Corporate Participants

Akis Tsirigakis
Star Bulk Carriers – Chairman and Chief Executive Officer

George Syllantavos
Star Bulk Carriers – Chief Financial Officer

Conference Call Participants

Natasha Boyden
Cantor Fitzgerald

George Pickral
Stephens Ink

Dough Garber
FBR Capital Markets

Presentation

Operator
Thank you for standing by ladies and gentlemen and welcome to the Star Bulk conference call on the First Quarter 2010 Financial Results. We have with us Mr Akis Tsirigakis – Chairman and Chief Executive Officer and Mr George Syllantavos – Chief Financial Officer of the company. At this time all participants are in a listen only mode. There will be a presentation followed by a question and answer session, at which time if you wish to ask a question, please press *1 on your telephone keypad and wait for your name to be announced. I must advise you that this conference is being recorded today, Thursday, 20th May 2010. We now pass the floor to one of your speakers today, Mr Akis Tsirigakis, please go ahead sir.

Akis Tsirigakis – *Capital Link*

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 few moments and read the Safe Harbour Statement on slide number two. If you will take a minute to do it. Okay, I would like to take this time now and use this introduction to make a few brief points.

We continue to believe that we are one of the most undivided companies in the Dry Bulk sector, especially since our company remains financially strong, with modest leverage, substantial charter coverage, ample liquidity and positive cash flows. We have had quite a busy and fulfilling First Quarter of 2010 with several key developments. Our reduction of operating costs campaign continued to show great success for the third quarter in a row. This was achieved while the quality of our operation was enhanced rather than compromised. Delivering on pack guidance, we judged the timing was appropriate, to implement fleet growth and renewal plans. As such, we agreed to acquire three Capesize vessels, two new building and one second-hand, representing a whopping 57% of our current deadweight or 27% in terms of number of vessels. The new building prices achieved were the lowest in the recent years and both second-hand and new building values have increased significantly following our acquisitions, showing the correct timing of the acquisitions.

On side number three, we have an update of our company since our last conference call. Very recently we declared a $0.5 dividend related to the First Quarter of 2010. As of yesterday's market close, this reflects 7.1 annualised yield.

We extended our time charter for the Star Zeta with [Cargill] at a rate of 19,000 per day, a 68% higher gross daily rate than the previous charter, for a year and a half duration. We entered into a packaged deal with Augustea for the Star Ypsilon. Augustea time chartered the Star Ypsilon for 3 – 12 months at a gross daily rate of $22,350 and undertook to perform the next four quarterly cargoes under the VALE COA. This effectively improved the TCE rate while also alleviating fuel and other exposures usually associated with COAs.

We contracted two Capesize newbuildings with high quality shipbuilder Hanjin for $53.5m and $53.25m respectively with delivery expected in September and November 2011. These prices are the lowest for new Capesize contracts in recent years.

We also entered into a ten year time charter agreement with STX Pan Ocean for the first newbuild only at a gross daily rate of $24,750. In March we entered into a time charter agreement with Rio Tinto for the Star Aurora, a vessel we recently purchased for $42.5m and expect to have delivered in the Fourth Quarter of 2010; we'll finance the acquisition with a mix of our own cash and bank debt. We have gained certification for ISO 14000 Environmental Management. This certification ensures that all shore side as well as seaboard operations and processes conform to strict standards in that protection the environment and as recommended verifiable and constantly improving.

We actively participate along with a handful of major shipping companies in the European Union's Energy Efficiency Research Programme entitled 'Targeted Advance Research for Global Efficiency of Transportation Shipping' or you might have heard it as TARGETS.

These two developments show our continued commitment towards enhancing our corporate responsibility and the quality of our operations, while still of course keeping focus on reducing our operating costs.

On the next slide four, we illustrate Star Bulk's growth overview. Within 2010 we have already contracted growth equal to 57% of our current fleet DWT or 27% in number of vessels. As you can see on the two graphs, Star Bulk has managed to grow its original fleet of eight vessels and just under 700,000 DWT to 13 vessels of over 1.4m tonnes within four years. This means that based on our current contract our fleet will grow by 111% DWT and 62.5% in vessel terms by the end of 2011.

It is worth noting that in the process of growing our fleet, we have also been renewing it. During this period we have sold three of our older ships and brought seven younger vessels, while we have also ordered two newbuilding Capesize vessels.

On slide five, we depict the results of our operating cost reduction campaign. This was achieved while enhancing our quality, as measured by objective metrics such as exceptional post date control records and quality certifications. As you can see in the two graphs, our operating expenses or OPEX as we call it, has steadily decreased, both overall, but more 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.

If you could please turn to slide six of our presentation to discuss our First Quarter 2010 financial highlights. For the First Quarter of 2010, gross revenues amounted to $29.3m. Net loss amounted to $33m, which however include a non-cash impairment charge of $34m due to the sale of the Star Beta. Excluding non-cash items, our net income for the First Quarter 2010, is adjusted to $1.5m. Adjusted EBITDA for the First Quarter of 2010 was $14.6m, while the average daily operating expenses were $5,679 per day per vessel. The time charter equivalent for the First Quarter of 2010 was $25,919 per day.

The adjusted net income of $1.5m represents a gain of $0.2 per share basic and diluted, which compares favourably with our Bloomberg consensus, indicating $(0.00) per share.

Please turn to slide seven 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 $166m as of market close on May 19th 2010. Our price/NAV at the same time, was at 1.10 including our recent acquisition of Star Aurora, we estimate the charter free value of our fleet to be currently around $340m. Our senior debt, currently starts at about $224m and our current cash position is approximately $45m.

I should point out at this level, is after having paid out $22m for the first instalment of the two newbuilding. Star Bulk also maintains a net debt to total assets ratio of 24%, which is considered conservative. Going forward and excluding future loans related to the financing of Star Aurora and the two newbuilding Capes, the remaining principle repayment for 2010 is $36m. For 2011 it is reduced to $32m and roughly $25m annually thereafter.

I would like to take this opportunity to reassure our investors that Star Bulk is not affected by the Greek debt crisis, or by the Greek austerity measures taken. These factors underlines Star Bulk's solid financial position.

Slide eight illustrates our fleet employment chart and counterparties, which is also available on our web site; I won't go into further details, as I believe it is self explanatory. I would just like to reiterate however, that we expect delivery of the Star Aurora in the Fourth Quarter of 2010. Also we agreed to sell the Star Beta in January 2010, which is expected to be delivered to its new owners in the Second Quarter of 2010 upon its re-delivery from the current time charterer. In addition, we have included the two newbuildings with delivery expected in September and November of 2011, as well as noting the package arrangements with Augustea, with regard to the COA with VALE.

Moving to slide nine. 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 this current volatile market. Daily volatility of the respective dry bulk indices do not currently affect very much our revenue generation. Our contracted coverage is now 98% for 2010 and 64% for 2011.

If you turn to slide ten, you will see graphically the Star Bulk's high contract coverage is in fact one of the highest in the industry. Now, Mr George Syllantavos our CFO will discuss our financials. George?

George Syllantavos – *Capital Link*

Thank you Akis and good morning to everyone. Let us now move to slide twelve for a view of our balance sheet as of 31 March 2010. Current assets were $68.9m where our fixed assets amounted to $610.7m and total and total assets amounted to $706.8m. Current liabilities were $61.3m, non current liabilities amounted to $181.5m and stockholders equity was at $463.9m. So total liabilities stockholders equity totalled $706.8m.

If we can now turn to slide thirteen to discuss the First Quarter 2010 income statement. The First Quarter 2010 results, include non cash items amounting to $34.5m depicted in the middle column and the adjusted figures exclude these non cash items. For the First Quarter ended 31 March 2010, total revenues amounted to $29.3m and our operating loss amounted to $31.5m.

The net loss for the First Quarter 2010 was $33m, representing a $0.54 per share calculated on $61.49,760 weighted average number of shares basic and diluted. Excluding non cash items, net income for the First Quarter 2010 amounts to a gain of $1.5m or $0.2 per share calculated on $61.49,760 weighted average number of shares basic and diluted.

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

Akis Tsirigakis – *Capital Link*

Thank you George. I would like to make some market related comments now. Please turn to slide fifteen, for an update on the vessel supply situation. As we mentioned in our previous earnings presentation, the percentage of the original order book that was actually delivered in 2009, was around 60%, with the remaining 40% either cancelled or delayed.

According to collections data, First Quarter of 2010 dry bulk deliveries were approximately 45% of those originally planned with the remaining 55% again cancelled or delayed. Based on this, one can reasonably assume that non-deliveries are bound to persist or even increase going forward. On the lower left chart you can see how congestion has moved on a quarter-to-quarter basis and as the chart shows congestion has risen again from its recent lows, indicating increased trade.

Slide 16 gives us an update on world iron ore demand. On the top right hand part of the slide you can see a graph showing global iron ore imports split into two categories; China and the rest of the world ex-China. This graph clearly highlights that while China's imports are steady near record levels, the rest of the world is steadily picking up, resulting in total imports of 263 million tonnes or more than a billion tonnes if annualised. Global iron ore imports hit another historical high in the first quarter of 2010. The reason for the high iron ore import is shown in the bottom right graph. World steel consumption has definitely reached pre-crisis levels and actually in the first quarter of 2010 demand was higher than in the first quarter of 2008. The result of the record high demand in the price of iron ore can be seen in the bottom left graph. As you can see the delivered price of iron ore to China is approaching the $200 per ton mark. Even though this is a sign of extraordinary demand strength, it might work against iron ore imports in case the high prices stimulate domestic mining. This however is not sustainable in our view. All the above factors imply that the global iron ore market is undersupplied and that trade is constrained by production and or infrastructure.

Please turn to slide 17 for some interesting facts and comments on Chinese coal demand. As most of you know Chinese coal imports show a strongly emerging trend. Actually coal imports were up by more than 200% during 2009 and current import levels remain close to historical highs. Furthermore recent drought in China has affected hydropower production, further increasing the need for coal imports. As you can see on the bottom left chart, Chinese import coal even though it is more expensive than domestic and this suggests that China cannot cope with their own demand and therefore has a fundamental need to import coal. Even though it remains to be seen whether China can increase domestic coal production fast enough to cope with the increased demand, the magnitude of coal annual consumption gives us reason to be optimistic, should part of this consumption be satisfied by imports.

Slide 18 contains the last market comments which have an interesting qualitative angle. 95% of imports and exports of China are conducted via the sea. Even a large part of its domestic trade is done by the sea. This is not likely to change any time soon. China because of its geographical position is surrounded by mountains like Himalayas and underdeveloped and mainly resource poor areas like Mongolia and Siberia. Therefore as statistics on the graph below prove, China's most viable way to trade with other countries is through an ocean route, also the spectacular growth taking place in the cost line is no coincidence. This concludes our presentation and I hope we have presented the healthy financial position of Star Bulk, steady and growth prospects. I will not take any more of your time, thank you; I now pass the floor over to the operator. If you have any questions, both George and myself will be happy to answer them.

Questions and Answers

Operator

Natasha Boyden, Cantor Fitzgerald.

Natasha Boyden – *Cantor Fitzgerald*

Thank you operator. Good morning gentlemen. You have done a lot of work over the past few months renewing your Cape fleet. I am just really curious what the next steps are for the Company here. Are you comfortable with what you have done for the time being or are more acquisitions attractive here?

Akis Tsirigakis – *Capital Link*

We are actively in the market looking. I would not take a position whether something is in the works, but we are actively looking and we're looking for more growth; that is a fact.

Natasha Boyden – *Cantor Fitzgerald*

Are you focused purely on Capes or are you looking at other vessels of sectors as well?

Akis Tsirigakis – *Capital Link*

We are looking at other sectors as well.

Natasha Boyden – *Cantor Fitzgerald*

Do you have any further counterparty issues for any of your charters, specifically on the Zeta, Omicron, Cosmo and Gamma?

Akis Tsirigakis – *Capital Link*

Absolutely not.

Natasha Boyden – *Cantor Fitzgerald*

That is helpful. And then just one or two, George virtually can answer this. The 2.4 million derivative loss; what was that associated with. Was it an interest rate derivative or an FFA?

George Syllantavos – *Capital Link*

It is an FFA. It is just that as you remember from our last quarter since we especially fixed the Ypsilon, we're in the process of closing down those positions. However as you understand or you have seen the end of last quarter, the beginning of the second quarter, rates have been low, so we have been slower in closing the positions in order to optimise the result here. It is not until a couple of weeks ago actually or maybe 17/18 days that Cape rates started on the rise again, thus allowing us to continue closing our position. We're continuously, as we are allowed by market conditions keep on closing down that position.

Operator

George Pickral, Stephens Ink.

George Pickral – *Stephens Ink*

Good afternoon gentlemen. To follow up on one of Natasha's questions; any desire to expand outside of the dry bulk market, maybe into containerships or tankers?

Akis Tsirigakis – *Capital Link*

We have no plans to do so. We have no desire to do so either. The only outside chance that might, I don't know, I would say exists would be a distressed situation which I really have no hope for because we have not seen many of those in other sectors. If something were to come in our platter and look very attractive, then we would of course consider it, but it is not something we would seek.

George Pickral – *Stephens Ink*

Then Akis I guess if you could provide your thoughts on this. There is I guess recent reports are saying that a lot of the infrastructure projects that have driven Chinese growth for the past call it five years are now coming to an end, and people think China GDP may actually slow because of that. Do you think that can happen? Do you see any signs of that? Then on top of that, does that have any implications for the dry bulk order book if China slows?

Akis Tsirigakis – *Capital Link*

I would like to decouple, in fact in trying and I am not the only one who has been trying to decouple really the GDP growth of China *per se* with the steel production in China. That is the main point of interest for us. It has been growing at a hugely greater pace than the GDP - in fact at over 20% in the past and we do not see that abating. In fact as I said in the presentation, we see it increasing. May I add another parameter, it is normally overlooked, you need a lot of water washing that coal, resources are not really available; the water resources in China are also relatively limited, fresh water I mean. Therefore that is another limited factor on how they can actually process that and that favours, of course, imports. We're very optimistic about the demand there even if China as you say has any slow down which I am not really the one to predict.

George Syllantavos – *Capital Link*

Also we take all the time account of stockpiles out there George and even recent, last weeks stockpiles in iron ore have been down, although we have a greater number of imports, production is at a level that high, still stockpiles are coming down which means that the actual import is being used and processed in manufacturing. We can't really say that we see signs of a slow down.

George Pickral – *Stephens Ink*

Thanks for that. George, maybe one question for you just to remind me. Your revenues and dry bulk revenues in general are based in US Dollars, correct?

George Syllantavos – *Capital Link*

That is right.

George Pickral – *Stephens Ink*

How much of your expenses are based in Euros.

George Syllantavos – *Capital Link*

Our Opex about 70% of our Opex is Euro. The relation between the two currencies moving to a direction lately where it is going to have we think a positive impact on that component of our expense base.

George Pickral – *Stephens Ink*

That is what I was thinking too. Thanks for that and that is all I have, I thanks guys.

Operator

Dough Garber, FRB Capital Markets.

Dough Garber – *FBR Capital Markets*

Good morning guys. I wanted to ask you guys about your dividend and your payout ratio, if you guys have a target ratio of around 20/25%, and what would have to happen for you guys to potentially increase the dividend. Are you guys really more focused right now on growing and renewing the fleet?

Akis Tsirigakis – *Capital Link*

We are more focused on growing and renewing the fleet. We have not decided and we do not envisage an imminent decision on the dividend at all. We feel that the dividend that we have been paying is at a very healthy or attractive yield at these levels. We do not tie our decisions to a percentage of our free cash flow. We tend to do a fixed amount decision, like the 5c we have been declaring quarterly. But we have no plans to change that, not in the immediate future anyways.

Operator

[No further questions].

Akis Tsirigakis – *Capital Link*

I just want to thank everyone for participating on this call and looking forward to be on another call for the second quarter and that is all. Again, thank you very much.