

SEWARD & KISSEL LLP

Seward & Kissel advises Star Bulk
on its merger with Oceanbulk Shipping and Oceanbulk Carriers

Seward & Kissel's Business Transactions Group
Focusing on Middle-Market Deals

On July 11, 2014, **Star Bulk Carriers Corp.** (NASDAQ:SBLK) announced the completion of a merger transaction whereby Oceanbulk Shipping and Oceanbulk Carriers became indirect wholly-owned subsidiaries of Star Bulk. The transaction created the largest US-listed dry bulk shipping company with a fully delivered fleet of 69 vessels approximating 8.7 million deadweight tons. Consideration for the transaction consisted of an aggregate of 54.104 million Star Bulk shares (with a market value of approximately \$653 million) issued to entities affiliated with private equity firm Oaktree Capital Management, L.P. and Mr. Petros Pappas and his family members. **Seward & Kissel** was pleased to represent Star Bulk in this transformative merger.

Star Bulk, with executive offices in Athens, Greece, is a global shipping company providing seaborne transportation solutions in the dry bulk sector.

Seward & Kissel LLP (www.sewkis.com) is a leading New York law firm, originally established in 1890, offering legal advice emphasizing business, financial and commercial law and related litigation. The firm's Business Transactions Group handles middle-market M&A, private equity, venture capital and joint venture transactions involving a wide variety of industries. The firm is ranked as Highly Regarded for Corporate/M&A by Chambers USA and is recommended by The Legal 500 in the middle-market M&A category, stating that Seward & Kissel “advises on market-leading transactions within the industries where the firm has an international reputation, namely investment management and shipping” and “also handles complex middle-market deals in the media industry and international sell-side M&A.”

The press release describing this transaction is reproduced below for your information.



Athens, Greece

has merged with



Oceanbulk Carriers

Athens, Greece

Seward & Kissel
acted as counsel to Star Bulk

SEWARD & KISSEL LLP

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Star Bulk and Oceanbulk Agree to Create the Largest U.S. Listed Dry Bulk Company

ATHENS, GREECE – June 16, 2014 – Star Bulk Carriers Corp. (“Star Bulk” or the “Company”) (NASDAQ:SBLK) announced today that it has entered into definitive agreements with entities affiliated with Oaktree Capital Management, L.P. (the “Oaktree Investors”) and Star Bulk’s Non-Executive Chairman, Mr. Petros Pappas, and certain of his immediate family members, including Milena Maria Pappas, one of Star Bulk’s directors (the “Pappas Investors”), pursuant to which Oceanbulk Shipping LLC and Oceanbulk Carriers LLC (the “Oceanbulk Companies”) and entities controlled by the Pappas Investors are expected to become indirect wholly-owned subsidiaries of Star Bulk in consideration for the issuance to the Oaktree Investors and the Pappas Investors of 54.104 million shares of common stock of Star Bulk (the “Transaction”).

Transaction Overview

Through the Transaction, Star Bulk is acquiring an operating fleet of 15 dry bulk carrier vessels, with an average age of 5.6 years and an aggregate capacity of approximately 1.75 million dwt, including five Capesize vessels, two post Panamax vessels, six Kamsarmax vessels and two Supramax vessels and contracts for the construction of 26 fuel-efficient, eco-design newbuilding dry bulk vessels including eight Newcastlemax vessels, eight Capesize vessels and ten Ultramax vessels each being built at shipyards in Japan and China. The newbuild vessels are scheduled to be delivered in 2014, 2015 and 2016.

Upon completion of the Transaction, the Oaktree Investors will own 61.3% of Star Bulk’s shares of common stock and the Pappas Investors will own 12.5% of Star Bulk’s common stock. In connection with the Transaction, the Company has agreed to enter into shareholders agreements with the Oaktree Investors and the Pappas Investors providing for certain voting restrictions, standstill obligations and ownership limitations and, for the Oaktree Investors, certain rights to make Board nominations and to appoint officers of the Company. As part of the Transaction, the Oaktree Investors, the Pappas Investors and the Company have agreed that Mr. Petros Pappas will become the Chief Executive Officer of the Company and Mr. Spyros Capralos will become Non-Executive Chairman of the Board.

Benefits of the Transaction, Upon Completion:

- Creates the largest, diversified, ultra-modern U.S. listed dry bulk company with a fully delivered fleet of 69 vessels approximating 8.7 million deadweight tons, including 33 Capesize and Newcastlemax vessels. The combined fleet is one of the largest eco fleets in the world with 39 eco and 7 semi-ecovessels and the acquired ships were built or will be built at reputable Japanese and Chinese shipyards.

- The combined Company will be a prominent market player with a strong shareholder base and a significant platform well positioned to be an industry consolidator. Following the Transaction, the Company intends to pursue additional accretive acquisition transactions.
- The combined Company's size provides it with a substantial commercial presence and provides additional economies of scale on technical operations. The combined fleet will be technically managed by the Company's in-house technical management operation and all vessels are expected to utilize the commercial services of Interchart, a company affiliated with family members of Mr. Pappas in which the Company owns a 33% interest.
- Enhanced fleet profile positions the Company to benefit from expanding major bulk commodity trade, especially via long haul voyages. The combined fleet profile with a significant number of Capesize and Newcastlemaxes bulk carriers coupled with the current Company chartering strategy provides significant earnings and cash flow upside in strong markets.
- Significantly increases the market capitalization. Based on 54.104 million newly issued shares, the combined market capitalization, assuming the June 13, 2014 closing share price of \$12.07 per share, would be \$1,009 million.

The Transaction has been approved by the Board of Directors of Star Bulk, based upon the recommendation of a transaction committee of disinterested directors established by the Board of Directors of Star Bulk (the "Transaction Committee"), which negotiated the Transaction on behalf of Star Bulk. The Transaction Committee is composed of Tom Softeland, a director of Star Bulk since the inception of the Company, and Roger Schmitz, a director since July 2013 and a senior investment professional with Monarch Alternative Capital LP ("Monarch"). The Transaction Committee negotiated the Transaction value on a net asset value for net asset value basis using the average of three reputable appraisal providers. As part of this negotiation, there was a \$35 million adjustment to net asset value in favor of Star Bulk.

Petros Pappas, Chairman of Star Bulk Carriers Corp., commented: *"We are excited to announce this transformational Transaction that, when completed, will create the largest U.S. listed dry bulk owner and operator. I would like to thank Spyros Capralos for his leadership and stewardship of the business as President and CEO, and I am pleased that Spyros will continue to provide leadership in his role of Non-Executive Chairman of the Board following the closing of the Transaction. I am looking forward to assuming the CEO role and will focus on, among other things, maximizing the performance of the existing fleet, overseeing the successful delivery of the significant existing newbuilding program, and positioning the Company to grow quickly and significantly in the highly fragmented dry bulk sector."*

Spyros Capralos, President & CEO of Star Bulk, commented: *"The Transaction marks an important next step in the evolution for Star Bulk. Since 2013, Star Bulk has dramatically improved its market capitalization and liquidity through the successful completion of the rights offering and add-on equity offering, modernized its existing fleet and placed a series of significant newbuilding orders to position the Company for the future. With this Transaction the Company creates the largest U.S. listed dry bulk company with a strong shareholder base."*

We believe that the Transaction is accretive to earnings, cash flow, and net asset value, and also has additional benefits as it will dramatically increase the market capitalization and asset base, enhance the on-the-water fleet portfolio, increase the newbuilding portfolio by combining two

similar newbuilding strategies, and improve access to capital to fund the current and assumed capital expenditure obligations. In addition, the combined business will be well positioned to capitalize on an improving dry bulk market with significant operating leverage to rising rates.

I would like to thank the Transaction Committee of disinterested directors that have spent significant time negotiating the Transaction on Star Bulk's behalf, and I look forward to assuming my role as Non-Executive Chairman of the Board.”

The Transaction is expected to close within the next 30 days subject to customary conditions, including the affirmative vote of a majority of Star Bulk’s shareholders that are not affiliated with the Oaktree Investors or the Pappas Investors to approve the Transaction at a special meeting of shareholders (“Special Meeting”). Star Bulk expects to hold the Special Meeting on July 11, 2014. The Board of Directors has established June 17, 2014 as the record date for such meeting.

In connection with the Special Meeting, the investment funds controlled by Monarch, which owns 20.9% of the outstanding shares of Star Bulk and represents 28.1% of the shareholders that are not affiliated with the Oaktree Investors and Pappas Investors, have entered into a voting agreement with the Oaktree Investors and Pappas Investors to vote all of their Star Bulk shares in favor of the Transaction.

Seward & Kissel LLP is serving as legal counsel to Star Bulk in connection with the Transaction, Paul, Weiss, Rifkind, Wharton & Garrison LLP is serving as Oceanbulk’s legal counsel and Willkie, Farr & Gallagher LLP is serving as Monarch’s legal counsel. Evercore is serving as financial advisor to the Transaction Committee of the Star Bulk Board of Directors and Wachtell Lipton Rosen & Katz is serving as the Transaction Committee’s legal counsel.

For further information about the Transaction, please refer to the proxy materials to be furnished by the Company to the U.S. Securities and Exchange Commission.

About Seward & Kissel LLP

Seward & Kissel LLP, founded in 1890, is a leading U.S. law firm with an international reputation for excellence. We have offices in New York City and Washington, D.C.

Our practice primarily focuses on corporate, litigation and restructuring/bankruptcy work for clients seeking legal expertise in the financial services, corporate finance and capital markets areas. The Firm is particularly well known for its representation of transportation companies (particularly in the shipping area), major commercial banks, investment banking firms, investment advisers and related investment funds (including mutual funds and hedge funds), master servicers, servicers, investors, distressed trade brokers, liquidity providers, hedge fund administrators, broker-dealers and institutional investors.

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