

Eagle Bulk Shipping Inc.
Form 10-Q
November 14, 2013

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, 2013

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 001-33831

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) (Zip Code)

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 has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

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

Large accelerated Filer Accelerated Filer Non-accelerated Filer Smaller reporting company

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 latest practicable date.

Common Stock, par value \$0.01 per share, 16,658,417 shares outstanding as of November 14, 2013.

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Part 1 : FINANCIAL INFORMATION**Item 1 : Financial Statements****EAGLE BULK SHIPPING INC.****CONSOLIDATED BALANCE SHEETS****(UNAUDITED)**

	September 30, 2013	December 31, 2012
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 19,925,769	\$ 18,119,968
Accounts receivable, net	11,144,155	9,303,958
Prepaid expenses	3,328,383	3,544,810
Inventories	12,111,008	12,083,125
Investment	22,110,249	197,509
Other assets and Fair value above contract value of time charters acquired	3,864,251	549,965
Total current assets	72,483,815	43,799,335
Noncurrent assets:		
Vessels and vessel improvements, at cost, net of accumulated depreciation of \$370,705,330 and \$314,700,681, respectively	1,658,395,104	1,714,307,653
Other fixed assets, net of accumulated amortization of \$640,374 and \$515,896, respectively	364,868	447,716
Restricted cash	66,243	276,056
Deferred drydock costs	3,177,196	2,132,379
Deferred financing costs	18,840,341	25,095,469
Fair value above contract value of time charters acquired	-	2,491,530
Other assets	861,988	594,012
Total noncurrent assets	1,681,705,740	1,745,344,815
Total assets	\$1,754,189,555	\$1,789,144,150
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,937,962	\$ 10,235,007
Accrued interest	268,430	2,430,751
Other accrued liabilities	9,849,461	14,330,141
Deferred revenue and fair value below contract value of time charters acquired	-	3,237,694
Unearned charter hire revenue	4,383,930	3,755,166
Fair value of derivative instruments	-	2,243,833
Total current liabilities	25,439,783	36,232,592
Noncurrent liabilities:		
Long-term debt	1,129,478,741	1,129,478,741
Payment-in-kind loans	37,112,217	15,387,468

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Deferred revenue and fair value below contract value of time charters acquired	-	13,850,772
Total noncurrent liabilities	1,166,590,958	1,158,716,981
Total liabilities	1,192,030,741	1,194,949,573
Commitment and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 25,000,000 shares authorized, none issued	-	-
Common stock, \$.01 par value, 100,000,000 shares authorized, 16,658,417 and 16,638,092 shares issued and outstanding, respectively	166,581	166,378
Additional paid-in capital	766,562,470	762,313,030
Retained earnings (net of historical dividends declared of \$262,118,388)	(204,570,237)	(165,275,389)
Accumulated other comprehensive loss	-	(3,009,442)
Total stockholders' equity	562,158,814	594,194,577
Total liabilities and stockholders' equity	\$1,754,189,555	\$1,789,144,150

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

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

	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30, 2013	30, 2012	30, 2013	30, 2012
Revenues, net of commissions	\$38,978,418	\$46,854,671	\$155,440,916	\$148,008,304
Voyage expenses	7,683,180	6,480,233	23,288,739	20,370,857
Vessel expenses	21,804,188	21,246,653	63,132,366	67,557,977
Charter hire expenses	-	1,104,571	-	1,711,144
Depreciation and amortization	19,366,495	19,389,042	57,463,027	58,250,356
General and administrative expenses	2,946,267	6,497,598	10,878,601	26,551,478
Gain on time charter agreement termination	(3,564,771)	—	(32,526,047)	—
Total operating expenses	48,235,359	54,718,097	122,236,686	174,441,812
Operating income (loss)	(9,256,941)	(7,863,426)	33,204,230	(26,433,508)
Interest expense	20,729,626	21,981,186	61,957,771	44,995,438
Interest income	(3,321)	(7,252)	(71,775)	(23,443)
Other (Income) expense	7,646,805	-	10,613,082	(1,028,375)
Total other expense, net	28,373,110	21,973,934	72,499,078	43,943,620
Net loss	\$(37,630,051)	\$(29,837,360)	\$(39,294,848)	\$(70,377,128)
Weighted average shares outstanding:				
Basic	16,986,395	16,821,024	16,973,813	16,153,184
Diluted	16,986,395	16,821,024	16,973,813	16,153,184
Per share amounts:				
Basic net loss	\$(2.22)	\$(1.77)	\$(2.32)	\$(4.36)
Diluted net loss	\$(2.22)	\$(1.77)	\$(2.32)	\$(4.36)

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

EAGLE BULK SHIPPING INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****(UNAUDITED)**

	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30,	30,	30,	30,
	2013	2012	2013	2012
Net loss	\$(37,630,051)	\$(29,837,360)	\$(39,294,848)	\$(70,377,128)
Other comprehensive income:				
Change in unrealized loss on investment	(9,812,255)	(91,468)	(9,847,473)	(852,310)
Realized loss on investment	7,646,805	—	10,613,082	—
Net unrealized gain on derivatives	657,347	1,725,595	2,243,833	4,988,089
Total other comprehensive income(loss)	(1,508,103)	1,634,127	3,009,442	4,135,779
Comprehensive loss	\$(39,138,154)	\$(28,203,233)	\$(36,285,406)	\$(66,241,349)

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

EAGLE BULK SHIPPING INC.**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

	Common shares	Common shares amount	Additional paid-in capital	Net Loss	Accumulated deficit	Other comprehensive income (loss)	Total stockholders' equity
Balance at December 31, 2012	16,638,092	\$166,378	\$762,313,030		\$(165,275,389)	\$(3,009,442)	\$594,194,577
Net Loss	—	—	—	\$(39,294,848)	(39,294,848)	—	(39,294,848)
Change in unrealized loss on investment	—	—	—	—	—	(9,847,473)	(9,847,473)
Realized loss on investment	—	—	—	—	—	10,613,082	10,613,082
Net unrealized gain on derivatives	—	—	—	—	—	2,243,833	2,243,833
Vesting of restricted shares, net of shares withheld for employee tax	20,325	203	(78,738)	—	—	—	(78,535)
Non-cash compensation	—	—	4,328,178	—	—	—	4,328,178
Balance at September 30, 2013	16,658,417	\$166,581	\$766,562,470		\$(204,570,237)	\$—	\$562,158,814

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

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

	Nine Months Ended	
	September	September
	30,	30,
	2013	2012
Cash flows from operating activities:		
Net loss	\$(39,294,848)	\$(70,377,128)
<i>Adjustments to reconcile net loss to net cash (used in) provided by operating activities:</i>		
<i>Items included in net loss not affecting cash flows:</i>		
Depreciation	56,129,127	56,388,161
Amortization of deferred drydocking costs	1,333,900	1,862,195
Amortization of deferred financing costs	6,271,128	4,428,572
Amortization of fair value below contract value of time charter acquired	(10,280,559)	(3,574,012)
Payment-in-kind interest on debt	21,724,749	8,101,953
Unrealized gain from forward freight agreements, net	-	246,110
Investment	(4,925,952)	-
Realized loss from investment	10,613,082	-
Gain on time charter agreement termination	(29,033,503)	-
Allowance for accounts receivable	-	5,351,609
Non-cash compensation expense	4,328,178	7,012,714
Drydocking expenditures	(2,378,717)	(1,085,541)
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	(1,840,197)	(5,185,340)
Other assets	(4,132,227)	2,089,633
Prepaid expenses	216,427	708,671
Inventories	(27,883)	269,672
Accounts payable	702,955	(1,169,678)
Accrued interest	(2,162,321)	(861,935)
Accrued expenses	(4,448,680)	505,953
Deferred revenue	(3,766,413)	(471,017)
Unearned revenue	628,764	(1,596,072)
Net cash provided by (used in) operating activities	(342,990)	2,644,520
Cash flows from investing activities:		
Proceeds from sale of investment	2,199,243	-
Vessels improvements	(92,100)	(58,521)
Purchase of other fixed assets	(41,630)	(48,497)
Changes in restricted cash	209,813	394,362
Net cash provided by investing activities	2,275,326	287,344
Cash flows from financing activities:		
Deferred financing costs	(48,000)	(9,382,792)

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Cash used to settle net share equity awards	(78,535)	(65,138)
Net cash used in financing activities	(126,535)	(9,447,930)
Net increase / (decrease) in cash	1,805,801	(6,516,066)
Cash at beginning of period	18,119,968	25,075,203
Cash at end of period	\$19,925,769	\$18,559,137

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

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", "we" or "our"). The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership, chartering and operation of dry-bulk vessels. The Company's fleet is comprised of Supramax and Handymax dry 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 its subsidiaries, which are incorporated in the Republic of the Marshall Islands. The primary activity of each of the subsidiaries, other than the Company's management 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.

As of September 30, 2013, the Company owned and operated a modern fleet of 45 oceangoing vessels comprised of 43 Supramax and 2 Handymax vessels with a combined carrying capacity of 2,451,259 dwt and an average age of approximately six years.

The following table represents certain information about the Company's charterers that individually accounted for more than 10% of the Company's gross charter revenue during the periods indicated:

% of Consolidated Charter Revenue

	Three Months		Nine Months	
	Ended		Ended	
Charterer	September	September	September	September
	30,	30, 2012	30,	30, 2012
	2013		2013	
Charterer A	16%	28%	14%	26%
Charterer B	-	-	20%	-

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”), and the rules and regulations of the Securities and Exchange Commission (“SEC”) which apply to interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes normally included in consolidated financial statements prepared in conformity with U.S. GAAP. They should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s 2012 Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission (the “SEC”) on April 1, 2013.

The accompanying unaudited consolidated financial statements include all adjustments (consisting of normal recurring adjustments) that management considers necessary for a fair statement of its consolidated financial position and results of operations for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the entire year.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and assumptions of the Company are stock-based compensation, the useful lives of fixed assets and intangibles, depreciation and amortization, the allowances for bad debt, and the fair value of derivatives and warrants.

Liquidity

As further described in Note 4, the Fourth Amended and Restated Credit Facility (as defined in Note 4 and also referred to herein as the “credit agreement”) has financial covenants that begin in 2013 and get increasingly tighter with each progressive quarter. The covenants are primarily driven off of a trailing twelve month calculation of EBITDA. In order to remain in compliance with our covenants, charter hire rates, the primary driver of our EBITDA, must increase over time. Charter hire rates have been driven down during the recession and have been volatile. Despite relatively low charter hire rates in the last part of 2012 and the first three quarters of 2013, the Company estimates that it will meet all of its covenants in 2013, based on the current dry bulk rates that have been in effect from March 2013 and cost cutting measures that the Company has put in place. Such cost cutting measures include but are not limited to reductions in labor costs, upgrades and new equipment expenses. However, if the current charter hire rates do not improve significantly for the remainder of 2013 and in the first quarter of 2014, the Company will not be in compliance with the maximum leverage ratio and the minimum interest coverage ratio covenants under the Fourth Amended and Restated Credit Facility at or after March 31, 2014; and, if charter hire rates deteriorate from current levels or if we are unable to achieve our cost cutting measures or if we realize additional losses on our Korea Lines Corporation available for sale investment, the Company will not be in compliance with the maximum leverage ratio covenant in the fourth quarter of 2013.

If the Company does not comply with the financial covenants contained in the Fourth Amended and Restated Credit Facility, such a non-compliance would constitute an event of default under the credit agreement, the Company would seek to obtain a waiver or modification to the credit agreement from our creditors, however there is no guarantee that we would receive such a waiver or that such a waiver would be on terms or conditions that would be acceptable to the Company. If we were to be unable to cure an event of default, our debt could be called by the creditors and all amounts then outstanding would be reclassified as a current liability and alternative sources of financing would need to be sought on terms that may not be favorable to the Company or the Company may need to seek additional capital through equity or debt offerings or through the sale of assets. Should such events happen, there can be no assurances that the Company would be able to procure alternate financing or sufficient sources of additional capital. If the Company were unable to obtain a waiver or modification of the credit agreement or obtain such alternate financing or additional capital, there is substantial doubt about the Company's ability to continue as a going concern. The Company's credit agreement is described further in Note 4.

Korea Line Corporation

Since January 2011, Korea Lines Corporation (“KLC”), one of our charterers, has been operating under protective receivership in Seoul, South Korea. Since the fourth quarter of 2011, KLC had not been performing in accordance with the \$17,000 per vessel per day shortfall arrangement on 13 of our vessels. As a result we were not recording revenue associated with those amounts owed as collectability was not assured.

On January 3, 2013, a comprehensive termination agreement between the Company and KLC became effective, pursuant to which we agreed to accept \$63.7 million on a non-interest bearing installment note and 1,224,094 common shares of KLC stock as compensation for the early termination of our 13 charters with KLC. Under the termination agreement, cash payments of \$10.3 million were paid in the first quarter of 2013, and the balance of \$53.4 million would have been paid in cash installments through 2021, with the majority of the payments to be paid in the last five years. The KLC stock certificates were issued on February 7, 2013 and were secured at the Korean Securities Depository for six months. On August 7, 2013, we took possession of the share certificates.

In the first quarter of 2013, as the settlement effectively terminated the charters with KLC, the Company released \$3.5 million of bunker liabilities and an aggregate \$13.7 million balance related to deferred revenue and to the unamortized fair value of charters below and above contract value. The Company valued the equity received from KLC at \$5.9 million and the note receivable at \$2.7 million. The Company recorded revenue associated with the termination of \$32.8 million related to amounts previously owed but not recognized and a termination gain of \$3.3 million.

On March 28, 2013, the Korean court approved an amendment to the KLC termination agreement after receiving a favorable vote from the concerned parties. The amendment included a 1 to 15 reduction to the number of KLC common shares outstanding at that date and also reduced our long-term receivable by 90%, substituting that portion of the commitment with 538,751 additional common shares of KLC to be issued to the Company at a date to be determined in the second quarter. We evaluated the fair value of the additional KLC common shares to be issued and the impact to our long-term receivable and determined that the aggregate value exceeded the carrying value of our long-term note receivable recorded in January of 2013; therefore, we did not have a loss on that transaction. Under our accounting policy, any gain on that transaction should be recorded upon settlement. As 90% of the long-term note receivable was paid in equity in the second quarter of 2013, we reclassified that portion as a current asset in the "Investment" line of our balance sheet at March 31, 2013. We considered the March 28, 2013 decision by KLC to dilute the value of previously issued KLC shares to be a triggering event requiring the evaluation of whether a permanent decrease in value had occurred. We determined that a permanent decrease in value had occurred and as of March 31, 2013, we recognized the change in the fair value of our existing KLC shares as other-than-temporary and recorded in other expense a loss of approximately \$3.0 million.

On May 9, 2013, the 538,751 additional KLC common shares were issued and secured at the Korean Securities Depository. On November 11, 2013, we took possession of the share certificates. These shares replaced the note receivable recorded pursuant to the January 3, 2013, termination agreement. The fair market value of the shares upon issuance was in excess of the fair value of the receivable and resulted in a gain of \$32.5 million in the second quarter of 2013.

KLC completed its financial reorganization by the middle of September 2013, and emerged from bankruptcy in October 2013. On October 28, 2013, we received early prepayment of \$3.9 million to settle our long term receivable from KLC, which resulted in an additional gain on time charter agreement termination of \$3.5 million recognized in the third quarter of 2013 as the carrying value at September 30, 2013 was adjusted to reflect the elimination of credit risk.

As of September 30, 2013, we sold 55,628 shares of KLC for a total consideration of \$2.2 million and we realized loss of \$0.4 million.

The KLC stock held by the Company is designated as Available for sale and is reported at fair value, with unrealized gains and losses recorded in shareholders' equity as a component of accumulated other comprehensive income. As of September 30, 2013, the fair value of the remaining 566,529 KLC shares held by the Company was \$22.1 million. As of September 30, 2013, the change in the fair value of our KLC investment was considered as other than temporary, and therefore the Company recorded a non-cash impairment loss of \$7.3 million in Other expense in the third quarter of 2013.

Note 2. New Accounting Pronouncements

In December 2011, Financial Accounting Standards Board (FASB) issued an Accounting Standards Update for balance sheet, which contains new disclosure requirements regarding the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. Under U.S. GAAP, certain derivative and repurchase agreement arrangements are granted exceptions from the general off-setting model. The new disclosure requirement will provide financial statement users information regarding both gross and net exposures. In January 2013, the FASB issued a new ASU, clarifying the scope of disclosures about offsetting assets and liabilities. This ASU limits the scope of the original guidance. These ASUs are effective retrospectively for interim and annual periods beginning on or after January 1, 2013. The Company's adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In February 2013, the FASB issued updated guidance to improve the reporting of reclassifications out of accumulated other comprehensive income. The guidance requires an entity to present, either on the face of the statement of income

or in the notes, separately for each component of comprehensive income, the current period reclassifications out of accumulated other comprehensive income by the respective line items of net income affected by the reclassification. The updated guidance is effective prospectively for reporting periods beginning after December 15, 2012. The Company's adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Note 3. Vessels

Vessel and Vessel Improvements

At September 30, 2013, the Company's operating fleet consisted of 45 dry bulk vessels.

Vessel and vessel improvements:

Vessels and Vessel Improvements, at December 31, 2012	\$1,714,307,653
Vessel Improvements	92,100
Depreciation Expense	(56,004,649)
Vessels and Vessel Improvements, at September 30, 2013	\$1,658,395,104

Note 4. Debt

Debt consists of the following:

	September 30, 2013	December 31, 2012
Term loans	\$1,129,478,741	\$1,129,478,741
Payment-in-kind loans	37,112,217	15,387,468
Long-term debt	\$1,166,590,958	\$1,144,866,209

The Fourth Amended and Restated Credit Agreement

On June 20, 2012, the Company entered into a Fourth Amended and Restated Credit Agreement to its credit facility agreement, dated as of October 19, 2007, as amended up to the date thereof (the "Fourth Amended and Restated Credit Agreement"), which, among other things, (i) permanently waives any purported defaults or events of defaults that were the subject of a temporary waiver under the Sixth Amendatory and Commercial Framework Implementation Agreement (the "Sixth Amendment") to the Third Amended and Restated Credit Agreement dated October 19, 2007, including any alleged events of default arising from any purported breach of the minimum adjusted net worth covenant that occurred as a result of any failure to maintain the required adjusted net worth; (ii) converts the \$1,129,478,741 outstanding under the revolving credit facility into a term loan; (iii) sets the maturity date as December 31, 2015, and, subject to the Company's satisfaction of certain conditions, including a collateral coverage ratio at December 31, 2015 of less than 80%, provides an option to the Company to further extend the maturity date by an additional 18 months to June 30, 2017 (the "Termination Date"); (iv) requires no mandatory repayments of principal until the Termination Date, other than a quarterly sweep of cash on hand in excess of \$20,000,000 and upon the sale of vessels, additional financings or future equity raises by the Company. All amounts outstanding under the term loan will bear interest at LIBOR plus a margin that will include a payment-in-kind ("PIK") component. The initial cash margin of 3.50% and PIK margin of 2.50% can be reduced on the basis of reduced leverage and proceeds from future equity raises by the Company.

The Fourth Amended and Restated Credit Agreement also provides for a new Liquidity Facility in the aggregate amount of \$20,000,000, which permits the purchase or sale of vessels within certain parameters, permits the management of third party vessels and provides that all capitalized interest will be evidenced in the form of PIK loans, which will mature on the Termination Date. On the Termination Date, the Company may elect to either (i) repay the PIK loans in cash; or (ii) convert the PIK loans into shares of cumulative convertible preferred stock, par value \$10.00 per share. As of September 30, 2013, the outstanding amount of the term loan was \$1,129,478,741, the amount of the PIK loans was \$37,112,217 and no amount was drawn on the Liquidity Facility. In connection with the Fourth Amended and Restated Credit Amendment, the Company recorded \$12,636,295 of deferred financing costs that are amortized over the life of the term loan, including amendment and professional fees.

In addition, the Fourth Amended and Restated Credit Agreement replaces the previously existing financial covenants and substitutes them with new covenants, which require the Company to (i) maintain a maximum leverage ratio of the term loan indebtedness, excluding the PIK loans, to EBITDA (as defined in the Fourth Amended and Restated Credit Agreement) on a trailing four quarter basis, commencing in the quarterly period ending September 30, 2013, of 13.9:1, December 31, 2013, of 12.3:1, March 31, 2014 of 10.6:1, June 30, 2014 of 9.2:1, September 30, 2014 of 8.5:1, December 31, 2014 of 8.1:1, March 31, 2015 of 7.8:1, June 30, 2015 of 7.6:1, September 30, 2015 of 7.5:1, and December 31, 2015 of 7.3:1 and, should the Termination Date be extended under the Company's option, further declining in intervals to 6.2:1 for the quarterly period ending March 31, 2017; (ii) maintain a minimum interest coverage ratio of EBITDA to cash interest expenses on a trailing four quarter basis, expressed as a percentage, commencing in the quarterly period ending June 30, 2013, of 130%, September 30, 2013, of 140%, December 31, 2013, of 160%, March 31, 2014 of 180%, June 30, 2014 of 200%, September 30, 2014 of 210%, December 31, 2014 of 220%, March 31, 2015 of 220%, June 30, 2015 of 220%, September 30, 2015 of 220%, and December 31, 2015 of 220% and, should the Termination Date be extended, further escalating in intervals to 230% for the quarterly period

ending March 31, 2017; (iii) maintain free cash with the agent in one or more accounts in an amount equal to \$500,000 per vessel owned directly or indirectly by the Company, provided that the unutilized amount of the liquidity facility shall be deemed to constitute free cash for these purposes; and (iv) maintain a maximum collateral coverage ratio, commencing in the quarterly period ending September 30, 2014, of 100% of the term loan indebtedness and any related swap exposure, declining in intervals to 80% for the quarterly period ending December 31, 2015 and, should the Termination Date be extended, further declining in intervals to 70% for the quarterly period ending March 31, 2017. Refer to Note 1 - General Information- Liquidity note for further information regarding compliance with our covenants.

In connection with the Fourth Amended and Restated Credit Agreement, the Company entered into a Warrant Agreement, dated June 20, 2012, pursuant to which the Company issued 3,148,584 warrants convertible on a cashless basis into shares of the Company's common stock, par value \$0.01 (the "Warrant Shares"), at a strike price of \$0.01 per share of common stock. One-third of the warrants are exercisable immediately, the next third of the warrants are exercisable when the price of the Company's common stock reaches \$10.00 per share and the last third of the warrants are exercisable when the price of the Company's common stock reaches \$12.00 per share. Unexercised warrants will expire on June 20, 2022. The Company determined the relative fair value of the Warrant Shares at \$7.2 million using the Monte Carlo simulation which was performed, and the mean value was selected. The assumptions used in the Monte Carlo simulation were the underlying stock price of \$2.98, risk-free rate of 1.64%, expected volatility of 79.3%, expected term of 10 years and expected dividend yield of 0%. The fair value of the warrants was recorded as deferred financing cost and amortized over of the life the term loan agreement.

Our obligations under the Fourth Amended and Restated Credit Agreement are secured by a first priority mortgage on each of the vessels in our fleet, and by a first assignment of all freights, earnings, insurances and requisition compensation relating to our vessels. The Fourth Amended and Restated Credit Agreement also limits our ability to create liens on our assets in favor of other parties.

For the nine months ended September 30, 2013, interest rates on the outstanding debt ranged from 3.64% to 7.40%, including a margin of 2.50% over LIBOR for the period up to June 19, 2012 and a margin of 3.50% over LIBOR thereafter. The weighted average effective interest rate for the nine months ended September 30, 2013, was 3.98%.

Interest Expense, inclusive of the PIK loans, consisted of:

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2013	2012	2013	2012
Loan Interest	\$ 18,623,406	\$ 19,884,907	\$ 55,686,643	\$ 40,566,866
Amortization of Deferred Financing Costs	2,106,220	2,096,279	6,271,128	4,428,572
Total Interest Expense	\$ 20,729,626	\$ 21,981,186	\$ 61,957,771	\$ 44,995,438

Interest paid, exclusive of the PIK loans, in the nine-month periods ended September 30, 2013 and 2012 amounted to \$36,124,215 and \$33,326,847, respectively.

Note 5. Derivative Instruments and Fair Value Measurements

Interest-Rate Swaps

The Company 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 paid fixed rate interest and received floating-rate interest amounts based on three-month LIBOR settings. The swaps were designated and qualified as cash flow hedges. The following table summarizes the interest rate swaps in place as of September 30, 2013 and December 31, 2012.

Notional Amount	Notional Amount		
Outstanding –	Outstanding –	Fixed Rate	Maturity
September 30, 2013	December 31, 2012		
\$ -	\$ 81,500,000	3.895%	01/2013
-	84,800,000	3.900%	09/2013
\$ -	\$ 166,300,000		

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. No portion of the cash flow hedges was ineffective during the period ended September 30, 2013. The last swap expired in September 2013.

Forward freight agreements, bunker swaps and freight derivatives

The Company trades in forward freight agreements (“FFAs”), bunker swaps and freight derivatives markets, with the objective of utilizing these markets as economic hedging instruments that reduce the risk of specific vessels to changes in the freight market and/or bunker costs. The Company’s FFAs, bunker swaps and freight derivatives have not qualified for hedge accounting treatment. As of September 30, 2013 and December 31, 2012, the Company did not have any open positions and no fair value for derivative instruments is reflected in the accompany balance sheets.

Tabular disclosure of derivatives location

No portion of the cash flow hedges shown below was ineffective during the period ended September 30, 2013. The effect of cash flow hedging relationships on the balance sheets as of September 30, 2013 and December 31, 2012, and the statement of operations for the periods ended September 30, 2013 and 2012 are as follows:

The effect of designated derivative instruments on the consolidated balance sheets:

	Amount of Loss Recognized in AOCI on Derivative (Effective Portion) September 30, 2013 December 31, 2012
Derivatives designated for cash flow hedging relationships	
Interest rate swaps	\$0 \$(2,243,833)
Total	\$0 \$(2,243,833)

The effect of derivative instruments on statements of operations:

	Location of Gain (Loss) Recognized	Effective Portion of Gain (Loss) Reclassified from Accumulated Other			
		Comprehensive Income (Loss)			
		Three Months Ended		Nine Months Ended	
		September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Derivatives designated as hedging instruments					
Interest rate swaps	Interest expense	\$(657,812)	\$(1,622,399)	\$(2,302,273)	\$(5,348,189)

Location of Gain (Loss)	Amount of Gain (Loss) Three Months Ended		Amount of Gain (Loss) Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012

	Recognized	
Derivatives not designated as hedging instruments		
FFAs, bunker swaps, freight and bunker derivatives	Other income	\$ — \$ — \$—\$1,028,375

Cash Collateral Disclosures

The Company does not offset fair value amounts recognized for derivatives by the right to reclaim cash collateral or the obligation to return cash collateral. The amount of collateral to be posted is defined by the terms of the respective master agreement executed with counterparties or exchanges and is required when agreed upon threshold limits are exceeded. As of September 30, 2013 and December 31, 2012, the Company had no outstanding amounts paid as collateral related to the derivative fair value positions.

Fair Value Measurements

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash, cash equivalents and restricted cash—the carrying amounts reported in the consolidated balance sheet for interest-bearing deposits approximate their fair value due to their short-term nature thereof.

Debt—the carrying amounts of borrowings under the revolving credit agreement approximate their fair value, due to the variable interest rate nature thereof.

Interest rate swaps—the fair value of interest rate swaps (used for hedging purposes) is the estimated amount that the Company would receive or pay to terminate the swaps at the reporting date.

Forward freight agreements (FFAs)—the fair value of FFAs is determined based on quoted rates.

Freight and bunker derivative instruments—the fair value of freight and bunker derivative contracts is the estimated amount that the Company would receive or pay to terminate the option contracts at the reporting date.

Bunker swaps—the fair value of bunker swaps is the estimated amount that the Company would receive or pay to terminate the swaps at the reporting date.

Investment—include our available-for-sale securities that are traded in active market internationally. The fair value is measured by using closing stock price from active market.

The Company defines fair value, establishes a framework for measuring fair value and provides disclosures about fair value measurements. The fair value hierarchy for disclosure of fair value measurements is as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Our Level 1 non-derivatives include cash, money-market accounts, restricted cash accounts and investment.

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable. Our Level 2 non-derivatives include our term loan account.

Level 3 – Inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

The following table summarizes assets and liabilities measured at fair value on a recurring basis at September 30, 2013 and December 31, 2012:

	September 30, 2013			December 31, 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Investment	\$22,110,249	—	—	\$197,509	—	—
Liabilities:						
Interest rate swaps	—	—	—	—	\$2,243,833	—

Note 6. Accounts Receivable

Accounts receivable for the periods ended September 30, 2013 and December 31, 2012 include allowance for doubtful accounts of zero and \$5,351,609, respectively.

Note 7. Commitments and Contingencies

Legal Proceedings

The Company is involved in legal proceedings and may become involved in other legal matters arising in the ordinary course of its business. The Company evaluates these legal matters on a case-by-case basis to make a determination as to the impact, if any, on its business, liquidity, results of operations, financial condition or cash flows. The Company currently is party to the legal proceedings described below.

Shareholder Derivative Lawsuits

On June 13, 2011, a complaint against the Company's board of directors and a former director was filed in the United States District Court for the Southern District of New York alleging, among other things, that the directors breached their fiduciary duties of loyalty, good faith and care in connection with (i) director and officer compensation in the years 2008, 2009 and 2010; (ii) the Company's Management Agreement with Delphin Shipping LLC ("Delphin") (specifically, according to the complaint, alleging conflicts of interest between the Company's Chief Executive Officer, Delphin and the Company); and (iii) the adjournment of the Company's 2011 Annual Meeting of Shareholders. The complaint seeks rescission of director and officer compensation for those years as well as rescission of the Management Agreement, and seeks unspecified damages. The Company moved for summary judgment on April 1, 2013.

On August 23, and August 30, 2011, respectively, two additional complaints were filed in the Supreme Court of the State of New York (New York County) against the Company's board of directors and a former director alleging substantially similar breaches of fiduciary duties as those alleged in the lawsuit filed on June 13, 2011. On January 10, 2012, a motion by the Company was granted, which stays these state court actions pending the outcome of the June 13, 2011 federal action. Those matters remain stayed.

On October 31, 2011, a complaint was filed in the United States District Court for the Southern District of New York by one of the plaintiffs in the June 13, 2011 federal action against the Company and its board of directors alleging deficiencies in the Company's proxy statement in connection with its special meeting of shareholders that was held on November 17, 2011. The Company revised its proxy statement prior to the meeting, causing plaintiffs to withdraw a request for injunctive relief in connection with their complaint. The Company served an answer in this action on March 19, 2012.

Following the motion for summary judgment with respect to the June 13, 2011 federal action and mediation of the matter, on June 14, 2013 the parties therein moved for an order granting a proposed settlement (the "Proposed Settlement"), which, if approved, would act to settle each of the above-referenced actions. The Proposed Settlement contains a denial by all defendants of wrongdoing and liability and mutual releases between and amongst the parties. It also provides for certain changes to the Company's policies concerning director and executive compensation and certain other corporate governance policies with which plaintiffs in those actions had taken issue. The Proposed Settlement permits Plaintiffs' counsel to request an award of attorneys' fees and expenses which, in the aggregate, does not exceed \$1.575 million, which if approved would be paid by the insurance and, in part, by the Company. A hearing on the Proposed Settlement was held on September 4, 2013, and was continued until November 14, 2013. On that date, the settlement was approved, including an attorneys' fee award to plaintiffs of \$1.2 million plus expenses not to exceed \$65,000.

Vessel Technical Management Contract

The Company has technical management agreements for certain of its vessels with independent technical managers. The Company paid average monthly technical management fees of \$10,315 and \$10,312 per vessel during the nine months ended September 30, 2013 and 2012, respectively.

Other Commitments

On July 28, 2011, the Company entered into an agreement to charter-in a 37,000 dwt newbuilding Japanese vessel that is expected to be delivered between May 2014 and October 2014 for seven years with an option for an additional one year. The hire rate for the first to seventh year is \$13,500 per day and \$13,750 per day for the eighth year option. The

Company has options to purchase the vessel starting at the end of the fifth year.

Note 8. Related Party Transactions

On August 4, 2009, the Company entered into a management agreement (the "Management Agreement") with Delphin Shipping LLC ("Delphin"), a Marshall Islands limited liability company affiliated with Kelso Investment Associates VII, KEP VI, LLC and the Company's Chief Executive Officer, Sophocles Zoullas. Delphin was formed for the purpose of acquiring and operating dry bulk and other vessels. Under the terms of the Management Agreement, the Company provides commercial and technical supervisory vessel management services to dry bulk vessels acquired by Delphin for a fixed monthly management fee based on a sliding scale. Pursuant to the terms of the Management Agreement, the Company has been granted an opportunity to acquire for its own account any dry bulk vessel that Delphin proposes to acquire. The Company has also been granted a right of first refusal on any dry bulk charter opportunity, other than a renewal of an existing charter for a Delphin-owned vessel that the Company reasonably deems suitable for a Company-owned vessel. The Management Agreement also provides the Company a right of first offer on the sale of any dry bulk vessel by Delphin. The term of the Management Agreement is one year and is renewable for successive one year terms at the option of Delphin.

Pursuant to the Management Agreement, the Company contracted to provide commercial and technical supervisory management services for Delphin vessels for a monthly fee of \$15,834 for the first 10 vessels, \$11,667 for the second 10 vessels and \$8,750 for the third 10 vessels. Construction of the first vessel commenced in December 2010. Total management fees for the periods ended September 30, 2013 and 2012 amounted to \$1,635,066 and \$1,635,066, respectively. The advanced balance received from Delphin on account for the management of its vessels as of September 30, 2013 amounted to \$224,274. The total reimbursable expenses for the periods ended September 30, 2013 and 2012 amounted to \$412,350 and \$267,410, respectively. The balance due from Delphin as of September 30, 2013 amounted to \$131,910. The balance due mainly consists of management fees, administrative service fees and other reimbursable expenses.

Note 9. Earnings Per Common Share

The computation of basic net loss per share is based on the weighted average number of common shares outstanding during the period. Weighted average shares outstanding for the period ended September 30, 2013, includes the weighted average underlying Warrant Shares issuable upon exercise of the 327,978 warrants at the exercise price of \$0.01 per share. In accordance with the accounting literature, the Company has given effect to the issuance of these warrants in computing basic net loss per share because the underlying shares are issuable for little or no cash consideration. Diluted net loss per share gives effect to stock options and restricted stock units using the treasury stock method, unless the impact is anti-dilutive. Diluted net loss per share as of September 30, 2013, does not include 303,664 restricted stock units and 1,908,371 stock options as their effect was anti-dilutive. Diluted net loss per share as of September 30, 2012, does not include 614,458 restricted stock units and 1,908,371 stock options as their effect was anti-dilutive.

	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30,	30,	30,	30,
	2013	2012	2013	2012
Net loss	\$(37,630,051)	\$(29,837,360)	\$(39,294,848)	\$(70,377,128)
Weighted Average Shares – Basic	16,986,395	16,821,024	16,973,813	16,153,184
Dilutive effect of stock options and restricted stock units	-	-	-	-
Weighted Average Shares - Diluted	16,986,395	16,821,024	16,973,813	16,153,184
Basic Earnings Per Share	\$(2.22)	\$(1.77)	\$(2.32)	\$(4.36)
Diluted Earnings Per Share	\$(2.22)	\$(1.77)	\$(2.32)	\$(4.36)

Note 10. Stock Incentive Plans

Effective as of the opening of trading on May 22, 2012, the Company completed a 1 for 4 reverse stock split as previously approved by the Company's shareholders. Proportional adjustments were made to the Company's issued and outstanding common stock and to its common stock underlying stock options and other common stock-based equity grants outstanding immediately prior to the effectiveness of the reverse stock split to reflect the reverse stock split. No fractional shares were issued in connection with the reverse stock split, as shareholders who would have otherwise held a fractional share of common stock received a cash payment in lieu of that fractional share. All references herein to common stock and per share data have been retrospectively adjusted to reflect the reverse stock split.

2011 Equity Incentive Plan. In November 2011, our shareholders approved the 2011 Equity Incentive Plan (the "2011 Plan") for the purpose of affording an incentive to eligible persons. The 2011 Equity Incentive Plan provides for the grant of equity based awards, including stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, unrestricted stock, other equity based or equity related awards, and/or performance compensation awards based on or relating to the Company's common shares to eligible non-employee directors, officers, employees or consultants. The 2011 Plan is administered by a compensation committee or such other committee of the Company's board of directors. An aggregate of 5.9 million of the Company's common shares have been authorized for issuance under the 2011 Plan. The shares reserved for issuance under the 2011 Plan did not adjust in accordance with the 1 for 4 reverse stock split discussed above. However, the 2011 Plan was approved by shareholders subject to the Company's confirmation in the proxy materials relating to the approval of the 2011 Plan that no options granted under the plan would, in the aggregate, exceed 10% of the Company's issued and outstanding shares on a fully diluted basis on the date the options first become exercisable.

2009 Equity Incentive Plan. In May 2009, our shareholders approved the 2009 Equity Incentive Plan (the "2009 Plan") for the purpose of affording an incentive to eligible persons. The 2009 Plan provides for the grant of equity based awards, including stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, unrestricted stock, other equity based or equity related awards, and/or performance compensation awards based on or relating to the Company's common shares to eligible non-employee directors, officers, employees or consultants. The 2009 Plan is administered by a compensation committee or such other committee of the Company's board of directors. A maximum of 1.05 million of the Company's common shares have been authorized for issuance under the 2009 Plan, which have been adjusted in accordance with the one-for-four reverse stock split effective on May 22, 2012.

As of September 30, 2013, RSUs covering a total of 303,664 of the Company's shares are outstanding. The restricted stock units ("RSUs") vest ratably between three to five years. These RSUs also entitle the participant to receive a dividend equivalent payment on the unvested portion of the underlying shares granted under the award, each time the Company pays a dividend to the Company's shareholders. The dividend equivalent rights on the unvested RSUs are forfeited upon termination of employment. The Company is amortizing to non-cash compensation expense the fair value of the non-vested restricted stock at the grant date. For the nine months ended September 30, 2013 and 2012, the amortization charge was \$3,494,528 and \$5,924,091, respectively. The remaining expense for each of the years ending 2013 and 2014 will be \$380,206 and \$528,905, respectively.

As of September 30, 2013 and December 31, 2012, options covering 1,908,371 of the Company's common shares are outstanding with exercise prices ranging from \$3.34 to \$87.52 per share (the market prices at dates of grants). The options granted to the independent non-employee directors vested and became exercisable on the grant dates. The options granted to members of its management under the 2005 Plan and 2009 Plan vest and become exercisable over three years. The options granted to members of its management under the 2011 Plan vest in four equal annual installments beginning on the grant date. All options expire between five to ten years from the date of grant. For the nine months ended September 30, 2013 and 2012, the Company has recorded a non-cash compensation charge from stock options of \$833,650 and \$1,088,623, respectively. The remaining expense for each of the years ending 2013, 2014 and 2015 will be \$154,851, \$432,310 and \$123,032 respectively.

The non-cash compensation expenses recorded by the Company and included in General and Administrative Expenses are as follows:

	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30,	30,	30,	30,
	2013	2012	2013	2012
Stock Option Plans	\$154,851	\$340,671	\$833,650	\$1,088,623
Restricted Stock Grants	407,753	1,790,119	3,494,528	5,924,091
Total Non-cash compensation expense	\$562,604	\$2,130,790	\$4,328,178	\$7,012,714

As of September 30, 2013, Dividend Equivalent Rights Awards ("DERs") equivalent to 147,667 of the Company's common shares are outstanding to its independent non-employee directors and members of its management. These DERs entitle the participant to receive a dividend equivalent payment each time the Company pays a dividend to the Company's shareholders. For the nine and three months ended September 30, 2013 and 2012, no compensation expenses were recorded.

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 nine-month periods ended September 30, 2013 and 2012. 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 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") 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 similar 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 declined significantly from historic highs, 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 newbuilding 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 drydocking costs); (x) significant deteriorations in charter hire rates from current levels or the inability of the Company to achieve its cost-cutting measures, (xi) the outcome of legal proceeding in which we are involved; and (xii) 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 this data internally, and some were obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified this data nor sought the consent of any organizations to refer to their reports in this Quarterly 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

Eagle Bulk Shipping Inc. (the "Company", "we", "us", or "our"), incorporated under the laws of the Republic of the Marshall Islands (the "Marshall Islands") and headquartered in New York City, is engaged primarily in the ocean transportation of a broad range of major and minor bulk cargoes, including iron ore, coal, grain, cement and fertilizer, along worldwide shipping routes. We operate in the Handymax sector of the dry bulk industry, with particular emphasis on the Supramax class of vessels. We own one of the largest fleets of Supramax dry bulk vessels in the world. Supramax dry bulk vessels range in size from 50,000 to 60,000 deadweight tons, or dwt. 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 charterers.

As of September 30, 2013, we owned and operated a modern fleet of 45 oceangoing vessels comprised of 43 Supramax and 2 Handymax vessels with a combined carrying capacity of 2,451,259 dwt and an average age of approximately six years.

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

On June 20, 2012, we entered into a Fourth Amended and Restated Credit Agreement, as discussed in Note 4 to the consolidated financial statements included in this Quarterly Report and the section entitled "Liquidity and Capital Resources" below.

The Fourth Amended and Restated Credit Facility has financial covenants that begin in 2013 and get increasingly tighter with each progressive quarter. The covenants are primarily driven off of a trailing twelve month calculation of EBITDA. In order to remain in compliance with our covenants, charter hire rates, the primary driver of our EBITDA, must increase over time. Charter hire rates have been driven down during the recession and have been volatile. Despite relatively low charter hire rates in the last part of 2012 and the first three quarters of 2013, the Company estimates that it will meet all of its covenants in 2013, based on the current dry bulk rates that have been in effect from March 2013 and cost cutting measures that the Company has put in place. Such cost cutting measures include but are not limited to reductions in labor costs, upgrades and new equipment expenses. However, if the current charter hire rates do not improve significantly for the remainder of 2013 and in the first quarter of 2014, the Company will not be in compliance with the maximum leverage ratio and the minimum interest coverage ratio covenants under the Fourth Amended and Restated Credit Facility at or after March 31, 2014; and, if charter hire rates deteriorate from current levels or if we are unable to achieve our cost cutting measures or if we realize additional losses on our Korea Lines Corporation available for sale investment, the Company will not be in compliance with the maximum leverage ratio covenant in the fourth quarter of 2013.

If the Company does not comply with the financial covenants contained in the Fourth Amended and Restated Credit Facility, such a non-compliance would constitute an event of default under the credit agreement, the Company would seek to obtain a waiver or modification to the credit agreement from our creditors, however there is no guarantee that we would receive such a waiver or that such a waiver would be on terms or conditions that would be acceptable to the Company. If we were to be unable to cure an event of default, our debt could be called by the creditors and all amounts then outstanding would be reclassified as a current liability and alternative sources of financing would need to be sought on terms that may not be favorable to the Company or the Company may need to seek additional capital through equity or debt offerings or through the sale of assets. Should such events happen, there can be no assurances that the Company would be able to procure alternate financing or sufficient sources of additional capital. If the Company were unable to obtain a waiver or modification of the credit agreement or obtain such alternate financing or additional capital, there is substantial doubt about the Company's ability to continue as a going concern.

On January 3, 2013, a comprehensive termination agreement between the Company and KLC became effective, pursuant to which we agreed to accept \$63.7 million on a non-interest bearing installment note and 1,224,094 common shares of KLC stock as compensation for the early termination of our 13 charters with KLC. Under the termination agreement, cash payments of \$10.3 million were paid in the first quarter of 2013, and the balance of \$53.4 million would have been paid in cash installments through 2021, with the majority of the payments to be paid in the last five years. The KLC stock certificates were issued on February 7, 2013 and were secured at the Korean Securities Depository for six months. On August 7, 2013, we took possession of the share certificates.

In the first quarter of 2013, as the settlement effectively terminated the charters with KLC, the Company released \$3.5 million of bunker liabilities and an aggregate \$13.7 million balance related to deferred revenue and to the unamortized fair value of charters below and above contract value. The Company valued the equity received from KLC at \$5.9 million and the note receivable at \$2.7 million. The Company recorded revenue associated with the termination of \$32.8 million related to amounts previously owed but not recognized and a termination gain of \$3.3 million.

On March 28, 2013, the Korean court approved an amendment to the KLC termination agreement after receiving a favorable vote from the concerned parties. The amendment included a 1 to 15 reduction to the number of KLC common shares outstanding at that date and also reduced our long-term receivable by 90%, substituting that portion of the commitment with 538,751 additional common shares of KLC to be issued to the Company at a date to be determined in the second quarter. We evaluated the fair value of the additional KLC common shares to be issued and the impact to our long-term receivable and determined that the aggregate value exceeded the carrying value of our long-term note receivable recorded in January of 2013; therefore, we did not have a loss on that transaction. Under our accounting policy, any gain on that transaction should be recorded upon settlement. As 90% of the long-term note receivable was paid in equity in the second quarter of 2013, we reclassified that portion as a current asset in the "Investment" line of our balance sheet at March 31, 2013. We considered the March 28, 2013 decision by KLC to dilute the value of previously issued KLC shares to be a triggering event requiring the evaluation of whether a permanent decrease in value had occurred. We determined that a permanent decrease in value had occurred and as of March 31, 2013, we recognized the change in the fair value of our existing KLC shares as other-than-temporary and recorded in other expense a loss of approximately \$3.0 million.

On May 9, 2013, the 538,751 additional KLC common shares were issued and secured at the Korean Securities Depository. On November 11, 2013, we took possession of the share certificates. These shares replace the note receivable recorded pursuant to the January 3, 2013, termination agreement. The fair market value of the shares upon issuance was in excess of the fair value of the receivable and result a gain of \$32.5 million in the second quarter of 2013.

KLC completed its financial reorganization by the middle of September 2013, and emerged from bankruptcy in October 2013. On October 28, 2013, we received early prepayment of \$3.9 million to settle our long term receivable from KLC, which resulted in an additional gain on time charter agreement termination of \$3.5 million recognized in the third quarter of 2013 as the carrying value at September 30, 2013 was adjusted to reflect the elimination of credit risk.

As of September 30, 2013, we sold 55,628 shares of KLC for a total consideration of \$2.2 million and we realized loss of \$0.4 million.

The KLC stock held by the Company is designated as Available for sale and is reported at fair value, with unrealized gains and losses recorded in shareholders' equity as a component of accumulated other comprehensive income. As of September 30, 2013, the fair value of the remaining 566,529 KLC shares held by the Company was \$22.1 million. As of September 30, 2013, the change in the fair value of our KLC investment was considered as other than temporary, and therefore the Company recorded a non-cash impairment loss of \$7.3 million in Other expense in the third quarter of 2013.

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 is based on the following key elements of our business strategy:

- (1) concentration in one vessel category: Supramax class of Handymax dry bulk vessels, which we believe offer size, operational and geographical advantages over Panamax and Capesize vessels;
- (2) our strategy is to balance between long-term time charters and revenues generated by short-term time charters and voyage charters to maximize our financial performance throughout shipping cycles. We have entered into time and voyage charter employment contracts for all the vessels in our operating fleet. We charter some of our vessels 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. The vessels that are on charters whose revenues are linked to the Baltic Supramax index generally have durations of one-year or less. These index linked charters and voyage charters will provide us with the revenue upside when the market improves. We believe that

this structure provides significant visibility to our future financial results and allows us to take advantage of the relatively stable cash flows and high utilization rates that are associated with medium- to long-term time charters, while at the same time providing us with the revenue upside potential from the index linked or short-term time charters or voyage charters. All the charters provide for fixed semi-monthly payments in advance. While we remain focused on securing charters with fixed base rates, we have also entered into contracts with fixed minimum rates and profit sharing arrangements, enabling us to benefit from an increasing rate environment while still minimizing downside risk. We regularly monitor the dry bulk shipping market and based on market conditions we may consider taking advantage of short-term charter rates;

- (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).

We have employed all of our vessels in our operating fleet on time and voyage charters. The following table represents certain information about our revenue earning charters with respect to our operating fleet as of September 30, 2013:

Vessel	Year Built	Dwt	Charter Expiration (1)	Daily Charter Hire Rate
Avocet	2010	53,462	Oct 2013	\$ 8,000(2)
Bittern	2009	57,809	Nov 2013 to Jan 2014	\$ 8,250
Canary	2009	57,809	Nov 2013 to Dec 2013	\$ 10,250
Cardinal	2004	55,362	Nov 2013	Voyage(2)
Condor	2001	50,296	Oct 2013	\$ 9,000(2)
Crane	2010	57,809	Nov 2013	Voyage (2)
Crested Eagle	2009	55,989	Nov 2013	\$ 7,000
Crowned Eagle	2008	55,940	Nov 2013 to Dec 2013	\$ 9,450
Egret Bulker	2010	57,809	Nov 2013	\$ 8,750
Falcon	2001	50,296	Oct 2013	\$ 8,500(2)
Gannet Bulker	2010	57,809	Dec 2013 to Feb 2014	\$ 8,500
Golden Eagle	2010	55,989	Nov 2013 to Dec 2013	\$ 9,250
Goldeneye	2002	52,421	Oct 2013	Voyage (2)
Grebe Bulker	2010	57,809	Oct 2013	\$ 6,000(2)
Harrier	2001	50,296	Nov 2013	\$ 10,750(2)
Hawk I	2001	50,296	Oct 2013	\$ 10,000(2)
Ibis Bulker	2010	57,775	Oct 2013	\$ 7,750(2)
Imperial Eagle	2010	55,989	Jul 2014 to Nov 2014	Index
Jaeger	2004	52,248	Nov 2013	\$ 13,750(2)

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Jay	2010	57,802	Nov 2013	\$8,000
Kestrel I	2004	50,326	Oct 2013	\$9,850(2)
Kingfisher	2010	57,776	Nov 2013 to Dec 2013	\$8,800
Kite	1997	47,195	Nov 2013	\$7,500
Kittiwake	2002	53,146	Oct 2013	\$6,500(2)
Martin	2010	57,809	Oct 2013	Voyage (5)
Merlin	2001	50,296	Oct 2013	\$9,600(2)
Nighthawk	2011	57,809	Oct 2013	\$9,000(2)
Oriole	2011	57,809	Dec 2013 to Feb 2014	\$ 10,000
Osprey I	2002	50,206	Dec 2013	\$ 10,000
Owl	2011	57,809	Oct 2013	\$10,500(2)
Peregrine	2001	50,913	Nov 2013	Voyage (2)
Petrel Bulker	2011	57,809	May 2014 to Sep 2014	\$17,650(4) (with 50% profit share over \$20,000)
Puffin Bulker	2011	57,809	May 2014 to Sep 2014	\$17,650(4) (with 50% profit share over \$20,000)
Redwing	2007	53,411	Nov 2013	\$6,000
Roadrunner Bulker	2011	57,809	Aug 2014 to Dec 2014	\$17,650(4) (with 50% profit share over \$20,000)
Sandpiper Bulker	2011	57,809	Aug 2014 to Dec 2014	\$17,650(4) (with 50% profit share over \$20,000)
Shrike	2003	53,343	Oct 2013	\$ 7,850(2)
Skua	2003	53,350	Dec 2013	\$8,500
Sparrow	2000	48,225	Oct 2013	\$12,000(2)

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Stellar Eagle	2009	55,989	Jan 2014 to Feb 2014	Index(3)
Tern	2003	50,200	Drydocking	— (6)
Thrasher	2010	53,360	Oct 2013	\$8,300(2)
Thrush	2011	53,297	Oct 2013	\$7,000(2)
Woodstar	2008	53,390	Oct 2013	\$5,000(2)
Wren	2008	53,349	Nov 2013	\$ 6,000

The date range provided represents the earliest and latest date on which the charterer may redeliver the vessel to (1) the Company upon the termination of the charter. The time charter hire rates presented are gross daily charter rates before brokerage commissions, ranging from 0.625% to 5.00%, to third party ship brokers.

(2) Upon conclusion of the previous charter the vessel will commence a short term charter for up to six months or a spot voyage.

(3) Index, an average of the trailing Baltic Supramax Index.

(4) The charterer has an option to extend the charter by two periods of 11 to 13 months each.

(5) Upon conclusion of previous charter, the vessel will be entered into Navig8 Bulk Pool for a period between 10 to 14 months.

(6) Upon conclusion of the drydocking the vessel will commence a short term charter for up to six months.

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 subsidiaries, Eagle Shipping International (USA) LLC, a Republic of the Marshall Islands limited liability company that maintains its principal executive offices in New York City, and Eagle Bulk Pte. Ltd, a Singapore company. We currently have a total of fifty-eight shore based personnel, including our senior management team and our office staff, who either directly or through these subsidiaries, 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 a portion of our fleet is provided by our unaffiliated third party technical managers, V.Ships and Anglo Eastern International Ltd., which we believe are two of the world's largest providers of independent ship management and related services. We have also set up our own in-house technical management capability, through which we provide technical management services to a portion of our vessels, in order to establish a vessel management bench-mark with the external technical managers. We review the performance of the managers on an annual basis and may add or change technical managers.

Technical management includes managing day-to-day vessel operations, performing general vessel maintenance, ensuring regulatory and classification society compliance, supervising the maintenance and general efficiency of vessels, arranging our hire of qualified officers and crew, arranging and supervising drydocking and repairs,

purchasing supplies, spare parts and new equipment for vessels, appointing supervisors and technical consultants and providing technical support. Our technical managers also manage and process all crew insurance claims. Our technical managers maintain records of all costs and expenditures incurred in connection with their services that are available for our review on a daily basis. Our technical managers are members of marine contracting associations which arrange bulk purchasing thereby enabling us to benefit from economies of scale.

Our third-party technical managers are paid a fixed management fee for each vessel in our operating fleet for the technical management services provided. For the nine-month periods ended September 30, 2013 and 2012, the technical management fee averaged \$10,315 and \$10,312 per vessel per month, respectively. Management fees paid to our third-party technical managers are recorded under Vessel Expenses.

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 market conditions are strong. Customary with industry practice, 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, expenses and fair value of derivative and warrants 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 Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on April 1, 2013.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and assumptions of the Company are stock-based compensation, the useful lives of fixed assets and intangibles, depreciation and amortization, the allowances for bad debt, and the fair value of derivative and warrants.

Results of Operations for the three and nine month periods ended September 30, 2013 and 2012:

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, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Ownership Days	4,140	4,140	12,285	12,330
Chartered-in under operating lease Days	-	58	-	90
Available Days	4,109	4,198	12,193	12,372
Operating Days	4,096	4,172	12,133	12,275
Fleet Utilization	99.7 %	99.4 %	99.5 %	99.2 %

- **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. Ownership days for the nine month period ended September 30, 2013, were 45 days lower when compared with the corresponding period in 2012.

- Chartered-in under operating lease days: We define chartered-in under operating lease days as the aggregate number of days in a period during which we chartered-in vessels.
- 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 nine-month period ended September 30, 2013, the Company drydocked four vessels as compared to three in the comparable period in 2012.
- 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

Our revenues are derived from time and voyage charters. As is common in the shipping industry, we pay commissions ranging from 0.625% to 5.00% of the total daily charter hire rate of each charter to unaffiliated ship brokers associated with the charterers, depending on the number of brokers involved with arranging the charter.

Gross time and voyage charter revenues in the quarter ended September 30, 2013 were \$40,694,731, compared with \$48,895,357 recorded in the comparable quarter in 2012. The decrease in revenue is attributable to lower time charter rates earned by the fleet. Gross revenues recorded in the quarter ended September 30, 2012 include an amount of \$1,139,972 relating to the non-cash amortization of fair value below contract value on time charters acquired. Brokerage commissions incurred on revenues earned in the quarter ended September 30, 2013 and 2012 were \$1,716,313 and \$2,040,686, respectively. Net revenues during the quarter ended September 30, 2013 and 2012 were \$38,978,418 and \$46,854,671, respectively.

Gross time and voyage charter revenues in the nine-month period ended September 30, 2013 were \$160,156,275, compared with \$154,255,768 recorded in the comparable period in 2012. The increase in revenue is attributable to the settlement agreement with KLC, pursuant to which the Company recognized revenue of approximately \$32.8 million, offset by lower time charter rates earned by the fleet. Gross revenues recorded in the period ended September 30, 2013 and 2012, include an amount of \$10,280,559 and \$3,574,012, respectively, relating to the non-cash amortization of fair value below contract value of time charters acquired of which \$10,106,247 relates to the KLC settlement agreement in the quarter ended March 31, 2013. Brokerage commissions incurred on revenues earned in the period ended September 30, 2013 and 2012 were \$4,715,359 and \$6,247,464, respectively. Net revenues during the period ended September 30, 2013 and 2012, were \$155,440,916 and \$148,008,304, respectively.

Voyage expenses

Voyage expenses for the three-month period ended September 30, 2013 were \$7,683,180 compared to \$6,480,233 in the comparable quarter in 2012.

Voyage expenses for the nine-month period ended September 30, 2013 were \$23,288,739 compared to \$20,370,857 in the comparable period in 2012.

Vessel Expenses

Vessel expenses for the three-month period ended September 30, 2013 were \$21,804,188, compared to \$21,246,653 in the comparable quarter in 2012. Vessel expenses for the three-month period ended September 30, 2013 included \$20,400,337 in vessel operating costs and \$1,403,851 in technical management fees. Vessel expenses for the comparable period in 2012 included \$19,875,688, in vessel operating costs and \$1,370,966 in technical management fees.

Vessel expenses for the nine-month period ended September 30, 2013 were \$63,132,366, compared to \$67,557,977 in the comparable quarter in 2012. Vessel expenses for the nine-month period ended September 30, 2013 included \$58,949,844 in vessel operating costs and \$4,182,522 in technical management fees. Vessel expenses for the comparable period in 2012 included \$63,415,812, in vessel operating costs and \$4,142,165 in technical management fees. The decrease in vessel expenses in the nine-month period is attributable to efficiencies achieved through performing in-house technical management by transferring nine additional vessels from one of our unaffiliated third party managers. 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, tonnage taxes, pre-operating costs associated with the delivery of acquired vessels including providing the newly acquired vessels with initial provisions and stores, other miscellaneous expenses, and technical management fees paid to our third party managers.

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

Charter hire expenses

Charter hire expenses for the three-month period ended September 30, 2013 were zero, compared to \$1,104,571 in the comparable period in 2012. The decrease in charter hire expenses is attributable to no charter-in activity during the three-month period ended September 30, 2013, compared to 58 days in the comparable period in 2012.

Charter hire expenses for the nine-month period ended September 30, 2013 were zero, compared to \$1,711,144 in the comparable period in 2012. The decrease in charter hire expenses is attributable to no charter-in activity during the nine-month period ended September 30, 2013, compared to 90 days in the comparable period in 2012.

Depreciation and Amortization

For the three-month periods ended September 30, 2013 and 2012, total depreciation and amortization expense was \$19,366,495 and \$19,389,042, respectively. Total depreciation and amortization expense for the three-month period ended September 30, 2013 includes \$18,903,389 of vessel and other fixed assets depreciation, and \$463,106 relating to the amortization of deferred drydocking costs. Comparable amounts for the three-month period ended September 30, 2012 were comprised of \$18,931,186 of vessel and other fixed assets depreciation and \$457,856 of amortization of deferred drydocking costs.

For the nine-month periods ended September 30, 2013 and 2012, total depreciation and amortization expense was \$57,463,027 and \$58,250,356, respectively. Total depreciation and amortization expense for the nine-month period ended September 30, 2013 includes \$56,129,127 of vessel and other fixed assets depreciation, and \$1,333,900 relating to the amortization of deferred drydocking costs. Comparable amounts for the nine-month period ended September 30, 2012 were comprised of \$56,388,161 of vessel and other fixed assets depreciation and \$1,862,195 of amortization of deferred drydocking costs. The decrease in depreciation and amortization expense is attributable to a lower drydock amortization.

The cost of all 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. Drydocking relates to our regularly scheduled maintenance program necessary to preserve the quality of our vessels as well as to comply with international shipping standards and environmental laws and regulations. The Company anticipates that vessels are to be drydocked every two and a half years and, accordingly, these expenses are deferred and amortized over that period.

Amortization of deferred financing costs is included in interest expense. These financing costs relate to costs associated with our debt agreement and are amortized over the life of the facility. In connection with the Fourth Amended and Restated Credit Facility entered into on June 20, 2012, the Company recorded \$12,636,295 in deferred financing costs and a fair value of the Warrant Shares of \$7,241,743 that amortize over the life of the term loan credit agreement. For the three-month periods ended September 30, 2013 and 2012, the amortization of deferred financing costs allocated to the vessels in operation was \$2,106,220 and \$2,096,279, respectively. For the nine-month periods ended September 30, 2013 and 2012, the amortization of deferred financing costs allocated to the vessels in operation was \$6,271,128 and \$4,428,572, respectively.

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 also include non-cash compensation expenses.

General and administrative expenses for the three-month periods ended September 30, 2013 and 2012 were \$2,946,267 and \$6,497,598, respectively. These general and administrative expenses include a non-cash compensation component of \$562,604 and \$2,130,790, respectively. The decrease in general and administrative expenses for the three-month period ended September 30, 2013 compared to the comparable period in 2012, is primarily attributable to a reduction in compensation expenses.

General and administrative expenses for the nine-month periods ended September 30, 2013 and 2012 were \$10,878,601 and \$26,551,478, respectively. These general and administrative expenses include a non-cash compensation component of \$4,328,178 and \$7,012,714, respectively. The decrease in general and administrative expenses for the nine-month period ended September 30, 2013 is primarily attributable to a allowance for accounts receivable of \$5,351,609 in nine-month periods ended September 30, lower compensation expenses and professional fee costs.

Other

For the nine month periods ended September 30, 2013, we recorded a gain of approximately \$32.5 million from cancellation of the KLC agreement. For the three month periods ended September 30, 2013, we recorded a gain of approximately \$3.6 million from cancellation of the KLC agreement. See Note 1- General Information- KLC of our consolidated financial statements.

As of September 30, 2013, we sold 55,628 shares of KLC for a total consideration of \$2.2 million and we realized loss of \$0.4 million.

The KLC stock held by the Company is designated as Available for sale and is reported at fair value, with unrealized gains and losses recorded in shareholders' equity as a component of accumulated other comprehensive income. On September 30, 2013, the fair value of the remaining 566,529 KLC shares held by the Company was \$22.1 million. As of September 30, 2013, the change in the fair value of our KLC investment was considered as other than temporary, and therefore the Company recorded a non-cash impairment loss of \$7.3 million in Other expense in the third quarter

of 2013. See Note 1- General Information- KLC of our consolidated financial statements.

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 U.S. 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 herein may not be comparable to that used by other companies due to differences in methods of calculation.

Our term loan agreement requires us to comply with financial covenants based on debt and interest ratio with extraordinary or exceptional items, interest, taxes, non-cash compensation, depreciation and amortization ("Credit Agreement EBITDA"). Therefore, we believe that this non-U.S. GAAP measure is important for our investors as it reflects our ability to meet our covenants. The following table is a reconciliation of net loss, as reflected in the consolidated statements of operations, to the Credit Agreement EBITDA:

	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30,	30,	30,	30,
	2013	2012	2013	2012
Net Loss	\$(37,630,051)	\$(29,837,360)	\$(39,294,848)	\$(70,377,128)
Interest Expense	20,729,626	21,981,186	61,957,771	44,995,438
Depreciation and Amortization	19,366,495	19,389,042	57,463,027	58,250,356
Amortization of fair value (below) above market of time charter acquired	-	(1,139,972)	(10,280,559)	(3,574,012)
EBITDA	2,466,070	10,392,896	69,845,391	29,294,654
<i>Adjustments for Exceptional Items</i>				
Non-cash Compensation Expense (1)	562,604	2,130,790	4,328,178	7,012,714
Credit Agreement EBITDA	\$3,028,674	\$12,523,686	\$74,173,569	\$36,307,368

(1) Stock based compensation related to stock options and restricted stock units.

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 used in operating activities during the nine-month period ended September 30, 2013 was \$342,990, compared with net cash provided by operating activities of \$2,644,520 during the corresponding nine-month period ended September 30, 2012. The decrease was primarily due to lower rates on charter renewals offset by reductions in general and administrative expenses.

Net cash provided by investing activities during the nine-month period ended September 30, 2013, was \$2,275,326, compared with \$287,344 during the corresponding nine-month period ended September 30, 2012. The increase was primarily due to proceeds from sale of investment.

Net cash used in financing activities during the nine-month period ended September 30, 2013 and 2012 was \$126,535 and \$9,447,930, respectively. The financing activity during the nine-month period ended September 30, 2012, related primarily to the additional expenses incurred related to the amendment and restatement of the Company's credit agreement.

As of September 30, 2013, our cash balance was \$19,925,769, compared to a cash balance of \$18,119,968 at December 31, 2012. Also recorded in Restricted Cash is an amount of \$66,243, which collateralizes letters of credit relating to our office leases.

At September 30, 2013, the Company's debt consisted of \$1,129,478,741 in term loans and \$37,112,217 paid-in-kind loans.

On June 20, 2012, the Company entered into a Fourth Amended and Restated Credit Agreement to its credit facility agreement, dated as of October 19, 2007, as amended up to the date thereof (the "Fourth Amended and Restated Credit Agreement"), which, among other things, (i) permanently waives any purported defaults or events of defaults that were the subject of a temporary waiver under the Sixth Amendatory and Commercial Framework Implementation Agreement (the "Sixth Amendment") to the Third Amended and Restated Credit Agreement dated October 19, 2007, including any alleged events of default arising from any purported breach of the minimum adjusted net worth covenant that occurred as a result of any failure to maintain the required adjusted net worth; (ii) converts the \$1,129,478,741 outstanding under the revolving credit facility into a term loan; (iii) sets the maturity date as December 31, 2015, and, subject to the Company's satisfaction of certain conditions, including a collateral coverage ratio at December 31, 2015 of less than 80%, provides an option to the Company to further extend the maturity date by an additional 18 months to June 30, 2017 (the "Termination Date"); (iv) requires no mandatory repayments of principal until the Termination Date, other than a quarterly sweep of cash on hand in excess of \$20,000,000 and upon the sale of vessels, additional financings or future equity raises by the Company. All amounts outstanding under the term loan will bear interest at LIBOR plus a margin that will include a payment-in-kind ("PIK") component. The initial cash margin of 3.50% and PIK margin of 2.50% can be reduced on the basis of reduced leverage and proceeds from future equity raises by the Company.

The Fourth Amended and Restated Credit Agreement also provides for a new Liquidity Facility in the aggregate amount of \$20,000,000, which permits the purchase or sale of vessels within certain parameters, permits the management of third party vessels and provides that all capitalized interest will be evidenced in the form of PIK loans, which will mature on the Termination Date. On the Termination Date, the Company may elect to either (i) repay the PIK loans in cash; or (ii) convert the PIK loans into shares of cumulative convertible preferred stock, par value \$10.00 per share. As of September 30, 2013, the outstanding amount of the term loan was \$1,129,478,741, the amount of the PIK loans was \$37,112,217 and no amount was drawn on the Liquidity Facility. In connection with the Fourth Amended and Restated Credit Amendment, the Company recorded \$12,636,295 of deferred financing costs that are amortized over the life of the term loan, including amendment and professional fees.

In addition, the Fourth Amended and Restated Credit Agreement replaces the previously existing financial covenants and substitutes them with new covenants, which require the Company to (i) maintain a maximum leverage ratio of the term loan indebtedness, excluding the PIK loans, to EBITDA (as defined in the Fourth Amended and Restated Credit Agreement) on a trailing four quarter basis, commencing in the quarterly period ending September 30, 2013, of 13.9:1, December 31, 2013, of 12.3:1, March 31, 2014 of 10.6:1, June 30, 2014 of 9.2:1, September 30, 2014 of 8.5:1, December 31, 2014 of 8.1:1, March 31, 2015 of 7.8:1, June 30, 2015 of 7.6:1, September 30, 2015 of 7.5:1, and December 31, 2015 of 7.3:1 and, should the Termination Date be extended under the Company's option, further declining in intervals to 6.2:1 for the quarterly period ending March 31, 2017; (ii) maintain a minimum interest coverage ratio of EBITDA to cash interest expenses on a trailing four quarter basis, expressed as a percentage, commencing in the quarterly period ending June 30, 2013, of 130%, September 30, 2013, of 140%, December 31, 2013, of 160%, March 31, 2014 of 180%, June 30, 2014 of 200%, September 30, 2014 of 210%, December 31, 2014 of 220%, March 31, 2015 of 220%, June 30, 2015 of 220%, September 30, 2015 of 220%, and December 31, 2015 of 220% and, should the Termination Date be extended, further escalating in intervals to 230% for the quarterly period ending March 31, 2017; (iii) maintain free cash with the agent in one or more accounts in an amount equal to \$500,000 per vessel owned directly or indirectly by the Company, provided that the unutilized amount of the liquidity

facility shall be deemed to constitute free cash for these purposes; and (iv) maintain a maximum collateral coverage ratio, commencing in the quarterly period ending September 30, 2014, of 100% of the term loan indebtedness and any related swap exposure, declining in intervals to 80% for the quarterly period ending December 31, 2015 and, should the Termination Date be extended, further declining in intervals to 70% for the quarterly period ending March 31, 2017.

As discussed above, the Fourth Amended and restated Credit Facility has financial covenants that begin in 2013 and get increasingly tighter with each progressive quarter. The covenants are primarily driven off of a trailing twelve month calculation of EBITDA. In order to remain in compliance with our covenants, charter hire rates, the primary driver of our EBITDA, must increase over time. Charter hire rates have been driven down during the recession and have been volatile. Despite relatively low charter hire rates in the last part of 2012 and the first three quarters of 2013, the Company estimates that it will meet all of its covenants in 2013, based on the current dry bulk rates that have been in effect from March 2013 and cost cutting measures that the Company has put in place. Such cost cutting measures include but are not limited to reductions in labor costs, upgrades and new equipment expenses. However, if the current charter hire rates do not improve for the remainder of 2013 and in the first quarter of 2014, the Company will not be in compliance with the maximum leverage ratio and the minimum interest coverage ratio covenants under the Fourth Amended and Restated Credit Facility at or after March 31, 2014; and, if charter hire rates deteriorate from current levels or if we are unable to achieve our cost cutting measures or if we realize additional losses on our Korea Lines Corporation available for sale investment, the Company will not be in compliance with the maximum leverage ratio covenant in the fourth quarter of 2013.

If the Company does not comply with the financial covenants contained in the Fourth Amended and Restated Credit Facility, a non-compliance would constitute an event of default under the credit agreement, the Company would seek to obtain a waiver or modification to the credit agreement from our creditors, however there is no guarantee that we would receive such a waiver or that such a waiver would be on terms or conditions that would be acceptable to the Company. If we were to be unable to cure an event of default, our debt could be called by the creditors and all amounts then outstanding would be reclassified as a current liability and alternative sources of financing would need to be sought on terms that may not be favorable to the Company or the Company may need to seek additional capital through equity or debt offerings or through the sale of assets. Should such events happen, there can be no assurances that the Company would be able to procure alternate financing or sufficient sources of additional capital. If the Company were unable to obtain a waiver or modification of the credit agreement or obtain such alternate financing or additional capital, there is substantial doubt about the Company's ability to continue as a going concern.

In connection with the Fourth Amended and Restated Credit Agreement, the Company entered into a Warrant Agreement, dated June 20, 2012, pursuant to which the Company issued 3,148,584 warrants convertible on a cashless basis into shares of the Company's common stock, par value \$0.01 (the "Warrant Shares"), at a strike price of \$0.01 per share of common stock. One-third of the warrants are exercisable immediately, the next third of the warrants are exercisable when the price of the Company's common stock reaches \$10.00 per share and the last third of the warrants are exercisable when the price of the Company's common stock reaches \$12.00 per share. Unexercised warrants will expire on June 20, 2022. The Company determined the relative fair value of the Warrant Shares at \$7.2 million using the Monte Carlo simulation which was performed, and the mean value was selected. The assumptions used in the Monte Carlo simulation were the underlying stock price of \$2.98, risk-free rate of 1.64%, expected volatility of 79.3%, expected term of 10 years and expected dividend yield of 0%. The fair value of the warrants was recorded as deferred financing cost and amortized over of the life the term loan agreement.

Our obligations under the Fourth Amended and Restated Credit Agreement are secured by a first priority mortgage on each of the vessels in our fleet, and by a first assignment of all freights, earnings, insurances and requisition compensation relating to our vessels. The Fourth Amended and Restated Credit Agreement also limits our ability to create liens on our assets in favor of other parties.

We anticipate that our current financial resources, together with cash generated from operations will be sufficient to fund the operations of our fleet, including our working capital, throughout 2013. The general decline in the dry bulk carrier charter market has resulted in lower charter rates for vessels in the dry bulk market. As mentioned above, if the current charter hire rates do not improve for the remainder of 2013 and in the first quarter of 2014, the Company will not be in compliance with the maximum leverage ratio and the minimum interest coverage ratio covenants under our credit agreement at or after March 31, 2014; and, if charter hire rates deteriorate from current levels or if we are unable to achieve our cost cutting measures or if we realize additional losses on our Korea Lines Corporation available for sale investment, the Company will not be in compliance with the maximum leverage ratio covenant in the fourth quarter of 2013. Although there is no assurance that we will be successful in doing so, we are evaluating asset sales, equity and debt financing alternatives that could raise incremental cash.

In August 2012, the Company filed a new shelf registration statement, which became effective on October 1, 2012, to replace its previous shelf registration statement that expired in August 2012. Under the new shelf registration statement, the Company may issue up to an aggregate of \$500,000,000 of securities, including common shares, preferred shares, debt securities (which may be guaranteed by certain of the Company's subsidiaries), warrants, purchase contracts, rights and units comprised of any of the aforementioned securities.

In addition, in connection with the Fourth Amended and Restated Credit Agreement discussed above, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement"), dated June 20, 2012, with its lenders pursuant to which the Company agreed to register the Warrant Shares for resale under the Securities Act. Under the terms of the Registration Rights Agreement, the Company filed a shelf registration statement on Form S-3 on June 26, 2012 relating to the Warrant Shares, which became effective on September 17, 2012. Pursuant to the Registration Rights Agreement, the Company has agreed to keep the registration statement effective and file all information required to be filed under Rule 144 or the Exchange Act until the Warrant Shares are otherwise freely tradable without restriction under Rule 144 under the Securities Act.

Dividends

The Company did not make any dividend payments in 2013 or 2012.

Contractual Obligations

The following table sets forth our expected contractual obligations and their maturity dates as of September 30, 2013:

<i>(in thousands of U.S. dollars)</i>	Within One Year	One to Three Years	Three to Five Years	More than Five years	Total
Bank Loans	\$-	\$1,129,479	\$-	\$-	\$1,129,479
PIK loan	-	103,650	-	-	103,650
Interest and borrowing fees	42,976	55,331	-	-	98,307
Chartering agreement (1)	1,661	9,855	9,855	13,122	34,493
Office lease (2)	1,311	2,405	2,049	-	5,765
Total	\$45,948	\$1,300,720	\$11,904	\$13,122	\$1,371,694

(1) On July 28, 2011, the Company entered into an agreement to charter-in a 37,000 dwt newbuilding Japanese vessel that is expected to be delivered between May and October 2014 for seven years with an option for additional one year. The hire rate for the 1st to 7th year is \$13,500 per day and for the 8th year option \$13,750 per day.

(2) Remainder of the lease on the office space which the Company occupies.

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.

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 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 of the next scheduled drydock. Two vessels drydocked in the three months ended September 30, 2013. 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:

<u>Quarter Ending</u>	Off-hire Days⁽¹⁾	Projected Costs⁽²⁾ (million)
December 31, 2013	22	\$ 0.60
March 31, 2014	66	\$ 1.80
June 30, 2014	66	\$ 1.80
September 30, 2014	44	\$ 1.20

(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.

Other Contingencies

We refer you to Note 7 “Legal Proceeding” to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report for a discussion of our contingencies related to claim litigation. If an unfavorable ruling were to occur in these matters, there exists the possibility of a material adverse impact on our business, liquidity, results of operations, financial position and cash flows in the period in which the ruling occurs. The potential impact from legal proceedings on our business, liquidity, results of operations, financial position and cash flows, could change in the future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes from the market risk disclosure set forth in the section entitled “Quantitative and Qualitative Disclosures about Market Risk” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on April 1, 2013.

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 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.

PART II: OTHER INFORMATION

Item 1 - Legal Proceedings

From time to time, we are involved in various disputes and litigation matters that arise in the ordinary course of our 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. Information about legal proceedings is set forth in Note 7 to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report and is incorporated by reference herein.

Item 1A – Risk Factors

There have been no material changes from the “Risk Factors” previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on April 1, 2013.

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

None.

Item 3 - Defaults Upon Senior Securities

None.

Item 4 – Mine Safety Disclosures

None.

Item 5 - Other Information

None.

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Item 6 – Exhibits

EXHIBIT INDEX

- Amended and Restated Articles of Incorporation of the Eagle Bulk Shipping Inc., incorporated by reference to
- 3.1 Exhibit 3.1 to the Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817), filed with the SEC on June 20, 2005.
- Articles of Amendment to the Company's Amended and Restated Articles of Incorporation of Eagle Bulk
- 3.2 Shipping Inc., incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on May 23, 2012.
- Amended and Restated Bylaws of Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 3.2 to the
- 3.3 Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005.
- Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of Eagle Bulk
- 3.4 Shipping Inc., incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 8-A of Eagle Bulk Shipping Inc., filed with the SEC on November 13, 2007.
- Form of Common Stock Share Certificate of Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 4 to
- 4.1 the Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005.
- Form of Senior Indenture, incorporated by reference to Exhibit 4.7 to the Registration Statement on Form S-3 of
- 4.2 Eagle Bulk Shipping Inc. (Registration No. 333-139745), filed with the SEC on December 29, 2006.
- Form of Subordinated Indenture, incorporated by reference to Exhibit 4.8 to the Registration Statement on Form
- 4.3 S-3 of Eagle Bulk Shipping Inc. (Registration No. 333-139745), filed with the SEC on December 29, 2006.
- Form of Subordinated Indenture, incorporated by reference to Exhibit 4.8 to the Registration Statement on Form
- 4.4 S-3 of Eagle Bulk Shipping Inc. (Registration No. 333-139745), filed with the SEC on December 29, 2006.
- Amended and Restated Rights Agreement, dated as of June 20, 2012, between Eagle Bulk Shipping Inc. and
- 4.5 Computershare Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Eagle Bulk Shipping Inc. filed with the SEC on June 20, 2012.
- Form of Registration Rights Agreement, incorporated by reference to Exhibit 10.1 to the Registration Statement
- 10.1 on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005.
- Form of Management Agreement with V Ships Management Ltd., incorporated by reference to Exhibit 10.2 to
- 10.2 the Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005.
- Form of Restricted Stock Unit Award Agreement, incorporated by reference to Exhibit 10.1 to the Quarterly
- 10.3 Report on Form 10-Q of Eagle Bulk Shipping Inc. for the period ending September 30, 2007, filed on November 9, 2007.
- Eagle Bulk Shipping Inc. 2005 Stock Incentive Plan, incorporated by reference to Exhibit 10.4 to the
- 10.4 Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005.
- Amended and Restated Employment Agreement for Mr. Sophocles N. Zoullas, incorporated by reference to
- 10.5 Exhibit 10.1 to the Current Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on June 20, 2008.
- 10.6

- Eagle Bulk Shipping Inc. 2009 Stock Incentive Plan, incorporated by reference to Appendix A to the definitive proxy statement on Schedule 14A of Eagle Bulk Shipping Inc., filed with the SEC on April 10, 2009.
- 10.7 Eagle Bulk Shipping Inc. 2009 Stock Incentive Plan, incorporated by reference to Appendix A to the definitive proxy statement on Schedule 14A of Eagle Bulk Shipping Inc., filed with the SEC on April 10, 2009.
- 10.8 Sixth Amendatory Agreement and Commercial Framework Implementation Agreement, dated as of September 26, 2011, as supplemented, among Eagle Bulk Shipping Inc., as Borrower, the certain subsidiaries of the Borrower, as Guarantors, the banks and financial institutions party thereto, as Lenders, and the Royal Bank of Scotland plc, as Arranger, Bookrunner, Swap Bank, Agent and Security Trustee, incorporated by reference to Exhibit 10.10 to the Annual Report on Form 10-K/A of Eagle Bulk Shipping Inc. for the fiscal year ended December 31, 2011, filed with the SEC on March 16, 2012.
- 10.9 Eagle Bulk Shipping Inc. 2011 Stock Incentive Plan., incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on November 17, 2011.
- 10.10 Fourth Amended and Restated Credit Agreement, dated as of June 20, 2012, for Eagle Bulk Shipping Inc., arranged by The Royal Bank of Scotland plc with The Royal Bank of Scotland plc acting as Agent and Security Trustee, incorporated by reference to Exhibit 10.12 to the quarterly report on Form 10-Q of Eagle Bulk Shipping Inc. for the period ended June 30, 2012, filed with the SEC on August 9, 2012.
- 10.11 Warrant Agreement, dated June 20, 2012, by and between Eagle Bulk Shipping Inc., as the Issuer, and the Lender Holders, as Holders, incorporated by reference to Exhibit 10.13 to the quarterly report on Form 10-Q of Eagle Bulk Shipping Inc. for the period ended June 30, 2012, filed with the SEC on August 9, 2012.
- 10.12 Warrant Shares Registration Rights Agreement, dated June 20, 2012, by and among Eagle Bulk Shipping Inc. and the Lender Holders, incorporated by reference to Exhibit 10.14 to the quarterly report on Form 10-Q of Eagle Bulk Shipping Inc. for the period ended June 30, 2012, filed with the SEC on August 9, 2012.
- 31.1 Rule 13a-14(d) / 15d-14(a)_Certification of Principal Executive Officer
- 31.2 Rule 13a-14(d) / 15d-14(a)_Certification of Principal Financial Officer
- 32.1 Section 1350 Certification of Principal Executive Officer
- 32.2 Section 1350 Certification of Principal Financial Officer
101. The following materials from Eagle Bulk Shipping Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets (unaudited) as of September 30, 2013 and December 31, 2012, (ii) Consolidated Statements of Operations (unaudited) for the three and nine months ended September 30, 2013 and 2012, (iii) Consolidated Statements of Comprehensive Loss (unaudited) for the three and nine months ended September 30, 2013 and 2012, (iv) Consolidated Statements of Stockholders' Equity (unaudited) for the nine months ended September 30, 2013 and 2012, (v) Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2013 and 2012, and (vi) Notes to Consolidated Financial Statements (unaudited).

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 14, 2013

By: /s/ Adir Katzav

Adir Katzav

Chief Financial Officer

and Principal Accounting Officer

Date: November 14, 2013

