Eagle Bulk Shipping Inc.
Form 10-Q
November 09, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 000–51366

EAGLE BULK SHIPPING INC.

(Exact name of Registrant as specified in its charter)

Republic of the Marshall Islands 98-0453513 (State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
477 Madison Avenue
New York, New York 10022
Address of Principal Executive Offices

Registrant's telephone number, including area code: (212) 785-2500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of ''accelerated filer and large accelerated filer'' in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated Filer Accelerated Filer Non-accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

Common Stock, par value $0.01 per share 46,727,153 shares outstanding as of November 9, 2007.

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Part 1: FINANCIAL INFORMATION

Item 1: Financial Statements

EAGLE BULK SHIPPING INC.
CONSOLIDATED BALANCE SHEETS

September 30, 2007 December 31, 2006 (Unaudited) ASSETS: Current Assets: Cash $ 154,947,136 $ 22,275,491 Accounts Receivable 2,033,860 616,205 Prepaid Charter Revenue 500,000 3,740,000 Prepaid Expenses 1,618,699 1,020,821 Total Current Assets 159,099,695 27,652,517 Vessels and Vessel Improvements, net 611,870,650 502,141,951 Advances for Vessel Construction 290,399,551 25,190,941 Restricted Cash 7,324,616 6,524,616 Deferred Drydock Costs, net 3,838,826 1,937,299 Deferred Financing Costs, net 2,509,504 2,406,839 Other Assets — 2,936,804 Total Assets $ 1,075,042,842 $ 568,790,967 LIABILITIES & STOCKHOLDERS' EQUITY Current Liabilities: Accounts Payable $ 4,129,487 $ 1,650,159 Accrued Interest 2,993,138 800,683 Other Accrued Liabilities 1,796,334 1,717,124 Unearned Charter Hire Revenue 4,671,174 2,713,060 Total Current Liabilities 13,590,133 6,881,026 Long-term Debt 527,839,099 239,974,820 Other Liabilities 3,151,969 359,180 Total Liabilities 544,581,201 247,215,026 Stockholders' Equity: Preferred Stock, $.01 par value, 25,000,000 shares authorized, none issued — — Common shares, $.01 par value, 100,000,000 shares authorized, 46,727,153 shares issued and outstanding as of September 30, 2007 and 35,900,001 shares issued and outstanding as of December 31, 2006, respectively 467,271 359,000 Additional Paid-In Capital 601,938,926 364,574,877 Retained Earnings (net of cumulative dividends declared of $145,161,905 at September 30, 2007 and $86,390,500 at December 31, 2006) (68,792,587) (45,935,560) Accumulated Other Comprehensive(Loss)/Income (3,151,969) 2,577,624 Total Stockholders' Equity 530,461,641 321,575,941 Total Liabilities and Stockholders' Equity $ 1,075,042,842 $ 568,790,967
The accompanying notes are an integral part of these Consolidated Financial Statements.

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EAGLE BULK SHIPPING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Revenues, net of Commissions	$ 33,955,704	$ 28,358,830	$ 89,202,283	$ 76,254,265
Vessel Expenses	6,647,223	6,118,038	19,749,702	15,742,457
Depreciation and Amortization	7,241,927	5,980,747	19,079,511	15,737,990
General and Administrative Expenses	1,570,980	1,266,905	4,787,974	3,366,408
Non-cash Compensation Expense	120,614	3,076,699	3,504,193	5,768,355
Gain on Sale of Vessel	—	—	(872,568)	—
Total Operating Expenses	15,580,744	16,442,389	46,248,812	40,615,210
Operating Income	18,374,960	11,916,441	42,953,471	35,639,055
Interest Expense	3,476,977	3,180,336	9,789,541	7,364,009
Interest Income	(603,912)	(364,632)	(2,750,448)	(1,009,928)
Net Interest Expense	2,873,065	2,815,704	7,039,093	6,354,081
Net Income	$ 15,501,895	$ 9,100,737	$ 35,914,378	$ 29,284,974
Weighted Average Shares Outstanding :				
Basic	42,209,617	35,900,000	40,493,753	34,086,813
Diluted	42,365,252	35,900,678	40,590,796	34,086,848
Per Share Amounts:				
Basic Net Income	$ 0.37	$ 0.25	$ 0.89	$ 0.86
Diluted Net Income	$ 0.37	$ 0.25	$ 0.88	$ 0.86
Cash Dividends Declared and Paid	$ 0.47	$ 0.50	$ 1.48	$ 1.57

The accompanying notes are an integral part of these Consolidated Financial Statements.

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EAGLE BULK SHIPPING INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

	Common Shares	Common Shares Amount	Additional Paid-In Capital	Retained Earnings Net Income	Retained Earnings Cash Dividends	Retained Earnings Accumulated Deficit	Other Comprehensive Income	Total Stockholders' Equity
Balance at December 31, 2006	35,900,001	$ 359,000	$ 364,574,877	$ 40,454,940	$ (86,390,500)	$ (45,935,560)	$ 2,577,624	$ 321,575,941
Comprehensive Income:								
Net Income	—	—	—	35,914,378	—	35,914,378	—	35,914,378
Net Unrealized losses on change in derivatives	—	—	—	—	—	—	(5,729,593)	(5,729,593)
Comprehensive Income	—	—	—	—	—	—	—	30,184,785
Issuance of Common Shares, net of issuance costs	10,827,152	108,271	233,859,856	—	—	—	—	233,968,127
Cash Dividends	—	—	—	—	(58,771,405)	(58,771,405)	—	(58,771,405)
Non-cash Compensation	—	—	3,504,193	—	—	—	—	3,504,193
Balance at September 30, 2007	46,727,153	$ 467,271	$ 601,938,926	$ 76,369,318	$ (145,161,905)	$ (68,792,587)	$ (3,151,969)	$ 530,461,641

The accompanying notes are an integral part of these Consolidated Financial Statements.

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EAGLE BULK SHIPPING INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

Nine Months Ended	September 30, 2007	September 30, 2006
Cash Flows from Operating Activities:		
Net Income	$ 35,914,378	$ 29,284,974
Adjustments to Reconcile Net Income to Net Cash provided by Operating Activities:		
Items included in net income not affecting cash flows:		
Depreciation	18,008,485	15,222,940
Amortization of Deferred Drydocking Costs	1,071,026	515,050
Amortization of Deferred Financing Costs	180,070	117,491
Amortization of Prepaid and Deferred Charter Revenue	3,240,000	2,435,500
Non-cash Compensation Expense	3,504,193	5,768,355
Gain on Sale of Vessel	(872,568)	—
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,417,655)	(117,058)
Prepaid Expenses	(597,878)	(1,086,031)
Accounts Payable	2,300,317	713,068
Accrued Interest	2,192,455	136,810
Accrued Expenses	79,210	547,114
Drydocking Expenditures	(2,972,553)	(2,269,422)
Unearned Charter Hire Revenue	1,958,114	854,621
Net Cash Provided by Operating Activities	62,587,594	52,123,412
Cash Flows from Investing Activities:		
Advances for Vessel Construction	(265,089,166)	—
Purchase of Vessels and Improvements	(138,876,098)	(105,112,609)
Proceeds from Sale of Vessel	12,011,482	—
Net Cash Used in Investing Activities	(391,953,782)	(105,112,609)
Cash Flows from Financing Activities:		
Issuance of Common Stock	239,848,266	33,000,000
Equity Issuance Costs	(5,701,127)	(1,784,436)
Bank Borrowings	300,304,279	74,800,000
Repayment of Bank Debt	(12,440,000)	—
(Increase)/Decrease in Restricted Cash	(800,000)	100,000
Deferred Financing Costs	(402,180)	(1,018,807)
Cash Dividends	(58,771,405)	(53,420,500)
Net Cash Provided by Financing Activities	462,037,833	51,676,257
Net Increase/(Decrease) in Cash	132,671,645	(1,312,940)
Cash at Beginning of Period	22,275,491	24,526,528
Cash at End of Period	$ 154,947,136	$ 23,213,588
Supplemental Cash Flow Information:		
Cash paid during the period for Interest (including Capitalized interest of $2,296,435 in 2007 and Commitment Fees)	$ 11,843,726	$ 7,110,772

The accompanying notes are an integral part of these Consolidated Financial Statements.

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EAGLE BULK SHIPPING INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Basis of Presentation and General Information

The accompanying consolidated financial statements include the accounts of Eagle Bulk Shipping Inc. and its wholly-owned subsidiaries (collectively, the ‘‘Company’’). The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership and operation of dry bulk vessels. The Company’s fleet is comprised of Handymax bulk carriers and the Company operates its business in one business segment.

The Company is a holding company incorporated in 2005, under the laws of the Republic of the Marshall Islands and is the sole owner of all of the outstanding shares of the Republic of the Marshall Island incorporated wholly owned subsidiaries. The primary activity of each of the subsidiaries is the ownership of a vessel. The operations of the vessels are managed by a wholly-owned subsidiary of the Company, Eagle Shipping International (USA) LLC, a Republic of the Marshall Islands limited liability company.

The following table represents certain information about the Company’s revenue earning charters, as of September 30, 2007:

Vessel Year Built Dwt Delivered to Charterer Time Charter Expiration(1) Daily Time Charter Hire Rate Cardinal 2004 55,408 June 21, 2007 May 2008 to August 2008 $28,000 Condor(2) 2001 50,296 March 19, 2007 May 2009 to August 2009 $20,500 Falcon(3) 2001 50,296 April 22, 2005 February 2008 to June 2008 $20,950 Griffon 1995 46,635 March 18, 2007 March 2009 to June 2009 $20,075 Harrier(4) 2001 50,296 June 21, 2007 June 2009 to September 2009 $24,000 Hawk I 2001 50,296 April 1, 2007 April 2009 to June 2009 $22,000 Heron (5) 2001 52,827 December 11, 2005 December 2007 to February 2008 $24,000 Jaeger(6) 2004 52,248 July 12, 2007 July 2008 to September 2008 $27,500 Kestrel I(7) 2004 50,326 July 1, 2006 December 2007 to April 2008 $18,750 Kite 1997 47,195 August 11, 2007 September 2009 to January 2010 $21,000 Merlin(8) 2001 50,296 October 26, 2005 October 2007 to December 2007 $24,000 Osprey I(9) 2002 50,206 September 1, 2005 July 2008 to November 2008 $21,000 Peregrine 2001 50,913 December 16, 2006 December 2008 to March 2009 $20,500 Sparrow(10) 2000 48,225 January 27, 2007 December 2007 to March 2008 $24,000 Tern (11) 2003 50,200 July 3, 2006 December 2007 to April 2008 $19,000 Shrike (12) 2003 53,343 April 24, 2007 April 2009 to August 2009 $24,600 Skua(13) 2003 53,350 June 20, 2007 May 2009 to August 2009 $24,200 Kittiwake(14) 2002 53,146 June 27, 2007 May 2008 to August 2008 $30,400

(1) The date range provided represents the earliest and latest date on which the charterer may redeliver the vessel to the Company upon the termination of the charter. (2) The charterer of the CONDOR has exercised its option to extend the charter period by 11 to 13 months at a time charter rate of $22,000 per day. (3) Upon conclusion of the current charter, the FALCON commences a new time charter with a rate of $39,500 per day for 21 to 23 months. The charterer has an option to extend the charter period by 11 to 13 months at a daily time charter rate of $41,000. (4) The daily rate for the HARRIER is $27,000 for the first year and $21,000 for the second year. Revenue recognition is based on an average

daily rate of $24,000.

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As of September 30, 2007, the Company has contracted for 31 vessels to be constructed. The following table represents certain information about the Company’s newbuilding vessels and their employment upon delivery:

Vessel Dwt Year Built-
Expected
Delivery(1) Time Charter
Employment
Expiration(2) Daily Time
Charter Hire
Rate(3) Profit Share Crowned Eagle 56,000 Nov 2008 Charter Free —— Crested Eagle56,000 Feb 2009 Charter Free —— Stellar Eagle56,000 Apr 2009 Charter Free —— Golden Eagle56,000 Jan 2010 Charter Free —— Imperial Eagle56,000 Feb 2010 Charter Free —— Wren 53,100 Aug 2008 Feb 2012
Feb 2012 to Dec 2018/Apr 2019 $24,750
$18,000 —
50% over $22,000

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Vessel Dwt Year Built- Expected Delivery(1) Time Charter Employment Expiration(2) Daily Time Charter Hire Rate(3) Profit Share Woodstar 53,100 Oct 2008 Jan 2014 Jan 2014 to Dec 2018/Apr 2019 $18,300 $18,000 — 50% over $22,000 Thrush 53,100 Sep 2009 Charter Free —— Thrasher 53,100 Nov 2009 Feb 2016 $18,400 — Feb 2016 to Dec 2018/Apr 2019 $18,000 50% over $22,000 Avocet 53,100 Dec 2009 Mar 2016 $18,400 — Mar 2016 to Dec 2018/Apr 2019 $18,000 50% over $22,000 Bittern 58,000 Sep 2009 Dec 2014 $18,850 — Dec 2014 to Dec 2018/Apr 2019 $18,000 50% over $22,000 Canary 58,000 Oct 2009 Jan 2015 $18,850 — Jan 2015 to Dec 2018/Apr 2019 $18,000 50% over $22,000 Crane 58,000 Nov 2009 Feb 2015 $18,850 — Feb 2015 to Dec 2018/apr 2019 $18,000 50% over $22,000 Egret(4) 58,000 Dec 2009 Sep 2012 to Jan 2013 $17,650 50% over $20,000 Gannet(4) 58,000 Jan 2010 Oct 2012 to Feb 2013 $17,650 50% over $20,000 Grebe(4) 58,000 Feb 2010 Nov 2012 to Mar 2013 $17,650 50% over $20,000 Ibis(4) 58,000 Mar 2010 Dec 2012 to Apr 2013 $17,650 50% over $20,000 Jay 58,000 Apr 2010 Sep 2015 $18,500 50% over $21,500 Sep 2015 to Dec 2018/Apr 2019 $18,000 50% over $22,000 Kingfisher 58,000 May 2010 Oct 2015 $18,500 50% over $21,500 Oct 2015 to Dec 2018/Apr 2019 $18,000 50% over $22,000 Martin 58,000 Jun 2010 Dec 2016 to Dec 2017 $18,400 — Nighthawk 58,000 Mar 2011 Sep 2017 to Sep 2018 $18,400 — Oriole 58,000 Jul 2011 Jan 2018 to Jan 2019 $18,400 — Owl 58,000 Aug 2011 Feb 2018 to Feb 2019 $18,400 — Petrel(4) 58,000 Sep 2011 Jun 2014 to Oct 2014 $17,650 50% over $20,000 Puffin(4) 58,000 Oct 2011 Jul 2014 to Nov 2014 $17,650 50% over $20,000 Roadrunner(4) 58,000 Nov 2011 Aug 2014 to Dec 2014 $17,650 50% over $20,000 Sandpiper(4) 58,000 Dec 2011 Sep 2014 to Jan 2015 $17,650 50% over $20,000 Snipe 58,000 Jan 2012 Charter Free —— Swift 58,000 Feb 2012 Charter Free ——

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Vessel	Dwt	Year Built- Expected Delivery(1)	Time Charter Employment Expiration(2)	Daily Time Charter Hire Rate(3)	
Profit Share Raptor	58,000	Mar 2012	Charter Free	——	
Saker	58,000	Apr 2012	Charter Free	——	

(1) Vessel build and delivery dates are estimates based on guidance received from shipyard. (2) The date range represents the earliest and latest date on which the charterer may redeliver the vessel to the Company upon the termination of the charter. (3) The time charter hire rate presented are gross daily charter rates before brokerage commissions ranging from 2.25% to 6.25% to third party ship brokers. (4) The charterer has an option to extend the charter by 2 periods of 11 to 13 months each.

The following table represents certain information about the Company's revenue earning charters, as of, September 30, 2007:

% of Time Charter Revenue	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Charterer A	11.79%	14.4%	13.41%	15.3%
Charterer B	20.82%	19.4%	23.07%	17.3%
Charterer C	11.6%	13.9%		
Charterer D	10.28%	12.0%	12.65%	12.3%
Charterer E	7.2%	7.8%		
Charterer F	6.2%	7.0%		
Charterer H	11.50%	11.29%		
Charterer J	11.08%			
Charterer L			13.41%	

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States, and the rules and regulations of the SEC (''Securities and Exchange Commission'') which apply to interim financial statements. Accordingly, they do not include all of the information and footnotes normally included in consolidated financial statements prepared in conformity with accounting principles in the United States. They should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2006 Annual Report on Form 10-K.

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Note 2. Vessels

a. Vessel and Vessel Improvements

At September 30, 2007, the Company's fleet consisted of a total of 18 dry bulk vessels with an aggregate cost of $657,821,237 and accumulated depreciation of $45,950,587.

At December 31, 2006, the Company's fleet consisted of a total of 16 dry bulk vessels with an aggregate cost of $533,557,555 and accumulated depreciation of $31,415,604.

Vessel and vessel improvement costs have been depreciated from the date of their acquisition through their remaining estimated useful life. Depreciation expense for the three-month periods ended September 30, 2007 and 2006 was $6,773,810 and $5,775,804, respectively. Depreciation expense for the nine-month periods ended September 30, 2007 and 2006 was $18,008,485 and $15,222,940, respectively.

During the nine-month period ended September 30, 2007, the Company entered into several vessel purchase agreements and a vessel sale agreement:

– The Company purchased in the first quarter and took delivery in the second quarter of three modern Supramax vessels, the SHRIKE, SKUA and KITTIWAKE, for a total contract price of approximately $138,700,000. The Company also incurred associated costs of $176,098 relating to these vessel acquisitions.

– The Company sold the SHIKRA, a 1984-built Handymax vessel, to an unrelated third party for $12,525,000. The Company incurred total expenses of $513,518 relating to the sale. The Company recorded a gain on sale of $872,568 in the first quarter of 2007.

b. Advances for Vessel Construction

As of September 30, 2007, the Company has 31 vessels under construction. During the nine-month period ended September 30, 2007, the Company, through its subsidiaries, entered into three vessel newbuilding contracts for the construction of an additional three 56,000 deadweight, ton vessels, to be named CROWNED EAGLE, CRESTED EAGLE and STELLAR EAGLE, which are expected to be delivered in November 2008, February 2009, and April 2009, respectively. The contract price for each vessel is 3.83 billion Japanese yen, or approximately $33,355,000 after giving effect to currency hedges entered into by the Company. Deposits have been placed for these contracts and an amount of $38,113,974 is recorded under Advances for Vessel Construction. As of September 30, 2007, the Company had placed deposits aggregating $62,912,092 for five 56,000 deadweight ton newbuilding vessels, of which $25,265,936 was placed in the first quarter of 2007 for the CROWNED EAGLE and CRESTED EAGLE, $12,848,038 was placed in the second quarter of 2007 for the STELLAR EAGLE and $24,798,118 was placed in 2006 for the GOLDEN EAGLE and IMPERIAL EAGLE. The Company will pay an additional 10% of each vessel's contract price three months prior to delivery and the balance upon delivery. The deposits for the newbuilding vessels have been funded through borrowings from its credit facility and the borrowing costs are capitalized and recorded under Advances for Vessel Construction.

During the third quarter of 2007, the Company acquired 26 Supramax newbuilding vessels from Kyrini Shipping Inc., an unrelated privately held Greek shipping company for a total consideration of approximately $1,100,000,000 which includes construction contracts aggregating approximately $944,000,000 and cash consideration of $150,000,000 to

purchase all of the issued and outstanding shares of the capital stock of 19 wholly owned subsidiaries of Kyrini Shipping Inc., a Liberian corporation whose primary assets consisted of contracts for the construction of 18 Supramax drybulk vessels and options for the construction of a further 8 Supramax drybulk vessels which were exercised on August 1, 2007. The vessels are expected to be delivered between 2008 and 2012 and the Company will periodically advance construction payments to the shipyard. As of September 30, 2007, the Company has advanced a total of $221,462,500 in regards to this transaction and these amounts have been funded through borrowings from its credit facility and recorded under Advances for Vessel Construction. The assets acquired are required to be recorded at fair value. The amounts recorded as of September 30, 2007 are preliminary and subject to the completion of a valuation.

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For these newbuilding vessels, borrowing costs and other associated costs are capitalized and recorded under Advances for Vessel Construction until each vessel is delivered to the Company. During the three-month period ended September 30, 2007, the Company incurred and capitalized interest costs of $3,256,349 ($3,208,775 in interest and $47,574 in amortization of financing expenses) and other costs of $895,462. During the nine-month period ended September 30, 2007, the Company incurred capitalized interest costs of $4,613,023 ($4,493,578 in interest and $119,445 in amortization of financing expenses) and other costs of $1,019,113. For the newbuilding program, as of September 30, 2007, the Company has capitalized interest costs of $4,872,603 and other costs of $1,152,356.

Note 3. Long-Term Debt

At September 30, 2007, the Company's debt consisted of $527,839,099 in borrowings under its current revolving credit facility. These borrowings consisted of $238,704,000 for the 18 vessels currently in operation and $289,135,099 to fund the Company's newbuilding program.

During the nine-month period ended September 30, 2007, the Company borrowed a gross amount of $300,304,279 from its revolving credit facility and used $12,440,000 from the gross proceeds of the sale of the SHIKRA to repay borrowings from the revolving credit facility. Of these borrowings, $36,344,000 was used to partly fund the purchase of the three vessels, SHRIKE, SKUA and KITTIWAKE, which were delivered in the second quarter, $259,576,474 was used to fund the advances for the newbuilding vessels, and $4,383,805 was used to fund the capitalized borrowing costs and other costs associated with the newbuilding vessels.

The Company's revolving credit facility has been amended and enhanced periodically to accommodate the newbuilding program. The incremental borrowings are subject to the same terms and conditions as the existing credit facility. As of September 30, 2007, total availability under the revolving credit facility was $600,000,000 of which $527,839,099 has been borrowed (see Note 9).

The revolving credit facility bears interest at the rate of 0.75% to 0.85% over LIBOR, depending upon the amount of debt drawn as a percentage of the value of the Company's vessels. The Company pays on a quarterly basis a commitment fee of 0.25% per annum on the undrawn amount of the facility.

Interest Expense, exclusive of capitalized interest, consists of:

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Loan Interest	$ 3,340,888	$ 2,986,183	$ 9,247,055	$ 6,720,658
Commitment Fees	73,803	142,887	362,416	525,860
Amortization of Deferred Financing Costs	62,286	51,266	180,070	117,491
Total Interest Expense	$ 3,476,977	$ 3,180,336	$ 9,789,541	$ 7,364,009

Interest-Rate Swaps

The Company has entered into interest rate swaps to effectively convert a portion of its debt from a floating to a fixed-rate basis. Under these swap contracts, exclusive of applicable margins, the Company will pay fixed rate interest and receive floating-rate interest amounts based on three-month LIBOR settings. The swaps are designated and

qualify as cash flow hedges.

As of September 30, 2007, the Company has the following swap contracts outstanding:

– Notional amount of $100,000,000 with a fixed interest rate of 4.22% and maturity in September 2010

– Notional amount of $30,000,000 with a fixed interest rate of 4.54% and maturity in September 2010

– Notional amount of $84,800,000 with a fixed interest rate of 5.24% and maturity in September 2009

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– Notional amount of $25,048,118 with a fixed interest rate of 4.74% and maturity in December 2011

– Notional amount of $25,776,443 with a fixed interest rate of 4.90% and maturity in March 2010

– Notional amount of $36,752,038 with a fixed interest rate of 5.22% and maturity in August 2012

– Notional amount of $202,340,000 with a fixed interest rate of 5.04% and maturity in August 2010

– Notional amount of $10,995,000 with a fixed interest rate of 4.98% and maturity in August 2010

The Company records the fair value of the interest rate swaps as an asset or liability on its balance sheet. The effective portion of the swap is recorded in accumulated other comprehensive income. Accordingly, a liability of $3,046,504 and an asset of $2,936,804 has been recorded in Other Assets and Other Liabilities, in the Company's financial statements as of September 30, 2007 and December 31, 2006, respectively.

Foreign Currency Swaps

The Company has entered into foreign exchange swap transactions to hedge foreign currency risks on its capital asset transactions (vessel newbuildings). The swaps are designated and qualify as cash flow hedges.

At December 31, 2006, the Company had outstanding foreign currency swap contracts for notional amounts aggregating 4.386 billion Japanese yen swapped into the equivalent of $42,310,465. During the nine-month period ended September 30, 2007, the Company swapped a total of 11.5 billion in Japanese yen currency exposure into the equivalent of $100,063,505. After giving effect to the deposits paid for the vessels in the newbuildings program, at September 30, 2007, the Company had outstanding foreign currency swap contracts for notional amounts aggregating 11.28 billion Japanese yen swapped into the equivalent of $104,259,998.

The Company records the fair value of the currency swaps as an asset or liability in its financial statements. The effective portion of the swap is recorded in accumulated other comprehensive income. Accordingly, an amount of $105,465 and $359,180 have been recorded in Other Liabilities in the accompanying financial statements as of September 30, 2007 and December 31, 2006, respectively.

Note 4. Commitments and Contingencies

Vessel Technical Management Contracts

The Company has technical management agreements for each of its vessels with independent technical managers. The Company paid average monthly technical management fees of $8,851 and $8,990 per vessel during the three and nine months ended September 30, 2007, respectively.

Note 5. Earnings Per Common Share

The computation of basic earnings per share is based on the weighted average number of common shares outstanding during the period. In March 2006, the Company granted options to purchase 56,666 of the Company's common shares under the 2005 Stock Incentive Plan. During the three-month period ended September 30,2007, 13,333 shares were issued pursuant to the exercise of options under this plan. In January 2007, under the same plan, the Company granted options to purchase 537,334 of the Company's common shares. Diluted net income per share gives effect to the

aforementioned stock options using the treasury stock method.

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	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Net Income/(Loss)	$ 15,501,895	$ 9,100,737	$ 35,914,378	$ 29,284,794
Weighted Average Shares – Basic	42,209,617	35,900,000	40,493,753	34,086,813
Dilutive effect of stock options	155,635	678	97,043	35
Weighted Average Shares – Diluted	42,365,252	35,900,678	40,590,796	34,086,848
Basic Earnings Per Share	$ 0.37	$ 0.25	$ 0.89	$ 0.86
Diluted Earnings Per Share	$ 0.37	$ 0.25	$ 0.88	$ 0.86

Note 6. Non-cash Compensation

For the three-month periods ended September 30, 2007 and 2006, the Company recorded non-cash compensation charges of $120,614 and $3,076,699, respectively. The expense for the three-month period ended September 30, 2007 relates to the stock options granted in January 2007 to members of management under the 2005 Stock Incentive Plan (see Note 8). The expense for the three-month period ended September 30, 2006 relates to profits interests awarded to members of the Company's management by the Company's former principal shareholder Eagle Ventures LLC.

For the nine-month periods ended September 30, 2007 and 2006, the Company recorded non-cash compensation charges of $3,504,193 and $5,768,355, respectively. The expense for the nine-month period ended September 30, 2007 included $3,137,812 in non-cash, non-dilutive charges relating to profits interests awarded to members of the Company's management by the Company's former principal shareholder Eagle Ventures LLC, and a non-cash charge of $366,381 which related to the stock options granted by the Company in January 2007 to certain directors of the Company and members of management under the 2005 Stock Incentive Plan (see Note 8). Non-cash compensation charges for the nine months ended September 30, 2006, included $3,076,699 in non-cash, non-dilutive charges relating to profits interests awarded to members of the Company's management by the Company's principal shareholder Eagle Ventures LLC, and a non-cash amount of $47,033 which relates to the stock options granted by the Company to certain directors of the Company under the 2005 Stock Incentive Plan. The non-cash, non-dilutive charges relating to profits interests ended in the first quarter of 2007 and there will be no charges in future periods.

Note 7. Capital Stock

Common Shares

On January 16, 2007, the Company's then principal shareholder, Eagle Venture LLC, sold 7,202,679 of the Company's common shares in a secondary offering. The Company did not receive any proceeds from this offering.

On March 6, 2007, the Company sold 5,400,000 of the Company's common shares at a price to the public of $18.95 per share, raising gross proceeds of $102,330,000. On March 23, 2007, the Company raised an additional $7,841,870 in gross proceeds from the underwriter's exercise of their over-allotment option for the sale of 413,819 of the Company's common shares. The Company used the proceeds from the offering to fund a portion of the acquisition costs of three vessels, the SHRIKE, SKUA and KITTIWAKE, which the Company agreed to acquire in the first quarter and which were delivered in the second quarter.

On September 21, 2007, the Company sold 5,000,000 of the Company's common shares at a price of $25.90 per share, raising gross proceeds of $129,500,000.

The Company has incurred fees and expenses aggregating $5,875,138 for these share sales.

Dividends

The Company’s current policy is to declare quarterly dividends to shareholders in March, May, August and November. Payment of dividends is limited by the terms of certain agreements which the

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Company and its subsidiaries are party to. The Company's revolving credit facility permits it to pay quarterly dividends in amounts up to its quarterly earnings before extraordinary or exceptional items, interest, taxes, depreciation and amortization (Credit Agreement EBITDA), less the aggregate amount of interest incurred and net amounts payable under interest rate hedging agreements during the relevant period and an agreed upon reserve for dry-docking for the period, provided that there is not a default or breach of loan covenant under the credit facility and the payment of the dividends would not result in a default or breach of a loan covenant. Depending on market conditions in the dry bulk shipping industry and acquisition opportunities that may arise, the Company may be required to obtain additional debt or equity financing which could affect its dividend policy. However, any determination to pay dividends in the future will be at the discretion of the Board of Directors and will depend upon the Company's results of operations, financial condition, capital restrictions, covenants and other factors deemed relevant by the Board of Directors.

On February 15, 2007, the Company's Board of Directors declared a cash dividend for the fourth quarter of 2006 of $0.51 per share, based on 35,900,001 of the Company's common shares outstanding, payable to all shareholders of record as of February 28, 2007. The aggregate amount of this cash dividend paid to the Company's shareholders on March 2, 2007 was $18,309,000.

On April 18, 2007, the Company's Board of Directors declared a cash dividend for the first quarter of 2007 of $0.50 per share, based on 41,713,820 of the Company's common shares outstanding, payable to all shareholders of record as of April 30, 2007. The aggregate amount of this cash dividend paid to the Company's shareholders on May 3, 2007 was $20,856,910.

On July 18, 2007, the Company's Board of Directors declared a cash dividend for the second quarter of 2007 of $0.47 per share, based on 41,713,820 of the Company's common shares outstanding, payable to all shareholders of record as of August 1, 2007. The aggregate amount of this cash dividend paid to the Company's shareholders on August 7, 2007 was $19,605,495.

Note 8. 2005 Stock Incentive Plan

The Company adopted the 2005 Stock Incentive Plan for the purpose of affording an incentive to eligible persons. The 2005 Stock Incentive Plan provides for the grant of equity-based awards, including stock options, stock appreciation rights, restricted stock, restricted stock units, stock bonuses, dividend equivalents and other awards based on or relating to the Company's common shares to eligible non-employee directors, selected officers and other employees and independent contractors. The plan is administered by a committee of the Company's Board of Directors.

An aggregate of 2.6 million shares of the Company's common stock has been authorized for issuance under the plan. On March 17, 2006, the Company granted options to purchase 56,666 of the Company's common shares to its independent non-employee directors. These options vested and became exercisable on the grant date at an exercise price of $13.23 per share. During the three-month period ended September 30, 2007, options to purchase 13,333 shares were exercised in the third quarter ended September 30, 2007. On January 12, 2007, the Company granted options to purchase 13,334 of the Company's common shares to its independent non-employee directors and 524,000 of the Company's common shares to members of its management. The options have an exercise price of $17.80 per share and they vested and became exercisable for the non-employee directors on the grant date while the options for management vest and become exercisable over three years. All options expire ten years from the date of grant.

For purposes of determining compensation cost for the Company's stock option plans using the fair value method of FAS 123(R), the fair value of the options granted was estimated on the date of grant using the Black-Scholes option

pricing model with the following weighted average assumptions: risk free interest rate of 5%, dividend yield of 11%, expected stock price volatility factor of 0.45. For the three-month and nine-month periods ended September 30, 2007, the Company recorded non-cash compensation charges of $120,614 and $366,381, respectively, relating to the of these stock options.

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Note 9. Subsequent Events

Credit Facility

On October 19, 2007, the Company entered into an amended and restated Credit Agreement with the Royal Bank of Scotland plc to increase the amount available under its revolving credit facility from $600 million to $1.6 billion. The amended facility has a term of ten years, and there are no principal repayment obligations until July 2012. Over the remaining five years until maturity in July 2017, the facility will reduce in semi-annual amounts of $75,000,000 with a final reduction of $850,000,000 occurring simultaneously with the last semi-annual reduction. The facility bears interest at the rate of 0.80% to 0.90% over LIBOR, and is subject to a commitment fee of 0.25% annually on unused amounts. The amended facility also provides the Company with the ability to borrow up to $20,000,000 for working capital purposes.

Dividend

On November 7, 2007, the Company's Board of Directors declared a cash dividend for the third quarter of 2007 of $0.50 per share, based on 46,727,153 of the Company's common shares outstanding, payable to all shareholders of record as of November 21, 2007. The aggregate amount of this cash dividend payable to the Company's shareholders on November 28, 2007 is $23,363,577.

Stock Incentive Plan

On October 3, 2007 the Company granted 360,000 restricted stock units to members of its management which represent the right to receive one share of common stock as of the date of vesting with such vesting to occur ratably over three years at 331/3% on each yearly anniversary of the date of grant.

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ITEM 2.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following is a discussion of the Company's financial condition and results of operation for the three-month and nine-month periods ended September 30, 2007 and 2006. This section should be read in conjunction with the consolidated financial statements included elsewhere in this report and the notes to those financial statements.

This discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995 and are intended to be covered by the safe harbor provided for under these sections. These statements may include words such as ''believe,'' ''estimate,'' ''project,'' ''intend,'' ''expect,'' ''plan,'' ''anticipate,'' and sim expressions in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward looking statements reflect management's current expectations and observations with respect to future events and financial performance. Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by those forward-looking statements. The principal factors that affect our financial position, results of operations and cash flows include, charter market rates, which have recently increased to historic highs, and periods of charter hire, vessel operating expenses and voyage costs, which are incurred primarily in U.S. dollars, depreciation expenses, which are a function of the cost of our vessels, significant vessel improvement costs and our vessels' estimated useful lives, and financing costs related to our indebtedness. Our actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors which could include the following: (i) changes in demand in the dry bulk market, including, without limitation, changes in production of, or demand for, commodities and bulk cargoes, generally or in particular regions; (ii) greater than anticipated levels of dry bulk vessel new building orders or lower than anticipated rates of dry bulk vessel scrapping; (iii) changes in rules and regulations applicable to the dry bulk industry, including, without limitation, legislation adopted by international bodies or organizations such as the International Maritime Organization and the European Union or by individual countries; (iv) actions taken by regulatory authorities; (v) changes in trading patterns significantly impacting overall dry bulk tonnage requirements; (vi) changes in the typical seasonal variations in dry bulk charter rates; (vii) changes in the cost of other modes of bulk commodity transportation; (viii) changes in general domestic and international political conditions; (ix) changes in the condition of the Company's vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated dry docking costs); (x) and other factors listed from time to time in our filings with the Securities and Exchange Commission. This discussion also includes statistical data regarding world dry bulk fleet and orderbook and fleet age. We generated some of these data internally, and some were obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified these data nor sought the consent of any organizations to refer to their reports in this annual report. We disclaim any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Overview

We are Eagle Bulk Shipping Inc., a Republic of the Marshall Islands corporation headquartered in New York City. We are the largest U.S. based owner of Handymax dry bulk vessels. Handymax dry bulk vessels range in size from 35,000 to 60,000 deadweight tons, or dwt, and transport a broad range of major and minor bulk cargoes, including iron ore, coal, grain, cement and fertilizer, along worldwide shipping routes. As of September 30, 2007, we owned and operated a modern fleet of 18 Handymax dry bulk vessels. In addition to our operating fleet of 18 vessels, we have

also entered into contracts for 31 newbuilding vessels which are scheduled to be constructed and delivered to us between August 2008 and April 2012. These acquisitions will bring our total operating and newbuild fleet to 49 vessels with a cargo carrying capacity of 2.7 million deadweight tons.

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We are focused on maintaining a high quality fleet that is concentrated primarily in one vessel type – Handymax dry bulk carriers and its sub-category of Supramax vessels which are Handymax vessels ranging in size from 50,000 to 60,000 dwt. Fifteen of the 18 vessels in our operating fleet at September 30, 2007, are classified as Supramax dry bulk vessels. These vessels have the cargo loading and unloading flexibility of on-board cranes while offering cargo carrying capacities approaching that of Panamax dry bulk vessels, which range in size from 60,000 to 100,000 dwt and must rely on port facilities to load and offload their cargoes. We believe that the cargo handling flexibility and cargo carrying capacity of the Supramax class vessels make them attractive to potential charterers. The 18 vessels in our operating fleet, with an aggregate carrying capacity of 915,502 deadweight tons, have an average age of only 6 years compared to an average age for the world Handymax dry dulk fleet of over 15 years.

Each of our vessels is owned by us through a separate wholly owned Republic of the Marshall Islands limited liability company.

We maintain our principal executive offices at 477 Madison Avenue, New York, New York 10022. Our telephone number at that address is (212) 785-2500. Our website address is www.eagleships.com. Information contained on our website does not constitute part of this quarterly report.

Our financial performance since inception is based on the following key elements of our business strategy:

(1) concentration in one vessel category: Handymax dry bulk vessels, which we believe offer size, operational and geographical advantages (over Panamax and Capesize vessels),

(2) our strategy is to charter our vessels primarily pursuant to one- to three-year time charters to allow us to take advantage of the stable cash flow and high utilization rates that are associated with medium to long-term time charters. Reliance on the spot market contributes to fluctuations in revenue, cash flow, and net income. On the other hand, time charters provide a shipping company with a predictable level of revenues. We have entered into time charters for all of our vessels which range in length from one to three years and provide for fixed semi-monthly payments in advance. This strategy is effective in strong and weak dry bulk markets, giving us security and predictability of cashflows when we look at the volatility of the shipping markets,

(3) maintain high quality vessels and improve standards of operation through improved environmental procedures, crew training and maintenance and repair procedures, and

(4) maintain a balance between purchasing vessels as market conditions and opportunities arise and maintaining prudent financial ratios (e.g. leverage ratio).

New Acquisitions

During the first quarter of 2007, we purchased three modern Supramax vessels, the SHRIKE, SKUA and KITTIWAKE, for a total contract price of $138,700,000. We took delivery of the SHRIKE on April 24, 2007, the SKUA on June 20, 2007 and the KITTIWAKE on June 27, 2007. Upon their delivery to us, these vessels immediately commenced time charters.

In the nine months ended September 30, 2007, we have further expanded our newbuilding program by entering into three additional contracts with IHI Marine United Inc., a Japanese shipyard, for the construction of ‘Future-56’ class Supramax 56,000 deadweight ton vessels. In March 2007, we entered into two contracts with the shipyard for the

construction of the CROWNED EAGLE and CRESTED EAGLE, which are expected to be delivered in November 2008 and February 2009, respectively. In April 2007, we entered into a contract with the shipyard for the construction of the STELLAR EAGLE, which is expected to be delivered in April 2009. The contract price for each vessel is 3.83 billion Japanese yen or approximately $33,355,000 after giving effect to currency hedges.

As of September 30, 2007, we have five 56,000 deadweight ton vessel newbuildings on order and we have placed deposits aggregating $62,912,092 towards the construction of these vessels. Of these deposits, $25,265,936 and $12,848,038 were placed during the first and second quarter of 2007, respectively.

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During the third quarter of 2007, we acquired a fleet of 26 Supramax newbuilding vessels for a total consideration of approximately $1,100,000,000 from Kyrini Shipping Inc., a Liberian corporation. The consideration includes approximately $944,000,000 in construction contracts payable to the shipyard and a cash consideration of $150,000,000 to purchase all of the issued and outstanding shares of the capital stock of 19 wholly owned subsidiaries of Kyrini Shipping Inc., a Liberian corporation whose primary assets consisted of contracts for the construction of 18 Supramax drybulk vessels and options for the construction of a further 8 Supramax drybulk vessels which were exercised on August 1, 2007. Five of these Supramax vessels are of the 53,000 deadweight ton category, while the remaining 21 are of the 58,000 deadweight ton category. These vessels are expected to be delivered between 2008 and 2012. Of these 26 vessels, 21 vessels are secured by long-term charters through 2018, as represented in the Notes to the accompanying financial statements.

With these transactions, the Company has increased its fleet from 23 vessels to 49 vessels with an aggregate carrying capacity of 2.7 million deadweight tons.

Sale of Vessel

In February 2007, we sold the SHIKRA, a 1984-built Handymax vessel to an unrelated third party for $12,525,000. We recorded a gain on the sale of $872,568.

Fleet Management

The management of our fleet includes the following functions:

- Strategic management. We locate, obtain financing and insurance for, purchase and sell vessels.
- Commercial management. We obtain employment for our vessels and manage our relationships with charterers.
- Technical management. The technical manager performs day-to-day operations and maintenance of our vessels.

Commercial and Strategic Management

We carry out the commercial and strategic management of our fleet through our wholly owned subsidiary, Eagle Shipping International (USA) LLC, a Republic of the Marshall Islands limited liability company that maintains its principal executive offices in New York City. We currently have a total of fifteen shore based personnel, including our senior management team and our office staff, who either directly or through this subsidiary, provides the following services:

- commercial operations and technical supervision;
- safety monitoring;
- vessel acquisition; and
- financial, accounting and information technology services.

Technical Management

The technical management of our fleet is provided by unaffiliated third party technical managers. Until recently, V.Ships, whom we believe is the world's largest provider of independent ship management and related services, was the sole technical manager of our fleet. However, the recent growth in our fleet has provided us with an opportunity to bring in an additional manager and benchmark our vessel technical operations. We have therefore entered into agreements with Barbers International Ltd., a leading internationally recognized ship manager to technically manage some of our vessels. We review the performance of our ship managers on an ongoing basis and may add or change technical managers.

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Our technical managers are paid a fixed management fee for each vessel in our operating fleet for the technical management services provided. For the three-month period ended September 30, 2007, the technical management fee averaged $8,851 per vessel per month compared to $8,583 per vessel per month in the corresponding period ended September 30, 2006. For the nine-month period ended September 30, 2007, the technical management fee averaged $ 8,990 per vessel per month compared to $8,583 per vessel per month in the corresponding period ended September 30, 2006.

Value of Assets and Cash Requirements

The replacement costs of comparable new vessels may be above or below the book value of our fleet. The market value of our fleet may be below book value when market conditions are weak and exceed book value when markets conditions are strong. In common with other shipowners, we may consider asset redeployment which at times may include the sale of vessels at less than their book value.

The Company’s results of operations and cash flow may be significantly affected by future charter markets.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our interim, unaudited, consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, and the rules and regulations of the SEC which apply to interim financial statements. The preparation of those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. As the discussion and analysis of our financial condition and results of operations is based upon our interim, unaudited, consolidated financial statements, they do not include all of the information on critical accounting policies normally included in consolidated financial statements. Accordingly, a detailed description of these critical accounting policies should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Reports on Form 10-K. There have been no material changes from the ‘‘Critical Accounting Policies’’ previously disclosed in our Form 10-K for the year ended December 31, 2006.

Results of Operations for the three-month and nine-month periods ended September 30, 2007 and 2006

Fleet Data

We believe that the measures for analyzing future trends in our results of operations consist of the following:

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006

2007	September 30,							
2006	Ownership Days	1,656	1,463	4,510	3,816	Available Days	1,607	1,443	4,440	3,752
Operating Days	1,595	1,437	4,417	3,734	Fleet Utilization	99.3 %	99.6 %	99.5 %	99.5 %

- Ownership days: We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

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Our fleet size in 2007 has increased from that of 2006, resulting in an increase in Ownership days. During the three-month period ended September 30, 2007, we operated 18 vessels compared to 16 vessels in the corresponding quarter in 2006. During the nine-month period ended September 30, 2007, we operated 18 vessels, net of the sale of the SHIKRA in the first quarter of 2007, compared to 16 vessels in the corresponding period in 2006.

- Available days: We define available days as the number of our ownership days less the aggregate number of days that our vessels are off-hire due to vessel familiarization upon acquisition, scheduled repairs or repairs under guarantee, vessel upgrades or special surveys and the aggregate amount of time that we spend positioning our vessels. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.

During the three-month periods ended September 30, 2007 and 2006, we incurred 49 and 20 drydock days, respectively. During the nine-month period ended September 30, 2007, we incurred 49 and 63 drydock days, respectively. Available days in 2007 increased, due to larger fleet size compared to the corresponding period in 2006. Available days in 2007 were, however, impacted by time spent positioning the SHIKRA for sale in the first quarter.

- Operating days: We define operating days as the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.
- Fleet utilization: We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning. Our fleet continues to perform at high utilization rates.

Revenues

All our vessels are employed on time charters. Our time charter equivalent (''TCE'') rate is equal to the time charter rate. As is common in the shipping industry, we pay commissions ranging from 1.25% to 6.25% of the total daily charter hire rate of each charter to unaffiliated ship brokers and in-house brokers associated with the charterers, depending on the number of brokers involved with arranging the charter.

Net revenues for the three-month period ended September 30, 2007 of $33,955,704 included billed time charter revenues of $36,934,096, deductions for brokerage commissions of $1,898,392 and amortization of net prepaid charter revenue of $1,080,000. Net revenues for the three-month period ended September 30, 2007 were 20% greater than net revenues for the three-month period ended September 30, 2006, primarily due to a larger fleet size as reflected by increased operating days and an increase in daily time charter rates. Net revenue for the three-month period ended September 30, 2006 of $28,358,830 included billed time charter revenues of $30,671,690, deductions for brokerage commissions of $1,587,860 and amortization of net prepaid and deferred charter revenue of $725,000.

Net revenues for the nine-month period ended September 30, 2007 of $89,202,283 included billed time charter revenues of $97,422,371, deductions for brokerage commissions of $4,980,088 and amortization of net prepaid charter revenue of $3,240,000. Net revenues for the nine-month period ended September 30, 2007 were 17% greater than net revenues for the nine-month period ended September 30, 2006, primarily due to a larger fleet size as reflected by

increased operating days and an increase in daily time charter rates. Net revenue for the nine-month period ended September 30, 2006 of $76,254,265 included billed time charter revenues of $82,919,582, deductions for brokerage commissions of $4,229,817 and amortization of net prepaid and deferred charter revenue of $2,435,500.

Vessel Expenses

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores and related inventory,

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tonnage taxes, pre-operating costs associated with the delivery of acquired vessels including providing the newly acquired vessels with initial provisions and stores, and other miscellaneous expenses.

Vessel expenses for the three-month period ended September 30, 2007 were $6,647,223 compared to $6,118,038 in the three-month period ended September 30, 2006. The increase in vessel expense is attributable to a larger fleet size in operation for the third quarter of 2007 and increases in vessel crew and lubricants costs. Vessel expenses for the three-month period ended September 30, 2007 included $6,144,820 in vessel operating costs and $502,403 in technical management fees. For the three-month period ended September 30, 2006, vessel expenses included $5,231,420 in vessel operating costs, $410,353 in technical management fees, $213,636 in delivery and pre-operating costs, including costs for providing initial provisions, stores and spares and $262,629 in costs associated with vessel on-board inventory.

Vessel expenses for the nine-month period ended September 30, 2007 were $19,749,702 compared to $15,742,457 in the nine-month period ended September 30, 2006. The increase in vessel expense is attributable to a larger fleet size in operation for the nine-month period of 2007 and increases in vessel crew and lubricants costs. Vessel expenses for the nine-month period ended September 30, 2007 included $18,416,785 in vessel operating costs and $1,332,917 in technical management fees. For the nine-month period ended September 30, 2006, vessel expenses included $14,080,431 in vessel operating costs and $1,079,853 in technical management fees and $213,636 in delivery and pre-operating costs, including costs for providing initial provisions, stores and spares and $368,537 in costs associated with vessel on-board inventory.

Our vessel expenses will increase with the enlargement of our fleet. Other factors beyond our control, some of which may affect the shipping industry in general, may also cause these expenses to increase, including, for instance, developments relating to market prices for crew, insurance and petroleum-based lubricants and supplies.

Depreciation and Amortization

The cost of our vessels is depreciated on a straight-line basis over the expected useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated residual value. We estimate the useful life of our vessels to be 28 years from the date of initial delivery from the shipyard to the original owner. Furthermore, we estimate the residual values of our vessels to be $150 per lightweight ton, which we believe is common in the dry bulk shipping industry. Our depreciation charges will increase as our fleet is enlarged which will lead to an increase in ownership days.

For the three-month periods ended September 30, 2007 and 2006, total depreciation and amortization expense were $7,241,927 and $5,980,747, respectively. Total depreciation and amortization expense for the three-month period ended September 30, 2007 includes $6,773,810 of vessel depreciation and $468,117 relating to the amortization of deferred drydocking costs. Comparable amounts for the three-month period ended September 30, 2006 were $5,775,804 of vessel depreciation and $204,943 of amortization of deferred drydocking costs.

For the nine-month periods ended September 30, 2007 and 2006, total depreciation and amortization expense were $19,079,511 and $15,737,990, respectively. Total depreciation and amortization expense for the nine-month period ended September 30, 2007 includes $18,008,485 of vessel depreciation and $1,071,026 relating to the amortization of deferred drydocking costs. Comparable amounts for the nine-month period ended September 30, 2006 were $15,222,940 of vessel depreciation and $515,050 of amortization of deferred drydocking costs.

Amortization of deferred financing costs is included in interest expense. These financing costs relate to costs associated with our revolving credit facility and these are amortized over the life of the facility. For the three-month

periods ended September 30, 2007 and 2006, the amortization of deferred financing costs was $62,286 and $51,266, respectively. For the nine-month periods ended September 30, 2007 and 2006, the amortization of deferred financing costs was $180,070 and $117,491, respectively.

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General and Administrative Expenses

Our general and administrative expenses include onshore vessel administration related expenses such as legal and professional expenses and administrative and other expenses including payroll and expenses relating to our executive officers and office staff, office rent and expenses, directors fees, and directors and officers insurance.

General and administrative expenses for the three-month periods ended September 30, 2007 and 2006 were $1,570,980 and $1,266,905, respectively. The increase in general and administrative expenses for the three-month period ended September 30, 2007 was attributable to expenses associated with a larger fleet.

General and administrative expenses for the nine-month periods ended September 30, 2007 and 2006 were $4,787,974 and $3,366,408, respectively. The increase in general and administrative expenses for the nine-month period ended September 30, 2007 was attributable to expenses associated with a larger fleet. We expect general and administrative expenses to increase as we expand our fleet

Non-Cash Compensation Expense

For the three-month periods ended September 30, 2007 and 2006, the Company recorded non-cash compensation charges of $120,614 and $3,076,699 respectively. The expense for the three-month period ended September 30, 2007 relates to the fair value of the stock options granted in January 2007 to certain directors of the Company and members of management under the 2005 Stock Incentive Plan. The expense for the three-month period ended September 30, 2006 relates to profits interests awarded to members of the Company's management by the Company's then principal shareholder Eagle Ventures LLC.

For the nine-month periods ended September 30, 2007 and 2006, the Company recorded non-cash compensation charges of $3,504,193 and $5,768,355, respectively. The expense for the nine-month period ended September 30, 2007 includes $366,381 which relates to the stock options granted in January 2007 to members of management under the 2005 Stock Incentive Plan. The expense for the nine-month period ended September 30, 2006 includes $5,721,322 in non-cash, non-dilutive charges relating to profits interests awarded to members of the Company's management by the Company's former principal shareholder Eagle Ventures LLC, and a non-cash amount of $47,033 which relates to the stock options granted to certain directors of the Company under the 2005 Stock Incentive Plan.

On January 16, 2007, Eagle Ventures LLC (''Eagle Ventures'') sold 7,202,679 shares of the Company's common shares in a secondary offering. The Company did not receive any proceeds from this offering. Based on the discretion of the compensation committee of Eagle Ventures, exercised in accordance with the Fifth LLC Agreement, Eagle Ventures redeemed and retired the common interests held by certain members in full liquidation of the common interests held by such members. The remaining proceeds received by Eagle Ventures will be retained until a future distribution is determined to be made by the compensation committee of Eagle Ventures. Future distributions of the remaining cash proceeds, and the proceeds received from the sale of the 127,778 common shares held by Eagle Ventures, will be distributed to the remaining members of Eagle Ventures, including an affiliate of Kelso and members of our management that hold profits interests, in accordance with the Fifth LLC Agreement, as modified by the permitted discretion of the compensation committee of Eagle Ventures reflected in an amendment to the Fifth LLC Agreement.

These non-cash, non-dilutive charges relate to profits interests awarded to members of the Company's management by the Company's former principal shareholder, Eagle Ventures. These profits interests diluted only the interests of the owners of Eagle Ventures, and did not dilute the direct holders of the Company's common shares. The non-cash

compensation charge was recorded as an expense over the estimated service period in accordance with SFAS No. 123(R). The non-cash compensation charges were based on the fair value of the profits interests which were ‘‘marked to market’’ at the end of each reporting period. The impact of any changes in the estimated fair value of the profits interests were recorded as a change in estimate cumulative to the date of change. The expense relating to the profits interest is now fixed. There will be no charges in future periods. The

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Company's Financial Statements for the year ended December 31, 2006 on Form 10-K includes a more detailed description of these profits interests.

On October 3, 2007 the Company granted 360,000 restricted stock units to members of its management which represent the right to receive one share of common stock as of the date of vesting with such vesting to occur ratably over three years at 331/3% on each yearly anniversary of the date of grant. The closing price of the Company's stock on the date of the grant was $27.04.

Interest and Finance Costs

During the three-month period ended September 30, 2007, we borrowed a total of $225,462,500 from our current revolving credit facility which was used to fund the advances for the newbuilding vessels, capitalized borrowing costs and other costs associated with the newbuilding vessels.

During the nine-month period ended September 30, 2007, we borrowed a gross amount of $300,304,279 from its revolving credit facility and used $12,440,000 from the gross proceeds of the sale of the SHIKRA to repay borrowings from the revolving credit facility. Of these borrowings, $36,344,000 was used to partly fund the purchase of the three vessels, SHRIKE, SKUA and KITTIWAKE, which was delivered in the second quarter, $259,576,474 was used to fund the advances for the newbuilding vessels, and $4,383,805 was used to fund the capitalized borrowing costs and other costs associated with the newbuilding vessels.

At September 30, 2007, our debt consisted of $527,839,099 in borrowings under the revolving credit facility. These borrowings consisted of $238,704,000 for the 18 vessels currently in operation and $289,135,099 to fund the Company's newbuilding program. Interest expense on the debt borrowed to fund the deposits and advances for the newbuilding vessels is capitalized (see below).

The revolving credit facility bears interest at the rate of 0.75% to 0.85% over LIBOR, depending upon the amount of debt drawn as a percentage of the value of the Company's vessels. We also pay on a quarterly basis a commitment fee of 0.25% per annum on the undrawn amount of the facility.

For the three-month period ended September 30, 2007, interest rates applicable on our debt ranged from 4.97% to 6.56%, including the applicable margin. The weighted average effective interest rate was 5.95%. For the three-month period ended September 30, 2006, interest rates applicable on our debt ranged from 4.97% to 6.32%, including the applicable margin. The weighted average effective interest rate was 5.49%.

For the nine-month period ended September 30, 2007, interest rates applicable on our debt ranged from 4.97% to 6.56%, including the applicable margin. The weighted average effective interest rate was 5.68%. For the nine-month period ended September 30, 2006, interest rates applicable on our debt ranged from 5.17% to 6.29%, including the applicable margin. The weighted average effective interest rate was 5.37%.

Interest Expense, exclusive of capitalized interest, consists of:

	Three Months Ended	Nine Months Ended	September 30, 2007	September 30,

2006 September 30,
2007 September 30,
2006 Loan Interest $ 3,340,888 $ 2,986,183 $ 9,247,055 $ 6,720,658 Commitment Fees 73,803
142,887 362,416 525,860 Amortization of Deferred Financing Costs 62,286 51,266 180,070
117,491 Total Interest Expense $ 3,476,977 $ 3,180,336 $ 9,789,541 $ 7,364,009
Capitalized Interest

For the three-month period ended September 30, 2007, interest expense on the debt borrowed to fund the deposits for the newbuilding vessels amounted to $3,256,349 ($3,208,775 in interest and $47,574 in amortization of financing expenses) and this amount has been capitalized as part of the cost of the newbuilding vessels and is included in Advances for Vessel Construction in the financial statements as of September 30, 2007.

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For the nine-month period ended September 30, 2007, interest expense on the debt borrowed to fund the deposits for the newbuilding vessels amounted to $4,613,023 ($4,493,578 in interest and $119,445 in amortization of financing expenses) and this amount has been capitalized as part of the cost of the newbuilding vessels and is included in Advances for Vessel Construction in the financial statements as of September 30, 2007.

Interest Rate Swaps

We have entered into interest rate swaps to effectively convert a portion of its debt from a floating to a fixed-rate basis. Under these swap contracts, exclusive of applicable margins, we pay fixed rate interest and receive floating-rate interest amounts based on three-month LIBOR settings. The swaps are designated and qualify as cash flow hedges.

As of September 30, 2007, the following swap contracts were outstanding:

– Notional amount of $100,000,000 with a fixed interest rate of 4.22% and maturity in September 2010

– Notional amount of $30,000,000 with a fixed interest rate of 4.54% and maturity in September 2010

– Notional amount of $84,800,000 with a fixed interest rate of 5.24% and maturity in September 2009

– Notional amount of $25,048,118 with a fixed interest rate of 4.74% and maturity in December 2011

– Notional amount of $25,776,443 with a fixed interest rate of 4.74% and maturity in March 2010

– Notional amount of $36,752,038 with a fixed interest rate of 5.22% and maturity in August 2012

– Notional amount of $202,340,000 with a fixed interest rate of 5.04% and maturity in August 2010

– Notional amount of $10,995,000 with a fixed interest rate of 4.98% and maturity in August 2010

We record the fair value of the interest rate swaps as an asset or liability on the balance sheet. The effective portion of the swap is recorded in accumulated other comprehensive income. Accordingly, a liability of $3,046,504 and an asset of $2,936,804 has been recorded in Other Assets and Other Liabilities, in the Company’s financial statements as of September 30, 2007 and December 31, 2006, respectively.

Foreign Currency Swaps

The shipping industry’s functional currency is the U.S. dollar. All our revenues and the majority of our operating expenses and the entirety of our management expenses are in U.S. dollars. Therefore, we do not use or intend to use financial derivatives to mitigate the risk of exchange rate fluctuations for our revenues and expenses.

However, we have entered into foreign exchange swap transactions to hedge foreign currency risks on our capital asset transactions (vessel newbuildings). The swaps are designated and qualify as cash flow hedges.

At December 31, 2006, we had outstanding foreign currency swap contracts for notional amounts aggregating 4.386 billion Japanese yen swapped into the equivalent of $42,310,465. During the nine-month period ended September 30, 2007, we swapped a total of 11.5 billion in Japanese yen currency exposure into the equivalent of

$100,063,505. After giving effect to the deposits paid for the newbuildings, at September 30, 2007, our outstanding foreign currency swap contracts for notional amounts aggregated 11.280 billion Japanese yen swapped into the equivalent of $104,259,998.

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We record the fair value of the currency swaps as an asset or liability in our financial statements. The effective portion of the swap is recorded in accumulated other comprehensive income. Accordingly, an amount of $105,465 and $359,180 have been recorded in Other Liabilities in the accompanying financial statements as of September 30, 2007 and December 31, 2006, respectively.

Gain on Sale of Vessel

On February 27, 2007, we sold the SHIKRA, a 1984-built Handymax vessel, to an unrelated third party for $12,525,000. We incurred total expenses of $513,518 relating to the sale. We recorded a gain on the sale of $872,568.

EBITDA

EBITDA represents operating earnings before extraordinary items, depreciation and amortization, interest expense, and income taxes, if any. EBITDA is included because it is used by certain investors to measure a company's financial performance. EBITDA is not an item recognized by GAAP and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity. EBITDA is presented to provide additional information with respect to the Company's ability to satisfy its obligations including debt service, capital expenditures, and working capital requirements. While EBITDA is frequently used as a measure of operating results and the ability to meet debt service requirements, the definition of EBITDA used here may not be comparable to that used by other companies due to differences in methods of calculation.

Our revolving credit facility permits us to pay dividends in amounts up to our earnings before extraordinary or exceptional items, interest, taxes, depreciation and amortization (Credit Agreement EBITDA), less the aggregate amount of interest incurred and net amounts payable under interest rate hedging agreements during the relevant period and an agreed upon reserve for dry-docking. Therefore, we believe that this non-GAAP measure is important for our investors as it reflects our ability to pay dividends. The following table is a reconciliation of net income, as reflected in the consolidated statements of operations, to the Credit Agreement EBITDA:

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Net Income	$ 15,501,895	$ 9,100,737	$ 35,914,378	$ 29,284,974
Interest Expense	3,476,977	3,180,336	9,789,541	7,364,009
Depreciation and Amortization	7,241,927	5,980,747	19,079,511	15,737,990
Amortization of Prepaid and Deferred Revenue	1,080,000	725,000	3,240,000	2,435,500
EBITDA	27,300,799	18,986,820	68,023,430	54,822,473
Adjustments for Exceptional Items:				
Non-cash Compensation Expense(1)	120,614	3,076,699	3,504,193	5,768,355
Credit Agreement EBITDA	$ 27,421,413	$ 22,063,519	$ 71,527,623	$ 60,590,828

(1) Management's participation in profits interests in Eagle Ventures LLC and stock options (see Notes to our financial statements)

Effects of Inflation

We do not believe that inflation has had or is likely, in the foreseeable future, to have a significant impact on vessel operating expenses, drydocking expenses or general and administrative expenses.

Liquidity and Capital Resources

Net cash provided by operating activities during the nine-month periods ended September 30, 2007 and 2006 was $62,587,594 and $52,123,412, respectively. The increase was primarily

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due to cash generated from the operation of the fleet for 4,417 operating days in the nine-month period ended September 30, 2007 compared to 3,734 operating days during the same period in 2006.

Net cash used in investing activities during the nine-month period ended September 30, 2007, was $391,953,782. During the nine-month period ended September 30, 2007, we purchased three modern Supramax vessels, the SHRIKE, SKUA and KITTIWAKE, for a total contract price of $138,700,000. We also incurred associated costs of $176,098 relating to these vessel acquisitions. During the nine-month period ended September 30, 2007, for our newbuilding program, we placed deposits in Japanese yen of an equivalent $38,113,974 for three 56,000 deadweight ton vessels, the CROWNED EAGLE, CRESTED EAGLE and STELLAR EAGLE, which are to be constructed and delivered in November 2008, February 2009 and April 2009, respectively. These deposits are in addition to the deposits of $24,798,118 that were placed for the GOLDEN EAGLE and IMPERIAL EAGLE in 2006. In addition, we advanced an aggregate of $221,462,500 in advances and shipyard deposits for the transaction involving 26 newbuilding vessels. We have also incurred associated capitalized interest costs of $4,493,579and capitalized other costs of $1,019,113. On February 12, 2007, we sold the SHIKRA, a 1984-built Handymax vessel, to an unrelated third party for $12,525,000 and we incurred total expenses of $513,518 relating to the sale.

Net cash provided by financing activities during the nine-month period ended September 30, 2007 was $462,037,833. In the nine-month period ended September 30, 2007, we received $239,848,266 in gross proceeds from the sale of common shares of the Company and we paid costs of $5,701,127 associated with the share sales. We borrowed $300,304,279 from our revolving credit facility, of which amount of $36,344,000 was used to partly fund the purchase of the three vessels,SHRIKE, SKUA and KITTIWAKE, which was delivered in the second quarter, $259,576,474 was used to fund the advances for the newbuilding vessels, and $4,383,805 was used to fund the capitalized borrowing costs and other costs associated with the newbuilding vessels. We used $12,440,000 from the gross proceeds of the sale of the SHIKRA to repay borrowings from the revolving credit facility. During the nine-month period ended September 30, 2007, we paid $58,771,405 in dividends. Net cash provided by financing activities during the nine-month period ended September 30, 2006, was $51,676,257 which primarily consisted of $33,000,000 in gross proceeds from a private placement of shares of the Company’s common stock, borrowings of $74,800,000 from the Company’s revolving credit facility, and payments of $53,420,500 in dividends.

As of September 30, 2007, our cash balance was $154,947,136 compared to a cash balance of $22,275,491 at December 31, 2006. In addition, $7,200,000 in cash deposits are maintained with our lender for loan compliance purposes and this amount is recorded in Restricted Cash in our financial statements as of September 30, 2007. The cash deposit amount at the end of December 31, 2006 was $6,400,000. Also recorded in Restricted Cash is an amount of $124,616 which is collateralizing a letter of credit relating to our office lease.

Our revolving credit facility has been amended and enhanced periodically to accommodate the newbuilding program. The incremental borrowings are subject to the same terms and conditions as the existing credit facility. As of September 30, 2007, total availability under the enhanced revolving credit facility was $600,000,000 of which $527,839,099 has been borrowed. The facility also provides us with the ability to borrow up to $15,000,000 for working capital purposes. Subsequent to the end of the third quarter, on October 19, 2007, the revolving credit facility was amended, restated and enhanced to $1,600,000 (See section entitled ‘‘Revolving Credit Facility’’ for a description of the facility and its amendments).

We anticipate that our current financial resources, together with cash generated from operations and, if necessary, borrowings under our revolving credit facility will be sufficient to fund the operations of our fleet, including our working capital requirements, for at least the next 12 months. Our amended and enhanced credit facility also provides us with the funds required to meet our newbuilding commitments. We were in compliance with all of the covenants

contained in our debt agreements as of September 30, 2007.

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Dividends

Our current policy is to declare quarterly dividends to stockholders in March, May, August and November in amounts that are substantially equal to our available cash from operations during the previous quarter less any cash reserves for drydocking and working capital.

Our revolving credit facility permits us to pay quarterly dividends in amounts up to our quarterly earnings before extraordinary or exceptional items, interest, taxes, depreciation and amortization (Credit Agreement EBITDA), less the aggregate amount of interest incurred and net amounts payable under interest rate hedging agreements during the relevant period and an agreed upon reserve for drydocking for the period, provided that there is not a default or breach of loan covenant under the credit facility and the payment of the dividends would not result in a default or breach of a loan covenant. Depending on market conditions in the dry bulk shipping industry and acquisition opportunities that may arise, we may be required to obtain additional debt or equity financing which could affect our dividend policy.

On February 15, 2007, our Board of Directors declared a cash dividend for the fourth quarter of 2006 of $0.51 per share, based on 35,900,001 of the Company's common shares outstanding, payable to all shareholders of record as of February 28, 2007. The aggregate amount of this cash dividend paid to our shareholders on March 2, 2007 was $18,309,000.

On April 18, 2007, our Board of Directors declared a cash dividend for the first quarter of 2007 of $0.50 per share based on 41,713,820 of the Company's common shares outstanding, payable to all shareholders of record as of April 30, 2007. The aggregate amount of this cash dividend paid to our shareholders on May 3, 2007 was $20,856,910. Since we did not own the three vessels we agreed to acquire in the first quarter and did not receive the benefit of their revenues during the first quarter (the SHRIKE delivered on April 24, 2007 and SKUA and KITTIWAKE delivered in September 2007), we funded approximately $2,850,000 of this dividend from excess working capital in order to pay the indicated dividend of $0.50 per share.

On July 18, 2007, our Board of Directors declared a cash dividend for the second quarter of 2007 of $0.47 per share, based on 41,713,820 of the Company's common shares outstanding, payable to all shareholders of record as of August 1, 2007. The aggregate amount of this cash dividend paid to the Company's shareholders on August 7, 2007 was $19,605,495.

Subsequent to the end of the third quarter, on November 7, 2007, the Company's Board of Directors declared a cash dividend for the third quarter of 2007 of $0.50 per share, based on 46,727,153 of the Company's common shares outstanding, payable to all shareholders of record as of November 21, 2007. The aggregate amount of this cash dividend payable to the Company's shareholders on November 28, 2007, is $23,363,577.

Sale of Common Shares

On January 16, 2007, our then principal shareholder, Eagle Ventures LLC, sold 7,202,679 of the Company's common shares from its holdings of the Company's common stock in a secondary sale in a private placement. The Company did not receive any proceeds from this offering.

On March 6, 2007, we sold 5,400,000 of our common stock at a price to the public of $18.95 per share raising gross proceeds of $102,330,000. On March 23, 2007, we raised an additional $7,841,870 in gross proceeds from the underwriter's exercise of their over-allotment option for the purchase of 413,819 of our common shares. We used the net proceeds from the offering to fund a portion of the acquisition costs of three vessels, the SHRIKE, SKUA and

KITTIWAKE, which were delivered in the second quarter of 2007.

On September 21, 2007, we sold 5,000,000 shares of our common stock in a secondary sale in a private placement at a price of $25.90 per share, raising gross proceeds of $129,500,000.

We have incurred fees and expenses aggregating $5,875,138 for these share sales.

Revolving Credit Facility

As of December 31, 2005, the outstanding indebtedness under the revolving credit facility was $140,000,000. In July 2006, we amended and increased our initial revolving credit facility to

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$450,000,000 with a new term of ten years expiring in July 2016. In November 2006, we further increased our facility to $500,000,000 to facilitate our newbuilding program. On May 4, 2007, the Company's sole lender agreed to provide an incremental commitment of up to $250,000,000, in addition to its existing $500,000,000 credit facility under the same terms and conditions as the existing credit facility. We paid an arrangement fee of $50,000 to the lender in connection with the incremental commitment to the revolving credit facility. On July 24, 2007, the Company temporarily increased its revolving credit facility to $550,000,000 to facilitate the closing of the stock purchase transaction and acquire the rights to the 26 Supramax newbuilding contracts described herein. The Company incurred an arrangement fee of $250,000 in connection with the increase of the facility. On September 6, 2007, the Company temporarily increased its revolving credit facility to $600,000,000 to facilitate the funding of the newbuilding contracts. The Company incurred an arrangement fee of $30,000 in connection with the increase of the facility. At September 30, 2007, we had borrowed $527,839,099 under this credit facility.

Subsequent to the end of the third quarter, on October 19, 2007, the Company's $600,000,000 revolving credit facility with the Royal Bank of Scotland was amended, restated and increased to a facility amount of $1,600,000,000. The Company incurred an arrangement fee of $12,000,000 in connection with the increase of the facility. It will also pay the Bank an annual agency fee of $65,000.

The amended facility also provides us with the ability to borrow up to $20,000,000 for working capital purposes. There are no principal repayment obligations under the amended facility until July 2012. Over the remaining five years until maturity in July 2017, the facility will reduce in semi-annual amounts of $75,000,000 with a final reduction of $850,000,000 occurring simultaneously with the last semi-annual reduction.

The amended facility will bear interest at the rate of 0.80% to 0.90% over LIBOR, depending upon the amount of debt drawn as a percentage of the value of the Company's vessels. The Company will pay a commitment fee of 0.25% per annum on the undrawn amount of the amended facility.

Our ability to borrow amounts under the amended revolving credit facility will be subject to the satisfaction of certain customary conditions precedent and compliance with terms and conditions included in the loan documents. In connection with vessel acquisitions, amounts borrowed may not exceed 75% of the value of the vessels securing our obligations under the credit facility. Our ability to borrow such amounts, in each case, is subject to our lender's approval of the vessel acquisition. Our lender's approval will be based on the lender's satisfaction of our ability to raise additional capital through equity issuances in amounts acceptable to our lender and the proposed employment of the vessel to be acquired.

Our obligations under the amended revolving credit facility are secured by a first priority mortgage on each of the vessels in our fleet and such other vessels that we may from time to time include with the approval of our lender, and by a first assignment of all freights, earnings, insurances and requisition compensation relating to our vessels. The facility also limits our ability to create liens on our assets in favor of other parties.

The revolving credit facility, as amended, contains financial covenants requiring us, among other things, to ensure that:

- the aggregate market value of the vessels in our fleet that secure our obligations under the revolving credit facility, as determined by an independent shipbroker on a charter free basis, at all times exceeds 130% of the aggregate principal amount of debt outstanding under the new credit facility and the notional or actual cost of terminating any related hedging arrangements;

- we maintain an adjusted net worth, i.e., total assets less consolidated debt of an amount not less than $300,000,000 during any accounting period;
- our EBITDA, as defined in the credit agreement, will at all times be not less than 2x the aggregate amount of interest incurred and net amounts payable under interest rate hedging arrangements during the relevant period; and

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- we maintain with the lender $500,000 per delivered vessel

For the purposes of the revolving credit facility, our ‘‘total assets’’ includes our tangible fixed assets and our current assets, as set forth in our consolidated financial statements, except that the value of any vessels in our fleet that secure our obligations under the facility are measured by their fair market value rather than their carrying value on our consolidated balance sheet.

The revolving credit facility permits us to pay dividends in amounts up to our earnings before extraordinary or exceptional items, interest, taxes, depreciation and amortization (EBITDA), less the aggregate amount of interest incurred and net amounts payable under interest rate hedging agreements during the relevant period and an agreed upon reserve for dry-docking, provided that there is not a default or breach of loan covenant under the credit facility and the payment of the dividends would not result in a default or breach of a loan covenant.

Contractual Obligations

The following table sets forth our expected contractual obligations and their maturity dates as of September 30, 2007:

(in thousands of U.S. dollars)	Within One Year	One to Three Years	Three to Five Years	More than Five years	Total
Vessels(1)	$ 156,608	$ 489,424	$ 333,515	$ 979,548	
Bank Loans	—	—	—	$ 527,839	527,839
Interest and borrowing fees(2)	30,337	60,509	60,592	143,729	295,167
Office lease(3)	250	501	125	—	876
Total	$ 187,196	$ 550,434	$ 394,232	$ 671,568	$ 1,803,430

(1) The balance of the contract price in US dollars for the 31 newbuilding vessels which are to be constructed and delivered between August 2008 and April 2012. (2) The Company is a party to floating-to-fixed interest rate swaps covering notional amounts of $100,000,000, $30,000,000, $84,800,000, $25,048,118, $25,776,443, $37,752,038, $10,995,000 and $202,340,000 as of September 30, 2007 that effectively convert the Company’s interest rate exposure from a floating rate based on LIBOR to a fixed rate of 4.22%, 4.54%, 5.24%, 4.74%, 4.90%, 5.22%, 4.98% and 5.04% respectively, plus applicable margin. Interest and borrowing fees includes capitalized interest for the newbuilding vessels. (3) Remainder of the 63-month lease on the office space which we occupy.

Capital Expenditures

Our capital expenditures relate to the purchase of vessels and capital improvements to our vessels which are expected to enhance the revenue earning capabilities and safety of these vessels.

During the nine-month period ended September 30, 2007, we acquired three Supramax vessels, the SHRIKE, SKUA and KITTIWAKE, for a total contract price of $138,700,000 and associated costs of $176,098. During the nine-month period ended September 30, 2007, for our newbuilding program, we placed deposits in Japanese yen of the equivalent of $38,113,974 for three 56,000 deadweight ton vessels, the CROWNED EAGLE, CRESTED EAGLE and

STELLAR EAGLE, which are to be constructed and delivered in November 2008, February 2009 and April 2009, respectively. These deposits are in addition to the $24,798,118 that was placed for the GOLDEN EAGLE and IMPERIAL EAGLE in 2006. In addition, we have acquired contracts for the construction of 26 Supramax vessels for an aggregate acquisition price of approximately $1,100,000,000. As of September 30, 2007, we have advanced an aggregate amount of $259,576,474 to fund the acquisition costs and shipyard deposits for the newbuilding vessels. As of September 30, 2007 for the newbuilding program, the Company has capitalized interest costs of $4,872,603 and other costs of $1,152,356.

In addition to acquisitions that we may undertake in future periods, the Company’s other major capital expenditures include funding the Company’s maintenance program of regularly scheduled

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drydocking necessary to preserve the quality of our vessels as well as to comply with international shipping standards and environmental laws and regulations. Although the Company has some flexibility regarding the timing of its dry docking, the costs are relatively predictable. Management anticipates that vessels are to be drydocked every two and a half years. Funding of these requirements is anticipated to be met with cash from operations. We anticipate that this process of recertification will require us to reposition these vessels from a discharge port to shipyard facilities, which will reduce our available days and operating days during that period.

Drydocking costs incurred are amortized to expense on a straight-line basis over the period through the date the next drydocking for those vessels are scheduled to occur. For the three-month period ended September 30, 2007, three of our vessels passed drydock surveys. During the corresponding period in 2006 we drydocked two vessels. For the nine-month periods ended September 30, 2007 and 2006, we spent $2,972,553 and $2,269,422, respectively on vessel drydockings. The following table represents certain information about the estimated costs for anticipated vessel drydockings in the next four quarters, along with the anticipated off-hire days:

	Quarter Ending	Off-hire Days(1)
Projected Costs(2)	December 31, 2007	15 $0.45 million
	March 31, 2008	15 $0.50 million
	June 30, 2008	30 $1.00 million
	September 30, 2008	60 $2.00 million

(1) Actual duration of drydocking will vary based on the condition of the vessel, yard schedules and other factors. (2) Actual costs will vary based on various factors, including where the drydockings are actually performed.

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

There have been no material changes from the ‘‘Interest Rate Risk’’ previously disclosed in our Form 10-K for the year ended December 31, 2006.

Currency and Exchange Rates

The shipping industry’s functional currency is the U.S. dollar. The Company generates all of its revenues in U.S. dollars. The majority of the Company’s operating expenses and the entirety of its management expenses are in U.S. dollars. The Company does not intend to use financial derivatives to mitigate the risk of exchange rate fluctuations for its revenues and expenses.

The Company has entered into foreign exchange swap transactions to hedge foreign currency risks on its capital asset transactions (vessel newbuildings). The swaps are designated and qualify as cash flow hedges. In 2006, the Company entered into foreign exchange swap transactions to hedge the Japanese yen exposure into US dollars for the purchase price in Japanese yen of two new-build vessels, the GOLDEN EAGLE and IMPERIAL EAGLE, which are expected to be constructed and delivered to the Company in January 2010 and February 2010. After giving effect to the deposits paid on these newbuildings, at December 31, 2006, the Company had outstanding foreign currency swap contracts for notional amounts aggregating 4.386 billion Japanese yen swapped into the equivalent of $42,310,465.

During the nine-month period ended September 30, 2007, the Company entered into foreign exchange swap transactions to hedge the Japanese yen exposure into US dollars for the purchase price in Japanese yen of three new-build vessels, the CROWNED EAGLE, CRESTED EAGLE and STELLAR EAGLE, which are expected to be delivered to the Company in November 2008, February 2009 and April 2009, respectively. During this nine-month period, the Company swapped a total of 11.5 billion in Japanese yen currency exposure into the equivalent of $100,063,505.

After giving effect to the deposits paid for the newbuildings, at September 30, 2007, the Company had outstanding foreign currency swap contracts for notional amounts aggregating 11.280 billion Japanese yen swapped into the equivalent of $104,259,998.

The Company records the fair value of the currency swaps as an asset or liability in its financial statements. The effective portion of the swap is recorded in accumulated other comprehensive income. Accordingly, an amount of $105,465 and $359,180 have been recorded in Other Liabilities in the accompanying financial statements as of September 30, 2007 and December 31, 2006, respectively.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the ‘‘Exchange Act’’)) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period,

our disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II: OTHER INFORMATION

Item 1 — Legal Proceedings

We are not aware of any legal proceedings or claims to which we or our subsidiaries are party or of which our property is subject. From time to time in the future, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. Those claims, even if lacking merit, could result in the expenditure by us of significant financial and managerial resources.

Item 1A — Risk Factors

There have been no material changes from the ‘‘Risk Factors’’ previously disclosed in our Form 10-K for the year ended December 31, 2006.

Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds

On January 12, 2007, the Company granted 13,334 shares of the Company’s stock in options to its independent non-employee directors and 524,000 of the Company’s stock in options to its management. These options have an exercise price of $17.80 and became exercisable for the non-employee directors on the grant date while the options for management vest and become exercisable over three years. All options expire ten years from the date of grant.

On March 17, 2006, the Company granted 56,666 shares of the Company’s stock in options to its independent non-employee directors. These options vested and became exercisable on the grant date at an exercise price of $13.23 per share. In August 2007, the Company issued 13,333 shares pursuant to exercises of these options. All options expire ten years from the date of grant.

On October 3, 2007 the Company granted 360,000 restricted stock units to members of its management which represent the right to receive one share of common stock as of the date of vesting with such vesting to occur ratably over three years at 331/3% on each yearly anniversary of the date of grant. The closing price of the Company’s stock on the date of the grant was $27.04.

Item 3 — Defaults upon Senior Securities

None.

Item 4 — Submission of Matters to a Vote of Security Holders

None.

Item 5 — Other Information

None.

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Item 6 — Exhibits

EXHIBIT INDEX

3 .1	Amended and Restated Articles of Incorporation of the Company*
3 .2	Amended and Restated Bylaws of the Company*
10 .1	Form of Restricted Stock Unit Award Agreement
31 .1	Rule 13a-14(d) / 15d-14(a)_Certification of CEO
31 .2	Rule 13a-14(d) / 15d-14(a)_Certification of CFO
32 .1	Section 1350 Certification of CEO
32 .2	Section 1350 Certification of CFO

*

Incorporated by reference to the Registration Statement on Form S-1, Registration No. 333-123817.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EAGLE BULK SHIPPING INC.

By: /s/ Sophocles N. Zoullas
Sophocles N. Zoullas
Chairman of the Board and
Chief Executive Officer

Date: November 9, 2007

By: /s/ Alan S. Ginsberg
Alan S. Ginsberg
Chief Financial Officer
and Treasurer

Date: November 9, 2007