Star Bulk **13th August 2008**

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Presenters

- Akis Tsirigakis
- George Syllantavos

Operator: Thank you for standing by ladies and gentlemen and welcome to the Star Bulk Conference Call on the Second Quarter 2008 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'll 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 13, 2008. We now pass the floor to one of your speakers today, Mr. Akis Tsirigakis. Please go ahead and thank you sir.

Akis Tsirigakis: Thank you and good morning ladies and gentlemen and welcome to the Star Bulk Conference Call. I'm Akis Tsirigakis, the Chief Executive Officer of Star Bulk Carriers and with me today is George Syllantavos our Chief Financial Officer. Please be advised that today's presentation has been posted on our website www.starbulk.com where it is available to download if you so wish. As a reminder this conference is also being webcast and is user controlled. To access the webcast please refer to our earnings press release, which was disseminated last evening for the web address, which will direct you to the registration page. If you do not have a copy of the press release or presentation you may contact Nicolas Bornozis that's at Capital Link 212-661-7566, which is his phone number and he'll be happy to fax or e-mail a copy to you.

I kindly ask you to turn to slide 2 to view our safe harbour statement. This conference indeed contains certain forward looking statements within the safe harbour provisions of the Securities Litigation Reform of 1995 and investors are cautioned that such forward-looking statements involve certain risks and uncertainties which may affect the company's business prospect and the results of operations as you know. Such risks are more fully discussed in the Company's filing with the Securities and Exchange Commission. I'll pause for a second just to allow you to read the safe harbour statement.

Before turning the slides, I wish to mention a couple of points. First and foremost my satisfaction with the Company's performance and earning's results we're about to present. Secondly the fact that I'm proud with the talent the Company has been able to attract forming a formidable professional team. I also wish to point out that a few months ago the Company has changed the method of accounting for dry-docking expenses by adopting to expense the dry-docking cost as they occur. As opposed to the previous method of amortising these costs over the period between dry-docks. This simpler method is inline with SEC's views and we expect more companies will adopt it in the future. I point this out so it is taken into account when reading certain older research reports.

I wish to clarify also a note you may have seen on yesterday's earnings press release regarding TMT that the company purchases 3.8 million shares from TMT's nominees F5 Capital accompanied with certain threats. The Company has conferred with its counsel and has concluded that such threats have no legal basis and are not meritorious. There is no claim at this time and we are in discussions with TMT on the issue. However, the Company as a matter of prudency, elected to proactively disclose this development.

Please turn to slide 4 of our presentation to discuss our first half and Second Quarter 2008 financial results. For the first half-year ended June 30^{th}, 2008 net income was $48.3 million representing $1.01 earnings per share basic and 91 cents diluted. For the Second Quarter net income was $31.6 million representing $0.62 earnings be share basic and 56 cents diluted. Our cash flow per shares for the first half 2008 was $1.00 even basic and 90 cents diluted. For the Second Quarter of 2008 our cash flow per share was 60 cents basic and 55 cents diluted. On July 20, 2008 we declared a dividend of 35 cents per share payable on or about August 18, 2008 to the stockholders of record as of August 8, 2008. This was our second consecutive 35 cents dividend and third consecutive quarterly dividend since our inception. We declared and paid a 10 cents dividend for the Fourth Quarter 2007, which represented less than one month of operation in December 2007.

Please turn to slide 5 to review our fleet operating performance. An average of 10.6 vessels were owned and operated during the Second Quarter of 2008 earning an average time charter equivalent (or TCE rate as we call it), of $65,097 per day and our fleet utilisation for the quarter was 93%. An average of 9.4 vessels were owned and operated during the first half of 2008 earning an average TCE rate of $64, 378 per day. Our fleet utilisation for the first half of 2008 was 91%.

Please turn to slide 6. We so far have achieved a 63% fleet growth since we commenced operations. Not only have we taken delivery of the initial eight vessels we acquired an additional five vessels which brings our current fleet to thirteen vessels. To implement fleet renewal we also agreed to sell our oldest vessel the Star Iota, a Panamax built in 1983, for $10.35 million, which we consider to be an attractive price for a twenty-five year old vessel with a time charter at substantially below current market levels. The Star Iota will be delivered to it's buyers within September 2008. Through these acquisitions we reduced the average age of the fleet to approximately ten years and exceeded the 1 million deadweight tonnage mark, meaning that we have achieved 71% growth in terms of deadweight. I would like to add that we still have substantial buying capacity and the capability to make further acquisitions and we are very active in seeking further fleet growth and pursuing fleet renewal.

If you would like now to turn to slide 7, this slide provides our fleet employment chart. I won't get into the details as it is self-explanatory. However, I would like to add that our contracted fleet operating days and the time charter in 2008, 2009 and 2010 will be 100%, 88% and 69% respectively. This is post the sale by the way.

May we please turn to slide 8? A high degree of forward coverage depicted graphically here allows for visible and stable cash flows that significantly protected from market volatility that may arise. I believe it is important to mention this because any volatility in today's trade rate as depicted in the DDI or Dry Dock Index does not have any effect on our cash flow since we are 100% contracted for 2008. I would also like to add that under our time charter arrangements all the fuel cost be past to the customers, that is to the charterers. Finally our time charter coverage is able to sustain a dividend policy and impairs our gross prospects.

Please turn to slide 9. This slide provides what we believe to be the solid fundaments we offer for the value investor. The purchase cost of our fleet of thirteen vessels was $729 million, which is well below the current charter fleet market value of our vessels of approximately $1 million. We have a significant potential for growth due to our strong and a level balance sheet with debt of approximately 30% of our asset value. As mentioned, we have one of the highest levels of contracted revenue for 2008, 2009 and 2010 which is, and I repeat a 100%, 88% and 69% respectively, which provides for a secured revenue stream and the ability to pay an attractive dividend of 35 cents quarterly or a $1.40 per share if finalised. Our dividend payout is only 68% of our 2008 pre-cash flow, which in addition to dividend security allows for additional room for organic growth to the tune of 1.5 vessels annually.

I would like to add that at yesterday's closing price of our share at $9.86 our annualised dividend yield is approximately 14.2%, which in itself is one of the highest in the dry bulk sector. Based on annualised figures we expect and EBITDA margin of approximately 73%. In addition we have approximately $250 million in buying power for growth – or dry powder if you so wish. Although we don't yet have the longevity to point to a proven track record, we believe that Star Bulk has one of the better set of fundamentals in the dry bulk sector and the ability to provide long-term shareholder value. We believe our stock represents itself with strong upside potential.

Please if you would like to turn to slide 10 now. This slide provides you with an update of share and warrant outstanding count. Since November 30th, 2007 about 64% of the warrants have already been converted to common shares and another 7% approximately have been bought back through our share and warrant re-purchase programme announced in January 24, 2008 thereby reducing our warrant outstanding from 20 million to 5.9 million.

At the time of the completion of the re-domiciliation merger on November 30th, 2007 we had 41,564,569 shares of common stock and 20 million warrants outstanding. Since then 12,713,883 warrants have been converted to shares of common stock and consequently to date we received proceeds of $101,711,064. Under the share and warrant re-purchase programme announced in January 24, 2008 we repurchased 52,000 of common stock for $586,706 at an average price of $11.28 per share and 1,362,500 warrants for $5,474,363 at an average price of $4.02 per warrant. We paid a grand total of $6,061, 069 for the re-purchase security leaving about $43,938,971 of re-purchasing capacity in Star Bulk's 50 million shares and warrant buy-back programme. At current share price levels, it is again attractive to make further share and/or warrant re-purchases. Our current shareholding structure is 74.5% owned by the public, about 18.7% by Star Bulk officers and directors and 6.9% by TMT, which includes the first tranche of 803,481 shares of additional stock.

I will now pass the floor over to our CFO, George Syllantavos to discuss our financials. George.

George Syllantavos: Thank you Akis, good morning to everyone. Let us have a look at slide 11. This slide provides a brief overview of our ability to fund further growth. Our low leverage provides us with an ability to continue to grow our fleet before needing to issue additional equity since we presently have about 30% leverage on the value of our assets. That is approximately $250 million in buying power which means we could have the ability to acquire approximately three Capesize vessels, three to maybe four Panamaxes and about four maybe five Supramaxes in a combination of these asset categories depending on the age profile of such vessels.

If we wanted to break down these $250 million of approximate buying power we would share that: approximately $150 million would be our additional debt capacity at this point and about $100 million will be attributed to warrant conversions. $50 being that and warrant conversion proceeds as equity and another $50 million being the additional debt that could be raised on such equity on a 50/50 type of split.

Let's move to slide 12 we'll take a look at the balance sheet. Maybe we get into the few slides about the quarterly and half-year results I wish to clarify the note on yesterday's earnings press release regarding the statement of First Quarter '08 net income and related figures.

The Company had the obligation to issue approximately $1.6 million shares to TMT post the twin year filings of the company in 2008 and 2009 respectively. We issued the first tranche of such shares on July 17th, 2008. Originally we intended to report the issuance at the date of award in Q3. However, we deemed that the most appropriate reporting scheme under US GAAP was capturing the full effect of all 1.6 million shares at the time of delivery of the last vessel in the initial fleet which was the Star Iota on March 7th making it a Q1 event. Therefore we have to credit vessel cost and debit equity in the amount of $18.9 million which is equal to the 1.6 million shares to be awarded to TMT times the $11.79 that the stock was worth on March 7, 2008 when this last vessel the Star Iota was delivered to us. The effect on net profits consist mainly of increasing depreciation and increasing the impairment cost of the Star Iota's due to the biggest value of the fleet, which will be added back in Q3 when Star Iota will be delivered to its buyers.

Moving onto the main content of slide 12, as of June 30th of this year our fixed assets amounted to $720.1 million and total assets amounted to $790.2 million. Non-current liabilities amounted $248.3 million, our stockholders equity was up at $509 million and total liabilities and stockholders equity totalled $790.2 million.

Moving to slide 13, I must reiterate that we commenced operation during the Fourth Quarter of 2007 therefore we're unable to present a meaningful comparison of our results between second quarter '07 and second quarter of '08 in the same results were true for the first half figures.

For the six months ended June 30th 2008 voyage revenues amounted to $48.29 million, net income for the second quarter of '08 was $31.57 million which represented just over a $1.01 earnings per share calculated on 47,865,000 weighted average number of shares basic; and 91 cents earnings per share calculated on 52,798,013 weighted average number of shares diluted.

Net income includes a vessel impairment loss of 4.64 million or 10 cents and 9 cents per basic and diluted share respectively in connection with the sale of the vessel Star Iota. Amortisation of fair value of below and above market acquired time charters of $34.92 million, 73 cents and 66 cents per basic and diluted share respectively. Associated with time charters attached to vessels acquired which are amortised over the remaining period of the time charter as increases to net revenue in depreciation expense. Expenses of 2.22 million or 5 cents and 4 cents per basic and diluted share respectively relating to the amortisation of the stock based compensation recognised for a total of 315,000 restricted common shares issues to directors. Excluding all the above items for the half year ended June 30th, adjusted net income 20.24 million representing 42 cents earnings per share calculated on 47,855,865 weighted average number of shares basic; and 38 cents earnings per share calculated on 52,798,013 weighted average number of shares diluted. Therefore the effect of the above items of earnings per share would be 59 cents and 53 cents per basic and diluted share respectively.

Moving to slide 14 in order to discuss our second quarter income statement. For the quarter ended June 30th 2008, voyage revenues amounted to 59.23 million, net income was $31.57 million representing 62 cents earnings per share calculated on 50,963,213 weighted average number of shares basic and 56 cents earnings per share calculated on 56,047,237 weighted average number of shares diluted.

Net income would include a vessel impairment loss of 0.59 million or 1 cent per basic and diluted share, in connection with the sale of the vessel Star Iota. Amortisation of fair value of below or above market acquired time charters of 17.05 million or 33 cents and 30 cents per basic and diluted share respectively associated with time charters attached to vessels acquired which are amortised over the remaining period of the time charter as increases to net revenue and depreciation expense.

Expenses of 0.79 million or 2 cents and 1 cent per basic and diluted share respectively, relating to the amortisation for the stock based compensation recognised for a total of 315,000 restricted common shares issued to directors. Excluding all of the above items for the quarter ended June 30th '08, adjusted net income was $15.73 million, representing 31 cents earnings per share calculated on 50,963,213 weighted average number of shares basic; and 28 cents earnings per share calculated on 56,047,237 weighted average number of shares diluted. Therefore the effect of the above items on earnings per share would be 31 cents and 28 cents per basic and diluted share respectively.

I would now like to pass the floor back to Akis for the conclusion of the presentation.

Akis Tsirigakis: Thank you George. I would like to make some comments on the market condition and in general the market conditions; and some points on supply and demand for drybulk shipping. But I first would like to start with making two clarifications. It has now become quite clear that the recession in the US or the possibility of it has not, even the talk of it, has not affected shipping per se, as we have witnessed. The seasonality that we have witnessed over the summer is traditional and in fact rates have dropped lower than we were expecting and we were actually discussing during the conferences early in June. The second thing that I would like to point out and its true for all companies with very high time charter coverage like ourselves, the cost of fuel is back to the charterer, it does not affect our results.

Having said that I would like to mention that China and the Far East is very important for shipping; everybody has studied or at least has been informed about the supply side of things. We still are having some questions about the demand and I would like to address that a little bit. If we go to page 16, we will see that the population of the world is concentrated in Asia, in the Far East. And we, as an industry covering drybulk shipping, cater to the development of those countries and in fact there is GDP growth if we turn to page 17 that is a way to go before these countries come to a level where shipping will be affected from that.

If we look historically, turning to page 18, steel production is a key factor for the demand of iron ore. Since China entered the World Trade Organisation in 2001 and since then the demand for iron ore has taken off to record levels. If we were to compare today's growth in the Far East to Europe and Japan which lasted for about 30 years, we can believe that growth in the Far East, particularly China and India have just begun.

If we now turn to slide 19, again we emphasise the importance of Asia and the Far East for our industry. In this slide we break down the destination of the major commodities. Steel related products account for 49% of drybulk trade while coal accounts for 19%. The main drybulk importers are again the developing economies in China; and the demand for those drybulk cargoes is not very elastic; and the sub prime crisis did not affect demand for drybulk shipping what we have witnessed up to now.

If we turn to slide 20, we provide you with the highlights for the demand of iron ore, coal and grain; and the trends are this; first for iron ore, China's iron ore imports climbed 148 million tons in 2003 from that figure to 384 million tons in 2007. That was 257% in four years, and that trend is continuing. Brazilian iron ores are expected to add an additional 140 million tons to global seaborne trade by 2012; and this is additional. Rio Tinto, as well, is planning to double annual production to around 220 metric tons per annum by 2009, that's next year; and BHP is planning to lift production to about 3 million tons per annum by the end of the decade from close to 130 million this year. And that's just for iron ore. Coal, the cheapest energy source and developing economies really rely on it. China has recently become a net coal importer; and so either neighbouring countries will have to source their coal from further away and that increases ton/mile demand, which is very important in our case.

Now turning to slide 21, we would like to point out that despite the recent decline in freight rates which is seasonal, charter rates and vessel values are still at all time highs. It is expected that rates should strengthen in the fall, once grain trade begins in the northern hemisphere; and China reopens its factories with the conclusion of the Olympics, the coal trade will pick up and rebuilding from [their plate] will commence in earnest in the fourth quarter.

The long time charters are at historical highs for this season, anyways even if the BDI again I would like to repeat that has dropped. And I would like to mention that the BDI has no significance on Star Bulk at least for 2008, not direct significance, given the fact that we are contracted for 100% of our revenue for this period.

I would like you to turn now to slide 22, and we present here another example. As you can see from the graphs, drybulk shipping is still at its peak. One reason to believe the strength in rates will remain strong for the next year four years is the strong interest we are getting from charterers to fix forward at very healthy rates.

And I would like to conclude with our strategy which is mainly to continue our growth and take advantage of the growth potential of the developing countries.

Again I would like to reiterate that we are not vulnerable to short term market volatility and indeed our profit margins allow to continue paying our dividend in a secure manner and have a sustainable growth. Thank you and if you would like to have any questions, we'd be happy to entertain them.

Operator: Thank you very much indeed Mr Tsirigakis. If you wish to ask a question please press *1 on your telephone and wait for your name to be announced. To cancel your request, please press the # key. And our first question from Cantor Fitzgerald Natasha Boyden. Please ask your question ma'am.

Natasha Boyden: Thank you operator. Good morning gentlemen. Your drydocking expense was significantly higher than we had been expecting this quarter. Can you tell us what drove that increase and what you expect drydocking to be as to the rest of 2008 and 2009 by quarter?

Akis Tsirigakis: Q2 right?

Natasha Boyden: I think the drydocking expense was 3.6 million.

George Syllantavos: Okay the main component of that was the visit in the yard of the Star Iota, the visit of the Star Iota commenced after its delivery in middle March and got out of the yard in mid May of the year; and that cost at the end amounted to almost $2 million. By which almost a million and a half was picked up in the $2 million cost. That's the main cost, the other costs being approximately $1 million for the Supramax; another 1.6 million is the visits of the Supramaxes. So that is the [post] you are referring to. The cost of the Star Iota came up to about $300,000 more that we anticipated originally in our plans.

Natasha Boyden: And then going forward for 3Q '08 and 4Q '08. What are you looking for there in terms of expense?

George Syllantavos: Well, we don't anticipate anything different than what we've said before. Right now, we post in the website the visits that we expect from our fleet Natasha for the rest of the year and for an extra year forward. Right now, unfortunately the yards have the upper hand in how busy they are with newbuildings, the repair work. They have the upper hand in dictating those costs, which have moved from what a Supramax would have been last year, 650,000 let's say a visit, now it's almost to the 900,000 to $1 million; and that's the differential between last years estimates and this years actuality. Not just for us but the whole universe here.

Natasha Boyden: I guess what I'm asking is do you still expect to stay on track with what you've already announced?

George Syllantavos: Yes we expect to stay on track with what we've previously announced. The Star Iota is a peculiar case because as you understand it's a vessel that passed its 25 year anniversary. It had quite a few needs to bring it up to the standards that we'd like our vessels to be on.

Natasha Boyden: And then just in terms of your first quarter restatement. You stated that restatement was due to the share count realisation of stock issued to TMT, but it seems like you changed a few other numbers as well. Such as vessel operating expense and loss of on sale of vessel and interest expense; and we had to back into that because it doesn't look like you issued a financial statement just for the first quarter. Can you talk about what was driving those other changes?

George Syllantavos: Yes, well, let me back track a little bit. Our intent here was not to provide a full pledged type of restatement. In the sense that when we are going to in first Q of '09, when we are going to compare period to period numbers obviously we have full pledged financials to compare with. Our intent here was to be upfront with everybody and say what we have that effect on Q1; which was in reality, if you own a treatment of a specific accounting, a specific accounting treatment, the issue here was that we anticipated that we would handle it at a time those shares were rewarded. When we looked back, we thought that the better type of treatment would be to pick up that liability for the full amount on the books. When the last vessel of the fleet was delivered, therefore a completion of the TMT transaction was complete; therefore our obligation to issue those shares was completed.

Therefore that's exactly what we did where, as I mentioned, we debited the vessel cost in the value that the shares had on the day of the delivery of the Star Iota and then we credited equity with the equivalent amount; and then we go on and depreciate that value as we move along. Now that means that that whole bucket of asset value in the TMT fleet get increased by almost $19 million. Therefore the value of the Star Iota also got increased into this increase of the total value of that fleet, which means that there is an increase on the impairment of that vessel that is held up for sale. But, as you understand, when we come in Q3 and deliver that vessel to the buyers, that impairment will be washed back by the revenue that we make from that sale. So that effect will be worse. The actual increase in depreciation in that 1.1 million amount is about $86,000 is the difference in depreciation. The rest has to do with an increase of the value of the fleet and the increase of impairment of that asset in that initial fleet.

Natasha Boyden: Fair enough; and then I just want to go to the TMT allegations about keeping the registration statement effective. When did TMT first make that claim to you?

George Syllantavos: Well, it's not a claim to tell you the truth.

Natasha Boyden: Well, the allegation then?

George Syllantavos: Actually it was a demand to buy shares, TMT's shares, and some threats like if you don't buy we will consider doing this or that or this type of thing; and of course we wanted to be upfront and we are in discussions still on that issue. On that discussion initiated a few days ago last week, but we thought we would tell people what is going on.

Natasha Boyden: No I'm very glad you did. So TMT first came to you with this last week?

George Syllantavos: Yes.

Natasha Boyden: Because I just find it very interesting that they want you to put repurchased shares at the close of June 2nd of 1404 which seems to be pretty near your all time high. I just wonder what the particular reason is for this date, which seems pretty clear to me. But it just seems very odd to me.

Akis Tsirigakis: Well, we had to consider and consult also with our lawyers on the merit of that demand and so forth. In fact, we did so last night because we had some communication with TMT. And we concluded that the best course of action was to make this disclosure; and we concluded also that there's no real merit on those demands. And nor do we have any obligation to keep the registration statement current. And the [jackpot] will be upfront. We do not expect a claim right now as we speak. As I said we are in discussions with TMT on this issue.

Natasha Boyden: I mean I think it was a very good idea for you to disclose that. I mean it's clearly it seems to be relative material. Now didn't TMT just sell a large chunk of shares?

Akis Tsirigakis: They have sold about 70% of their previous holding. Yes some weeks ago. They have [unclear] in for it.

George Syllantavos: They were left with 3 million and then we issued them the 800,000 share transfer on July 17th. So they current hold is 3.8 million.

Natasha Boyden: Which they suddenly want you to buy from them?

Akis Tsirigakis: Exactly.

Natasha Boyden: That's very interesting. I think it's an interesting coincidence that they suddenly want you to buy the remaining 3.8 million. Thank you very much gentlemen I appreciate it.

Operator: And from Stephens Inc, your next question comes from Kevin Sterling. Please ask your question sir.

Kevin Sterling: Good afternoon Akis and George. Let me start with, when you look at spot activity, as you mentioned the BDI has been down and it's been relatively spotty and I think it's reflected with the seasonal summer low. But maybe you could touch on what you're seeing in the period market. Could you talk about what you're seeing in terms of contract activity out there right now?

Akis Tsirigakis: Yes the demand for long term contracts is very high; and that is an indication of confidence of the big players on the future of the rates. To a certain extent we see that reflected also in the FFAs in the future, which we see in some instances being higher than the physical market. And of course there are fluctuations there but the fact that it happens, that FFAs are, let's say, for a future quarter are higher than the physical market, of course creates opportunities for everybody. But also gives them indication of player's confidence in the market.

George Syllantavos: Well, this also allows a charterer to charter for a period of time and also since the futures market is at higher levels. At the same time but they're chartering in physical hedging in his position into the FFA market at higher levels. Therefore even though he pays a substantial rate he still will cover for his exposure. So it's interesting times.

Akis Tsirigakis: And we believe that the fourth quarter will be a particularly strong quarter. We will see a substantial rebound in rates and I would not like to predict dates. But I think we will see it within early September.

Kevin Sterling: Akis and George that's a great explanation. Thank you for that. Moving onto your acquisition activity. You guys have been very active year-to-date acquiring vessels. What does the S&P market look like now?

Akis Tsirigakis: The S&P market is quite active in resale of newbuildings. There are not so many Capesizes on the market. Therefore I would say that the second hand, well I wouldn't call it second hand if we're talking also about newbuildings, but it is related to the credit crunch. To the fact that many owners who have placed orders in yards, because of the credit crunch which by the way I found as a very good development for cleansing of certain issues in shipping, it helps us to tell you the truth, at least the bigger and healthier companies. It has created opportunities because many newbuildings cannot be financed and they are selling a number of their newbuilding contract in order to be able to finance the rest. So opportunities are appearing especially on the newbuilding front in the form of resales. Resales meaning it's actually, you buy the contract because the vessel is not really there yet, and it has not been contracted. It has been contracted but not constructed I meant.

Kevin Sterling: Akis along those lines, because you guys have traditionally acquired second hand tonnage. If a newbuilding slot, or slots open up would you consider taking a slot for a newbuilding or is your preference still second hand tonnage?

Akis Tsirigakis: Well, we would consider to buy resales of newbuildings as well. I do not expect we would be putting a contract out ourselves from scratch. But resales that we see surfacing in the market we would take, yes.

Kevin Sterling: Lastly, as you looked at other vessels. Do you prefer to stick to the same asset classes of Capes and Supramaxes? Or would you expand into other asset classes?

Akis Tsirigakis: We do prefer those two classes. Opportunities exist in other classes as well; and there are always opportunities in other classes as well because nothing is static. So a Capesize would be a preference, a Supramax would be second. But Panamaxes we would also consider.

Kevin Sterling: Gentlemen thanks so much for your time today.

Operator: Thank you sir. And from Maxim Group, your next question comes from Charles Rupinski. Please ask your question sir.

Charles Rupinski: Good afternoon George and Akis. Just a quick question on vessel utilisation. Given what you're banking in on our assumptions for drydocking, will we expect to see that number go up over the next few quarters? I think its 93% for this quarter.

Akis Tsirigakis: Of course we had an unusual number of drydocking for a first half year; and the 2008 year has been a very heavy drydocking year. In the next half year we only have tow visits…

George Syllantavos: And for whole year '09, at least in the current fleet there are only tow vessel that visit the yard in '09. So it just so happens that with the period [unclear], visits to dock for some reason this fleet has many visits scheduled in '08 and very few scheduled for '09.

Charles Rupinski: So I guess you're thinking like a high 90s number would be maybe something that you would be able to achieve.

George Syllantavos: It would certainly be at higher levels than what you see right now.

Charles Rupinski: Other question on just vessel operating costs. We've heard a number of shipping companies talk about crewing costs at 15-20% per year increases and others have not been as much. Can you just give us maybe a little more colour on what you're seeing about operating costs? In particular crewing costs over the next couple of years.

Akis Tsirigakis: yes, well there are two issues here; one is the exchange rate, Euro to Dollar. Most of our spare parts and all the purchases are made, most of them in Euros, or foreign currency, Japanese Yen and so forth; and we'd like to see the Dollar rebound obviously. So that has had an effect on the operating expenses. The second and the biggest has been with crewing as you correctly pointed out. We see some trends. The effect there is not annual increase; it has increased in big steps. It takes a few years to have the next increase in some times, it's a large one; and many crews especially Eastern Europeans want to be paid in Euros now, and there are quite a few companies that have adopted these crewing contracts and that obviously has added on that. As Natasha pointed out a little earlier, drydocking costs have generally gone up for the same work tremendously, especially because of the steel prices; and as George pointed out because of the lack of space for maintenance work. All the yard even the small ones are aspiring to do newbuildings and nobody wants to do repairs these days.

Charles Rupinski: Well, just a couple more quick questions. I just wanted to draw you back so I can clarify. The numbers that you have forecasted and talked about on the drydocking for the rest of the year. Will we assume that we should inflate those numbers, or do those numbers incorporate the new, the higher steel costs and everything? In other words shall we bake in a little extra costs, another 30% from what we've been talking about in the past?

Akis Tsirigakis: Well, we have taken those costs into account. What we can foresee as increased costs.

Charles Rupinski: That's fine. For the second half of the year, once again, I'm baking in another 3 million in drydocking costs. Is that approximately right?

Akis Tsirigakis: But I will tell you, we are talking about actually two visits for the rest of the year going forward. So we have planned or those. They are relatively closely to being done, so we don't expect surprises on yard costs there.

Charles Rupinski: Great. And one final question is what level of payment, you have a vessel being delivered in September, just to remind me, is that payment on delivery? And if so how much is owed or there been any paid on that already, or what was the payment schedule for that vessel you're having delivered in September?

Akis Tsirigakis: Of course the vessel is earning charter now, in the meantime; and the payment for the sale will be in one shot. Of course we have already taken a down payment for it. But the payment will be upon delivery, towards the end of September.

Charles Rupinski: Roughly what the down payment is on that?

George Syllantavos: Put 10% down on that and 90% to be on delivery.

Charles Rupinski: Great well thanks a lot for the information, I appreciate it.

Operator: Thank you sir. And from Giovine Capital, the next question comes from Karthik Srinivasin. Please ask your question.

Karthik Srinivasin: Morning gentlemen. I had a few questions. I guess first, in terms of just drydocking on an industry wide basis, it seems to be that many companies in your industry are experiencing delays or extended periods in the drydocks. I'm just curious, is that a factor that could have a material impact on rates as get into a seasonally stronger period in the second half? And I'll let you answer that question before I ask my others.

Akis Tsirigakis: That's a good question. Delays yes there are, of course it has the same effect if you wish that a port congestion may have, but not of the same severity. The concept is the same, but the severity is not really the same because it is planned into the system somehow; and also these times of very high rates people try to do a speedy job as possible. However, what you said is absolutely true and the shipyards have become very blatant about it. and they will tell you straight out, well for the next two days or for the next X days, we do not have sufficient manpower to devote to your vessel because we have to give priority to some other work in the yard; and these kind of delays are extremely common right now. And the penalties that you can impose to the yard are minute. So you do not have real recourse. What you heard is true.

Karthik Srinivasin: Fair enough. My second question again just on an industry basis, you've seen a pretty wide spread between Panamaxes and Capes; and somewhat attributed that to Brazilians refusing to split cargoes for Capes into Panamaxes. What do you expect to happen for Panamax rates come the second half of the year? Do you expect that to spread to narrow to back to a closer to normal historical relationships?

Akis Tsirigakis: Well, these kind of disparities always tend to work out. I mean I expect that we will see the gap closing. We will not have much for the Panamax [audio] by that time. But I would expect the gap will close between the two. Yes for the economies of scale, Capes are the vessel of preference.

George Syllantavos: But the new grain season coming in the fall might help in this gap closing. Karthik because there'll be demand for Panamaxes, that will be outside the bounds of the iron ore trade. I think eventually this disparity will be this opening of the difference there will come closer to what it should normally be.

Akis Tsirigakis: And especially because as George says of the grain shipping and the grain season that will come into play. Come into play, end August, beginning September.

Karthik Srinivasin: Great I guess my last question on a company specific basis. You mentioned that newbuildings are becoming a little bit more interesting, particularly given the fact that second hand asset values didn't really correct much given the BDI correction. I'm just curious, are there newbuildings available for relatively prompt delivery from distressed buyers? Or are you thinking more on a delayed basis perhaps ships to be delivered in 2010 or 2011?

George Syllantavos: No I think we're actually more interested in 2009 delivery it may be very heavily '10 in that sense that Akis mentioned. And it's interesting in that, for example, in the Supramax trade we start seeing resales coming in the first half of '09, being more reasonably priced at this time; and certainly substantially less than what would you have a resaled Supramax delivered at the end of '08. So for the difference in delivery of about three, four months you can probably cut about close to 14% of the value of the vessel; and we think that's a proposition that's interesting, especially based on the fact that charterers are willing to take employment of these vessels and relatively not forward in the forward deliveries.

Akis Tsirigakis: But as we were saying in the beginning of June at the conference in New York, we expected to see more vessels coming up for resale, newbuildings. We have, there are in the market quire a few now. We expect we will see more; and at even more competitive prices.

Karthik Srinivasin: Well, that's great, given that you have one of the most under leveraged balance sheets among your public peer group. There should be some good opportunities for the company. So look forward to seeing some new vessel purchases soon.

Operator: Thank you sir; and once again if you wish to ask a question please press *1 on your telephone. From Atlas Capital, your next question comes from Robert Alpert. Please ask your question sir.

Robert Alpert: Hi guys just a question about your strategy and thinking, given that as you point out your assets are being valued in the public market at 70% of NAV and you had one of the highest, if not the highest yield today, one of the lowest valuations. Well, why wouldn't you be more aggressive about buying back stock today as opposed to going out and buying a new vessel at full value?

Akis Tsirigakis: Well, I agree with you fully and I said it in the body of the presentation that this is something that has become again attractive. In the beginning of the summer we were trading at substantially above net asset value. And it did not of course make sense to buy back shares at that time. Now it has become attractive again and we are active buyers.

Robert Alpert: Perfect. Would you consider being more aggressive in, given a Dutch tender for a bigger portion of the stock?

Akis Tsirigakis: It would not be our first preference to do a Dutch tender. We would consider it, but if we could find certain blocks we would be willing to buy.

Operator: Thank you sir. And from Keane Capital, your next question comes from Adam France. Please ask your question sir.

Adam France: Good afternoon gentlemen. Thank you for taking my call. Could you refresh my memory, how much longer we have to amortise the below market charter contracts?

George Syllantavos: Well, every one contract that has below over market charter is amortised until the time where it gets delivered to its next employment. The ending of that time is different for different vessels. For example, for the Zeta we got done this quarter because it got delivered to its new employment and we don't worry, have to deal with it anymore. But it depends. The Gamma, for example, will be in April '09. So for different vessel its when their contract expires. If we want we can provide the schedule of this over under amortisation of these, a schedule of what happens every quarter, we'd be glad to do that. Because it's a little complex to explain on a per vessel basis. Unless you see it as an amortisation, number of quarterly basis.

Adam France: Super, thank you very much guys.

Operator: Thank you sir. And from Maxim Group, your next question comes from Gerry Fershtman. Please ask your question sir.

Gary Fershtman: Hi guys, my question actually has already been answered. It was about the stock buybacks. But good job, good luck to you.

Operator: Thank you sir. And then from RBC, your next question comes from Robert Cordiak. Please ask your question sir.

Robert Cordiak: I think it's very obvious that Star Bulk has a credibility problem in the marketplace. This Nobu Su being initially being the co-Chairman and then steeping down from that and he's still on the Board; and then nine million shares gets sold but the public is not told in advance of that. Why is he on the Board still and how would you address that?

Akis Tsirigakis: He's on the Board since he has not resigned and if you want me to quote the process, Board members of class A as Mr Nobu Su is up for re-election on the next annual general meeting. And in order to remove a Board member the Board cannot remove a Board member, it has to be done through a proxy vote requiring 80%, if I'm not mistaken 70% or 80% of the vote. That is the process.

Robert Cordiak: Do we have any idea where those nine million shares ended up?

Akis Tsirigakis: Mr Nobu Su made a 13B and has disclosed that this is public information to four buyers and you can access it through the SSE website, it is all there.

Robert Cordiak: Was not part of it sold to another Director?

Akis Tsirigakis: No it was not. There are four buyers; it was not to another Director. Not to the company at all.

Robert Cordiak: I did not see that in the filing. Thank you.

Operator: Thank you sir. And your final question is from Maxim Group, from Tony Polak. Please ask your question sir.

Tony Polak: Could you just give us the depreciation number for the quarter? I couldn't find that anywhere in the press release?

George Syllantavos: Depreciation, it has many levels of depreciation; and if it's included in the over and under numbers. But it is in the press release on the presentation there. If you see for the three month period, it's 2.60 million. On slide 14.

Operator: Thank you very much indeed. There appears to be no further questions. And we will now pass the floor back to Akis Tsirigakis for closing remarks.

Akis Tsirigakis: Well, I want to thank everybody for joining this call. I would like to reiterate that the BDI fluctuations do not affect Star Bulk as well as they do not affect the other well contracted companies in the sector, not just Star Bulk. And we should not give more importance to the BDI than it is due, which is just a snapshot instantaneous of where the market is; and gives no indication of where the market is going. That is all that I would like to add; and thank you again for joining.

Operator: Many thanks to both our speakers today. That does conclude our conference. Thank you for participating. You may all disconnect.