**Star Bulk** **13th August 2009**

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**Presenters**

- Akis Tsirigakis
- George Syllantavos

**Operator:** Thank you for standing by and welcome to the Star Bulk conference call on the Second Quarter and First Half 2009 Financial Results. We have with us Mr Akis Tsirigakis, 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 this conference is being recorded today, Thursday August 13th 2009. We now pass the floor to Mr. Nicolas Bornozis, President of Capital Link, Investor Relations advisor to Star Bulk. Please go ahead, sir.

**Nicolas Bornozis:** Thank you. Good morning to everyone. This is Nicolas Bornozis of Capital Link, and I would like to welcome you to the Star Bulk Carriers second quarter and first half 2009 financial results conference call.

Please be advised that today's presentation has been posted on the company's website at www.starbulk.com in the Investor Relations section under Presentations, where it will be available to download. As a reminder, today's conference call is also being webcast and the slides of the web cast presentation are user controlled and can be found again on the corporate website.

Please be reminded that the company announced the results yesterday, August 12, 2009, after the market closed in New York, with the press release that has been publicly distributed. If you do not have a copy of the press release or the presentation, you can contact me at Capital Link at 212-661-7566, and I will be happy to send you or fax you a copy of the press release and the presentation. Now I kindly ask you to turn to slide number two of the web cast presentation to view the company's Safe Harbor statement.

This conference call and presentation contains certain forward looking statements within the Safe Harbor provisions of the Securities Litigation Reform Act of 1995 and the investors are cautioned that such forward-looking statements involve certain risks and uncertainties which may affect the company's business prospects and the result of its operations. Such risks are more fully discussed in the company's filings with the Securities and Exchange Commission. I kindly suggest that you take a minute to go through the whole statement and read it.

Without taking any more of your time, I will now pass the floor to Mr. Akis Tsirigakis, the company's Chief Executive Officer. Please go ahead Mr. Tsirigakis.

**Akis Tsirigakis:** Thank you Nicolas, 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, and with me today is George Syllantavos our Chief Financial Officer. I wish to use this introduction to make several brief overall points and especially to preempt the question on higher vessel operating costs.

We implemented the plan of taking in-house, the technical management of our fleet, a process that in itself carries a substantial one-off cost at the initial phase of that process. Now, of course taking management in-house aims at reduced and not increased cost going forward and of course that is what we expect to have in the future. Indeed evidence of our cost cutting effort is readily visible in the reduction of G&A expenses reported.

Our company remains financially strong, with ample liquidity and strategically positioned to take advantage of the protractile volatility in the shipping and financial markets. This is evidenced by the fact that we secured lender approval and we are able to declare a dividend of $0.05 per share for the second quarter of 2009. I'm pleased to say that we are the first shipping company to declare dividend after having suspended it.

Now if you would please turn to slide three of our presentation, to discuss our first half and second quarter 2009 financial highlight. For the second quarter 2009, gross revenue was $32.4 million. The difference compared to the same period last year was mainly due to lower charter rates achieved for some of our vessels, and the scheduled dry-docking days for the vessel Star Epsilon.

Our net loss was $3.4 million, representing $0.06 loss per basic and diluted share. Adjusted for our own asset items, the loss was $2.8 million representing $0.05 loss per share, basic and diluted. EBITDA for the second quarter of 2009 was $14.9 million. Adjusted EBITDA for the second quarter 2009 was $15.5 million.

The time charter equivalent for the second quarter of 2009 was $30,019 per day. For the first half of 2009 we achieved gross revenue of $77.5 million. Net income for the first half of the year 2009 amounted to $19 million, representing $0.31 earnings per share, basic and diluted.

EBITDA for the first half of 2009 was $55.7 million and adjusted EBITDA for non-cash items was $43.3 million. Bank charter equivalent rates for the first half of 2009 was $32,591 per day. Our CFO, George Syllantavos will of course discuss our financials in more detail later in our presentation.

Now, let us turn to slide four, which provides an update on our company since our last call conference call. As mentioned on June 25, 2009, we declared a $0.05 dividend for the second quarter of 2009, which was paid on July 14, 2009 to shareholders of record as of July 7, 2009. Also as I mentioned, we were the very first shipping company to reinstate its dividend program, after having suspended it, an indication of our lenders vote of confidence.

On July 30, 2009, we announced the signing of our second contract statement with Brazil’s VALE. The COA is for a term of two years beginning in January 2010, until December 2011, and provides for the transportation of approximately 1.3 million tons of iron ore between Brazil and China in quarterly cape size shipments, with the first such shipment scheduled to commence during the first quarter of 2010.

The contract in effect represents full employment for one cape size vessel for the two year period, and the rate is $24.75 per ton of iron ore transported, which we estimate will result in gross annual revenue of approximately $60 million.

As we aim to enhance our cash flow visibility for 2010, we also cover through FFAs, 300 days of the cape size vessel within 2010. We also recently announced that we chartered the cape size vessel, Star Epsilon to Noble for a minimum of five to a maximum of seven months, under a time charter at the gross daily rate of $43,250.

Star Epsilon was previously chartered under counter parties [unclear] until July 2011. The vessel was withdrawn from the charter of service for repudiatory breach of the contract. Arbitration proceedings has been commenced by Star Bulk in London through their sue damages arising from such breach, which will include the loss of carrier.

Finally, we also announced that we had agreed to sell one of the oldest vessels, Star Alpha, a 175,000 on dead weight bill in 1992, cape sized vessel, to a third party for a contracted sale price of $19.85 million. We expect to deliver the vessels to the buyers in September 2009.

Please turn to slide five for some selective financial data. In this slide we selected some key points to illustrate that we continue to believe our company enjoys a very comfortable financial position.

Our market capitalization is $210 million as of market close on August 12, 2009. As of the beginning of 2009, our contracted revenue was $350 million. We estimate the charter free value of our fleet is currently $330 million, and the total adjusted value of our fleet is approximately $420 million. Our senior debt currently stands at about $272 million, and our current cash position is approximately $70 million.

Our principal debt repayments are approximately $23 million for the remainder of 2009, which adjusted 80% of our current cash flow - paid cash position rather - $60 million for 2010 and $32 million for 2011, and roughly $25 million thereafter, while we have no other capital expenditure commitments such as new buildings. These factors continue to show Star Bulk's solid financial positioning for the present and the future.

Turning to slide six, this slide illustrates our fleet employment chart, which is also available on our website as Nicolas mentioned a little while ago. I won't go into details as I believe it is self-explanatory, but I want to note again that the Star Alpha was sold in third quarter of 2009, and is expected to be delivered to its new owners in December 2009.

Now, moving to slide seven. This graph shows our contracted operating days, as well as our revenue visibility. Our long term coverage continues to provide us with stable and visible cash flows in these current volatile markets. Any volatility in today's charter market as depicted in the BDI or Baltic Dry Index, does not currently affect our revenue generation very much. Our fleet contracted operating cost base covered, are now at 100% coverage for 2009 and 85% coverage for 2010.

Please turn to the next slide where Ms. Syllantavos, our CFO, will discuss our financials.

**George Syllantavos:** Thank you Akis. Good morning to everyone. Let us now move to slide nine for an overview of our balance sheet as of June 30, 2009. Our current assets were $46.2 million, while our fixed assets amounted to $789.8 million, and total assets amounted to $876.5 million. Our current liabilities were $72.7 million, our non-current liabilities amounted to $224.2 million, and stockholder's equity was at $579.6 million. Total liabilities in stockholder's equity totaled $876.5 million.

We can now turn to slide 10 to discuss the second quarter '09 income statement. For the quarter ended June 30, 2009, total revenues amounted to $32.4 million and our operating loss amounted to $1 million for the quarter ended June 30, 2009. Net loss for the second quarter 2009 was $3.4, representing a $0.06 loss per share calculated on 60,994,760 weighted average number of shares, basic and diluted.

Excluding non-cash items as amortization of fair value below and above market acquired time charters in the amortization of stock based compensation; our net loss for the second quarter was $2.8 million, representing a $0.05 loss per share, calculated 60,994,760 weighted average number of shares, basic and diluted. I want to add that as a result of tighter cost controls, the G&A per vessel decreased by a substantial margin, compared to the same period of last year.

Please turn to slide 11 to discuss our first half 2009 numbers. For the first half of the year ended June 30, 2009, total revenues amounted to $77.5 million and our operating income was $94.2 million. Net income for the first half was $19 million, representing $0.31 earnings per share calculated on 60,694,160 weighted average number of shares, basic and diluted.

Excluding non-cash items such as amortization of fair value of below and above market acquired time charters, and the amortization of stock based compensation, our net income for the first half of 2009 were $6.6 million, representing $0.11 earnings per share, calculated on 60,694,160 weighted average number of shares, basic and diluted.

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

**Akis Tsirigakis:** Thanks George. I would like to make some comments on the general market conditions and some points on supply and demand for dry bulk shipping. Now, please if you would turn to slide 13, where we begin with a comment on demand.

We continue to see signs that major world economists, who are also key drivers for shipping, continue to improve since our last conference call in May. A key indicator that is considered quite reliable in our view is the purchasing managers' index or PMI, and as you can see in the chart on the left, the PMI was successful in forecasting China's early comeback. Historically, both manufacturing and steel production has followed the PMI, which is why they maybe a useful leading indicator.

What's worth noting is that PMIs in western economies have been improving rapidly for the last four months as you can see in both charts. This gives us a reason to be optimistic as regards demand in general, and specifically steel production. This point is reinforced by the fact that many major steel mills around the world have been announcing utilization increases.

On to slide 14; China has clearly been a leader in global iron ore demand, absorbing every available ton of iron ore produced globally, and as you can see in the lower left graph, as all other countries were significantly reducing steel production and iron ore imports, Chinese iron ore imports… [audio interruption]

**Operator:** This is the operator. The speaker's line appears to be disconnected. Please stand by.

**Akis Tsirigakis:** Apologies for the disconnection of the line, I'm not sure why it has occurred. I would like to commence again with slide 14, and I was just saying that China has clearly been the leader in global iron ore demand, and in fact they have absorbed every available ton of iron ore that was available to be absorbed globally.

As you can see the lower left graph, as all other countries were significantly reducing steel production and iron ore imports, the Chinese iron ore imports surged to unprecedented levels, revealing the depth and the potential of China's iron ore demand. We believe that this indicates that iron ore imports will increase, as new mining projects become operational.

The small dip in the last couple of months seems to be caused by the recovery of iron ore imports from the rest of the world. The recent 50% jump in spot iron ore prices being presently 30% above of the contract prices is another sign of how insatiable China's hunger for iron ore is. I want to point out that the iron ore is not just being stock piled by the Chinese, it is in fact being used in steel production.

Now turning to slide 15, we see that the stimulus program enacted by the Chinese government has indeed worked and had a very positive effect on steel prices. As predicted, the stimulus package gave a bigger boost to infrastructure projects, which are of interest to shipping of course, rather than manufacturing.

Now onto slide 16; this shows the growth of Chinese iron ore imports over the past 10 years. It was recently quoted that the annualized seven month, meaning from January to July in particular, is around 600 million tons in 2009, implying a 35% growth from 2008.

Onto slide 17, we'd like to provide a quick update on the new building deliveries in the first half of 2009, from a total of 25.2 million dead weight of originally scheduled deliveries, only 16.4 actually materialized. This means that 35% of the plant deliveries for the first half of 2009 were either delayed or canceled. Additionally, there is presently no new ordering activity of vessels, which is of course positive for the future and we look forward to further scrapping.

In slide 18, let me please reiterate what we believe to be Star Bulk's advantages as one of the better fundamentally sound companies in the dry bulk sector, and their ability to provide long-term shareholder value. We have resolved the uncertainties with our banks and charterers, which is a great development for us. We have reinstated our dividend program, the first shipping company to do so after having suspended it.

We are very well positioned in this economic climate with a healthy cash balance of $70 million and $350 million in contracted revenue. Our high contract coverage for 2009 and 2010, limit our exposure to the volatility we are seeing in the shipping markets. We don’t have exposure to new buildings. We have a healthy balance sheet that is a much lower level than our peer group, and we continue to have our [sell] registration for up to $250 million in securities. All of these factors translate to us, being very well positioned for opportunities.

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

**Operator:** We will now begin the question and answer session. If you wish to ask a question, please press *1 on your telephone, and wait for your name to be announced. If you wish to cancel your request, please press the # key. Your first question comes from Noah Parquette of Cantor Fitzgerald.

**Noah Parquette:** I guess my first question was just on the dividend, can you talk a little bit more about why you decided to reinstate it, why you chose that level and is it a permanent thing going forward?

**Akis Tsirigakis:** Well, we started out as a dividend paying company. We of course intend to pay this dividend in the future. It is of course subject to our lenders providing their consent, since the waivers are of course still in effect. I do not expect that you will have a problem obtaining such consent going forward. Most of our investors had expected dividend when they invested in the company and that weighted heavily in our decision, and not to mention that we believe that we did not want to exclude investors that have within their policy, not to invest in companies without a dividend at all. Now, that level of dividend of course allowed us to keep liquidity within the company as well and I think that covers it.

**Noah Parquette:** Then going forward, you still have pretty solid free cash flow and a good balance sheet. I mean how are you thinking about expanding your fleet? Are you still going to stay patient or are you looking at opportunities now?

**Akis Tsirigakis:** I will reply to that. Let me conclude my reply on the dividend, because I have noted that quite a few research reports, but also websites, report the company without a yield, with a zero yield, and I just wanted to mention that our intention is indeed to pay dividend again.

Now going back to the question, we still believe we are on the prowl for acquisition, there's no denying that. We do believe there is a little bit of disconnect between the prices and the present state of the market. We do believe further, that more opportunities will present or better opportunities will present themselves that we have seen to-date and that is one of the reasons that we have not moved yet, but definitely, we understand that we need to replace the Alpha, it was not a move just to sell a vessel, it is our intention to renew the fleet and that was one of the oldest vessels of our fleet. So yes, we are on the lookout.

**Noah Parquette:** Regarding the Alpha, I know the S&P market is a little cloudy now, but it did seem a little bit below kind of an assessed value or where the market is now. Can you talk about why that was? Was there a dry dock savings in that?

**Akis Tsirigakis:** I think if you look at it in shipping terms, it was pretty much inline with the market Noah. The reasoning is the following; when you have a transaction that you agree in July, the buyer looks at getting the vessel some time in October. We asked the buyer and other people that were interested, that were not willing to part with the vessel before December, just because it performs some shipments for the value of COA.

Therefore having sold the vessel for $20 million, the counter party that has to wait for the additional two months to receive the vessel is having an opportunity costing its revenue of about $3 million to $3.5 million. So in affect in order for us to be able to serve our COA, we sold the vessel at what we think is a value to the market of about $23 million, $24 million. So we think it's in line with the market.

**Noah Parquette:** Then for the COA that you have done for the cape size next year, the 300 days, can you give a rate on what that's at?

**Akis Tsirigakis:** Well, the next COA as we said is for...

**Noah Parquette:** Not COA, I'm sorry FFA, 300 day FFA?

**Akis Tsirigakis:** The FFA is at about $50,000, but we trade that position, so we constantly improve somewhat those levels utilizing the volatility in the market, but you could be just estimating about a $50,000 level.

**George Syllantavos:** I wanted to compliment the answer, saying that this is a cover for one of the capes that we'll be opening in the beginning of 2010. So that was one way of like obtaining employment for that vessel.

**Operator:** Your next question comes from George Pickral from Stephens Incorporated. Please ask your questions.

**George Pickral:** My question is in regard to the other three capes you own. They are of similar age to the Alpha that you just sold, but conversely they have COAs or charters extending out multiple years. Because of the COAs and charters, is there a chance that you would sell these two any time soon or not?

**Akis Tsirigakis:** There is a chance of anything happening to tell you the truth George, but you see how the COA works, the COA is a contract that the company has with VALE. So the company can assign any vessel that fits certain requirements to the servicing of that contract, therefore having the COA provide you flexibility of what you do with your fleet. So that being said, for example, when the Epsilon gets out, terminates its noble charter at the beginning of the year, we have a choice to employ the Epsilon, we have a choice to do something with the Epsilon and get the new vessel in and serve it. We have the choice even of chartering in tonnage and having the COA served. So that's a commercial choice that we'll have to make as we move forward and we'll look at market conditions. So the COA is a good thing we think, because it provides you coverage and flexibility at the same time.

**George Pickral:** Along those lines, as you think about buying new vessels, is there a certain class that you would look at. It seems like adding to your cape fleet might be the right place to go, but…

**Akis Tsirigakis:** Well, we are focusing on both our asset classes, both Supramaxes and Capes, and you are right in the respect that the earning dynamics, the cape sector right now are more favorable to earning dynamics, meaning asset value, vis-à-vis ability of cash flow and the levels of cash flow that we can generate. So the cape sector looks better than the Supramax, but we are following Supramax targets as well, that make sense.

**Operator:** Your next question comes from Charles Rupinski of Maxim Group. Please ask your question.

**Charles Rupinski:** Just a couple of quick questions. First, and I'm sorry I didn't hear on the connection maybe, because I wasn't hearing you very well, but on the new contract or re-freightment, you mentioned a run rate for that roughly?

**Akis Tsirigakis:** Contract of our freight, I mean if it's, okay, we have to start estimating what type of tonnage serves it, meaning how new or older or a faster or slower, there are few calculations that need to take place, but it can range from 28,000 to 32,000.

**Charles Rupinski:** You gave an annual number, but that's not an annual, that's 28,000 to 32,000 a day?

**Akis Tsirigakis:** Yes, that's a revenue number, yes.

**Charles Rupinski:** Other question is on the cost side, you mentioned a couple of things in the release other than the technical management crewing cost of insurance. Is there any we should be baking in for our cost assumptions for vessel operating costs over the next couple of quarters?

**George Syllantavos:** No, let me answer that Charles. I don't think you should be altering margin on what happens in the next quarter. As Akis mentioned, this was a one-off thing that took place because we are bringing the fleet in. When we talk about crewing cost, you're talking about the cost that takes place when you change the crew, one crew and the other. There is a time where there are two sets of crews on the vessel, one that's delivering and one that's on the vessel for familiarization that takes over. So it just so happened that we incurred about a $0.25 million bucks of additional crewing costs, because of this doubling of crews at the handover of the vessels of the fleet. So this is a one time thing that does not happen all the time, all right?

Now another thing is, another big component of this operating cost is also the fact that when you take the fleet in, you incur some initial costs of stores and spares, that are being incurred in connection with taking in the fleet and procuring those start up quantities. Of course, the unfortunate thing here is that capital for that which we take the snapshot of the results, is June 30th. If we would have taken this snapshot, a couple of months later, this would have been a little bit further normalized.

Therefore, we can't do anything about US GAAP Accounting rules, which say that once you make a commitment for taking in those spares and components, then it's part of your cost structure, regardless of when the vessel actually uses it or when you actually pay for them. So it just so happens that we take a snapshot at this specific time, where all the ramping of the start up of this program, all the costs, are taken under consideration.

**Akis Tsirigakis:** In addition, when you take the new management, the new manager of course changes, and there are a multiple of inspections for ISM, flag state, and all these kind of inspections that take place at the initial time and that of course is cost as well.

**Charles Rupinski:** The other question, the final question is, just focusing on acquisition opportunities and potentially there being better opportunities later on, we see a number of large private equity funds out there that are raising money to buy vessels. Is this something that could potentially put a floor in vessel values? How are you thinking about how they participate in terms of how you look at the market? Is this something where you don't want to wait too long, because these guys might pounce and it might take up vessel values, how does that affect the thinking of the acquisition market out there?

**Akis Tsirigakis:** Of course having some money on the sideline there as a concept in general, could potentially present a floor for our vessel values or any asset class that this sideline money is pursuing, right? So theoretically that would happen. However, from what I've seen until now, the types of targets and the types of returns that are targeted with that money, I don't think that we are really in competition for assets at this point.

**Charles Rupinski:** Okay, well thank you very much.

**Operator:** Your next question comes from Seth Lehman of Fitch Ratings. Please ask your question.

**Seth Lehman:** A couple of quick questions; the arbitration proceedings over Star Epsilon, how much does the company value the loss on the charter breakage?

**Akis Tsirigakis:** Well you see, first of all we can't be very specific at this time, because a specific price tag has not been set yet on that, and the reason is the following: The way that this process works is that the claim is for the differential between the value that the company would have received under the regional contract, versus what the company actually mitigated for and actually received during the same period. So certain calculations need to take place, but it could be in the $40 million level type of thing.

**Seth Lehman:** Next question I have is with regard to the dividend comments you made earlier, last year you did a balance of a dividend between shares and cash. Is that something that you would also still consider at the current stock price level?

**Akis Tsirigakis:** First of all, we can't really commit on the actual level. So that's a Board decision for later on in time, but to give you an idea why we did the half and half back then, is because of the time where the market came under crisis and we had the world melting down at the last quarter of last year. The point is, that happened at the end of our quarter, at that time we're ready to make that dividend announcement. From one side, we didn't want to part with all the liquidity. From the other side, we thought that we were so late in the process that we felt our shareholders had "earned" so to speak, the level of dividend that we were going to give. Therefore, we thought that that was being another combination of cash and stock was a good way of providing them with that value, and that was a one-off time, a one-time thing based on those circumstances. We don't think of repeating that type of structure in the current circumstances.

**Seth Lehman:** My final question goes to the self registration. It seems that over the past several months a number of your peers have done secondary offerings and the market has been fairly punishing on the equity prices as a result of them. Do you think, that given the way you've seen the reaction to appear that have been secondary, that may make it difficult for you to do that in the near term? Do you think there is not enough stabilization yet on that?

**Akis Tsirigakis:** No, no. First of all, let me go a little bit back. The reason we put that self registration in place at the beginning of the year was again because of the special circumstances that we had and we need to have all our arsenal, so to speak, to be ready if the world continued to be in a melt down phase, to be able to do something with that. However, having said that, we never consider the self registration or any equity issuance so to speak, as just a concept of just diluting our shareholders and ourselves - because we are shareholders also, as you understand - just for the sake of racing equity or doing something like that.

Some of our peers have gone out and done that. We can't blame anybody, but we are only going to use this tool that we have and we just view it as a tool, if and when we find some transaction, that is by using the self registration would create an accretive result; we just won't issue equity just for the sake of just going to the market and issuing equity.

**Seth Lehman:** Okay, well thank you for answering my question.

**Operator:** Once again, if you wish to ask a question, please press *1 on your telephone, and wait for your name to be announced. There are no further questions at this time. I now pass the floor back to Mr. Tsirigakis for closing statements. Please go ahead, sir.

**Akis Tsirigakis:** Thank you. I would like to thank everyone for joining us today, and we look forward to speaking with you again when we discuss our third quarter to 2009 financial results in about three months time. Thank you again. Bye.

**Operator:** That does conclude our conference for today. For those of you who are wishing to review this conference, the replay facility can be accessed by dialing the UK on country code 44-1452-550000 or from within the UK on free call number 0800-953-1533 or local rate number 0845-245-5205 or from within the USA on free phone number 1866-247-4222. The access code is 3128607#. Thank you for participating. You may now disconnect.