to acquire the medium range tankers and related charter;

f. providing ship management services relating to any vessel whatsoever, including to medium range tankers owned by the controlled affiliates of Capital Maritime; or

g. acquiring, operating or chartering medium range tankers under charter for two or more years if we have previously advised Capital Maritime that we consent to such acquisition, operation or charter.

If Capital Maritime or any of its controlled affiliates (other than us or our subsidiaries) acquires, owns, operates and charters medium range tankers pursuant to any of the exceptions described above, it may not subsequently expand that portion of its business other than pursuant to those exceptions.

In addition, under the omnibus agreement we have agreed, and have caused our subsidiaries to agree, to only acquire, own, operate or charter medium range tankers with charters of two or more years (any vessels that are not medium range tankers will in the following be referred to as the "Non-Medium Range Tankers"). This restriction does not:

a. apply to any Non-Medium Range Tanker owned, operated or chartered by us or any of our subsidiaries, and the ownership, operation or chartering of any Non-Medium Range Tanker that replaces any of those Non-Medium Range Tankers in connection with the destruction or total loss of the original tanker; the tanker being damaged to an extent that makes repairing it uneconomical or renders it permanently unfit for normal use, as determined in good faith by our board of directors within 90 days after the occurrence of the damage; or the tanker's condemnation, confiscation, requisition, seizure, forfeiture or a similar taking of title to or use of it that continues for at least six months;

b. prevent us or any of our subsidiaries from acquiring Non-Medium Range Tankers and any related charters as part of the acquisition of a controlling interest in a business or package of assets and owning and operating or chartering those vessels, provided, however, that:

   i. if less than a majority of the value of the total assets or business acquired is attributable to Non-Medium Range Tankers and related charters, as determined in good faith by our board of directors we must offer to sell such Non-Medium Range Tankers and related charters to Capital Maritime within 30 days for their fair market value plus any additional tax or other similar costs to us that would be required to transfer the Non-Medium Range Tankers and related charters to Capital Maritime separately from the acquired business;

   ii. if a majority or more of the value of the total assets or business acquired is attributable to Non-Medium Range Tankers and related charters, as determined in good faith by our board of directors we shall notify Capital Maritime in writing of the proposed acquisition. Capital Maritime shall, not later than the 10th calendar day following receipt of such notice, notify us if it wishes to acquire the Non-Medium Range Tankers forming part of the business or package of assets in cooperation and simultaneously with the us acquiring the medium range tankers under charter for two or more years forming part of that business or package of assets. If Capital Maritime does not notify us of its intent to pursue the acquisition within 10 calendar days, we may proceed with the acquisition as provided in (i) above.

c. prevent us from acquiring a non-controlling interest in any company, business or pool of assets;

d. prevent us or any of our subsidiaries from owning, operating or chartering any Non-Medium Range Tankers subject to the offer to Capital Maritime described in paragraph (b) above, pending its determination whether to accept such offer and pending the closing of any offer it accepts; or

e. prevent us or any of our subsidiaries from acquiring, operating or chartering Non-Medium Range Tankers if Capital Maritime has previously advised us that it consents to such acquisition, operation or charter.

If we or any of our subsidiaries owns, operates and charters Non-Medium Range Tankers pursuant to any of the exceptions described above, neither we nor such subsidiary may subsequently expand that portion of our business other than pursuant to those exceptions.

Rights of First Offer on Medium Range Tankers. Under the omnibus agreement, we and our subsidiaries have granted to Capital Maritime a first offer on any proposed sale, transfer or other disposition of any of our medium range tankers and related charters or any Non-Medium Range Tankers and related charters owned or acquired by us. Likewise, Capital Maritime has agreed (and has caused its subsidiaries to agree) to grant a similar right of first offer to us for any medium range tankers under charter for two or more years it might own. These rights of first offer will not apply to a sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a charter party.

3. *Management Agreement*. We have entered into a Management Agreement with Capital Ship Management, a subsidiary of Capital Maritime, pursuant to which Capital Ship Management provides us with certain commercial and technical management services. These services will be provided in a commercially reasonable manner in accordance with customary ship management practice and under our direction. Capital Ship Management may provide these services to us directly or it may subcontract for certain of these services with other entities, including other Capital Maritime subsidiaries.

    a. We pay Capital Ship Management a fixed daily fee of $5,500 per time chartered vessel ($8,500 for the M/T Amore Mio II) in our fleet to provide the commercial and technical management services and costs to such time chartered vessels, which includes the cost of the first special survey. We pay a fixed daily fee of $250 per bareboat chartered vessel in our fleet, mainly to cover compliance costs, which include those costs incurred by Capital Ship Management to remain in compliance with the oil majors' requirements, including vetting requirements.
    b. With respect to each vessel in our fleet at the time of our Offering, the management agreement has an initial term of approximately five years beginning from when each vessel commenced operations through and including the date of its next scheduled special or intermediate survey and includes the expenses for such special or intermediate survey, as applicable, and related drydocking. With respect to each vessel that has been or will be subsequently delivered the management agreement will have an initial term of approximately five years from when we take delivery of each vessel.
    c. In addition to the fixed daily fees payable under the management agreement, Capital Ship Management is entitled to reasonable supplementary remuneration for extraordinary fees and costs of any direct and indirect expenses it incurs in providing these services.

4. *Administrative Services Agreement*. We have entered into an administrative services agreement with Capital Ship Management, pursuant to which Capital Ship Management will provide certain administrative management services to us. The agreement has an initial term of five years from the closing date of our Offering. The services Capital Ship Management provides us with under the agreement include, among others (a) bookkeeping, audit and accounting services, (b) legal and insurance services, (c) administrative and clerical services, (d) banking and financial services, (e) advisory services and (f), client and investor relations services. We reimburse Capital Ship Management for reasonable costs and expenses incurred in connection with the provision of these services within 15 days after Capital Ship Management submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required.

5. *Share Purchase Agreement*. In connection with our Offering, we entered into a share purchase agreement with Capital Maritime to purchase its interests in the subsidiaries that owned the seven vessels and related charters that comprised our contracted fleet at the time of the Offering. At this time, we have completed the purchase of five of these vessels and expect delivery of the final two to take place in June and August of 2008 respectively. Please read "Item 4: Business—Overview—Our Fleet" for more information on these acquisitions.

6. *Related Party Loans.* For the financing of the construction of five of the vessels in our initial fleet, the Atlantas, Aktoras, Avax, Aiolos and Assos, Capital Maritime had entered into loan agreements with three separate banks on behalf of the related vessel-owning subsidiaries. Capital Maritime acted as the borrower and the vessel-owning subsidiaries acted as guarantors in all of these loan agreements. The five vessels in our initial fleet described above had been financed in the aggregate amounts of $0, $15.5 million and $95.5 million as of December 31, 2004, 2005 and 2006, respectively. These loans were repaid in their entirety by Capital Maritime with a portion of the proceeds of our Offering.

7. *Dividend to Capital Maritime.* At the closing of our Offering, we borrowed $30.0 million under our existing credit facility, $5 million of which we used for working capital purposes and $25.0 million of which we used to pay a cash dividend to Capital Maritime. We also issued to Capital Maritime a number of common units necessary to satisfy the underwriters' overallotment option. We accounted for the distribution to Capital Maritime of the common units necessary to satisfy the underwriters' overallotment option as a common unit dividend, which had no net impact on partners' equity.

8. *Purchase of M/T Attikos*. On September 24, 2007 we entered into a share purchase agreement with Capital Maritime pursuant to which we acquired all of Capital Maritime's interests in the wholly owned subsidiary that owns the M/T Attikos. The aggregate purchase price for the vessel was $23.0 million. The M/T Attikos, a 12,000 dwt, 2005 built double-hull product tanker, is chartered to Trafigura Beheer B.V., under a charter with an earliest scheduled expiration date of September 2010 at a gross rate of $13,850 per day (net rate $13,503). The transaction was approved by our board of directors following approval by the conflicts committee of independent directors.

9. *Purchase of M/T Amore Mio II*. On March 27, 2008 we entered into a share purchase agreement with Capital Maritime pursuant to which we acquired all of Capital Maritime's interests in the wholly owned subsidiary that owns the M/T Amore Mio II. The aggregate purchase price for the vessel was $95.0 million. We funded a portion of the purchase price of the vessel through the issuance of 2,048,823 common units to Capital Maritime at a price of $22.94 per unit, which was the weighted average unit price for the period from October 15, 2007 to February 15, 2008, and the remainder through the incurrence of $46.0 million of debt under our new credit facility and $2.0 million in cash. The M/T Amore Mio II, a 159,982 dwt, 2001 built, double-hull tanker, is chartered to BP Shipping Limited under a charter with an earliest scheduled expiration date of January 2011 at a base gross rate of $36,456 per day (net rate $36,000). The charter is also subject to a profit sharing arrangement which is calculated and settled monthly and which allows each party to share additional revenues above the base rate on a 50/50 basis. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors.

C. Interest of Experts and Counsel

Not applicable.

Item 8. Financial Information.

See Item 18 for additional information required to be disclosed under this Item 8.

Legal Proceedings

Although we may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we are not at present party to any legal proceedings and are not aware of any proceedings against us, or contemplated to be brought against us. We maintain insurance policies with insurers in amounts and with coverage and deductibles as our board of directors believes are reasonable and prudent. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Cash Distribution Policy

Rationale for Our Cash Distribution Policy

Our cash distribution policy reflects a basic judgment that our unitholders will be better served by our distributing our cash available (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves) rather than retaining it. Because we believe we will generally finance any expansion capital expenditures from external financing sources, we believe that our investors are best served by our distributing all of our available cash. Our cash distribution policy is consistent with the terms of our partnership agreement, which requires that we distribute all of our available cash quarterly (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves).

Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy

There is no guarantee that unitholders will receive quarterly distributions from us. Our distribution policy is subject to certain restrictions and may be changed at any time, including:

- Our unitholders have no contractual or other legal right to receive distributions other than the obligation under our partnership agreement to distribute available cash on a quarterly basis, which is subject to the broad discretion of our board of directors to establish reserves and other limitations.

- While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including provisions requiring us to make cash distributions contained therein, may be amended. Although during the subordination period, with certain exceptions, our partnership agreement may not be amended without the approval of non-affiliated common unitholders, our partnership agreement can be amended with the approval of a majority of the outstanding common units after the subordination period has ended.

- Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement and the establishment of any reserves for the prudent conduct of our business.

- Under Section 51 of the Marshall Islands Limited Partnership Act, we may not make a distribution if the distribution would cause our liabilities to exceed the fair value of our assets.

- We may lack sufficient cash to pay distributions to our unitholders due to decreases in net revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, maintenance and replacement capital expenditures or anticipated cash needs.

- Our distribution policy will be affected by restrictions on distributions under our revolving credit facilities which contain material financial tests and covenants that must be satisfied. Should we be unable to satisfy these restrictions included in our credit facilities or if we are otherwise in default under the credit agreements, our ability to make cash distributions to our unitholders, notwithstanding our stated cash distribution policy, would be materially adversely affected.

- If we make distributions out of capital surplus, as opposed to operating surplus, such distributions will constitute a return of capital and will result in a reduction in the quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.

- If the ability of our subsidiaries to make any distribution to us is restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws or any other laws and regulations, our ability to make distributions to our unitholders may be restricted.

Quarterly Distributions

Our common unitholders are entitled under our partnership agreement to receive a quarterly distribution to the extent we have sufficient cash on hand to pay the distribution after we establish cash reserves and pay fees and expenses. Although we intend to continue to make strategic acquisitions and to take advantage of our unique relationship with Capital Maritime in a prudent manner that is accretive to our unitholders and to long-term distribution growth there is no guarantee that we will pay a quarterly distribution on the common units and subordinated units in any quarter. Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement and other factors. We will be prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default is existing, under our credit agreement.

Following the completion of our initial public offering on April 3, 2007, the following cash distributions have been declared and paid:

Distributions for Quarter Ended:	Amount of Cash Distributions	Cash Distributions per Unit
Jun. 30, 2007*	$8.3 million	$0.3626 per unit
Sep. 30, 2007	$8.8 million	$0.385 per unit
Dec. 31, 2007	$9.0 million	$0.395 per unit

* Prorated for the period from April 4, 2007 to June 30, 2007.

Subordination Period

During the subordination period applicable to the subordinated units held by Capital Maritime. The common units have the right to receive quarterly distributions of available cash from operating surplus, plus any arrearages in the payment of the quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units. Distribution arrearages do not accrue on the subordinated units. The purpose of the subordinated units is to increase the likelihood that during the subordination period there will be available cash to be distributed on the common units.

Incentive Distribution Rights

Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus (as defined in our partnership agreement) after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest, subject to restrictions in the partnership agreement. Except for transfers of incentive distribution rights to an affiliate or another entity as part of our general partner's merger or consolidation with or into, or sale of substantially all of its assets to such entity, the approval of a majority of our common units (excluding common units held by our general partner and its affiliates), voting separately as a class, generally is required for a transfer of the incentive distribution rights to a third party prior to March 31, 2017. Any transfer by our general partner of the incentive distribution rights would not change the percentage allocations of quarterly distributions with respect to such rights.

Percentage Allocations of Available Cash From Operating Surplus

The following table illustrates the percentage allocations of the additional available cash from operating surplus among the unitholders and our general partner up to the various target distribution levels. The amounts set forth under "Marginal Percentage Interest in Distributions" are the percentage interests of the unitholders and our general partner in any available cash from operating surplus we distribute up to and including the corresponding amount in the column "Total Quarterly Distribution Target Amount," until available cash from operating surplus we distribute reaches the next target distribution level, if any. The percentage interests shown for the unitholders and our general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests shown for our general partner assume that our general partner maintains its 2% general partner interest and assume our general partner has not transferred the incentive distribution rights.

		Marginal Percentage Interest in Distributions	
	Total Quarterly Distribution Target Amount	Unitholders	General Partner
Minimum Quarterly Distribution	$0.3750	98%	2%
First Target Distribution	up to $0.4313	98%	2%
Second Target Distribution	above $0.4313 up to $0.4688	85%	15%
Third Target Distribution	above $0.4688 up to $0.5625	75%	25%
Thereafter	above $0.5625	50%	50%

B. Significant Changes

No significant changes have occurred since the date of our audited consolidated financial statements included herein except for those set out below:

1. On January 28, 2008 we declared a dividend of $0.395 per unit to unitholders of record on February 5, 2008, which amounted to $9.0 million. The dividend was paid on February 15, 2008.

2. On January 29, 2008 we took delivery of the M/T Alexandros II, the first of the three 51,000 dwt newbuilding MR chemical/product tanker sister vessels we had contracted to purchase from Capital Maritime at a fixed purchase price of $48 million. The vessel is chartered to subsidiaries of Overseas Shipholding Group Inc. under a 10 year bareboat charter at a rate of $13,000 per day.

3. On March 19, 2008 we entered into a new 10-year revolving credit facility of up to $350.0 million which is non-amortizing until March 2013 with HSH Nordbank. The credit facility is intended to finance a portion of the acquisition price of the M/T Amore Mio II, the M/T Aristofanis and of two other vessels currently in Capital Maritime's fleet which we may elect to acquire in the future. We may also use this facility to finance up to 50% of the purchase price of any potential future purchases of modern tanker vessels from Capital Maritime or any third parties. The loan facility is subject to similar covenants and restrictions as those in our existing facility.

4. On March 27, 2008 we entered into a share purchase agreement with Capital Maritime pursuant to which we acquired all of Capital Maritime's interests in the wholly owned subsidiary that owns the M/T Amore Mio II, a 159,982 dwt, 2001 built, double-hull tanker. A portion of the $95.0 million aggregate purchase price was funded through the issuance of 2,048,823 common units to Capital Maritime at a price of $22.94 per unit, which was the weighted average unit price for the period from October 15, 2007 to February 15, 2008, and the remainder was funded through the issuance of $46.0 million of debt under our new credit facility and $2.0 million in cash. The M/T Amore Mio II is chartered to BP Shipping Limited under a charter with an earliest scheduled expiration date of January 2011 at a base gross rate of $36,456 per day (net rate $36,000).

5. On March 31, 2008, Capital Maritime, which owns and controls our general partner, Capital GP L.L.C, made a capital contribution of 40,976 common units to our general partner, which our general partner in turn contributed to us in exchange for the issuance of 40.976 general partner units to our general partner in order for it to maintain its 2% general partner interest in us. Following the issuance of common units in connection with the purchase of the Amore Mio II and the capital contribution described above, Capital Maritime owns a 45.6% interest in us, including its 2% interest through its ownership of our general partner.

Please read Note 14 (Subsequent Events) to our audited consolidated and predecessor combined financial statements included elsewhere in this Annual Report for more information regarding the events described above.

Item 9. The Offer and Listing.

Our common units started trading on the Nasdaq Global Market under the symbol "CPLP" on March 30, 2007. The following table sets forth the high and low closing sales prices in U.S. Dollars for our common units for each of the periods indicated.

	High	Low
Year Ended:		
December 31, 2007*	32.50	20.80
Quarter Ended:		
March 31, 2008	24.93	16.35
December 31, 2007	27.75	20.80
September 30, 2007	32.50	23.33
June 30, 2007*	28.90	24.08
Month Ended:		
March 31, 2008	20.31	16.34
February 29, 2008	20.75	19.05
January 31, 2008	24.93	17.52
December 31, 2007	24.91	20.80
November 30, 2007	27.75	20.98
October 31, 2007	27.38	22.66

* Period commenced on March 30, 2007.

Item 10. Additional Information.

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The information required to be disclosed under Item 10B is incorporated by reference to the following sections of the prospectus included in our Registration Statement on Form F-1 filed with the SEC on March 19, 2007: "The Partnership Agreement," "Description of the Common Units – The Units," "Conflicts of Interest and Fiduciary Duties" and "Our Cash Distribution Policy and Restrictions on Distributions."

C. Material Contracts

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we or any of our subsidiaries is a party, for the two years immediately preceding the date of this Annual Report, each of which is included in the list of exhibits in Item 19.

Please read "Item 7B: Related Party Transactions" for a summary of certain contract terms.

- Share Purchase Agreement dated March 27, 2008 with Capital Maritime to acquire all of its interest in the wholly owned subsidiary that owns the M/T Amore Mio II for an aggregate purchase price of $95.0 million. A portion of the acquisition price was funded through the issuance of 2,048,823 common units to Capital Maritime at a price of $22.94 per unit and the remainder through the issuance of $46.0 million of debt under our new credit facility and $2.0 million in cash. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors.

- Share Purchase Agreement dated September 24, 2007 with Capital Maritime to acquire all of its interest in the wholly owned subsidiary that owns the M/T Attikos for an aggregate purchase price of $23.0 million. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors.

- Revolving Facility Agreement, dated March 19, 2008, for a new 10-year revolving credit facility of up to $350.0 million with HSH Nordbank AG which is non-amortizing until March 2013. The credit facility bears interest at US$ LIBOR plus a margin of 1.1% and may be used to finance a portion of the acquisition price of certain identified vessels currently in Capital Maritime's fleet which we may elect to acquire in the future. We may also use this facility to finance up to 50% of the purchase price of any potential future purchases of modern tanker vessels from Capital Maritime or any third parties. To date, we have used $46.0 million of this facility to fund part of the acquisition price of the M/T Amore Mio II from Capital Maritime and expect to use approximately $11.5 million in connection with the acquisition of the M/T Aristofanis in the second quarter of 2008. Please read "Item 5: Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources—Revolving Credit Facilities" for a full description of the new credit facility.

- Revolving Facility Agreement, dated March 22, 2007, as amended September 19, 2007, for a 10-year revolving credit facility of up to $370.0 million with HSH Nordbank AG which is non-amortizing until June 2012. The credit facility bears interest at US$ LIBOR plus a margin of 0.75%. The credit facility may be used for acquisitions and for general partnership purposes. Our obligations under the facility are secured by first-priority mortgages on 14 product tankers. Please read "Item 5: Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources—Revolving Credit Facilities" for a full description of the existing credit facility.

- Omnibus Agreement with Capital Maritime & Trading Corp., Capital GP LLC, our general partner, and Capital Product Operating GP LLC dated April 3, 2007.

- Management Agreement with Capital Ship Management pursuant to which Capital Ship Management shall provide commercial and technical management services to us dated April 3, 2007, as amended on September 24, 2007 and March 27, 2008 to reflect the acquisitions of the M/T Attikos and the M/T Amore Mio II, respectively.

- Administrative Services Agreement with Capital Ship Management pursuant to which Capital Ship Management shall provide administrative support services to us dated April 3, 2007.

- Contribution Agreement with Capital Maritime & Trading Corp., Capital GP LLC, our general partner, and Capital Product Operating GP LLC pursuant to which certain vessels were contributed to us at the time of our Offering dated April 3, 2007.

- Share Purchase Agreement with Capital Maritime to purchase its interest in the subsidiaries that owned the seven vessels and related charters we agreed to purchase from Capital Maritime at the time of our Offering dated April 3, 2007.

D. Exchange Controls and Other Limitations Affecting Unitholders

We are not aware of any governmental laws, decrees or regulations, including foreign exchange controls, in the Republic of The Marshall Islands that restrict the export or import of capital, or that affect the remittance of dividends, interest or other payments to non-resident holders of our securities. We are not aware of any limitations on the right of non-resident or foreign owners to hold or vote our securities imposed by the laws of the Republic of The Marshall Islands or our Articles of Incorporation and Bylaws.

E. Taxation

Marshall Islands Taxation

Because we, our operating subsidiary and our controlled affiliates do not, and we do not expect that we and our controlled affiliates will, conduct business or operations in the Republic of The Marshall Islands, neither we nor our controlled affiliates will be subject to income, capital gains, profits or other taxation under current Marshall Islands law. As a result, distributions by our operating subsidiary and our controlled affiliates to us will not be subject to Marshall Islands taxation.

United States Taxation

The following is a discussion of material U.S. federal income tax considerations and is based upon provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations, and current administrative rulings and court decisions, all of which are subject to change, possibly with retroactive effect, all as of the date of this Annual Report. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below.

Election to be Taxed as A Corporation. We have elected to be taxed as a corporation for U.S. federal income tax purposes. As such, we will be subject to U.S. federal income tax on our income to the extent it is from U.S. sources or otherwise is effectively connected with the conduct of a trade or business in the Unites States as discussed below.

Taxation of Operating Income. We expect that substantially all of our gross income will be attributable to the transportation of crude oil and related products. For this purpose, gross income attributable to transportation ("Transportation Income") includes income derived from, or in connection with, the use (or hiring or leasing for use) of a vessel to transport cargo, or the performance of services directly related to the use of any vessel to transport cargo, and thus includes both time charter or bareboat charter income.

Transportation Income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States ("U.S. Source International Transportation Income") will be considered to be 50.0% derived from sources within the United States. Transportation Income attributable to transportation that both begins and ends in the United States ("U.S. Source Domestic Transportation Income") will be considered to be 100.0% derived from sources within the United States. Transportation Income attributable to transportation exclusively between non-U.S. destinations will be considered to be 100% derived from sources outside the United States. Transportation Income derived from sources outside the United States generally will not be subject to U.S. federal income tax.

Based on our current operations, we do not expect to have U.S. Source Domestic Transportation Income. However, certain of our activities give rise to U.S. Source International Transportation Income, and future expansion of our operations could result in an increase in the amount of U.S. Source International Transportation Income, as well as give rise to U.S. Source Domestic Transportation Income, all of which could be subject to U.S. federal income taxation, unless the exemption from U.S. taxation under Section 883 of the Code (the "Section 883 Exemption") applies.

The Section 883 Exemption. In general, the Section 883 Exemption provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations thereunder (the "Section 883 Regulations"), it will not be subject to the net basis and branch taxes or 4.0% gross basis tax described below on its U.S. Source International Transportation Income. The Section 883 Exemption only applies to U.S. Source International Income. As discussed below, we believe that under our current ownership structure, the Section 883 Exemption will apply and we will not be taxed on our U.S. Source International Transportation Income. The Section 883 Exemption does not apply to U.S. Source Domestic Transportation Income.

We will qualify for the Section 883 Exemption if, among other matters, we meet the following three requirements:

- We are organized in a jurisdiction outside the United States that grants an equivalent exemption from tax to corporations organized in the United States (an "Equivalent Exemption");
- We satisfy the *Publicly Traded Test* (as described below); and
- We meet certain substantiation, reporting and other requirements.

The Publicly Traded Test requires that one or more classes of equity representing more than 50.0% of the voting power and value in a non-U.S. corporation be “primarily and regularly traded” on an established securities market either in the United States or in a jurisdiction outside the United States that grants an Equivalent Exemption. The Section 883 Regulations provide, in pertinent part, that equity interests in a non-U.S. corporation will be considered to be “primarily traded” on an established securities market in a given country if the number of units of each class of equity that are traded during any taxable year on all established securities markets in that country exceeds the number of units in each such class that are traded during that year on established securities markets in any other single country. Equity of a non-U.S corporation will be considered to be “regularly traded” on an established securities market under the Section 883 Regulations if one or more classes of equity of the corporation that, in the aggregate, represent more than 50.0% of the combined vote and value of the non-U.S corporation are listed on such market and certain trading volume requirements are met or deemed met as described below. For this purpose, if one or more “5.0% unitholders” (i.e., a unitholder holding, actually or constructively, at least 5.0% of the vote and value of a class of equity) own in the aggregate 50.0% or more of the vote and value of a class of equity, such class of equity will not be treated as primarily and regularly traded on an established securities market (the “Closely Held Block Exception”).

We are organized under the laws of the Republic of The Marshall Islands. The U.S. Treasury Department has recognized the Republic of The Marshall Islands as a jurisdiction that grants an Equivalent Exemption. Consequently, our U.S. Source International Transportation Income (including for this purpose, any such income earned by our subsidiaries that have properly elected to be treated as partnerships or disregarded as entities separate from us for U.S. federal income tax purposes) will be exempt from U.S. federal income taxation provided we meet the Publicly Traded Test.

Since our common units will only be traded on the Nasdaq Global Market, which is considered to be an established securities market, we believe that our common units will be deemed to be “primarily traded” on an established securities market. In addition, we believe our common units represent more than 50% of our vote and more than 50% of our value, and thus will be considered to be “regularly traded” on an established securities market. We believe that our common units represent more than 50% of our value and intend to take that position. These conclusions, however, are based upon legal authorities which do not expressly contemplate an organization structure such as ours. In particular, although we have elected to be treated as a corporation for U.S. federal income tax purposes, for corporate law purposes we are organized as a limited partnership under Marshall Islands law and our general partner will be responsible for managing our business and affairs and has been granted certain veto rights over decisions of our board of directors. Accordingly, it is possible that the IRS could assert that our common units do not meet the “regularly traded” test.

We believe we will meet the trading volume requirements described previously because the pertinent regulations provide that trading volume requirements will be deemed to be met with respect to a class of equity traded on an established securities market in the United States where, as will be the case for our common units, the units are regularly quoted by dealers who regularly and actively make offers, purchases and sales of such common units to unrelated persons in the ordinary course of business.

In addition, we expect that our common units will not lose eligibility for the Section 883 Exemption as a result of the Closely Held Block Exception, because our partnership agreement provides that the voting rights of any 5.0% unitholders are limited to a 4.9% voting interest in us regardless of how many common units are held by that 5.0% unitholder. Thus, although the matter is not free from doubt, we believe that we will satisfy the Publicly Traded Test. Should any of the facts described above cease to correct, our ability to satisfy the test will be compromised.

The Net Basis Tax and Branch Profits Tax. If we earn U.S. Source International Transportation Income and the Section 883 Exemption does not apply, the U.S. source portion of such income may be treated as effectively connected with the conduct of a trade or business in the United States ("Effectively Connected Income") if we have a fixed place of business in the United States and substantially all of our U.S. Source International Transportation Income is attributable to regularly scheduled transportation or, in the case of bareboat charter income, is attributable to a fixed place of business in the United States. Based on our current operations, none of our potential U.S. Source International Transportation Income is attributable to regularly scheduled transportation or is received pursuant to bareboat charters. As a result, we do not anticipate that any of our U.S. Source International Transportation Income will be treated as Effectively Connected Income. However, there is no assurance that we will not earn income pursuant to regularly scheduled transportation or bareboat charters attributable to a fixed place of business in the United States in the future, which would result in such income being treated as Effectively Connected Income. In addition, any U.S. Source Domestic Transportation Income generally will be treated as Effectively Connected Income.

Any income we earn that is treated as Effectively Connected Income would be subject to U.S. federal corporate income tax (the highest statutory rate is currently 35.0%). In addition, a 30.0% branch profits tax imposed under Section 884 of the Code also would apply to such income, and a branch interest tax could be imposed on certain interest paid or deemed paid by us.

On the sale of a vessel that has produced Effectively Connected Income, we could be subject to the net basis corporate income tax and to the 30.0% branch profits tax with respect to our gain not in excess of certain prior deductions for depreciation that reduced Effectively Connected Income. Otherwise, we would not be subject to U.S. federal income tax with respect to gain realized on the sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. federal income tax principles.

The 4.0% Gross Basis Tax. If the Section 883 Exemption does not apply and the net basis tax does not apply, we would be subject to a 4.0% U.S. federal income tax on the U.S. source portion of our gross U.S. Source International Transportation Income, without benefit of deductions.

U.S. Federal Income Taxation of U.S. Holders

As used herein, the term *U.S. Holder* means a beneficial owner of our common units that:

- is an individual U.S. citizen or resident (as determined for U.S. federal income tax purposes), a corporation or other entity organized under the laws of the United States or its political subdivisions and classified as a corporation for U.S. federal income tax purposes, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust;
- owns the common units as a capital asset, generally, for investment purposes; and
- owns less than 10% of our common units for United States federal income tax purposes.

Distributions

Subject to the discussion of the rules applicable to passive foreign investment companies ("PFICs") below, any distributions made by us with respect to our common units to a U.S. Holder generally will constitute dividends, which may be taxable as ordinary income or “qualified dividend income” as described in more detail below, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder’s tax basis in its common units on a dollar-for-dollar basis and thereafter as capital gain. U.S. Holders that are corporations generally will not be entitled to claim a dividend received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common units generally will be treated as “passive category income” for purposes of computing allowable foreign tax credits for U.S. federal income tax purposes.

Dividends paid on our common units to a U.S. Holder who is an individual, trust or estate (a "U.S. Individual Holder") will be treated as "qualified dividend income" that is taxable to such U.S. Individual Holder at preferential capital gain tax rates (through 2010) provided that: (i) our common units are readily tradable on an established securities market in the United States (such as the Nasdaq Global Market on which we expect our common units to be traded); (ii) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be, as discussed below); (iii) the U.S. Individual Holder has owned the common units for more than 60 days in the 121-day period beginning 60 days before the date on which the common units become ex-dividend; and (iv) the U.S. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. There is no assurance that any dividends paid on our common units will be eligible for these preferential rates in the hands of a U.S. Individual Holder, and any dividends paid on our common units that are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Individual Holder. In the absence of legislation extending the term of the preferential tax rates for qualified dividend income, all dividends received by a taxpayer in tax years beginning January 1, 2011 or later will be taxed at rates applicable to ordinary income.

Special rules may apply to any "extraordinary dividend" paid by us. An extraordinary dividend is, generally, a dividend with respect to a common unit if the amount of the dividend is equal to or in excess of 10 percent of a unitholder's adjusted basis (or fair market value in certain circumstances) in such common unit. If we pay an "extraordinary dividend" on our common units that is treated as "qualified dividend income," then any loss derived by a U.S. Individual Holder from the sale or exchange of such common units will be treated as long-term capital loss to the extent of the amount of such dividend.

In addition, under previously proposed legislation, the preferential rate of federal income tax currently imposed on qualified dividend income would be denied with respect to dividends received form a non-U.S. corporation, unless the non-U.S. corporation either is eligible for benefits of a comprehensive income tax treaty with the United States or is created or organized under the laws of a foreign country which has a comprehensive income tax system. Because the Marshall Islands has not entered into a comprehensive income tax treaty with the United States and imposes only limited taxes on corporations organized under its laws, it is unlikely that we could satisfy either of these requirements. Consequently, if this legislation were enacted the preferential tax rates imposed on qualified dividend income may no longer be applicable to dividends received from us. Any dividends paid on our common shares that are not eligible for the preferential rate will be taxed as ordinary income to a U.S. Individual Holder. As of the date hereof, it is not possible to predict with any certainty whether this previously proposed legislation will be reintroduced or enacted.

Sale, Exchange or other Disposition of Common Units

Subject to the discussion of PFICs below, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our units in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such units. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S. source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

PFIC Status and Significant Tax Consequences

Special and adverse U.S. federal income tax rules apply to a U.S. Holder that owns an equity interest in a non-U.S. entity taxed as a corporation and classified as a PFIC for U.S. federal income tax purposes. In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such holder held our common units, either:

- at least 75.0% of our gross income (including the gross income of our vessel-owning subsidiaries) for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), or

- at least 50.0% of the average value of the assets held by us (including the assets of our vessel-owning subsidiaries) during such taxable year produce, or are held for the production of, passive income.

Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute "passive income" unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business.

Provided we meet certain statutory requirements, we will not be treated as a PFIC in the first year in which we have taxable income even if we satisfy the income test or asset test set out in the bullet points above. Based on our current and projected methods of operation, we do not believe that we will be a PFIC with respect to any taxable year. Although there is no legal authority directly on point, and we are not obtaining a ruling from the IRS on this issue, our counsel's opinion is based principally on the position that, for purposes of determining whether we are a PFIC, the gross income we derive or are deemed to derive from the time chartering activities of our wholly owned subsidiaries should constitute services income, rather than rental income. Correspondingly, such income should not constitute passive income, and the assets that we or our wholly owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels we or our subsidiaries own that are subject to time charters, should not constitute passive assets for purposes of determining whether we were a PFIC. We expect that at least five out of the eight vessels in our initial fleet and four of the seven newbuildings we have committed to purchase will be engaged in time chartering activities and intend to treat our income from those activities as non-passive income, and the vessels engaged in those activities as non-passive assets. The remainder of our fleet will be engaged in activities that may be characterized as passive for PFIC purposes and the income from that portion of our fleet may be treated as passive income for PFIC purposes. We believe that there is substantial legal authority supporting our position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters as services income for other tax purposes. However, in the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the IRS or a court could disagree with this position. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund", which election we refer to as a "QEF election". As an alternative to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with respect to our common units, as discussed below.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an "Electing Holder", the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder's adjusted tax basis in the common units will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common units and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common units. A U.S. Holder would make a QEF election with respect to any year that we are a PFIC by filing one copy of IRS Form 8621 with his U.S. federal income tax return and a second copy in accordance with the instructions to such form. If we were to be treated as a PFIC for any taxable year, we would provide each U.S. Holder with all necessary information in order to make the QEF election described above.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

Alternatively, if we were to be treated as a PFIC for any taxable year and, as we anticipate, our units were treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common units, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common units at the end of the taxable year over such holder's adjusted tax basis in the common units. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common units over the fair market value thereof at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his common units would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our common units would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common units would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year, whom we refer to as a "Non-Electing Holder," would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common units in a taxable year in excess of 125 percent of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common units), and (2) any gain realized on the sale, exchange or other disposition of our common units. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common units;

- the amount allocated to the current taxable year and any year prior to the year we were first treated as a PFIC with respect to the Non-Electing Holder would be taxed as ordinary income; and

- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a qualified pension, profit sharing or other retirement trust or other tax-exempt organization that did not borrow money or otherwise utilize leverage in connection with its acquisition of our common units. If we were treated as a PFIC for any taxable year and a Non-Electing Holder who is an individual dies while owning our common units, such holder's successor generally would not receive a step-up in tax basis with respect to such units.

U.S. Federal Income Taxation of Non-U.S. Holders

A beneficial owner of our common units (other than a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder is a "Non-U.S. Holder".

Distributions

Distributions we pay to a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax if the Non-U.S. Holder is not engaged in a U.S. trade or business. If the Non-U.S. Holder is engaged in a U.S. trade or business, distributions we pay will be subject to U.S. federal income tax to the extent those distributions constitute income effectively connected with that Non-U.S. Holder's U.S. trade or business. However, distributions paid to a Non-U.S. Holder who is engaged in a trade or business may be exempt from taxation under an income tax treaty if the income represented thereby is not attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder.

Disposition of Units

The U.S. federal income taxation of Non-U.S. Holders on any gain resulting from the disposition of our common units is generally the same as described above regarding distributions. However, individual Non-U.S. Holders may be subject to tax on gain resulting from the disposition of our common units if they are present in the United States for 183 days or more during the taxable year in which those shares are disposed and meet certain other requirements.

Backup Withholding and Information Reporting

In general, payments of distributions or the proceeds of a disposition of common units to a non-corporate U.S. Holder will be subject to information reporting requirements. These payments to a non-corporate U.S. Holder also may be subject to backup withholding, if the non-corporate U.S. Holder:

- fails to provide an accurate taxpayer identification number;

- is notified by the IRS that he has failed to report all interest or corporate distributions required to be shown on its U.S. federal income tax returns; or

- in certain circumstances, fails to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding on payments within the United States by certifying their status on IRS Form W-8BEN, W-8ECI or W-8IMY, as applicable.

Backup withholding is not an additional tax. Rather, a unitholder generally may obtain a credit for any amount withheld against his liability for U.S. federal income tax (and a refund of any amounts withheld in excess of such liability) by filing a return with the IRS.

F. Dividends and Paying Agents

Not applicable.

G. Safe Harbor

Not applicable.

H. Documents on Display

We have filed with the SEC a registration statement on Form F-1 regarding the common units. This Annual Report does not contain all of the information found in the registration statement. For further information regarding us and our common units, you may wish to review the full registration statement, including its exhibits. The registration statement, including the exhibits, may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of this material can also be obtained upon written request from the Public Reference Section of the SEC at 100 F Street, N.E, Washington, D.C. 20549, at prescribed rates or from the SEC's web site on the Internet at http://www.sec.gov free of charge. Please call the SEC at 1-800-SEC-0330 for further information on public reference room. Our registration statement can also be inspected and copied at the offices of the Nasdaq Global Market, One Liberty Plaza, New York, New York 10006.

I. Subsidiary Information

Please see Exhibit 8.1 to this Annual Report for a list of our significant subsidiaries as of December 31, 2007.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Our Risk Management Policy

Our policy is to continuously monitor our exposure to business risks, including the impact of changes in interest rates and currency rates on earnings and cash flows. We intend to assess these risks and, when appropriate, take measures to minimize our exposure to the risks.

Foreign Exchange Risk

We do not have a material currency exposure risk. We generate all of our revenues in U.S. Dollars and incur less than 5% of our expenses in currencies other than U.S. Dollars. For accounting purposes, expenses incurred in Euros are translated into U.S. Dollars at the exchange rate prevailing on the date of each transaction. At December 31, 2007, less than 5% of liabilities were denominated in currencies other than U.S. Dollars (mainly in Euros). These liabilities were translated into U.S. Dollars at the exchange rate prevailing on December 31, 2007. We have not hedged currency exchange risks and our operating results could be adversely affected as a result.

Interest Rate Risk

The international tanker industry is capital intensive, requiring significant amounts of investment, a significant portion of which is provided in the form of long-term debt. Our current debt contains interest rates that fluctuate with LIBOR. Our existing credit facility of $370.0 million bears floating interest of 0.75% per annum over US$LIBOR. Our $350.0 million new credit facility bears floating interest of 1.10% per annum over US$LIBOR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise.

In order to hedge our exposure to interest rate changes, we have entered into eight interest rate swap agreements to fix the LIBOR portion of our interest rate at 5.1325% for $326.0 million in borrowings, of which we have drawn down $302.0 million, under our existing facility and into one interest swap agreement to fix the LIBOR portion of our interest rate at 4.925% for $20.5 million in borrowing under our existing credit facility for a period up to June 29, 2012. On March 27, 2008 we entered into an interest rate swap agreement to fix the LIBOR portion of our interest rate at 3.525% for $46.0 million in borrowings, under our new non-amortizing credit facility entered into on March 19, 2008, for a period of up to March 27, 2013. We intend to swap the LIBOR portion of any further amounts drawn down under our new credit facility into a fixed rate until the end of the non-amortizing period on March 31, 2013. As our interest rate is fixed under the swap agreements changes in LIBOR would not affect our interest expense.

Please read Note 2 (Significant Accounting Policies – Interest Rate Swap Agreements) and Note 5 (Long-Term Debt) to our consolidated and predecessor combined financial statements included elsewhere in this Annual Report, which provide additional information with respect to our derivative financial instruments and existing debt agreements.

Concentration of Credit Risk

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of cash and cash equivalents, and trade accounts receivable. We place our cash and cash equivalents, consisting mostly of deposits, with financial institutions with high credit ratings. We perform periodic evaluations of the relative credit standing of those financial institutions. As of December 31, 2007, 76% of our revenue was derived from two charterers. We do not obtain rights to collateral to reduce our credit risk.

Inflation

Inflation has had a minimal impact on vessel operating expenses, drydocking expenses and general and administrative expenses. Our management does not consider inflation to be a significant risk to direct expenses in the current and foreseeable economic environment. However, in the event that inflation becomes a significant factor in the global economy, inflationary pressures would result in increased operating, voyage and financing costs.

Item 12. Description of Securities Other than Equity Securities.

Not Applicable.

PART II

Item 13. Defaults, Dividend, Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

No material modifications to the rights of security holders.

We completed our Offering on April 3, 2007. We did not receive any proceeds from the sale of our common units by Capital Maritime. Capital Maritime used the proceeds from our Offering to repay the existing debt on the eight vessels that made up our fleet at the time of our Offering. Capital Maritime also paid the offering expenses, underwriting discounts, selling commissions and brokerage fees incurred in connection with the Offering.

Item 15. Controls and Procedures.

As of December 31, 2007, our management (with the participation of our chief executive officer and chief financial officer) conducted an evaluation pursuant to Rule 13a-15 and 15d-15 promulgated under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that as of December 31, 2007, such disclosure controls and procedures (which include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to the management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure) were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. There have been no changes in internal controls over financial reporting that occurred during the year covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 16A. Audit Committee Financial Expert.

Our board of directors has determined that director Abel Rasterhoff, the chairman of our audit committee, qualifies as an audit committee financial expert for purposes of the U.S. Sarbanes-Oxley Act and is independent under applicable Nasdaq Global Market and SEC standards.

Item 16B. Code of Ethics

Our board of directors has adopted a Code of Business Conduct and Ethics that includes a Code of Ethics that applies to our chief executive officer, chief financial officer, principal accounting officer and persons performing similar functions. This document is available under "Corporate Governance" in the Investor Relations area of our web site (www.capitalpplp.com). We will also provide a hard copy of our code of ethics free of charge upon written request. We intend to disclose, under "Corporate Governance" in the Investor Relations area of our web site, any waivers to or amendments of the Code of Business Conduct and Ethics for the benefit of any of our directors and executive officers.

Item 16C. Principal Accountant Fees and Services.

Our principal accountant for 2007 and 2006 was Deloitte Hadjipavlou, Sofianos & Cambanis S.A. ("Deloitte"). The following table shows the fees we paid or accrued for audit services provided by Deloitte for 2007 and 2006 (thousands of U.S. Dollars).

Fees	**2007**	**2006***
Audit Fees (1)	$ 227	$ -
Audit-Related Fees	-	-
Tax Fees	-	-
Total	$ 227	-

* Capital Maritime was responsible for all fees payable to Deloitte for the year ended December 31, 2006.

(1) Audit fees represent fees for professional services provided in connection with the audit of our consolidated financial statements, review of our quarterly consolidated financial statements and audit services provided in connection with other regulatory filings. Fees in connection with the review of our regulatory filings for our Offering of common units in April 2007 amounted to $1.0 million and were paid by Capital Maritime with part of the proceeds from the offering.

The audit committee of our board of directors has the authority to pre-approve permissible audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees. Engagements for proposed services either may be separately pre-approved by the audit committee or entered into pursuant to detailed pre-approval policies and procedures established by the audit committee, as long as the audit committee is informed on a timely basis of any engagement entered into on that basis. The audit committee separately pre-approved all engagements and fees paid to our principal accountant in 2007.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

On March 27, 2008, we issued 2,048,823 common units to Capital Maritime at a price of $22.94 per unit, which was the weighted average unit price for the period from October 15, 2007 to February 15, 2008, in order to finance a portion of the acquisition price of the M/T Amore Mio II which we acquired from Capital Maritime on the same date. On March 31, 2008, Capital Maritime, which owns and controls our general partner, Capital GP L.L.C, made a capital contribution of 40,976 common units to our general partner, which our general partner then contributed to us in exchange for the issuance of 40,976 general partner units to our general partner in order for it to maintain its 2% general partner interest in us.

Following the issuance of common units and the capital contribution described above, Capital Maritime owns 2,007,847 common units and 8,805,522 subordinated units, representing a 43.6% limited partner interest in us. In addition, our general partner, which is owned and controlled by Capital Maritime, owns a 2% general partner interest in us and all of the incentive distribution rights.

PART III

Item 17. Financial Statements

Not Applicable.

Item 18. Financial Statements

INDEX TO FINANCIAL STATEMENTS **Page**

CAPITAL PRODUCT PARTNERS L.P.

Item 19. Exhibits

The following exhibits are filed as part of this Annual Report:

Exhibit No.	Description
1.1	Certificate of Limited Partnership of Capital Product Partners L.P. (1)
1.2	First Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P. (2)
1.3	Certificate of Formation of Capital GP L.L.C. (1)
1.4	Limited Liability Company Agreement of Capital GP L.L.C. (1)
1.5	Certificate of Formation of Capital Product Operating GP L.L.C. (1)
4.1	Revolving $370.0 Million Credit Facility dated March 22, 2007 (1)
4.2	Amendment to Revolving $370.0 million Credit Facility dated September 19, 2007
4.3	Omnibus Agreement (1)
4.4	Management Agreement with Capital Ship Management (1)
4.5	Amendment 1 to Management Agreement with Capital Ship Management dated September 24, 2007
4.6	Amendment 2 to Management Agreement with Capital Ship Management dated March 27, 2008
4.7	Administrative Services Agreement with Capital Ship Management (1)
4.8	Contribution and Conveyance Agreement for Initial Fleet (1)
4.9	Share Purchase Agreement for 2007 and 2008 Vessels (1)
4.10	Revolving $350.0 Million Credit Facility dated March 19, 2008
4.11	Share Purchase Agreement for M/T Attikos dated September 24, 2007
4.12	Share Purchase Agreement for M/T Amore Mio II dated March 27, 2008
8.1	List of Subsidiaries of Capital Product Partners L.P.
12.1	Rule 13a-14(a)/15d-14(a) Certification of Capital Product Partners L.P.'s Chief Executive Officer
12.2	Rule 13a-14(a)/15d-14(a) Certification of Capital Product Partners L.P.'s Chief Financial Officer
13.1	Capital Product Partners L.P. Certification of Ioannis E. Lazaridis, Chief Executive Officer and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Previously filed as an exhibit to Capital Product Partners L.P.'s Registration Statement on Form F-1 (File No. 333-141422), filed with the SEC on March 19, 2007 and hereby incorporated by reference to such Registration Statement.

(2) Previously filed as Appendix A to the Partnership's Rule 424(b)(4) Prospectus filed with the SEC on March 30, 2007, and hereby incorporated by reference to this Annual Report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAPITAL PRODUCT PARTNERS L.P.,

By: Capital GP L.L.C., its general partner

By: /s/ Ioannis E. Lazaridis
Name: Ioannis E. Lazaridis
Title: Chief Executive Officer and Chief Financial Officer of Capital GP L.L.C.

Dated: April 4, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Unitholders of Capital Product Partners L.P., Majuro, Republic of the Marshall Islands.

We have audited the accompanying consolidated and predecessor combined balance sheets of Capital Product Partners L.P. (the "Partnership") as of December 31, 2007 and 2006, and the related consolidated and predecessor combined statements of income, changes in partners'/stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and predecessor combined financial statements present fairly, in all material respects, the financial position of Capital Product Partners L.P. as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated and predecessor combined financial statements, on January 16, 2007, Capital Product Partners L.P. was formed for the purpose of acquiring interests in eight wholly owned subsidiaries of Capital Maritime & Trading Corp. On April 4, 2007 the acquisition was completed and Capital Product Partners L.P. began operating as a separate company. Through April 4, 2007 the accompanying predecessor combined financial statements have been prepared from the separate records maintained by Capital Maritime & Trading Corp. and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Partnership had been operated as an unaffiliated entity.

The consolidated and predecessor combined financial statements give retroactive effect to the September 23, 2007 acquisition by Capital Product Partners L.P. of Ross Shipmanagement Co., the owner of M/T Attikos which, as a combination of entities under common control, has been accounted for similar to a pooling of interests as described in Note 1 to the consolidated and predecessor combined financial statements. Also as described in Note 1 to the consolidated and predecessor combined financial statements, through September 23, 2007, the portion of the accompanying consolidated and predecessor combined financial statements attributable to Ross Shipmanagement Co., have been prepared from the separate records maintained by Capital Maritime & Trading Corp. and may not necessarily be indicative of the conditions that would have existed or the results of operations if Ross Shipmanagement Co. had been operated as an unaffiliated entity.

April 2, 2008
/s/ Deloitte.
Hadjipavlou, Sofianos & Cambanis S.A.
Athens, Greece

Capital Product Partners L.P.
Consolidated and Predecessor Combined Balance Sheets (Note 1)
(In thousands of United States dollars, except number of shares)

	December 31, 2007	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	$ 19,917	$ 1,239
Trade accounts receivable	1,488	771
Insurance claims	-	69
Due from related parties (Note 3)	-	4,954
Prepayments and other assets	140	172
Inventories	-	259
Total current assets	**21,545**	**7,464**
Fixed assets		
Vessels under construction (Note 4)	-	29,225
Vessels, net (Note 4)	429,171	178,803
Total fixed assets	**429,171**	**208,028**
Other non-current assets		
Deferred finance charges, net (Note 7)	948	632
Restricted cash (Note 2,5)	3,250	-
Total non-current assets	**433,369**	**208,660**
Total assets	**$ 454,914**	**$ 216,124**
Liabilities and Partners' / Stockholders' Equity		
Current liabilities		
Current portion of long-term debt (Note 5)	-	$ 6,029
Current portion of related party debt (Note 3)	-	8,042
Trade accounts payable	$ 257	1,539
Due to related parties (Note 3)	28	1,899
Accrued loan interest (Note 6)	-	1,513
Accrued other liabilities (Note 6)	249	478
Deferred revenue	3,200	475
Total current liabilities	**3,734**	**19,975**
Long-term liabilities		
Long-term debt (Note 5)	274,500	59,254
Long-term related party debt (Note 3)	-	87,498
Deferred revenue	690	-
Derivative instruments (Note 2)	14,051	-
Total long-term liabilities	**289,241**	**146,752**
Total liabilities	**292,975**	**166,727**
Commitments and contingencies (Note 13)		-
Stockholders' Equity		
Common stock (par value $0; 3,500 shares issued and outstanding at December 31, 2006)	-	-
Additional paid in capital - Predecessor	-	41,857
Retained earnings - Predecessor	-	7,540
Partners' Equity		
General Partner interest	3,444	-
Limited Partners		
· Common (13,512,500 units issued and outstanding at Dec. 31, 2007)	102,130	-
· Subordinated (8,805,522 units issued and outstanding at Dec. 31, 2007)	66,653	-
Accumulated other comprehensive loss (Note 2)	(10,288)	-
Total partners' / stockholders' equity	**161,939**	**49,397**
Total liabilities and partners' / stockholders' equity	**$ 454,914**	**$ 216,124**

The accompanying notes are an integral part of these
consolidated and predecessor combined financial statements.

Capital Product Partners L.P.
Consolidated and Predecessor Combined Statements of Income (Note 1)
(In thousands of United States dollars, except number of units and earnings per unit)

	For the year ended December 31,		
	2007	**2006**	**2005**
Revenues	**$ 72,543**	**$ 19,913**	**$ 4,377**
Expenses:			
Voyage expenses (Note 8)	770	373	520
Vessel operating expenses - related party (Note 3 and Note 8)	12,283	890	216
Vessel operating expenses (Note 8)	3,196	4,043	1,932
General and administrative expenses	1,477	-	-
Depreciation and amortization (Note 4, 7)	13,109	3,370	360
Operating income	**41,708**	**11,237**	**1,349**
Other income (expense), net:			
Interest expense and finance cost	(10,809)	(4,584)	(389)
Loss on interest rate agreements	(3,763)	-	-
Interest income	710	13	1
Foreign currency gain/(loss), net	(19)	(56)	9
Total other expense, net	**(13,881)**	**(4,627)**	**(379)**
Net income	**$ 27,827**	**$ 6,610**	**$ 970**
Less:			
Net income attributable to predecessor operations			
Initial vessels' net income from January 1, 2007 to April 3, 2007	(5,328)	-	-
Attikos net income from January 1, 2007 to September 23, 2007	(928)	-	-
Partnership's net income	**21,571**	-	-
General Partner's interest in Partnership's net income	$ 431	-	-
Limited Partners' interest in Partnership's net income	21,140	-	
Net income per:			
· Common unit (basic and diluted)	1.11	-	-
· Subordinated unit (basic and diluted)	0.70	-	-
· Total unit (basic and diluted)	0.95	-	-
Weighted-average units outstanding:			
· Common units (basic and diluted)	13,512,500	-	-
· Subordinated unit (basic and diluted)	8,805,522	-	-
· Total units (basic and diluted)	22,318,022	-	-

The accompanying notes are an integral part of these consolidated and predecessor combined financial statements.

Capital Product Partners L.P.
Consolidated and Predecessor Combined Statements of Partners' / Stockholders' Equity
(In thousands of United States dollars)

			Partners' Capital					
	Comprehensive Income	Common Stockholders' Equity	Common	Subordinated	General Partner	Total	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2004	**$ -**	**$ 19,658**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 19,658**
Additional paid in capital	-	4,212	-	-	-	-	-	4,212
Net Income	970	970	-	-	-	-	-	970
Comprehensive income	970							
Balance at December 31, 2005		**24,840**	**-**	**-**	**-**	**-**	**-**	**24,840**
Additional paid in capital	-	17,947	-	-	-	-	-	17,947
Net Income	6,610	6,610	-	-	-	-	-	6,610
Comprehensive income	6,610							
Balance at December 31, 2006		**49,397**	**-**	**-**	**-**	**-**	**-**	**49,397**
Additional paid in capital "Initial Vessels" up to April 3, 2007	-	13,679	-	-	-	-	-	13,679
Net income "Initial Vessels" predecessor operations	5,328	5,328	-	-	-	-	-	5,328
Comprehensive income	5,328							
Balance at April 3, 2007	**-**	**68,404**	**-**	**-**	**-**	**-**	**-**	**68,404**
Distribution of "Initial Vessels" retained earnings as of April 3, 2007, to previous owners	-	(9,919)	-	-	-	-	-	(9,919)
Balance at April 3, 2007 Allocation of predecessor's "Initial Vessels" equity to unit holders	-	(55,073)	32,658	21,313	1,102	55,073	-	-
Contributions to the Partnership	-	-	129,556	84,550	4,369	218,475	-	218,475
Excess of purchase price over book value of vessels acquired from entity under common control (Note 4)	-	-	(47,954)	(31,295)	(1,617)	(80,866)	-	(80,866)
Dividend to CMTC	-	-	(14,825)	(9,675)	(500)	(25,000)	-	(25,000)
Dividends paid (Note 11)	-	-	(10,096)	(6,589)	(341)	(17,026)	-	(17,026)
Attikos net income January 1, 2007 through September 23, 2007 – predecessor operations	928	928	-	-	-	-	-	928
Distribution of retained earnings as of September 23, 2007, "M/T Attikos", to previous owners	-	(3,877)	-	-	-	-	-	(3,877)
Distribution of paid in capital of "M/T Attikos" to previous owners	-	(463)	-	-	-	-	-	(463)
Net Partnership income April 4, 2007 through December 31, 2007	21,571	-	12,791	8,349	431	21,571	-	21,571
Other comprehensive income:								
· Unrealized loss on derivative instruments	(10,288)	-	-	-	-	-	(10,288)	(10,288)
Comprehensive income	12,211							
Balance at December 31, 2007		**$ -**	**$ 102,130**	**$ 66,653**	**$ 3,444**	**$ 172,227**	**$ (10,288)**	**$ 161,939**

The accompanying notes are an integral part of these consolidated and predecessor combined financial statements.

Capital Product Partners L.P.
Consolidated and Predecessor Combined Statements of Cash Flows (Note 1)
(In thousands of United States dollars)

	For the Year Ended December 31,		
	2007	**2006**	**2005**
Cash flows from operating activities:			
Net income	$ 27,827	$ 6,610	$ 970
Adjustments to reconcile net income to net cash provided by operating activities:			
Vessel depreciation	13,017	3,370	360
Amortization of deferred charges	204	41	4
Loss on interest rate swap agreement	3,763	-	-
Changes in operating assets and liabilities:			
Trade accounts receivable	(2,757)	(734)	(36)
Insurance claims	(1)	(65)	(3)
Due from related parties	(2,644)	(4,247)	(705)
Prepayments and other assets	(325)	(141)	(31)
Inventories	(69)	(229)	(30)
Dry docking cost	(921)	-	-
Trade accounts payable	1,113	1,386	152
Due to related parties	3,646	1,131	694
Accrued loan interest	(1,476)	1,433	81
Accrued other liabilities	577	479	-
Deferred revenue	8,628	463	12
Net cash provided by operating activities	**50,582**	**9,497**	**1,468**
Cash flows from investing activities:			
Vessel acquisitions	(243,688)	(142,795)	(9,523)
Vessel advances – new buildings	-	(19,252)	(15,036)
Increase of restricted cash	(3,250)	-	-
Net cash used in investing activities	**(246,938)**	**(162,047)**	**(24,559)**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	344,361	77,426	10,000
Proceeds from related party debt/financing	-	82,341	15,453
Payments of long-term debt	(16,841)	(21,393)	(750)
Payments of related party debt/financing	-	(2,254)	(5,436)
Loan issuance costs	(1,022)	(285)	(392)
Excess of purchase price over book value of vessels acquired from entity under common control (Note 4)	(80,866)	-	-
Dividends paid	(42,026)	-	-
Cash balance as of April 3, 2007 that was distributed to the previous owner	(2,251)	-	-
Capital contributions by predecessor	13,679	17,947	4,212
Net cash provided by financing activities	**215,034**	**153,782**	**23,087**
Net increase in cash and cash equivalents	18,678	1,232	(4)
Cash and cash equivalents at beginning of period	1,239	7	11
Cash and cash equivalents at end of period	**$ 19,917**	**$ 1,239**	**$ 7**
Supplemental Cash Flow information			
Cash paid for interest	$ 12,250	$ 4,713	$ 223

The accompanying notes are an integral part of these consolidated and predecessor combined financial statements.

1. Basis of Presentation and General Information

CAPITAL PRODUCT PARTNERS L.P. (the "Partnership" or "CPP") was formed on January 16, 2007 under the laws of the Marshall Islands for the purpose of acquiring interests in eight wholly owned subsidiaries of Capital Maritime & Trading Corp. ("CMTC"), each of which owned a newly built, double-hull medium-range product tanker (the "Initial Vessels").

The Partnership is engaged in the seaborne transportation services of crude oil and refined petroleum products, edible oils and soft chemicals, by chartering its vessels under medium to long-term time and bareboat charters.

On April 4, 2007 the Initial Public Offering (the "IPO"or the "Offering") of CPP on the NASDAQ Global Market was completed successfully. Upon completion of the IPO CMTC contributed the shares of the Initial Vessel owning companies to the Partnership. In exchange for the vessels, CMTC received 11,750,000 common units and 8,805,522 subordinated units of the Partnership. Capital GP L.L.C. ("CGP"), a wholly owned subsidiary of CMTC that acts as the Partnership's general partner, received 419,500 general partner units. The net proceeds of the IPO were $236,330 (after underwriters' discount) and were used by CMTC in order to repay the existing debt of the Initial Vessels' of $213,917 (including interest of $74) and all the expenses relating to the IPO. The Partnership issued an additional 1,762,500 common units to the underwriters in connection with the exercise of their over-allotment option. CMTC sold these units to the public (through the underwriters) receiving an additional amount of $34,143. In connection with the exercise of the over-allotment option the Partnership issued an additional 35,970 general partner units to CGP in order to maintain its 2% ownership. Following the Offering the Partnership remitted a cash dividend of $25,000 to CMTC.

Upon completion of the IPO, the Partnership entered into several new agreements, including:

- An omnibus agreement with CMTC, CGP and others governing, among other things, the circumstances under which the Partnership and CMTC can compete with each other and certain rights of first offer on medium range product tankers;

- A management agreement with Capital Shipmanagement Corp. (the "Manager" or "CSM"), a wholly owned subsidiary of CMTC, pursuant to which the Manager agreed to provide commercial and technical management services to the Partnership;

- An administrative services agreement with the Manager pursuant to which the Manager agreed to provide administrative management services to the Partnership; and

- A share purchase agreement with CMTC to purchase for a total consideration of $368,000 its interests in seven wholly owned subsidiaries each of which owns a newly built, double-hull medium-range product tanker (the "Committed Vessels"). The Committed Vessels have been or will be transferred to the Partnership at historical cost and all assets and liabilities of vessel owning subsidiaries other than vessels at the transfer date were or will be assumed by CMTC. On May 8, July 13, September 20, and September 28, 2007 the Partnership remitted to CMTC the amount of $224,000 in exchange for the acquisition of the shares in the vessel-owning companies of the vessels: "Motor Tanker ("M/T") Atrotos", "M/T Akeraios", "M/T Apostolos", and "M/T Anemos I", (four of the seven Committed Vessels) respectively. On September 24, 2007 the partnership remitted to CMTC the amount of $23,000 in exchange for the acquisition of the shares in the vessel owning company of M/T Attikos, (this vessel was not part of the Committed Vessels) a 2005-built double hull product tanker which has a capacity of 12,000 DWT.

- Revolving credit facility of up to $370,000 and swapped the interest portion for $346,500 in order to reduce the exposure of interest rates fluctuations (Note 2);

Since April 4, 2007, CMTC, the Partnership's ultimate parent as determined by the provision of Emerging Issues Task Force Issue ("EITF") No. 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" was deemed to have control over the Partnership and included the Partnership's accounts, balances results of operations in its consolidated financial statements.

1. Basis of Presentation and General Information – Continued

Following the guidance provided by the provision of EITF No. 87-21 "Change of Accounting Basis in Master Limited Partnerships" the "Initial Vessels" were transferred to the partnership at historical cost at the date of transfer and accounted for as a combination of entities under common control. All assets, liabilities and equity other than the relevant vessel, related charter agreement and related permits, of these vessels' ship-owning companies were retained by CMTC.

As required by the provision of Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS No. 141"), the Partnership accounted for the acquisition of the vessel owning company of M/T Attikos as a transfer of net assets between entities under common control. For combinations of entities under common control, the purchase cost provisions (as they relate to purchase business combinations involving unrelated entities) of SFAS No. 141 explicitly do not apply; instead the method of accounting prescribed by SFAS No. 141 for such transfers is similar to pooling -of-interests method of accounting. Under this method, the carrying amount of net assets recognized in the balance sheets of each combining entity are carried forward to the balance sheet of the combined entity, and no other assets or liabilities are recognized as a result of the combination (that is, no recognition is made for a purchase premium or discount representing any difference between the cash consideration paid and the book value of the net assets acquired).

Following the acquisition of the shipowning company of M/T Attikos from CMTC the Partnership recognized the vessel acquired at its carrying amounts (historical cost) in the accounts of CMTC (the transferring entity) at the date of transfer. In addition, transfers of net assets between entities under common control are accounted for as if the transfer occurred at the beginning of the period, and prior years are retroactively adjusted to furnish comparative information similar to the pooling method. The amount of the purchase price in excess of CMTC's basis in the net assets is recognized as a reduction to partners' equity.

The acquisition of the Committed Vessels through the acquisition of the shares of the vessel owning companies represents acquisition of assets ("vessels"), as the vessels were built by an unrelated party. The vessels were delivered to CMTC from the shipyard and on the same date the Partnership acquired the shares of the vessel owning companies. These vessel owning companies did not have an operating history, as such, there is no information to retroactively restate that should be considered. Accordingly the four Committed Vessels (M/T Atrotos, M/T Akeraios, M/T Apostolos, and M/T Anemos I) were transferred to the Partnership at historical cost of CMTC at the date of transfer. All assets, other than the vessels, liabilities and equity that the shipowning companies of the Committed Vessels had at the time of the transfer were retained by CMTC.

Predecessor combined information presented in these financial statements reflect the historical carrying costs of the contributed companies, as each vessel owning company was under the common control of CMTC, and is collectively referred to as "Predecessor Combined" financial statements, which include the balance sheet at December 31, 2006 of the Initial Vessels and M/T Attikos and results of operations and cash flows of the Initial Vessels from January 01, 2005 to April 03, 2007 and of the M/T Attikos from January 01, 2005 to September 23, 2007. Financial statements presented reflecting Partnerships' balance sheet at December 31, 2007 and results of operations and cash flows from April 4, 2007 (Offering closing date) to December 31, 2007 are referred to as "consolidated" financial statements.

As of December 31, 2007, CMTC owned 8,805,522 subordinated units directly and 455,470 subordinated units indirectly, through CGP, which represent a 40.7% interest in the Partnership including a 2% participation through CGP.

(In thousands of United States dollars, except number of shares and units)

1. Basis of Presentation and General Information – Continued

The consolidated and predecessor combined financial statements include the following vessel owning companies and management company which were all incorporated under the laws of the Marshall Islands.

Subsidiary/ Vessel Owing Company	Date of Incorporation	Name of Vessel Owned by Subsidiary	DWT	Delivery Date from Shipyard
Capital Product Operating GP	01/16/2007	-	-	-
Shipping Rider Co.	09/16/2003	M/T Atlantas	36,760	04/26/2006
Canvey Shipmanagement Co.	03/18/2004	M/T Assos	47,872	05/17/2006
Centurion Navigation Limited	08/27/2003	M/T Aktoras	36,759	07/12/2006
Polarwind Maritime S.A.	10/10/2003	M/T Agisilaos	36,760	08/16/2006
Carnation Shipping Company	11/10/2003	M/T Arionas	36,725	11/02/2006
Apollonas Shipping Company	02/10/2004	M/T Avax	47,834	01/12/2007
Tempest Maritime Inc.	09/12/2003	M/T Aiolos	36,725	03/02/2007
Iraklitos Shipping Company	02/10/2004	M/T Axios	47,872	02/28/2007
Epicurus Shipping Company	02/11/2004	M/T Atrotos	47,786	05/08/2007
Laredo Maritime Inc.	02/03/2004	M/T Akeraios	47,781	07/13/2007
Lorenzo Shipmanagement Inc.	05/26/2004	M/T Apostolos	47,782	09/20/2007
Splendor Shipholding S.A.	07/08/2004	M/T Anemos I	47,782	09/28/2007
Ross Shipmanagement Co.	12/29/2003	M/T Attikos	12,000	01/20/2005

2. Significant Accounting Policies

(a) ***Principles of Consolidation and Combination:*** The accompanying consolidated and predecessor combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and include the accounts of the legal entities comprising the Partnership as discussed in Note 1. Intra-group balances and transactions have been eliminated upon consolidation and combination. Intercompany balances and transactions with CMTC and its affiliates have not been eliminated, but are presented as balances and transactions with related parties.

(b) ***Use of Estimates:*** The preparation of consolidated and predecessor combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates. Additionally, these consolidated financial statements include allocations for certain expenses, including corporate overhead expenses that are normally incurred by a listed company, such expenses have not incurred in the periods covered by the Predecessor Combined financial statements.

(c) ***Other Comprehensive Income (Loss):*** The Partnership follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 130 "Statement of Comprehensive Income" ("SFAS 130") which requires separate presentation of certain transactions, which are recorded directly as components of partners' / stockholders' equity. For the year ended December 31, 2007 the Partnership had accumulated other Comprehensive Loss of $10,288, related to the change of the fair value of derivatives that qualify for cash flow hedge accounting.

(d) ***Accounting for Revenue, Voyage and Operating Expenses***: The Partnership generates its revenues from charterers for the charterhire of its vessels. Vessels are chartered using either time charters or bareboat charters. A time charter is a contract for the use of a vessel for a specific period of time and a specified daily charterhire rate, which is generally payable monthly in advance. Some of the Partnership's time charters also include profit sharing provisions, under which the Partnership can realize additional revenues in the event that spot rates are higher than the base rates in these time charters. A bareboat charter is a contract in which the vessel owner provides the vessel to the charterer for a fixed period of time at a specified daily rate, which is generally payable monthly in advance, and the customer generally assumes all risk and costs of operation during the lease term.

All of the Partnership's time charters and bareboat charters are classified as operating leases. Revenues under operating lease arrangements are recognized when a charter agreement exists, charter rate is fixed and determinable, the vessel is made available to the lessee, and collection of the related revenue is reasonably assured. Revenues are recognized ratably on a straight line basis over the period of the respective time or bareboat charter agreement in accordance with SFAS No. 13 "Accounting for Leases", paragraph 19b. Revenues from profit sharing arrangements in time charters represent 50 % portion of time charter equivalent (voyage income less direct expenses divided by operating days), that exceeds the agreed base rate and are recognized in the period earned. Deferred revenue represents cash received in advance of being earned. The portion of the deferred revenue that will be earned within the next twelve months is classified as current liability and the rest as long term liability.

Vessel voyage expenses are direct expenses to voyage revenues and primarily consist of commissions, port expenses, canal dues and bunkers. Commissions are expensed over the related charter period and all the other voyage expenses are expensed as incurred. Under the Partnership's time and bareboat charter agreements, all voyages expenses, except commissions, are assumed by the charterer. With the exception of our Morgan Stanley Capital Group Inc. time charter agreements where the charterer is responsible for the commissions, we are liable for commissions on all of our time and bareboat charter agreements.

Vessel operating expenses presented in the consolidated financial statements consist of management fees payable to the Manager. The Manager provides commercial and technical services such as crewing, repairs and maintenance, insurance, stores, spares, lubricants through a management agreement for a fixed daily fee of $5.5 per vessel for the time chartered vessels. The fee also includes expenses related to the next scheduled special or intermediate survey as applicable and related drydocking for each vessel. For bareboat chartered vessels, the bareboat charterer is responsible for operating expenses such as crewing, repairs and maintenance, insurance, stores, spares, lubricants and the Partnership pays a fixed daily fee of $0.3 to the Manager for expenses mainly to cover compliance costs. Vessel operating expenses presented in the predecessor combined financial statements consist of all expenses relating to the operation of the vessels including crewing, repairs and maintenance, insurances, stores and lubricants, management fees and miscellaneous expenses.

2. Significant Accounting Policies – Continued

(d) ***Accounting for Revenue, Voyage and Operating Expenses (continued)***: Vessel operating expenses are expensed as incurred.

(e) ***Foreign Currency Transactions:*** The functional currency of the Partnership is the U.S. dollar because the Partnership's vessels operate in international shipping markets that utilize the U.S. dollar as the functional currency. The accounting records of the Partnership are maintained in U.S. dollars. Transactions involving other currencies during the year are converted into U.S. dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in currencies other than the U.S. dollar, are translated into the functional currency using the exchange rate at that date. Gains or losses resulting from foreign currency transactions and translations are included in foreign currency gains and losses, net in the accompanying consolidated and predecessor combined statements of income.

(f) ***Cash and Cash Equivalents:*** The Partnership considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

(g) ***Restricted Cash:*** In order for the Partnership to comply with the debt covenants under its credit facility it must maintain a minimum cash at bank available at all times. Such amount is considered by the Partnership as restricted cash. As of December 31, 2007, restricted cash amounted to $3,250 and is presented under other non current assets.

(h) ***Trade Accounts Receivable:*** The amount shown as trade accounts receivable primarily consists of profit share earned but not yet collected. At each balance sheet date all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. No allowance for doubtful accounts was established at December 31, 2007 and 2006.

(i) ***Inventories:*** Inventories consist of consumable bunkers, lubricants, spares and stores and are stated at the lower of cost or market value. The cost is determined by the first-in, first-out method.

(j) ***Fixed Assets:*** Fixed assets consist of vessels and vessels under construction. The vessels are stated at cost, less accumulated depreciation. Vessel cost consists of the contract price for the vessel and any material expenses incurred upon their construction (improvements and delivery expenses, on-site supervision costs incurred during the construction periods, as well as capitalized interest expense during the construction period). The cost of each of the Partnership's vessels is depreciated beginning when the vessel is ready for its intended use, on a straight-line basis over the vessels' remaining economic useful life, after considering the estimated residual value. Management estimates the useful life to be 25 years.

(k) ***Impairment of Long-lived Assets:*** The Partnership applies SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets" ("SFAS 144") which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS 144 requires that long-lived assets and certain identifiable intangibles held and used or disposed of by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss for an asset held for use is recognized when the estimate of undiscounted cash flows expected to be generated by the use and eventual disposition of the asset is less than its carrying amount. Measurement of the impairment loss is based on the fair value of the asset. The Partnership regularly assesses whether impairment indicators are present. No impairment loss was recorded for any of the periods presented.

(l) ***Deferred Finance Charges:*** Fees paid to lenders for obtaining new loans or refinancing existing loans are capitalized as deferred finance charges and amortized to interest expense over the term of the respective loan using the effective interest rate method.

(m) ***Pension and Retirement Benefit Obligations:*** The vessel-owning companies included in the consolidated and predecessor combined financial statements employ the crew on board under short-term contracts (usually up to seven months) and accordingly, they are not liable for any pension or post retirement benefits.

2. Significant Accounting Policies – Continued

(n) ***Concentration of Credit Risk:*** Financial instruments, which potentially subject the Partnership to significant concentrations of credit risk, consist principally of cash and cash equivalents and trade accounts receivable. The Partnership places its cash and cash equivalents, consisting mostly of deposits, with financial institutions with high credit ratings. The Partnership performs periodic evaluations of the relative credit standing of those financial institutions. Most of the Partnership's revenues were derived from a few charterers. For the year ended December 31, 2007 British Petroleum Shipping Limited and Morgan Stanley Capital Group Inc. accounted for 64% and 28% of Partnership's revenue, respectively.

For the year ended December 31, 2006 British Petroleum Shipping Limited, Morgan Stanley Capital Group Inc. and Canterbury Tankers Inc accounted for 53%, 23% and 24% of the Predecessor revenue, respectively. For the year ended December 31, 2005 the charterers Canterbury Tankers Inc., and Pacific International accounted for 69% and 16%, of the Predecessor's revenue, respectively. The Partnership does not obtain rights of collateral from its charterers to reduce its credit risk.

(o) ***Fair Value of Financial Instruments:*** The carrying value of trade receivables, accounts payable, current accrued liabilities and interest rates swaps approximates fair value. The fair values of long-term variable rate bank loans approximate the recorded values, due to their variable interest rates.

(p) ***Interest Rate Swap Agreements:*** The Partnership designates its derivatives based upon the criteria established by SFAS No. 133 Accounting for derivative instruments and hedging activities which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. SFAS 133, as amended by Statement of Financial Accounting Standards No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities—An amendment of SFAS 133, ("SFAS 138") and Statement of Financial Accounting Standards No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, ("SFAS 149"), requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for the changes in the fair value of the derivative depends on the intended use of the derivative and the resulting designation. For a derivative that does not qualify as a hedge, the change in fair value is recognized at the end of each accounting period on the income statement. For a derivative that qualifies as a cash flow hedge, the change in fair value is recognized at the end of each reporting period in other comprehensive income/ (loss) (effective portion) until the hedged item is recognized in income. The ineffective portion of a derivative's change in fair value is immediately recognized in the income statement.

The Partnership entered into eight interest rate swap agreements that were transferred from CMTC through novation agreements on April 4, 2007, ("Novation Date") in order to reduce its exposure to cash flow risks from fluctuating interest rates for an amount of $326,000, of which we have drawn down $302,000, arising from the revolving credit facility that the Partnership entered into on March 22, 2007. These swap agreements fix the LIBOR portion of interest rate at 5.1325% for a period up to June 29, 2012. The Partnership at the Novation Date recognized a loss of $3,763 in its income statement which resulted from the valuation of the eight interest rate swap agreements.

On September 20, 2007 the Partnership entered into an additional interest rate swap agreement in order to reduce its exposure to cash flow risks from fluctuating interest rates for an amount of $20,500 arising from the drawn-down under the existing revolving credit facility for the purchase of "M/T Attikos". The swap agreement fixes the LIBOR portion of interest rate at 4.925% for a period up to June 29, 2012.

(In thousands of United States dollars, except number of shares and units)

2. Significant Accounting Policies – Continued

(p) ***Interest Rate Swap Agreements (continued):*** As of December 31, 2007 the Partnership's nine interest rate swaps qualify as a cash flow hedge and the changes in their fair value are recognized in accumulated other comprehensive (loss).

Bank	Currency	Notional Amount	Fixed rate	Trade date	Value date	Maturity date	Fair market value as of Dec. 31, 2007
HSH Nordbank AG	USD	30,000	5.1325%	02.20.2007	04.04.2007	06.29.2012	$(1,246)
HSH Nordbank AG	USD	56,000	5.1325%	02.20.2007	05.08.2007	06.29.2012	(2,326)
HSH Nordbank AG	USD	56.000	5.1325%	02.20.2007	07.13.2007	06.29.2012	(2,326)
HSH Nordbank AG	USD	56,000	5.1325%	02.20.2007	09.28.2007	06.29.2012	(2,326)
HSH Nordbank AG	USD	56,000	5.1325%	02.20.2007	09.20.2007	06.29.2012	(2,266)
HSH Nordbank AG	USD	24,000	5.1325%	02.20.2007	01.15.2008	06.29.2012	(1,004)
HSH Nordbank AG	USD	24,000	5.1325%	02.20.2007	01.15.2008	06.29.2012	(1,004)
HSH Nordbank AG	USD	24,000	5.1325%	02.20.2007	08.15.2008	06.29.2012	(891)
HSH Nordbank AG	USD	20,500	4.9250%	09.20.2007	09.24.2007	06.29.2012	(662)
Total derivative instruments fair value							**$(14,051)**

(q) ***Net Income (loss) Per Limited Partner Unit:*** Basic and diluted net income per limited partner unit is calculated by dividing limited partners' interest in net income, less pro forma general partner incentive distributions under EITF Issue No. 03-6, "Participating Securities and the Two — Class Method Under FASB Statement No. 128", or EITF 03-6, by the weighted-average number of outstanding limited partner units during the period (Note 12). Diluted net income per limited partner unit reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised. The Partnership had no dilutive securities outstanding during the year ended December 31, 2007.

(r) ***Income Taxes:*** The Partnership is not subject to the payment of any income tax on its income. Instead, a tax is levied based on the tonnage of the vessels, which is included in operating expenses (Note 9).

(s) ***Segment Reporting:*** The Partnership reports financial information and evaluates its operations by charter revenues and not by the length or type of ship employment for its customers, i.e. time or bareboat charters. The Partnership does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management cannot and does not identify expenses, profitability or other financial information for these charters. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet and thus the Partnership has determined that it operates under one reportable segment. Furthermore, when the Partnership charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.

(t) ***Recent Accounting Pronouncements***: In September 2006 the FASB issued SFAS No. 157, "Fair Value Measurement" ("SFAS 157"). SFAS 157 addresses standardizing the measurement of fair value for companies that are required to use a fair value measure of recognition for recognition or disclosure purposes. The FASB defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date." SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Partnership is currently evaluating the impact, if any, of SFAS 157 on its financial position, results of operations and cash flows.

2. Significant Accounting Policies – Continued

(t) Recent Accounting Pronouncements (continued): In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with changes in fair value recognized in earnings. SFAS No. 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. On January 01, 2008 the Partnership did not make any fair value elections.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" ("SFAS No. 141(R)"). SFAS No. 141(R) supersedes SFAS No. 141 and establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquired. The Statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The effective date of this Statement is the same as that of the related FASB Statement No. 160, Non controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51" ("SFAS No. 160"). The Partnership is currently evaluating the effect, if any, this statement may have on future financial statements.

In December 2007, the FASB issued SFAS No. 160. This Statement establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of a company's fiscal year beginning after December 15, 2008. The Partnership is currently evaluating the effect that this statement may have on future financial statements.

In March 2008, the FASB issued FASB Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities". The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Partnership is currently evaluating the effect that this statement may have on future financial statements.

(In thousands of United States dollars, except number of shares and units)

3. Transactions with Related Parties

Since April 4, 2007, the Partnership and its subsidiaries, have related party transactions only with the Manager, a wholly-owned subsidiary of CMTC, which provides management services to the Partnership for a total daily fixed fee of $5.5 and $0.3 for the time and bare boat chartered vessels respectively. The daily fixed fee for the time chartered vessels also includes expenses related to the next scheduled special or intermediate survey as applicable and related drydocking for each vessel. Total management fees charged by the Manager for the period from April 4, to December 31, 2007 were $11,573 and are included in "Vessel operating expenses – related party" in the consolidated income statement.

On April 4, 2007, the Partnership entered into an administrative services agreement with the Manager, pursuant to which the Manager will provide certain administrative management services to the Partnership such as accounting, auditing, legal, insurance, clerical, and other administrative services. The Partnership reimburses the Manager for reasonable costs and expenses incurred in connection with the provision of these services within 15 days after the Manager submits to the Partnership an invoice for such costs and expenses, together with any supporting detail that may be reasonably required. The Manager did not charge any fees in connection with this agreement for the year ended December 31, 2007.

However, the Manager invoiced the Partnership for payments that it made on the Partnership's behalf. As of December 31, 2007, the total outstanding amount due to Manager was $28.

The vessel owning companies of the Initial Vessels and the vessel owning company of M/T Attikos had related party transactions with CMTC and its subsidiaries before their acquisition by CPP mainly for the following reasons:

- Loan agreements that CMTC entered into, acting as the borrower, for the financing of the construction of five of the Initial Vessels,
- Manager payments on behalf of the vessel owning companies and hire receipts from charterers,
- Manager fixed monthly fees, (which were based on agreements with different terms and conditions than those in the Partnership's administrative and management agreements) for providing services such as chartering, technical support and maintenance, insurance, consulting, financial and accounting services, (Note 8),
- Funds advanced/received to/from entities with common ownership, and
- Loan draw downs in excess of the advances made to the shipyard by the Manager for the funding of vessels' extra costs.

Balances with related parties consisted of the following:

	As of December 31, 2007	Predecessor Combined Balance as of December 31, 2006
I. Due From:		
Vessels' operation (a)	$ -	$ 4,429
Manager - loan surplus (b)	-	500
Other affiliated companies (c)	-	25
Total due from:	**$ -**	**$ 4,954**
II. Due To:		
CMTC – loans current portion (d)	$ -	$ 8,042
CMTC – loans long-term portion (d)	-	87,498
Manager – payments on behalf of vessel-owning companies (e)	-	1,867
Manager – payments on behalf of Capital Product Partners L.P. (f)	28	-
Other affiliated companies (c)	-	32
Total due to:	**$ 28**	**$ 97,439**

(In thousands of United States dollars, except number of shares and units)

3. Transactions with Related Parties – Continued

(a) ***Vessels' Operation:*** The balance in this line-item relates to funds that are received from charterers less disbursements made by the Manager on behalf of the vessel-owning subsidiaries with operations. As of December 31, 2007 and December 31 2006, this line item balance amounted to $0 and $4,429 respectively.

(b) ***Manager - Loan Surplus:*** The balance in this line-item related to the loan proceeds of M/T Axios in excess of advances made to the shipyard by the Manager. This excess was used in 2007 for the vessel's extra costs in accordance with the loan agreement.

(c) ***Other Affiliated Companies:*** The balance in this line-item related to funds advanced/received to/from entities with common ownership.

(d) ***CMTC Loans:*** For the financing of the construction of the M/T Atlantas, M/T Aktoras, M/T Aiolos, M/T Avax M/T Assos, CMTC was the borrower under loan agreements with three separate banks and the vessel-owning companies acted as guarantors under these loans (related party loans).

As of December 31, 2006, the balance on these loans was $95,540. A summary of the CMTC loans is shown below:

		Vessel	As of December 31, 2007	Predecessor Combined Balances as of December 31, 2006
(i)	Issued on November 25, 2005 Maturing in April, 2017	M/T Atlantas	-	$ 25,190
(ii)	Issued on December 23, 2005 Maturing in July, 2016	M/T Aktoras	-	25,283
(iii)	Issued on October 18, 2005 Maturing in February, 2017	M/T Aiolos	-	6,920
(iv)	Issued on December 23, 2005 Maturing in May, 2016	M/T Assos	-	30,477
(v)	Issued on October 18, 2005 Maturing in January, 2017	M/T Avax	-	7,670
	Total		-	**$ 95,540**
	Less: Current portion		-	**8,042**
	Long-term portion		-	**$ 87,498**

All of the above bank loans bore interest at LIBOR plus a margin between 90 and 95 basis points payable quarterly or semi-annually. Each bank loan is secured by a first preferred mortgage on the respective vessel or vessels and a general assignment of the earnings, insurances, mortgage interest insurance, and requisition compensation of the respective vessel or vessels. The weighted average interest rate for the year ended December 31, 2006 was 6.18%. Interest expense for related party loans amounted to $1,839, $3,144 and $81 for the year ended December 31, 2007, 2006 and 2005 respectively.

The loan agreements contained other customary ship finance covenants, including restrictions as to: changes in management and ownership of the mortgaged vessels, the incurrence of additional indebtedness, the mortgaging of vessels, the minimum cash requirement, as well as minimum requirements as to the applicable vessels' market value and insured value in relation to the outstanding balance of the applicable loan. Also the borrower may pay dividends or make distributions when no event of default has occurred and the payment of such dividend or distribution has not resulted in a breach of any of the financial covenants. As of December 31, 2006, we were in compliance with all debt covenants.

On April 4, 2007, following completion of the IPO, CMTC settled all outstanding loan balances on the M/T Atlantas, M/T Aktoras, M/T Aiolos, M/T Avax and M/T Assos, amounting to $133,958, with the proceeds of the IPO. These vessels were contributed debt-free to the Partnership.

(e) ***Manager - Payments on Behalf of Vessel-owning Companies:*** This payable includes the settlement of vessel obligations related to pre-delivery expenses and amounted to $1,867 as of December 31, 2006.

(In thousands of United States dollars, except number of shares and units)

3. Transactions with Related Parties – Continued

(f) ***Manager - Payments on Behalf of Capital Product Partners L.P.:*** Following the IPO, the Manager is invoicing the Partnership for payments that it makes on behalf of the Partnership and its subsidiaries. The Partnership's total outstanding balance due to Manager as of December 31, 2007 amounted to $28.

4. Vessels and Vessels under Construction

An analysis of vessels and vessels under construction is as follows:

	As of December 31, 2007	Predecessor Combined Balances as of December 31, 2006
Cost:		
Vessels	$ 445,918	$ 182,533
Advances for vessels under construction	-	29,225
Total cost	**445,918**	**211,758**
Accumulated depreciation	(16,747)	(3,730)
Vessels, net	**$ 429,171**	**$ 178,803**
Vessels under construction	**$ -**	**$ 29,225**

The Partnership's vessels (M/T Atlantas, M/T Aktoras, M/T Agisilaos, M/T Arionas, M/T Aiolos, M/T Avax, M/T Axios, M/T Attikos, M/T Atrotos M/T Akeraios, M/T Assos, M/T Apostolos, and M/T Anemos I), having total net book value $429,171 as of December 31, 2007 have been provided as collateral to secure the revolving credit facility of up to $370,000.

In the table above, the capitalized interest for the years ended December 31, 2007, 2006 and 2005 amounted to $223, $1,455 and $81, respectively.

On May 8, July 13, September 20, September 24, and September 28, 2007 the Partnership acquired from CMTC the shares of vessel owning companies of M/T Atrotos, M/T Akeraios, M/T Apostolos, M/T Attikos, and M/T Anemos I, respectively for a total purchase price of $247,000. The vessels have been recorded in the Partnership's financial statements at the amount of $166,134 which represents net book value of vessels reflected in CMTC consolidated financial statements at the time of transfer to the Partnership. The amount of the purchase price in excess of CMTC's basis of the assets of $80,866 was recognized as a reduction of partners' equity and is presented as a financing activity in the statement of cash flows.

(In thousands of United States dollars, except number of shares and units)

5. Long-Term Debt

Long-term debt consists of the following:

	Bank Loans	Vessel Entity	As of December 31, 2007	Predecessor Combined Balances as of December 31, 2006
(i)	Issued on October 31, 2006 Maturing in October 2016	M/T Arionas	$ -	$ 26,180
(ii)	Issued on August 14, 2006 Maturing in August 2016	M/T Agisilaos	-	25,740
(iii)	Pre-delivery facility issued on July 18, 2006 and refinanced on February 28, 2007 (Vessel's delivery date)	M/T Axios	-	5,613
(iv)	Issued on March 4, 2005 Maturing March 4, 2015	M/T Attikos	-	7,750
(v)	Issued on April 4, 2007 maturing on June 30, 2017	Capital Product Partners L.P.	274,500	-
	Total		**$ 274,500**	**$ 65,283**
	Less: Current portion		-	6,029
	Long-term portion		**$ 274,500**	**$ 59,254**

On April 4, 2007, the M/T Arionas', M/T Agisilaos' and M/T Axios' outstanding loan balances, which amounted to $79,885, were settled in full by the Offering proceeds (Note 1). Furthermore, on September 6, 2007 the M/T Attikos outstanding loan balance, which amounted to $7,000, was fully paid by CMTC. Interest expense for the M/T Agisilaos, M/T Axios, M/T Arionas and M/T Attikos amounted to $1,313, $1,389 and $381 for the years ended December 31, 2007, 2006 and 2005.

On March 22, 2007, the Partnership entered into a loan agreement with a syndicate of financial institutions including HSH Nordbank AG, Hamburg for a revolving credit facility, of up to $370 million for the financing of the acquisition cost, or part thereof, up to fifteen medium range product tankers. The loan agreement was amended on September 19, 2007 to include the financing of the acquisition cost of "M/T Attikos". The credit facility (as amended) is divided into four Tranches. Tranche A amounting to $30,000 was drawn on April 4, 2007. Tranche B amounting to $224,000 was drawn in four installments of $56,000 each on May 8, July 13, September 20, and September 28 2007. Tranche C amounting to $86,000 will be utilized to partly finance the acquisition of the last three "Committed Vessels" during 2008, and Tranche D amounting to $30,000 of which $20,500 have been drawn-down on September 24, 2007 was utilized to partly finance the acquisition of M/T Attikos.

As of December 31, 2007, the Partnership recorded interest expense of $7,400 relating to its revolving credit facility. As of December 31, 2007, $86,000 from Tranche C and $9,500 from Tranche D of the revolving credit facility had not been drawn down. Loan commitment fees are calculated at 0.20% p.a. on any amount not drawn-down and are paid quarterly.

Borrowings under this credit facility are jointly and severally secured by the owning companies of the fifteen vessels (Initial and Committed Vessels) and the M/T Attikos and bear interest at a rate of 0.75% per annum over US$ LIBOR. The loan will be repaid in twenty equal consecutive three month instalments commencing on September 30, 2012 plus a balloon payment due in June, 2017.

The credit facility has a general assignment of the earnings, insurances and requisition compensation of the respective vessel or vessels. Each also requires additional security, including: pledge and charge on current account; corporate guaranteed from each of the sixteen vessel owning companies, and mortgage interest insurance. Following the swap agreements that the Partnership entered into upon the Offering completion (Note 2) the interest rate for period from April 4, 2007 to December 31, 2007 is fixed at 5.1325% for Tranches A and B and 4.9250% for Tranche D. The fixed interest rate of 5.1325% and 4.9250% will be valid up to June 29, 2012.

(In thousands of United States dollars, except number of shares and units)

5. Long-Term Debt – Continued

The loan agreement also contains other customary ship finance covenants, including restrictions as to: changes in management and ownership of the mortgaged vessels, the incurrence of additional indebtedness, the mortgaging of vessels, the ratio of EBITDA to Net Interest Expenses shall be no less than 2:1, minimum cash requirement of $500 per vessel of which 50% may be constituted by undrawn commitments under the revolving facility as well as minimum requirements as to the applicable vessels' market value and insured value in relation to the outstanding balance of the applicable loan. Also the vessel owning companies may pay dividends or make distributions when no event of default has occurred and the payment of such dividend or distribution has not resulted in a breach of any of the financial covenants. As of December 31, 2007, the Partnership was in compliance with all debt covenants.

The required annual loan payments to be made subsequent to December 31, 2007 are as follows:

Year ending December 31	Bank Loan Repayment Schedule
2008	$ -
2009	-
2010	-
2011	-
2012	13,725
Thereafter	260,775
Total	$ 274,500

6. Accrued Liabilities

Accrued liabilities consist of the following:

	As of December 31, 2007	Combined Balances as of December 31, 2006 Predecessor
Accrued loan interest and loan fees	$ 2	$ 1,513
Accrued wages and crew expenses	-	248
Accrued other operating expenses	-	172
Accrued voyage expenses and commission	184	35
Accrued insurance	-	23
Accrued general and administrative	63	-
Total	**$ 249**	**$ 1,991**

(In thousands of United States dollars, except number of shares and units)

7. Deferred Charges

Deferred charges are analyzed as follows:

	Deferred Finance Charges
Predecessor Combined Balance as of January 1, 2005	**-**
Additions	**392**
Amortization	**(4)**
Predecessor Combined Balance as of December 31, 2005	**$ 388**
Additions	285
Amortization	(41)
Predecessor Combined Balance as of December 31, 2006	**632**
Amortization for the period from January 1, 2007 to April 3, 2007 for the Initial Vessels	(20)
Amortization for the period from January 1, 2007 to September 23, 2007 for M/T Attikos	(18)
Deferred loan fees assumed by CMTC on April 3, 2007	(594)
Additions (new credit facility of up to $370 million)	1,022
Amortization of new credit facility loan fees	(74)
Balance as of December 31, 2007	**$ 948**

	Deferred Dry Docking
Predecessor Combined Balance as of December 31, 2006	**-**
Addition Dry Docking of M/T Attikos	921
Amortization for the period from July to September 23, 2007	(92)
Deferred Dry Docking assumed by CMTC on September 23, 2007	(829)
Balance as of December 31, 2007	**$ -**

(In thousands of United States dollars, except number of shares and units)

8. Voyage Expenses and Vessel Operating Expenses

Voyage expenses and vessel operating expenses consist of the following:

	For the year ended December 31,		
	2007 (Note 1)	2006 (Note 1)	2005 (Note 1)
Voyage expenses	**$ 770**	**$ 373**	**$ 520**
Voyage expenses consist of:			
Commissions	695	339	134
Port expenses	-	-	218
Bunkers	-	-	164
Other	75	34	4
Total	**770**	**373**	**520**
Vessel operating expenses	3,196	4,043	1,932
Vessel operating expenses – related parties (Note 3)	12,283	890	216
Total	**15,479**	**4,933**	**2,148**
Vessel operating expenses consist of:			
Crew costs and related costs	1,895	2,000	705
Insurance	218	421	96
Spares, repairs, maintenance and other	593	706	756
Stores and lubricants	329	714	309
Management fees(Note 3)	12,283	890	216
Other operating expenses	161	202	66
Total	**$ 15,479**	**$ 4,933**	**$ 2,148**

9. Income Taxes

Under the laws of the countries of the vessel-owning subsidiaries' incorporation and/or vessels' registration, these companies are not subject to tax on international shipping income. However, they are subject to registration and tonnage taxes, which have been included in vessel operating expenses in the accompanying predecessor combined statements of operations.

Based on its current operations, the Partnership does not expect to have U.S. source domestic transportation income. However, certain of the Partnership's activities give rise to U.S. Source International Transportation Income, and future expansion of the Partnership's operations could result in an increase in the amount of U.S. source international transportation income, as well as give rise to U.S. Source Domestic Transportation Income, all of which could be subject to U.S. federal income taxation, unless the exemption from U.S. taxation under Section 883 of the Code applies.

(In thousands of United States dollars, except number of shares and units)

10. Cash Flow

The following assets, liabilities and equity accounts were retained by CMTC on April 3, 2007 and September 23, 2007, when the shares of the initial vessels' owning companies and M/T Attikos owning company were transferred from CMTC to the Partnership respectively (Note 1). The cash flow for the year ended December 31, 2007 is adjusted accordingly to exclude the following assets, liabilities and equity accounts as they did not result in cash inflows or outflows in consolidated and predecessor combined financial statements:

	Balances assumed by CMTC on September 23, 2007	Balances assumed by CMTC on April 3, 2007
Cash and cash equivalents	$ -	$ 2,251
Trade receivables	118	1,922
Insurance claims	1	70
Due from related parties	-	7,598
Prepayments and other	116	241
Inventories	54	274
Deferred charges	829	594
Total assets	**1,118**	**12,950**
Trade accounts payable	651	1,744
Accrued interest and other liabilities	273	570
Due to related parties	5,153	364
Deferred revenue	228	4,985
Long term debt	-	213,843
Total liabilities	**6,305**	**221,506**
Net liabilities assumed by CMTC	**5,187**	**208,556**
Contribution to the Partnership	(9,064)	(218,475)
Retained earnings assumed by CMTC	3,877	9,919
Net Partners' / Stockholders' Equity contributed by CMTC	**$ (5,187)**	**$ (208,556)**

The cash and cash equivalents of $2,251 as of April 3, 2007 is presented as cash dividend in the accompanying cash flow statement for the year ended December 31, 2007.

(In thousands of United States dollars, except number of shares and units)

11. Partnership Equity and Distributions

General: The partnership agreement requires that within approximately 45 days after the end of each quarter, beginning with the quarter ending June 30, 2007, all of the Partnership's available cash will be distributed to unitholders of record on the applicable record date.

Definition of Available Cash: Available Cash, for each fiscal quarter, consists of all cash on hand at the end of the quarter:

- less the amount of cash reserves established by our board of directors to:
  - provide for the proper conduct of Partnership' s business (including reserves for future capital expenditures and for our anticipated credit needs);
  - comply with applicable law, any of Partnership's debt instruments, or other agreements; or
  - provide funds for distributions to Partnership's unitholders and to general partner for any one or more of the next four quarters;

- plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under our credit agreement and in all cases are used solely for working capital purposes or to pay distributions to partners.

General Partner Interest and Incentive Distribution Rights: The General Partner has a 2% interest in the Partnership as well as the incentive distribution rights.

Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. The Partnership's general partner as of December 31, 2007, holds the incentive distribution rights.

The following table illustrates the percentage allocations of the additional available cash from operating surplus among the unitholders and general partner up to the various target distribution levels. The amounts set forth under ''Marginal Percentage Interest in Distributions'' are the percentage interests of the unitholders and general partner in any available cash from operating surplus that is being distributed up to and including the corresponding amount in the column ''Total Quarterly Distribution Target Amount,'' until available cash from operating surplus we distribute reaches the next target distribution level, if any. The percentage interests shown for the unitholders and general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

			Marginal Percentage Interest in Distributions	
		Total Quarterly Distribution Target Amount	Unitholders	General Partner
Minimum Quarterly Distribution		$0.3750	98%	2%
First Target Distribution	up to	$0.4313	98%	2%
Second Target Distribution	above	$0.4313 up to $0.4688	85%	15%
Third Target Distribution	above	$0.4688 up to $0.5625	75%	25%
Thereafter	above	$0.5625	50%	50%

Subordinated Units: All of the Partnership's subordinated units are held by CMTC. The Partnership agreement provides that, during the subordination period, the common units will have the right to receive distributions of available cash from operating surplus in an amount equal to the minimum quarterly distribution of $0.3750 per quarter, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units. Distribution arrearages do not accrue on the subordinated units. The purpose of the subordinated units is to increase the likelihood that during the subordination period there will be available cash to be distributed on the common units.

(In thousands of United States dollars, except number of shares and units)

11. Partnership Equity and Distributions – Continued

Distributions of Available Cash From Operating Surplus During the Subordination Period: The Partnership agreement requires that we will make distributions of available cash from operating surplus for any quarter during the subordination period in the following manner:

- first, 98% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter;

- second, 98% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit an amount equal to any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period;

- third, 98% to the subordinated unitholders, pro rata, and 2.0% to our general partner, until we distribute for each subordinated unit an amount equal to the minimum quarterly distribution for that quarter; and

Thereafter, in the manner described in the above table under section “General Partner Interest and Incentive Distribution Rights”.

Distributions of Available Cash From Operating Surplus After the Subordination Period: Our Partnership agreement requires that we will make distributions of available cash from operating surplus for any quarter after the subordination period in the following manner:

- first, 98% to all unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and

Thereafter, in the manner described in the above table under section “General Partner Interest and Incentive Distribution Rights”.

As of December 31, 2007 our partners’ capital included the following units:

	As of December 31, 2007
Common units	13,512,500
Subordinated units	8,805,522
Number of limited partners’ units outstanding	**22,318,022**
General Partners units	455,470
Total partnership’s units	**22,773,492**

As of December 31, 2007, the Partnership’s common units consisted of 13,512,500 units held by third parties, 8,805,522 subordinated units held by CMTC and 455,470 general partner units held by CGP a wholly owned subsidiary of CMTC.

On August 14, 2007, the Partnership paid a cash distribution of $0.3626 per unit to all unitholders of record on August 6, 2007 which amounted to $8,258. That distribution presented the pro-rata portion of our minimum quarterly distribution of $0.3750 per unit for the period from April 4, 2007 to June 30, 2007 (88 days).

On November 15, 2007, the partnership paid a cash distribution of $0.385 per unit to all unitholders of record on November 7, 2007 which amounted to $8,768.

(In thousands of United States dollars, except number of shares and units)

12. Net Income (loss) Per Unit

As required by EITF Issue No. 03-6, "Participating Securities and Two-Class Method under FASB Statement No. 128", "Earnings Per Share", the general partner's, common unit holders' and subordinated unitholders' interests in net income are calculated as if all net income for periods subsequent to April 4, 2007 were distributed according to the terms of the Partnership's Agreement, regardless of whether those earnings would or could be distributed. The Partnership Agreement does not provide for the distribution of net income; rather, it provides for the distribution of available cash (Note 11), which is a contractually defined term that generally means all cash on hand at the end of each quarter after establishment of cash reserves established by the Capital Product Partners L.P. board of directors to provide for the proper resources for the Partnership's business. Unlike available cash, net income is affected by non-cash items. Net income for the period from April 4, 2007 to December 31 2007 was $21,571. The limited partners' interest in net income for this period was $21,140.

Under the Partnership Agreement, the holder of the incentive distribution rights in the Partnership, which is currently the CGP, assuming that there are no cumulative arrearages on common unit distributions, has the right to receive an increasing percentage of cash distributions after the minimum quarterly distribution (Note 11). During the period from April 4, 2007 to December 31, 2007 the Partnership's net income did not exceed the First Target Distribution level, and as a result, the assumed distribution of net income did not result in the use of increasing percentages to calculate the CGP's interest in net income.

Furthermore the Partnership's net income did not exceed the minimum required quarterly distribution of $0.375 per common unit ($0.3626 prorated for the period from April 4, 2007 to June 30, 2007) and consequently, the assumed distribution of net income resulted in an unequal distribution of net income between the subordinated unit holders and common unit holders.

The amount of historical earnings per unit for the years ended December 31, 2005 and 2006 and the period from January 1, 2007 to April 3, 2007 giving retroactive impact to the number of common and subordinated units (and the 2% general partner interest) that were issued upon the completion of the Offering on April 3, 2007 is not presented in the Predecessor Combined Statements of Income. A presentation of such earnings per unit for the above periods would not be meaningful to investors as the vessels comprising the initial fleet were under construction and only M/T Attikos, which was delivered in January 2005, was under operation for the year ended December 31, 2005. In addition, during the year ended December 31, 2006 only six of the 13 vessels the Partnership owned as of December 31, 2007 had been delivered to the Partnership and only the M/T Attikos was in operation for the full year ended December 31, 2006, while the other five vessels were in operation for only part of the period (the vessels were delivered in April, May, July, August and November 2006, respectively) and a portion of the revenues generated during 2006 was derived from charters with different terms and conditions from those in the charters in place during 2007.

13. Commitments and Contingencies

***Commitments*:**

The Partnership is party to legal proceedings, claims and complaints in the ordinary course of its business but does not expect the outcome of any proceedings, claims or complaints individually or in the aggregate, to have a material adverse effect on the Partnership's financial position, results of operations or liquidity.

(a) ***Vessel Purchase Commitments:*** As of December 31, 2007 the Partnership had outstanding purchase commitments relating to the acquisition of the three remaining Committed Vessels amounting to $144,000. An analysis of the purchase commitments is as follows:

Vessel-owning Company	Date of Incorp.	DWT	Expected Delivery Date	Name of Vessel Owned by Subsidiary	Vessel Purchase Price
Sorrel Shipmanagement Inc.	02/07/2006	51,000	01/2008	M/T Alexandros II	$48,000
Wind Dancer Shipping Inc.	02/07/2006	51,000	06/2008	M/T Aristotelis II	$48,000
Belerion Maritime Co.	01/24/2006	51,000	08/2008	M/T Aris II	$48,000

(In thousands of United States dollars, except number of shares and units)

13. Commitments and Contingencies – Continued

(b) ***Lease Commitments:*** The vessel-owning subsidiaries owning the Initial and Committed Vessels have entered into time and bareboat charter agreements, which are summarized below:

Vessel Name	Time Charter (TC)/ Bare Boat Charter (BC) (Years)	Commencement of Charter	Charterer	Profit Sharing (1)	Gross Daily Hire Rate (Without Profit Sharing)
M/T Atlantas (British Ensign)	5+3 BC	04/2006	B.P. Shipping Ltd	-	$15.2 (5y) & $13.5 (3y)
M/T Aktoras (British Envoy)	5+3 BC	07/2006	B.P. Shipping Ltd	-	$15.2 (5y) & $13.5 (3y)
M/T Agisilaos	2.5 TC	08/2006	B.P. Shipping Ltd	50/50	$17.7
M/T Arionas	2+0.5 TC	11/2006	B.P. Shipping Ltd	50/50	$21.3 (2y) & $19.2 (0.5y)
M/T Aiolos (British Emissary)	5+3 BC	03/2007	B.P. Shipping Ltd	-	$15.2 (5y) & $13.5 (3y)
M/T Avax	3 TC	06/2007	B.P. Shipping Ltd	50/50	$20.8 (3y)
M/T Axios	3 TC	03/2007	B.P. Shipping Ltd	50/50	$20.8
M/T Assos	3 TC	11/2006	Morgan Stanley	50/50	$20.0
M/T Atrotos	3 TC	05/2007	Morgan Stanley	50/50	$20.0
M/T Akeraios	3 TC	07/2007	Morgan Stanley	50/50	$20.0
M/T Anemos I	3 TC	09/2007	Morgan Stanley	50/50	$20.0
M/T Apostolos	3 TC	09/2007	Morgan Stanley	50/50	$20.0
M/T Alexandros II	10 BC	01/2008	O.S.G. (2)	-	$13.0
M/T Aristotelis II	10 BC	06/2008	O.S.G. (2)	-	$13.0
M/T Aris II	10 BC	08/2008	O.S.G. (2)	-	$13.0
M/T Attikos	2.2 to 2.3 TC	07/2007	Trafigura Beheer B.V.	-	$13.9

(1) Profit sharing refers to an arrangement between vessel-owning companies and charterers to share a predetermined percentage voyage profit in excess of the basic rate.

(2) OSG has an option to purchase each of the three STX vessels delivered or to be delivered in 2008 at the end of the eighth, ninth or tenth year of the charter, for $38.0 million, $35.5 million and $33.0 million, respectively, which option is exercisable six months before the date of completion of the eighth, ninth or tenth year of the charter. The expiration date above may therefore change depending on whether the charterer exercises its purchase option.

Future minimum rental receipts, excluding any profit share revenue that may arise, based on vessels committed to non-cancelable long-term time and bareboat charter contracts, as of December 31, 2007 will be:

Year ending December 31	Amount
2008	$ 96,308
2009	87,009
2010	49,163
2011	30,157
2012	29,202
Thereafter	71,842
Total	**$363,681**

14. Subsequent Events

(a) ***Dividends:*** On January 28, 2008 the Partnership declared a dividend of $0.395 per unit to all unitholders of record on February 5, 2008, which amounted to $8,996. The dividend was paid on February 15, 2008.

(b) ***Delivery of new buildings:*** On January 29, 2008 M/T Alexandros II (M/T Overseas Serifos), the fifth Committed Vessel was delivered to the Partnership through CMTC for a total consideration of $48,000. The acquisition of M/T Alexandros II was financed in full by a draw down on Tranche C of the existing revolving credit facility.

(c) ***Commitment for a new credit facility:*** On March 19, 2008 the Partnership entered into a loan agreement with a syndicate of financial institutions including HSH Nordbank AG (the "Agent"), for a non amortizing credit facility, of up to $350,000 for the financing of:

- Partial acquisition cost of up to $57,500 for Amore Mio, and Aristofanis (Tranche A)
- 50% of the acquisition cost of up to $52,500 for M/T Alkiviadis and M/T Aristidis (Tranche B)
- 50% of the acquisition cost of up to $240,000 for any further modern tanker (Tranche C)

Borrowings under this credit facility will be jointly and severally secured by the owning companies of the Collateral vessels and will bear interest at a rate of 1.10% per annum over US$ LIBOR. The credit facility will be repaid by twenty equal consecutive three month installments commencing on June 30, 2013 plus a balloon payment due in March 2018.

The credit facility will have a general assignment of the earnings, insurances and requisition compensation of the respective vessel or vessels and will include the following financial covenants:

- The ratio of EBITDA to Net Interest Expenses shall be no less than 2:1,
- Minimum cash requirements of $500 per vessel,
- The total indebtedness shall not be greater than 0.725 to 1 of the aggregate fair market value of the vessels.

On March 27, 2008 the Partnership drew down $46,000 under its new credit facility in order to partially fund the acquisition of the shares of the vessel owning company of M/T Amore Mio II.
On the same date the Partnership entered into an interest rate swap agreement to fix the LIBOR portion of interest rate at 3.5250% until March 27, 2013.

(d) ***Vessel acquisition:*** On March 27, 2008 the Partnership entered into share purchase agreement with CMTC for the acquisition of the shares of the vessel owning company (Baymont Enterprises Incorporated) of M/T Amore Mio II, a 159,982 dwt, 2001 built, double hull tanker from CMTC and took delivery of the vessel on the same date. The total purchase price for the shares of the vessel owning company of M/T Amore Mio II is $95,000. All assets, liabilities and equity other than the vessel, related charter agreement and related permits, at the date of the acquisition were assumed by CMTC. The acquisition of the shares of the vessel owning company was funded by $2,000 from available cash, $46,000 through a drawn down from the new revolving $350,000 credit facility, and the remaining amount through the issuance of 2,048,823 common units to CMTC at a price of $22.94 per unit which equals the volume weighted average price of the common units for the period from October 15, 2007 to February 15, 2008. M/T Amore Mio is chartered to BP Shipping Limited under a charter with an earliest scheduled expiration date of January 2011 at a base gross rate of $36.5 per day (net rate $36), and is subject to profit sharing. The combination of the vessel owning company of M/T Amore Mio II with the Partnership will be accounted for as a combination of entities under common control in accordance with guidance provided in SFAS 141 which prescribes the method of accounting for such transfers is similar to the pooling-of-interest method of accounting.

Exhibit 4.2

Date 19 September 2007

CAPITAL PRODUCT PARTNERS L.P.
as Borrower

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1
as Lenders

- and - -

HSH NORDBANK AG
as Swap Bank

- and - -

HSH NORDBANK AG
as Bookrunner

- and - -

HSH NORDBANK AG
as Agent and Security Trustee

SUPPLEMENTAL AGREEMENT

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in relation to a Loan Agreement dated
22 March 2007 relating to revolving credit
and term loan facilities not exceeding US$370,000,000

WATSON, FARLEY & WILLIAMS
Piraeus

THIS AGREEMENT is made on 19 September 2007

BETWEEN

(1) **CAPITAL PRODUCT PARTNERS L.P.** (the "**Borrower**");

(2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1, as **Lenders**;

(3) **HSH NORDBANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, D-20095, Hamburg, Germany, as **Agent**;

(4) **HSH NORDBANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, D-20095, Hamburg, Germany, as **Security Trustee**;

(5) **HSH NORDBANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, D-20095, Hamburg, Germany, as **Swap Bank**; and

(6) **HSH NORDBANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, D-20095, Germany as **Bookrunner**.

BACKGROUND

(A) By a loan agreement dated 22 March 2007 and made between (i) the Borrower, (ii) the Lenders, (iii) the Agent, (iv) the Security Trustee, (v) the Swap Bank and (vi) the Bookrunner, the Lenders agreed to make available to the Borrower revolving credit and term loan facilities not exceeding US$370,000,000.

(B) The Borrower has made a request to the Creditor Parties to make available a new tranche in the amount of up to US$30,000,000 ("**Tranche D**") under the Loan Agreement (by reducing the maximum amount of Tranche A by US$30,000,000) to allow the Borrower to part-finance the acquisition of all the shares in Ross Shipmanagement Co. and to provide it with working capital for its general corporate purposes or to part-finance future acquisitions of vessels or shares in shipowning companies or for any of the purposes applicable to Tranche C.

(C) This Agreement sets out the terms and conditions on which the Creditor Parties agree, with effect on and from the Effective Date, at the request of the Borrower to make available Tranche D and the consequential amendments to the Loan Agreement and the other Finance Documents.

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Defined expressions. Words and expressions defined in the Loan Agreement and the other Finance Documents shall have the same meanings when used in this Agreement unless the context otherwise requires.

1.2 Definitions. In this Agreement, unless the contrary intention appears:

"**ATTIKOS"** means the oil tanker of approximately 12,000 deadweight metric tons registered in the ownership of Ross under Liberian flag with the name "ATTIKOS";

"**Attikos Charter"** means a time charter in respect of "ATTIKOS" dated 31 May 2007 and made between Ross as owner and Trafigura Beheer BV as charterer;

"**Effective Date**" means the date on which all the conditions precedent referred to in Clause 3.1 have been fulfilled by the Borrower, to be a Business Day not later than 24 September 2007 (or such later date as the Lenders may agree with the Borrower);

"**Loan Agreement**" means the loan agreement dated 22 March 2007 referred to in Recital (A);

"**Ross**" means Ross Shipmanagement Co., a Marshall Islands corporation whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands; and

"**Tranche D**" means an amount of up to $30,000,000 to be made available by the Lenders to the Borrower in up to two Advances pursuant to the terms of the Loan Agreement (as supplemented by this Agreement) of which:

(a) $20,500,000 shall be paid by the Borrower to Capital Maritime & Trading Corp. in part-financing the acquisition of all the shares in Ross;

(b) $9,500,000 shall be used by the Borrower for its general corporate purposes or to part-finance future acquisitions of vessels or in shipowning companies or for any of the purposes applicable to Tranche C.

1.3 Application of construction and interpretation provisions of Loan Agreement. Clauses 1.2, 1.3, 1.4 and 1.5 of the Loan Agreement apply, with any necessary modifications, to this Agreement.

2 AGREEMENT OF THE CREDITOR PARTIES

2.1 Agreement of the Lenders. The Lenders agree, subject to and upon the terms and conditions of this Agreement, to make available Tranche D to the Borrower under the Loan Agreement.

2.2 Agreement of the Creditor Parties. The Creditor Parties agree, subject to and upon the terms and conditions of this Agreement, to the consequential amendment of the Loan Agreement and the other Finance Documents in connection with the matters referred to in Clause 2.1.

2.3 Effective Date. The agreement of the Lenders and the other Creditor Parties contained in Clause 2.1 shall have effect on and from the Effective Date.

3 CONDITIONS PRECEDENT

3.1 General. The agreement of the Lenders and the other Creditor Parties contained in Clauses 2.1 and 2.2 is subject to the fulfilment of the conditions precedent of Part D of Schedule 3 of the Loan Agreement as supplemented by this Agreement and in Clause 3.2.

3.2 Conditions Precedent to Tranche D. The conditions referred to in Clause 3.1 are that, in addition to the fulfilling of the conditions precedent referred to in Part D of Schedule 3 of the Loan Agreement as supplemented by this Agreement, the Agent shall have received the following documents and evidence in all respects in form and substance satisfactory to the Agent and its lawyers on or before the Effective Date (or such later date as the Lenders may agree with the Borrower):

(a) documents of the kind specified in paragraphs 3, 4 and 5 of Schedule 3, Part A of the Loan Agreement in relation to the Borrower updated with appropriate modifications to refer to this Agreement;

(b) originals of this Agreement duly executed by the parties thereto;

(c) the endorsement at the end of this Agreement signed by the relevant Owners;

(d) documentary evidence that the agent for service of process named in Clause 30 of the Loan Agreement has accepted its appointment; and

(e) any further opinions, consents, agreements and documents in connection with this Agreement and the Finance Documents which the Lenders may request by notice to the Borrower prior to the Effective Date.

4 REPRESENTATIONS AND WARRANTIES

4.1 **Repetition of Loan Agreement representations and warranties.** The Borrower represents and warrants to the Creditor Parties that the representations and warranties in clause 10 of the Loan Agreement, as amended and supplemented by this Agreement and updated with appropriate modifications to refer to this Agreement, remain true and not misleading if repeated on the date of this Agreement with reference to the circumstances now existing.

4.2 **Repetition of Finance Document representations and warranties.** The Borrower and each of the Security Parties represents and warrants to the Creditor Parties that the representations and warranties in the Finance Documents (other than the Loan Agreement) to which it is a party, as amended and supplemented by this Agreement and updated with appropriate modifications to refer to this Agreement remain true and not misleading if repeated on the date of this Agreement with reference to the circumstances now existing.

5 AMENDMENTS TO LOAN AGREEMENT AND OTHER FINANCE DOCUMENTS

5.1 **Specific amendments to Loan Agreement.** With effect on and from the Effective Date the Loan Agreement shall be, and shall be deemed by this Agreement to be, amended as follows:

(a) by adding in Clause 1.1 thereof each of the definitions in Clause 1.1 of this Agreement (other than the definitions "**Effective Date**" and "**Loan Agreement**");

(b) by adding in Clause 1.1 thereof the following definition:

""**Attikos Advance**" has the meaning given to that term in Clause 4.2(d);";

(c) by adding a new sub-paragraph (h) in the definition of "Existing Charter" in Clause 1.1 thereof as follows:

"(h) "ATTIKOS", the Attikos Charter;

(d) by adding a new sub-paragraph (h) in the definition of "New Ships Owners" in Clause 4.1. thereof as follows:

"(h) Ross Shipmanagement Co. ("**Ross**");"

(e) by adding a new sub-paragraph (p) in the definition of "Owner" in Clause 1.1 thereof as follows:

"(p) "ATTIKOS", Ross";

(f) by construing all references to "Ships" in the Loan Agreement as if the same included reference to "ATTIKOS";

(g) by deleting the figure "$60,000,000" from the definition of "Tranche A" in Clause 1.1 thereof and replacing it with "$30,000,000";

(h) by adding in the definition of "Tranche" in Clause 1.1 thereof the words "and Tranche D" after reference to "Tranche C" and by deleting the word "and" between the "Tranche B" and "Tranche C";

(i) by deleting the figure "$60,000,000" from Clause 2.1(a) thereof and replacing it with "$30,000,000";

(j) by adding a new sub-paragraph (d) in Clause 2.1 thereof as follows:

"(d) Tranche D shall be in an amount not exceeding $30,000,000";

(k) by redesignating the existing sub-paragraph (d) of Clause 2.1 thereof as sub-paragraph (e) and by deleting in that sub-paragraph the word "and" after the words "four Advances" and by adding the following words at the end of the sub-paragraph:

"and Tranche D may be drawn down in up to two Advances";

(l) by adding a new sub-paragraph (d) in Clause 4.2. thereof as fol lows:

"(d) each Advance under Tranche D shall:

(i) in the case of the Advance which shall be used in part-financing the acquisition of all the shares in Ross (the "**Attikos Advance**"), be in an amount of $20,500,000; and

(ii) in the case of the advance which may be used by the Borrower for its general corporate purpose, be in the amount of $9,500,000;";

(m) by redesignating the existing sub-paragraphs (d) and (e) of Clause 4.2 thereof as sub-paragraphs (f) and (g) respectively;

(n) by adding a new sub-paragraph (e) in Clause 9.1 thereof as follows:

"(e) that, on or before the service of the Drawdown Notice in respect of the Attikos Advance, the Agent receives the documents described in Part D of Schedule 3 in form and substances satisfactory to the Agent and its lawyers";

(o) by redesignating the existing sub-paragraphs (e), (f) and (g) in Clause 9.1 thereof as sub-paragraphs (f), (g) and (h) respectively;

(p) by adding a Part D in Schedule 3 thereof as follows:

"PART D

The following are the documents referred to in Clause 9.1(e) required on or before the Drawdown Date of the Attikos Advance.

In Part D of Schedule 3, the following definitions shall have the following meanings:

1 Copies of resolutions of the shareholders and directors of Ross and the Borrower authorising the execution of each of the Finance Documents to which Ross is a party and, in the case of the Borrower, approving the borrowing of the Attikos Advance and authorising named directors or attorneys to give the Drawdown Notices and other notices under this Agreement.

2 The original of any power of attorney under which any Finance Document is executed on behalf of Ross.

3 Copies of all consents which Ross or the Borrower requires to enter into, or make any payment under, any Finance Document.

4 A duly executed original of the Guarantee of Ross and of the Mortgage, the General Assignment and the Owner's Earnings Account Pledge relative to "ATTIKOS", and of each document to be delivered pursuant to each such Finance Document.

5 A duly executed original of the Charterparty Assignment in respect of the Attikos Charter and of each document to be delivered pursuant to such Charterparty Assignment.

6 Evidence satisfactory to the Agent that Ross is a direct or indirect wholly-owned subsidiary of the Borrower.

7 The originals of any documents required in connection with the opening of the Earnings Account in respect of "ATTIKOS".

8 Documentary evidence that:

(a) "ATTIKOS" is registered in the ownership of Ross under an Liberian flag;

(b) "ATTIKOS" is in the absolute and unencumbered ownership of Ross save as contemplated by the Finance Documents;

(c) "ATTIKOS" maintains the highest available class with a classification society which is a member of the IACS as the Agent may approve free of all overdue recommendations and conditions of such classification society;

(d) the Mortgage relating to "ATTIKOS" has been duly registered or recorded against "ATTIKOS" as a valid first preferred ship mortgage in accordance with the laws of the Republic of Liberia; and

(e) "ATTIKOS" is insured in accordance with the provisions of this Agreement and all requirements therein in respect of insurances have been complied with.

9 A copy of the Management Agreement and a duly executed original of the Approved Manager's Undertaking in relation to "ATTIKOS".

10 Copies of:

(a) the document of compliance (DOC) and safety management certificate (SMC) referred to in paragraph (a) of the definition of the ISM Code Documentation in respect of "ATTIKOS" and the Approved Manager certified as true and in effect by Ross; and

(b) the ISPS Code Documentation in respect of "ATTIKOS" and Ross certified as true and in effect by Ross.

11 Two valuations (at the cost of the Borrower) of "ATTIKOS", addressed to the Agent, stated to be for the purposes of this Agreement and dated not earlier than 4 weeks before the Drawdown Date relative to the Attikos Advance, each from an Approved Broker (such valuations to be made in accordance with Clause 15.4).

12 A survey report in respect of "ATTIKOS" prepared (at the cost of the Borrower) by an independent marine surveyor appointed by the Agent dated no later than 20 days prior to the Drawdown Date of the Attikos Advance in form, scope and substance satisfactory to the Agent and its technical advisers.

13 At the cost of the Borrower, a favourable opinion from an independent insurance consultant acceptable to the Lenders on such matters relating to the insurances for "ATTIKOS" as the Agent may require.

14 Favourable legal opinions from lawyers appointed by the Lender on such matters concerning the laws of the Republic of Liberia and such other relevant jurisdictions as the Agent may require.

15 If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent.

Every copy document delivered under this Schedule shall be certified as a true and up to date copy by a director or the secretary (or equivalent officer) of the Borrower.";

(q) by construing references throughout to "this Agreement", "hereunder" and other like expressions as if the same referred to the Loan Agreement as amended and supplemented by this Agreement.

5.2 **Amendments to Finance Documents.** With effect on and from the Effective Date each of the Finance Documents other than the Loan Agreement, shall be, and shall be deemed by this Agreement to be, amended as follows:

(a) the definition of, and references throughout each of the Finance Documents to, the Loan Agreement and any of the other Finance Documents shall be construed as if the same referred to the Loan Agreement and those Finance Documents as amended and supplemented by this Agreement;

(b) by construing references throughout each of the Finance Documents to "this Agreement", "this Deed", "hereunder" and other like expressions as if the same referred to such Finance Documents as amended and supplemented by this Agreement.

5.3 **Finance Documents to remain in full force and effect**. The Finance Documents shall remain in full force and effect as amended and supplemented by:

(a) the amendments to the Finance Documents contained or referred to in Clauses 5.1 and 5.2 ; and

(b) such further or consequential modifications as may be necessary to give full effect to the terms of this Agreement,

6 FURTHER ASSURANCES

6.1 **Borrower's obligation to execute further documents etc.** The Borrower shall, and shall procure that any other party to any Security Document shall:

(a) execute and deliver to the Security Trustee (or as it may direct) any assignment, mortgage, power of attorney, proxy or other document, governed by the law of England or such other country as the Security Trustee may, in any particular case, specify;

(b) effect any registration or notarisation, give any notice or take any other step, which the Agent may, by notice to the Borrower or other party, specify for any of the purposes described in Clause 6.2 or for any similar or related purpose.

6.2 Purposes of further assurances. Those purposes are:

(a) validly and effectively to create any Security Interest or right of any kind which the Security Trustee intended should be created by or pursuant to the Loan Agreement or any other Security Document, each as amended and supplemented by this Agreement; and

(b) implementing the terms and provisions of this Agreement.

6.3 **Terms of further assurances.** The Security Trustee may specify the terms of any document to be executed by the Borrower or any other party under Clause 6.1, and those terms may include any covenants, powers and provisions which the Security Trustee considers appropriate to protect its interests.

6.4 **Obligation to comply with notice.** The Borrower or any other party shall comply with a notice under Clause 6.1 by the date specified in the notice.

6.5 **Additional corporate action.** At the same time as the Borrower or any other party delivers to the Agent any document executed under Clause 6.1(a), the Borrower or any other party shall also deliver to the Agent a certificate signed by 2 of the Borrower's or that other party's directors which shall:

(a) set out the text of a resolution of the Borrower's or that other party's directors specifically authorising the execution of the document specified by the Agent; and

(b) state that either the resolution was duly passed at a meeting of the directors validly convened and held throughout which a quorum of directors entitled to vote on the resolution was present or that the resolution has been signed by all the directors and is valid under the Borrower's or that other party's articles of association or other constitutional documents.

7 EXPENSES

7.1 **Expenses.** The provisions of clause 20 (Fees and Expenses) of the Loan Agreement, as amended and supplemented by this Agreement, shall apply to this Agreement as if they were expressly incorporated in this Agreement with any necessary modifications.

8 NOTICES

8.1 **General.** The provisions of clause 28 (Notices) of the Loan Agreement, as amended and supplemented by this Agreement, shall apply to this Agreement as if they were expressly incorporated in this Agreement with any necessary modifications.

9 SUPPLEMENTAL

9.1 **Counterparts.** This Agreement may be executed in any number of counterparts.

9.2 **Third party rights.** A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

10 LAW AND JURISDICTION

10.1 **Governing law.** This Agreement shall be governed by and construed in accordance with English law.

10.2 **Incorporation of the Loan Agreement provisions.** The provisions of clause 30 (Law and Jurisdiction) of the Loan Agreement, as amended and supplemented by this Agreement, shall apply to this Agreement as if they were expressly incorporated in this Agreement with any necessary modifications.

THIS AGREEMENT has been duly executed as a Deed on the date stated at the beginning of this Agreement.

EXECUTION PAGES

BORROWER

EXECUTED as a **DEED**)
by **CAPITAL PRODUCT PARTNERS**)
L.P.
acting by)
its duly authorised attorney-in-fact)

LENDERS

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

SIGNED by)
for and on behalf of)
ALPHA BANK A.E.)

SIGNED by)
for and on behalf of)
DEUTSCHE SCHIFFSBANK AG)

SIGNED by)
for and on behalf of)
NATIONAL BANK OF)
GREECE S.A.)

SIGNED by)
for and on behalf of)
FORTIS BANK)

AGENT

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

SECURITY TRUSTEE

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

SWAP BANK

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

BOOKRUNNER

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

Witness to all the above)
signatures:)

Name:

Address:

We hereby confirm and acknowledge we have read and understood the terms and conditions of the above Supplemental Agreement and agree in all respects to the same and confirm that the Finance Documents to which we are a party shall remain in full force and effect and shall continue to stand as security for the obligations of the Borrower under the Loan Agreement (as amended by the Supplemental Agreement) and shall, without limitation, secure the Loan.

for and on behalf of
APOLLONAS SHIPPING COMPANY

for and on behalf of
CANVEY SHIPMANAGEMENT CO.

for and on behalf of
CARNATION SHIPPING COMPANY

for and on behalf of
CENTURION NAVIGATION LIMITED

for and on behalf of
IRAKLITOS SHIPPING COMPANY

for and on behalf of
POLARWIND MARITIME S.A.

for and on behalf of
SHIPPING RIDER CO.

for and on behalf of
TEMPEST MARITIME INC.

for and on behalf of
LAREDO MARITIME INC.

for and on behalf of
EPICURUS SHIPPING COMPANY

Dated: 19 September 2007

SCHEDULE 1

LENDERS

Lender	**Lending Office**
HSH Nordbank AG	Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany Fax No: +(49) 40 33 33 34118
Alpha Bank A.E.	Akti Miaouli 89 185 38 Piraeus Greece Fax No: +30 210 429 0348
Deutsche Schiffsbank AG	Domshof 17 D-28195 Bremen Fax No: +49 421 3609329
National Bank of Greece S.A.	Bouboulinas 2 & Akti Miaouli 185 35 Piraeus Fax No: +30 210 414 4120
Fortis Bank	166 Syngrou Ave 176 71 Athens Greece

Exhibit 4.5

EXECUTION COPY

AMENDMENT TO MANAGEMENT AGREEMENT

AMENDMENT NO. 1 made effective the 24th day of September 2007 to the Management Agreement dated the 3rd day of April 2007 (the "Management Agreement"); by and between CAPITAL PRODUCT PARTNERS L.P., a limited partnership duly organized and existing under the laws of the Marshall Islands ("CLP"), and CAPITAL SHIP MANAGEMENT CORP., a company duly organized and existing under the laws of Panama with its registered office at Hong Kong Bank building, 6th floor, Samuel Lewis Avenue, Panama, and a representative office established in Greece at 3, Iassonos street, Piraeus Greece ("CSM").

WHEREAS:

A. CLP owns vessels and requires certain commercial and technical management services for the operation of its fleet;

B. Pursuant to the Management Agreement, CLP engaged CSM to provide such commercial and technical management services to CLP on the terms set out therein;

C. CLP wishes to acquire the product tanker M/T Attikos;

D. CLP wishes for CSM to provide commercial and technical services under the Management Agreement with respect to the product tanker M/T Attikos;

E. CLP has requested that CSM agree to amend certain provisions of the Management Agreement, as set forth herein; and

F. CSM is willing to agree to such amendments as set forth herein.

NOW THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto hereby agree, on the terms and subject to the conditions set forth herein, as follows:

Section 1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Management Agreement.

Section 2. Amendments. (a) The definition of "Additional Vessels" set forth in Section 1 of the Management Agreement is hereby amended to read in its entirety as follows:

"Additional Vessels" means product tankers not in the ownership of CLP on the date of this agreement and product tankers not forming part of the newbuildings fleet as set out in Schedule "C" to this Agreement, that CLP may subsequently purchase.

Such Additional Vessels, after their acquisition by CLP, for the purposes of this Agreement shall also be referred to herein as Vessels.

(b) Schedule “B” of the Management Agreement is hereby amended to read in its entirety as follows:

SCHEDULE B

FEES

In consideration for the provision of the Services listed in Schedule A by CSM to CLP, CLP shall pay CSM a fixed daily fee of US$5,500 per time-chartered Vessel, payable on the last day of each month, and will also pay a fixed daily fee of US$250 per bareboat-chartered Vessel, as set forth in the table below. Notwithstanding anything in this Agreement to the contrary, this Schedule will be amended from time to time to reflect the applicable fee for each Additional Vessel, which fee shall be negotiated on a vessel-by-vessel basis.

Vessel Name	Daily Fee in US$
Atlantas	250
Aktoras	250
Agisilaos	5,500
Assos	5,500
Arionas	5,500
Axios	5,500
Aiolos	250
Avax	5,500
Atrotos	5,500
Akeraios	5,500
Anemos I	5,500
Apostolos	5,500
Alexandros II	250
Aristotelis II	250
Aris II	250
Attikos	5,500

(c) Schedule “E” of the Management Agreement is hereby amended to read in its entirety as follows:

SCHEDULE E

DATE OF TERMINATION

Vessel Name	Expected Termination Date
Atlantas	January-April 2011
Aktoras	April-July 2011
Agisilaos	May-August 2011
Assos	February-May 2011
Arionas	August-November 2011
Axios	December 2011-March 2012
Aiolos	November 2011- February 2012
Avax	June 2010
Atrotos	February-May 2012
Akeraios	May-August 2012
Anemos I	July-October 2012
Apostolos	July-October 2012
Alexandros II	December 2012-March 2013
Aristotelis II	March-June 2013
Aris II	May-August 2013
Attikos	September-November 2009

Section 3. Effectiveness of Amendment. This Amendment shall become effective as of the date hereof (the “Amendment Effective Date”).

Section 4. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, amend, or otherwise affect the rights and remedies of CLP or CSM under the

Management Agreement, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Management Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle CLP or CSM to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Management Agreement in similar or different circumstances. This Amendment shall apply and be effective with respect to the matters expressly referred to herein. After the Amendment Effective Date, any reference to the Management Agreement shall mean the Management Agreement with such amendments effected hereby.

Section 5. Counterparts. This Amendment may be executed in one or more signed counterparts, facsimile or otherwise, which shall together form one instrument.

IN WITNESS WHEREOF the Parties have executed this Amendment by their duly authorized signatories with effect on the date first above written.

CAPITAL PRODUCT PARTNERS L.P. BY ITS
GENERAL PARTNER, CAPITAL GP L.L.C.,

By: _____

Name: Ioannis E. Lazaridis
Title: Chief Executive Officer and
Chief Financial Officer of
Capital GP L.L.C.

CAPITAL SHIP MANAGEMENT CORP.,

By: _____

Name: Nikolaos Syntichakis
Title : Attorney-in-Fact

Exhibit 4.6

EXECUTION COPY

AMENDMENT TO MANAGEMENT AGREEMENT

AMENDMENT NO. 2 made effective the 27th day of March 2008 to the Management Agreement dated the 3rd day of April 2007, as amended the 24th day of September 2008 (the "Management Agreement"); by and between CAPITAL PRODUCT PARTNERS L.P., a limited partnership duly organized and existing under the laws of the Marshall Islands ("CLP"), and CAPITAL SHIP MANAGEMENT CORP., a company duly organized and existing under the laws of Panama with its registered office at Hong Kong Bank building, 6th floor, Samuel Lewis Avenue, Panama, and a representative office established in Greece at 3, Iassonos street, Piraeus Greece ("CSM").

WHEREAS:

A. CLP owns vessels and requires certain commercial and technical management services for the operation of its fleet;

B. Pursuant to the Management Agreement, CLP engaged CSM to provide such commercial and technical management services to CLP on the terms set out therein;

C. CLP wishes to acquire the product tanker Amore Mio II;

D. CLP wishes for CSM to provide commercial and technical services under the Management Agreement with respect to the product tanker Amore Mio II;

E. CLP has requested that CSM agree to amend certain provisions of the Management Agreement, as set forth herein; and

F. CSM is willing to agree to such amendments as set forth herein.

NOW THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto hereby agree, on the terms and subject to the conditions set forth herein, as follows:

Section 1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Management Agreement.

Section 2. Amendments. (a) The definition of "Additional Vessels" set forth in Section 1 of the Management Agreement is hereby amended to read in its entirety as follows:

"Additional Vessels" means tankers not in the ownership of CLP on the date of this agreement and tankers not forming part of the newbuildings fleet as set out in Schedule "C" to this Agreement, that CLP may subsequently purchase.

Such Additional Vessels, after their acquisition by CLP, for the purposes of this Agreement shall also be referred to herein as Vessels.

(b) The first paragraph of Section 9 of the Management Agreement is hereby amended to read in its entirety as follows:

Section 9. Term And Termination. With respect to each of the Vessels, this Agreement shall commence from the date on which each Vessel is acquired by CLP and will continue for approximately five years or as more specifically described on Schedule E to this Agreement, unless terminated by either party hereto on not less than one hundred and twenty (120) days notice if:

(c) Schedule "A" of the Management Agreement is hereby amended to read in its entirety as follows:

SCHEDULE A

SERVICES

CSM shall provide such of the following commercial and technical management services (the "Services") to CLP, as CGP may from time to time request and direct CSM to provide pursuant to Section 1.02:

(1) Negotiating on behalf of CLP time charters, bareboat charters and other employment contracts with respect to the Vessels and monitor payments thereunder;

(2) Exercising of due diligence to:

(i) maintain and preserve each Vessel and her equipment in full compliance with applicable rules and regulations, including Environmental Laws, good condition, running order and repair, so that each Vessel shall be, insofar as due diligence can make her in every respect seaworthy and in good operating condition;

(ii) keep each Vessel in such condition as will entitle her to the highest classification and rating from the classification society chosen by her owner or charter for vessels of the class, age and type;

(iii) prepare and obtain all necessary approvals for a shipboard oil pollution emergency plan (SOPEP) in a form approved by the Marine Environment Protection Committee of the International Maritime Organisation pursuant to the requirements of Regulation 26 of Annex I of the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, as amended (MARPOL 73/78), and provide assistance with respect to such other documentation and record-keeping requirements pursuant to applicable Environmental Laws;

(iv) arrange for the preparation, filing and updating of a contingency Vessel Response Plan in accordance with the requirements of the U.S. Oil Pollution Act of 1990 as amended ("OPA"), and instruct the crew in all aspects of the operation of such plan;

(v) inform CLP promptly of any major release or discharge of oil or other hazardous material in compliance with law and identify and ensure the availability by contract or otherwise of a Qualified Individual, a Spill Management Team, an Oil Spill Removal Organisation (as such terms are defined by applicable Environmental Laws), and any other individual or entity required by Environmental Laws, resources having salvage, firefighting, lightering and, if applicable, dispersant capabilities, and public relations/media personnel to assist CLP to deal with the media in the event of discharges of oil;

(vi) arrange and procure for the vetting of the Vessels and CLP or CSM by major charterers and arranging and attending relevant inspections of the Vessels, including pre-vetting inspections, or visits at the premises of CSM up to a maximum number of five inspection visits per Vessel per year to be attended by CSM, with additional visits to be for the account of CLP; and

(vii) provide copies of any vessel inspection reports, valuations, surveys or similar reports upon request.

CSM is expressly authorized as agents for CLP to enter into such arrangements by contract or otherwise as are required to ensure the availability of the Services outlined above. CSM is further expressly authorized as agents for CLP to enter into such other arrangements as may from time to time be necessary to satisfy the requirements of OPA or other Federal or State laws.

(3) Storing, victualing and supplying of each Vessel and the arranging for the purchase of certain day to day stores, supplies and parts;

(4) Procuring and arrangement for port entrance and clearance, pilots, vessel agents, consular approvals, and other services necessary or desirable for the management and safe operation of each Vessel;

(5) Preparing, issuing or causing to be issued to shippers the customary freight contract, cargo receipts and/or bills of lading;

(6) Performance of all usual and customary duties concerned with the loading and discharging of cargoes at all ports;

(7) Naming of vessel agents for the transaction of each Vessel's business;

(8) Arrangement and retention in full force and effect of all customary insurance pertaining to each Vessel as instructed by the owner or charterer and all such policies of insurance, including but not limited to protection and indemnity, hull and machinery, war risk and oil pollution covering each Vessel; if requested by the owner or charterer, making application for certificates of financial responsibility on behalf of the Vessels covered hereunder;

(9) Adjustment and the negotiating of settlements, with or on behalf of claimants or underwriters, of any claim, damages for which are recoverable under policies of insurance;

(10) If requested, provide CLP with technical assistance in connection with any sale of any Vessel. CSM will, if requested in writing by CLP, comment on the terms of any proposed Memorandum of Agreement, but CLP will remain solely responsible for agreeing the terms of any Memorandum of Agreement regulating any sale;

(11) Arrangement or the prompt dispatch of each Vessel from loading and discharging ports and for transit through canals;

(12) Arrangement for employment of counsel, and the investigation, follow-up and negotiating of the settlement of all claims arising in connection with the operation of each Vessel; it being understood that CLP will be responsible for the payment of such counsel's fees and expenses;

(13) Arrangement for the appointment of an adjuster and assistance in preparing the average account, taking proper security for the cargo's and freight's proportion of average, and in all ways reasonably possible protecting the interest of each Vessel and her owner; it being understood that CLP will be responsible for the payment of such adjuster's fees and expenses;

(14) Arrangement for the appointment of surveyors and technical consultants as necessary; it being understood that CLP will be responsible for the payment of such surveyor's or technical consultant's fees and expenses outside the ordinary course of business;

(15) Negotiating of the settlement of insurance claims of Vessel owner's or charterer's protection and indemnity insurance and the arranging for the making of disbursements accordingly for owner's or charterer's account; CLP shall arrange for the provision of any necessary guarantee bond or other security;

(16) Attendance to all matters involving each Vessel's crew, including, but not limited to, the following:

(i) arranging for the procurement and enlistment for each Vessel, as required by applicable law, of competent, reliable and duly licensed personnel (hereinafter referred to as "crew members") in accordance with the requirements of International Maritime Organisation Convention on Standards of Training Certification and Watchkeeping for Seafarers 1978 and as subsequently amended, and all replacements therefore as from time to time may be required;

(ii) arranging for all transportation, board and lodging for the crew members as and when required at rates and types of accommodations as customary in the industry;

(iii) keeping and maintaining full and complete records of any labour agreements which may be entered into between owner or disponent owner and the crew members and the prompt reporting to owner or disponent owner as soon as notice or knowledge thereof is received of any change or proposed change in labour agreements or other regulations relating to the master and the crew members;

(iv) negotiating the settlement and payment of all wages with the crew members during the course of and upon termination of their employment;

(v) the handling of all details and negotiating the settlement of any and all claims of the crew members including, but not limited to, those arising out of accidents, sickness, or death, loss of personal effects, disputes under articles or contracts of enlistment, policies of insurance and fines;

(vi) keeping and maintaining all administrative and financial records relating to the crew members as required by law, labour agreements, owner or charterer, and rendering to owner or charterer any and all reports when, as and in such form as requested by owner or charterer;

(vii) the performance of any other function in connection with crew members as may be requested by owner or charterer; and

(viii) negotiating with unions, if required.

(17) Payment of all charges incurred in connection with the management of each Vessel, including, but not limited to, the cost of the items listed in (2) to (16) above, canal tolls, repair charges and port charges, and any amounts due to any governmental agency with respect to the Vessel crews;

(18) In such form and on such terms as may be requested by CLP, the prompt reporting to CLP of each Vessel’s movement, position at sea, arrival and departure dates, casualties and damages received or caused by each Vessel;

(19) In case any of the Vessels is employed under a voyage charter, CLP shall pay for all voyage related expenses (including bunkers, canal tolls and port dues) and CSM shall arrange for the provision of bunker fuel of the quality agreed with CLP as required for any Vessel's trade. CSM shall be entitled to order bunker fuel through such brokers or suppliers as CLP deem appropriate unless CLP instruct CSM to utilize a particular supplier which CSM will be obliged to do provided that the CLP have made prior credit arrangements with such supplier. CLP shall comply with the terms of any credit arrangements made by CSM on their behalf;

(20) CSM shall not in any circumstances have any liability for any bunkers which do not meet the required specification. CSM will, however, take such action, on behalf of CLP, against the supplier of the bunkers, as is agreed with CLP.

(21) Except as provided in paragraph (22) below, CSM shall make arrangements as instructed by the Classification Society of each Vessel for the intermediate and special survey of each Vessel and all costs in connection with passing such surveys (including dry-docking) and satisfactory compliance with class requirements will be borne by CSM.

(22) CSM shall make arrangements as instructed by the Classification Society of the Amore Mio II for the next scheduled intermediate or special survey of the Amore Mio II, as applicable, and all costs in connection with passing such survey (including dry-docking) and satisfactory compliance with class requirements will be borne by CSM.

(d) Schedule “B” of the Management Agreement is hereby amended to read in its entirety as follows:

SCHEDULE B

FEES

In consideration for the provision of the Services listed in Schedule A by CSM to CLP, CLP shall pay CSM a fixed daily fee of US$5,500 per time-chartered Vessel, payable on the last day of each month, and will also pay a fixed daily fee of US$250 per bareboat-chartered Vessel, as set forth in the table below. Notwithstanding anything in this Agreement to the contrary, this Schedule will be amended from time to time to reflect the applicable fee for each Additional Vessel, which fee shall be negotiated on a vessel-by-vessel basis.

Vessel Name	Daily Fee in US$
Atlantas	250
Aktoras	250
Agisilaos	5,500
Assos	5,500
Arionas	5,500
Axios	5,500
Aiolos	250
Avax	5,500
Atrotos	5,500
Akeraios	5,500
Anemos I	5,500
Apostolos	5,500
Alexandros II	250
Aristotelis II	250
Aris II	250
Attikos	5,500
Amore Mio II	8,500

(e) Schedule “E” of the Management Agreement is hereby amended to read in its entirety as follows:

SCHEDULE E

DATE OF TERMINATION

Vessel Name	Expected Termination Date
Atlantas	January-April 2011
Aktoras	April-July 2011
Agisilaos	May-August 2011
Assos	February-May 2011
Arionas	August-November 2011
Axios	December 2011-March 2012
Aiolos	November 2011- February 2012
Avax	June 2010
Atrotos	February-May 2012
Akeraios	May-August 2012
Anemos I	July-October 2012
Apostolos	July-October 2012
Alexandros II	December 2012-March 2013
Aristotelis II	March-June 2013
Aris II	May-August 2013
Attikos	September-November 2012
Amore Mio II	March - April 2013

Section 3. Effectiveness of Amendment. This Amendment shall become effective as of the date hereof (the "Amendment Effective Date").

Section 4. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, amend, or otherwise affect the rights and remedies of CLP or CSM under the Management Agreement, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Management Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle CLP or CSM to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Management Agreement in similar or different circumstances. This Amendment shall apply and be effective with respect to the matters expressly referred to herein. After the Amendment Effective Date, any reference to the Management Agreement shall mean the Management Agreement with such amendments effected hereby.

Section 5. Counterparts. This Amendment may be executed in one or more signed counterparts, facsimile or otherwise, which shall together form one instrument.

IN WITNESS WHEREOF the Parties have executed this Amendment by their duly authorized signatories with effect on the date first above written.

CAPITAL PRODUCT PARTNERS L.P. BY ITS GENERAL PARTNER, CAPITAL GP L.L.C.,

By: _____

Name: Ioannis E. Lazaridis
Title: Chief Executive Officer and Chief Financial Officer of Capital GP L.L.C.

CAPITAL SHIP MANAGEMENT CORP.,

By: _____

Name: Nikolaos Syntichakis
Title : Attorney-in-Fact

Exhibit 4.10

Date 19 March 2008

CAPITAL PRODUCT PARTNERS L.P.
as Borrower

- and - -

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1
as Lenders

- and - -

HSH NORDBANK AG
as Swap Bank

- and - -

HSH NORDBANK AG
as Bookrunner

- and - -

HSH NORDBANK AG
as Mandated Lead Arranger,
Facility Agent and Security Trustee

- and - -

DnB NOR BANK ASA
as Co-Arranger

LOAN AGREEMENT

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relating to revolving credit and term loan facilities not
exceeding US$350,000,000 in aggregate to initially
part-finance the acquisition cost of four tanker vessels and
further part-finance the acquisition cost of certain additional vessels

WATSON, FARLEY & WILLIAMS
Piraeus

INDEX

THIS LOAN AGREEMENT is made on 19 March 2008

BETWEEN:

(1) **CAPITAL PRODUCT PARTNERS L.P.** being a limited partnership formed in the Republic of the Marshall Islands whose registered office is at Trust Company House, Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands as **Borrower**.

(2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1, as **Lenders.**

(3) **HSH NORDBANK AG** as **Swap Bank.**

(4) **HSH NORDBANK AG** as **Bookrunner.**

(5) **HSH NORDBANK AG** as **Mandated Lead Arranger, Facility Agent and Security Trustee.**

(6) **DnB NOR BANK ASA, London** as **Co-Arranger.**

WHEREAS

(A) The Lenders have agreed to make available to the Borrower a revolving credit facility (initially divided into 3 tranches) of up to US$350,000,000 for the purpose of:

(i) in the case of Tranche A (being in an amount of up to US$57,500,000), to refinance part of the cost of acquiring the issued share capital of the Existing Owners of the 2001-built Suezmax tanker “AMORE MIO II” and the 2005-built chemical tanker “ARISTOFANIS”;

(ii) in the case of Tranche B (being in an amount of up to US$52,500,000), to refinance part of the cost of acquiring the issued share capital of the Existing Owners of the 2006-built medium range product tankers “ARISTIDIS” and “ALKIVIADIS”; and

(iii) in the case of Tranche C (being in an amount of up to US$240,000,000), to part-finance or refinance the acquisition cost of certain Additional Ships or to part-finance or refinance the cost of acquiring the issued share capital of an Additional Ship Owner.

Subject to the terms and conditions of this Agreement all amounts outstanding under the revolving credit facility on the Termination Date shall on that date be converted into a term loan facility which shall be repaid over a period of 5 years (or, through the operation of Clause 4.9, 2 years) in accordance with the terms of this Agreement.

(B) To the extent initially borrowed for the purposes referred to in Recital (A) and prepaid, the Borrower shall be entitled to reborrow the prepaid amounts for the purpose referred to in paragraph (iii) of Recital (A) or in order to provide the Borrower with additional liquidity for its general working capital and corporate purposes

(C) The Swap Bank has agreed to enter into interest rate swap transactions with the Borrower from time to time to hedge the Borrower’s exposure under this Agreement to interest rate fluctuations.

(D) The Lenders and the Swap Bank have agreed to share in the security to be granted to the Security Trustee pursuant to this Agreement with the obligations of the Borrower to the Swap Bank being subordinated to those of the Borrower to the Lenders.

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Definitions. Subject to Clause 1.5, in this Agreement:

"**Accounting Information**" means the annual audited consolidated accounts to be provided by the Borrower to the Facility Agent in accordance with Clause 11.6(a)(i) of this Agreement or the quarterly unaudited management accounts of the Borrower to be provided by the Borrower to the Facility Agent in accordance with Clause 11.6(b)(i) of this Agreement (as the context may require);

"**Additional Advance**" means each Advance which is to be used in refinancing or financing on delivery part of the purchase price of an Additional Ship or in financing or refinancing part of the cost of acquiring the issued share capital of an Additional Ship Owner and which is to be made available in accordance with and pursuant to Clauses 2.1 and 4.2(c);

"**Additional Ship**" means any ship which is, or is to be, purchased by an Additional Ship Owner, each of which (unless all of the Lenders acting in their absolute discretion agree otherwise) must satisfy all the Additional Ship Requirements;

"**Additional Ship MOA**" means, in relation to an Additional Ship, a memorandum of agreement or a shipbuilding contract to be made between the Additional Ship Seller of that Additional Ship and the Additional Ship Owner which is the buyer thereof on terms and conditions acceptable to the Lenders and, in the plural, mean all of them;

"**Additional Ship Owner**" means a company which is or will be a direct or indirect wholly-owned subsidiary of the Borrower incorporated in a jurisdiction acceptable to the Lenders (in their absolute discretion) which shall be the owner of an Additional Ship and, in the plural, means all of them;

"**Additional Ship Requirements**" means, in relation to any Ship which is, or is to be, purchased by an Additional Ship Owner, a ship which satisfies the following requirements:

(a) it is a tanker built in or after 2002;

(b) it maintains the highest class with an Approved Classification Society free of any overdue recommendations and conditions;

(c) it is to be registered on an Approved Flag;

"**Additional Ship Seller**" means, in relation to an Additional Ship, the seller of such Additional Ship and, in the plural, means all of them;

"**Adrian**" means Adrian Shipholding Inc., a corporation incorporated and existing under the laws of the Republic of Marshall Islands and having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands;

"**Advance**" means the principal amount of each borrowing by the Borrower under this Agreement;

"**Affected Lender**" has the meaning given in Clause 5.5;

"**Agency and Trust Agreement**" means the agency and trust agreement executed or to be executed between the Borrower, the Lenders, the Swap Bank and the Security Trustee in such form as the Lenders may approve or require;

"**ALKIVIADIS**" means the 2006-built medium range product tanker of approximately 37,000 deadweight tons registered in the ownership of Adrian under the Marshall Islands flag with the name "ALKIVIADIS";

"**AMORE MIO II**" means the 2001-built Suezmax tanker of approximately 160,000 deadweight tons registered in the ownership of Baymont under the Liberian flag with the name "AMORE MIO II";

"**Approved Broker**" means each of H. Clarksons & Company Limited, RS Platou, Galbraith's Limited, E.A. Gibson Shipbrokers and Barry Rogliano Salles and in the plural means all of them;

"**Approved Classification Society**" means any of the following:

(a) American Bureau of Shipping;

(b) Bureau Veritas;

(c) Det Norske Veritas;

(d) Germanischer Lloyd;

(e) Korean Register of Shipping;

(f) Lloyd's Register of Shipping;

(g) Nippon Kaiji Kyokai;

(h) Registro Italiano Navale; and

in the case of "ARISTOFANIS" only, China Classification Society;

"**Approved Flag**" means the Liberian or Marshall Islands or Bahamas or Greek or Malta flag or such flag as the Facility Agent may, with the authorisation of all the Lenders, approve as the flag on which a Ship shall be registered, such approval not to be unreasonably withheld;

"**Approved Flag State**" means any country in which the Facility Agent may with the authorisation of all the Lenders, approve that a Ship be registered, such approval not to be unreasonably withheld;

"**Approved Manager**" means, in relation to a Ship, Capital Ship Management Corp., a company incorporated in Panama having its registered office at Hong Kong Bank Building, 6th floor, Samuel Lewis Avenue, Panama, Republic of Panama, or any other company which the Lenders may approve (such approval not to be unreasonably withheld) from time to time as the commercial, technical and/or operational manager of that Ship;

"**Approved Manager's Undertaking**" means, in relation to each Ship, a letter of undertaking executed or to be executed by the Approved Manager in favour of the Security Trustee in the terms required by the Security Trustee agreeing certain matters in relation to the Approved Manager serving as the manager of the Ship and subordinating the rights of the Approved Manager against such Ship and the Owner thereof to the rights of the Creditor Parties under the Finance Documents, in such form as the Security Trustee, with the authorisation of the Majority Lenders, may reasonably approve or require and in the plural means all of them;

"**ARISTIDIS**" means the 2006-built medium range product tanker of approximately 37,000 deadweight tons registered in the ownership of Atlantas under the Marshall Islands flag with the name "ARISTIDIS";

"**ARISTOFANIS**" means the 2005-built chemical tanker of approximately 12,000 deadweight tons registered in the ownership of Forbes under the Liberian flag with the name "ARISTOFANIS";

"**Atlantas**" means Atlantas Shipping Company, a corporation incorporated and existing under the law of the Republic of the Marshall Islands and having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands;

"**Availability Period**" means the period commencing on the date of this Agreement and ending on:

(a) 30 March 2013 (as such date may be extended in accordance with Clause 4.9), or such later date as the Facility Agent may, with the authorisation of all the Lenders, agree with the Borrower; or

(b) if earlier, the date on which the Total Commitments are cancelled or terminated;

"**Balloon Instalment**" has the meaning given to that term in Clause 8.2(b);

"**Bareboat Charter Security Agreement**" means, in relation to any Ship which is subject to a bareboat charter (other than any bareboat charter to which BP is a party) (which charter may be entered into by the relevant Owner in accordance with Clause 14.17), an agreement or agreements whereby the Security Trustee receives an assignment of the rights of the relevant Owner under the bareboat charter and certain undertakings from that Owner and the relevant charterer and, if so agreed by the Security Trustee (acting with the authorisation of the Lenders), agrees to give certain undertakings to that charterer, in each case, in such form as the Majority Lenders may reasonably approve or require and, in the plural, means all of them;

"**Baymont**" means Baymont Enterprises Incorporated, a corporation incorporated and exising under the laws of the Liberia and having its registered office at 80 Broad Street, Monrovia, Liberia

"**Borrower**" means Capital Product Partners L.P., a limited partnership formed under the laws of the Republic of the Marshall Islands and having its registered office at Trust Company House, Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands;

"**BP**" means BP Shipping Limited, a company incorporated in England whose registered office is at Chartsey Road, Sunbury Upon Thames, Middlesex TW16 7BP, United Kingdom;

"**Business Day**" means a day on which banks are open in London, Hamburg, Athens and Piraeus and in respect of a day on which a payment is required to be made under a Finance Document, also in New York City;

"**Charterparty**" means any bareboat charterparty or any time charterparty in respect of a Ship of a duration (or capable of being or exceeding a duration) of 11 months or more, made on terms and with a charterer acceptable in all respects to the Lenders, such acceptance not to be unreasonably withheld;

"**Charterparty Assignment**" means, in relation to:

(a) a Ship (at all times during the term of the Existing Charter relative thereto), an assignment of the rights of the Owner of that Ship under the Existing Charter relative to that Ship executed or to be executed by the relevant Owner in favour of the Security Trustee; and

(b) each Ship (in the case of AMORE MIO II and ARISTOFANIS, after the expiry of the Existing Charter relative thereto), an assignment of the rights of the relevant Owner under any Charterparty in respect of such Ship with a duration of at least 11 consecutive months executed or to be executed by the relevant Owner in favour of the Security Trustee,

in each case, in such form as the Lenders may approve or require and, in the plural, means all of them;

"**Closing Date**" means a Business Day falling no later than 30 March 2008;

"**Co-Arranger**" means DnB NOR Bank ASA, London, acting through its office at 20 St Dunstan's Hill, London EC3R 8HY, England;

"**Commitment**" means, in relation to a Lender, the amount set opposite its name in Schedule 1, or, as the case may require, the amount specified in the relevant Transfer Certificate, as that amount may be reduced, cancelled or terminated in accordance with this Agreement (and "**Total Commitments**" means the aggregate of the Commitments of all the Lenders);

"**Compliance Certificate**" means a certificate in the form set out in Schedule 6 (or in any other form which the Facility Agent, acting with the authorisation of all the Lenders, approves or requires);

"**Confirmation**" and "**Early Termination Date**", in relation to any continuing Designated Transaction, have the meanings given in the Master Agreement;

"**Contractual Currency**" has the meaning given in Clause 21.5;

"**Contribution**" means, in relation to a Lender, the part of the Loan which is owing to that Lender;

"**Creditor Party**" means the Facility Agent, the Security Trustee, the Mandated Lead Arranger, the Swap Bank or any Lender, whether as at the date of this Agreement or at any later time;

"**Deed of Covenant**" means, in relation to a Ship registered or to be registered under Bahamas or Malta flag, a deed of covenant collateral to the Mortgage of that Ship creating charges over the Ship, executed or to be executed by the Owner of that Ship in favour of the Security Trustee, in such form as the Lenders may approve or require, and in the plural means all of them;

"**Designated Transaction**" means a Transaction which fulfils the following requirements:

(a) it is entered into by the Borrower pursuant to the Master Agreement with the Swap Bank which, at the time the Transaction is entered into, is also a Lender;

(b) its purpose is the hedging of the Borrower's exposure under this Agreement to fluctuations in LIBOR arising from the funding of the Loan (or any part thereof) for a period expiring no later than the final Repayment Date; and

(c) it is designated by the Borrower, by delivery by the Borrower to the Facility Agent of a notice of designation in the form set out in Schedule 5, as a Designated Transaction for the purposes of the Finance Documents;

"**Distribution Declaration Date**" means, in respect of each quarterly period during each Financial Year, a date (being a Business Day) falling no later than 60 days after the end of the relevant preceding financial quarter;

"**Dollars**" and "**$**" means the lawful currency for the time being of the United States of America;

"**Drawdown Date**" means, in relation to an Advance, the date requested by the Borrower for the Advance to be made, or (as the context requires) the date on which the Advance is actually made;

"**Drawdown Notice**" means a notice in the form set out in Schedule 2 (or in any other form which the Facility Agent, acting with the authorisation of all the Lenders, approves or reasonably requires);

"**Earnings**" means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Owner owning the Ship or the Security Trustee and which arise out of the use or operation of the Ship, including (but not limited to):

(a) all freight, hire and passage moneys, compensation payable to the Owner owning the Ship or the Security Trustee in the event of requisition of the Ship for hire, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Ship;

(b) all moneys which are at any time payable under Insurances in respect of loss of earnings; and

(c) if and whenever the Ship is employed on terms whereby any moneys falling within paragraphs (a) or (b) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to the Ship;

"**Earnings Account**" means, with respect to an Owner, an account in the name of that Owner with the Facility Agent in Hamburg which is designated by the Facility Agent in writing as the Earnings Account with respect to that Owner for the purposes of this Agreement and in the plural means all of them;

"**Earnings Account Pledge**" means, in relation to an Earnings Account, a deed of pledge of that Earnings Account, in such form as the Lender may approve or require, and in the plural means all of them;

"**EBITDA**" means, in respect of the relevant period, the aggregate amount of consolidated or combined pre-tax profits of the Group before extraordinary or exceptional items, depreciation, interest, repayment of principal in respect of any loan, rentals under finance leases and similar charges payable;

"**Environmental Claim**" means:

(a) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law; or

(b) any claim by any other person which relates to an Environmental Incident or to an alleged Environmental Incident,

and "**claim**" means a claim for damages, compensation, fines, penalties or any other payment of any kind whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset;

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from a Ship; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than a Ship and which involves a collision between a Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or a Ship or an Owner and/or any operator or manager is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released otherwise than from a Ship and in connection with which a Ship is actually or potentially liable to be arrested and/or where an Owner and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action;

"**Environmental Law**" means any law relating to pollution or protection of the environment, to the carriage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material;

"**Environmentally Sensitive Material**" means oil, oil products and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous;

"**Event of Default**" means any of the events or circumstances described in Clause 19.1;

"**Existing Charter**" means, in relation to:

(a) "AMORE MIO II", a time charter in respect of that Ship dated 12 September 2007 and made between Baymont and BP; and

(b) "ARISTOFANIS", a time charter in respect of that Ship dated 23 June 2005 and made between Forbes and Shell;

"**Existing Owners**" means each of:

(a) Adrian Shipholding Inc. ("**Adrian**");

(b) Atlantas Shipping Company ("**Atlantas**");

(c) Baymont Enterprises Incorporated ("**Baymont**"); and

(d) Forbes Maritime Co. ("**Forbes**"),

each a corporation incorporated under the laws of the Republic of the Marshall Islands whose registered office is at Trust Company House, Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands or, in the case of Baymont, under the laws of Liberia, whose registered office is at 80 Broad Street, Monrovia, and, in the singular, means one of them;

"**Existing Ships**" means, together, "AMORE MIO II", "ARISTOFANIS", "ARISTIDIS" and "ALKIVIADIS" and in the singular means any of them;

"**Fee Letter**" means a letter issued or to be issued by the Borrower to the Facility Agent in which the Borrower agrees to pay certain fees to the Facility Agent in connection with this Agreement;

"**Finance Documents**" means:

(a) this Agreement;

(b) the Master Agreement;

(c) the Agency and Trust Agreement;

(d) the Guarantees;

(e) the Master Agreement Assignment;

(f) the General Assignments;

(g) the Mortgages;

(h) the Deeds of Covenant;

(i) the Earnings Account Pledges;

(j) the Retention Account Pledge;

(k) the Swap Account Pledge;

(l) the Management Agreement Assignments;

(m) any Charterparty Assignments;

(n) any Bareboat Charter Security Agreements;

(o) the Approved Manager's Undertakings; and

(p) any other document (whether creating a Security Interest or not) which is executed at any time by the Borrower, an Owner or any other person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders under this Agreement or any of the documents referred to in this definition;

"**Final Maturity Date**" means 30 March 2018;

"**Financial Indebtedness**" means, in relation to a person (the "**debtor**"), a liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;

(d) under a financial lease, a deferred purchase consideration arrangement or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

(e) under any interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or

(f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within (a) to (e) if the references to the debtor referred to the other person;

"**Fleet Vessels**" means all of the vessels (including, but not limited to, the Ships) from time to time wholly owned by members of the Group (each a "**Fleet Vessel**");

"**Forbes**" means Forbes Maritime Co., a corporation incorporated and existing under the laws of the Republic of the Marshaall Islands and having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands.

"**General Assignment**" means, in relation to a Ship, a general assignment of the Earnings, the Insurances and any Requisition Compensation, in such form as the Lenders may approve or require and in the plural means all of them;

"**Group**" means the Borrower and its subsidiaries (whether direct or indirect and including, but not limited to, each Owner) from time to time during the Security Period and "**member of the Group**" shall be construed accordingly;

"**Guarantee**" means, in relation to an Owner, the guarantee to be given by that Owner in favour of the Security Trustee, guaranteeing the obligations of the Borrower under this Agreement and the other Finance Documents, in such form as the Lenders may approve or require and in the plural means all of them;

"**Initial Borrowing Date**" means the first Drawdown Date under this Agreement;

"**Insurances**" means, in relation to a Ship:

(a) all policies and contracts of insurance, including entries of such Ship in any protection and indemnity or war risks association, which are effected in respect of such Ship, her Earnings or otherwise in relation to her; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium;

"**Interest Period**" means a period determined in accordance with Clause 6;

"**ISM Code**" means, in relation to its application to each Owner, its Ship and its operation:

(a) 'The International Management Code for the Safe Operation of Ships and for Pollution Prevention', currently known or referred to as the 'ISM Code', adopted by the Assembly of the International Maritime Organisation by Resolution A.741(18) on 4 November 1993 and incorporated on 19 May 1994 into chapter IX of the International Convention for the Safety of Life at Sea 1974 (SOLAS 1974); and

(b) all further resolutions, circulars, codes, guidelines, regulations and recommendations which are now or in the future issued by or on behalf of the International Maritime Organisation or any other entity with responsibility for implementing the ISM Code, including without limitation, the 'Guidelines on implementation or administering of the International Safety Management (ISM) Code by Administrations' produced by the International Maritime Organisations pursuant to Resolution A.788(19) adopted on 25 November 1995,

as the same may be amended, supplemented or replaced from time to time;

"**ISM Code Documentation**" includes:

(a) the document of compliance (DOC) and safety management certificate (SMC) issued pursuant to the ISM Code in relation to the Ships or either or them within the periods specified by the ISM Code; and

(b) all other documents and data which are relevant to the ISM SMS and its implementation and verification which the Facility Agent may require; and

(c) any other documents which are prepared or which are otherwise relevant to establish and maintain the Ships' or the Owners' compliance with the ISM Code which the Facility Agent may require;

"**ISM SMS**" means the safety management system for each Ship which is required to be developed, implemented and maintained under the ISM Code;

"**ISPS Code**" means the International Ship and Port Facility Security Code constituted pursuant to resolution A.924 (22) of the International Maritime Organisation ("**IMO**") adopted by a Diplomatic conference of the IMO on Maritime Security on 13 December 2002 and now set out in Chapter XI-2 of the Safety of Life at Sea Convention (SOLAS) 1974 (as amended) to take effect on 1 July 2004;

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code;

"**Lender**" means, subject to Clause 26.6:

(a) a bank or financial institution listed in Schedule 1 and acting through its branch indicated in Schedule 1 (or through another branch notified to the Borrower under Clause 26.14) unless it has delivered a Transfer Certificate or Certificates covering the entire amounts of its Commitment and its Contribution; and

(b) the holder for the time being of a Transfer Certificate;

"**LIBOR**" means, for an Interest Period:

(a) the rate per annum equal to the offered quotation for deposits in Dollars for a period equal to, or as near as possible equal to, the relevant Interest Period which appears on the appropriate page of the Reuters Monitor Money Rates Service at or about 11.00 a.m. (London time) on the Quotation Date for that Interest Period or on such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for Dollars; or

(b) if no rate is quoted on the appropriate page of the Reuters Monitor Money Rates Service, the rate per annum determined by the Facility Agent to be the arithmetic mean (rounded upwards, if necessary, to the nearest one-sixteenth of one per cent.) of the rates per annum notified to the Facility Agent by each Lender as the rate at which deposits in Dollars are offered to that Lender by leading banks in the London Interbank Market at that Lender's request at or about 11.00 a.m. (London time) on the Quotation Date for that Interest Period for a period equal to that Interest Period and for delivery on the first Business Day of it;

"**Liquid Assets**" means, at any relevant time hereunder, the aggregate of:

(a) cash in hand or held with banks or other financial institutions of the Borrower and/or any other member of the Group in Dollars or another currency freely convertible into Dollars,;

(b) the market value of transferable certificates of deposit in a freely convertible currency acceptable to the Lenders (being for the purposes of this Agreement, Dollars, Japanese Yen, Swiss Francs, Euros or Sterling) issued by a prime international bank; and

(c) the market value of equity securities (if and to the extent that the Facility Agent is satisfied that such equity securities are readily saleable for cash and that there is a ready market therefor) and investment grade debt securities which are publicly traded on a major stock exchange or investment market (valued at market value as at any applicable date of determination);

in each case owned by the Borrower or any other member of the Group where:

(i) the market value of any asset specified in paragraph (b) and (c) shall be the bid price quoted for it on the relevant calculation date by the Facility Agent: and

(ii) the amount or value of any asset denominated in a currency other than Dollars shall be converted into Dollars using the Facility Agent's spot rate for the purchase of Dollars with that currency on the relevant calculation date.

"**Loan**" means the principal amount of the Advances for the time being outstanding under this Agreement;

"**Major Casualty**" means, in relation to a Ship, any casualty to the Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $750,000 or the equivalent in any other currency;

"**Majority Lenders**" means:

(a) at any time when no Advances are outstanding, Lenders whose Commitments total 66 2/3 per cent. of the Total Commitments; and

(b) at any other time, Lenders whose Contributions total 66 2/3 per cent. of the Loan;

"**Management Agreement**" means, in relation to each Ship, an agreement made or to be made between (i) the Owner of that Ship and (ii) the Approved Manager in respect of the commercial and technical management of the Ship to be in form and substance in all respects reasonably acceptable to the Lenders and, in the plural, means both of them;

"**Management Agreement Assignment**" means, in relation to each Management Agreement, the first priority assignment of the rights and interests of the relevant Owner under that Management Agreement in such form as the Lenders may approve or require and, in the plural, means all of them;

"**Mandated Lead Arranger**" means HSH Nordbank AG, acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany;

"**Mandatory Cost Rate**" means, in relation to the Loan, the cost calculated as a percentage rate per annum incurred by a Lender as a result of compliance with any applicable regulatory or central bank requirements, including any reserve costs imposed by the European Central Bank or the European System of Central Banks;

"**Margin**" means, subject to Clause 5.14, 1.10 per cent. per annum;

"**Market Value**" means, in respect of each Ship and each Fleet Vessel, the market value thereof determined from time to time in accordance with Clause 15.4;

"**Master Agreement**" means a master agreement (on the 1992 or, as the case may be, 2002 ISDA (Multicurrency - Crossborder) form) made between the Borrower and the Swap Bank and includes all Designated Transactions from time to time entered into and Confirmations from time to time exchanged under the master agreement;

"**Master Agreement Assignment**" means the assignment of the Master Agreement in such form as the Lenders may approve or require;

"**Mortgage**" means, in relation to a Ship, the first preferred or, as the case may be, priority ship mortgage on the Ship under the relevant Approved Flag executed by the Owner of that Ship in favour of the Security Trustee, in such form as the Lenders may approve or require;

"**Negotiation Period**" has the meaning given in Clause 5.8;

"**Net Interest Expenses**" means, in respect of the relevant period:

(a) the aggregate of all interest payable by any member of the Group on any Financial Indebtedness (excluding any amounts owing by one member of the Group to another member of the Group) and any net amounts payable under interest rate hedge agreements, less

(b) the aggregate of all interest received by any member of the Group arising from any Liquid Assets and any net amounts received by any member of the Group under interest rate hedge agreements;

"**Notifying Lender**" has the meaning given in Clause 23.1 or Clause 24.1 as the context requires;

"**Owner**" means:

(a) in relation to each Existing Ship, the Existing Owner thereof; and

(b) in relation to each Additional Ship, the Additional Ship Owner thereof;

"**Partnership Agreement**" means the first amended and restated agreement of limited partnership in respect of the Borrower made between Capital GP L.L.C., a Marshall Islands limited liability company, as general partner, and Capital Maritime and Trading Corp., a Marshall Islands corporation, as organisational limited partner;

"**Payment Currency**" has the meaning given in Clause 21.5;

"**Permitted Security Interests**" means:

(a) Security Interests created by the Finance Documents;

(b) liens for unpaid crew's wages in accordance with usual maritime practice;

(c) liens for salvage;

(d) liens arising by operation of law for not more than 2 months' prepaid hire under any charter in relation to a Ship not prohibited by this Agreement;

(e) liens for master's disbursements incurred in the ordinary course of trading and any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Ship, provided such liens do not secure amounts more than 45 days overdue (unless the overdue amount is being contested by the relevant Owner in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 14.13(e);

(f) any Security Interest created in favour of a plaintiff or defendant in any action of the court or tribunal before whom such action is brought as security for costs and expenses where the Borrower is prosecuting or defending such action in good faith by appropriate steps; and

(g) Security Interests arising by operation of law in respect of taxes which are not overdue for payment other than taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made;

"**Pertinent Jurisdiction**", in relation to a company, means:

(a) England and Wales;

(b) the country under the laws of which the company is incorporated or formed;

(c) a country in which the company's central management and control is or has recently been exercised;

(d) a country in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;

(e) a country in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; and

(f) a country the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (b) or (c) above;

"**Potential Event of Default**" means an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the Majority Lenders and/or the satisfaction of any other condition, would constitute an Event of Default;

"**Quotation Date**" means, in relation to any Interest Period (or any other period for which an interest rate is to be determined under any provision of a Finance Document), the day on which quotations would ordinarily be given by leading banks in the London Interbank Market for deposits in the currency in relation to which such rate is to be determined for delivery on the first day of that Interest Period or other period;

"**Relevant Distribution Declaration Date**" has the meaning given in Clause 8.2(a);

"**Relevant Person**" has the meaning given in Clause 19.9;

"**Repayment Date**" means a date on which a repayment is required to be made under Clause 8;

"**Repayment Instalment**" has the meaning given to that item in Clause 8.2(b);

"**Requisition Compensation**" includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of "Total Loss";

"**Retention Account**" means an account in the name of the Borrower with the Facility Agent in Hamburg designated "Capital Product Partners L.P. - Retention Account" which is designated by the Facility Agent in writing as the Retention Account for the purposes of this Agreement and to which transfers are only to be made in the circumstances referred to in Clause 8.2(a);

"**Retention Account Pledge**" means a pledge agreement creating security in favour of the Security Trustee in respect of the Retention Account in such form as the Lenders may approve or require;

"**Revolving Facility**" means the aggregate principal amount of up to $350,000,000 which may be drawn by the Borrower in accordance with the terms and conditions of this Agreement or, as the context may require, the aggregate principal amount of the Advances outstanding under this Agreement at any time prior to the conversion of the Revolving Facility into the Term Loan pursuant to Clause 8.1;

"**Secured Liabilities**" means all liabilities which the Borrower, the Security Parties or any of them have, at the date of this Agreement or at any later time or times, under or by virtue of the Finance Documents or any judgment relating to the Finance Documents; and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country;

"**Security Cover Ratio**" means the ratio which is determined at any time by comparing the aggregate Market Value of the Ships subject to a Mortgage at the relevant time against the Loan;

"**Security Interest**" means:

(a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;

(b) the rights of the plaintiff under an action *in rem* in which the vessel concerned has been arrested or a writ has been issued or similar step taken; and

(c) any arrangement entered into by a person (A) the effect of which is to place another person (B) in a position which is similar, in economic terms, to the position in which B would have been had he held a security interest over an asset of A; but (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution;

"**Security Party**" means each of the Owners and any other person (except a Creditor Party and any charterer of any Ship) who, as a surety or mortgagor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a document falling within the final paragraph of the definition of "Finance Documents";

"**Security Period**" means the period commencing on the date of this Agreement and ending on the date on which the Facility Agent notifies the Borrower, the Security Parties and the Lenders that:

(a) all amounts which have become due for payment by the Borrower or any Security Party under the Finance Documents have been paid;

(b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;

(c) neither the Borrower nor any Security Party has any future or contingent liability under Clause 20, 21 or 22 below or any other provision of this Agreement or another Finance Document; and

(d) the Facility Agent, the Security Trustee and the Majority Lenders do not consider that there is a significant risk that any payment or transaction under a Finance Document would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of the Borrower or a Security Party or in any present or possible future proceeding relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created by a Finance Document;

"**Security Trustee**" means HSH Nordbank AG or any successor of it appointed under clause 5 of the Agency and Trust Agreement;

"**Shell**" means Shell International Trading & Shipping Ltd., acting through its office in London or any wholly owned subsidiary of Royal Dutch Shell plc.;

"**Ships**" means, together, the Existing Ships and the Additional Ships, and in the singular means any of them;

"**Swap Account**" means an account in the name of the Borrower with the Facility Agent in Hamburg designated "Capital Product Partners L.P. - Swap Account", which is designated by the Facility Agent as the Swap Account for the purposes of this Agreement;

"**Swap Account Pledge**" means a pledge agreement creating security in favour of the Security Trustee in respect of the Swap Account in such form as the Lenders may approve or require;

"**Swap Bank**" means HSH Nordbank AG acting through its office at Martensdamm 6, D-24103 Kiel, Germany;

"**Swap Exposure**" means, as at any relevant date, the amount certified by the Swap Bank to the Facility Agent to be the aggregate net amount in Dollars which would be payable by the Borrower to the Swap Bank under (and calculated in accordance with) section 6(e) (Payments on Early Termination) of the Master Agreement if an Early Termination Date had occurred on the relevant date in relation to all continuing Designated Transactions entered into between the Borrower and the Swap Bank;

"**Term Loan**" means, on the Termination Date, the aggregate principal amount of all the Advances (following the conversion of the Revolving Facility to the Term Loan pursuant to Clause 8.1) and, at all times thereafter, the Loan for the time being outstanding under this Agreement;

"**Termination Date**" means 30 March 2013 (as such date may be extended pursuant to Clause 4.9);

"**Total Indebtedness**" means the aggregate Financial Indebtedness of the Group as stated in the most recent Accounting Information;

"**Total Loss**" means, in relation to a Ship:

(a) actual, constructive, compromised, agreed or arranged total loss of the Ship;

(b) any expropriation, confiscation, requisition or acquisition of the Ship, whether for full consideration, a consideration less than her proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority, excluding a requisition for hire for a fixed period not exceeding one year without any right to an extension;

(c) any condemnation of the Ship by any tribunal or by any person or person claiming to be a tribunal;

(d) any arrest, capture, seizure or detention of the Ship (including any hijacking or theft) unless she is within 90 days redelivered to the full control of the Owner owning the Ship;

"**Total Loss Date**" means, in relation to a Ship:

(a) in the case of an actual loss of the Ship, the date on which it occurred or, if that is unknown, the date when the Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of the Ship, the earliest of:

(i) the date on which a notice of abandonment is given to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the Owner owning the Ship, with the Ship's insurers in which the insurers agree to treat the Ship as a total loss; and

(c) in the case of any other type of total loss, on the date (or the most likely date) on which it appears to the Facility Agent that the event constituting the total loss occurred;

"**Tranche A**" means an amount of up to $57,500,000 to be made available by the Lenders to the Borrower in up to two Advances pursuant to the terms of this Agreement and which shall be on-lent by the Borrower to the Owners of the Tranche A Ships to assist such Owners in refinancing up to 50 per cent. of the aggregate Market Value of the Tranche A Ships or, as the context may require, the aggregate principal amount thereof outstanding at the relevant time under this Agreement;

"**Tranche A Ships**" means, together, "AMORE MIO II" and "ARISTOFANIS" and in the singular means either of them;

"**Tranche B**" means an amount of up to $52,500,000 to be made available by the Lenders to the Borrower in up to two Advances pursuant to the terms of this Agreement and which shall be on-lent by the Borrower to the Owners of the Tranche B Ships to assist such Owners in refinancing up to 50 per cent. of the aggregate Market Value of the Tranche B Ships or, as the context may require, the aggregate principal amount thereof outstanding at the relevant time under this Agreement;

"**Tranche B Ships**" means, together, "ARISTIDIS" and "ALKIVIADIS", and in the singular means either of them;

"**Tranche C**" means an amount of up to $240,000,000 to be made available by the Lenders to the Borrower in multiple Advances (which shall not exceed the number of Additional Ships at any relevant time subject to a Mortgage) pursuant to the terms of this Agreement and which shall be on-lent by the Borrower to the Owners of the Additional Ships to assist such Owners in financing up to 50 per cent. of the aggregate Market Value of the Additional Ships or in part-financing the acquisition of shares in an Additional Ship Owner or, as the context may require, the aggregate principal amount thereof outstanding at the relevant time under this Agreement;

"**Tranches**" mean together, Tranche A, Tranche B and Tranche C, and in the singular means any of them;

"**Transaction"** has the meaning given in the Master Agreement;

"**Transfer Certificate**" has the meaning given in Clause 26.2;

"**Trust Property**" has the meaning given in clause 3.1 of the Agency and Trust Agreement; and

"**US GAAP**" means generally accepted accounting principles as from time to time in effect in the United States of America.

1.2 Construction of certain terms. In this Agreement:

"**approved**" means, for the purposes of Clause 13, approved in writing by the Facility Agent;

"**asset**" includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment;

"**company**" includes any partnership, joint venture and unincorporated association;

"**consent**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

"**contingent liability**" means a liability which is not certain to arise and/or the amount of which remains unascertained;

"**document**" includes a deed; also a letter, fax or telex;

"**excess risks**" means, in relation to a Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Ship in consequence of her insured value being less than the value at which the Ship is assessed for the purpose of such claims;

"**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable value added or other tax;

"**law**" includes any form of delegated legislation, any order or decree, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;

"**legal or administrative action**" means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

"**liability**" includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise;

"**months**" shall be construed in accordance with Clause 1.3;

"**obligatory insurances**" means, in relation to a Ship, all insurances effected, or which the Borrower owning the Ship is obliged to effect, under Clause 13 below or any other provision of this Agreement or another Finance Document;

"**parent company**" has the meaning given in Clause 1.4;

"**person**" includes any company; any state, political sub-division of a state and local or municipal authority; and any international organisation;

"**policy**", in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation therein of clause 1 of the Institute Time Clauses (Hulls)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

"**regulation**" includes any regulation, rule, official directive, request or guideline (either having the force of law or compliance with which is reasonable in the ordinary course of business of the party concerned) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

"**subsidiary**" has the meaning given in Clause 1.4;

"**successor**" includes any person who is entitled (by assignment, novation, merger or otherwise) to any other person's rights under this Agreement or any other Finance Document (or any interest in those rights) or who, as administrator, liquidator or otherwise, is entitled to exercise those rights; and in particular references to a successor include a person to whom those rights (or any interest in those rights) are transferred or pass as a result of a merger, division, reconstruction or other reorganisation of it or any other person;

"**tax**" includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any state, any political sub-division of a state or any local or municipal authority (including any such imposed in connection with exchange controls), and any connected penalty, interest or fine; and

"**war risks**" means the risks according to Institute War and Strike Clauses (Hull Time) (1/10/83) or (1/11/95), or equivalent conditions, including, but not limited to risk of mines, blocking and trapping, missing vessel, confiscation and all risks excluded from the standard form of English or other marine policy.

1.3 **Meaning of "month".** A period of one or more "months" ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started ("**the numerically corresponding day**"), but:

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,

and "**month**" and "**monthly**" shall be construed accordingly.

1.4 Meaning of "subsidiary". A company (S) is a subsidiary of another company (P) if:

(a) a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or

(b) P has direct or indirect control over a majority of the voting rights attached to the issued shares of S; or

(c) P has the direct or indirect power to appoint or remove a majority of the directors of S,

and any company of which S is a subsidiary is a parent company of S.

1.5 General Interpretation.

(a) In this Agreement:

(i) references to, or to a provision of, a Finance Document or any other document are references to it as amended or supplemented, whether before the date of this Agreement or otherwise;

(ii) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise; and

(iii) words denoting the singular number shall include the plural and vice versa.

(b) Clauses 1.1 to 1.4 and paragraph (a) of this Clause 1.5 apply unless the contrary intention appears.

(c) References in Clause 1.1 to a document being in the form of a particular Appendix include references to that form with any modifications to that form which the Facility Agent (with the authorisation of the Majority Lenders in the case of substantial modifications) approves or reasonably requires.

(d) The clause headings shall not affect the interpretation of this Agreement.

2 FACILITY

2.1 Amount of facilities. Subject to the other provisions of this Agreement, the Lenders shall make available to the Borrower revolving credit and term loan facilities not exceeding $350,000,000 in aggregate at any time. The revolving credit facility shall initially be made available in three Tranches as follows:

(a) Tranche A shall be in an amount not exceeding $57,500,000;

(b) Tranche B shall be in an amount not exceeding $52,500,000;

(c) Tranche C shall be in an amount not exceeding $240,000,000; and

(d) Tranche A and Tranche B may each be drawn in up to two Advances each and Tranche C may be drawn in multiple Advances, with each Additional Ship (or the acquisition of the shares in an Additional Ship Owner) being part-financed by not more than one Advance.

2.2 **Consolidation of Tranches**. On the Drawdown Date of the Advance under Tranche C which will result in Tranche C being fully drawn, all the Tranches shall be consolidated to form a single tranche constituting the Revolving Facility.

3 POSITION OF THE LENDERS, THE SWAP BANK AND THE MAJORITY LENDERS

3.1 **Interests of Lenders and Swap Bank several.** The rights of the Lenders and the Swap Bank under this Agreement and the Master Agreement are several; accordingly:

(a) each Lender shall be entitled to sue for any amount which has become due and payable by the Borrower to it under this Agreement; and

(b) the Swap Bank shall be entitled to sue for any amount which has become due and payable by the Borrower to it under the Master Agreement,

without joining the Facility Agent, the Security Trustee, any other Lender or the Swap Bank as additional parties in the proceedings.

3.2 **Proceedings by individual Lender or Swap Bank.** However, without the prior consent of the Majority Lenders, no Lender and the Swap Bank may bring proceedings in respect of:

(a) any other liability or obligation of the Borrower or a Security Party under or connected with a Finance Document or the Master Agreement; or

(b) any misrepresentation or breach of warranty by the Borrower or a Security Party in or connected with a Finance Document or the Master Agreement.

3.3 **Obligations several.** The obligations of the Lenders under this Agreement and of the Swap Bank under the Master Agreement are several; and a failure of a Lender to perform its obligations under this Agreement or of the Swap Bank to perform its obligations under the Master Agreement shall not result in:

(a) the obligations of the other Lenders being increased; nor

(b) the Borrower, any Security Party or any other Creditor Party being discharged (in whole or in part) from its obligations under any Finance Document;

and in no circumstances shall a Lender or the Swap Bank have any responsibility for a failure of another Lender or the Swap Bank to perform its obligations under this Agreement or the Master Agreement.

3.4 **Parties bound by certain actions of Majority Lenders.** Every Lender, the Swap Bank, the Borrower and each Security Party shall be bound by:

(a) any determination made, or action taken, by the Majority Lenders under any provision of a Finance Document;

(b) any instruction or authorisation given by the Majority Lenders to the Facility Agent or the Security Trustee under or in connection with any Finance Document;

(c) any action taken (or in good faith purportedly taken) by the Facility Agent or the Security Trustee in accordance with such an instruction or authorisation.

3.5 Reliance on action of Facility Agent. However, the Borrower and each Security Party:

(a) shall be entitled to assume that the Majority Lenders have duly given any instruction or authorisation which, under any provision of a Finance Document, is required in relation to any action which the Facility Agent has taken or is about to take; and

(b) shall not be entitled to require any evidence that such an instruction or authorisation has been given.

3.6 Construction. In Clauses 3.4 and 3.5 references to action taken include (without limitation) the granting of any waiver or consent, an approval of any document and an agreement to any matter.

4 DRAWDOWN

4.1 Request for Advance. Subject to the following conditions, the Borrower may request an Advance to be made by ensuring that the Facility Agent receives a completed Drawdown Notice not later than 11.00 a.m. (Hamburg time) 3 Business Days prior to the intended Drawdown Date.

4.2 Availability. The conditions referred to in Clause 4.1 are that:

(a) a Drawdown Date has to be a Business Day during the Availability Period;

(b) each Advance under Tranche A or Tranche B shall be used in refinancing the acquisition of a Tranche A Ship or, as the case may be, a Tranche B Ship or in part-financing or financing the acquisition of the issued share capital (free of any encumbrances or charges, except those permitted by the Majority Lenders) of the Existing Owners of the Tranche A Ships and the Tranche B Ships;

(c) each Advance under Tranche C shall be used in part-financing or refinancing the acquisition of an Additional Ship or in part-financing or refinancing the acquisition of shares (free of any encumbrances or charges, except those permitted by the Majority Lenders) in an Additional Ship Owner **Provided that**:

(i) the Borrower may draw down an Advance under Tranche C to finance or refinance the acquisition of an Additional Ship or the whole of the issued share capital of an Additional Ship Owner if, after such Advance is drawn down, the then outstanding amount of the Revolving Facility does not exceed 60 per cent. of the aggregate Market Value of all Ships then subject to a Mortgage;

(ii) an Advance under Tranche C may only be used to finance or refinance the acquisition of the whole of the issued share capital of an Additional Ship Owner if the Additional Ship Owner has entered into an Additional Ship MOA to acquire a tanker newbuilding or the seller of the shares is Capital Maritime & Trading Corp.; and

(iii) subject to the other provisions of this Agreement, an Advance under Tranche C may only be used to finance or refinance a newbuilding upon delivery of the same to its Owner by the relevant shipyard or by a person who has taken delivery of the newbuilding from a shipyard and is on-selling the same to the Owner;

(d) if any part of the Total Commitments has not been borrowed before the end of the Availability period, the Total Commitments shall on that date be permanently cancelled by an amount equal to such undrawn amount.

4.3 **Purpose of Advances.** The Borrower undertakes with each Creditor Party to use each Advance only for the purposes stated in the Recitals to this Agreement.

4.4 **Notification to Lenders of receipt of a Drawdown Notice.** The Facility Agent shall promptly notify the Lenders that it has received a Drawdown Notice and the Facility Agent shall inform each Lender of:

(a) the amount of the Advance and the Drawdown Date;

(b) the amount of that Lender's participation in the Advance; and

(c) the duration of the first Interest Period.

4.5 **Drawdown Notice irrevocable.** A Drawdown Notice must be signed by a director or other authorised person of the Borrower; and once served, a Drawdown Notice cannot be revoked without the prior consent of the Facility Agent, acting on the authority of the Majority Lenders.

4.6 **Lenders to make available Contributions.** Subject to the provisions of this Agreement, each Lender shall, on and with value on each Drawdown Date, make available to the Facility Agent for the account of the Borrower the amount due from that Lender on that Drawdown Date under Clause 2.1.

4.7 **Disbursement of Advance.** Subject to the provisions of this Agreement, the Facility Agent shall on each Drawdown Date pay to the Borrower the amounts which the Facility Agent receives from the Lenders under Clause 4.6; and that payment to the Borrower shall be made:

(a) to such account which the Borrower specifies in the Drawdown Notice; and

(b) in the like funds as the Facility Agent received the payments from the Lenders.

4.8 **Disbursement of Advance to third party.** The payment by the Facility Agent under Clause 4.7 to an Additional Ship Seller or any other third party shall constitute the making of the Advance and the Borrower shall thereupon become indebted, as principal and direct obligor, to each Lender in an amount equal to that Lender's Contribution.

4.9 **Extension of Termination Date**. If on 30 March 2013 (for the purposes of this Clause 4.9, the "**Original Termination Date**") the outstanding principal amount of the Revolving Facility does not exceed 60 per cent. of the aggregate Market Value of the Ships then subject to a Mortgage (determined by taking the average of the aggregate Market Value of the Ships on the Original Termination Date and on the date falling 6 months prior to the Original Termination Date), the Borrower may, by giving the Facility Agent notice in writing, request the extension of the Original Termination Date for a further period of up to 3 years. If Lenders whose Contributions total 80 per cent. of the Loan, acting in their sole and absolute discretion, agree to extend the Original Termination Date in accordance with this Clause 4.9 the Facility Agent shall send to the Borrower a notice in writing advising it of the period by which the Original Termination Date will be extended **Provided that** the new termination date shall be no later than 30 March 2016 and at all times thereafter the term "**Termination Date**" shall be read and construed to mean the new extended termination date.

5 INTEREST

5.1 **Payment of normal interest.** Subject to the provisions of this Agreement, interest on each Advance in respect of each Interest Period shall be paid by the Borrower in arrears on the last day of that Interest Period.

5.2 **Normal rate of interest.** Subject to the provisions of this Agreement, the rate of interest on each Advance in respect of an Interest Period shall be the aggregate of:

(a) the applicable Margin; and

(b) LIBOR for that Interest Period.

5.3 **Payment of accrued interest.** In the case of an Interest Period longer than 3 months, accrued interest shall be paid every 3 months during that Interest Period and on the last day of that Interest Period.

5.4 **Notification of Interest Periods and rates of normal interest.** The Facility Agent shall notify the Borrower and each Lender of:

(a) each rate of interest; and

(b) the duration of each Interest Period,

as soon as reasonably practicable after each is determined.

5.5 **Market disruption.** The following provisions of this Clause 5 apply if:

(a) no rate is quoted on the appropriate page of the Reuters Monitor Money Rates Service and at least half of the total number of Lenders at any time do not, before 1.00 p.m. (London time) on the Quotation Date for an Interest Period, provide quotations to the Facility Agent in order to fix LIBOR; or

(b) at least 1 Business Day before the start of an Interest Period, the majority of the Lenders (in numbers) who together have Contributions amounting to more than 50 per cent. of the Loan (or, if no Advance is outstanding at the relevant time, Commitments amounting to more than 50 per cent. of the Total Commitments) notify the Facility Agent that LIBOR fixed by the Facility Agent would not accurately reflect the cost to those Lenders of funding their respective Contributions (or any part of them) during the Interest Period in the London Interbank Dollar Market at or about 11.00 a.m. (London time) on the second Business Day before the commencement of the Interest Period; or

(c) at least 1 Business Day before the start of an Interest Period, the Facility Agent is notified by a Lender (the "**Affected Lender**") that for any reason it is unable to obtain Dollars in the London Interbank Market in order to fund its Contribution (or any part of it) during the Interest Period.

5.6 **Notification of market disruption.** The Facility Agent shall promptly notify the Borrower and each of the Lenders stating the circumstances falling within Clause 5.5 which have caused its notice to be given.

5.7 **Suspension of drawdown.** If the Facility Agent's notice under Clause 5.6 is served before an Advance is made:

(a) in a case falling within paragraphs (a) or (b) of Clause 5.5, the Lenders' obligations to make the Advance;

(b) in a case falling within paragraph (c) of Clause 5.5, the Affected Lender's obligation to participate in the Advance,

shall be suspended while the circumstances referred to in the Facility Agent's notice continue.

5.8 **Negotiation of alternative rate of interest.** If the Facility Agent's notice under Clause 5.6 is served after an Advance is made, the Borrower, the Facility Agent and the Lenders or (as the case may be) the Affected Lender shall use reasonable endeavours to agree, within the 30 days after the date on which the Facility Agent serves its notice under Clause 5.6 (the "**Negotiation Period**"), an alternative interest rate or (as the case may be) an alternative basis for the Lenders or (as the case may be) the Affected Lender to fund or continue to fund their or its Contribution to the relevant Advance or Advances during the Interest Period concerned.

5.9 **Application of agreed alternative rate of interest.** Any alternative interest rate or an alternative basis which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed.

5.10 **Alternative rate of interest in absence of agreement.** If an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the Facility Agent shall, with the agreement of each Lender or (as the case may be) the Affected Lender, set an interest period and interest rate representing the cost of funding of the Lenders or (as the case may be) the Affected Lender in Dollars or in any available currency of their or its Contribution to the relevant Advance or Advances plus the applicable Margin; and the procedure provided for by this Clause 5.10 shall be repeated if the relevant circumstances are continuing at the end of the interest period so set by the Facility Agent.

5.11 **Notice of prepayment.** If the Borrower does not agree with an interest rate set by the Facility Agent under Clause 5.10, the Borrower may give the Facility Agent not less than 15 Business Days' notice of its intention to prepay the relevant Advance or Advances at the end of the interest period set by the Facility Agent.

5.12 **Prepayment; termination of Commitments.** A notice under Clause 5.11 shall be irrevocable; the Facility Agent shall promptly notify the Lenders or (as the case may require) the Affected Lender of the Borrower' notice of intended prepayment; and:

(a) on the date on which the Facility Agent serves that notice, the Total Commitments or (as the case may require) the Commitment of the Affected Lender so far as they relate to the relevant Advance shall be cancelled; and

(b) on the last Business Day of the interest period set by the Facility Agent, the Borrower shall prepay (without premium or penalty) the Loan or, as the case may be, the Affected Lender's Contribution, together with accrued interest thereon at the applicable rate plus the applicable Margin.

5.13 **Application of prepayment.** The provisions of Clause 8 shall apply in relation to the prepayment.

5.14 **Renegotation of Margin.** The Borrower shall negotiate in good faith with the Lenders an adjustment to the Margin which is to apply as from the date falling on the fifth anniversary of the date of this Agreement (the "**Margin Determination Date**"). The Borrower shall use its best endeavours to ensure that such negotiations commence not later than the date falling 30 days before the Margin Determination Date. If:

(a) an adjustment is agreed between the parties, the Facility Agent will send to the Borrower and the Creditor Parties a notice in writing by no later than the date falling 5 Business Days before the Margin Determination Date specifying the new amount of the Margin which will apply as from the Margin Determination Date and at all times thereafter the term "**Margin**" shall be read and construed to mean such amount; or

(b) an adjustment cannot be agreed by the Margin Determination Date, the Borrower acknowledges and agrees that the Facility Agent (acting upon the instructions of all the Lenders) may request the Borrower to prepay the Loan within 30 Business Days of the Facility Agent's notice and the Borrower agrees to make such prepayment within a 60 Business Day period.

6 INTEREST PERIODS

6.1 Commencement of Interest Periods. The first Interest Period applicable to an Advance shall commence on the relevant Drawdown Date and each subsequent Interest Period shall commence on the expiry of the preceding Interest Period.

6.2 Duration of normal Interest Periods. Subject to Clauses 6.3 and 6.4, each Interest Period in respect of each Advance shall be:

(a) 1, 3, 6, 9 or 12 months as notified by the Borrower to the Facility Agent not later than 11.00 a.m. (Hamburg time) 3 Business Days before the commencement of the Interest Period;

(b) in the case of the first Interest Period applicable to the second and any subsequent Advance of a Tranche, a period ending on the last day of the then current Interest Period applicable to such Tranche, whereupon all of the Advances in respect of such Tranche shall be consolidated and treated as a single advance;

(c) 3 months, if the Borrower fail to notify the Facility Agent by the time specified in paragraph (a) above; or

(d) such other period as the Borrower may request from the Facility Agent, which may be agreed by the Facility Agent

Provided that no more than 6 Interest Periods in aggregate of 1-month's duration may be current at any time.

6.3 Duration of Interest Periods for repayment instalments. In respect of an amount due to be repaid under Clause 8 on a particular Repayment Date, an Interest Period in relation to the relevant Tranche shall end on that Repayment Date.

6.4 Non-availability of matching deposits for Interest Period selected. If, after the Borrower has selected an Interest Period longer than 6 months, any Lender notifies the Facility Agent by 11.00 a.m. (Hamburg time) on the third Business Day before the commencement of the Interest Period that it is not satisfied that deposits in Dollars for a period equal to the Interest Period will be available to it in the London Interbank Market when the Interest Period commences, the Interest Period shall be of 6 months.

7 DEFAULT INTEREST

7.1 Payment of default interest on overdue amounts. The Borrower shall pay interest in accordance with the following provisions of this Clause 7 on any amount payable by the Borrower under any Finance Document which the Facility Agent, the Security Trustee or the other designated payee does not receive on or before the relevant date, that is:

(a) the date on which the Finance Documents provide that such amount is due for payment; or

(b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or

(c) if such amount has become immediately due and payable under Clause 19.4, the date on which it became immediately due and payable.

7.2 Default rate of interest. Interest shall accrue on an overdue amount from (and including) the relevant date until the date of actual payment (as well after as before judgment) at the rate per annum determined by the Facility Agent to be 2 per cent. above:

(a) in the case of an overdue amount of principal, the higher of the rates set out at paragraphs (a) and (b) of Clause 7.3; or

(b) in the case of any other overdue amount, the rate set out at paragraph (b) of Clause 7.3.

7.3 Calculation of default rate of interest. The rates referred to in Clause 7.2 are:

(a) the rate applicable to the overdue principal amount immediately prior to the relevant date (but only for any unexpired part of any then current Interest Period);

(b) the applicable Margin plus, in respect of successive periods of any duration (including at call) up to 3 months which the Facility Agent may select from time to time:

(i) LIBOR; or

(ii) if the Facility Agent determines that Dollar deposits for any such period are not being made available to a Lender or (as the case may be) Lenders by leading banks in the London Interbank Market in the ordinary course of business, a rate from time to time determined by the Facility Agent by reference to the cost of funds to the Facility Agent from such other sources as the Facility Agent may from time to time determine.

7.4 Notification of interest periods and default rates. The Facility Agent shall promptly notify the Lenders and the Borrower of each interest rate determined by the Facility Agent under Clause 7.3 and of each period selected by the Facility Agent for the purposes of paragraph (b) of that Clause; but this shall not be taken to imply that the Borrower is liable to pay such interest only with effect from the date of the Facility Agent's notification.

7.5 Payment of accrued default interest. Subject to the other provisions of this Agreement, any interest due under this Clause shall be paid on the last day of the period by reference to which it was determined; and the payment shall be made to the Facility Agent for the account of the Creditor Party to which the overdue amount is due.

7.6 Compounding of default interest. Any such interest which is not paid at the end of the period by reference to which it was determined shall thereupon be compounded.

7.7 Application to Master Agreement. For the avoidance of doubt, this Clause 7 does not apply to any amount payable under the Master Agreement in respect of any continuing Designated Transaction as to which section 2(e) (Default Interest; Other Amounts) of the Master Agreement shall apply.

8 CONVERSION TO TERM LOAN; REPAYMENT AND PREPAYMENT

8.1 **Conversion to Term Loan**. On the Termination Date, the Revolving Facility shall be converted into the Term Loan.

8.2 **Mandatory amortisation and amount of repayments of Term Loan.** The following provisions of this Clause 8.2 shall apply to the repayment of the Loan:

(a) if on a Distribution Declaration Date falling before the Termination Date, the Security Cover Ratio (expressed as a percentage) is less than 125 per cent., then the Borrower shall repay the Loan in an amount which, once repaid, shall eliminate the shortfall. If a repayment is required pursuant to this Clause 8.2(a) on any Distribution Declaration Date (being the "**Relevant Distribution Declaration Date**"), then the Borrower shall transfer the amount of the repayment due under this Clause 8.2(a) into the Retention Account no later than 5 days after the Relevant Distribution Declaration Date. On the last day of the first Interest Period to expire which is current as at the Relevant Distribution Declaration Date the Facility Agent shall apply all amounts standing to the credit of the Retention Account in or towards repayment of the Loan and the payment of interest thereon in accordance with Clause 18.4; and

(b) after the Termination Date, the Term Loan shall be repaid by up to 20 equal consecutive three-monthly repayment instalments (each a "**Repayment Instalment**" and together the "**Repayment Instalments**") and a final balloon instalment (the "**Balloon Instalment**"). The Balloon Instalment shall be equal to 50 per cent of the Revolving Facility on the Termination Date and each Repayment Instalment shall be in an amount equal to one-twentieth of the amount by which the Revolving Facility on the Termination Date exceeds the Balloon Instalment **Provided that** if the Termination Date is extended pursuant to Clause 4.9, the Balloon Instalment shall remain unchanged but each Repayment Instalment shall be in an amount equal to one-eighth of the original Balloon Instalment.

8.3 **Repayment Dates.** The first Repayment Instalment shall be repaid on the date falling 3 months after the Termination Date, each subsequent Repayment Instalment shall be repaid at 3-monthly intervals thereafter and the Balloon Instalment, together with the Final Repayment Instalment, shall be repaid on the date falling on the earlier of (a) the tenth anniversary of the first Drawdown Date and (b) the Final Maturity Date.

8.4 **Final Repayment Date.** On the final Repayment Date, the Borrower shall additionally pay to the Facility Agent for the account of the Creditor Parties all other sums then accrued or owing under any Finance Document.

8.5 **Optional facility cancellation.** The Borrower shall be entitled, upon giving to the Facility Agent not less than 3 Business Days prior written notice (which notice shall be irrevocable), to cancel, in whole or in part, and, if in part, by an amount not less than $1,000,000 or a higher multiple of $1,000,000, the undrawn balance of the Revolving Facility. Upon such cancellation taking effect on expiry of such notice the several obligations of the Lenders to make their respective Commitments available in relation to the portion of the Total Commitments to which such notice relates shall terminate and the commitment fee referred to in Clause 20.1(a)) on such portion shall cease to accrue.

8.6 **Voluntary prepayment.** Subject to the following conditions, the Borrower may prepay, the whole or any part of the Loan on the last day of an Interest Period in respect thereof.

8.7 **Conditions for voluntary prepayment.** The conditions referred to in Clause 8.6 are that:

(a) a partial prepayment shall be $1,000,000 or a multiple of $1,000,000;

(b) the Facility Agent has received from the Borrower at least 5 Business Days' prior written notice specifying the amount to be prepaid and the date on which the prepayment is to be made (such date to be the last day of an Interest Period relative to the amount being so prepaid); and

(c) the Borrower has provided evidence satisfactory to the Facility Agent that any consent required by the Borrower or any Security Party in connection with the prepayment has been obtained and remains in force, and that any requirement relevant to this Agreement which affects the Borrower or any Security Party has been complied with.

8.8 Effect of notice of prepayment. A prepayment notice may not be withdrawn or amended without the consent of the Facility Agent, given with the authority of the Majority Lenders, and the amount specified in the prepayment notice shall become due and payable by the Borrower on the date for prepayment specified in the prepayment notice.

8.9 Notification of notice of prepayment. The Facility Agent shall notify the Lenders promptly upon receiving a prepayment notice, and shall provide any Lender which so requests with a copy of any document delivered by the Borrower under Clause 8.7(c).

8.10 Mandatory prepayment. The Borrower shall be obliged to prepay the Relevant Amount if a Ship is sold or becomes a Total Loss:

(a) in the case of a sale, on or before the date on which the sale is completed by delivery of that Ship to the buyer; or

(b) in the case of a Total Loss, on the earlier of the date falling 150 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

In this Clause 8.10, "**Relevant Amount**" means an amount which, after giving credit for the amount of the prepayment made pursuant to this Clause 8.10, results in the Security Cover Ratio being equal to the higher of (i) the Security Cover Ratio maintained immediately prior to the prepayment made pursuant to this Clause 8.10 and (ii) the Security Cover Ratio referred to in Clause 15.1.

8.11 Amounts payable on prepayment. A prepayment shall be made together with accrued interest (and any other amount payable under Clause 21 below or otherwise) in respect of the amount prepaid and, if the prepayment is not made on the last day of an Interest Period together with any sums payable under Clause 21.1(b) but without premium or penalty.

8.12 Application of partial prepayment. Each partial prepayment made after the Termination Date shall be applied to reduce pro rata each Repayment Instalment and the Balloon Instalment.

8.13 Reborrowing.

(a) No amount of the Term Loan prepaid may be reborrowed.

(b) Subject to the terms of this Agreement, any amount of the Revolving Facility repaid or prepaid may be reborrowed.

8.14 Unwinding of Designated Transactions. On or prior to any repayment or prepayment of the Loan under this Clause 8 or any other provision of this Agreement, the Borrower shall wholly or partially reverse, offset, unwind or otherwise terminate one or more of the continuing Designated Transactions to the extent necessary to ensure that the notional principal amount of the continuing Designated Transactions thereafter remaining does not and will not in the future (taking into account the scheduled amortisation) exceed the amount of the Loan as reducing from time to time thereafter pursuant to Clause 8.2.

8.15 **Prepayment of Swap Benefit.** If a Designated Transaction is terminated in circumstances where the Swap Bank would be obliged to pay an amount to the Borrower under the Master Agreement, the Borrower hereby agrees that such payment shall be applied in prepayment of the Loan in accordance with Clause 8.12 and authorises the Swap Bank to pay such amount to the Facility Agent for such purpose.

9 CONDITIONS PRECEDENT

9.1 **Documents, fees and no default.** Each Lender's obligation to contribute to an Advance is subject to the following conditions precedent:

(a) that on or before the date of this Agreement, the Facility Agent receives the fees referred to in Clause 20.1 which are due and payable at that time;

(b) that, on or before the service of the Drawdown Notice in respect of the first Advance of Tranche A, the Facility Agent receives the documents described in Part A of Schedule 3 in form and substance satisfactory to the Facility Agent and its lawyers;

(c) that, on or before the service of the Drawdown Notice in respect of each Advance of Tranche A and Tranche B, the Facility Agent receives the documents described in Part B of Schedule 3 in form and substance satisfactory to the Facility Agent and its lawyers;

(d) that, on or before the service of the Drawdown Notice in respect of each Advance of Tranche C, the Facility Agent receives the documents described in Part C of Schedule 3 in form and substance satisfactory to the Facility Agent and its lawyers;

(e) that both at the date of each Drawdown Notice and at each Drawdown Date:

(i) no Event of Default or Potential Event of Default has occurred and is continuing or would result from the borrowing of the relevant Advance; and

(ii) the representations and warranties in Clause 10 and those of the Borrower or any Security Party which are set out in the other Finance Documents would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing; and

(iii) none of the circumstances contemplated by Clause 5.5 has occurred and is continuing;

(iv) there has been no material adverse change in the financial condition, state of affairs or prospects of the Borrower or any Owner from that applying at the date of this Agreement;

(v) the Borrower has entered into Designated Transactions with the Swap Bank in order to hedge all the interest rate risk under this Agreement as at the relevant Drawdown Date (immediately following the drawdown of the relevant Advance); and

(vi) the Facility Agent receives any fees referred to in Clause 20.1 which are due and payable at that time;

(f) that, if the ratio set out in Clause 15.1 were applied immediately following the making of the relevant Advance, the Borrower would not be obliged to provide additional security or prepay part of the Loan under that Clause; and

(g) that the Facility Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Facility Agent may, with the authorisation of the Majority Lenders, request by notice to the Borrower prior to the relevant Drawdown Date.

9.2 Waiver of conditions precedent. If the Majority Lenders, at their discretion, permit an Advance to be borrowed before certain of the conditions referred to in Clause 9.1 are satisfied, the Borrower shall ensure that those conditions are satisfied within 5 Business Days after the relevant Drawdown Date (or such longer period as the Facility Agent may, with the authorisation of the Majority Lenders, specify).

10 REPRESENTATIONS AND WARRANTIES

10.1 General. The Borrower represents and warrants to each Creditor Party as follows.

10.2 Status. The Borrower is a limited partnership (comprised of a single general partner and multiple limited partners) formed and validly existing and in good standing under the laws of the Republic of Marshall Islands.

10.3 Capital. The Borrower's capital consists of 13,512,000 common units held by public unitholders, 8,805,522 subordinated units held by Capital Maritime & Trading Corp. and a general partner interest held by Capital GP L.L.C.

10.4 Corporate power. The Borrower (or, in the case of paragraphs (a) and (b), each Existing Owner) has the partnership or corporate capacity, and has taken all partnership or corporate action and obtained all consents necessary for it:

(a) to own and register the Existing Ship owned by it under the relevant Approved Flag;

(b) to enter into, and perform its obligations under, the Existing Charter to which it is a party;

(c) to execute the Finance Documents to which the Borrower is a party; and

(d) to borrow under this Agreement, to enter into Designated Transactions under the Master Agreement and to make all the payments contemplated by, and to comply with, those Finance Documents to which the Borrower is a party.

10.5 Consents in force. All the consents referred to in Clause 10.4 remain in force and nothing has occurred which makes any of them liable to revocation.

10.6 Legal validity; effective Security Interests. The Finance Documents to which the Borrower is a party, do now or, as the case may be, will, upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents):

(a) constitute the Borrower's legal, valid and binding obligations enforceable against the Borrower in accordance with their respective terms; and

(b) create legal, valid and binding Security Interests enforceable in accordance with their respective terms over all the assets to which they, by their terms, relate,

subject to any relevant insolvency laws affecting creditors' rights generally.

10.7 **No third party Security Interests.** Without limiting the generality of Clause 10.6, at the time of the execution and delivery of each Finance Document to which the Borrower is a party:

(a) the Borrower will have the right to create all the Security Interests which that Finance Document purports to create; and

(b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.

10.8 **No conflicts.** The execution by the Borrower of each Finance Document to which it is a party, and the borrowing by the Borrower of the Loan, and its compliance with each Finance Document to which it is a party will not involve or lead to a contravention of:

(a) any law or regulation; or

(b) the constitutional documents of the Borrower; or

(c) any contractual or other obligation or restriction which is binding on the Borrower or any of its assets.

10.9 **No withholding taxes.** All payments which the Borrower is liable to make under the Finance Documents may be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction.

10.10 **No default.** No Event of Default has occurred and is continuing.

10.11 **Information.** All information which has been provided in writing by or on behalf of the Borrower or any Security Party to any Creditor Party in connection with any Finance Document satisfied the requirements of Clause 11.5; all audited and unaudited accounts which have been so provided satisfied the requirements of Clause 11.7; and there has been no material adverse change in the financial position or state of affairs of the Borrower from that disclosed in the latest of those accounts.

10.12 **No litigation.** No legal or administrative action involving the Borrower has been commenced or taken or, to the Borrower's knowledge, is likely to be commenced or taken.

10.13 **Validity and completeness of Existing Charters.**

(a) each Existing Charter constitutes valid, binding and enforceable obligations of the parties thereto respectively in accordance with its terms; and

(b) no amendments or additions to any Existing Charter have been agreed (other than those notified to the Facility Agent prior to the date of this Agreement) nor has any party thereto waived any of their respective rights under any Existing Charter.

10.14 **Compliance with certain undertakings.** At the date of this Agreement, the Borrower is in compliance with Clauses 11.2, 11.4, 11.9 and 11.14.

10.15 **Taxes paid.** The Borrower has paid all taxes applicable to, or imposed on or in relation to the Borrower and its business.

10.16 **ISM and ISPS Code compliance.** All requirements of the ISM Code and the ISPS Code as they relate to the Borrower, any Owner, the Approved Manager and any Existing Ship have been complied with.

10.17 **No money laundering.** Without prejudice to the generality of Clause 4.3, in relation to the borrowing by the Borrower of the Loan, the performance and discharge of its obligations and liabilities under the Finance Documents, and the transactions and other arrangements effected or contemplated by the Finance Documents to which the Borrower is a party, the Borrower confirms that it is acting for its own account and that the foregoing will not involve or lead to contravention of any law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of the Directive (91/308/EEC) of the Council of the European Communities).

11 GENERAL UNDERTAKINGS

11.1 **General.** The Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 11 at all times during the Security Period except as the Facility Agent may, with the authorisation of the Majority Lenders, otherwise permit (which permission shall not be unreasonably withheld in connection with Clause 11.13).

11.2 **Title; negative pledge and pari passu ranking.** The Borrower will:

(a) hold the legal title to, and own the entire beneficial interest in, each Owner free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents;

(b) not create or permit to arise any Security Interest over any other asset, present or future other than in the normal course of its business of acquiring and financing vessels; and

(c) procure that its liabilities under the Finance Documents to which it is a party do and will rank at least pari passu with all its other present and future unsecured liabilities, except for liabilities which are mandatorily preferred by law.

11.3 **No disposal of assets.** The Borrower will not transfer, lease or otherwise dispose of:

(a) all or a substantial part of its assets, whether by one transaction or a number of transactions, whether related or not if such transfer, lease or disposal results in the Borrower being in breach of any of the financial covenants referred to in Clause 12.5 or in the occurrence of an Event of Default; or

(b) any debt payable to it or any other right (present, future or contingent right) to receive a payment, including any right to damages or compensation.

11.4 **No other liabilities or obligations to be incurred.** The Borrower will not incur any liability or obligation except liabilities and obligations under the Finance Documents and liabilities or obligations reasonably incurred in the ordinary course of its business of acquiring, operating and financing vessels, acquiring shares in vessel owning companies and financing such acquisitions and all other matters reasonably incidental thereto (which shall include, without limitation, but subject to Clause 12.8, any Financial Indebtedness which may be incurred by the Borrower in the ordinary course of its business).

11.5 **Information provided to be accurate.** All financial and other information which is provided in writing by or on behalf of the Borrower under or in connection with any Finance Document will be true and not misleading and will not omit any material fact or consideration.

11.6 Provision of financial statements. The Borrower will send or procure there are sent to the Facility Agent:

(a) as soon as possible, but in no event later than 180 days after the end of each financial year of the Borrower (commencing with the financial statements for the year ending 31 December 2007), the audited consolidated annual accounts of the Group;

(b) as soon as possible, but in no event later than 90 days after the end of each 3-month period in each financial year of the Borrower (commencing with the financial statements for the 3-month period ending 31 March 2008):

(i) the unaudited consolidated management accounts of the Group for that 3-month period certified as to their correctness by the chief financial officer of the Borrower; and

(ii) the management accounts of each Owner for that 3-month period certified as to their correctness by an officer of the Borrower;

(c) promptly after each request by the Facility Agent, such further financial information about the Borrower, the Ships and the Owners (including, but not limited to, charter arrangements, Financial Indebtedness and operating expenses) as the Facility Agent may require.

11.7 Form of financial statements. All accounts (audited and unaudited) delivered under Clause 11.6 will:

(a) be prepared in accordance with all applicable laws and US GAAP consistently applied;

(b) give a true and fair view of the state of affairs of the relevant person at the date of those accounts and of its profit for the period to which those accounts relate; and

(c) fully disclose or provide for all significant liabilities of the relevant person and its subsidiaries.

11.8 Creditor notices. The Borrower will send to the Facility Agent, at the same time as they are despatched, copies of all communications which are despatched to all of its creditors or to the whole or any class of them.

11.9 Consents. The Borrower will maintain in force and promptly obtain or renew, and will promptly send certified copies to the Facility Agent of, all consents required:

(a) for the Borrower to perform its obligations under any Finance Document to which it is party;

(b) for the validity or enforceability of any Finance Document to which it is party; and

(c) for each Owner to continue to own and operate the Ship owned by it,

and the Borrower will comply (or procure compliance as the case may be) with the terms of all such consents.

11.10 Maintenance of Security Interests. The Borrower will:

(a) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and

(b) without limiting the generality of paragraph (a) above, at its own cost, promptly register, file, record or enrol any Finance Document with any court or authority in all Pertinent Jurisdictions, pay any stamp, registration or similar tax in all Pertinent Jurisdictions in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Majority Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.

11.11 **Notification of litigation.** The Borrower will provide the Facility Agent with details of any legal or administrative action involving the Borrower, any Security Party, the Approved Manager or the Ships, their Earnings or their Insurances as soon as such action is instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document.

11.12 **No amendment to Master Agreement; Transactions.** The Borrower will not:

(a) agree to any amendment or supplement to, or waive or fail to enforce, the Master Agreement or any of its provisions; or

(b) enter into any Transaction pursuant to the Master Agreement except Designated Transactions.

11.13 **No amendment to the Existing Charters and of the Charterparty.** The Borrower will ensure that no Owner shall agree to any material amendment or supplement to, or waive or fail to enforce, any Existing Charter or any Charterparty or any of its provisions.

11.14 **Principal place of business.** The Borrower will maintain its place of business, and keep its corporate documents and records, at the address stated at Clause 28.2(a) and the Borrower will not establish nor do anything as a result of which it would be deemed to have, a place of business in England or the United States of America.

11.15 **Confirmation of no default.** The Borrower will, within 2 Business Days after service by the Facility Agent of a written request, serve on the Facility Agent a notice which is signed by 2 directors of the Borrower and which:

(a) states that no Event of Default has occurred; or

(b) states that no Event of Default has occurred, except for a specified event or matter, of which all material details are given,

the Facility Agent may serve requests under this Clause 11.15 from time to time; this Clause 11.15 does not affect the Borrower's obligations under Clause 11.16.

11.16 **Notification of default.** The Borrower will notify the Facility Agent as soon as the Borrower becomes aware of:

(a) the occurrence of an Event of Default; or

(b) any matter which indicates that an Event of Default may have occurred,

and will thereafter keep the Facility Agent fully up-to-date with all developments.

11.17 **Provision of further information.** The Borrower will, as soon as practicable after receiving the request, provide the Facility Agent with any additional financial or other information relating:

(a) to the Borrower, the Ships, their Insurances, their Earnings or the Owners; or

(b) to any other matter relevant to, or to any provision of, a Finance Document,

which may be requested by the Facility Agent, the Security Trustee or any Lender at any time.

11.18 **General and administrative costs.** The Borrower shall ensure that the payment of all the general and administrative costs of the Borrower and the Owners in connection with the ownership and operation of the Ships (including, without limitation, the payment of the management fees pursuant to the Management Agreements) shall be fully subordinated to the payment obligations of the Borrower and the Owners under this Agreement and the other Finance Documents throughout the Security Period.

11.19 **Provision of copies of SEC filings.** The Borrower will send to the Facility Agent copies of all filings made with, and reports submitted to, the US Securities and Exchange Commission promptly after making such filings or submitting such reports **Provided that** any such filings or reports which are made available to the public shall be considered to have been delivered to the Facility Agent subject to the Borrower first having notified the Facility Agent that such filings or reports have been made or submitted.

11.20 **Provision of copies and translation of documents.** The Borrower will supply the Facility Agent with a sufficient number of copies of the documents referred to above to provide 1 copy for each Creditor Party; and if the Facility Agent so requires in respect of any of those documents, the Borrower will provide a certified English translation prepared by a translator approved by the Facility Agent.

11.21 **Hedging of interest rate risks**. The Borrower shall from time to time enter into Designated Transactions with the Swap Bank in order to hedge all the interest rate risk under this Agreement.

12 CORPORATE UNDERTAKINGS

12.1 **General.** The Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 12 at all times during the Security Period except as the Facility Agent may, with the authorisation of the Majority Lenders, otherwise permit (such permission not to be unreasonably withheld in the case of Clause 12.3(d)).

12.2 **Maintenance of status.** The Borrower will maintain its separate existence as a limited partnership and remain in good standing under the laws of the Republic of the Marshall Islands.

12.3 **Negative undertakings.** The Borrower will not:

(a) change the nature of its business; or

(b) pay any dividend or make any other form of distribution or effect any form of redemption, purchase or return of share capital **Provided that** the Borrower may make a distribution if:

(i) the Borrower has first submitted to the Facility Agent a Compliance Certificate (with supporting evidence satisfactory to the Facility Agent) which confirms that (A) no Event of Default has occurred or is continuing and (B) the making of such distribution will not result in the Borrower being in breach of any of the financial covenants referred to in Clause 12.5 or in the occurrence of an Event of Default; and

(ii) the Facility Agent is satisfied that the Security Cover Ratio referred to in Clause 15.1 is maintained at the time the distribution is made;

(c) provide any form of credit or financial assistance to:

(i) a person who is directly or indirectly interested in the Borrower's share or loan capital; or

(ii) any company in or with which such a person is directly or indirectly interested or connected,

or enter into any transaction with or involving such a person or company on terms which are, in any respect, less favourable to the Borrower than those which it could obtain in a bargain made at arms' length **Provided that** this shall not prevent or restrict the Borrower from on-lending the Loan to the Owners;

(d) allow any Owner to open or maintain any account with any bank or financial institution except accounts with the Facility Agent or any other Creditor Party for the purposes of the Finance Documents **Provided that** until the completion of the syndication process (as referred to in Clause 12.8) an Owner may continue to maintain any other accounts already opened with other banks for the purposes of previous financings;

(e) cause the common units of the Borrower to cease to be listed on the Nasdaq National Market in New York unless the common units of the Borrower are listed instead on any other internationally recognised stock exchange acceptable to the Lenders, such acceptance not to be unreasonably withheld.

12.4 Subordination of rights of Borrower. All rights which the Borrower at any time has against any Owner or its assets shall be fully subordinated to the rights of the Creditor Parties under the Finance Documents; and in particular, the Borrower shall not during the Security Period:

(a) claim, or in a bankruptcy of any Owner prove for, any amount payable to the Borrower by any Owner, whether in respect of the on-lending of the Loan or any other transaction;

(b) take or enforce any Security Interest for any such amount; or

(c) claim to set-off any such amount against any amount payable by the Borrower to any Owner.

12.5 Financial Covenants. The Borrower shall ensure that at all times:

(a) the ratio of Total Indebtedness less unencumbered cash and cash equivalents to the aggregate Market Value of all the Fleet Vessels shall not exceed 0.725:1;

(b) the ratio of EBITDA to Net Interest Expenses (calculated on a trailing 4-quarter basis (or such other period as the Facility Agent (acting upon the instructions of the Majority Lenders) may otherwise reasonably require)) shall be no less than 2:1; and

(c) at all times the Borrower and all the other members of the Group shall maintain immediately freely available and unencumbered bank or cash deposits in an aggregate amount of not less than the product of $500,000 and the number of Ships which are subject to a Mortgage at the relevant time, 50 per cent. of such liquidity may be constituted by undrawn Commitments under the Revolving Facility.

12.6 Compliance Check. Compliance with the undertakings contained in Clause 12.5 shall be determined by reference to the unaudited consolidated accounts for the first 3 financial quarters in each Financial Year of the Borrower and for the fourth financial quarter in each Financial Year of the Borrower, the audited consolidated accounts for that Financial Year of the Group delivered to the Facility Agent pursuant to this Agreement. At the same time as it delivers those consolidated accounts, the Borrower shall deliver to the Facility Agent a Compliance Certificate signed by the chief financial officer of the Borrower.

12.7 **Maintenance of ownership of Owners.** The Borrower shall remain the ultimate legal owner of the entire issued and allotted share capital of each Owner which at the relevant time is party to a Guarantee free from any Security Interest.

12.8 **Free Syndication market**. The Borrower shall not, and shall ensure that no Owner and no member of the Group shall, until the earlier of 30 August 2008 and the date on which the Facility Agent declares that the primary syndication of the Loan has closed:

(a) syndicate or issue or attempt to syndicate or issue; or

(b) announce or authorise the announcement of the syndication or issuance of; or

(c) engage in discussions concerning the syndication or issuance of,

any Financial Indebtedness with any banks or financial institutions in the commercial banking market **Provided that** this shall not restrict the Borrower from incurring any further Financial Indebtedness to banks or financial institutions (other than the Lenders) subject to the Facility Agent having been given the opportunity to match the terms and conditions of any financing offered to the Borrower.

13 INSURANCE

13.1 **General.** The Borrower undertakes with each Creditor Party to procure that each Owner will comply with the following provisions of this Clause 13 at all times during the Security Period (after the Ship which is owned or to be owned by that Owner has been delivered to it under the relevant Shipbuilding Contract) except as the Facility Agent may, with the authorisation of the Majority Lenders, otherwise permit (which permission has been given to each Owner whose Ship is subject to a bareboat charter with BP and such permission shall be deemed to be given to each Owner whose Ship may from time to time be subject to a bareboat charter with BP).

13.2 **Maintenance of obligatory insurances.** The Borrower shall procure that each Owner will keep the Ship owned by it insured at the expense of that Owner against:

(a) fire and usual marine risks (including hull and machinery and excess risks); and

(b) war risks; and

(c) protection and indemnity risks in excess of the limit of cover for oil pollution liability risks included within the protection and indemnity risks; and

(d) any other risks against which the Majority Lenders consider, having regard to practices and other circumstances prevailing at the relevant time, it would in the opinion of the Majority Lenders be reasonable for that Owner to insure and which are specified by the Security Trustee by notice to that Owner.

13.3 **Terms of obligatory insurances.** The Borrower shall procure that each Owner will effect such insurances:

(a) in Dollars;

(b) in the case of fire and usual marine risks and war risks, in such amounts as shall from time to time be approved by the Facility Agent but in any event in an amount not less than the greater of (i) the Market Value of the Ship owned by that Owner for the time being and (ii) such amount, which when aggregated with the amount for which any other Ship then subject to a Mortgage is insured, is equal to 120 per cent. of the Loan; and

(c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry (with the international group of protection and indemnity clubs) and the international marine insurance market (currently $1,000,000,000);

(d) in relation to protection and indemnity risks in respect of the full value and tonnage of the Ship owned by that Owner;

(e) on such terms as shall from time to time be approved in writing by the Facility Agent (including, without limitation, a blocking and trapping clause); and

(f) through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

13.4 Further protections for the Creditor Parties. In addition to the terms set out in Clause 13.3, the Borrower shall procure that the obligatory insurances shall:

(a) (except in relation to risks referred to in Clause 13.2(c)) name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Trustee, but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance and shall not name any other additional assured without the prior written consent of the Security Trustee, such consent not to be unreasonably withheld and excluding the Approved Manager and any bareboat charterer;

(b) name the Security Trustee as sole loss payee with such directions for payment as the Security Trustee may specify;

(c) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;

(d) provide that the insurers shall waive, to the fullest extent permitted by English law, their entitlement (if any) (whether by statute, common law, equity, or otherwise) to be subrogated to the rights and remedies of the Security Trustee in respect of any rights or interests (secured or not) held by or available to the Security Trustee in respect of the Secured Liabilities, until the Secured Liabilities shall have been fully repaid and discharged, except that the insurers shall not be restricted by the terms of this paragraph (d) from making personal claims against persons (other than the Owners or any Creditor Party) in circumstances where the insurers have fully discharged their liabilities and obligations under the relevant obligatory insurances;

(e) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Trustee;

(f) provide that the Security Trustee may make proof of loss if the Owners fail to do so; and

(g) provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Security Trustee, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, charge or lapse shall not be effective with respect to the Security Trustee for 30 days (or 7 days in the case of war risks) after receipt by the Security Trustee of prior written notice from the insurers of such cancellation, change or lapse.

13.5 Renewal of obligatory insurances. The Borrower shall procure that each Owner shall:

(a) at least 21 days before the expiry of any obligatory insurance:

(i) notify the Security Trustee of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom that Owner proposes to renew that insurance and of the proposed terms of renewal; and

(ii) in case of any substantial change in insurance cover, obtain the Majority Lenders' approval to the matters referred to in paragraph (i) above;

(b) at least 14 days before the expiry of any obligatory insurance, renew the insurance; and

(c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal.

13.6 Copies of policies; letters of undertaking. The Borrower shall procure that each Owner shall ensure that all approved brokers provide the Security Trustee with copies of all policies relating to the obligatory insurances which they effect or renew and of a letter or letters of undertaking in a form required by the Majority Lenders and including undertakings by the approved brokers that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 13.4;

(b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;

(c) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances;

(d) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Owner or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and

(e) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Owner under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies or, any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Ship forthwith upon being so requested by the Security Trustee.

13.7 Copies of certificates of entry. The Borrower shall procure that each Owner shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by that Owner is entered provides the Security Trustee with:

(a) a certified copy of the certificate of entry for that Ship; and

(b) a letter or letters of undertaking in such form as may be required by the Majority Lenders; and

(c) where required to be issued under the terms of insurance/indemnity provided by that Owner's protection and indemnity association, a certified copy of each United States of America voyage quarterly declaration (or other similar document or documents) made by that Owner in relation to its Ship in accordance with the requirements of such protection and indemnity association; and

(d) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

13.8 Deposit of original policies. The Borrower shall procure that each Owner shall ensure that all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

13.9 Payment of premiums. The Borrower shall procure that each Owner shall punctually pay all premiums or other sums payable in respect of the obligatory insurances and produce all relevant receipts when so required by the Security Trustee.

13.10 Guarantees. The Borrower shall procure that each Owner shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

13.11 Restrictions on employment. The Borrower shall procure that no Owner shall employ the Ship owned by it, nor shall permit her to be employed, outside the cover provided by any obligatory insurances.

13.12 Compliance with terms of insurances. The Borrower shall procure that no Owner shall do or omit to do (or permits to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable thereunder repayable in whole or in part; and in particular:

(a) the Borrower shall procure that each Owner shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 13.7(c) above) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval;

(b) the Borrower shall procure that no Owner shall make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;

(c) the Borrower shall procure that each Owner shall make all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and

(d) the Borrower shall procure that no Owner shall employ the Ship owned by it, nor shall allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

13.13 **Alteration to terms of insurances.** The Borrower shall procure that no Owner shall either make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance without the prior written consent of the Security Trustee.

13.14 **Settlement of claims.** The Borrower shall procure that no Owner shall settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall procure that the relevant Owner shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

13.15 **Provision of copies of communications.** The Borrower shall procure that each Owner shall provide the Security Trustee, at the time of each such communication, copies of all written communications between that Owner and:

(a) the approved brokers; and

(b) the approved protection and indemnity and/or war risks associations; and

(c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:

(i) that Owner's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(ii) any credit arrangements made between that Owner and any of the persons referred to in paragraphs (a) or (b) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

13.16 **Provision of information.** In addition, the Borrower shall procure that each Owner shall promptly provide the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13.17 below or dealing with or considering any matters relating to any such insurances, and the Borrower shall procure that each Owner shall, forthwith upon demand, indemnify the Security Trustee in respect of all reasonable fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a) above.

13.17 **Mortgagee's interest, additional perils.** The Security Trustee shall be entitled from time to time to effect, maintain and renew all or any of the following insurances in an amount equal to 120 per cent. of the Loan in the case of the mortgagee's interest marine insurance referred to in paragraph (a) below and in an amount equal to 110 per cent. of the Loan in the case of the mortgagee's interest additional perils policy referred to in paragraph (b) below, on such terms, through such insurers and generally in such manner as the Majority Lenders may from time to time consider appropriate:

(a) a mortgagee's interest marine insurance in relation to each Ship in such amount as the Security Trustee may consider appropriate, providing for the indemnification of the Security Trustee for any losses under or in connection with any Finance Document which directly or indirectly result from loss of or damage to any Ship or a liability of any Ship or of any Owner, being a loss or damage which is prima facie covered by an obligatory insurance but in respect of which there is a non-payment (or reduced payment) by the underwriters by reason of, or on the basis of an allegation concerning:

(i) any act or omission on the part of an Owner, of any operator, charterer, manager or sub-manager of the Ship owned by it or of any officer, employee or agent of that Owner or of any such person, including any breach of warranty or condition or any non-disclosure relating to such obligatory insurance;

(ii) any act or omission, whether deliberate, negligent or accidental, or any knowledge or privity of an Owner, any other person referred to in paragraph (i) above, or of any officer, employee or agent of that Owner or of such a person, including the casting away or damaging of the Ship owned by it and/or the Ship owned by it being unseaworthy; and/or

(iii) any other matter capable of being insured against under a mortgagee's interest marine insurance policy whether or not similar to the foregoing;

(b) a mortgagee's interest additional perils policy in relation to each Ship in such amount as the Security Trustee may consider appropriate, providing for the indemnification of the Security Trustee against, among other things, any possible losses or other consequences of any Environmental Claim, including the risk of expropriation, arrest or any form of detention of a Ship, the imposition of any Security Interest over a Ship and/or any other matter capable of being insured against under a mortgagee's interest additional perils policy whether or not similar to the foregoing,

and the Borrower shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

13.18 Review of insurance requirements. The Majority Lenders shall be entitled to review the requirements of this Clause 13 from time to time in order to take account of any changes in circumstances after the date of this Agreement which are, in the opinion of the Majority Lenders, significant and capable of affecting the Borrower or any Ship and its or their insurance (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the Owners may be subject), and may appoint insurance consultants in relation to this review at the cost of the Borrower.

13.19 Modification of insurance requirements. The Security Trustee shall notify the Borrower of any proposed modification under Clause 13.18 to the requirements of this Clause 13 which the Majority Lenders reasonably consider appropriate in the circumstances, and such modification shall take effect on and from the date it is notified in writing to the Borrower as an amendment to this Clause 13 and shall bind the Borrower accordingly.

13.20 Compliance with mortgagee's instructions. The Security Trustee shall be entitled (without prejudice to or limitation of any other rights which it may have or acquire under any Finance Document) to require a Ship to remain at any safe port or to proceed to and remain at any safe port designated by the Security Trustee until the relevant Owner implements any amendments to the terms of the obligatory insurances and any operational changes required as a result of a notice served under Clause 13.19.

14 SHIP COVENANTS

14.1 **General.** The Borrower also undertakes with each Creditor Party to procure that each Owner complies with the following provisions of this Clause 14 at all times during the Security Period (after the Ship has been delivered to it under the Shipbuilding Contract) except as the Facility Agent, with the authorisation of the Majority Lenders, may otherwise permit (in the case of the Clauses 14.2, 14.3(b) and 14.13(e), such permission not to be unreasonably withheld).

14.2 **Ship's name and registration.** The Borrower shall procure that each Owner shall keep the Ship owned by it registered in its name under the relevant Approved Flag; shall not do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and shall not change the name or port of registry of that Ship.

14.3 **Repair and classification.** The Borrower shall procure that each Owner shall keep the Ship owned by it in a good and safe condition and state of repair:

(a) consistent with first-class ship ownership and management practice;

(b) so as to maintain the highest class with an Approved Classification Society acceptable to the Majority Lenders free of overdue recommendations and conditions and, upon the Security Trustee's request, the Approved Classification Society shall provide the Security Trustee with any information and documentation required in respect of the Ship as the same is maintained in the records of the Approved Classification Society; and

(c) so as to comply with all laws and regulations applicable to vessels registered at ports in the relevant Approved Flag State or to vessels trading to any jurisdiction to which that Ship may trade from time to time, including but not limited to the ISM Code, the ISM Code Documentation and the ISPS Code.

14.4 **Modification.** The Borrower shall procure that no Owner shall make any modification or repairs to, or replacement of, any Ship or equipment installed on her which would or might materially alter the structure, type or performance characteristics of that Ship or materially reduce her value.

14.5 **Removal of parts.** The Borrower shall procure that no Owner shall remove any material part of any Ship, or any item of equipment installed on, any Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favour of any person other than the Security Trustee and becomes on installation on the relevant Ship the property of the relevant Owner and subject to the security constituted by the Mortgage and the Deed of Covenant **Provided that** an Owner may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by it.

14.6 **Surveys.** The Borrower shall procure that each Owner shall submit the Ship owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Majority Lenders provide the Security Trustee, with copies of all survey reports.

14.7 **Technical Survey**. Without prejudice to the Owners' obligations pursuant to Clause 14.6, if the survey report to be delivered as a condition to the drawdown of the Advance which shall be used to (inter alia) finance or refinance a Ship (as referred to in the applicable paragraph of Schedule 3) is not satisfactory to the Facility Agent (acting reasonably), the Borrower shall procure that the relevant Owner shall promptly following the request of the Facility Agent (to be made within 6 months of the Drawdown Date relative to the Advance which was used (inter alia) to finance or refinance such Ship) submit the Ship owned by it for a technical survey by an independent surveyor or surveyors appointed by the Facility Agent. All fees and expenses incurred in relation to the appointment of the surveyor or surveyors and the preparation and issue of all technical reports pursuant to this Clause 14.7 shall be for the account of the Borrower.

14.8 **Inspection.** The Borrower shall procure that each Owner shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times to inspect her condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections **Provided that** so long as a Ship is found to be in a satisfactory condition to the Facility Agent (acting reasonably) and no continuing Event of Default or Potential Event of Default shall be in existence, the Borrower or the relevant Owner, as the case may be, shall not be obliged to pay the fees and expenses incurred in connection with the inspection of the relevant Ship more than once in any twelve-month period.

14.9 **Prevention of and release from arrest.** The Borrower shall procure that each Owner shall promptly discharge:

(a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it, the Earnings or the Insurances;

(b) all taxes, dues and other amounts charged in respect of the Ship owned by it, the Earnings or the Insurances; and

(c) all other outgoings whatsoever in respect of the Ship owned by it, the Earnings or the Insurances,

and, forthwith upon receiving notice of the arrest of the Ship owned by it, or of her detention in exercise or purported exercise of any lien or claim, the Borrower shall procure her release by providing bail or otherwise as the circumstances may require.

14.10 **Compliance with laws etc.** The Borrower shall procure that each Owner shall:

(a) comply, or procure compliance with the ISM Code, all Environmental Laws, the ISPS Code and all other laws or regulations relating to the Ship owned by it, its ownership, operation and management or to the business of that Owner;

(b) not employ the Ship owned by it nor allow her employment in any manner contrary to any law or regulation in any relevant jurisdiction including, but not limited, to the ISM Code and the ISPS Code; and

(c) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit the Ship owned by it to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers unless the prior written consent of the Majority Lenders has been given and that Owner has (at its expense) effected any special, additional or modified insurance cover which the Majority Lenders may require.

14.11 **Provision of information.** The Borrower shall procure that each Owner shall promptly provide the Security Trustee with any information which the Majority Lenders request regarding:

(a) the Ship owned by it, her employment, position and engagements;

(b) the Earnings and payments and amounts due to the master and crew of the Ship owned by it;

(c) any expenses incurred, or likely to be incurred, in connection with the operation, maintenance or repair of the Ship owned by it and any payments made in respect of that Ship;

(d) any towages and salvages; and

(e) its compliance or the compliance of the Ship owned by it with the ISM Code and the ISPS Code, and, upon the Security Trustee's request, provide copies of any current charter relating to the Ship owned by it and of any current charter guarantee, and copies of the ISM Code Documentation and the ISCC.

14.12 Notification of certain events. The Borrower shall procure that each Owner shall immediately notify the Security Trustee by letter of:

(a) any casualty which is or is likely to be or to become a Major Casualty;

(b) any occurrence as a result of which the Ship owned by it has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(c) any requirement or recommendation made by any insurer or classification society or by any competent authority which is not immediately complied with;

(d) any arrest or detention of the Ship owned by it, any exercise or purported exercise of any lien on that Ship or her Earnings or any requisition of that Ship for hire,

(e) any intended dry docking of the Ship owned by it where the cost of the dry docking will, or is likely to, exceed $500,000 (or the equivalent in any other currency) in aggregate;

(f) any Environmental Claim made against that Owner or in connection with the Ship owned by it, or any Environmental Incident;

(g) any claim for breach of the ISM Code or the ISPS Code being made against that Owner, the Approved Manager or otherwise in connection with the Ship owned by it; or

(h) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and that Owner shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Owner's, the Approved Manager's or any other person's response to any of those events or matters.

14.13 Restrictions on, appointment of managers etc. The Borrower shall procure that no Owner shall:

(a) enter into any time charter in relation to the Ship owned by it under which more than 2 months' hire (or the equivalent) is payable in advance;

(b) charter the Ship owned by it otherwise than on bona fide arm's length terms at the time when the Ship is fixed;

(c) appoint a manager of the Ship owned by it other than the Approved Manager;

(d) de-activate or lay up the Ship owned by it; or

(e) put the Ship owned by it into the possession of any person for the purpose of work being done upon her in an amount exceeding or likely to exceed $750,000 (or the equivalent in any other currency) unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or her Earnings for the cost of such work or otherwise.

14.14 Notice of Mortgage. The Borrower shall procure that each Owner shall keep the Mortgage registered against the Ship owned by it as a valid first priority or, as the case may be, preferred mortgage, carry on board that Ship a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Owner to the Security Trustee.

14.15 Sharing of Earnings. The Borrower shall procure that no Owner shall:

(a) enter into any agreement or arrangement for the sharing of any Earnings;

(b) enter into any agreement or arrangement for the postponement of any date on which any Earnings are due; the reduction of the amount of any Earnings or otherwise for the release or adverse alteration of any right of that Owner to any Earnings; or

(c) enter into any agreement or arrangement for the release of, or adverse alteration to, any guarantee or Security Interest relating to any Earnings.

14.16 Time Charter Assignment. If any Owner enters into any Charterparty or a bareboat charter in respect of its Ship, the Borrower shall procure that the relevant Owner shall, at the request of the Facility Agent, execute in favour of the Security Trustee a Charterparty Assignment or, in the case of a bareboat charter, a Bareboat Charter Security Agreement, and shall deliver to the Facility Agent such other documents equivalent to those referred to at paragraphs 3, 4 and 5 of Part A of Schedule 3 hereof as the Facility Agent may require.

14.17 Bareboat Charters. Any Owner may enter into a bareboat charter in respect of its Ship subject to the following conditions:

(a) such bareboat charter shall be with one of the charterers which is a party to an Existing Charter or an affiliate or subsidiary of such charterer or any other company which in the reasonable opinion of the Majority Lenders is equivalent to any such charterer or any other company which may be approved by the Majority Lenders (acting reasonably) and

(b) each such bareboat charterer shall enter into and execute a Bareboat Charter Security Agreement except in circumstances where the Majority Lenders (acting reasonably) may agree otherwise.

15 SECURITY COVER

15.1 Provision of additional security cover; prepayment of Loan. The Borrower undertakes with each Creditor Party that, if the Facility Agent notifies the Borrower that at any time after the Drawdown Date of the first Advance to be drawn under this Agreement the aggregate Market Value of the Ships subject to a Mortgage is below 125 per cent. of the Loan, the Borrower will, within 1 month after the date on which the Facility Agent's notice is served, either:

(a) provide, or ensure that a third party provides, additional security which, in the opinion of the Majority Lenders, has a net realisable value at least equal to the shortfall and which consists of either (i) cash pledged to the Security Trustee or (ii) a Security Interest (including, but not limited to, a first priority or, as the case may be, preferred mortgage over another vessel), covering such asset or assets and documented in such terms as the Facility Agent may, with authorisation from the Majority Lenders, approve or require; or

(b) prepay in accordance with Clause 8 such part (at least) of the Loan as will eliminate the shortfall.

15.2 Meaning of additional security. In Clause 15.1 "**security**" means a Security Interest over an asset or assets (whether securing the Borrower's liabilities under the Finance Documents or a guarantee in respect of those liabilities), or a guarantee, letter of credit or other security in respect of the Borrower's liabilities under the Finance Documents.

15.3 Requirement for additional documents. The Borrower shall not be deemed to have complied with Clause 15.1(a) above until the Facility Agent has received in connection with the additional security certified copies of documents of the kinds referred to in paragraphs 3, 4 and 5 of Schedule 3, Part A and such legal opinions in terms acceptable to the Majority Lenders from such lawyers as they may select.

15.4 Valuation of Ships. The market value of a Ship at any date is that shown by the average of two valuations prepared:

(a) as at a date not more than 14 days previously;

(b) by 2 Approved Brokers, one appointed by the Borrower and the other by the Facility Agent;

(c) with or without physical inspection of the relevant Ship (as the Facility Agent may require);

(d) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment; and

(e) after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale,

Provided that if the difference between the 2 valuations obtained at any one time pursuant to this Clause 15.4 is greater than 15 per cent. a valuation shall be commissioned from a third Approved Broker appointed by the Facility Agent. Such valuation shall be conducted in accordance with this Clause 15.4 and the Market Value of the Ship in such circumstances shall be the average of the initial 2 valuations and the valuation provided by the third Approved Broker.

15.5 Value of additional security. The net realisable value of any additional security which is provided under Clause 15.1 and which consists of a Security Interest over a vessel shall be that shown by a valuation complying with the requirements of Clause 15.4.

15.6 Valuations binding. Any valuation under Clause 15.1(a), 15.4 or 15.5 shall be binding and conclusive as regards the Borrower, as shall be any valuation which the Majority Lenders make of a security which does not consist of or include a Security Interest.

15.7 Provision of information. The Borrower shall promptly provide the Facility Agent and any Approved Broker or expert acting under Clause 15.4 or 15.5 with any information which the Facility Agent or the Approved Broker or expert may request for the purposes of the valuation; and, if the Borrower fails to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

15.8 **Payment of valuation expenses.** Without prejudice to the generality of the Borrower's obligations under Clauses 20.2, 20.3 and 21.3, the Borrower shall, on demand, pay the Facility Agent the amount of the reasonable fees and expenses of any Approved Broker or expert instructed by the Facility Agent under this Clause and all reasonable legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause **Provided that** so long as no Event of Default or Potential Event of Default shall have occurred and be continuing the Borrower shall not be obliged to pay such fees or expenses in respect of more than one set of valuations of each Ship in any twelve-month period.

15.9 **Frequency of valuations**. The Borrower acknowledges and agrees that the Facility Agent may commission valuations of the Ships at such times as the Majority Lenders shall reasonably deem necessary and, in any event, not less often than once during each 12-month period of the Security Period.

16 PAYMENTS AND CALCULATIONS

16.1 **Currency and method of payments.** All payments to be made:

(a) by the Lenders to the Facility Agent; or

(b) by the Borrower to the Facility Agent, the Security Trustee or any Lender,

under a Finance Document shall be made to the Facility Agent or to the Security Trustee, in the case of an amount payable to it:

(i) by not later than 11.00 a.m. (New York City time) on the due date;

(ii) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Facility Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement);

(iii) in the case of an amount payable by a Lender to the Facility Agent or by the Borrower to the Facility Agent or any Lender, to the account of the Facility Agent at JP Morgan Chase Bank, New York, SWIFT Code CHASUS33 (Account No 001-1-331808 under reference "Capital Product Partners L.P. - US$350m Facility"), or to such other account with such other bank as the Facility Agent may from time to time notify to the Borrower and the other Creditor Parties; and

(iv) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrower and the other Creditor Parties.

16.2 **Payment on non-Business Day.** If any payment by the Borrower under a Finance Document would otherwise fall due on a day which is not a Business Day:

(a) the due date shall be extended to the next succeeding Business Day; or

(b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day,

and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

16.3 **Basis for calculation of periodic payments.** All interest and commitment fee and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

16.4 Distribution of payments to Creditor Parties. Subject to Clauses 16.5, 16.6 and 16.7:

(a) any amount received by the Facility Agent under a Finance Document for distribution or remittance to a Lender or the Security Trustee shall be made available by the Facility Agent to that Lender or, as the case may be or the Security Trustee by payment, with funds having the same value as the funds received, to such account as the Lender or the Security Trustee may have notified to the Facility Agent not less than 5 Business Days previously; and

(b) amounts to be applied in satisfying amounts of a particular category which are due to the Lenders generally shall be distributed by the Facility Agent to each Lender pro rata to the amount in that category which is due to it.

16.5 Permitted deductions by Facility Agent. Notwithstanding any other provision of this Agreement or any other Finance Document, the Facility Agent may, before making an amount available to a Lender, deduct and withhold from that amount any sum which is then due and payable to the Facility Agent from that Lender under any Finance Document or any sum which the Facility Agent is then entitled under any Finance Document to require that Lender to pay on demand.

16.6 Facility Agent only obliged to pay when monies received. Notwithstanding any other provision of this Agreement or any other Finance Document, the Facility Agent shall not be obliged to make available to the Borrower or any Lender any sum which the Facility Agent is expecting to receive for remittance or distribution to the Borrower or that Lender until the Facility Agent has satisfied itself that it has received that sum.

16.7 Refund to Facility Agent of monies not received. If and to the extent that the Facility Agent makes available a sum to the Borrower or a Lender, without first having received that sum, the Borrower or (as the case may be) the Lender concerned shall, on demand:

(a) refund the sum in full to the Facility Agent; and

(b) pay to the Facility Agent the amount (as certified by the Facility Agent) which will indemnify the Facility Agent against any funding or other loss, liability or expense incurred by the Facility Agent as a result of making the sum available before receiving it.

16.8 Facility Agent may assume receipt. Clause 16.7 shall not affect any claim which the Facility Agent has under the law of restitution, and applies irrespective of whether the Facility Agent had any form of notice that it had not received the sum which it made available.

16.9 Creditor Party accounts. Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrower and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower and any Security Party.

16.10 Facility Agent's memorandum account. The Facility Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Facility Agent and the Security Trustee and each Lender from the Borrower and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower and any Security Party.

16.11 Accounts prima facie evidence. If any accounts maintained under Clauses 16.9 and 16.10 show an amount to be owing by the Borrower or a Security Party to a Creditor Party, those accounts shall, absent manifest error, be prima facie evidence that that amount is owing to that Creditor Party.

17 APPLICATION OF RECEIPTS

17.1 Normal order of application. Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

(a) FIRST: in or towards satisfaction of any amounts then due and payable under the Finance Documents (other than under the Master Agreement) in the following order and proportions:

(i) first, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents (other than the Master Agreement) other than those amounts referred to at paragraphs (ii) and (iii) (including, but without limitation, all amounts payable by the Borrower under Clauses 20, 21 and 22 of this Agreement or by the Borrower or any Security Party under any corresponding or similar provision in any other Finance Document (other than the Master Agreement));

(ii) secondly, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents (other than under the Master Agreement); and

(iii) thirdly, in or towards satisfaction of the Loan;

(b) SECONDLY: in or towards satisfaction of any amounts then due and payable under the Master Agreement in the following order and proportions:

(i) first, in or towards satisfaction pro rata of all amounts then due and payable to the Swap Bank under the Master Agreement other than those amounts referred to at paragraphs (ii) and (iii);

(ii) secondly, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Swap Bank under the Master Agreement (and, for this purpose, the expression "**interest**" shall include any net amount which the Borrower shall have become liable to pay or deliver under section 2(e) (Obligations) of the Master Agreement but shall have failed to pay or deliver to the Swap Bank at the time of application or distribution under this Clause 17); and

(iii) thirdly, in or towards satisfaction of the Swap Exposure of the Swap Bank calculated as at the actual Early Termination Date applying to each particular Designated Transaction, or if no such Early Termination Date shall have occurred, calculated as if an Early Termination Date occurred on the date of application or distribution hereunder);

(c) THIRDLY: in retention of an amount equal to any amount not then due and payable under any Finance Document (other than the Master Agreement) but which the Facility Agent, by notice to the Borrower, the Security Parties and the other Creditor Parties, states in its opinion will or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the foregoing provisions of this Clause;

(d) FOURTHLY: in retention of an amount equal to any amount not then due under and payable under the Master Agreement but which the Swap Bank, by notice to the Borrower, the Security Parties and the other Creditor Parties, states in its opinion will or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the foregoing provisions of this Clause; and

(e) FIFTHLY: any surplus shall be paid to the Borrower or to any other person appearing to be entitled to it.

17.2 Variation of order of application. The Facility Agent may, with the authorisation of the Majority Lenders, by notice to the Borrower, the Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 17.1 either as regards a specified sum or sums or as regards sums in a specified category or categories.

17.3 Notice of variation of order of application. The Facility Agent may give notices under Clause 17.2 from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Business Day before the date on which the notice is served.

17.4 Appropriation rights overridden. This Clause 17 and any notice which the Facility Agent gives under Clause 17.2 shall override any right of appropriation possessed, and any appropriation made, by the Borrower or any Security Party.

18 APPLICATION OF EARNINGS

18.1 Payment of Earnings. The Borrower undertakes with each Creditor Party to ensure that, throughout the Security Period (subject only to the provisions of the General Assignments), all the Earnings of each Ship are paid to the Earnings Account for that Ship and all payments by the Swap Bank to the Borrower under a Designated Transaction are paid to the Swap Account. Any monies standing to the credit of the Earnings Accounts shall be freely available to the Owners subject to there not being any Event of Default or Potential Event of Default in existence at the relevant time.

18.2 Retentions. The Borrower undertakes with each Creditor Party (only if the circumstances referred to in Clause 8.2(a) shall apply at the relevant time) to ensure that no later than 3 Business Days after a Relevant Distribution Declaration Date, there shall be transferred to the Retention Account out of the aggregate Earnings received in the Earnings Accounts, the repayment instalment falling due under Clause 8.2(a) at that time.

18.3 Application of Earnings. The Borrower undertakes with the Lenders to procure that money from time to time credited to, or for the time being standing to the credit of, an Earnings Account shall, unless and until an Event of Default or Potential Event of Default shall have occurred (whereupon the provisions of Clause 17.1 shall be and become applicable), be available for application in the following manner:

(a) in or towards meeting the costs and expenses from time to time incurred by or on behalf of the relevant Owner in connection with the operation of the Ship owned by it;

(b) in or towards making payments of all amounts due and payable by the Borrower under this Agreement other than the payments of principal and interest pursuant to Clauses 8.2 and 5.1;

(c) in or towards making any transfers to the Retention Account in accordance with Clause 18.2; and

(d) as to any surplus from time to time arising on an Earnings Account following application as aforesaid, to be paid to the relevant Owner or to whomsoever it may direct.

18.4 Application of retentions. Until an Event of Default occurs, the Facility Agent shall on each due date for the payment of interest under this Agreement distribute to the Lenders in accordance with Clause 16.4 so much of the then balance on the Retention Account as equals any repayment instalment due in accordance with Clause 8.2(a) on that interest payment date in discharge of the Borrower's liability for that repayment instalment.

18.5 Interest accrued on Retention Account. Any credit balance on the Retention Account shall bear interest at the rate from time to time offered by the Facility Agent to its customers for Dollar deposits of similar amounts and for periods similar to those for which such balances appear to the Facility Agent likely to remain on the Retention Account.

18.6 Release of accrued interest. Interest accruing under Clause 18.5 shall be released to the Borrower on each interest payment date unless an Event of Default or a Potential Event of Default has occurred or the then credit balance on the Retention Account is less than what would have been the balance had the full amount required by Clause 18.2 been transferred in that and each previous month.

18.7 Location of accounts. The Borrower shall promptly:

(a) comply or procure compliance by the Owners with any requirement of the Facility Agent as to the location or re-location of the Retention Account, the Swap Account and the Earnings Accounts (or any of them); and

(b) execute any documents which the Facility Agent specifies to create or maintain in favour of the Lenders a Security Interest over the Retention Account, the Swap Account and the Earnings Accounts (or any of them).

19 EVENTS OF DEFAULT

19.1 Events of Default. An Event of Default occurs if:

(a) the Borrower or any Security Party fails to pay when due or (if so payable) on demand any sum payable under a Finance Document or under any document relating to a Finance Document; or

(b) any breach occurs of Clause 9.2, 11.2, 11.3, 12.2, 12.3, 12.5, 13.2, 13.3, 15.1 or 18.1; or

(c) any breach by the Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a) or (b) above) if, in the reasonable opinion of the Majority Lenders, such default is capable of remedy, and such default continues unremedied 20 days after written notice from the Facility Agent requesting action to remedy the same; or

(d) (subject to any applicable grace period specified in the Finance Document) any breach by the Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a), (b) or (c) above); or

(e) any representation, warranty or statement made by, or by an officer of, the Borrower or a Security Party in a Finance Document or in a Drawdown Notice or any other notice or document relating to a Finance Document is untrue or misleading when it is made; or

(f) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person exceeding $750,000 (or, in the case of the Borrower, $5,000,000) (or, in either case, the equivalent in any other currency) in aggregate:

(i) any Financial Indebtedness of a Relevant Person is not paid when due or, if so payable, on demand; or

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable or capable of being declared due and payable prior to its stated maturity date as a consequence of any event of default; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner or becomes capable of being terminated as a consequence of any termination event; or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated as a result of any event of default, or cash cover is required, or becomes capable of being required, in respect of such a facility as a result of any event of default; or

(v) any Security Interest securing any Financial Indebtedness of a Relevant Person becomes enforceable; or

(g) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the reasonable opinion of the Majority Lenders, unable to pay its debts as they fall due; or

(ii) any assets of a Relevant Person are subject to any form of execution, attachment, arrest, sequestration or distress in respect of a sum of, or sums aggregating, $1,000,000 or more or the equivalent in another currency unless such execution, attachment, arrest, sequestration or distress is dismissed, withdrawn, released or lifted within 15 Business Days of the occurrence of such event; or

(iii) any administrative or other receiver is appointed over any asset of a Relevant Person; or

(iv) a Relevant Person makes any formal declaration of bankruptcy or any formal statement to the effect that it is insolvent or likely to become insolvent, or a winding up or administration order is made in relation to a Relevant Person, or the members or directors of a Relevant Person pass a resolution to the effect that it should be wound up, placed in administration or cease to carry on business, save that this paragraph does not apply to a fully solvent winding up of a Relevant Person other than the Borrower or an Owner which is, or is to be, effected for the purposes of an amalgamation or reconstruction previously approved by the Majority Lenders and effected not later than 3 months after the commencement of the winding up; or

(v) a petition is presented in any Pertinent Jurisdiction for the winding up or administration, or the appointment of a provisional liquidator, of a Relevant Person unless the petition is being contested in good faith and on substantial grounds and is dismissed or withdrawn within 30 days of the presentation of the petition; or

(vi) a Relevant Person petitions a court, or presents any proposal for, any form of judicial or non-judicial suspension or deferral of payments, reorganisation of its debt (or certain of its debt) or arrangement with all or a substantial proportion (by number or value) of its creditors or of any class of them or any such suspension or deferral of payments, reorganisation or arrangement is effected by court order, contract or otherwise; or

(vii) any meeting of the members or directors of a Relevant Person is summoned for the purpose of considering a resolution or proposal to authorise or take any action of a type described in paragraphs (iii), (iv), (v) or (vi) above; or

(viii) in a Pertinent Jurisdiction other than England, any event occurs or any procedure is commenced which, in the opinion of the Majority Lenders, is similar to any of the foregoing; or

(h) the Borrower or any Owner ceases or suspends carrying on its business or a part of its business which, in the opinion of the Majority Lenders, is material in the context of this Agreement; or

(i) it becomes unlawful in any Pertinent Jurisdiction or impossible:

(i) for the Borrower or any Security Party to discharge any liability under a Finance Document or to comply with any other obligation which the Majority Lenders consider material under a Finance Document; or

(ii) for the Facility Agent, the Security Trustee or the Lenders to exercise or enforce any right under, or to enforce any Security Interest created by, a Finance Document; or

(j) any official consent necessary to enable any Owner to own, operate or charter the Ship owned by it or to enable any Owner or any Security Party to comply with any provision which the Majority Lenders consider material of a Finance Document is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent is not fulfilled; or

(k) if the common units of the Borrower cease to be quoted on the Nasdaq National Market in New York or any other internationally recognised stock exchange acceptable to the Lenders or if the whole of the issued share capital of any Owner whose Ship is at the relevant time subject to a Mortgage is not wholly owned by the Borrower; or

(l) any provision which the Majority Lenders reasonably consider material of a Finance Document proves to have been or becomes invalid or unenforceable, or a Security Interest created by a Finance Document proves to have been or becomes invalid or unenforceable or such a Security Interest proves to have ranked after, or loses its priority to, another Security Interest or any other third party claim or interest; or

(m) the Master Agreement is terminated, cancelled, suspended, rescinded or revoked or otherwise ceases to remain in full force and effect for any reason except with the consent of the Facility Agent, acting with the authorisation of the Majority Lenders; or

(n) an Event of Default (as defined in Section 14 of the Master Agreement) occurs which remains unremedied 5 Business Days after the occurrence thereof; or

(o) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or

(p) any other event occurs or any other circumstances arise or develop including, without limitation:

(i) a material adverse change in the financial position, state of affairs or prospects of the Borrower or the Owners; or

(ii) any accident or other event involving a Ship or another vessel owned, chartered or operated by a Relevant Person,

in the light of which the Majority Lenders reasonably consider that there is a significant risk that any Security Party is, or will later become, unable to discharge its liabilities under the Finance Documents as they fall due.

19.2 Actions following an Event of Default. On, or at any time after, the occurrence of an Event of Default:

(a) the Facility Agent may, and if so instructed by the Majority Lenders, the Facility Agent shall:

(i) serve on the Borrower a notice stating that the Commitments and all other obligations of each Lender to the Borrower under this Agreement are terminated; and/or

(ii) serve on the Borrower a notice stating that the Loan, all accrued interest and all other amounts accrued or owing under this Agreement are immediately due and payable or are due and payable on demand; and/or

(iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii) above, the Facility Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or

(b) the Security Trustee may, and if so instructed by the Facility Agent, acting with the authorisation of the Majority Lenders, the Security Trustee shall take any action which, as a result of the Event of Default or any notice served under paragraph (a) (i) or (ii) above, the Security Trustee, the Facility Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law.

19.3 Termination of Commitments. On the service of a notice under paragraph (a)(i) of Clause 19.2, the Commitments and all other obligations of each Lender to the Borrower under this Agreement shall terminate.

19.4 Acceleration of Loan. On the service of a notice under paragraph (a)(ii) of Clause 19.2, the Loan, all accrued interest and all other amounts accrued or owing from the Borrower or any Security Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

19.5 Multiple notices; action without notice. The Facility Agent may serve notices under paragraphs (a) (i) and (ii) of Clause 19.2 simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in that Clause if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

19.6 Notification of Creditor Parties and Security Parties. The Facility Agent shall send to each Lender, the Security Trustee and each Security Party a copy or the text of any notice which the Facility Agent serves on the Borrower under Clause 19.2; but the notice shall become effective when it is served on the Borrower, and no failure or delay by the Facility Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide the Borrower or any Security Party with any form of claim or defence.

19.7 **Lender's rights unimpaired.** Nothing in this Clause shall be taken to impair or restrict the exercise of any right given to individual Lenders under a Finance Document or the general law; and, in particular, this Clause is without prejudice to Clause 3.1.

19.8 **Exclusion of Creditor Party Liability.** No Creditor Party, and no receiver or manager appointed by the Security Trustee, shall have any liability to the Borrower or a Security Party:

(a) for any loss caused by an exercise of rights under, or enforcement of a Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such a Security Interest; or

(b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realised from any asset comprised in such a Security Interest or for any reduction (however caused) in the value of such an asset,

except that this does not exempt a Creditor Party or a receiver or manager from liability for losses shown to have been caused by the gross negligence or the wilful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

19.9 **Relevant Persons.** In this Clause 19 "**a Relevant Person**" means the Borrower, an Owner and any company which is a subsidiary of the Borrower or an Owner.

19.10 **Interpretation.** In Clause 19.1(f) references to an event of default or a termination event include any event, howsoever described, which is similar to an event of default in a facility agreement or a termination event in a finance lease; and in Clause 19.1(g) "**petition**" includes an application.

20 FEES AND EXPENSES

20.1 **Commitment and certain other fees**. The Borrower shall pay to the Facility Agent:

(a) a commitment fee for distribution among the Lenders pro rata to their Commitments at the rate of 0.325 per cent. per annum on the amount of the Total Commitments less the amount of the Loan for the period from (and including) the date of this Agreement up to and including the Termination Date, such fee to be paid quarterly in arrears and on the last day of such period; and

(b) certain other fees as are referred to in the Fee Letter, such fees to be in such amount and to be payable at the times and in the manner referred to in the Fee Letter.

20.2 **Costs of negotiation, preparation etc.** The Borrower shall pay to the Facility Agent on its demand the amount of all expenses incurred by the Facility Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of any Finance Document or any related document (including, for the avoidance of doubt, any expenses incurred by the Lenders in obtaining the legal opinions referred to in Schedule 3) or with any transaction contemplated by a Finance Document or a related document.

20.3 **Costs of variations, amendments, enforcement etc.** The Borrower shall pay to the Facility Agent, on the Facility Agent's demand, the amount of all expenses incurred by a Lender in connection with:

(a) any amendment or supplement to a Finance Document, or any proposal for such an amendment to be made;

(b) any consent or waiver by the Lenders, the Majority Lenders or the Lender concerned under or in connection with a Finance Document, or any request for such a consent or waiver;

(c) the valuation of any security provided or offered under Clause 15 or any other matter relating to such security;

(d) where the Facility Agent, in its absolute opinion, considers that there has been a material change to the insurances in respect of any Ship, the review of the insurances or any Ship pursuant to Clause 13.18; and

(e) any step taken by any Lender concerned with a view to the protection, exercise or enforcement of any right or Security Interest created by a Finance Document or for any similar purpose.

There shall be recoverable under paragraph (d) the full amount of all legal expenses, whether or not such as would be allowed under rules of court or any taxation or other procedure carried out under such rules.

20.4 Documentary taxes. The Borrower shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Facility Agent's demand, fully indemnify each Creditor Party against any liabilities and expenses resulting from any failure or delay by the Borrower to pay such a tax.

20.5 Certification of amounts. A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 20 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

21 INDEMNITIES

21.1 Indemnities regarding borrowing and repayment of Loan. The Borrower shall fully indemnify the Facility Agent and each Lender on the Facility Agent's demand and the Security Trustee on its demand in respect of all expenses, liabilities and losses which are incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a result of or in connection with:

(a) an Advance not being borrowed on the date specified in the Drawdown Notice for any reason other than a default by the Lender claiming the indemnity;

(b) the receipt or recovery of all or any part of the Loan or an overdue sum otherwise than on the last day of an Interest Period or other relevant period;

(c) any failure (for whatever reason) by the Borrower to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrower on the amount concerned under Clause 7); and

(d) the occurrence and/or continuance of an Event of Default or a Potential Event of Default and/or the acceleration of repayment of the Loan under Clause 19, and in respect of any tax (other than tax on its overall net income) for which a Creditor Party is liable in connection with any amount paid or payable to that Creditor Party (whether for its own account or otherwise) under any Finance Document.

21.2 **Breakage costs.** Without limiting its generality, Clause 21.1 covers any liability, expense or loss, including a loss of a prospective profit, incurred by a Lender:

(a) in liquidating or employing deposits from third parties acquired or arranged to fund or maintain all or any part of its Contribution and/or any overdue amount (or an aggregate amount which includes its Contribution or any overdue amount); and

(b) in terminating, or otherwise in connection with, any interest and/or currency swap or any other transaction entered into (whether with another legal entity or with another office or department of the Lender concerned) to hedge any exposure arising under this Agreement or that part which the Lender concerned determines is fairly attributable to this Agreement of the amount of the liabilities, expenses or losses (including losses of prospective profits) incurred by it in terminating, or otherwise in connection with, a number of transactions of which this Agreement is one.

21.3 **Miscellaneous indemnities.** The Borrower shall fully indemnify the Facility Agent and the Security Trustee severally on their respective demands in respect of all claims, demands, proceedings, liabilities, taxes, losses and expenses of every kind ("**liability items**") which may be made or brought against, or incurred by, the Facility Agent or the Security Trustee, in any country, in relation to:

(a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Facility Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document; and

(b) any other event, matter or question which occurs or arises at any time during the Security Period and which has any connection with, or any bearing on, any Finance Document, any payment or other transaction relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created (or intended to be created) by a Finance Document,

other than liability items which are shown to have been caused by the gross negligence or the wilful misconduct of the Facility Agent's or (as the case may be) the Security Trustee's own officers or employees.

21.4 **Extension of indemnities; environmental indemnity.** Without prejudice to its generality, Clause 21.3 covers:

(a) any matter which would be covered by Clause 20.3 if any of the references in that Clause to a Lender were a reference to the Facility Agent or (as the case may be) to the Security Trustee; and

(b) any liability items which arise, or are asserted, under or in connection with any law relating to safety at sea, pollution or the protection of the environment, the ISM Code or the ISPS Code.

21.5 **Currency indemnity.** If any sum due from the Borrower or any Security Party to a Creditor Party under a Finance Document or under any order or judgment relating to a Finance Document has to be converted from the currency in which the Finance Document provided for the sum to be paid (the "**Contractual Currency**") into another currency (the "**Payment Currency**") for the purpose of:

(a) making or lodging any claim or proof against the Borrower or any Security Party, whether in its liquidation, any arrangement involving it or otherwise; or

(b) obtaining an order or judgment from any court or other tribunal; or

(c) enforcing any such order or judgment,

the Borrower shall indemnify the Creditor Party concerned against the loss arising when the amount of the payment actually received by that Creditor Party is converted at the available rate of exchange into the Contractual Currency.

In this Clause 21.5, the "**available rate of exchange**" means the rate at which the Creditor Party concerned is able at the opening of business (London time) on the Business Day after it receives the sum concerned to purchase the Contractual Currency with the Payment Currency.

This Clause 21.5 creates a separate liability of the Borrower which is distinct from its other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

21.6 **Certification of amounts.** A notice which is signed by 2 officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 21 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

21.7 **Sums deemed due to a Lender.** For the purposes of this Clause 21, a sum payable by the Borrower to the Facility Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

22 NO SET-OFF OR TAX DEDUCTION

22.1 **No deductions.** All amounts due from the Borrower under a Finance Document shall be paid:

(a) without any form of set-off, cross-claim or condition; and

(b) free and clear of any tax deduction except a tax deduction which the Borrower is required by law to make.

22.2 **Grossing-up for taxes.** If the Borrower is required by law to make a tax deduction from any payment:

(a) the Borrower shall notify the Facility Agent as soon as it becomes aware of the requirement;

(b) the Borrower shall pay the tax deducted to the appropriate taxation authority promptly, and in any event before any fine or penalty arises; and

(c) the amount due in respect of the payment shall be increased by the amount necessary to ensure that each Creditor Party receives and retains (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which it would otherwise have received.

22.3 **Evidence of payment of taxes.** Within 1 month after making any tax deduction, the Borrower shall deliver to the Facility Agent documentary evidence satisfactory to the Facility Agent that the tax had been paid to the appropriate taxation authority.

22.4 **Exclusion of tax on overall net income.** In this Clause 22 "**tax deduction**" means any deduction or withholding for or on account of any present or future tax except tax on a Creditor Party's overall net income.

23 ILLEGALITY, ETC

23.1 **Illegality.** This Clause 23 applies if a Lender (the "**Notifying Lender**") notifies the Facility Agent that it has become, or will with effect from a specified date, become:

(a) unlawful or prohibited as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or

(b) contrary to, or inconsistent with, any regulation,

for the Notifying Lender to maintain or give effect to any of its obligations under this Agreement in the manner contemplated by this Agreement.

23.2 **Notification of illegality.** The Facility Agent shall promptly notify the Borrower, the Security Parties, the Security Trustee and the other Lenders of the notice under Clause 23.1 which the Facility Agent receives from the Notifying Lender.

23.3 **Prepayment; termination of Commitment.** On the Facility Agent notifying the Borrower under Clause 23.2, the Notifying Lender's Commitment shall terminate; and thereupon or, if later, on the date specified in the Notifying Lender's notice under Clause 23.1 as the date on which the notified event would become effective the Borrower shall prepay the Notifying Lender's Contribution in accordance with Clause 8.

24 INCREASED COSTS

24.1 **Increased costs.** This Clause 24 applies if a Lender (the "**Notifying Lender**") notifies the Facility Agent that the Notifying Lender considers that as a result of:

(a) the introduction or alteration after the date of this Agreement of a law or an alteration after the date of this Agreement in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Agreement of a tax on the Lender's overall net income); or

(b) the effect of complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Notifying Lender allocates capital resources to its obligations under this Agreement including, without limitation, the implementation of any regulations which may replace those set out in the statement of the Basle Committee on Banking Regulations and Supervisory Practices dated July 1998 and entitled "International Convergence of Capital Measurement and Capital Structures") which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Agreement,

is that the Notifying Lender (or a parent company of it) has incurred or will incur an "**increased cost**", that is to say,:

(i) an additional or increased cost incurred as a result of, or in connection with, the Notifying Lender having entered into, or being a party to, this Agreement or a Transfer Certificate, of funding or maintaining its Commitment or Contribution or performing its obligations under this Agreement, or of having outstanding all or any part of its Contribution or other unpaid sums; or

(ii) a reduction in the amount of any payment to the Notifying Lender under this Agreement or in the effective return which such a payment represents to the Notifying Lender or on its capital;

(iii) an additional or increased cost of funding all or maintaining all or any of the advances comprised in a class of advances formed by or including the Notifying Lender's Contribution or (as the case may require) the proportion of that cost attributable to the Contribution; or

(iv) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Notifying Lender under this Agreement,

but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (or a parent company of it) or an item covered by the indemnity for tax in Clause 21.1 or by Clause 22.

For the purposes of this Clause 24.1 the Notifying Lender may in good faith allocate or spread costs and/or losses among its assets and liabilities (or any class thereof) on such basis as it considers appropriate.

24.2 **Notification to Borrower of claim for increased costs.** The Facility Agent shall promptly notify the Borrower and the Security Parties of the notice which the Facility Agent received from the Notifying Lender under Clause 24.1.

24.3 **Payment of increased costs.** The Borrower shall pay to the Facility Agent, on the Facility Agent's demand, for the account of the Notifying Lender the amounts which the Facility Agent from time to time notifies the Borrower that the Notifying Lender has specified to be necessary to compensate the Notifying Lender for the increased cost.

24.4 **Notice of prepayment.** If the Borrower is not willing to continue to compensate the Notifying Lender for the increased cost under Clause 24.3, the Borrower may give the Facility Agent not less than 15 days' notice of its intention to prepay the Notifying Lender's Contribution at the end of an Interest Period.

24.5 **Prepayment; termination of Commitment.** A notice under Clause 24.4 shall be irrevocable; the Facility Agent shall promptly notify the Notifying Lender of the Borrower's notice of intended prepayment; and:

(a) on the date on which the Facility Agent serves that notice, the Commitment of the Notifying Lender shall be cancelled; and

(b) on the date specified in its notice of intended prepayment, the Borrower shall prepay (without premium or penalty) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the applicable Margin.

24.6 **Application of prepayment.** Clause 8 shall apply in relation to the prepayment.

25 **SET-OFF**

25.1 **Application of credit balances.** Each Creditor Party may following the occurrence of an Event of Default and without prior notice:

(a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of the Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from the Borrower to that Creditor Party under any of the Finance Documents; and

(b) for that purpose:

(i) break, or alter the maturity of, all or any part of a deposit of the Borrower;

(ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and

(iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

25.2 Existing rights unaffected. No Creditor Party shall be obliged to exercise any of its rights under Clause 25.1; and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

25.3 Sums deemed due to a Lender. For the purposes of this Clause 25, a sum payable by the Borrower to the Facility Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

26 TRANSFERS AND CHANGES IN LENDING OFFICES

26.1 Transfer by Borrower. The Borrower may not, without the consent of the Facility Agent, given on the instructions of all the Lenders:

(a) transfer any of its rights or obligations under any Finance Document; or

(b) enter into any merger, de-merger or other reorganisation, or carry out any other act, as a result of which any of its rights or liabilities would vest in, or pass to, another person.

26.2 Transfer by a Lender. Subject to Clause 26.4 and the other terms and conditions of this Clause 26.2, a Lender (the "**Transferor Lender**") may at any time cause:

(a) its rights in respect of all or part of its Contribution; or

(b) its obligations in respect of all or part of its Commitment; or

(c) a combination of (a) and (b),

to be (in the case of its rights) transferred to, or (in the case of its obligations) assumed by, any third party, another bank, financial institution, pension scheme or single purpose vehicle (a "**Transferee Lender**") by delivering to the Facility Agent a completed certificate in the form set out in Schedule 4 with any modifications approved or required by the Facility Agent (a "**Transfer Certificate**") executed by the Transferor Lender and the Transferee Lender.

However any rights and obligations of the Transferor Lender in its capacity as Facility Agent or Security Trustee will have to be dealt with separately in accordance with the Agency and Trust Agreement.

A transfer pursuant to this Clause 26.2 shall:

(i) require the prior written consent of the Facility Agent (except in the case of a transfer to a subsidiary of a Lender);

(ii) the Contribution or Commitment (or the combination of the two) being transferred by the Transferor Lender to the Transferee Lender shall not be less than $30,000,000;

(iii) be effected without the consent of, but with notice to, the Borrower and without any cost to the Borrower:

(A) following the occurrence of an Event of Default;

(B) if such transfer is to a subsidiary or any other company or financial institution which is in the same ownership or control as the Transferor Lender; and

(iv) require the consent of the Borrower (such consent not to be unreasonably withheld or delayed) in all other circumstances.

26.3 **Transfer Certificate, delivery and notification.** As soon as reasonably practicable after a Transfer Certificate is delivered to the Facility Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

(a) sign the Transfer Certificate on behalf of itself the Borrower, the Security Parties, the Security Trustee and each of the other Lenders;

(b) on behalf of the Transferee Lender, send to the Borrower and each Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it; and

(c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b) above.

26.4 **Effective Date of Transfer Certificate.** A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date **Provided that** it is signed by the Facility Agent under Clause 26.3 on or before that date.

26.5 **No transfer without Transfer Certificate.** No assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, the Borrower, any Security Party, the Facility Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

26.6 **Lender re-organisation; waiver of Transfer Certificate.** However, if a Lender enters into any merger, de-merger or other reorganisation as a result of which all its rights or obligations vest in another person (the "**successor**"), the Facility Agent may, if it sees fit, by notice to the successor and the Borrower and the Security Trustee waive the need for the execution and delivery of a Transfer Certificate; and, upon service of the Facility Agent's notice, the successor shall become a Lender with the same Commitment and Contribution as were held by the predecessor Lender.

26.7 **Effect of Transfer Certificate.** A Transfer Certificate takes effect in accordance with English law as follows:

(a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender's title and of any rights or equities which the Borrower or any Security Party had against the Transferor Lender;

(b) the Transferor Lender's Commitment is discharged to the extent specified in the Transfer Certificate;

(c) the Transferee Lender becomes a Lender with the Contribution previously held by the Transferor Lender and a Commitment of an amount specified in the Transfer Certificate;

(d) the Transferee Lender becomes bound by all the provisions of the Finance Documents which are applicable to the Lenders generally, including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Facility Agent and the Security Trustee and, to the extent that the Transferee Lender becomes bound by those provisions (other than those relating to exclusion of liability), the Transferor Lender ceases to be bound by them;

(e) any part of the Loan which the Transferee Lender advances after the Transfer Certificate's effective date ranks in point of priority and security in the same way as it would have ranked had it been advanced by the transferor, assuming that any defects in the transferor's title and any rights or equities of the Borrower or any Security Party against the Transferor Lender had not existed;

(f) the Transferee Lender becomes entitled to all the rights under the Finance Documents which are applicable to the Lenders generally, including but not limited to those relating to the Majority Lenders and those under Clause 5.7 and Clause 20, and to the extent that the Transferee Lender becomes entitled to such rights, the Transferor Lender ceases to be entitled to them; and

(g) in respect of any breach of a warranty, undertaking, condition or other provision of a Finance Document or any misrepresentation made in or in connection with a Finance Document, the Transferee Lender shall be entitled to recover damages by reference to the loss incurred by it as a result of the breach or misrepresentation, irrespective of whether the original Lender would have incurred a loss of that kind or amount.

The rights and equities of the Borrower or any Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross-claim.

26.8 Maintenance of register of Lenders. During the Security Period the Facility Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the lending office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 26.4) of the Transfer Certificate; and the Facility Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrower during normal banking hours, subject to receiving at least 3 Business Days prior notice.

26.9 Reliance on register of Lenders. The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Facility Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

26.10 Authorisation of Facility Agent to sign Transfer Certificates. The Borrower, the Security Trustee and each Lender irrevocably authorise the Facility Agent to sign Transfer Certificates on its behalf.

26.11 Registration fee. In respect of any Transfer Certificate, the Facility Agent shall be entitled to recover a registration fee of $3,000 (and all costs, fees and expenses incidental to the transfer (including, but not limited to legal fees and expenses)) from the Transferor Lender or (at the Facility Agent's option) the Transferee Lender.

26.12 **Sub-participation; subrogation assignment.** A Lender may sub-participate all or any part of its rights and/or obligations under or in connection with the Finance Documents without the consent of, or any notice to, the Borrower, any Security Party, the Facility Agent or the Security Trustee; and the Lenders may assign, in any manner and terms agreed by the Majority Lenders, the Facility Agent and the Security Trustee, all or any part of those rights to an insurer or surety who has become subrogated to them.

26.13 **Disclosure of information.** A Lender may disclose to a potential Transferee Lender or sub-participant (as well as to any rating agency, trustee or accountant) any information which the Lender has received in relation to the Borrower, any Security Party or their affairs under or in connection with any Finance Document which the Facility Agent may consider necessary or appropriate to be disclosed in order to ensure a successful transfer or sub-participation to a potential Transferee Lender or a sub-participant and the ongoing monitoring of the Loan by any Lender or potential Transferee Lender or sub-participant. In such case, the Facility Agent shall be released from its obligation of secrecy and confidentiality **Provided that** if a potential Transferee Lender, sub-participant, rating agency, trustee or accountant is not subject to a duty of confidentiality, the Facility Agent shall require the execution of a confidentiality agreement by such potential Transferee Lender, sub-participant, rating agency, trustee or accountant.

26.14 **Change of lending office.** A Lender may change its lending office by giving notice to the Facility Agent and the change shall become effective on the later of:

(a) the date on which the Facility Agent receives the notice; and

(b) the date, if any, specified in the notice as the date on which the change will come into effect.

26.15 **Notification.** On receiving such a notice, the Facility Agent shall notify the Borrower and the Security Trustee; and, until the Facility Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the lending office of which the Facility Agent last had notice.

27 VARIATIONS AND WAIVERS

27.1 **Variations, waivers etc. by Majority Lenders.** Subject to Clause 27.2, a document shall be effective to vary, waive, suspend or limit any provision of a Finance Document, or any Creditor Party's rights or remedies under such a provision or the general law, only if the document is signed, or specifically agreed to by fax, by the Borrower, by the Facility Agent on behalf of the Majority Lenders, by the Facility Agent and the Security Trustee in their own rights, and, if the document relates to a Finance Document to which a Security Party is party, by that Security Party.

27.2 **Variations, waivers etc. requiring agreement of all Lenders.** However, as regards the following, Clause 27.1 applies as if the words "by the Facility Agent on behalf of the Majority Lenders" were replaced by the words "by or on behalf of every Lender" (in the case of all the paragraphs below (other than paragraph (i)) and "by or on behalf of Lenders whose Contributions total 80 per cent. of the Loan" (in the case of paragraphs (d) and (i)):

(a) a change in the Margin or in the definition of LIBOR;

(b) a change to the date for, the amount of, any payment of principal, interest, fees, or other sum payable under this Agreement;

(c) a change to any Lender's Commitment;

(d) an extension of the Availability Period;

(e) a change to the definition of "Majority Lenders" or "Finance Documents";

(f) a change to the preamble or to Clause 2, 3, 4, 5.1, 17, 18 or 30;

(g) a change to this Clause 27;

(h) any release of, or material variation to, a Security Interest, guarantee, indemnity or subordination arrangement set out in a Finance Document;

(i) any other change or matter as regards which this Agreement or another Finance Document expressly provides that each Lender's consent is required; and any change to, or waiver of a breach of, Clause 15.1 of this Agreement.

27.3 Exclusion of other or implied variations. Except for a document which satisfies the requirements of Clauses 27.1 and 27.2, no document, and no act, course of conduct, failure or neglect to act, delay or acquiescence on the part of the Creditor Parties or any of them (or any person acting on behalf of any of them) shall result in the Creditor Parties or any of them (or any person acting on behalf of any of them) being taken to have varied, waived, suspended or limited, or being precluded (permanently or temporarily) from enforcing, relying on or exercising:

(a) a provision of this Agreement or another Finance Document; or

(b) an Event of Default; or

(c) a breach by the Borrower or a Security Party of an obligation under a Finance Document or the general law; or

(d) any right or remedy conferred by any Finance Document or by the general law,

and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

28 NOTICES

28.1 General. Unless otherwise specifically provided, any notice under or in connection with any Finance Document shall be given by letter or fax; and references in the Finance Documents to written notices, notices in writing and notices signed by particular persons shall be construed accordingly.

28.2 Addresses for communications. A notice shall be sent:

(a) to the Borrower: c/o Capital Ship Management Corp.
3 Iassonos Street
185 37 - Piraeus
Greece

Fax No: +30 210 4285 679
for the attention of: the Chief Financial Officer

(b) to a Lender: at the address below its name in Schedule 1 or (as the case may require) in the relevant Transfer Certificate.

(c) to the Swap Bank:
Zinsderivateabwicklung OE 3652
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany
Fax No: +49 40 3333 34086

(d) to the Facility Agent and Security Trustee:
HSH Nordbank AG
Shipping, Greek clients
Gerhart-Hamptmann-Platz 50
D-20095 Hamburg
Germany
Fax No: +49 40 3333 34118

or to such other address as the relevant party may notify the Facility Agent or, if the relevant party is the Facility Agent or the Security Trustee, the Borrower, the Lenders and the Security Parties.

28.3 Effective date of notices. Subject to Clauses 28.4 and 28.5:

(a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered; and

(b) a notice which is sent by fax shall be deemed to be served, and shall take effect, 2 hours after its transmission is completed.

28.4 Service outside business hours. However, if under Clause 28.3 a notice would be deemed to be served:

(a) on a day which is not a business day in the place of receipt; or

(b) on such a business day, but after 5 p.m. local time,

the notice shall (subject to Clause 28.5) be deemed to be served, and shall take effect, at 9 a.m. on the next day which is such a business day.

28.5 Illegible notices. Clauses 28.3 and 28.4 do not apply if the recipient of a notice notifies the sender within one hour after the time at which the notice would otherwise be deemed to be served that the notice has been received in a form which is illegible in a material respect.

28.6 Valid notices. A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

(a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or

(b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

28.7 English language. Any notice under or in connection with a Finance Document shall be in English.

28.8 Meaning of "notice". In this Clause "notice" includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

29 SUPPLEMENTAL

29.1 Rights cumulative, non-exclusive. The rights and remedies which the Finance Documents give to each Creditor Party are:

(a) cumulative;

(b) may be exercised as often as appears expedient; and

(c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

29.2 Severability of provisions. If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

29.3 Third party rights. A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

29.4 Counterparts. A Finance Document may be executed in any number of counterparts.

30 LAW AND JURISDICTION

30.1 English law. This Agreement shall be governed by, and construed in accordance with, English law.

30.2 Exclusive English jurisdiction. Subject to Clause 30.3, the courts of England shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.

30.3 Choice of forum for the exclusive benefit of the Creditor Parties. Clause 30.2 is for the exclusive benefit of the Creditor Parties, each of which reserves the right:

(a) to commence proceedings in relation to any matter which arises out of or in connection with this Agreement in the courts of any country other than England and which have or claim jurisdiction to that matter; and

(b) to commence such proceedings in the courts of any such country or countries concurrently with or in addition to proceedings in England or without commencing proceedings in England.

No Borrower shall commence any proceedings in any country other than England in relation to a matter which arises out of or in connection with this Agreement.

30.4 Process agent. The Borrower irrevocably appoints Curzon Maritime Ltd. at its office for the time being, presently at 30/33 Minories Street, St. Clare House, London EC3N 1DJ, England, to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the English courts which are connected with this Agreement.

30.5 Creditor Party rights unaffected. Nothing in this Clause 30 shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of a judgment or any similar or related matter in any jurisdiction.

30.6 **Meaning of "proceedings".** In this Clause 30, "**proceedings**" means proceedings of any kind, including an application for a provisional or protective measure.

AS WITNESS the hands of the duly authorised officers or attorneys of the parties the day and year first before written.

SCHEDULE 1

LENDERS AND COMMITMENTS

Lender	Lending Office	Commitment ($)	Percentage of Total Commitments (%)
HSH Nordbank AG	Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany Fax No: +(49) 40 33 33 34118	90,000,000	25.7
DnB NOR Bank ASA	20 St. Dunstan's Hill London EC3R 8HY England Fax No: 0044 207 626 5356	75,000,000	21.5
Alpha Bank A.E.	Akti Miaouli 89 185 38 Piraeus Greece Fax No: +30 210 429 0348	60,000,000	17.1
National Bank of Greece S.A.	Bouboulinas 2 & Akti Miaouli 185 35 Piraeus Fax No: +30 210 414 4120	60,000,000	17.1
Piraeus Bank A.E.	47-49 Akti Miaouli 185 36 Piraeus Fax No: +30 210 429 2601	65,000,000	18.6

SCHEDULE 2

DRAWDOWN NOTICE

To: HSH Norbank AG
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany

Attention: Loans Administration 2008

DRAWDOWN NOTICE

1 We refer to the loan agreement (the "**Loan Agreement**") dated 19 March 2008 and made between us, as Borrower, the Lenders referred to therein, HSH Nordbank AG as Swap Bank, you as Bookrunner, Facility Agent, Mandated Lead Arranger, Security Trustee and DnB NOR Bank ASA, London as Co-Arranger in connection with revolving credit and term loan facilities of up to US$350,000,000 in aggregate. Terms defined in the Loan Agreement have their defined meanings when used in this Drawdown Notice.

2 We request to borrow an Advance under Tranche [ ] as follows:

(a) Amount: US$[ ];

(b) Drawdown Date: [ ];

(c) Duration of the first Interest Period shall be [ ] months;

(d) Payment instructions : account of [ ] and numbered [ ] with [ ] of [ ].

3 We represent and warrant that:

(a) the representations and warranties in Clause 10 of the Loan Agreement would remain true and not misleading if repeated on the date of this notice with reference to the circumstances now existing; and

(b) no Event of Default or Potential Event of Default has occurred or will result from the borrowing of the Loan.

4 This notice cannot be revoked without the prior consent of the Majority Lenders.

5 [We authorise you to deduct any facility fees referred to in Clause 20.1 from the amount of the Advance].

_____

Attorney-in-Fact
for and on behalf of
CAPITAL PRODUCT PARTNERS L.P.

SCHEDULE 3

CONDITION PRECEDENT DOCUMENTS

PART A

The following are the documents referred to in Clause 9.1(b) required before the Drawdown Date of the first Advance of Tranche A.

1 A duly executed original of each of:

(a) this Agreement;

(b) the Agency and Trust Deed;

(c) the Master Agreement;

(d) the Master Agreement Assignment;

(e) the Fee Letter;

(f) the Guarantees to be entered into by the Existing Owners;

(g) the Retention Account Pledge; and

(h) the Swap Account Pledge.

2 Copies of the certificate of limited partnership (in the case of the Borrower), the certificate of incorporation (in the case of each Existing Owner) and the constitutional documents of the Borrower and each Existing Owner.

3 Copies of resolutions of the directors of the Borrower and the directors and shareholders of each Existing Owner authorising the execution of each of the Finance Documents to which the Borrower or that Owner is a party and, in the case of the Borrower, authorising named officers to give the Drawdown Notices and other notices under this Agreement.

4 The original of any power of attorney under which any Finance Document is executed on behalf of the Borrower or an Existing Owner.

5 Copies of all consents which the Borrower or any Existing Owner requires to enter into, or make any payment under, any Finance Document.

6 The originals of any mandates or other documents required in connection with the opening or operation of each Earnings Account relative to an Existing Ship and the Retention Account and the Swap Account.

7 Evidence satisfactory to the Facility Agent that each Existing Owner is a direct or indirect wholly-owned subsidiary of the Borrower.

8 Copies of all the Management Agreements of the Existing Ships.

9 Copies of all the Existing Charters duly executed by the parties thereto.

10 A copy of the Partnership Agreement duly executed by the parties thereto.

11 All documentation required by each Creditor Party in relation to the Borrower and any Security Party pursuant to that Creditor Party's "know your customer" requirements.

12 Documentary evidence that the agent for service of process named in Clause 30 has accepted its appointment.

13 Favourable legal opinions from lawyers appointed by the Facility Agent on such matters concerning the laws of the Marshall Islands, Liberia and such other relevant jurisdictions as the Facility Agent may requires.

14 If the Facility Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Facility Agent.

PART B

The following are the documents referred to in Clause 9.1(c) required before the Drawdown Date of each Advance under Tranche A and Tranche B.

In Part B of Schedule 3, the following definitions shall have the following meanings:

"**Relevant Owner**" means the Owner of the Relevant Ship; and

"**Relevant Ship**" means, in relation to each Advance under Tranche A and Tranche B, the Tranche A Ship and Tranche B Ship which is to act as security for such Advance.

1 Copies of resolutions of the shareholders and directors of the Relevant Owner and the Borrower authorising the execution of each of the Finance Documents to which such Owner is a party and, in the case of the Borrower, approving the borrowing of the relevant Advance and authorising named directors or attorneys to give the Drawdown Notices and other notices under this Agreement.

2 The original of any power of attorney under which any Finance Document is executed on behalf of the Relevant Owner.

3 Copies of all consents which the Relevant Owner or the Borrower requires to enter into, or make any payment under, any Finance Document.

4 A duly executed original of the Guarantee of the Relevant Owner and of the Mortgage (and, if applicable, the Deed of Covenant) and the General Assignment relative to the Relevant Ship, the Earnings Account Pledge, the Management Agreement Assignment and of each document to be delivered pursuant to each such Finance Document.

5 If applicable, a duly executed original of the Charterparty Assignment in respect of the Existing Charter (in the case of each Tranche A Ship) of the Relevant Ship and of each document to be delivered pursuant to each such Finance Document.

6 Evidence satisfactory to the Facility Agent that the Relevant Owner is a direct or indirect wholly-owned subsidiary of the Borrower.

7 The originals of any documents required in connection with the opening of the Earnings Account in respect of the Relevant Ship.

8 Documentary evidence that:

(a) the Relevant Ship is registered in the ownership of the Relevant Owner under an Approved Flag;

(b) the Relevant Ship is in the absolute and unencumbered ownership of the Relevant Owner save as contemplated by the Finance Documents;

(c) the Relevant Ship maintains the highest available class with an Approved Classification Society as the Facility Agent may approve free of all overdue recommendations and conditions of such classification society;

(d) the Mortgage relating to the Relevant Ship has been duly registered or recorded against the Relevant Ship as a valid first preferred ship mortgage in accordance with the laws of the relevant Approved Flag State; and

(e) the Relevant Ship is insured in accordance with the provisions of this Agreement and all requirements therein in respect of insurances have been complied with.

9 A copy of the Management Agreement and a duly executed original of the Approved Manager's Undertaking in relation to the Relevant Ship.

10 Copies of:

(a) the document of compliance (DOC) and safety management certificate (SMC) referred to in paragraph (a) of the definition of the ISM Code Documentation in respect of the Relevant Ship and the Approved Manager certified as true and in effect by the Relevant Owner; and

(b) the ISPS Code Documentation in respect of the Relevant Ship and the Relevant Owner certified as true and in effect by the Relevant Owner.

11 Two valuations (at the cost of the Borrowers) of the Relevant Ship, addressed to the Facility Agent, stated to be for the purposes of this Agreement and dated not earlier than 4 weeks before the Drawdown Date relative to the relevant Advance, each from an Approved Broker (such valuations to be made in accordance with Clause 15.4).

12 A survey report in respect of the Relevant Ship prepared (at the cost of the Borrower) by an independent marine surveyor appointed by the Facility Agent dated no later than 20 days prior to the Drawdown Date of the relevant Advance in form, scope and substance satisfactory to the Facility Agent and its technical advisers.

13 At the cost of the Borrower, a favourable opinion from an independent insurance consultant acceptable to the Lenders on such matters relating to the insurances for the Relevant Ship as the Facility Agent may require.

14 Favourable legal opinions from lawyers appointed by the Lender on such matters concerning the laws of the Approved Flag State in which the Relevant Ship is registered and such other relevant jurisdictions as the Facility Agent may require.

15 If the Facility Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Facility Agent.

PART C

The following are the documents referred to in Clause 9.1(d) required before the Drawdown Date of each Advance under Tranche C.

In Part C of Schedule 3, the following definitions shall have the following meanings:

"**Relevant Owner**" means the owner of the Relevant Ship; and

"**Relevant Ship**" means, in relation to each Advance under Tranche C, the Additional Ship which is to act as security for such Advance.

1 Copies of resolutions of the shareholders and directors of each Relevant Owner and the Borrower authorising the execution of each of the Finance Documents to which such Owner is a party and, in the case of the Borrower, approving the borrowing of the relevant Advance and authorising named directors or attorneys to give the Drawdown Notices and other notices under this Agreement.

2 The original of any power of attorney under which any Finance Document is executed on behalf of the Relevant Owner.

3 Copies of all consents which each Relevant Owner or the Borrower requires to enter into, or make any payment under, any Finance Document.

4 A duly executed original of the Guarantee of the Relevant Owner and of the Mortgage and the General Assignment relative to the Relevant Ship, the Owner's Earnings Account Pledge and of each document to be delivered pursuant to each such Finance Document.

5 If applicable, a duly executed original of the Charterparty Assignment or the Bareboat Charter Security Agreement in respect of the Relevant Ship and of each document to be delivered pursuant to each such Finance Document.

6 Evidence satisfactory to the Facility Agent that the Relevant Owner is a direct or indirect wholly-owned subsidiary of the Borrower.

7 The originals of any documents required in connection with the opening of the Earnings Account in respect of the Relevant Ship.

8 Documentary evidence that:

(a) the Relevant Ship is registered in the ownership of the Relevant Owner under an Approved Flag;

(b) the Relevant Ship is in the absolute and unencumbered ownership of the Relevant Owner save as contemplated by the Finance Documents;

(c) the Relevant Ship maintains the highest available class with an Approved Classification Society as the Facility Agent may approve free of all overdue recommendations and conditions of such classification society;

(d) the Mortgage relating to the Relevant Ship has been duly registered or recorded against the Relevant Ship as a valid first preferred ship mortgage in accordance with the laws of the relevant Approved Flag State; and

(e) the Relevant Ship is insured in accordance with the provisions of this Agreement and all requirements therein in respect of insurances have been complied with.

9 A copy of the Management Agreement and a duly executed original of the Approved Manager's Undertaking in relation to the Relevant Ship.

10 Copies of:

(a) the document of compliance (DOC) and safety management certificate (SMC) referred to in paragraph (a) of the definition of the ISM Code Documentation in respect of the Relevant Ship and the Approved Manager certified as true and in effect by the Relevant Owner; and

(b) the ISPS Code Documentation in respect of the Relevant Ship and the Relevant Owner certified as true and in effect by the Relevant Owner.

11 Two valuations (at the cost of the Borrowers) of the Relevant Ship, addressed to the Facility Agent, stated to be for the purposes of this Agreement and dated not earlier than 4 weeks before the Drawdown Date relative to the relevant Advance, each from an Approved Broker (such valuations to be made in accordance with Clause 15.4).

12 A survey report in respect of the Relevant Ship prepared (at the cost of the Borrower) by an independent marine surveyor appointed by the Facility Agent dated no later than 20 days prior to the Drawdown Date of the relevant Advance in form, scope and substance satisfactory to the Facility Agent and its technical advisers.

13 At the cost of the Borrower, a favourable opinion from an independent insurance consultant acceptable to the Lenders on such matters relating to the insurances for each Relevant Ship as the Facility Agent may require.

14 Favourable legal opinions from lawyers appointed by the Lender on such matters concerning the laws of the Approved Flag State in which the Relevant Ship is registered and such other relevant jurisdictions as the Facility Agent may require.

15 If the Facility Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Facility Agent.

Every copy document delivered under this Schedule shall be certified as a true and up to date copy by a director or the secretary (or equivalent officer) of the Borrower.

SCHEDULE 4

TRANSFER CERTIFICATE

The Transferor and the Transferee accept exclusive responsibility for ensuring that this Certificate and the transaction to which it relates comply with all legal and regulatory requirements applicable to them respectively.

To: **HSH NORDBANK AG** for itself and for and on behalf of the Borrower, each Security Party, the Security Trustee and each Lender, as defined in the Loan Agreement referred to below.

[ ] 200[ ]

1 This Certificate relates to a Loan Agreement (the "**Loan Agreement**") dated 19 March 2008 and made between (1) Capital Product Partners L.P. (the "**Borrower**"), (2) the banks and financial institutions named therein, (3) HSH Nordbank AG as Swap Bank (4) HSH Nordbank AG as Bookrunner, Facility Agent, Mandated Lead Arranger and Security Trustee and (5) DnB NOR Bank ASA as Co-Arranger and, for revolving credit and term loan facilities of up to US$350,000,000 in aggregate.

2 In this Certificate:

"**the Relevant Parties**" means the Facility Agent, the Borrower, [each Security Party], the Security Trustee, and each Lender;

"**the Transferor**" means [full name] of [lending office];

"**the Transferee**" means [full name] of [lending office].

Terms defined in the Loan Agreement shall, unless the contrary intention appears, have the same meanings when used in this Certificate.

3 The effective date of this Certificate is .....200[ ] **Provided that** this Certificate shall not come into effect unless it is signed by the Facility Agent on or before that date.

4 The Transferor assigns to the Transferee absolutely all rights and interests (present, future or contingent) which the Transferor has as Lender under or by virtue of the Loan Agreement and every other Finance Document in relation to [ ] per cent. of the Contribution outstanding to the Transferor (or its predecessors in title) which is set out below:

Contribution	**Amount transferred**

5 By virtue of this Transfer Certificate and Clause 26 of the Loan Agreement, the Transferor is discharged [entirely from its Commitment which amounts to $[ ]] [from [ ] per cent. of its Commitment, which percentage represents $[ ]] and the Transferee acquires a Commitment of $[ ].

6 The Transferee undertakes with the Transferor and each of the Relevant Parties that the Transferee will observe and perform all the obligations under the Finance Documents which Clause 26 of the Loan Agreement provides will become binding on it upon this Certificate taking effect.

7 The Facility Agent, at the request of the Transferee (which request is hereby made) accepts, for the Facility Agent itself and for and on behalf of every other Relevant Party, this Certificate as a Transfer Certificate taking effect in accordance with Clause 26 of the Loan Agreement.

8 The Transferor:

(a) warrants to the Transferee and each Relevant Party:

(i) that the Transferor has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which are in connection with this transaction; and

(ii) that this Certificate is valid and binding as regards the Transferor;

(b) warrants to the Transferee that the Transferor is absolutely entitled, free of encumbrances, to all the rights and interests covered by the assignment in paragraph 4 above;

(c) undertakes with the Transferee that the Transferor will, at its own expense, execute any documents which the Transferee reasonably requests for perfecting in any relevant jurisdiction the Transferee's title under this Certificate or for a similar purpose.

9 The Transferee:

(a) confirms that it has received a copy of the Loan Agreement and each other Finance Document;

(b) agrees that it will have no rights of recourse on any ground against either the Transferor, the Facility Agent, the Security Trustee, any Lender in the event that:

(i) the Finance Documents prove to be invalid or ineffective,

(ii) the Borrower or any Security Party fails to observe or perform its obligations, or to discharge its liabilities, under the Finance Documents;

(iii) it proves impossible to realise any asset covered by a Security Interest created by a Finance Document, or the proceeds of such assets are insufficient to discharge the liabilities of the Borrower or Security Party under the Finance Documents;

(c) agrees that it will have no rights of recourse on any ground against the Facility Agent, the Security Trustee or any Lender in the event that this Certificate proves to be invalid or ineffective;

(d) warrants to the Transferor and each Relevant Party (i) that it has full capacity to enter into this transaction and has taken all corporate action and obtained all official consents which it needs to take or obtain in connection with this transaction; and (ii) that this Certificate is valid and binding as regards the Transferee; and

(e) confirms the accuracy of the administrative details set out below regarding the Transferee.

10 The Transferor and the Transferee each undertake with the Facility Agent and the Security Trustee severally, on demand, fully to indemnify the Facility Agent and/or the Security Trustee in respect of any claim, proceeding, liability or expense (including all legal expenses) which they or either of them may incur in connection with this Certificate or any matter arising out of it, except such as are shown to have been mainly and directly caused by the gross and culpable negligence or dishonesty of the Facility Agent's or the Security Trustee's own officers or employees.

11 The Transferee shall repay to the Transferor on demand so much of any sum paid by the Transferor under paragraph 10 above as exceeds one-half of the amount demanded by the Facility Agent or the Security Trustee in respect of a claim, proceeding, liability or expense which was not reasonably foreseeable at the date of this Certificate; but nothing in this paragraph shall affect the liability of each of the Transferor and the Transferee to the Facility Agent or the Security Trustee for the full amount demanded by it.

[Name of Transferor]

By:

Date:

[Name of Transferee]

By:

Date:

Facility Agent

Signed for itself and for and on behalf of itself
as Facility Agent and for every other Relevant Party

HSH Nordbank AG

By:

Date:

Administrative Details of Transferee

Name of Transferee:

Lending Office:

Contact Person
(Loan Administration Department):

Telephone:

Telex:

Fax:

Contact Person
(Credit Administration Department):

Telephone:

Telex:

Fax:

Account for payments:

Note: This Transfer Certificate alone may not be sufficient to transfer a proportionate share of the Transferor's interest in the security constituted by the Finance Documents in the Transferor's or Transferee's jurisdiction. It is the responsibility of each Lender to ascertain whether any other documents are required for this purpose.

SCHEDULE 5

DESIGNATION NOTICE

To: HSH Norbank AG
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany

[●]

Dear Sirs

Loan Agreement dated 19 March 2008 made between (inter alia) (i) ourselves as Borrower, (ii) the Lenders, (iii) yourselves as Swap Bank, Bookrunner, Mandated Lead Arranger, Facility Agent and Security Trustee and (iv) DnB NOR Bank ASA as Co-Arranger in respect of revolving credit and term loan facilities of up to US$350,000,000 in aggregate (the "Loan Agreement")

We refer to:

1 the Loan Agreement;

2 the Master Agreement dated [●] March 2008 made between ourselves and HSH Nordbank AG; and

3 a Confirmation delivered pursuant to the said Master Agreement dated [●] March 2008 and addressed by HSH Nordbank AG to us.

In accordance with the terms of the Loan Agreement, we hereby give you notice of the said Confirmation and hereby confirm that the Transaction evidenced by it will be designated as a "Designated Transaction" for the purposes of the Loan Agreement and the Finance Documents.

Yours faithfully,

for and on behalf of
CAPITAL PRODUCT PARTNERS L.P.

SCHEDULE 6

FORM OF COMPLIANCE CERTIFICATE

To: HSH NORDBANK AG
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany

From: Capital Product Partners L.P.

Dated: [●]
Dear Sirs

USD 350,000,000 Loan Agreement
dated 19 March 2008 (the "Agreement")

1 We refer to the Agreement. This is a Compliance Certificate and attached hereto are the calculations which will provide evidence of compliance. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2 We refer to clauses 12.5 and 15.1 of the Agreement and hereby certify that:

(a) **Leverage Ratio**
Requirement: Leverage Ratio of not more than 72.50%.
Satisfied [YES] : [NO]

(b) **Minimum Liquidity**
Requirement: maintain on a consolidated basis liquidity in a minimum amount determined in accordance with Clause 12.5(c) of the Agreement.
Satisfied [YES] : [NO]

(c) **Interest Coverage**
Requirement: maintain a ratio of EBITDA to Net Interest Expenses on a trailing 4-quarter basis of not less than 2.00 to 1.00.
Satisfied [YES] : [NO]

(d) **Collateral Maintenance**
Requirement: Market Value of the Ships subject to a Mortgage is not less than 125% of the Loan.
Satisfied [YES] : [NO]

3 We confirm that no Event of Default is continuing and that no Event of Default would occur out of the distribution or dividend [made][to be made].*

….....
Chief Financial Officer

….....
for and on behalf of
[*name of auditors of the Company*]**

* If this statement cannot be made, the certificate should identify any Event of Default that is continuing and the steps, if any, being taken to remedy it.

** Only applicable if the Compliance Certificate accompanies the audited financial statements and is to be signed by the auditors. To be agreed with the Company's auditors prior to signing the Agreement.

EXECUTION PAGES

BORROWER

SIGNED by)
for and on behalf of)
CAPITAL PRODUCT)
PARTNERS L.P.)

LENDERS

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

SIGNED by)
for and on behalf of)
DNB NOR BANK ASA)

SIGNED by)
for and on behalf of)
ALPHA BANK A.E.)

SIGNED by)
for and on behalf of)
NATIONAL BANK OF)
GREECE S.A.)

SIGNED by)
for and on behalf of)
PIRAEUS BANK A.E.)

SWAP BANK

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

BOOKRUNNER

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

MANDATED LEAD ARRANGER

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

FACILITY AGENT

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

SECURITY TRUSTEE

SIGNED by)
for and on behalf of)
HSH NORDBANK AG)

CO-ARRANGER

SIGNED by)
for and on behalf of)
DNB NOR BANK ASA)

Witness to all the above)
Signatures:)

Name:

Address:

Exhibit 4.11

EXECUTION COPY

SHARE PURCHASE AGREEMENT

Dated 24 September, 2007

between

CAPITAL MARITIME & TRADING CORP.

and

CAPITAL PRODUCT PARTNERS L.P.

TABLE OF CONTENTS

SHARE PURCHASE AGREEMENT (the "Agreement"), dated as of September 24, 2007, by and between CAPITAL MARITIME & TRADING CORP. (the "Seller"), a corporation organized under the laws of the Republic of the Marshall Islands, and CAPITAL PRODUCT PARTNERS L.P. (the "Buyer"), a limited partnership organized under the laws of the Republic of the Marshall Islands and recently formed by the Seller.

RECITAL

WHEREAS, the Buyer wishes to purchase from the Seller, and the Seller wishes to sell to the Buyer, the five hundred (500) shares of common stock (the "Shares") representing all of the issued and outstanding shares of common stock of Ross Shipmanagement Co., a corporation organized under the laws of the Republic of the Marshall Islands (the "Vessel Owning Subsidiary").

WHEREAS, the Vessel Owning Subsidiary is the registered owner of the Liberian flagged motor tanker "Attikos" (the "Vessel").

WHEREAS, the Vessel is subject to a time charter party agreement (type SHELLTIME 4) dated May 31, 2007 and entered into between the Vessel Owning Subsidiary and Trafigura Beheer BV, Amsterdam (the "Charterer") for a period of 26 to 28 months from July 12, 2007, the date on which the Vessel was delivered to the Charterer (the "Charter").

WHEREAS, contemporaneously with the execution of this Agreement, the Buyer and Capital Ship Management Corp. ("CSM") will execute an amendment to the Management Agreement dated as of April 3, 2007 and entered into between the Buyer and CSM (the "Amendment to the Management Agreement").

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

Interpretation

SECTION 1.01 Definitions. In this Agreement, unless the context requires otherwise or unless otherwise specifically provided herein, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"Agreement" means this Agreement, including its recitals and schedules, as amended, supplemented, restated or otherwise modified from time to time;

"Applicable Law" in respect of any Person, property, transaction or event, means all laws, statutes, ordinances, regulations, municipal by-laws, treaties, judgments

and decrees applicable to that Person, property, transaction or event and, whether or not having the force of law, all applicable official directives, rules, consents, approvals, authorizations, guidelines, orders, codes of practice and policies of any Governmental Authority having or purporting to have authority over that Person, property, transaction or event and all general principles of common law and equity;

"Business Day" means any day other than a Saturday, Sunday or any statutory holiday on which banks in London, Greece and New York are required to close;

"Buyer" has the meaning given to it in the preamble;

"Buyer Indemnitees" has the meaning given to it in Section 10.01;

"Charter" has the meaning given to it in the recitals;

"Charterer" has the meaning given to it in the recitals;

"Closing" has the meaning given to it in Section 2.02;

"Closing Date" has the meaning given to it in Section 2.02;

"Contracts" has the meaning given to it in Section 5.08;

"Credit Facility" means the US$370 million credit facility agreement dated March 22, 2007 between the Buyer and HSH Nordbank AG;

"Daily Charter Rate" means, with respect to the Vessel, the daily charter rate provided in the Charter in the amount of US Dollars 13,850;

"Encumbrance" means any mortgage, lien, charge, assignment, adverse claim, hypothecation, restriction, option, covenant, condition or encumbrance, whether fixed or floating, on, or any security interest in, any property whether real, personal or mixed, tangible or intangible, any pledge or hypothecation of any property, any deposit arrangement, priority, conditional sale agreement, other title retention agreement or equipment trust, capital lease or other security arrangements of any kind;

"Governmental Authority" means any domestic or foreign government, including federal, provincial, state, municipal, county or regional government or governmental or regulatory authority, domestic or foreign, and includes any department, commission, bureau, board, administrative agency or regulatory body of any of the foregoing and any multinational or supranational organization;

"Losses" means, with respect to any matter, all losses, claims, damages, liabilities, deficiencies, costs, expenses (including all costs of investigation, legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) or diminution of value, whether or not involving a claim from a third party, however specifically excluding consequential, special and indirect losses, loss of profit and loss of opportunity;

"Notice" means any notice, citation, directive, order, claim, litigation, investigation, proceeding, judgment, letter or other communication, written or oral, actual or threatened, from any Person;

"Parties" means all parties to this Agreement and "Party" means any one of them;

"Person" means an individual, entity or association, including any legal personal representative, corporation, body corporate, firm, partnership, trust, trustee, syndicate, joint venture, unincorporated organization or Governmental Authority;

"Permits" has the meaning given to it in Section 5.13;

"Purchase Price" has the meaning given to it in Section 2.03;

"Seller" has the meaning given to it in the preamble;

"Seller Indemnities" has the meaning given to it in Section 10.02;

"Shares" has the meaning given to it in the recitals;

"Taxes" means all income, franchise, business, property, sales, use, goods and services or value added, withholding, excise, alternate minimum capital, transfer, excise, customs, anti-dumping, stumpage, countervail, net worth, stamp, registration, franchise, payroll, employment, health, education, business, school, property, local improvement, development, education development and occupation taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, dues and charges and other taxes required to be reported upon or paid to any domestic or foreign jurisdiction and all interest and penalties thereon;

"Vessel" has the meaning given to it in the recitals; and

"Vessel Owning Subsidiary" has the meaning given to it in the recitals.

ARTICLE II

Purchase and Sale of Shares; Closing

SECTION 2.01 Purchase and Sale of Shares. The Seller agrees to sell and transfer to the Buyer, and the Buyer agrees to purchase from the Seller for the Purchase Price and in accordance with and subject to the terms and conditions set forth in this Agreement, the Shares.

SECTION 2.02 Closing. On the terms of this Agreement, the sale and transfer of the Shares and payment of the Purchase Price shall take place on the date hereof (the "Closing Date"). The sale and transfer of the Shares is hereinafter referred to as "Closing."

SECTION 2.03 Place of Closing. The Closing shall take place at the premises of Capital Ship Management Corp. at 3 Iassonos street, Piraeus, Greece.

SECTION 2.04 Purchase Price for Shares. On the Closing Date, the Buyer shall pay to the Seller (to such account as the Seller shall nominate) the amount of US Dollars 23,000,000 for the Shares (the "Purchase Price").

SECTION 2.05 Payment of the Purchase Price. The Purchase Price will be paid by the Buyer to the Seller of the Shares by wire transfer of immediately available funds to an account designated in writing by the Seller.

ARTICLE III

Representations and Warranties of the Buyer

The Buyer represents and warrants to the Seller that as of the date hereof:

SECTION 3.01 Organization and Limited Partnership Authority. The Buyer is duly formed, validly existing and in good standing under the laws of the Republic of the Marshall Islands, and has all requisite limited partnership power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Buyer, has been effectively authorized by all necessary action, limited partnership or otherwise, and constitutes legal, valid and binding obligations of the Buyer. No meeting has been convened or resolution proposed or petition presented and no order has been made to wind up the Buyer.

SECTION 3.02 Agreement Not in Breach of Other Instruments. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of the terms hereof will not result in a breach of any of the terms or provisions of, or constitute a default under, or conflict with, any agreement or other instrument to which the Buyer is a party or by which it is bound, the Certificate of Formation and the Partnership Agreement, any judgment, decree, order or award of any court, governmental body or arbitrator by which the Buyer is bound, or any law, rule or regulation applicable to the Buyer which would have a material effect on the transactions contemplated hereby.

SECTION 3.03 No Legal Bar. The Buyer is not prohibited by any order, writ, injunction or decree of any body of competent jurisdiction from consummating the transactions contemplated by this Agreement and no such action or proceeding is pending or, to the best of its knowledge and belief, threatened against the Buyer which questions the validity of this Agreement, any of the transactions contemplated hereby or any action which has been taken by any of the parties in connection herewith or in connection with any of the transactions contemplated hereby.

ARTICLE IV

Representations and Warranties of the Seller

The Seller represents and warrants to the Buyer that as of the date hereof:

SECTION 4.01 Organization and Corporate Authority. The Seller is duly incorporated, validly existing and in good standing under the laws of the Republic of the Marshall Islands, and has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Seller, has been effectively authorized by all necessary action, corporate or otherwise, and constitutes legal, valid and binding obligations of the Seller. No meeting has been convened or resolution proposed or petition presented and no order has been made to wind up the Seller.

SECTION 4.02 Agreement Not in Breach. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of the terms hereof will not result in a breach of any of the terms or provisions of, or constitute a default under, or conflict with, any agreement or other instrument to which the Seller is a party or by which it is bound, the Articles of Incorporation and Bylaws of the Seller, any judgment, decree, order or award of any court, governmental body or arbitrator by which the Seller is bound, or any law, rule or regulation applicable to the Seller.

SECTION 4.03 No Legal Bar. The Seller is not prohibited by any order, writ, injunction or decree of any body of competent jurisdiction from consummating the transactions contemplated by this Agreement and no such action or proceeding is pending or, to the best of its knowledge and belief, threatened against the Seller which questions the validity of this Agreement, any of the transactions contemplated hereby or any action which has been taken by any of the parties in connection herewith or in connection with any of the transactions contemplated hereby.

SECTION 4.04 Good and Marketable Title to Shares. The Seller is the owner (of record and beneficially) of all of the Shares and has good and marketable title to the Shares, free and clear of any and all Encumbrances.

SECTION 4.05 Right to Enter Agreement. The Seller has the full right, power and authority to enter into this Agreement and to transfer, convey and sell to the Buyer as of the date hereof the Shares and upon consummation of the purchase contemplated hereby, the Buyer will acquire from the Seller good and marketable title to the Shares, free and clear of all covenants, conditions, restrictions, voting trust arrangements, liens, charges, encumbrances, options and adverse claims or rights whatsoever.

ARTICLE V

Representations and Warranties of
the Seller Regarding the Vessel Owning Subsidiary

The Seller represents and warrants to the Buyer that as of the date hereof:

SECTION 5.01 Organization Good Standing and Authority. The Vessel Owning Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of the Republic of the Marshall Islands. The Vessel Owning Subsidiaries has full corporate power and authority to carry on its business as it is now, and has since its incorporation been, conducted, and is entitled to own, lease or operate the properties and assets it now owns, leases or operates and to enter into legal and binding contracts. No meeting has been convened or resolution proposed or petition presented and no order has been made to wind up the Vessel Owning Subsidiary.

SECTION 5.02 Capitalization. The Shares consist of the 500 shares of common stock without par value and have been duly authorized and validly issued and are fully paid and non-assessable, and constitute the total issued and outstanding capital stock of the Vessel Owning Subsidiary. There are not outstanding (i) any options, warrants or other rights to purchase from the Vessel Owning Subsidiary any capital stock of the Vessel Owning Subsidiary, (ii) any securities convertible into or exchangeable for shares of such capital stock or (iii) any other commitments of any kind for the issuance of additional shares of capital stock or options, warrants or other securities of the Vessel Owning Subsidiary.

SECTION 5.03 Organizational Documents. The Seller has supplied to the Buyer true and correct copies of the organizational documents of the Vessel Owning Subsidiary, as in effect as of the date hereof (the "Organizational Documents").

SECTION 5.04 Agreement Not in Breach. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will violate, or result in a breach of, any of the terms and provisions of, or constitute a default under, or conflict with, or give any other party thereto a right to terminate any agreement or other instrument to which the Vessel Owning Subsidiary is a party or by which it is bound including, without limitation, any of the Organizational Documents, or any judgment, decree, order or award of any court, governmental body or arbitrator applicable to the Vessel Owning Subsidiary.

SECTION 5.05 Litigation.

(a). There is no action, suit or proceeding to which the Vessel Owning Subsidiary is a party (either as a plaintiff or defendant) pending before any court or governmental agency, authority or body or arbitrator; there is no action, suit or proceeding threatened against the Vessel Owning Subsidiary; and, to the best knowledge of the Seller, there is no basis for any such action, suit or proceeding;

(b). The Vessel Owning Subsidiary has not been permanently or temporarily enjoined by any order, judgment or decree of any court or any governmental agency, authority or body from engaging in or continuing any conduct or practice in connection with the business, assets, or properties of the Vessel Owning Subsidiary; and

(c). There is not in existence any order, judgment or decree of any court or other tribunal or other agency enjoining or requiring the Vessel Owning Subsidiary to take any action of any kind with respect to its business, assets or properties.

SECTION 5.06 Indebtedness to and from Officers, etc. The Vessel Owning Subsidiary will not be indebted, directly or indirectly, to any person who is an officer, director, stockholder or employee of any of the Seller or any spouse, child, or other relative or any affiliate of any such person, nor shall any such officer, director, stockholder, employee, relative or affiliate be indebted to the Vessel Owning Subsidiary.

SECTION 5.07 Personnel. The Vessel Owning Subsidiary has no employees.

SECTION 5.08 Contracts and Agreements. Other than the Charter and the Amendment to the Management Agreement (together, the "Contracts"), there are no material contracts or agreements, written or oral, to which the Vessel Owning Subsidiary is a party or by which any of its assets are bound.

(a). Each of the Contracts is a valid and binding agreement of the Vessel Owning Subsidiary, and to the best knowledge of the Seller, of all other parties thereto;

(b). The Vessel Owning Subsidiary has fulfilled all material obligations required pursuant to its Contracts to have been performed by it prior to the date hereof and has not waived any material rights thereunder; and

(c). There has not occurred any material default under any of the Contracts, or to the best knowledge of the Seller, on the part of any other party thereto nor has any event occurred which with the giving of notice or the lapse of time, or both, would constitute any material default on the part of the Vessel Owning Subsidiary under any of the Contracts nor, to the best knowledge of the Seller, has any event occurred which with the giving of notice or the lapse of time, or both, would constitute any material default on the part of any other party to any of the Contracts.

SECTION 5.09 Compliance with Law. The conduct of business by the Vessel Owning Subsidiary does not and the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate any laws, statutes, ordinances, rules, regulations, decrees, orders, permits or other similar items in force (including, but not limited to, any of the foregoing relating to employment discrimination, environmental protection or conservation) of any country, province, state or other governing body, the enforcement of which would materially and adversely affect the business, assets, condition (financial or otherwise) or prospects of the Vessel Owning Subsidiary taken as a whole, nor has the Vessel Owning Subsidiary received any notice of any such violation.

SECTION 5.10 No Undisclosed Liabilities. The Vessel Owning Subsidiary (or the Vessel owned by it) has no liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise, and whether due or to become due (including, without limitation, any liability for Taxes and interest, penalties and other charges payable with respect to any such liability or obligation). Notwithstanding the foregoing, the Parties acknowledge and agree that there may be obligations under the Contracts that are not due and payable as of the date hereof and that will be the responsibility of the Seller pursuant to Section 8.01(c) of this Agreement.

SECTION 5.11 Disclosure of Information. The Seller has disclosed to the Buyer all material information on, and about, the Vessel Owning Subsidiary and the Vessel and all such information is true, accurate and not misleading in any material respect. Nothing has been withheld from the material provided to the Buyer which would render such information untrue or misleading.

SECTION 5.12 Payment of Taxes. The Vessel Owning Subsidiary has filed all foreign, federal, state and local income and franchise tax returns required to be filed, which returns are correct and complete in all material respects, and has timely paid all taxes due from it, and the Vessel is in good standing with respect to the payment of past and current Taxes, fees and other amounts payable under the laws of the jurisdiction where it is registered as would affect its registry with the ship registry of such jurisdiction.

SECTION 5.13 Permits. The Vessel Owning Subsidiary has such permits, consents, licenses, franchises, concessions, certificates and authorizations ("Permits") of, and has all declarations and filings with, and is qualified and in good standing in each jurisdiction of, all federal, provincial, state, local or foreign Governmental Authorities and other Persons, as are necessary to own or lease its properties and to conduct its business in the manner that is standard and customary for a business of its nature other than such Permits the absence of which, individually or in the aggregate, has not and could not reasonably be expected to materially or adversely affect the Vessel Owning Subsidiary. The Vessel Owning Subsidiary has fulfilled and performed all its obligations with respect to such Permits which are or will be due to have been fulfilled and performed by such date and no event has occurred that would prevent the Permits from being renewed or reissued or that allows, or after notice or lapse of time would allow, revocation or termination thereof or results or would result in any impairment of the rights of the holder of any such Permit, except for such non-renewals, non-issues, revocations, terminations and impairments that would not, individually or in the aggregate, materially or adversely affect the Vessel Owning Subsidiary, and none of such Permits contains any restriction that is materially burdensome to the Vessel Owning Subsidiary.

SECTION 5.14 No Material Adverse Change in Business. Since July 12, 2007**,** there has been no material adverse change in the condition, financial or otherwise, or in the earnings, properties, business affairs or business prospects of the Vessel Owning Subsidiary, whether or not arising in the ordinary course of business, that would have or could reasonably be expected to have a material adverse effect on the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Vessel Owning Subsidiary.

ARTICLE VI

Representations and Warranties of
the Seller regarding the Vessel

The Seller represents and warrants to the Buyer that as of the date hereof:

SECTION 6.01 Title to Vessel. The Vessel Owning Subsidiary is the owner (beneficially and of record) of the Vessel and has good and marketable title to the Vessel.

SECTION 6.02 No Encumbrances. The Vessel Owning Subsidiary and the Vessel are free of all Encumbrances other than the Encumbrances arising under the Charter or the Credit Facility.

SECTION 6.03 Condition. The Vessel is (i) adequate and suitable for use by the Vessel Owning Subsidiary in the manner that is standard and customary for a vessel of its type, ordinary wear and tear excepted; (ii) seaworthy in all material respects for hull and machinery insurance warranty purposes and in good running order and repair; (iii) insured against all risks, and in amounts, consistent with common industry practices; (iv) in compliance with maritime laws and regulations; and (v) in compliance in all material respects with the requirements of its class and classification society; and all class certificates of the Vessel are clean and valid and free of recommendations affecting class; and the Buyer acknowledges and agrees that, subject only to the representations and warranties in this Agreement, it is acquiring the Vessel on an “as is, where is” basis.

ARTICLE VII

Amendments and Waivers

SECTION 7.01 Amendments and Waivers. This Agreement may not be amended except by an instrument in writing signed on behalf of each parties hereto. By an instrument in writing the Buyer, on the one hand, or the Seller, on the other hand, may waive compliance by the other with any term or provision of this Agreement that such other party was or is obligated to comply with or perform.

ARTICLE VIII

Indemnification

SECTION 8.01 Indemnity by the Seller. The Seller shall be liable for, and shall indemnify the Buyer and each of its subsidiaries and each of their directors, employees, agents and representatives (the "Buyer Indemnitees") against and hold them harmless from, any Losses, suffered or incurred by such Buyer Indemnitee:

(a). by reason of, arising out of or otherwise in respect of any inaccuracy in, or breach of, any representation or warranty (without giving effect to any supplement to the schedules or qualifications as to materiality or dollar amount or other similar qualifications), or a failure to perform or observe any covenant, agreement or obligation of, the Seller in or under this Agreement or in or under any document, instrument or agreement delivered pursuant to this Agreement by the Seller;

(b). any fees, expenses or other payments incurred or owed by the Seller or the Vessel Owning Subsidiary to any brokers, financial advisors or comparable other persons retained or employed by it in connection with the transactions contemplated by this Agreement; or

(c). by reason of, arising out of or otherwise in respect of obligations, liabilities, expenses, cost and claims relating to, arising from or otherwise attributable to the assets owned by the Vessel Owning Subsidiary or the assets, operations, and obligations of the Vessel Owning Subsidiary or the businesses thereof, in each case, to the extent relating to, arising from, or otherwise attributable to facts, circumstances or events occurring prior to the Closing Date.

SECTION 8.02 Indemnity by the Buyer. The Buyer shall indemnify the Seller and its subsidiaries other than any Buyer Indemnitees and each of their respective officers, directors, employees, agents and representatives (the "Seller Indemnitees") against and hold them harmless from, any Losses, suffered or incurred by such Seller Indemnitee by reason of, arising out of or otherwise in respect of any inaccuracy in, or breach of, any representation or warranty (without giving effect to any supplement to the schedules occurring after the date hereof or qualifications as to materiality or dollar amount or other similar qualifications), or a failure to perform or observe any covenant, agreement or obligation of, the Buyer in or under this Agreement or in or under any document, instrument or agreement delivered pursuant to this Agreement by the Buyer.

ARTICLE IX

Miscellaneous

SECTION 9.01 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and to be performed wholly within such jurisdiction without giving effect to conflict of law principles thereof other than Section 5-1401 of the New York General Obligations Law, except to the extent that it is mandatory that the law of some other jurisdiction, wherein the Vessels are located, shall apply.

SECTION 9.02 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

SECTION 9.03 Complete Agreement. This Agreement and Schedules hereto contain the entire agreement between the parties hereto with respect to the transactions contemplated herein and, except as provided herein, supersede all previous oral and written and all contemporaneous oral negotiations, commitments, writings and understandings.

SECTION 9.04 Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 9.05 Severability. If any of the provisions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any governmental body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, and an equitable adjustment shall be made and necessary provision added so as to give effect, as nearly as possible, to the intention of the Parties as expressed in this Agreement at the time of execution of this Agreement.

SECTION 9.06 Third Party Rights. Except to the extent provided in Article X, a Person who is not a party to this Agreement has no right to enforce or to enjoy the benefit of any term of this Agreement.

SECTION 9.07 Notices. Any notice, claim or demand in connection with this Agreement shall be delivered to the parties at the following addresses (or at such other address or facsimile number for a party as may be designated by notice by such party to the other party):

(a). if to Capital Maritime & Trading Corp., as follows:

c/o Capital Ship Management Corp., 3 Iassonos Street, Piraeus, Greece
Attention: Evangelos M. Marinakis
Facsimile: +30 210 428 4286

(b). if to Capital Product Partners L.P., as follows:

c/o Capital Ship Management Corp., 3 Iassonos Street, Piraeus, Greece
Attention: Ioannis E. Lazaridis
Facsimile: +30 210 428 4285

and any such notice shall be deemed to have been received (i) on the next working day in the place to which it is sent, if sent by facsimile or (ii) forty eight (48) hours from the time of dispatch, if sent by courier.

SECTION 9.08 Representations and Warranties to Survive. All representations and warranties of the Buyer and Seller contained in this Agreement shall survive the Closing and shall remain operative and in full force and effect after the Closing, regardless of (a) any investigation made by or on behalf of any Party or its affiliates, any Person controlling any Party, its officers or directors, and (b) delivery of and payment for the Shares.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed as of the date first above written.

CAPITAL MARITIME & TRADING CORP.

By: _____

Name: Evangelos M. Marinakis
Title: President and Chief Executive Officer

CAPITAL PRODUCT PARTNERS L.P.
By: Capital GP L.L.C., its general partner

By: _____

Name: Ioannis E. Lazaridis
Title: Chief Executive Officer and Chief Financial Officer of Capital GP, L.L.C.

Exhibit 4.12

EXECUTION COPY

SHARE PURCHASE AGREEMENT

Dated March 27, 2008

between

CAPITAL MARITIME & TRADING CORP.

and

CAPITAL PRODUCT PARTNERS L.P.

TABLE OF CONTENTS

SHARE PURCHASE AGREEMENT (the "Agreement"), dated as of March 27, 2008, by and between CAPITAL MARITIME & TRADING CORP. (the "Seller"), a corporation organized under the laws of the Republic of the Marshall Islands, and CAPITAL PRODUCT PARTNERS L.P. (the "Buyer"), a limited partnership organized under the laws of the Republic of the Marshall Islands and recently formed by the Seller.

RECITAL

WHEREAS, the Buyer wishes to purchase from the Seller, and the Seller wishes to sell to the Buyer, the five hundred (500) shares of common stock (the "Shares") representing all of the issued and outstanding shares of common stock of Baymont Enterprises Incorporated, a corporation organized under the laws of the Republic of Liberia (the "Vessel Owning Subsidiary").

WHEREAS, the Vessel Owning Subsidiary is the registered owner of the Liberian flagged motor tanker "Amore Mio II" (the "Vessel").

WHEREAS, the Seller wishes to transfer to the Buyer all right, title and interest in the Vessel, and retain all assets other than the Vessel, the Contracts (as defined below) and any necessary permits and all liabilities of the Vessel Owning Subsidiary.

WHEREAS, the Vessel is subject to a time charter party agreement (type BPTIME3) dated September 27, 2007 and entered into between Baymont and BP Shipping Limited (the "Charterer") for a period of 35 to 37 months from October 1, 2007, the date on which the Amore Mio II was delivered to the Charterer (the "Charter").

WHEREAS, contemporaneously with the execution of this Agreement, the Buyer and Capital Ship Management Corp. ("CSM") will execute an amendment to the Management Agreement dated as of April 3, 2007, as amended on September 24, 2007, and entered into between the Buyer and CSM (the "Amendment to the Management Agreement").

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

Interpretation

SECTION 1.01 Definitions. In this Agreement, unless the context requires otherwise or unless otherwise specifically provided herein, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"Agreement" means this Agreement, including its recitals and schedules, as amended, supplemented, restated or otherwise modified from time to time;

"Amendment to the Management Agreement" has the meaning given to it in the recitals;

"Applicable Law" in respect of any Person, property, transaction or event, means all laws, statutes, ordinances, regulations, municipal by-laws, treaties, judgments and decrees applicable to that Person, property, transaction or event and, whether or not having the force of law, all applicable official directives, rules, consents, approvals, authorizations, guidelines, orders, codes of practice and policies of any Governmental Authority having or purporting to have authority over that Person, property, transaction or event and all general principles of common law and equity;

"Amore Mio II" has the meaning given to it in the recitals;

"Buyer" has the meaning given to it in the preamble;

"Buyer Entities" means the Buyer and its subsidiaries;

"Buyer Indemnitees" has the meaning given to it in Section 9.01;

"Charter" has the meaning given to it in the recitals;

"Charterer" has the meaning given to it in the recitals;

"Closing" has the meaning given to it in Section 2.02;

"Closing Date" has the meaning given to it in Section 2.02;

"Commitment" means (a) options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights or other contracts that could require a Person to issue any of its equity interests or to sell any equity interests it owns in another Person (other than this Agreement and the related transaction documents); (b) any other securities convertible into, exchangeable or exercisable for, or representing the right to subscribe for any equity interest of a Person or owned by a Person; and (c) stock appreciation rights, phantom stock, profit participation, or other similar rights with respect to a Person;

"Common Units" has the meaning ascribed to such term in the Partnership Agreement.

"Contracts" has the meaning given to it in Section 5.08;

"Credit Facility" means the US$350 million credit facility agreement dated March 19, 2008 between the Buyer and HSH Nordbank AG;

"CSM" has the meaning given to it in the recitals;

"Encumbrance" means any mortgage, lien, charge, assignment, adverse claim, hypothecation, restriction, option, covenant, condition or encumbrance, whether fixed or floating, on, or any security interest in, any property whether real, personal or mixed, tangible or intangible, any pledge or hypothecation of any property, any deposit arrangement, priority, conditional sale agreement, other title retention agreement or equipment trust, capital lease or other security arrangements of any kind;

"Equity Interest" means (a) with respect to any entity, any and all shares of capital stock or other ownership interest and any Commitments with respect thereto, (b) any other direct equity ownership or participation in a Person and (c) any Commitments with respect to the interests described in (a) or (b);

"Governmental Authority" means any domestic or foreign government, including federal, provincial, state, municipal, county or regional government or governmental or regulatory authority, domestic or foreign, and includes any department, commission, bureau, board, administrative agency or regulatory body of any of the foregoing and any multinational or supranational organization;

"Losses" means, with respect to any matter, all losses, claims, damages, liabilities, deficiencies, costs, expenses (including all costs of investigation, legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) or diminution of value, whether or not involving a claim from a third party, however specifically excluding consequential, special and indirect losses, loss of profit and loss of opportunity;

"Notice" means any notice, citation, directive, order, claim, litigation, investigation, proceeding, judgment, letter or other communication, written or oral, actual or threatened, from any Person;

"Organizational Documents" has the meaning given to it in Section 5.03;

"Parties" means all parties to this Agreement and "Party" means any one of them;

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Buyer dated April 3, 2007.

"Person" means an individual, entity or association, including any legal personal representative, corporation, body corporate, firm, partnership, trust, trustee, syndicate, joint venture, unincorporated organization or Governmental Authority;

"Permits" has the meaning given to it in Section 5.13;

"Purchase Price" has the meaning given to it in Section 2.04;

"SEC Documents" means the Prospectus of the Buyer dated March 29, 2007 and filed with the U.S. Securities and Exchange Commission and all filings the

Buyer is required to make pursuant to the Securities Act and the Securities Exchange Act of 1934, as amended from time to time;

"Securities Act" means the Securities Act of 1933, as amended from time to time;

"Seller" has the meaning given to it in the preamble;

"Seller Entities" means the Seller and its affiliates other than the Buyer Entities;

"Seller Indemnities" has the meaning given to it in Section 9.02;

"Shares" has the meaning given to it in the recitals;

"Taxes" means all income, franchise, business, property, sales, use, goods and services or value added, withholding, excise, alternate minimum capital, transfer, excise, customs, anti-dumping, stumpage, countervail, net worth, stamp, registration, franchise, payroll, employment, health, education, business, school, property, local improvement, development, education development and occupation taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, dues and charges and other taxes required to be reported upon or paid to any domestic or foreign jurisdiction and all interest and penalties thereon;

"Transferred Common Units" has the meaning given to it in Section 2.04;

"Vessel Owning Subsidiary" has the meaning given to it in the recitals; and

"Vessel" has the meaning given to it in the recitals.

ARTICLE II

Purchase and Sale of Shares; Closing

SECTION 2.01 Purchase and Sale of Shares. The Seller agrees to sell and transfer to the Buyer, and the Buyer agrees to purchase from the Seller for the Purchase Price and in accordance with and subject to the terms and conditions set forth in this Agreement, the Shares which in turn shall result in the Buyer indirectly owning the Vessel.

SECTION 2.02 Purchase and Sale of Shares. On the terms of this Agreement, the sale and transfer of the Shares and payment of the Purchase Price shall take place on the date hereof (the "Closing Date"). The sale and transfer of the Shares is hereinafter referred to as "Closing."

SECTION 2.03 Place of Closing. The Closing shall take place at the premises of CSM at 3 Iassonos Street, Piraeus, Greece.

SECTION 2.04 Purchase Price for Shares. On the Closing Date, the Buyer shall pay to the Seller (to such account as the Seller shall nominate) the amount of US Dollars $48,000,000 and shall issue to the Seller 2,048,823 Common Units at a price of US Dollars 22.94 per unit, which equals the volume weighted average price of the Common Units on the NASDAQ Global Market for the period from October 15, 2007 to February 15, 2008 (the "Transferred Common Units" and, together with such cash consideration, the "Purchase Price") in exchange for the Shares. The Buyer shall have no responsibility or liability hereunder for the Seller's allocation and distribution of the Purchase Price among the Seller Entities.

SECTION 2.05 Payment of the Purchase Price. The Purchase Price (i) (to the extent paid in US Dollars) will be paid by the Buyer to the Seller of the Shares by wire transfer of immediately available funds to an account designated in writing by the Seller and (ii) (to the extent paid in Common Units) will be paid by the Buyer to the Seller of the Shares by delivery of certificates representing the Transferred Common Units.

ARTICLE III

Representations and Warranties of the Buyer

The Buyer represents and warrants to the Seller that as of the date hereof:

SECTION 3.01 Organization and Limited Partnership Authority. The Buyer is duly formed, validly existing and in good standing under the laws of the Republic of the Marshall Islands, and has all requisite limited partnership power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Buyer, has been effectively authorized by all necessary action, limited partnership or otherwise, and constitutes legal, valid and binding obligations of the Buyer. No meeting has been convened or resolution proposed or petition presented and no order has been made to wind up the Buyer.

SECTION 3.02 Agreement Not in Breach of Other Instruments. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of the terms hereof will not result in a breach of any of the terms or provisions of, or constitute a default under, or conflict with, any agreement or other instrument to which the Buyer is a party or by which it is bound, the Certificate of Formation and the Partnership Agreement, any judgment, decree, order or award of any court, governmental body or arbitrator by which the Buyer is bound, or any law, rule or regulation applicable to the Buyer which would have a material effect on the transactions contemplated hereby.

SECTION 3.03 No Legal Bar. The Buyer is not prohibited by any order, writ, injunction or decree of any body of competent jurisdiction from consummating the transactions contemplated by this Agreement and no such action or proceeding is pending or, to the best of its knowledge and belief, threatened against the Buyer which questions the validity of this Agreement, any of the transactions contemplated hereby or any action

which has been taken by any of the parties in connection herewith or in connection with any of the transactions contemplated hereby.

SECTION 3.04 Issuance of Transferred Common Units. The Transferred Common Units have been duly authorized and validly issued and are fully paid and non-assessable.

SECTION 3.05 The Transferred Common Units. Assuming the Seller has the requisite power and authority to be the lawful owner of the Transferred Common Units, upon delivery to the Seller at the Closing of certificates representing the Transferred Common Units, or delivery of such Transferred Common Units by electronic means, and upon the consummation of the purchase contemplated hereby, the Seller shall own good and valid title to the Transferred Common Units, free and clear of any Encumbrances, other than those arising from acts of the Seller Entities. Other than those created by or described in this Agreement and the related transaction documents, the Buyer's organizational documents, restrictions imposed by Applicable Law or as disclosed in the SEC Documents, at the Closing, the Transferred Common Units will not be subject to any voting trust agreement or other contract, agreement, arrangement, commitment or understanding restricting or otherwise relating to the voting, dividend rights or disposition of the Transferred Common Units other than any agreement to which any Seller Entity is a party.

SECTION 3.06 Securities Act. The Shares purchased by the Buyer pursuant to this Agreement are being acquired for investment purposes only and not with a view to any public distribution thereof, and the Buyer shall not offer to sell or otherwise dispose of the Shares so acquired by it in violation of any of the registration requirements of the Securities Act. The Buyer acknowledges that it is able to fend for itself, can bear the economic risk of its investment in the Shares, and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in all of the Shares. The Buyer is an "accredited investor" as such term is defined in Regulation D under the Securities Act. The Buyer understands that, when issued to the Buyer at the Closing, none of the Shares will be registered pursuant to the Securities Act and that all of the Shares will constitute "restricted securities" under the federal securities laws of the United States.

SECTION 3.07 Private Offering. None of the Buyer, its affiliates and its representatives has issued, sold or offered any security of the Buyer to any person under circumstances that would cause the issuance and delivery of the Transferred Common Units as contemplated by this Agreement to be subject to the registration requirements of the Securities Act. None of the Buyer, its affiliates and its representatives will offer the Transferred Common Units or any part thereof or any similar securities for issuance or sale to, or solicit any offer to acquire any of the same from, any person so as to make the issuance and sale of the Transferred Common Units subject to the registration requirements of the Securities Act. Assuming the representations of the Seller contained in Section 4.06 are true and correct, the issuance and delivery of the Transferred Common Units on or prior to the Closing Date will be exempt from the registration and prospectus delivery requirements of the Securities Act.

SECTION 3.08 Independent Investigation. The Buyer has had the opportunity to conduct to its own satisfaction independent investigation, review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Vessel Owning Subsidiary and, in making the determination to proceed with the transactions contemplated hereby, has relied solely on the results of its own independent investigation and the representations and warranties set forth in Articles IV, V and VI.

ARTICLE IV

Representations and Warranties of the Seller

The Seller represents and warrants to the Buyer that as of the date hereof:

SECTION 4.01 Organization and Corporate Authority. The Seller is duly incorporated, validly existing and in good standing under the laws of the Republic of the Marshall Islands, and has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Seller, has been effectively authorized by all necessary action, corporate or otherwise, and constitutes legal, valid and binding obligations of the Seller. No meeting has been convened or resolution proposed or petition presented and no order has been made to wind up the Seller.

SECTION 4.02 Agreement Not in Breach. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of the terms hereof will not result in a breach of any of the terms or provisions of, or constitute a default under, or conflict with, any agreement or other instrument to which the Seller is a party or by which it is bound, the Articles of Incorporation and Bylaws of the Seller, any judgment, decree, order or award of any court, governmental body or arbitrator by which the Seller is bound, or any law, rule or regulation applicable to the Seller.

SECTION 4.03 No Legal Bar. The Seller is not prohibited by any order, writ, injunction or decree of any body of competent jurisdiction from consummating the transactions contemplated by this Agreement and no such action or proceeding is pending or, to the best of its knowledge and belief, threatened against the Seller which questions the validity of this Agreement, any of the transactions contemplated hereby or any action which has been taken by any of the parties in connection herewith or in connection with any of the transactions contemplated hereby.

SECTION 4.04 Good and Marketable Title to Shares. The Seller is the owner (of record and beneficially) of all of the Shares and has good and marketable title to the Shares, free and clear of any and all Encumbrances. The Shares constitute 100% of the issued and outstanding Equity Interests of the Vessel Owning Subsidiary.

SECTION 4.05 The Shares. Assuming the Buyer has the requisite power and authority to be the lawful owner of the Shares, upon delivery to the Buyer at the Closing

of certificates representing the Shares, duly endorsed by the Seller for transfer to the Buyer or accompanied by appropriate instruments sufficient to evidence the transfer from the Seller to the Buyer of the Shares under the Applicable Laws of the relevant jurisdiction, or delivery of such Shares by electronic means, and upon the Seller's receipt of the Purchase Price, the Buyer shall own good and valid title to the Shares, free and clear of any Encumbrances, other than those arising from acts of the Buyer Entities. Other than this Agreement and any related transaction documents, the Organizational Documents and restrictions imposed by Applicable Law, at the Closing, the Shares will not be subject to any voting trust agreement or other contract, agreement, arrangement, commitment or understanding restricting or otherwise relating to the voting, dividend rights or disposition of the Shares, other than any agreement to which any Buyer Entity is a party.

SECTION 4.06 Securities Act. The Transferred Common Units transferred to the Seller pursuant to this Agreement are being acquired for investment purposes only and not with a view to any public distribution thereof, and the Seller shall not offer to sell or otherwise dispose of the Transferred Common Units so acquired by it in violation of any of the registration requirements of the Securities Act. The Seller acknowledges that it is able to fend for itself, can bear the economic risk of its investment in the Transferred Common Units, and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in all of the Transferred Common Units. The Seller is an "accredited investor" as such term is defined in Regulation D under the Securities Act. The Seller understands that, when issued to the Seller at the Closing, none of the Transferred Common Units will be registered pursuant to the Securities Act and that all of the Transferred Common Units will constitute "restricted securities" under the federal securities laws of the United States.

SECTION 4.07 Independent Investigation. The Seller has had the opportunity to conduct to its own satisfaction independent investigation, review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Buyer and, in making the determination to proceed with the transactions contemplated hereby, has relied solely on the results of its own independent investigation and the representations and warranties set forth in Article III.

ARTICLE V

Representations and Warranties of
the Seller Regarding the Vessel Owning Subsidiary

The Seller represents and warrants to the Buyer that as of the date hereof:

SECTION 5.01 Organization Good Standing and Authority. The Vessel Owning Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of the Republic of Liberia. The Vessel Owning Subsidiary has full corporate power and authority to carry on its business as it is now, and has since its incorporation been, conducted, and is entitled to own, lease or operate the properties and assets it now

owns, leases or operates and to enter into legal and binding contracts. No meeting has been convened or resolution proposed or petition presented and no order has been made to wind up the Vessel Owning Subsidiary.

SECTION 5.02 Capitalization. The Shares consist of the 500 shares of common stock without par value and have been duly authorized and validly issued and are fully paid and non-assessable, and constitute the total issued and outstanding capital stock of the Vessel Owning Subsidiary. There are not outstanding (i) any options, warrants or other rights to purchase from the Vessel Owning Subsidiary any capital stock of such Vessel Owning Subsidiary, (ii) any securities convertible into or exchangeable for shares of the capital stock of the Vessel Owning Subsidiary or (iii) any other commitments of any kind for the issuance of additional shares of capital stock or options, warrants or other securities of the Vessel Owning Subsidiary.

SECTION 5.03 Organizational Documents. The Seller has supplied to the Buyer true and correct copies of the organizational documents of the Vessel Owning Subsidiary, as in effect as of the date hereof (the "Organizational Documents").

SECTION 5.04 Agreement Not in Breach. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will violate, or result in a breach of, any of the terms and provisions of, or constitute a default under, or conflict with, or give any other party thereto a right to terminate any agreement or other instrument to which the Vessel Owning Subsidiary is a party or by which it is bound including, without limitation, any of the Organizational Documents, or any judgment, decree, order or award of any court, governmental body or arbitrator applicable to the Vessel Owning Subsidiary.

SECTION 5.05 Litigation.

(a). There is no action, suit or proceeding to which the Vessel Owning Subsidiary is a party (either as a plaintiff or defendant) pending before any court or governmental agency, authority or body or arbitrator; there is no action, suit or proceeding threatened against the Vessel Owning Subsidiary; and, to the best knowledge of the Seller, there is no basis for any such action, suit or proceeding;

(b). The Vessel Owning Subsidiary has not been permanently or temporarily enjoined by any order, judgment or decree of any court or any governmental agency, authority or body from engaging in or continuing any conduct or practice in connection with its respective business, assets, or properties; and

(c). There is not in existence any order, judgment or decree of any court or other tribunal or other agency enjoining or requiring the Vessel Owning Subsidiary to take any action of any kind with respect to its respective business, assets or properties.

SECTION 5.06 Indebtedness to and from Officers, etc. The Vessel Owning Subsidiary will not be indebted, directly or indirectly, to any person who is an officer,

director, stockholder or employee of the Seller or any spouse, child, or other relative or any affiliate of any such person, nor shall any such officer, director, stockholder, employee, relative or affiliate be indebted to the Vessel Owning Subsidiary.

SECTION 5.07 Personnel. The Vessel Owning Subsidiary has no employees.

SECTION 5.08 Contracts and Agreements. Other than the Charter and the Amendment to the Management Agreement (together, the "Contracts"), there are no material contracts or agreements, written or oral, to which the Vessel Owning Subsidiary is a party or by which any of the assets of the Vessel Owning Subsidiary are bound.

(a). Each of the Contracts is a valid and binding agreement of the Vessel Owning Subsidiary, and to the best knowledge of the Seller, of all other parties thereto;

(b). The Vessel Owning Subsidiary has fulfilled all material obligations required pursuant to its Contracts to have been performed by it prior to the date hereof and has not waived any material rights thereunder; and

(c). There has not occurred any material default on the part of the Vessel Owning Subsidiary under any of the Contracts, or to the best knowledge of the Seller, on the part of any other party thereto nor has any event occurred which with the giving of notice or the lapse of time, or both, would constitute any material default on the part of the Vessel Owning Subsidiary under any of the Contracts nor, to the best knowledge of the Seller, has any event occurred which with the giving of notice or the lapse of time, or both, would constitute any material default on the part of any other party to any of the Contracts.

SECTION 5.09 Compliance with Law. The conduct of business by the Vessel Owning Subsidiary does not and the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not violate any laws, statutes, ordinances, rules, regulations, decrees, orders, permits or other similar items in force (including, but not limited to, any of the foregoing relating to employment discrimination, environmental protection or conservation) of any country, province, state or other governing body, the enforcement of which would materially and adversely affect the business, assets, condition (financial or otherwise) or prospects of the Vessel Owning Subsidiary taken as a whole, nor has the Vessel Owning Subsidiary received any notice of any such violation.

SECTION 5.10 No Undisclosed Liabilities. The Vessel Owning Subsidiary (and the Vessel owned by it) has no liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise, and whether due or to become due (including, without limitation, any liability for Taxes and interest, penalties and other charges payable with respect to any such liability or obligation). Notwithstanding the foregoing, the Parties acknowledge and agree that there may be obligations under the Contracts that are not due and payable as of the date hereof and that will be the responsibility of the Seller pursuant to Section 9.01(c) of this Agreement.

SECTION 5.11 Disclosure of Information. The Seller has disclosed to the Buyer all material information on, and about, the Vessel Owning Subsidiary and the Vessel and all such information is true, accurate and not misleading in any material respect. Nothing has been withheld from the material provided to the Buyer which would render such information untrue or misleading.

SECTION 5.12 Payment of Taxes. The Vessel Owning Subsidiary has filed all foreign, federal, state and local income and franchise tax returns required to be filed, which returns are correct and complete in all material respects, and has timely paid all taxes due from it, and the Vessel is in good standing with respect to the payment of past and current Taxes, fees and other amounts payable under the laws of the jurisdiction where it is registered as would affect its registry with the ship registry of such jurisdiction.

SECTION 5.13 Permits. The Vessel Owning Subsidiary has such permits, consents, licenses, franchises, concessions, certificates and authorizations ("Permits") of, and has all declarations and filings with, and is qualified and in good standing in each jurisdiction of, all federal, provincial, state, local or foreign Governmental Authorities and other Persons, as are necessary to own or lease its properties and to conduct its business in the manner that is standard and customary for a business of its nature other than such Permits the absence of which, individually or in the aggregate, has not and could not reasonably be expected to materially or adversely affect the Vessel Owning Subsidiary. The Vessel Owning Subsidiary has fulfilled and performed all its obligations with respect to such Permits which are or will be due to have been fulfilled and performed by such date and no event has occurred that would prevent the Permits from being renewed or reissued or that allows, or after notice or lapse of time would allow, revocation or termination thereof or results or would result in any impairment of the rights of the holder of any such Permit, except for such non-renewals, non-issues, revocations, terminations and impairments that would not, individually or in the aggregate, materially or adversely affect the Vessel Owning Subsidiary, and none of such Permits contains any restriction that is materially burdensome to the Vessel Owning Subsidiary.

SECTION 5.14 No Material Adverse Change in Business. Since December 31, 2007**,** there has been no material adverse change in the condition, financial or otherwise, or in the earnings, properties, business affairs or business prospects of the Vessel Owning Subsidiary, whether or not arising in the ordinary course of business, that would have or could reasonably be expected to have a material adverse effect on the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Vessel Owning Subsidiary.

ARTICLE VI

Representations and Warranties of
the Seller regarding the Vessel

The Seller represents and warrants to the Buyer that as of the date hereof:

SECTION 6.01 Title to Vessel. (a) The Vessel Owning Subsidiary is the owner (beneficially and of record) of the Vessel and has good and marketable title to the Vessel.

SECTION 6.02 No Encumbrances. The Vessel Owning Subsidiary and the Vessel are free of all Encumbrances other than the Encumbrances arising under the Charter or the Credit Facility.

SECTION 6.03 Condition. The Vessel is (i) adequate and suitable for use by the Vessel Owning Subsidiary in the manner that is standard and customary for a vessel of its type, ordinary wear and tear excepted; (ii) seaworthy in all material respects for hull and machinery insurance warranty purposes and in good running order and repair; (iii) insured against all risks, and in amounts, consistent with common industry practices; (iv) in compliance with maritime laws and regulations; and (v) in compliance in all material respects with the requirements of its class and classification society; and all class certificates of the Vessel are clean and valid and free of recommendations affecting class; and the Buyer acknowledges and agrees that, subject only to the representations and warranties in this Agreement, it is acquiring the Vessel on an “as is, where is” basis.

ARTICLE VII

Covenants

SECTION 7.01 Financial Statements. The Seller agrees to cause the Vessel Owning Subsidiary to provide access to the books and records of the Vessel Owning Subsidiary to allow the Buyer’s outside auditing firm to prepare at the Buyer’s expense any information, review or audit the Buyer reasonably believes is required to be furnished or provided by the Buyer pursuant to applicable securities laws. The Seller will (A) direct its auditors to provide the Buyer’s auditors access to the auditors’ work papers and (B) use its commercially reasonable efforts to assist the Buyer with any such information, review or audit and to provide other financial information reasonably requested by the Buyer or its auditors, including the delivery by the Seller Entities of any information, letters and similar documentation, including reasonable “management representation letters” and attestations.

ARTICLE VIII

Amendments and Waivers

SECTION 8.01 Amendments and Waivers. This Agreement may not be amended except by an instrument in writing signed on behalf of each parties hereto. By an instrument in writing the Buyer, on the one hand, or the Seller, on the other hand, may waive compliance by the other with any term or provision of this Agreement that such other party was or is obligated to comply with or perform.

ARTICLE IX

Indemnification

SECTION 9.01 Indemnity by the Seller. The Seller shall be liable for, and shall indemnify the Buyer and each of its subsidiaries and each of their directors, employees, agents and representatives (the "Buyer Indemnitees") against and hold them harmless from, any Losses, suffered or incurred by such Buyer Indemnitee:

(a). by reason of, arising out of or otherwise in respect of any inaccuracy in, or breach of, any representation or warranty (without giving effect to any supplement to the schedules or qualifications as to materiality or dollar amount or other similar qualifications), or a failure to perform or observe any covenant, agreement or obligation of, the Seller in or under this Agreement or in or under any document, instrument or agreement delivered pursuant to this Agreement by the Seller;

(b). any fees, expenses or other payments incurred or owed by the Seller or the Vessel Owning Subsidiary to any brokers, financial advisors or comparable other persons retained or employed by it in connection with the transactions contemplated by this Agreement; or

(c). by reason of, arising out of or otherwise in respect of obligations, liabilities, expenses, cost and claims relating to, arising from or otherwise attributable to the assets owned by the Vessel Owning Subsidiary or the assets, operations, and obligations of the Vessel Owning Subsidiary or the businesses thereof, in each case, to the extent relating to, arising from, or otherwise attributable to facts, circumstances or events occurring prior to the Closing Date.

SECTION 9.02 Indemnity by the Buyer. The Buyer shall indemnify the Seller and its subsidiaries other than any Buyer Indemnitees and each of their respective officers, directors, employees, agents and representatives (the "Seller Indemnitees") against and hold them harmless from, any Losses, suffered or incurred by such Seller Indemnitee by reason of, arising out of or otherwise in respect of any inaccuracy in, or breach of, any representation or warranty (without giving effect to any supplement to the schedules occurring after the date hereof or qualifications as to materiality or dollar amount or other similar qualifications), or a failure to perform or observe any covenant, agreement or obligation of, the Buyer in or under this Agreement or in or under any document, instrument or agreement delivered pursuant to this Agreement by the Buyer.

SECTION 9.03 Exclusive Post-Closing Remedy. After the Closing, and except for any non-monetary, equitable relief to which any Party may be entitled, or any remedies for willful misconduct or actual fraud, the rights and remedies set forth in this Article IX shall constitute the sole and exclusive rights and remedies of the Parties under or with respect to the subject matter of this Agreement.

ARTICLE X

Miscellaneous

SECTION 10.01 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and to be performed wholly within such jurisdiction without giving effect to conflict of law principles thereof other than Section 5-1401 of the New York General Obligations Law, except to the extent that it is mandatory that the law of some other jurisdiction, wherein the Vessel is located, shall apply.

SECTION 10.02 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

SECTION 10.03 Complete Agreement. This Agreement and Schedules hereto contain the entire agreement between the parties hereto with respect to the transactions contemplated herein and, except as provided herein, supersede all previous oral and written and all contemporaneous oral negotiations, commitments, writings and understandings.

SECTION 10.04 Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 10.05 Severability. If any of the provisions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any governmental body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, and an equitable adjustment shall be made and necessary provision added so as to give effect, as nearly as possible, to the intention of the Parties as expressed in this Agreement at the time of execution of this Agreement.

SECTION 10.06 Third Party Rights. Except to the extent provided in Article IX, a Person who is not a party to this Agreement has no right to enforce or to enjoy the benefit of any term of this Agreement.

SECTION 10.07 Notices. Any notice, claim or demand in connection with this Agreement shall be delivered to the parties at the following addresses (or at such other address or facsimile number for a party as may be designated by notice by such party to the other party):

(a). if to Capital Maritime & Trading Corp., as follows:

c/o Capital Ship Management Corp., 3 Iassonos Street, Piraeus, Greece
Attention: Evangelos M. Marinakis
Facsimile: +30 210 428 4286

(b). if to Capital Product Partners L.P., as follows:

c/o Capital Ship Management Corp., 3 Iassonos Street, Piraeus, Greece
Attention: Ioannis E. Lazaridis
Facsimile: +30 210 428 4285

and any such notice shall be deemed to have been received (i) on the next working day in the place to which it is sent, if sent by facsimile or (ii) forty eight (48) hours from the time of dispatch, if sent by courier.

SECTION 10.08 Representations and Warranties to Survive. All representations and warranties of the Buyer and Seller contained in this Agreement shall survive the Closing and shall remain operative and in full force and effect after the Closing, regardless of (a) any investigation made by or on behalf of any Party or its affiliates, any Person controlling any Party, its officers or directors, and (b) delivery of and payment for the Shares.

SECTION 10.09 Remedies. Except as expressly provided in Section 9.03, the rights, obligations and remedies created by this Agreement are cumulative and in addition to any other rights, obligations or remedies otherwise available at law or in equity. Except as expressly provided in this Agreement, nothing in this Agreement will be considered an election of remedies.

SECTION 10.10 Non-recourse to General Partner. Neither the Buyer's general partner nor any other owner of Equity Interests in the Buyer shall be liable for the obligations of the Buyer under this Agreement or any of the related transaction documents, including, in each case, by reason of any payment obligation imposed by governing partnership statutes.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed as of the date first above written.

CAPITAL MARITIME & TRADING CORP.

By: _____
Name: Evangelos M. Marinakis
Title: President and Chief Executive Officer

CAPITAL PRODUCT PARTNERS L.P.
By: Capital GP L.L.C., its general partner

By: _____
Name: Ioannis E. Lazaridis
Title: Chief Executive Officer and Chief Financial Officer of Capital GP, L.L.C.

Exhibit 8.1

LIST OF SIGNIFICANT SUBSIDIARIES

The following is a list of Capital Product Partners L.P.'s significant subsidiaries as at December 31, 2007:

Name of Subsidiary	**Jurisdiction of Incorporation**	**Proportion of Ownership Interest**
Capital Product Operating GP L.L.C.	Republic of The Marshall Islands	100%

Exhibit 12.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Ioannis E. Lazaridis, certify that:

1. I have reviewed this annual report on Form 20-F of Capital Product Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: April 4, 2008

By: /s/ Ioannis E. Lazaridis
Name Ioannis E. Lazaridis
Title: Chief Executive Officer

Exhibit 12.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Ioannis E. Lazaridis, certify that:

1. I have reviewed this annual report on Form 20-F of Capital Product Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: April 4, 2008

By: /s/ Ioannis E. Lazaridis
Name: Ioannis E. Lazaridis
Title: Chief Financial Officer

Exhibit 13.1

Certification Pursuant to
18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report on Form 20-F of Capital Product Partners L.P., a master limited partnership organized under the laws of the Republic of The Marshall Islands (the "Company"), for the period ending December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 4, 2008

By: /s/ Ioannis E. Lazaridis
Name: Ioannis E. Lazaridis
Title: Chief Executive Officer and Chief Financial Officer