Corporate Participants

Akis Tsirigakis

Star Bulk – CEO

George Syllantavos

Star Bulk – CFO

Conference Call Participants

John Cruise

Adirondack Asset Management

Mike Rindos

Rodman & Renshaw

Noah Parquette

Cantor Fitzgerald

Presentation

Operator

Thank you for standing by, ladies and gentlemen, and welcome to the Star Bulk conference call on the Third 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, you will need to press *1 on your telephone. I must advise you this conference is being recorded today, Thursday 18th November 2010. I would now like to hand over to your first speaker today, Mr Akis Tsirigakis. Please go ahead sir.

Akis Tsirigakis - *Star Bulk – CEO*

Thank you, operator, and good morning, ladies and gentlemen. Welcome to the Star Bulk Carriers conference call to discuss our Third Quarter and Nine Months ended September 30th 2010 financial results. I am Akis Tsirigakis, Chief Executive Officer of Star Bulk Carriers, and with me today is George Syllantavos, our Chief Financial Officer.

Please be reminded that we publicly released our financial results last night, November 17th, after the market closed in New York, and it is available to download along with today's presentation on the Star Bulk Carriers website which is www.starbulk.com. If you do not have a copy of the press release or presentation, you may contact Capital Link, our Investor Relations adviser, at 212 661-7566, and they will be happy to fax or mail a copy to you. This conference is also being webcast and it is user-controlled and can be accessed through Star Bulk's website.

Before we begin, I kindly ask you to take a moment to read the Safe Harbor statement on slide number 2 of the presentation. While you do that, and before we commence the earnings presentation, I would like to take the time and use this introduction to make a few brief points about Star Bulk. Star Bulk remains financially strong with modest leverage, substantial charter coverage, ample liquidity, positive cash flows and pays meaningful dividends. We have an excellent relationship with our lenders, and we are one of the first companies to meet its original loan covenants. The reduction of our operating cost campaign continues to show tangible results quarter after quarter. These reductions have been achieved while the quality of our operation was enhanced, and our utilisation rate has substantially increased. Here I should mention that this quarter's G&A increase has a one-off expense related to professional fees.

We have been successful leveraging management's experience in the shipping industry over the past two years as the company has been able to meet the challenges in both the credit and dry bulk market and produce results that have strengthened the company. Apart from operating expenses reduction, highlights over the past two years include our Capesize new building, both of them actually, which were contracted at the lowest price levels prevalent since 2004; expanded and renewed our fleet through the sale of two of our oldest vessels, and the acquisition of three modern Capesize vessels. All of these were achieved without diluting our shareholders. Also, we repaid organically a major portion of our debt. We have been in full compliance with our original loan covenants. We have monetized a substantial portion of our commercial claims, and the in-house management continues to produce impressive results. Finally, we are also pleased to declare our six consecutive quarterly dividend for the third quarter of 2010, of $0.05 per share.

Please turn to slide number 3 of the presentation to discuss some important financial data. On this slide we present certain key data to illustrate why we continue to believe that, while Star Bulk continues to enjoy a very comfortable financial position, it remains substantially undervalued. As of November 17th 2010, our minimum total contracted revenue is $200 million, and our market capitalisation stands at $184 million. We estimate the charter free value of our fleet to be about $390 million and the charter adjusted value to be about $420 million. These estimates include the down-payments for the two new building Capes, numbers 63 and 64. Our senior debt currently stands at about $210 million and our current cash position is approximately $41 million.

According to the above, the company's net asset value, or NAV as we call it, amounts to $251 million or $4.03 per share based on our charter adjusted fleet valuation. Based on a share price of $2.96 at yesterday's close, our price to NAV ratio stands at 73%, indicating plenty of room for price appreciation from the current heavily discounted levels. I would like to reiterate that we have resisted exposure to interest rate swaps and have therefore taken the full benefit of the prevailing low interest rates. I should point out that, after having paid $43 million of the first two instalments of the two new building Capesize vessels, and $63 million to our banks in principal repayment, Star Bulk has managed to grow organically while significantly reducing its leverage. The company currently maintains a net debt to total asset ratio of 24%, which is considered conservative. Going forward, the remaining principal repayment for 2010 is $5 million out of a total of $68 million for the year. Principal repayment for 2011 goes down to $35 million.

Please turn to slide 4 to discuss our Third Quarter and Nine Months ended September 30, 2010 financial highlights. For the third quarter of 2010, gross revenue amounted to $29.9 million and net income amounted to $1.2 million. Excluding non-cash items, our net income for the third quarter 2010 amounted to $3.7 million. Adjusted EBITDA for the third quarter 2010 was $16.6 million, while average daily operating expenses were $5,503 per day per vessel. The time charter equivalent for the third quarter of 2010 was $26,146 per day. The adjusted net income of $3.7 million represents $0.06 earnings per share, basic and diluted, which is above Bloomberg consensus.

For the first nine months ended September 30th 2010, gross revenues amounted to $89.1 million. Net loss was $25.8 million, which includes a non-cash impairment charge of $35 million due to the sale of the Star Beta. Excluding non-cash items, our net income for the first nine months of 2010, as adjusted, amounted to $13.3 million. Adjusted EBITDA for the first nine months of 2010 was $52.2 million, while the average daily operating expenses were $5,482 per day per vessel. The time charter equivalent for the first nine months of 2010 was $26,937 per day. The adjusted net income of $13.3 million represents $0.22 earnings per share, basic and diluted.

Turning to slide number 5, we would like to provide an update on our Company's recent developments. For the quarter ended September 30th 2010, we declared our sixth consecutive dividend of $0.05 per share. As of market close on November 17th, this reflects approximately a 7% annualised yield. I would like to remind our investors that Star Bulk is one of the very few companies in the dry bulk industry that has stood by its dividend-paying policy by paying dividends in 10 out of the 12 quarters since inception three years ago, despite the financial environment.

We recently announced that we have collected $24.3 million, or approximately $0.39 per Star Bulk share outstanding, as settlement of the Star Epsilon claim. This event brings closure to a cumbersome legal case that could have resulted in a prolonged legal process before arriving at the final, un-appealable, uncollectable award. The amount collected represents a major portion of the quantum of the claim originally pursued. We received commitment letters for the financing of our two new Capesize vessels. Subject to final loan terms, we have now fulfilled all equity payment obligations for the financing of the two Capes. We have received an up-front unconditional payment of $5 million in return for a 45% share in the future proceeds of certain existing commercial claims. In September 2010, we took delivery of the Capesize vessel Star Aurora. The acquisition was announced in February 2010 for approximately $42.5 million from a third party, and the vessel commenced a three year time charter with Rio Tinto at the gross daily rate of $27,500 per day. Also, in early 2010, we delivered the previously sold Capesize vessel Star Beta to her new owners.

Turning to slide number 6, we would like to point out in this slide our consistency in rewarding our shareholders through steady dividend payments. As you can see in the graph, only four out of the 11 dry bulk companies distribute dividends to their shareholders, with Star Bulk one of the highest on the dividend yield basis.

In slide number 7, we illustrate the performance of Star Bulk shares versus its peers since the beginning of 2010. Star Bulk's stock has by far outperformed its peers, not only as a group, but also on an individual basis. Specifically, as of November 17th, our performance stood at 8.4%. We still believe that Star Bulk represents an excellent opportunity for the value investor at current trading levels, with a good entry point as Star Bulk trades at a significant discount to its NAV. We strongly believe Star Bulk shares have excellent upside potential.

Moving to slide 8, here we illustrate Star Bulk's growth overview. As you can see in the two graphs, Star Bulk has managed to organically grow its original fleet of eight vessels and just under 700,000 dwt to 13 vessels and over 1.2 dwt within four years of going public. This means that, including our current new building contracts, we have achieved fleet growth of 86% in terms of dwt and 63% in terms of vessels. I would like to underline that this growth was achieved without dilution, while it is also 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 bought six younger vessels while we have also contracted two new building Capesize vessels to be delivered in 2011. We are currently in an excellent position to further grow our fleet with cash on hand and debt. Our focus will remain on fleet renewal, which has been an integral part of our growth strategy from the beginning.

On slide number 9, we depict the results of our operating cost reduction campaign. This was achieved while enhancing our quality as measured by objective methods such as significantly improved fleet utilisation and exceptional port state control record and quality certifications. As you can see in the two graphs, our operating expenses, or Opex as we call it, has steadily decreased, importantly on a per-vessel, per-day basis. 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.

Going to slide 10 illustrates the fleet employment chart and counterparties, which we also post in a transparent manner on our website. I won't go into further detail, as I believe it is self-explanatory.

Moving to slide 11, 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. It is important to reiterate that the daily volatility of the dry bulk indices do not have an effect on our current revenue generation. Our contracted coverage is now 100% for 2010 and 63% for 2011. We are in constant dialogue with our counterparties, as we are committed to re-charter the vessels whose contracts expire in 2011.

If you'll now turn to slide 12, we provide an overview of our counterparties, who are first class charters, while affording us an excellent counterparty risk profile.

Mr George Syllantavos, our CFO, will now discuss our financials. George?

George Syllantavos - *Star Bulk – CFO*

Thank you, Akis, and good morning to everyone. Let us now turn to slide 14 for review of our balance sheet. As of September 30th 2010, current assets were $25.2 million. Our fixed assets amounted to $666 million, and total assets amounted to $714.5 million. Current liabilities were $66.9 million, while non-current liabilities amounted to $180.3 million and stockholders' equity was $467.3 million. Total liabilities amounted, of course, to $714.5 million.

Please turn to slide 15 to discuss the nine months ended September 30th 2010 income statement. The results include non-cash items amounting to $39.2 million as depicted in the middle column, and the adjusted figures exclude these non-cash items. For the first nine months ended

September 30th 2010, total revenues amounted to $89.1 million, and our operating loss amounted to $21.7 million. The net loss for the nine months ended September 30th 2010 was $25.8 million, representing $0.42 loss per share calculated on 61,260,641 weighted average number of shares basic and diluted. Excluding non-cash items, net income for the nine months ended September 30th 2010, would amount to $13.3 million, or $0.22 per share basic and diluted.

Turning to slide 16, for the Third Quarter ended September 30th 2010, total revenues amounted to $29.9 million, and our operating income amounted to $2.5 million. Non-cash items amounted to $2.5 million, which is depicted in the middle column again, and the adjusted figures include these non-cash items. The net income for the third quarter 2010 was $1.2 million, representing $0.02 earnings per share, calculated on 61,669,446 shares and 62,072,050 shares weighted average number of shares basic and diluted, respectively. Excluding non-cash items, net income for the third quarter 2010 would amount to $3.7 million, or $0.06 earnings per share basic and diluted.

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

Akis Tsirigakis - *Star Bulk – CEO*

Thank you, George. I would like to end our presentation with a few market-related comments.

On slide 18, we provide a supply update. According to Clarksons, in the first nine months of 2010, about 50% of the planned deliveries have not hit the water. This is a similar trend with last year's 37% of non-deliveries for 2009. Brokers expect similar non-delivery levels for 2011. Port congestion - outside iron ore ports in Australia and Brazil currently stand at quite low levels, providing upside as congestion effectively takes tonnage out of the system.

Please go to slide 19. What we would like to underline in this slide is our firm belief that future iron ore trade growth will be robust. We expect that Chinese iron ore imports will continue growing rapidly as demand for the imported material emanates from a structural characteristic of China's geology, poor quality of domestic iron ore reserves. As a result of the extra processes that the mine material has to go through in order to become commercial, its production cost is significantly elevated. In fact, any additional iron ore mine that comes online in China has probably a production cost well above $120 per ton.

As you can see in the top right graph, the production cost curve is very steep, beyond 300 million tons of domestic production, whereas China needs in excess of 1 billion tons. This situation will be exacerbated with any appreciation of the Chinese Yuan against the dollar. This makes us feel very confident about future iron ore demand. DnB NOR expects 2015 iron ore trade to have doubled that of 2009, as shown in the bottom right graph. Therefore, the excess demand will have to be transported from faraway places, increasing ton miles quite more rapidly than actual quantity increases.

Regarding India, although India is currently a major iron ore exporter, we do not expect significant export growth going forward, as India is a developing economy and they have plans to preserve the iron ore for their own needs. Thus, China's iron ore imports from India will have to be sourced from elsewhere, likely much further away.

A similar picture is developing for coal, which I would like to show on slide 20. On the top graph you can see China coal imports rising constantly in recent months. China's government plans to shut down around 150 million tons of coal capacity within 2011 for safety and other concerns - even though these might look small compared to China's 3.5 billion tons of annual coal production capacity, such a volume of additional cargo demand will have a very positive effect on trade rates. We are further optimistic on Chinese coal imports because of the Government's plan to consolidate the coal mining industry. We believe that during this consolidation period there will be room for additional coal imports.

Another bullish point in future coal demand is India, which is building a number of power plants and ports on the coastline. Naturally, these will be fueled by imported coal. Because India is expected to grow rapidly in the coming years, we expect Indian coal imports to grow rapidly as well. Furthermore, India's steel future production growth is expected to result in significant coking or metallurgical coal imports. DnB NOR expect about 90 million tons of additional coal exports in 2011, while total seaborne coal trade is expected to reach 935 million tons according to the same report.

Finally, I would like to end the presentation with some news coming from the US. The second quantitative easing pack of $600 billion, which was recently announced, will surely support global growth. Economists argue that most of this money will end up being invested in emerging economies due to the lack of opportunities in the developed ones.

I'll not take any more of your time. Thank you. I will now pass the floor over to the operator. If you have any questions, both myself and George will be happy to answer them.

Questions and Answers

Operator

Thank you. We will now begin the question and answer session. If you wish to ask a question, please press *1 on your telephone keypad. Your first question comes from Noah Parquette from Cantor Fitzgerald. Please go ahead.

Noah Parquette - *Cantor Fitzgerald*

Thank you. My first question was on expansion. You talked a little bit about your bullish outlook for the iron ore sector and coal and, when you look at your two vessel classes, would you have a preference towards investing in either one, Capesize versus Supermaxes?

Akis Tsirigakis - *Star Bulk – CEO*

Let me answer that in a two-fold manner. You might have seen that we have actually invested within 2010 in Capesizes and expect delivery at least of the two new building ones in 2011, so we have significant growth on the larger vessel category. That said, I would envisage further growth to probably come in the smaller category segment, such as Supermaxes or even the Panamax.

Noah Parquette - *Cantor Fitzgerald*

Thank you. On the Star Epsilon, has that been redelivered yet? What are your plans for chartering that ship?

Akis Tsirigakis - *Star Bulk – CEO*

We are looking to charter the ship. She is going to be finishing by the end of the year and we should be looking to charter her - as we speak, we are in the market to charter her.

Noah Parquette - *Cantor Fitzgerald*

What do you see in terms of periods from charters? Would you go greater than one year? What's your preference?

Akis Tsirigakis - *Star Bulk – CEO*

We would likely go for a year, possibly two - more likely one than two.

Noah Parquette - *Cantor Fitzgerald*

Thank you. I wanted to ask about the $5 million upfront payment you got from selling 45% of the claim proceeds. What's the book value for those insurance claims? And this is separate from the $24 million you got on the Star Epsilon, right?

Akis Tsirigakis - *Star Bulk – CEO*

This is separate from the $24 million which is attributed solely to Star Epsilon. However, at this moment, because this involves arbitrations that are confidential, I would not like to go into numbers and specific situations because we are bound by arbitration proceedings, as you understand. In any case, I'm sure you've seen that we have pushed forward with trying to handle and settle all our claims which have been significant baggage from the past, and so we're trying to monetize them. I wouldn't like, though, to get into specifics for those ones. I have to point out that the market in general - neither analysts nor investors value these claims in their valuation of the company in any case, so it's an additional benefit. I can't really expand on the details about that at this point.

Noah Parquette - *Cantor Fitzgerald*

Okay, that's understandable. Can you just say, though, if the party you sold the 45% stake to - is that an unaffiliated third party?

Akis Tsirigakis - *Star Bulk – CEO*

It's an unaffiliated third party, yes.

Noah Parquette - *Cantor Fitzgerald*

Then just one quick housekeeping- what's the book value of the progress payments you've made on your new builds?

Akis Tsirigakis - *Star Bulk – CEO*

We have now paid to our new buildings 40% of the value of those contracts, which amounts roughly to $43 million.

George Syllantavos - *Star Bulk – CFO*

I would like to add to that, the remaining we expect to pay out of the loans that we plan to get, so we do not have any capital expenditure really remaining on those new builds.

Operator

Your next question comes from Mike Rindos from Rodman & Renshaw. Please go ahead.

Mike Rindos - *Rodman & Renshaw*

I wanted to follow up on the prior questioner's question regarding that $5 million of other income. Can you give me a little bit of the background of how that was originally booked and its sort of accounting history? I'm guessing that that was booked as revenue at some point and then charged off as a bad debt, and now it's coming back around. Is that right?

Akis Tsirigakis - *Star Bulk – CEO*

No, Mike. As I said before, I can't give you much more information about that. However, those claims do not have an accounting history in there. Those claims are for damages and they're not shown as receivables in our financials. So, as I said before, it's an additional bonus to the actual operation.

Mike Rindos - *Rodman & Renshaw*

Okay, so it was never booked as revenue in the past?

Akis Tsirigakis - *Star Bulk – CEO*

That's right.

Mike Rindos - *Rodman & Renshaw*

So this is a claim against damage to the vessels over time?

Akis Tsirigakis - *Star Bulk – CEO*

We cannot tell you what it is - I mean if you read our prior filings, you can figure out what these claims are about - we are bound by confidentiality from the arbitration proceedings in London, so we can't really go much into it.

George Syllantavos - *Star Bulk – CFO*

However, it is a correct statement, as you said, that this has not been booked as revenue in our financials at all, ever.

Mike Rindos - *Rodman & Renshaw*

Just on the bookings for 2011, looking at 63% coverage, is that 63% as of September 30, or is that of a more recent date? And, after that, can you just give us a sense of your comfort level with that coverage for 2011, at this point in time?

Akis Tsirigakis - *Star Bulk – CEO*

It is 63% as of today for 2011, the coverage-

George Syllantavos - *Star Bulk – CFO*

-for September 30, because we did not fix anything additionally-

Akis Tsirigakis - *Star Bulk – CEO*

-exactly, and as soon as we find employment for the Star Epsilon, as I mentioned to the previous question, or possibly to the new building number 2, that might increase significantly as well.

Operator

Your next question comes from Doug Garber of FBR Capital Markets. Please go ahead.

Doug Garber - *FBR Capital Markets*

My first question was about growth next year - it seems like you have a little bit more free cash flow to work with - where are your priorities in terms of a dividend increase versus adding additional vessels, and what are your thoughts on a share repurchase?

Akis Tsirigakis - *Star Bulk – CEO*

You might know that we are share repurchase minded people or management. We have had a kind of a restriction because of the waivers we had previously obtained for 2010. However, I would point out that our dividend is quite healthy (meaning our cash flows really support it), and it is also at very good levels. We do not have any plans at this time to increase it, and I would not like to venture on that at this time. Is that answering the question?

Doug Garber - *FBR Capital Markets*

It does, and I had one follow-up - is there a target cash flow payout for the dividend, or do you target a dividend yield and you're happy at 7%? How should we think about that going forward - 20-30% of cash flow?

Akis Tsirigakis - *Star Bulk – CEO*

We have, for some consecutive quarters now, six quarters, we have been paying $0.05 per share, and in a kind of hard number, not necessarily connected to a percentage of our free cash flow.

Doug Garber - *FBR Capital Markets*

Okay. I wanted to jump back to the covenant compliance. I understand your loan to value, you're in compliance with them, but does the waiver period still go through February and you'll have full flexibility after that period?

Akis Tsirigakis - *Star Bulk – CEO*

Yes, the waivers for the covenants are expiring, and we will not need any further waivers. We do meet our original covenants and after that we are free to make our own decisions. That is correct.

Doug Garber - *FBR Capital Markets*

The last question I had was on the second Cape new building. What are the different options you're looking at in terms of duration of contract for that, that you can share with us at this time?

Akis Tsirigakis - *Star Bulk – CEO*

Well, we would prefer a little shorter than a longer period, like a 3-5 year period, and not a 10-year period.

Operator

Your next question comes from John Cruise from Adirondack Asset Management. Please go ahead.

John Cruise - *Adirondack Asset Management*

I had a question regarding NAV - could Mr Syllantavos please elaborate how the figure of $4.03 was derived?

George Syllantavos - *Star Bulk – CFO*

Yes. As you know, we receive valuations from brokers for our fleet at the end of every quarter so, at this juncture our current fleet that's in the water has about $365 million adjusted value, meaning actual vessel value about $30 million of charter adjustment in there so, if you add to that number our down payments for the Cape new buildings of $43 million, the appreciation of those new buildings of about $11 million and the cash of about $41 million, you come to a number of $460-461 million. Subtracting about $210 million for debt, you have a net equity value of $251 million. You just divide that by 62.2 million outstanding shares and you come to this $4.03 number. So it's actually derived from the valuations of the vessels and down payments and the value of those values and their cash position.

John Cruise - *Adirondack Asset Management*

Okay, great. You mentioned an increase in G&A due to one-off professional fees expense. Can you please clarify what that might be?

Akis Tsirigakis - *Star Bulk – CEO*

That was mainly legal fees that we paid while we were exploring a possible transaction that we were contemplating at the time, mid-summer, and that is related to that.

Operator

There are no further questions at this time. I would now like to hand back for any closing comments.

Akis Tsirigakis - *Star Bulk – CEO*

Thank you, operator. I want to thank everyone for participating on this call, and look forward to you joining us again when we have our Fourth Quarter conference call. Again, thank you very much.

Operator

That does conclude our conference for today. Thank you for participating and you may all disconnect.