Corporate Participants

Spyros Capralos
Star Bulk - President and Chief Executive Officer

George Syllantavos
Star Bulk - Chief Financial Officer

Conference Call Participants

James Woods
SBR & Co - Role

Natasha Boyden
Cantor Fitzgerald - Role

Michael Pak
Clarkson Capital Markets

Presentation

Operator
Thank you for standing by ladies and gentlemen and welcome to the Star Bulk conference call on the second 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 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, Wednesday August 10th 2011. We now pass the floor to one of your speakers today, Mr Spyros Capralos. Please go ahead sir.

Spyros Capralos - *Star Bulk*

Thank you operator and good afternoon or good morning ladies and gentlemen. I am Spyros Capralos, the president and chief executive officer of Star Bulk Carriers and I would like to welcome you to the Star Bulk Carriers second quarter and first half 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 2 of our presentation. Since you are quick readers, let us now turn to slide number 3 of the presentation to first discuss our balance sheet which we like to highlight because we believe is one of the healthiest in the dry bulk industry. As of this Monday August 8th our senior debt stood at $257 million. The senior debt figure includes both the $31 million loan facility of ABN Amro for the acquisition of Star Big and Star Mega as well as approximately $43 million debt from the Credit Agricole loan facility for the financing of the two new buildings. The company is in full compliance with bank covenants for all our loan facilities. Important to mention is that we have zero capex commitments for the two cape newbuildings with $21 million available from the Credit Agricole loan facility. On the other hand the capex remaining for the Star Mega is $7 million. I would like to note that we expect to take delivery of Star Mega within the next week.

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, as you can see in the graph, during 2010 our principal repayment stood at $68 million while our remaining repayment commitments for 2011 stand at around $15 million from $37 million at the beginning of the year, $38 million for 2012 and $36 million for 2013. This loan repayment schedule includes the undrawn portions of both the ABN Amro loan regarding Star Mega and the Credit Agricole loan regarding the two newbuildings. I would like to inform my investors that our current cash position stands at $52 million. Lastly I would like to reiterate that Star Bulk has resisted exposure to interest rate swaps and we are taking the full benefit of the prevailing low interest rates as all of our loans are on a floating rate basis. Please turn to slide 4 to discuss our first half and second quarter 2011 financial highlights.

For the first half of 2011 gross revenue amounted to $52.2 million and net income amounted to $ 3.4 million. Excluding non cash items our net income for the first half of 2011 amounted to $3.6 million. Adjusted EBITDA for the first half of 2011 was $29 million while average daily operating expenses were $5,360 per vessel. The time charter equivalent in the first half of 2011 was $20,943 per day. The adjusted net income of $3.6 million represents 6 cents earnings per share basic and diluted. In the second quarter of this year gross revenue amounted to $22.7 million and net income amounted to $1.7 million excluding non-cash items our net income for the second quarter of 2011 amounted to $2.2 million. Adjusted EBITDA for the second quarter of 2011 was

$15.1 million while average daily operating expenses were $5,547 per vessel. The time charter equivalent was $18,664 per day. The adjusted net income of $2.2 million represents 3 cents earnings per share basic and diluted which is 9 cents above Bloomberg consensus.

Turning to slide number 5, I would like to point out in this slide that since reinstating, reinstituting the dividend in the second quarter of 2009 we have rewarded shareholders with nine consecutive quarterly dividends. Our dividends represent a meaningful yield which currently is the highest within the dry bulk universe exceeding 14% on an annualised basis calculated as of yesterday's close. As you can see on the graph, only four out of the 10 US listed dry bulk peers have distributed dividends to their shareholders in 2011, again, with Star Bulk having the highest yield. I would like to remind our investors that Star Bulk is one of the few companies in the dry bulk industry that has consistently paid dividends since inception.

Slide 6 illustrates our modern fleet of dry bulk vessels consisting of 12 dry bulk carriers with two fully funded Capesize newbuildings on their way to being delivered in the fourth quarter of 2011, and with the addition of the Star Mega to our fleet within next week will have increased our operating fleet by 75% in terms of cargo carrying capacity from the beginning of this year. As you can see in the graph on the lower left hand side, we have managed to grow our fleet from the beginning of 2011 from 900,000 tonnes to just above 1.6 million dead weight tonnes by the end of the year. Our fleet growth will result in an increase in our ownership days with visible revenue in a weak freight market. It is also worth noting that in the process of growing our fleet we have also been renewing it. Since our inception, we have sold three of our older vessels while acquiring eight younger vessels. As a result we expect our fleet's average age to be 10.6 years in December of 2011 once both our newbuildings have been delivered only two months older than a year ago. Please turn to slide 7 for an overview of our fleet employment and our counterparties.

Currently we have secured 84% of our operating days in 2011, 41% in 2012 and 33% in 2013, with most of the open days in the Supramax category. Specifically, our time charter coverage in the Capesize sector is 92% for 2011, 71% for 2012 and 62% for 2013 with the only unfixed case being the Star Epsilon whose contract is expected to expire this October, and the second newbuilding for which we plan to secure employment closer to its delivery. Both of those two capes as well as for our six Supramax vessels, we aim to opportunistically re-charter those ladies as the freight rate environment improves. Our total contracted revenue amounts to approximately $235 million while it is worth noting the quality profile of our charters with companies like Rio Tinto and Cargill among our counterparties. Please turn to the next slide, number 8, for an overview of our management and operations stature. Star Bulk is one of the very few companies in the dry bulk sector that have fully integrated in-house commercial and technical management capabilities in a 100% owned by the public company subsidiary. This integrated structure offers a number of advantages like increased operational flexibility, high standard quality control and maintenance which leads to increased utilisation and in turn increased profitability, while at the same time reducing our operating expenses. We are able to achieve all of the above while being totally transparent since we have practically eliminated any related party management transactions.

If you now turn to slide 9 for a brief description of the acquisition of the two second-hand Capesize bulk carriers we announced in May for approximately $51.5 million. The Star Mega and Star Big are two Capesize vessels with above market long term charters attached to them with a leading international mining company which is considered a financially secure industrial counterparty. These vessels were acquired at a discount of more than 15% to the average charter adjusted broker appraisals received at the time. This by itself would imply that this is an accretive acquisition however you will see the transactions project their accretiveness on an earnings per share and on a cash flow basis in the next slide. It is worth pointing out that the above market time charter contracts are expected to contribute a minimum of $65 million in gross revenues. Further, we secured a $31 million financing for the two vessels through ABN Amro at attractive terms. I would like to also add that as part of this deal we obtained a management contract of an unaffiliated Supramax vessel which produces a daily management fee of $750. We are seeking further vessel acquisitions that would be accretive to shareholder value like the Star Mega and Star Big and are open to obtaining additional management contracts. Please turn to slide 10 for an overview of our recent secondary offering.

On July 19 Star Bulk announced that it has successfully priced its underwritten public equity offering of 16.7 million common shares at $1.80 per share. Insiders participated in this offering by buying 4.9 million shares for approximately 30% of the offering. The gross proceeds from this offering amounted to approximately $30 million and will be utilised partly in our recent second hand acquisitions and partly for general corporate purposes. The addition of these two second hand Capesize vessels to our fleet increases our fleet carrying capacity by approximately 28% and more importantly our contracted revenue by 38%. Overall, we expect these acquisitions to increase our quarterly earnings per share and cash flow per share by approximately 2 cents for at least the 12 quarters. It goes without saying that the addition of these vessels and their long term time charter to the company has significantly increased our forward coverage - some of this is displayed in more detail in the table on the bottom of the slide. These two time charters expire in 2014 and 2015 which increases our fixed revenue during a challenging period. Before I turn the floor to George I would like to add that we are very pleased to have successfully concluded this offering especially following the recent advance in the global capital markets and its changes. It is my belief that the proceeds from the offering will reinforce the company's balance sheet and substantially increase its ability to transform shocks from this uncertain and volatile global environment into opportunities for growth; and now I'll ask Mr George Syllantavos our CFO to discuss on the financials and give you an update on the market developments. Thank you.

George Syllantavos - *Star Bulk*

Thank you Spyros and good morning to everyone. Let us now move to slide 12 for an overview of our balance sheet as of June 31st 2011. Current assets were at $18.8 million, our fixed assets amounted to $669 million and total assets amounted to $711 million. Current liabilities were at $39.5 million while non-current liabilities amounted to $185.9 million and stockholders' equity was at $485.9 million. If we can now turn to slide 13 to discuss our second quarter 2011 income statement, I would like to point out that our second quarter 2011 results include non-cash items amounting to $515,000 which is depicted in the middle column and the adjusted figures exclude those non-cash items. For the second quarter of 2011 total revenues amounted to $22.7 million while our operating income amounted to $2.4 million. I would like to point out that our voyage expenses were at $3.3 million, higher than the same period of last year and mainly due to expenses related to a shipment under a contract of affreightment. The net income for the second quarter 2011 was $1.7 million or 3 cents per share basis and diluted. Excluding non-cash items net income for the second quarter 2011 amounted to a gain of $2.2 million or 3 cents per share basic and diluted. Before we turn to the industry overview section of the presentation, please turn to slide 14 where we have a cash breakeven analysis for the year 2011. As you can see the 2011 secured revenues cover about 91% of our cash flow for the year which includes a G&A expenses, operating expenses, dry docking costs, debt and interest payments and of course the dividend payment. In order for the remaining 9% of the additional revenue to be covered by the unfixed 16% over 2011 operating days, we need to achieve an average gross time charter rate of approximately $14,000 dollars per day which is certainly an achievable number.

I would like to turn our attention to the dry bulk markets now and please turn to slide 16 for an update of the dry bulk demand first. The factor leading to weakness in the freight markets is not driven by lack of demand but mainly from oversupply. Chinese, Indian coal importers indicated on the top two graphs, are experiencing impressive compound annual growth rates since 2003 with a strong demand in both markets expected to continue for the foreseeable future, driven mainly by demand in power generation. On the bottom of the slide we can see that the Chinese iron ore demand and still production is also experiencing impressive growth rates since 2003 with 20% compounded annual growth rates in the iron ore trade. Brokers and market participants expect this trend to extend in the long term although we may continue to experience periods of weakness due to increased volatility and uncertainty in the global economy. Overall we remain optimistic about the long term prospects of the dry bulk shipping demand based on the growth prospects of emerging economies and the fact that demand for commodities like iron ore and coal are more dependent on domestic growth drivers like infrastructure and urbanisation rather than export related ones.

Turning to an update on the supply side on page 17, dry bulk vessel deliveries during the first half of 2011 continued at a high pace with a large order book still remaining to be delivered for the remainder of the year 2011 and 2012. As you can see on the top of the bottom right hand graphs, even if we were to apply a 30% slippage rate which is one that we experienced in 2010, the larger order book is still expected to have a negative impact on the dry bulk sector for the next 12 months or so but that cannot certainly last forever. What is important is the fact that dry bulk carrier demolitions through July 2011 is already higher than those of 2010 and even more than double that of the years passed supported by weak freight markets and high steel prices. In the current scrapping rate continues, scrapping could hit an all time record of over 24 million dead weight tonnes within the year 2011. Scrapping acts like a pressure valve in the supply demand equilibrium, a pick up in scrapping could slow down the fleet's net growth rate which will effectively provide some relief to rate pressures. Having said that I would like now to pass the floor back to Spyros for his closing remarks. Thank you.

Spyros Capralos - *Star Bulk*
Thank you George. In conclusion, as you can see on slide 19, we believe that we are well positioned from a financial and operational point of view, to not only sustain the company but also take advantage of the current distress in the dry bulk market. On top of our high quality modern fleet and strong time charger coverage, Star Bulk also has one of the most diverse group of high quality charters in the sector. Our campaign to bring our fleet's management in-house has already provided tangible results as it has led to a meaningful increase in our efficiency and transparency while significantly lowering our daily vessel operating costs over the past year. We have moderate balance sheet leverage, a strong liquidity profile and an experienced and dedicated ownership and management team. Without taking any more of your time, I will now pass the floor over to the operator.

Operator
Thank you.

Spyros Capralos - *Star Bulk*

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 would like to ask a question, please pres *1 on your telephone keypad and wait for your name to be announced. If you would like to withdraw your question, please press the # key. That's *1 to ask a question. And your first question comes from James Woods from SBR & Co, please go ahead. Mr Woods your line is open.

James Woods - *SBR & Co*

Oh hi there, sorry about that. This is James, I'm dialling in for Rob Mackenzie today, I just ... I had a couple of quick ones for you. I wanted to know, could you guys handicap for me the probability that the current rate of scrapping continues say into or through 2012 when we're still going to be seeing that heavy dry bulk order book?

Spyros Capralos - *Star Bulk*

Well we left our crystal ball at home today, but ... really, I mean ... we can really not, you know, not give any guarantees on that, it just shows that since the beginning of the year we have seen a rapid pace of scrapping and this time around it has been a little bit different because it has been mainly focusing on the dry bulk sector and mainly on the bigger sizes you know the Panamaxes and the Capes which is something that is welcomed because that's the sizes where we seem to have the biggest issues with supply. That was ... we saw that in the first quarter, steel prices remained firmer during this period and this obviously has helped because the obvious decision of a ship owner is to either go into and put the monies on the [unclear] special survey on the vessel and to continue operating it and certainly the rate environment does not help that vis a vis, you know paying the cost for that dry docking. So right now, and it seems that the foreseeable future, and the foreseeable future I mean until the end of the year, I think the situation will be as such and that trend seems to be continuing, it's kind of difficult though to make some commitments for 2012 on that.

James Woods - *SBR & Co*

No understood, understood. I guess my next question is you guys obviously are fairly well contracted but you do have a couple of vessels that are going to be rolling off towards the end of this year, how do you think about your chartering strategy in the midst of a challenging environment for day rates. Does it change the way you think about how, when and at what price to charter your vessels?

Spyros Capralos - *Star Bulk*

You know we have a fleet that is composed between Capesize and Supramaxes, we see there are bigger challenges coming on the Capesize sector where, as we presented, we are nearly fully fixed for 2011 with 92% utilisation. We have 71% charter coverage for 2012 and 62% for 2013, which means that for those difficult years we think that for the Capesizes we're doing quite well. On the Supramaxes we feel that there is not going to be so much pressure and therefore I think that we are looking at opportunistically fixing those whenever we have opportunity in the market, something that we have done recently with one of our vessels, the Star Gamma, and that we intend to do whenever we find good charters and good fixtures.

James Woods - *SBR & Co*

Okay now I would agree with you on the small vessels' versus large vessels' dynamics that you just mentioned which I guess sort of leads into my third questions which is you guys talk about coal and iron ore imports but not as much about the minor bulks which would be carried I guess mostly by these, the Supramax and smaller vessels, could you talk a little bit about what you see unfolding in demand for the minor bulks, if you guys have any insight into that?

George Syllantavos - *Star Bulk*

Well we see some similar trends there, especially on the grain side of things; you know the Supramax is a more versatile type of vessel serving a more diverse selection of commodities there. What we are doing here with focusing on iron ore and coal is that those are the main commodities of the infrastructural play and the infrastructural play is the main driver which, you know, carries the world and the world economies and it just supports the dry bulk trade mostly. The diverse and minor bulks have a growth trend especially as I said on the grain side of the business but it does not seem to be that prominent as the iron ore and coal trades. So by those vessels being more versatile and serving a wider area of customers there and by the economy of scale moving from the former Handymaxes into the Supramax type of sector and the parcels getting bigger, that sector seems to be earning a kind of a stable type of level of ... on the 13,000 to 14,500 type of level which has been the level since the beginning of the year and that's why Spyros says that we don't feel that's the sub sector that gets the pressure therefore we can be a little bit more flexible with our chartering strategy there.

James Woods - *SBR & Co*
Okay, that sounds good to me. I appreciate your time this morning guys, thank you and I'll turn it back.

George Syllantavos - *Star Bulk*
Thank you so much.

Operator
Your next question comes from Natasha Boyden from Cantor Fitzgerald, please go ahead.

Natasha Boyden - *Cantor Fitzgerald*
Thank you operator, good morning gentlemen.

Spyros Capralos - *Star Bulk*
Hi Natasha.

Natasha Boyden - *Cantor Fitzgerald*
Hi. How do you guys think about balancing growth versus shareholder return in this market, I mean specifically, would you consider raising your dividend? Or do you believe now is the time to focus on fleet growth and renewal?

George Syllantavos - *Star Bulk*
Well you know that's the eternal philosophical question but I think we have strong signs that in reality growth in dividend these days does not provide the type of valuation push that it used to

it's ... the circumstances in the markets are kind of different to what they were a year or two years ago, therefore we feel that we provide a dividend which is ... provides a healthy return to investors and we've always thought that there are two components to return, an investor's dividend being one and of course appreciation of the share price has been another through growing the company, that second part hasn't worked out either because of the volatility and the kind of pressures that overall market takes, but we feel, you know, the dividend is very handsome and substantial dividend at this point and the rest of the funds for now have to go and focus on growth really.

Natasha Boyden - *Cantor Fitzgerald*
Okay, and when you look at focusing on growth, what are you really seeing in terms of liquidity in the market, I mean specifically the second hand market; are there more vessels moving at somewhat lower prices? Or are you still seeing sellers hesitant to sell?

Spyros Capralos - *Star Bulk*
Well, we have seen lower prices no doubt about it but we don't know how much more the prices will go down, but also what we are seeing is that there are some and we are being presented some interesting opportunities from distressed assets tying the hands of banks who are looking to find good operators to buy those asset and that's also one of the reasons that we proceeded and we did our secondary offering, our follow-on offering in the market to raise cash and to be moderately leveraged to take advantage of those opportunities. I think that we are looking at accretive deals, both on the earnings as well on the cash flow, something that will benefit shareholders at the end.

Natasha Boyden - *Cantor Fitzgerald*
Okay great. Just moving to another topic completely. Yes you still have a couple of charters that are pretty rich right now and I'm just wondering if you've seen any more from any of your current charterers to try and renegotiate any of those contract that you currently have?

Spyros Capralos - *Star Bulk*
No we haven't had anything like that and we are very happy for that.

Natasha Boyden - *Cantor Fitzgerald*

Okay that's good, and then just lastly, George maybe you could just let us know, what was the settlement of a claim that gave you $5.1 million in unrecurring revenue?

George Syllantavos - *Star Bulk*

Well the $5.1 million is comprised of two numbers. It's comprised of a $4.9 million number that is in reference to the settlement of the claim we had in relation to the Star Beta in Oldendorff and that, you know we have disclosed in our [20f] the information about it, and it's the share that was, you know, coming to us from the agreements that we had there. The rest, a quarter of a million was from a hull and machinery, you know, claim which was an old claim over two years ago but it was a regular shipping hull and machinery claim, so two components there.

Natasha Boyden - *Cantor Fitzgerald*

Okay. Do you have any other claims outstanding right now?

George Syllantavos - *Star Bulk*

Well we have the claims for, as you remember that we have with [Eschar] for the Star Epsilon and the Star Kappa which is still ongoing in arbitration.

Natasha Boyden - *Cantor Fitzgerald*

Okay great, that's very helpful, thank you very much gentlemen.

George Syllantavos - *Star Bulk*

Thank you Natasha.

Spyros Capralos - *Star Bulk*

You're welcome Natasha.

Operator

Your next question comes from Michael Pak from Clarkson Capital Markets, please go ahead.

Michael Pak – *Clarkson Capital Markets*

Good afternoon gentlemen.

George Syllantavos - *Star Bulk*

HI Michael.

Spyros Capralos - *Star Bulk*

Hi.

Michael Pak – *Clarkson Capital Markets*

Just a couple of questions here. One, on the two capes that are coming up for renewal that you need to fix, what are you ... what are you thinking about in terms of any opportunities for profit sharing, or are you going to plan the trade demo spot or would you even consider laying them up if the market takes another step down?

George Syllantavos - *Star Bulk*

Well, that's a wide selection of alternatives there, Michael, but no really I think you're talking about the Star [unclear] which comes up for renewal in October. I mean, we have been starting looking - of course, you should be more actively looking in September when these things are closer to its end and when charterers are more willing to do stuff and so the same thing we're going to do for the new building as we come closer to its delivery, we'll be looking to do something there. You know, it's not always what you want, it's what the charterers are willing to do also, so you're not alone out there and right now, you know, there's no real appetite for a very long term fixing, you know, especially for the older vessel but as we move here within the next month we'll be fixing here and we'll make the announcement.

Michael Pak – *Clarkson Capital Markets*

Great, great. My other question involves the dividend and how you guys think about it. I mean, right now, the yield is pretty healthy, you have good relationships with your banks, you're covered and compliant as you stated, how do you think about the dividend going forward as the market is in its depressed state? Would you consider from a cash flow management perspective perhaps, ratcheting the dividend down; I'd like to just get your thinking on it?

Spyros Capralos - *Star Bulk*

I'm thinking now it's to keep the dividend as is because I mean, we've made the decision along those lines and it is what it is. Of course, we think it's healthy and maybe a little too healthy and as I said earlier in answering a similar question it doesn't really mirror the type of valuation for the company stock that we'd like, however it is what it is now and it's actually something we talk to all the time, but this is a level that we are committed for now.

Michael Pak – *Clarkson Capital Markets*

Great, I appreciate the time guys.

Operator

As a reminder, if you would like to ask a question, please press *1 on your telephone keypad. We have no further questions at this time, sir.

Spyros Capralos - *Star Bulk*

Okay. Then if we have no more questions then we would like to conclude this presentation. Thank you very much for your attention and we look forward to having good results in the future again and have you all lead our conference calls. Thank you and enjoy your summer vacations for the ones who have not been there.

Operator

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