Corporate Participants

Spyros Capralos
Star Bulk – President and Chief Executive Officer

George Syllantavos
Star Bulk – Chief Financial Officer

Conference Call Participants

Noah Parquette
Cantor Fitzgerald

Presentation

Operator
Thank you for standing by, ladies and gentlemen, and welcome to the Star Bulk Conference Call on the First Quarter 2011 Financial Results. We have with us Mr Spyros Capralos, President 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 keypad and wait for your name to be announced. I must advise you that the conference is being recorded today, Friday, May 13, 2011.

And we now pass the floor to one of your speakers today, Mr Spyros Capralos. Please go ahead sir.

Spyros Capralos
Thank you, operator, and good morning ladies and gentlemen. I'm Spyros Capralos, the President and Chief Executive Officer of Star Bulk Carriers and I would like to welcome you to the Star Bulk Carriers' first quarter 2011 financial results conference call. Along with me today to discuss our financial results is our CFO, George Syllantavos.

Before we begin, I kindly ask you to take a moment to read the Safe-Harbour statement on slide number two of our presentation. While you do that and before we commence the earnings presentation, I would like to take the time and inform those of you who did not have the time to read our latest press release this morning that Star Bulk has entered into definitive agreements to acquire two Capesize vessels with long time charter rates attached to a high credit rating mining company and at favourable rates compared to current market levels. We will discuss this in further detail during the presentation.

Let us now turn to slide number three of the presentation to discuss the important financial data. On this slide, we'll 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 May 12th our minimum total gross contracted revenue including our two newly, to be acquired Capes is approximately $245 million and our market capitalization stands at $146 million.

Our senior debt currently stands at about $225 million and our current cash position is approximately $41 million. I would like to reiterate that Star Bulk has resisted exposure to interest rate swaps and have therefore taken the full benefit of the prevailing low interest rates. We are also very pleased with the fact that our principal repayment commitments for this year are down substantially compared to last year since our loan repayment schedules were intentionally designed to be front-loaded.

Specifically, during 2010, our loan repayments stood at $68 million, while our repayment commitments for 2011, 2012, and 2013 are $34 million, $32 million, and $31 million respectively. Please note that numbers regarding our principal repayment do not include any loans associated with our two new acquisitions of today.

Please turn to slide four to discuss our first quarter 2011 financial highlights. For the first quarter, gross revenue amounted to $29.5 million and net income amounted to $1.7 million. Excluding non-cash items, our net income for the first quarter of 2011 amounted to $1.3 million.

Adjusted EBITDA for the first quarter of 2011 was $14.2 million, while average daily operating expenses were $5,170 per day per vessel. The Time Charter Equivalent was $23,252 per day. The adjusted net income of $1.3 million represents $0.02 earnings per share, basic and diluted, which is $0.05 above Bloomberg consensus.

Turning to slide number five, we'd like to point out in this slide that since reinstituting the dividend in the second quarter of 2009, we have rewarded shareholders with eight consecutive dividends. Our dividends represent a meaningful yield which currently is the highest within the drybulk universe, 8.7% on an annualized basis calculated as of yesterday's close.

As you can see on the graph, only five out of the eleven drybulk peers distributed dividends to their shareholders, with Star Bulk having currently the highest dividend. I would like to remind our investors that Star Bulk is one of the few companies in the drybulk industry that has paid dividends for 12 out of the 14 quarters since inception three years ago.

Slide six illustrates the fleet employment chart and counterparties, which you can also find on our website. 78% of our 2011 operating days are already picked, which most of the open days are in the Supramax category. Actually, our 2011 time charter coverage in the Capesize sector is 94% with the addition of these two new Capes.

With charters expiring mainly in the Supramax category within 2011, we're aiming to opportunistically re-charter our vessels as the freight rate environment improves. I won't go into further details, as I believe the presentation is self-explanatory.

If you now turn to slide seven, we provide an overview of our counterparties, who are first class charterers while providing us with an excellent counterparty risk profile.

Please turn to slide eight for an update on our latest transaction. This morning, we announced that we have entered into definitive agreements to acquire two Capesize bulk carriers for approximately $51.5 million. The first Capesize vessel has a carrying capacity of approximately 168,000 tons and was built in South Korea in 1996; this vessel has a time charter agreement with a major mining company until November 2015 at a gross daily rate of $25,000 and is currently expected to be delivered to Star Bulk within July 2011.

The second Capesize vessel has a carrying capacity of approximately 170,000 deadweight tons and was built in Japan in 1994. This vessel has a time charter agreement with a major mining company until August 2014 at a gross daily rate of $24,500 and it is currently expected to be delivered to Star Bulk within July 2011. These acquisitions will be funded by a combination of company's cash and bank debt.

Actually, we have already received funding indication from a major European bank regarding these two acquisitions. The vessels will be acquired from companies in which family members of our Chairman Mr Pappas hold minority stakes. We believe that this transaction is very accretive and will further strengthen our company's financial position.

The time charter agreements that the two vessels have attached to them will substantially increase our revenue visibility and improve our financial results going forward since they are expected to contribute a minimum of $64 million to a maximum of $75 million in gross revenue. We will continue to be on the look out for opportunities to structure accretive transactions that increase shareholder value.

Moving to slide nine, we illustrate Star Bulk's growth overview. As you can see in the two graphs, we have managed to grow the original fleet of eight vessels under 700,000 tons to 15 vessels and just above 1.6 million deadweight including our latest acquisitions and our two newbuilding Capes.

This growth has been achieved within four years of going public. This means that we have achieved fleet growth of 135% in terms of deadweight and 88% in numbers of vessels.

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 eight younger vessels, one we have also contracted to a newbuilding Capesize vessel to be delivered in the fourth quarter of 2011. We will continue to explore opportunities, as we said earlier on, for further growth by conducting accretive transactions.

Now, I will ask Mr George Syllantavos, our CFO, to discuss on the financials and give you an update on the market developments. Thank you. George?

George Syllantavos

Thank you, Spyros, and good morning to everyone. Let us now move to slide 11 for a view of our balance sheet as of March 31st, 2011. Current assets were $27.6 million; our fixed assets amounted to $664.4 million, and total assets amounted to $715.6 million. Current liabilities were $51.7 million while non-current liabilities amounted to $177 million and stockholders equity was $486.9 million.

If we can now turn to slide 12 to discuss first quarter 2011 income statement, I would like to point out that our first quarter 2011 results include non-cash items amounting to $340,000 which is depicted in the middle column and the adjusted figures exclude these non-cash items.

For the first quarter 2011, total revenues amounted to $29.5 million while our operating income amounted to $2.6 million. The net income for the first quarter 2011 was $1.7 million or $0.03 per share calculated on 63,410,360 weighted average number of shares basic and 63,452,187 diluted. Excluding non-cash items, net income for the first quarter 2011 amounted to a gain of $1.3 million or $0.02 per share basic and diluted.

I would like to move now to the second last part of the presentation, which includes our market commentary. Place turn to slide 14 for a supply update. According to data provided by Clarkson's, actual deliveries of drybulk vessels during the first quarter of 2011 accounted for approximately 15% of the 2011 planned order book as of the order book that was there as of January 1st, 2011. Assuming that the deliveries are evenly spread throughout the quarters that would imply a rate of deliveries of approximately 60% and an equivalent 40% slippage rate, which is in line with the previous year's performance of the shipyards, actually this was a performance in both 2010 and 2009. As you can see on the bottom right graph, looking beyond 2011, most scheduled deliveries come down to much lower levels for the years 2012 and beyond.

Also during the last few months there has been significant pickup in scrapping activity of older vessels. As you can see on the bottom left graph, total bulk carrier demolition for the first four months of this year is already higher than the entire activity of 2010. If this rate continues, scrapping could hit an all time record of about 20 million deadweight within 2011. Scrapping acts like a pressure valve in the supply demand equilibrium. A pick up in scrapping could slow down the fleet's growth rate, which will effectively provide some relief to rate pressures.

Now turning to slide 15 for an update of the Chinese iron ore; as you can see the top right graph, iron ore and steel prices have been rising steadily for more than a year; actually, iron ore prices are close to the recent historically highs, while steel is in the highest level since August of 2008 just before the crisis.

On the other hand as you can see the two graphs at the bottom, iron ore and steel inventories are dropping substantially. The bottom right graph shows iron ore stockpiles expressed in multiples of monthly imports to China. As we are approaching a level that has always acted as a support level in the past, we believe that there is a good possibility that iron ore imports will pick up in order to bring the stockpiles back at higher and more sustainable levels of consumption coverage.

One might think that high prices and dropping inventories would be the result of a combination of steady demand and decreasing supply, this would be a logical deduction; however, we will see on the next slides, statistics imply otherwise.

So on the next slide 16; on the top right graph you can see global steel production hitting new all-time highs. Not only Chinese steel production growth is very strong but the rest of the world is very, very close record highs even when compared to pre-crisis levels. What is also worth mentioning is our Chinese steel exports have been on the rise lately, which is another indicator of the strong global steel demand, so low steel production level is not the reason for which steel prices have been rising.

Also on the bottom left graph you can also see floor space sold and floor space under construction, and how it has moved over time. These two indices are closely correlated with Chinese steel demand, and, as you can see, they remain at very healthy levels providing additional comfort and optimism regarding China's future steel demand and steel production.

Now, we turn to slide 17. In this slide we have picked out and aggregated some numbers regarding the mining, big three announcements on investments regarding the mining projects in the last 12 months. Rio Tinto has announced investments of $8.3 billion in actually all new iron ore projects. BHP on the other hand has announced investments of $19.2 billion in both new and existing iron ore finds and also some coal projects.

Vale on the other hand has announced investments of $24 billion in mining projects in general, but with the majority being iron ore and especially within this year. If we sum these up, we end up with about $50 billion of investments in mining and especially in the sector of iron ore, which is of special interest to us.

These investments will come from those three companies only. I'm sure on top of these there are many others that are planning mining projects since, as you have seen from the graph, before commodities have performed exceptionally well during the past decade. As you can understand, all these mining projects when they start production, they will probably need drybulk ships to carry raw materials to the buyers. This future outlook provides some optimism regarding the long-term demand fundamentals for drybulk shipping in general.

Now, we will not take any more of your time. I will now pass the floor to the operator, and if you have any questions regarding the above Mr Capralos and myself will be happy to respond to them. Thank you.

Questions and Answers

Noah Parquette – *Cantor Fitzgerald*

Thank you. My question is on the Capesize segment. You've done a lot in terms of investing in that segment over the last year and you chartered out for an intermediate term; with scrapping so high, I mean do you have a medium-term outlook on this sector or is it just a function of these individual ships are attractive at that time?

Spyros Capralos

Well, both Noah. As you can see, first of all, we don't speculatively acquire tonnage in that sector. We acquire tonnage in the sector when we have some meaningful employment either attached or we have attached independently to the tonnage in the past. The only vessel that comes up for some more chartering activities, the Star Epsilon, at the end of the year, and the rest of our vessels have substantial coverage from between 2, 2.5 to, with a newbuilding, almost 10 years forward, so we always believe that this is a sector that correlates well with the infrastructural projects in the world. Of course the order book is always a question mark in our mind, but because it's directly correlated to the infrastructural projects in the world, and therefore directly correlative with iron ore and coal activities, we think although the sector is pressured right now, as long as you can have vessels, good vessels that have employment from superior charter counterparties, we feel that we're entering good investments which are good for the company and earnings forward.

Noah Parquette – *Cantor Fitzgerald*

I guess what I was getting at is with your chartering strategy it's almost like you're taking a view that the Capesize market will rebound in two to three years; I just want to confirm that was your opinion.

Spyros Capralos

Looking at the order book, we do feel that there is a chance of…prospects of rebound out there from 2013 onwards. Therefore we feel that it would be prudent for us to cover the in-between hump of about two to three years and then be out on the market to re-fix the vessels, but with the charters affect those vessels, even with the chartering activity that we currently have, provides some attractive returns to us as operators.

Noah Parquette – *Cantor Fitzgerald*
In terms of financing, can we assume something like 50% debt financing or is there a number that you are looking at?

Spyros Capralos
We have received indications for the specific vessels; it is not definitive again, we're still talking with the bank, but it looks like about 60% level of debt.

Noah Parquette – *Cantor Fitzgerald*
50%. It is finally – 60, right?

Spyros Capralos
60, yes.

Noah Parquette – *Cantor Fitzgerald*
Okay, and then finally in terms of acquisition cost, those charters are great. They are above market. How do you break up the price between the steel and the charterers and are you going to account for those charters are above market?

Spyros Capralos
Well, you know that the charters are above market especially when we are talking about four-year durations because there are currently no four-year time charters out there to begin with, so obviously we have MOAs for each individual vessel and each individual vessel has its own value there. The breakdown we can provide forward as we talk to, but in reality what you're looking here, is you are looking at also buying vessels which could be on block work, charter free about I don't know $47 million or $46, $47 million, but the charter adjusted value of these vessels is about $62 million or so. Therefore what you are looking at is you're looking at us buying a charter-adjusted value of about 15/16 million and we're only paying about a third of that in the

reality in the course of our MOAs for the acquisition of the vessels. Therefore, we think that we're getting those vessels at a discount of about 10 or $11 million vis-à-vis where the charter-adjusted value really is at today's levels.

Noah Parquette – *Cantor Fitzgerald*
I completely agree that that purchase price seemed low for the charter that you're giving, so a great acquisition, guys.

Spyros Capralos
Thank you.

[No further questions]

Spyros Capralos
Well, we want again thank everyone for participating on this call, and we look forward to you joining us again when we have our next quarter financial results conference call, except if we have also something else to announce in the meantime. Again, thank you very much and have a good day.