Corporate Participants

Akis Tsirigakis

Star Bulk – Chief Executive Officer

George Syllantavos

Star Bulk – Chief Financial Officer

Conference Call Participants

George Pickrall

Stephens Inc - Analyst

Natasha Boyden

Cantor Fitzgerald - Analyst

Otto Roethenmund

Inter-Nation Capital Management- Analyst

Presentation

Akis Tsirigakis

Good morning ladies and gentlemen and welcome to the Star Bulk Conference Call. I'm Akis Tsirigakis, the Chief Executive Officer of Star Bulk and with me today is George Syllantavos, our Chief Financial Officer. Before we begin with our slide presentation, I kindly ask you to take a moment to read the safe harbour statement on slide number 2 of the presentation if you will. I would like now to take the time and use this introduction to make a few brief points before I commence with the presentation proper. We continue to believe that we are one of the most undervalued companies in the drybulk sector. In this very volatile drybulk market, Star Bulk remains financially strong with modest leverage, substantial charter coverage, ample liquidity and positive cash flows. We, also, continue to maintain an excellent relationship with our lenders. Our reduction of operating cost campaign continues to show tangible results in both G&A and operating expenses quarter-after-quarter. This was achieved while the quality of our operation was enhanced and our utilisation rate substantially increased.

Our company has emerged from the challenging times of the past 18 months stronger and leaner, with significant achievements which include; the sale of its costliest tonnage, the acquisition of 3 modern Capesize vessels without diluting the shareholder base; having repaid organically a major portion of it's debt; being in full compliance with its original loan covenants; and it's in-house vessel management producing stellar results. Our commitment towards enhancing our operations on all fronts is, of course, is on course and we are keeping focus on reducing our operating costs further. We are also pleased to be able to declare our fifth consecutive quarterly dividend for the Second Quarter of 2010 of 5 cents per share.

Turning to slide number 3 of the presentation, we will discuss our Second Quarter and First Half ended June 30th 2010 financial highlights. For the Second Quarter of 2010 gross revenues amounted to 30 million and net income amounted to 6 million. Excluding non-cash items our net income for the Second Quarter 2010, as adjusted, amounted to 7.2 million. Adjusted EBITDA for the Second Quarter 2010 was 20 million, while average daily operating expenses were 5,269 per day per vessel. The time charter equivalent for the Second Quarter of 2010 was $28,640 per day. The adjusted net income of 7.2 million represents 12 cents earnings per share basic and diluted which is above Bloomberg consensus of 6 cents per share.

For the first 6 months ended June 30th 2010, gross revenues amount of 59.3 million and net loss amounted to 27 million, which include a non-cash impairment charge of 33 million due to the sale of the Star Beta. Excluding non-cash items, our net income for the First Half of 2010, as adjusted, amounted to 8 million. Adjusted EBITDA for the First Half of 2010 was 33.8 million while the average daily operating expenses were $5,473 per day per vessel. The time charter equivalent for the First Half of 2010 was $27,291 per day. The adjusted net income of 8 million represents 13 cents earnings per share basic and diluted.

Turning to slide number 4, we would like to provide an update of our company's recent developments. For the quarter ended June 30th 2010, we declare our fifth consecutive dividend of 5 cents per share. As of yesterday's market close, this reflects a 7% annualised yield. We are also pleased to announce that we have secured a 26 million loan for the Star Aurora at favourable financing costs and terms. I would like to remind our investors that we acquired the Star Aurora in February 2010 for approximately 42.5 million from a third-party and chartered the vessel to Rio Tinto for about 3 years at a gross daily rate of 27,500. We are especially satisfied to see our senior debt lenders demonstrate their continued support of our acquisition plans and their confidence in Star Bulk, as we continue our growth strategy. Also in early 2010, we delivered the previously sold Capesize vessel Star Beta to her new owners. Last, but not least, we have received $2 million as part of our claim for the vessel Star Ypsilon.

Our next slide we illustrate Star Bulk's growth overview. As you can see in the two graphs of slide number 5, Star Bulk has managed to organically grow its original fleet of 8 vessels and just under 700,000 deadweight to 13 vessels of over 1.4 million tons within 4 years. This means, that including our current contracts, our fleet growth is 111% in terms of deadweight and 63% in terms of vessels. It is worth noting that in the process of growing our fleet, we have also been renewing it. During this period we have sold 3 of our older ships and bought 7 younger vessels while we have also contracted 2 new-building Capesize vessels.

On slide 6 we depict the results of our operating cost reduction campaign. This was achieved while enhancing our quality as measured by objective metrics such as significantly improved fleet utilisation, exceptional port state controlled record and quality certifications. As you can see in the 2 graphs, our operating expenses – or OPEX as we call it – has steadily decreased; importantly on a 'per vessel/per day' basis. Actually, our efforts towards operating cost reductions have played an important role in our improved financial performance. We are confident that our in-house technical management will continue to be instrumental in our quality objectives while further optimising our vessel operating costs.

Please turn to slide 7 for some selective financial data. On this slide, we selected some key points to illustrate why we continue to believe that our company enjoys a very comfortable financial position. Our market capitalisation is currently $174 million as of yesterday's market close. We estimate the charter-free value of our fleet to be currently around 330 million and they're charter adjusted to be about 360 million. These include the down payment for the Star Aurora and the 2 new-buildings. Our senior debt currently stands at about 201 million and our current cash position is approximately 54 million. I would like to remind you that we have no exposure to interest rate swaps and have, therefore, taken the full benefit of the prevailing low interest rates. I should point out, after having paid 22 million for the first instalment of the 2 new-building Capesize vessels, that Star Bulk maintains a net debt to total asset ratio of 21% which is considered conservative.

Going forward, and excluding future loans related to the financing of the 2 new-building Capes and Star Aurora, the remaining principal repayment for 2010 is 19 million out of a total of 65 million for the year. For 2011 it's 30 million and roughly 25 million annually thereafter. I want to reiterate to our shareholders that Star Bulk is not affected by the Greek debt crisis or by the Greek austerity measures taken.

Slide 8 illustrates the fleet employment chart and counterparties, which is also available on our website. I won't go into further details as, I believe, it is self explanatory.

Moving to slide 9 now; the graph shows our contracted operating days as well as our revenue visibility. Our long-term coverage continues to provide us with stable and visible cash flows in the current volatile market. Daily volatility of the respective drybulk indices do not current effect our current revenue generation. Our contracted coverage is now 98% for 2010 and 64% for 2011.

If you now turn to slide 10, we provide an overview of our counterparties being first class charters, while affording us excellent counterparty risk profile. If you now turn to slide 11, you will see graphically that Star Bulk's high contract coverage is in fact one of the highest in the industry.

Mr. George Syllantavos, our CFO will discuss our financials; George.

George Syllantavos

Thank you, Akis, and good morning to everyone. Let us now move to slide 13 for a view of our balance sheet as of June 30th 2010. Current assts were $45.9 million; our fixed assets amounted $620.7 million; and total assets amounted to $694 million. Current liabilities were 52.3 million while non-current liabilities amounted to 173.2 million; and stockholders' equity was 468.6 million; total liabilities amounted to 694 million.

If we turn to slide 14, to discuss the First Half ended June 30 2010 income statement. First Half results include non-cash items amounting to $35 million as depicted in the middle column and the adjusted figures exclude these non-cash items. For the First Half ended June 30th 2010 total revenues amounted to 59.3 million and our operating loss amounted to 24.2 million. The net loss for the First Half 2010 was 27 million, representing a 44 cents loss per share calculated on 61,052,850 weighted average number of shares basic and diluted. Excluding non-cash items, net income for the First Half 2010 would amount to $8 million or 13 cents earnings per share basic and diluted.

Turning to slide 15 for the Second Quarter ended June 30th 2010. Total revenues amounted to $30 million and our operating income amounted to 7.3 million. Non-cash items amounted to 1.2 million which is depicted in the middle column again and the adjusted figures include these non-cash items. The net income for the Second Quarter 2010 was 6 million representing 10 cents earnings per share calculated on 61,055,907 shares and 61,191,174 shares weighted average number of shares basic and diluted respectively. Excluding non-cash items, net income for the

Second Quarter 2010 would amount to 7.2 million or 12 cents earnings per share basic and diluted.

I would like to pass the floor back to Akis for the continuation of the Q2 presentation.

Akis Tsirigakis

Thank you, George. I would like to make some market related comments now; please turn to slide 17 for an update on the vessel supply situation. As we mentioned on our previous earnings presentation, only 63% of the original 2009 order book was actually delivered with the remaining 37% either delayed or cancelled. In the First Half of 2010, only 30% of the 2010 order book has been delivered. These numbers point towards a similar performance with last year in terms of slippage. Congestion at iron ore ports has been easing in the last couple of months, however we must point out that the major contribution to the recent softer rates has been from the slowdown of iron ore imports in China in an effort to reduce the historically high iron ore prices. This is something that will inevitably lead to stockpiles being reduced from the present levels and imports are due to resume within the next few months. The resilience in the vessel values, especially in the Capesize sector compared with the time charter rates underlines the market's confidence.

Please turn now to slide 18. As you can see from the left graph, the Chinese Purchasing Manager's Index (or PMI) is following the 2005 to 2007 median reading quite closely, which shows a seasonal low in July. This is an encouraging sign judging from the performance of the Chinese economy and its demand for raw materials during that period. This seems to totally disprove the recent rumours about the Chinese economy slowing. Also, I would like to remind you that the Chinese economy has been surprising on the upside for many years and even when the PMI reading was far below 50, which is considered the threshold that separates positive from negative readings. China showed exceptional strength in terms of industrial production and economic activity in general.

On the right graph, you can see that European PMIs continue to imply a strong recovery despite the sovereign debt issues. We believe that continued strength in the European economy will help restore the market's optimism and support global economic growth.

Please now turn to slide 19; the final slide of our presentation. As you can see there, on the top right graph spot iron ore prices have been on the rise the last month or so, a fact that indicates higher demand levels. This comes after a significant drop caused by Chinese iron ore production which was at quite a high level. It is worth mentioning that for the last 3 months or so Brazilian iron ore has been cheaper than both Australian and Indian for a typical Chinese steel mill – and I refer to delivered iron ore price.

Meanwhile, Vale's iron ore exports have been in a sustained upward trend since early 2009. In the event of this situation persist, we see a significant potential for increase ton mile demand especially for Capes. Having said that it remains, of course, a challenge to predict where demand will match the new vessel deliveries. I will not take anymore of your time. Thank you and I will now pass the floor over to the Operator. If you have any questions, both George and myself will be happy to answer them. Operator, can you take over?

Questions and Answers

Operator

I will, indeed, thank you sir. We'll now begin the question and answer session. If you wish to ask a question, please press *1 on your telephone keypad and wait for your name to be announced. To cancel your request, just press the # key. From Stephens Inc, you have a question from George Pickral. Please go ahead.

George Pickral

Hi, good afternoon guys.

Akis Tsirigakis

Morning George.

George Syllantavos

Morning.

George Pickral

George, a question for you on the dry docking expense you beat our estimate by about a million and a half dollars. Was there a situation where dry dockings were delayed and that will show up in Q3 or was something else going on there?

George Syllantavos

As we had said, a portion of the dry docking…we had a dry docking of Star Sigma which is a Capesize which we estimated is going to cost us about 2.5 million or so. As you know, the estimate was that the vessel would enter the dry dock in such a date as for the course of that dry dock to be split between Q2 and Q3 by about a million 2 or so per quarter or something like that. As you saw, there are some costs about half a million of costs related to Sigma already on Q2. However, the vessel entered the dry dock a little later than anticipated because it delivered it's cargo in China about a couple of weeks after it was originally anticipated 4-5 months ago. Therefore, a bigger portion of that expense will show in Q3 versus what was originally planned for Q2 and that's the differential there.

George Pickral

Fair enough and when exactly in July was the Star Beta delivered?

George Syllantavos

It was delivered at about July 3rd or 4th, at the very beginning of the month.

George Pickral

At the very beginning and then lastly, George, sorry if I missed this in any of the comments but the $2 million claim for the Star Ypsilon, can you talk about that?

George Syllantavos

Yes, as you remember we have this case about the Star Ypsilon. There is a portion of monies. The actual claim is in 2 parts; one part is the unpaid hire from the charterer until the time of repudiation of charter; and the rest, the second part of the claim is for damages for that case. What we've received, we've received. I mean the arbitration is proceeding and the first item that has been resolved is the portion for the unpaid hire up to the time of charter repudiation and we had these monies as receivables. We've received these monies, so instead of receivables they increased our cash so it's just that we got resolution on the first portion of the case which is proceeding further.

George Pickral

Thank you for the colour on that. Akis, if I can ask one more question to you?

Akis Tsirigakis

Sure.

George Pickral

You mentioned that you're under-levered versus your peers. Given where vessel value stand today, would you consider levering up a little bit more and getting into the market and growing your fleet in the near-term where you would take delivery of a vessel today as opposed to, well, the end of 2011 when you're taking the 2 new-builds?

Akis Tsirigakis

The vessels that we are taking delivery of, meaning that the new-buildings as well as the second hand vessel, of course we are putting debt on the vessels as well to the tune of about 60% give or take for each vessel. Yes, we will be taking some partial…although in general you might consider the whole thing as a deleveraging exercise because, in the past, we had a higher leverage than that.

George Pickral

Fair enough. Thanks for the time and great quarter.

George Syllantavos

Thanks George.

Akis Tsirigakis

Thank you.

Operator

Thank you. From Cantor Fitzgerald, you have a question from Natasha Boyden. Please go ahead.

Natasha Boyden

Thank you Operator, good afternoon gentlemen.

Akis Tsirigakis

Hi Natasha.

George Syllantavos

Good morning.

Natasha Boyden

Good morning. Just want to follow-up actually on George's question. Would you, actually, you've done a lot of work in renewing your Cape fleet right now. Are you done for the time being or do you still think there are more acquisitions out there that could be attractive given where values are and where your level of leverage is?

George Syllantavos

We definitely believe that there are, we don't have definite plans of specific vessels. We do believe, however, that there are opportunities coming up, and more so as time progresses. We hope we'll be in good shape and we're confident that we will be in good shape to take advantage of them because we have a pretty good relationship with banks if we need to jump on an opportunity, but we do not have specific vessels in mind although we are growth minded.

Natasha Boyden

Then, on a more micro level, what was the 1.2 million vessel impairment loss due to?

George Syllantavos

It was part of the prior, there are certain costs that are part of the sale of the vessel and it was as we written the big impairment loss of 33 in the previous quarter for the big bulk of the Star Beta related charge. This is the remainder of…to the charge of the Star Beta, so it's Star Beta related due to delivery.

Natasha Boyden

Alright, great. Lastly, moving completely to the macro side now, can you talk about the impact of the Russian fires on the grain trade and by extension, the shipping industry? Are we seeing any impact right now or is it too early and what do you think the outcomes would be there?

Akis Tsirigakis

Yes, I think it will, of course, impact. It will definitely impact Supramaxes and Panamaxes mainly; of course, it will not impact the Capes in any direct manner, obviously. We do expect to see this impact because are entering the traditional shipment period for grains for the latter part of August and the better part of September. Yes, we're going to see this impact now. We might see imports picking up and ton miles increasing as well.

Natasha Boyden

As the grain comes from further afield, is that right? For the US and that's the main increase of ton mile demand is that what you're saying?

Akis Tsirigakis

That is correct.

George Syllantavos

Yes.

Natasha Boyden

Great, thank you very much gentlemen.

George Syllantavos

Thank you.

Akis Tsirigakis

Thank you.

Operator

From FBR Capital Markets, you have a question from Robert Mackenzie. Please go ahead sir.

Robert Mackenzie

Good afternoon guys, how are you?

Akis Tsirigakis

Morning Robert.

George Syllantavos

Good.

Robert Mackenzie

Question for you, Akis and or George; you guys have obviously been very successful in reducing your average daily operating expenses. How much further do you think you have left to ring out of the system through, perhaps, optimising your in-house [tactical] management and when do you think we get to that point?

George Syllantavos

First of all, we do believe we have a little bit more room to go. Mainly it is because we have established a new crewing pool in the Philippines that is going to be producing its results as time progresses. From especially the crewing front which is one very large component of the total daily cost, we expect to see a little further improvement there. Of course, the efforts will continue on all fronts, but the largest contribution we believe will come from there. It's an ongoing process that it is currently, as we speak, in progress. Of course, averaging out over the year is a slow process, so when you start at the beginning of the year, for instance, it's a faster thing to solve but we will be averaging down as the year progresses.

Robert Mackenzie

Thank you, if I can come back to the acquisition question one more time and ask it, perhaps, slightly differently. With Cape rates, or values, if you will, continuing to fall here particularly recently, do you think now's the time to buy or do you think you're going to get a better price by waiting a month, 2 months, 3 months? To put it another way, do you expect vessel value to fall further from here?

George Syllantavos

Since you asked and you couple the values with the rate. The values of the vessels have not dropped as much as the rates had in the past month or so, or month and a month. They haven't, because most owners are holding onto their tonnage because they do see a stronger Fourth Quarter. We do share that view as well. We expect the Fourth Quarter will be stronger, so I do not feel that the prices will really fall so much in the Fourth Quarter as much as rates will improve. It's not like opportunities will appear suddenly in the next couple of months unless there are one here and one there. Not in any wholesale manner. I don't know if that answers your questions please?

Robert Mackenzie

It does. Thank you. I guess my final line of questioning is around the dividend here. You're yielding about 7% right now, but with high contract coverage and low debt, what would look for to raise the dividend. Recognising it probably coupled with the answer to the prior question.

George Syllantavos

That's a fair question. We do not have any plans to raise the dividend at this moment. I feel this is a quarter-by-quarter decision by the Board, but we have no such plans at the moment.

Robert Mackenzie

Thank you very much, that's it for me guys.

George Syllantavos

Thank you.

Akis Tsirigakis

Thanks.

Operator

Once more, if you wish to ask a question, please press *1 on your telephone keypad and wait for your name to be announced. To cancel you request please press the # key. From Inter-Notion Capital, you have a question from Otto Roethenmund. Please go ahead.

Otto Roethenmund

Thank you, Operator. Hi Akis and George, how are you?

George Syllantavos

Hi, how are you?

Akis Tsirigakis

Good morning.

Otto Roethenmund

Good. My question has to do with some of the claims that you guys have been pursuing in your past charters. There seems to be some rumours out there in the market that you arrested one of the Oldendorff carrier vessels in South Africa to get a security for a claim. Is this true? Maybe Akis can answer this.

Akis Tsirigakis

This is a public record…the court record in South Africa so, yes, indeed it is true. It was in conjunction with obtaining security for the related claim that we have.

Otto Roethenmund

Do you have security for other claims that you're pursuing like in your past charters and what does this mean for Star Bulk?

Akis Tsirigakis

I would not like to go into specifics for the other claims. Other than say that we, in total, have security in place for the claims in slightly in excess of $50 million while the claims are progressing and, of course, they have taken their course. I would not venture to take a view on the outcome, but the security is there so at least for that portion that I mentioned.

Otto Roethenmund

Alright, thank you gentlemen.

George Syllantavos

Thank you.

Akis Tsirigakis

Thank you.

Operator

Thank you as there are no further questions, we now pass the floor back to Mr. Tsirigakis for closing remarks.

Akis Tsirigakis

Thank you, Operator. I do not have something specific to add. I just want to thank everyone for participating on this call and looking forward to you joining us again when we have our Third Quarter conference call. Again, thank you very much.

Operator

Thank you very much indeed to both our speakers. That does conclude our conference for today. Thank you for your participation. You may now all disconnect. Thank you Mr. Tsirigakis.