

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, 2016

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.)

**300 First Stamford Place, 5th floor
Stamford, Connecticut 06902**

(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: **(203) 276-8100**

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 by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

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, 48,106,827 shares outstanding as of November 9, 2016.

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Part 1: FINANCIAL INFORMATION**Item 1: Financial Statements**

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets as of September 30, 2016 and December 31, 2015
(Unaudited)

	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 98,568,795	\$ 24,896,161
Accounts receivable	6,453,806	7,076,528
Prepaid expenses	2,637,907	3,232,763
Inventories	6,995,819	5,574,406
Other assets	151,925	245,569
Total current assets	<u>114,808,252</u>	<u>41,025,427</u>
Noncurrent assets:		
Vessels and vessel improvements, at cost, net of accumulated depreciation of \$69,972,688 and \$49,148,080, respectively	688,421,196	733,960,731
Other fixed assets, net of accumulated depreciation of \$264,201 and \$159,827, respectively	572,261	220,509
Restricted cash	74,917	141,161
Deferred drydock costs	12,529,591	11,146,009
Other assets	54,705	109,287
Total noncurrent assets	<u>701,652,670</u>	<u>745,577,697</u>
Total assets	<u>\$ 816,460,922</u>	<u>\$ 786,603,124</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,459,022	\$ 8,216,473
Accrued interest	-	401,232
Other accrued liabilities	10,893,665	10,827,075
Fair value below contract value of time charters acquired	820,313	1,283,926
Unearned charter hire revenue	4,827,883	1,560,402
Fair value of derivative instruments	15,150	-
Current portion of long-term debt	-	15,625,000
Total current liabilities	<u>23,016,033</u>	<u>37,914,108</u>
Noncurrent liabilities:		
First Lien Facility, net of debt discount and debt issuance costs	198,914,435	225,577,491
Second Lien Facility, net of debt discount and debt issuance costs	43,280,278	-
Payment-in-kind interest on Second Lien Facility	4,782,863	-
Fair value below contract value of time charters acquired	4,101,560	4,094,122
Other liabilities	767,106	672,941
Total noncurrent liabilities	<u>251,846,242</u>	<u>230,344,554</u>
Total liabilities	<u>274,862,275</u>	<u>268,258,662</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.01 par value, 700,000,000 shares authorized, 48,106,827 and 1,883,303 shares issued and outstanding, respectively*	481,069	18,833
Additional paid-in capital*	782,096,558	678,171,322
Accumulated deficit	<u>(240,978,980)</u>	<u>(159,845,693)</u>
Total stockholders' equity	<u>541,598,647</u>	<u>518,344,462</u>
Total liabilities and stockholders' equity	<u>\$ 816,460,922</u>	<u>\$ 786,603,124</u>

*Adjusted to give effect for the 1 for 20 reverse stock split that became effective as of the opening of trading on August 5, 2016, see Note 1.

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2016 and 2015
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Revenues, net of commissions	\$ 35,788,181	\$ 29,127,482	\$ 82,656,903	\$ 78,116,020
Voyage expenses	11,207,959	5,202,219	27,902,155	13,540,698
Vessel expenses	17,707,959	22,492,616	56,783,181	63,124,053
Charter hire expenses	3,822,456	1,248,649	6,979,213	3,697,745
Depreciation and amortization	9,854,228	11,284,454	28,905,058	32,739,674
General and administrative expenses	5,223,782	5,907,387	15,429,844	18,186,555
Refinancing expenses	(4,625)	-	5,869,025	-
Vessel impairment	-	-	6,167,262	-
(Gain)/Loss on sale of vessels	(299,350)	-	101,860	5,696,675
Total operating expenses	<u>47,512,409</u>	<u>46,135,325</u>	<u>148,137,598</u>	<u>136,985,400</u>
Operating loss	(11,724,228)	(17,007,843)	(65,480,695)	(58,869,380)
Interest expense	7,434,156	3,048,180	15,154,659	9,197,163
Interest income	(88,094)	-	(91,606)	(2,955)
Other expense	288,754	320,597	589,539	488,396
Total other expense, net	<u>7,634,816</u>	<u>3,368,777</u>	<u>15,652,592</u>	<u>9,682,604</u>
Net loss	<u>\$ (19,359,044)</u>	<u>\$ (20,376,620)</u>	<u>\$ (81,133,287)</u>	<u>\$ (68,551,984)</u>
Weighted average shares outstanding *:				
Basic	37,031,096	1,881,968	20,588,612	1,880,116
Diluted	37,031,096	1,881,968	20,588,612	1,880,116
Per share amounts*:				
Basic net loss	\$ (0.52)	\$ (10.83)	\$ (3.94)	\$ (36.46)
Diluted net loss	\$ (0.52)	\$ (10.83)	\$ (3.94)	\$ (36.46)

*Adjusted to give effect for the 1 for 20 reverse stock split that became effective as of the opening of trading on August 5, 2016, see Note 1.

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Other Comprehensive Loss
For the Three and Nine Months Ended September 30, 2016 and 2015
(Unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
Net loss	\$ (19,359,044)	\$ (20,376,620)	\$ (81,133,287)	\$ (68,551,984)
Other comprehensive loss:				
Change in unrealized loss on investment	-	(48,406)	-	(234,984)
Total other comprehensive loss	-	(48,406)	-	(234,984)
Comprehensive loss	<u>\$ (19,359,044)</u>	<u>\$ (20,425,026)</u>	<u>\$ (81,133,287)</u>	<u>\$ (68,786,968)</u>

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Stockholders' Equity
For the Nine Months Ended September 30, 2016
(Unaudited)

	Common Shares*	Common Shares Amount*	Additional Paid-in Capital*	Net Loss	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2015	1,883,303	\$ 18,833	\$ 678,171,322		\$ (159,845,693)	\$ 518,344,462
Net loss	—	—	—	\$ (81,133,287)	(81,133,287)	(81,133,287)
Issuance of shares in connection with the entry into the Second Lien Loan Agreement	16,889,828	168,899	17,587,426		-	17,756,325
Issuance of shares for private placement	29,333,318	293,333	85,407,202		-	85,700,535
Reverse stock split adjustment	(32)	-	-			-
Vesting of restricted shares withheld for employee tax	410	4	(2,942)		-	(2,938)
Non-cash compensation	-	-	933,550		-	933,550
Balance at September 30, 2016	<u>48,106,827</u>	<u>\$ 481,069</u>	<u>\$ 782,096,558</u>		<u>\$ (240,978,980)</u>	<u>\$ 541,598,647</u>

*Adjusted to give effect for the 1 for 20 reverse stock split that became effective as of the opening of trading on August 5, 2016, see Note 1.

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2016 and 2015
(Unaudited)

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Cash flows from operating activities:		
Net loss	\$ (81,133,287)	\$ (68,551,984)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation	26,573,461	30,783,330
Amortization of deferred drydocking costs	2,331,597	1,956,344
Amortization of debt discount and debt issuance costs	3,092,193	1,784,062
Amortization of fair value below contract value of time charter acquired	(456,175)	(1,240,609)
Payment-in-kind interest on Second Lien Facility	4,782,863	-
Loss on sale of vessels	101,860	5,696,675
Impairment of vessels	6,167,262	-
Realized loss from investment	-	112,589
Non-cash compensation expense	933,550	2,998,382
Drydocking expenditures	(3,715,179)	(9,680,582)
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	622,722	3,637,163
Other assets	148,227	4,468,668
Prepaid expenses	594,856	1,657,211
Inventories	(1,421,413)	(798,193)
Unrealized loss on derivatives	15,150	-
Accounts payable	(1,757,451)	(3,298,897)
Accrued interest	(401,232)	(189,502)
Other accrued liabilities	160,755	1,021,773
Unearned chartered hire revenue	3,267,481	(165,864)
Net cash used in operating activities	(40,092,760)	(29,809,434)
Cash flows from investing activities:		
Vessels and vessel improvements	(199,675)	(1,508,778)
Purchase of other fixed assets	(456,125)	(11,201)
Proceeds from sale of vessels	13,001,000	4,235,542
Restricted cash	66,244	-
Proceeds from sale of investment	-	6,906,190
Net cash provided by investing activities	12,411,444	9,621,753
Cash flows from financing activities:		
Proceeds from Second Lien Facility	60,000,000	-
Proceeds from Revolver Loan Facility under First Lien Facility	10,158,500	23,000,000
Proceeds from common stock placement	85,700,535	-
Repayment of Term Loan	(21,276,000)	(15,718,750)
Repayment of Revolver Loan	(30,158,500)	-
Deferred financing costs	(2,467,647)	-
Financing cost paid to lender	(600,000)	(500,000)
Cash used to settle net share equity awards	(2,938)	(1,285,506)
Net cash provided by financing activities	101,353,950	5,495,744
Net increase /(decrease) in cash and cash equivalents	73,672,634	(14,691,937)
Cash and cash equivalents at beginning of period	24,896,161	39,975,287
Cash and cash equivalents at end of period	\$ 98,568,795	\$ 25,283,350

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

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

Note 1. Basis of Presentation and General Information

The accompanying condensed 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.

As of September 30, 2016, the Company owned and operated a modern fleet of 40 oceangoing vessels comprised of 39 Supramax vessels and 1 Handymax vessel with a combined carrying capacity of 2,199,413 dwt and an average age of approximately 8.6 years. The Company chartered in a 38,000 dwt new building beginning October 2, 2015 for a period of seven years, a 63,000 dwt new building vessel that was delivered in May 2016 for a period of nine to fourteen months and a 61,000 dwt new building vessel that was delivered in July 2016 for a period of eleven to thirteen months.

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

	% of Revenue			
	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Charterer				
Charterer A*	-	12%	-	23%

*Charter revenue from a pool in which the Company participated until September, 2015.

The accompanying condensed 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 2015 Annual Report on Form 10-K, filed with the SEC on March 31, 2016.

The accompanying condensed consolidated financial statements are unaudited and include all adjustments (consisting of normal recurring adjustments) that management considers necessary for a fair presentation of its consolidated financial position and results of operations for the interim periods presented. We have made a reclassification adjustment to conform the prior period amounts to the current period’s presentation in the Condensed Consolidated Statement of Operations. This change in classification had no effect on the previously reported Condensed Consolidated Statement of Operations and on total operating expenses. For the three and nine months ended September 30, 2015, we have reclassified the technical management costs of \$1.4 million and \$4.5 million respectively, from Vessel expenses to General and administrative expenses to closely align the Company’s presentation to that of many of its peers.

The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the entire year.

Effective as of the opening of trading on August 5, 2016, the Company completed a 1 for 20 reverse stock split as previously approved by the Company's board of directors and 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 as well as the applicable exercise price. In addition, proportional adjustments were made to the number of shares of common stock issuable upon exercise of the warrants exercisable and the exercise price of the warrants pursuant to the terms thereof. No fractional shares were issued in connection with the reverse stock split, as shareholders who would otherwise hold 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 for all periods presented in these condensed consolidated financial statements and notes thereto, have been retrospectively adjusted to reflect the reverse stock split.

On August 10, 2016, the Company closed its previously announced private placement of its common stock for aggregate proceeds of \$86.0 million net of fees and legal expenses. After giving effect to the Company's previously announced reverse stock split of its issued and outstanding shares of common stock, including the rounding down of fractional shares pursuant to such split, the private placement included the issuance of 29,333,318 shares of the Company's common stock at \$3.00 per share. The Company intends to use the proceeds of the private placement for the acquisition of dry bulk vessels and general corporate purposes.

On September 7, 2016, the Company and each of the investors named therein (the "Investors") executed a Termination Agreement, dated September 7, 2016 (the "Termination Agreement"), terminating certain Preferred Stock Purchase Agreement as amended dated May 26, 2016, by and among the Company and such investors. Pursuant to the Purchase Agreement, the Company had agreed to issue to the Investors in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), shares of 15% Cumulative Nonparticipating Redeemable Series A Preferred Stock, par value \$0.01 per share (the "Preferred Shares").

Pursuant to the Termination Agreement, the Company and each Investor exchanged mutual releases of any and all claims or actions against each other in connection with or resulting from the Preferred Stock Purchase Agreement and the transactions contemplated thereby. The Company also agreed to make an aggregate termination payment to the Investors of \$125,254.80, with such aggregate amount allocated among the Investors in proportion to the percentage of the Preferred Shares each Investor had previously agreed to purchase. Two of the Investors, Paul Leand and Gary Vogel (the Company's chief executive officer), are directors of the Company and the other Investors are current shareholders of the Company. The fees paid to the shareholders were recorded as other expense in the condensed consolidated statements of operations for the three-months ended and nine-months ended September 30, 2016.

We adopted the provisions of the Accounting Standard Update 2015-03 issued by the FASB ("Financial Accounting Standards Board") relating to presentation of debt issuance costs. Accordingly, \$435,816 previously classified in other assets was retrospectively classified as a reduction of the long-term debt balance as of December 31, 2015.

The preparation of condensed 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 condensed 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 useful lives of fixed assets, the period of amortization, the allowances for bad debt, and the fair value of warrants and stock-based compensation.

Note 2. New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update, ("ASU") No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle is that a company should recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, and shall be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. In May 2016, the FASB issued Accounting Standards Update No. 2016-12, Revenue from Contracts with customers. This update provides further guidance on applying collectability criterion to assess whether the contract is valid and represents a substantive transaction on the basis whether a customer has the ability and intention to pay the promised consideration. This update also permits an entity as accounting policy election, to exclude amounts collected from customers for all sales taxes. The Company is evaluating the potential impact of the adoption of this standard on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." This ASU establishes specific guidance to an organization's management on their responsibility to evaluate whether there is substantial doubt about the organization's ability to continue as a going concern. The provisions of this ASU are effective for interim and annual periods ending after December 15, 2016. The Company is evaluating the potential impact of the adoption of this standard on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory". The new guidance specifies that inventory be measured at the lower of cost and net realizable value. The amendment would apply prospectively and would be effective for annual reporting periods beginning after December 15, 2016 and interim reporting periods within annual reporting periods beginning after December 15, 2017. The Company is evaluating the potential impact of the adoption of this standard on its consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases". ASU 2016-02 is intended to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In order to meet that objective, the new standard requires recognition of the assets and liabilities that arise from leases. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Accounting by lessors will remain largely unchanged from current U.S. generally accepted accounting principles. The new standard is effective for public companies for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. The Company is currently evaluating the effect that adopting this standard will have on our consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, "Stock Compensation". The new guidance is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The standard is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. The Company is evaluating the potential impact of the adoption of this standard on its consolidated financial statements.

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, "Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments." The new guidance is intended to provide specific guidance on cashflow classification issues such as debt prepayment or debt extinguishment costs, settlement of zero coupon debt instruments or cases where the coupon interest rate is insignificant compared to the effective interest rate of the borrowing, contingent consideration payments in a business combination, proceeds from insurance claim settlements and distributions received by equity method investees. The standard is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. The amendments should be applied using a retrospective transition method to each period presented. The Company is evaluating the potential impact of the adoption of this standard on its consolidated financial statements.

Note 3. Vessels

Vessels and Vessel Improvements

At September 30, 2016, the Company's owned operating fleet consisted of 40 dry bulk vessels.

As of December 31, 2015, we determined that the future undiscounted cash flows did not exceed the net book value on six of our vessels. This is a result of our intention to divest six of our older vessels in the short-term period. As a result, we reduced the carrying value of each vessel to its fair market value as of December 31, 2015 and recorded an impairment charge of \$50,872,734.

As of March 31, 2016, due to further reduction in asset value during the first quarter of 2016, we determined that the future undiscounted cash flows of six of our vessels did not exceed their net book value. As a result, we reduced the carrying value of each vessel to its fair market value as of March 31, 2016 and recorded an impairment charge of \$6,167,262.

On April 26, 2016, the Company sold the vessel *Peregrine* for \$2.6 million, after brokerage commissions and associated selling expenses, and recorded a net loss of approximately \$150,000 in the second quarter of 2016. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

On June 16, 2016, the Company sold the vessel *Falcon* for \$3.2 million, after brokerage commissions and associated selling expenses, and recorded a net loss of approximately \$140,000 in the second quarter of 2016. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

As of June 30, 2016, the Company determined that all the held for sale criteria were met for the vessel *Harrier* and reviewed its carrying amount in the books compared to the fair market value less the selling expenses. The review indicated that such carrying amount is in excess of the fair market value less the selling expenses. Therefore, the Company recorded a loss of \$115,000 in its condensed consolidated statement of operations and classified the carrying amount of the vessel as a current asset in its condensed consolidated balance sheet. On July 13, 2016, the Company sold the vessel *Harrier* for \$3.2 million, after brokerage commissions and associated selling expenses. The vessel was delivered to the buyers on the same day. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

On September 6, 2016, the Company sold the vessel *Kittiwake* for \$4.0 million, after brokerage commission and associated selling expenses and recorded a net gain of approximately \$316,000 in the third quarter of 2016. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

On September 30, 2016, the Company, through a newly formed subsidiary, Eagle Bulk Shipco LLC ("Eagle Shipco"), signed a memorandum of agreement to acquire a 2016 Nantong COSCO Kawasaki Heavy Industries Engineering Co Ltd ("NACKS) built Ultramax 61,000 dwt. vessel for \$18.85 million. The Company is expected to take delivery of the vessel in the fourth quarter of 2016.

Vessels and vessel improvements:

Vessels and vessel improvements, at December 31, 2015	\$ 733,960,731
Purchase of vessel improvements	199,675
Disposal of vessels	(13,102,860)
Depreciation expense	(26,469,088)
Vessel impairment charge	(6,167,262)
Vessels and Vessel Improvements, at September 30, 2016	<u>\$ 688,421,196</u>

Note 4. Debt

Debt consists of the following:

	September 30, 2016	December 31, 2015
First Lien Facility / Exit Financing Facility	\$ 204,099,000	\$ 245,375,000
Debt discount and Debt issuance costs First Lien / Exit Financing Facility	(5,184,565)	(4,172,509)
First Lien Facility / Exit Financing Facility net of debt issuance costs	<u>198,914,435</u>	<u>241,202,491</u>
Second Lien Facility	60,000,000	-
Debt discount and Debt issuance costs Second Lien Facility	(16,719,722)	-
Second Lien Facility, net of Debt issuance costs	<u>43,280,278</u>	-
Less: Current Portion Exit Financing Facility	-	(15,625,000)
Total debt	<u>\$ 242,194,713</u>	<u>\$ 225,577,491</u>

Corporate Reorganization and Refinancing

On March 30, 2016, we entered into a contribution agreement (the “Contribution Agreement”) pursuant to which the Company transferred, assigned and contributed to Eagle Shipping LLC (a limited liability company organized under the laws of the Marshall Islands and a wholly-owned subsidiary of the Company) (“Eagle Shipping”), and Eagle Shipping received, accepted and assumed, all of the tangible and intangible assets of the Company (other than the membership interests in Eagle Shipping owned by the Company and certain deposit accounts held by the Company, which deposit account balances were transferred) and all of the liabilities of the Company (collectively, the “Contribution”), including all of the Company’s rights and obligations under the senior secured credit facility dated as of October 9, 2014 (the “Exit Financing Facility”). Immediately following the Contribution, Eagle Shipping became the direct parent company of each of the Company’s previously directly-owned subsidiaries. The Contribution was part of the transactions contemplated by the agreements also entered into on March 30, 2016 and described below, which transactions were consummated on March 30, 2016, after the fulfillment of certain conditions precedent.

First Lien Facility

On March 30, 2016, Eagle Shipping, as borrower, and certain of its subsidiaries that are guarantors under the Exit Financing Facility, as guarantors, entered into an Amended and Restated First Lien Loan Agreement (the “A&R First Lien Loan Agreement”) with the lenders thereunder (the “First Lien Lenders”) and ABNAMRO Capital USA LLC, as agent and security trustee for the lenders. The A&R First Lien Loan Agreement amended and restated the Exit Financing Facility in its entirety, providing for Eagle Shipping to be the borrower in the place of the Company, and further provided for a waiver of any and all events of default occurring as a result of the voluntary OFAC Disclosure (as defined below under Note 6 “Commitments and Contingencies - Legal Proceedings”). The A&R First Lien Loan Agreement provides for a term loan outstanding as of March 30, 2016, in the amount of \$201,468,750 as well as a \$50,000,000 revolving credit facility, (the term loan, together with the revolving credit facility, the “First Lien Facility”). The First Lien Facility matures on October 15, 2019. An aggregate fee of \$600,000 was paid to the Agent and First Lien Lenders in connection with the First Lien Facility.

As of September 30, 2016, our total availability in the revolving credit facility under the First Lien Facility was \$30,000,000.

Eagle Shipping’s obligations under the First Lien Facility are secured by a first priority mortgage on each of the vessels currently in the Company’s fleet and such other vessels that it may from time to time include with the approval of the First Lien Lenders, a first assignment of its earnings account, its liquidity account and its vessel-owning subsidiaries’ earnings accounts, a first assignment of all charters with terms that may exceed 18 months, freights, earnings, insurances, requisition compensation and management agreements with respect to the vessels and a first priority pledge of the membership interests of each of Eagle Shipping’s vessel-owning subsidiaries. In the future, Eagle Shipping may grant additional security to the lenders from time to time.

The First Lien Facility contains financial covenants requiring Eagle Shipping, among other things, to ensure that the aggregate market value of the vessels in the Company's fleet (plus the value of certain additional collateral) at all times on or after July 1, 2017 does not fall below 100% in the third and fourth quarters of 2017, 110% in 2018 and 120% in 2019 of the aggregate principal amount of debt outstanding (subject to certain adjustments) under the First Lien Facility and maintain minimum liquidity of not less than the greater of (i) \$8,140,000 and (ii) \$185,000 per vessel in the Company's fleet. In addition, the First Lien Facility also imposes operating restrictions on Eagle Shipping including limiting Eagle Shipping's ability to, among other things: pay dividends; incur additional indebtedness; create liens on assets; acquire and sell capital assets (including vessels); and merge or consolidate with, or transfer all or substantially all of Eagle Shipping's assets to, another person. The First Lien Facility also includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation or warranty, a cross-default to other indebtedness and non-compliance with security documents. Further, there would be a default if any event occurs or circumstances arise in light of which, in the First Lien Lenders' judgment, there is significant risk that Eagle Shipping is or would become insolvent. Eagle Shipping is not permitted to pay dividends. Indebtedness under the First Lien Facility may also be accelerated if Eagle Shipping experiences a change of control.

Upon entering into the First Lien Facility, Eagle Shipping made a principal payment with respect to the term loan of \$11,718,750. For the fiscal quarters ending June 30, 2017 and June 30, 2018 and the fiscal years ending December 31, 2017 and 2018 (each, a "Semi-Annual Determination Date"), Eagle Shipping is obligated to repay the First Lien Facility in an amount equal to 75% of Eagle Shipping's excess cash flow for the two fiscal quarters ended as of such Semi-Annual Determination Date, subject to a cap of such mandatory prepayments of \$15,625,000 in any fiscal year. Thereafter, Eagle Shipping will make payments of \$3,906,250 on January 15, 2019, April 15, 2019, and July 15, 2019, and a final balloon payment equal to the remaining amount outstanding under the First Lien Facility on October 15, 2019.

The Company has prepaid \$5,651,000 of the term loan as of September 30, 2016 pursuant to the terms of the First Lien Facility relating to the mandatory prepayment upon sale of vessels. The repayment schedule mentioned above has been changed to reflect the prepayment made through September 30, 2016, such that the Company is required to make the payments of \$3,786,346 on January 15, 2019, April 15, 2019, July 15, 2019, and a final balloon payment equal to the remaining amount outstanding under the First Lien Facility on October 15, 2019. As a result of the mandatory prepayments made through September 30, 2016, the Company is not required to comply with the minimum security covenant until October 2017 pursuant to the terms of the A&R First Lien Loan Agreement.

Second Lien Facility

On March 30, 2016, Eagle Shipping, as borrower, and certain of its subsidiaries, as guarantors, entered into a Second Lien Loan Agreement (the "Second Lien Loan Agreement") with certain lenders (the "Second Lien Lenders") and Wilmington Savings Fund Society, FSB as agent for the Second Lien Lenders (the "Second Lien Agent"). The Second Lien Lenders include certain of the Company's existing shareholders as well as other investors. The Second Lien Loan Agreement provides for a term loan in the amount of \$60,000,000 (the "Second Lien Facility"), and matures on January 14, 2020 (91 days after the original stated maturity of the First Lien Facility). The term loan under the Second Lien Facility bears interest at a rate of LIBOR plus 14.00% per annum (with a 1.0% LIBOR floor) or the Base Rate (as defined in the Second Lien Loan Agreement) plus 13.00% per annum, paid in kind quarterly in arrears. The Company used the proceeds from the Second Lien Facility to pay down amounts outstanding in respect of the revolving credit facility under the Exit Financing Facility, pay three quarters of amortization payments under the Exit Financing Facility, pay transaction fees in connection with the entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement, and add cash to the balance sheet, which cash would be deposited in an account subject to the security interest and control of the First Lien Lenders and the Second Lien Lenders.

Eagle Shipping's obligations under the Second Lien Facility are secured by a second priority lien on the same collateral securing Eagle Shipping's obligations under the First Lien Facility, subject to the terms of the Intercreditor Agreement (as defined below). Eagle Shipping may grant additional security to the Second Lien Lenders from time to time in the future, subject to the terms of the Intercreditor Agreement.

The Second Lien Facility contains financial covenants substantially similar to those in the First Lien Facility, subject to standard cushions, requiring Eagle Shipping, among other things, to ensure that the aggregate market value of the vessels in the Company's fleet (plus the value of certain additional collateral) at all times on or after July 1, 2017 does not fall below 100% in the third and fourth quarters of 2017, 110% in 2018 and 120% in 2019 of the aggregate principal amount of debt outstanding (subject to certain adjustments) under the Second Lien Facility (provided that Eagle Shipping will not be required to comply with such covenant until the First Lien Facility has been paid in full) and to maintain a minimum liquidity of not less than the greater of (i) \$6,512,000 and (ii) \$148,000 per vessel in Eagle Shipping's fleet. In addition, the Second Lien Facility also imposes operating restrictions on Eagle Shipping including limiting Eagle Shipping's ability to, among other things: pay dividends; incur additional indebtedness; create liens on assets; acquire and sell capital assets (including vessels); and merge or consolidate with, or transfer all or substantially all of Eagle Shipping's assets to, another person. Eagle Shipping may not prepay the Second Lien Facility while amounts or commitments under the First Lien Facility remain outstanding.

The Second Lien Facility also includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation or warranty, a cross-default to other indebtedness and non-compliance with security documents. Further, there would be a default if any event occurs or circumstances arise in light of which, in the Second Lien Lenders' judgment, there is significant risk that Eagle Shipping is or would become insolvent. Eagle Shipping is not permitted to pay dividends. Indebtedness under the Second Lien Facility may also be accelerated if Eagle Shipping experiences a change of control.

In connection with the entry into the Second Lien Loan Agreement, on March 30, 2016, the Company agreed to issue 16,889,828 shares of common stock to the Second Lien Lenders pro rata based on their participation in the Second Lien Facility, which Second Lien Lenders received shares equivalent to approximately 90% of the outstanding common stock of the Company after such issuance. The issuance of the shares of common stock was made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act.

In a first step, the Company issued and delivered 371,276 shares of common stock, representing approximately 19.4% of the Company's pre-transaction outstanding shares of common stock, to the Second Lien Lenders. In a second step, approved by the Company's shareholders at a special meeting held on August 2, 2016, the Company issued and delivered an additional 16,420,098 shares of common stock, to the Second Lien Lenders and an additional 98,454 shares of common stock, to the Chairman and Chief Executive Officer, both of whom participated as Second Lien Lenders.

The Company has allocated the proceeds from the Second Lien Loan Agreement based on the relative fair values of the Second Lien Facility and the common stock issued to the Second Lien Lenders. The difference between the \$60 million principal value of the Second Lien Facility and its relative fair value, amounting to approximately \$18 million, has been recorded as a discount to the recorded value of the Second Lien Facility and as Additional Paid-in capital. This discount is being amortized using the effective interest method over the term of the Second Lien Facility as a component of interest expense.

Intercreditor Agreement

Concurrently with Eagle Shipping's entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement, and in connection with the granting of security interest in the collateral under those agreements, Eagle Shipping entered into an Intercreditor Agreement, dated as of March 30, 2016 (the "Intercreditor Agreement") among Eagle Shipping, the First Lien Agent and the Second Lien Agent. The Intercreditor Agreement governs the relative rights and priorities of the secured parties in respect of liens on the assets of Eagle Shipping and its subsidiaries securing the First Lien Facility and the Second Lien Facility.

For the three months ended September 30, 2016, interest rates on the First Lien Facility ranged from 4.46% to 4.52% including a margin over LIBOR applicable under the terms of the First Lien Facility and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate including the amortization of debt discount for this period was 5.65%.

For the three months ended September 30, 2015, interest rate on the Exit Financing Facility ranged from 4.06% to 4.08% including a margin over LIBOR applicable under the terms of the Exit Financing Facility and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate including the amortization of debt discount for this period was 5.10%.

For the nine months ended September 30, 2016, interest rates on the First Lien Facility ranged from 3.86% to 4.53% including a margin over LIBOR applicable under the terms of the First Lien facility and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate including the amortization of debt discount for this period was 5.49%.

For the nine months ended September 30, 2015, interest rates on the Exit Financing Facility ranged from 4.04% to 4.08%, including a margin over LIBOR applicable under the terms of the Exit Financing Facility and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate including the amortization of debt discount for this period was 5.30%.

Interest Expense consisted of:

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
First Lien Facility/ Exit Financing Facility Interest	\$ 2,482,080	\$ 2,520,432	\$ 7,279,603	\$ 7,413,101
Payment in Kind interest on Second Lien Facility	2,659,531	-	4,782,863	-
Amortization of Debt issuance costs	2,292,545	527,748	3,092,193	1,784,062
Total Interest Expense	\$ 7,434,156	\$ 3,048,180	\$ 15,154,659	\$ 9,197,163

Interest paid amounted to \$7,627,417 and \$7,602,603 for the nine months ended September 30, 2016 and 2015, respectively.

Note 5. Derivative Instruments and Fair Value Measurements

Forward freight agreements

The Company trades in forward freight agreements (“FFAs”), with the objective of utilizing this market as economic hedging instruments that reduce the risk of specific vessels to changes in the freight market. The Company’s FFAs have not qualified for hedge accounting treatment. As such, unrealized and realized gains are recognized as a component of other expense in the Condensed Consolidated Statement of Operations.

The effect of non-designated derivative instruments on the Condensed Consolidated Statements of Operations:

Derivatives not designated as hedging instruments	Location of Loss Recognized	Amount of Loss		Amount of Loss	
		Three Months Ended		Nine Months Ended	
		September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
FFAs	Other expense	\$ 163,499	\$ -	\$ 464,284	\$ -
Total		\$ 163,499	\$ -	\$ 464,284	\$ -

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. As of September 30, 2016, the Company posted cash collateral related to derivative instruments under its collateral security arrangements of \$147,600, which is recorded as other current assets in the Condensed Consolidated Balance Sheet. The fair value of the FFAs recorded in current liabilities as of September 30, 2016 and December 31, 2015 was \$15,150 and none, respectively.

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 Condensed Consolidated Balance Sheets 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.

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 and restricted cash accounts. Our Level 1 derivatives include FFAs.

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, asset impairment and asset held for sale.

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

In the first quarter of 2016, as discussed in Note 3, the Company recorded a vessel impairment of \$6,167,262 to its recorded vessel value as a result of a further reduction in asset value since December 31, 2015 coupled with management’s intention to divest of six of its vessels in the short-term period. Prior to the impairment, such vessels had a recorded value of \$25,317,262. In the fourth quarter of 2015, the Company recorded an impairment of \$50,872,734 on the above noted vessels. Prior to the impairment, such vessels had a recorded value of \$76,332,734.

Note 6. Commitments and Contingencies

Legal Proceedings

In November 2015, the Company filed a voluntary self-disclosure report with the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") regarding certain apparent violations of U.S. sanctions regulations in the provision of shipping services for third party charterers with respect to the transportation of cargo to or from Myanmar (formerly Burma) (the "OFAC Disclosure"). At the time of such apparent violations, the Company had a different senior operational management team. Notwithstanding the fact that the apparent violations took place under a different senior operational management team and although the Company's new board and management have implemented robust remedial measures and significantly enhanced its compliance safeguards, there can be no assurance that OFAC will not conclude that these past actions warrant the imposition of civil penalties and/or referral for further investigation by the U.S. Department of Justice. The report was provided to OFAC for the agency's review, consideration and determination regarding what action, if any, may be taken in resolution of this matter. The Company will continue to cooperate with the agency regarding this matter and cannot estimate when such review will be concluded. While the ultimate impact of these matters cannot be determined, there can be no assurance that the impact will not be material to the Company's financial condition or results of operations.

Other Commitments

On July 28, 2011, the Company entered into an agreement to charter-in a 37,000 dwt newbuilding Japanese vessel that was delivered in 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.

On May 9, 2016, the Company entered into an agreement to charter-in a 63,000 dwt newbuilding Chinese vessel that was delivered on May 20, 2016 for a period of nine to fourteen months. The hire rate for the term is \$6,000 per day.

On July 12, 2016, the Company entered into an agreement to charter-in a 61,000 dwt Japanese vessel that was delivered in July 2016 for a period of eleven to thirteen months. The hire rate for the term is \$6,000 per day.

On September 30, 2016, the Company, through a newly formed subsidiary, Eagle Bulk Shipco LLC ("Eagle Shipco"), signed a memorandum of agreement to acquire a 2016 Nantong COSCO Kawasaki Heavy Industries Engineering Co Ltd ("NACKS") built Ultramax 61,000 dwt for \$18.85 million. The Company is expected to take delivery of the vessel in the fourth quarter of 2016. Eagle Shipco, is not one of the guarantors under the First Lien Facility or the Second Lien Facility.

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.

Note 7. Loss Per Common Share

The computation of basic net loss per share is based on the weighted average number of common shares outstanding for the periods ended September 30, 2016 and September 30, 2015. Diluted net loss per share gives effect to stock awards, 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, 2016 does not include 26,147 unvested stock awards, and 56,987 stock options as their effect was anti-dilutive. Diluted net loss per share as of September 30, 2015 does not include 28,733 stock awards, 59,266 stock options and 152,266 warrants, as their effect was anti-dilutive.

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net loss	\$ (19,359,044)	\$ (20,376,620)	\$ (81,133,287)	\$ (68,551,984)
Weighted Average Shares – Basic*	37,031,096	1,881,968	20,588,612	1,880,116
Dilutive effect of stock options and restricted stock units	-	-	-	-
Weighted Average Shares – Diluted*	37,031,096	1,881,968	20,588,612	1,880,116
Basic Loss Per Share*	\$ (0.52)	\$ (10.83)	\$ (3.94)	\$ (36.46)
Diluted Loss Per Share*	\$ (0.52)	\$ (10.83)	\$ (3.94)	\$ (36.46)

*Adjusted to give effect for the 1 for 20 reverse stock split that became effective as of the opening of trading on August 5, 2016, see Note 1.

Note 8. Stock Incentive Plans

Effective as of the opening of trading on August 5, 2016, the Company completed a 1 for 20 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. No fractional shares were issued in connection with the reverse stock split, as shareholders who would otherwise hold 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 for all periods presented in these condensed consolidated financial statements and notes thereto, have been retrospectively adjusted to reflect the reverse stock split.

2014 Management Incentive Plan

On October 15, 2014, the date the Company completed its balance sheet restructuring and emerged from Chapter 11 bankruptcy proceedings (the "Effective Date"), in accordance with the Company's prepackaged plan of reorganization filed with and approved by the United States Bankruptcy Court for the Southern District of New York, the Company adopted the post-emergence Management Incentive Plan, which provides for the distribution of restricted primary equity in the form of shares of common stock of the Company ("New Eagle MIP Primary Equity"), and options ("New Eagle MIP Options"), to the participating senior management and other employees of the reorganized Company with 2% of the Company's common stock (on a fully diluted basis) on the Effective Date, and two tiers of options to acquire 5.5% of the Company's common stock (on a fully diluted basis) with different strike prices based on the equity value for the reorganized Company and a premium to the equity value, each of the foregoing to vest generally over a four year schedule through 25% annual installments commencing on the first anniversary of the Effective Date. The New Eagle MIP Primary Equity is subject to vesting, but the holder thereof is entitled to receive all dividends paid with respect to such shares as if such New Eagle MIP Primary Equity had vested on the grant date (subject to forfeiture by the holder in the event that such grant is terminated prior to vesting unless the administrator of the Management Incentive Program determines otherwise). The New Eagle MIP Options contain adjustment provisions to reflect any transaction involving shares of the Company's common stock, including as a result of any dividend, recapitalization, or stock split, so as to prevent any diminution or enlargement of the holder's rights under the award.

On September 28, 2016, the Company's Chief Financial Officer and Secretary resigned from all positions he held or has ever held with the Company and its direct or indirect subsidiaries and affiliates, effective September 30, 2016. In connection with the resignation, the Company entered into a Separation Agreement and General Release with its former Chief Financial Officer on September 29, 2016. The agreement provides among other things, a lump sum payment of \$33,000 in respect of the cancellation of 4,125 of unvested New Eagle MIP Primary Equity of the Company previously granted to its former Chief Financial Officer. All other equity awards previously granted by the Company to its former Chief Financial Officer were forfeited without consideration pursuant to such Separation Agreement. For the three-months and nine-months ended September 30, 2016, the Company reversed \$1.4 million of previously recognized non-cash compensation expense in General and administrative expenses in relation to the above forfeited awards.

On September 30, 2016, the Company announced the appointment of Mr. Frank De Costanzo as Chief Financial Officer of the Company effective as of September 30, 2016. Pursuant to the employment agreement, the Company shall grant Mr. De Costanzo as soon as practicable, a number of restricted shares of common stock of the Company with an aggregate value equal to \$1,000,000 based on the average closing price per share of the Common Stock quoted on NASDAQ for the ten trading days immediately preceding the date of the grant. The Company shall grant an option to purchase 280,000 shares of common stock at an exercise price per share equal to the average closing price per share of the Common Stock quoted on NASDAQ for the ten trading days immediately preceding the date of the grant. The restricted shares will generally vest one hundred percent on the third anniversary of the Effective Date, subject to Mr. De Costanzo's continued employment with the Company on the vesting date. The options shall have a five year term and shall vest ratably on each of the first four anniversaries of the Effective Date, subject to Mr. De Costanzo's continued employment with the Company on each applicable vesting date. The restricted stock and option will not be granted under, but will be subject to the terms of the 2014 Management Incentive Plan, pursuant to Nasdaq Listing Rule 5635(c)(4) as an inducement material to his accepting employment with the Company.

On November 7, 2016, the Company granted Mr. De Costanzo 233,863 shares of restricted common stock with an aggregate fair value of approximately \$1,000,000 and an option to purchase 280,000 shares of common stock at an exercise price of \$4.28 per share.

On November 7, 2016, the Company granted 131,197 shares of restricted common stock to an employee. In general, one hundred percent of the shares will vest on the first anniversary of the effective date.

As of September 30, 2016, stock awards covering a total of 26,147 of the Company's shares are outstanding. The stock awards vest ratably over four years. The Company is amortizing to non-cash compensation expense, included in general and administrative expenses, the fair value of the non-vested stock awards at the grant date.

As of September 30, 2016, options covering 56,987 of the Company's common shares are outstanding with exercise prices ranging from \$78.4 to \$505 per share (the market prices at the dates of grants). The options granted to members of the Company's management under the Management Incentive Plan vest and become exercisable in four equal annual installments beginning on the grant date. All options expire within seven years from the effective date.

For the three months ended September 30, 2016 and 2015, the Company has recorded non-cash compensation charges reversal included in General and administrative expenses of \$734,996 and non-cash compensation charge of \$790,803, respectively. For the nine months ended September 30, 2016 and 2015, the Company has recorded non-cash compensation charges included in General and administrative expenses of \$933,550 and \$2,998,382, respectively. The future compensation expense anticipated to be recognized for the aforementioned restricted stock and options for the three months ending December 31, 2016 and for the years ending December 31, 2017, 2018 and 2019 will be \$421,618, \$1,196,958, \$489,063 and \$56,524 respectively.

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

The following is a discussion of the Company's financial condition and results of operation for the three and nine-month periods ended September 30, 2016 and 2015. This section should be read in conjunction with the Condensed Consolidated financial statements included elsewhere in this report and the notes to those financial statements and the audited consolidated financial statements and the notes to those financial statements for the fiscal year ended December 31, 2015, which were included in our Form 10-K, filed with the Securities and Exchange Commission on March 31, 2016.

This discussion contains forward-looking statements within the meaning of Section 27A of 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 new building orders or lower than anticipated rates of dry bulk vessel scrapping; (iii) changes in rules and regulations applicable to the dry bulk industry, including, without limitation, legislation adopted by international bodies or organizations such as the International Maritime Organization and the European Union or by individual countries; (iv) actions taken by regulatory authorities, including, without limitation, the U.S. Treasury Department's Office of Foreign Assets Control; (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) the outcome of legal proceedings in which we are involved; and (xi) 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, 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. 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. If we update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Overview

Eagle Bulk Shipping Inc. is a Marshall Islands corporation headquartered in Stamford, Connecticut. We own one of the largest fleets of Supramax dry bulk vessels in the world. Supramax dry bulk are vessels which are constructed with on-board cranes, ranging in size from approximately 50,000 to 65,000 dwt and considered a sub-category of the Handymax segment; typically defined as 40,000-65,000 dwt. We transport a broad range of major and minor bulk cargoes, including but not limited to coal, grain, ore, petcoke, cement and fertilizer, along worldwide shipping routes. As of September 30, 2016, we owned and operated a modern fleet of 39 Supramax and 1 Handymax dry bulk vessels. We charter-in a 37,000 dwt newbuilding Japanese vessel that was delivered in October 2014 for seven years with an option for one additional year. We also chartered-in a 63,000 dwt newbuilding vessel that was delivered in May 2016 for nine to fourteen months and a 61,000 dwt Japanese vessel that was delivered in July 2016 for eleven to thirteen months.

We are focused on maintaining a high quality fleet that is concentrated primarily in one vessel type – Supramax dry bulk carriers. 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 72,000 to 83,000 dwt and 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 cargo interests and vessel charterers. The 40 owned vessels in our operating fleet, with an aggregate carrying capacity of 2,199,413 dwt, have an average age of 8.6 years as of September 30, 2016. In addition to our owned vessels, as of September 30, 2016, as mentioned above, the Company chartered-in three vessels with an aggregate carrying capacity of 161,000 dwt.

We own each of our vessels through a separate wholly owned Republic of the Marshall Islands limited liability company.

On June 20, 2016, the Company announced the expansion of its global commercial presence with the establishment of a new office in Hamburg, Germany, and operate through a new subsidiary, Eagle Bulk Europe GmbH, which commenced operations in August of 2016.

On September 30, 2016, the Company, through a newly formed subsidiary, Eagle Bulk Shipco LLC ("Eagle Shipco"), signed a memorandum of agreement to acquire a 2016 Nantong COSCO Kawasaki Heavy Industries Engineering Co Ltd ("NACKS") built Ultramax 61,000 dwt vessel for \$18.85 million. The Company is expected to take delivery of the vessel in the fourth quarter of 2016. Eagle Shipco, is not one of the guarantors under the First Lien Facility or the Second Lien Facility.

Preferred Stock Private Placement

On September 7, 2016, the Company and each of the Investors executed the Termination Agreement, terminating the Preferred Stock Purchase Agreement.

Pursuant to the Termination Agreement, the Company and each Investor exchanged mutual releases of any and all claims or actions against each other in connection with or resulting from the Preferred Stock Purchase Agreement and the transactions contemplated thereby. The Company also agreed to make an aggregate termination payment to the Investors of \$125,254.80, with such aggregate amount allocated among the Investors in proportion to the percentage of the Preferred Shares each Investor had previously agreed to purchase. Two of the Investors, Paul Leand and Gary Vogel (the Company's chief executive officer), are directors of the Company and the other Investors are current shareholders of the Company. The fees paid to the shareholders were recorded as other expense in the condensed consolidated statements of operations for the three-months ended and nine-months ended September 30, 2016.

Common Stock Private Placements

On July 1, 2016 and July 10, 2016, respectively, the Company entered into Common Stock Purchase Agreements (collectively, the "Common Stock Purchase Agreements"), with certain purchasers (the "Common Stock Purchasers"). The Common Stock Purchasers include certain of our existing shareholders, who held approximately 70% of our outstanding equity prior to entry into the Common Stock Purchase Agreements and prior to giving effect to the delivery of all of the shares of common stock issued in connection with the Second Lien Loan Agreement, as well as our Chairman and Chief Executive Officer. The Common Stock Purchase Agreements provided for the issuance and sale by the Company to the Common Stock Purchasers of an aggregate amount of \$88 million of common stock, at an initial price per share of \$0.15, which amount per share was increased to \$3.00 per share based on the reverse stock split ratio of 1-for-20 that became effective as of the opening of trading on August 5, 2016, see Note 1.

On August 10, 2016, the Company closed the transactions contemplated by the Common Stock Purchase Agreements for aggregate proceeds of \$86.0 million net of fees and legal expenses. After giving effect to the Company's previously announced reverse stock split of its issued and outstanding shares of common stock, including the rounding down of fractional shares pursuant to such split, the private placement included the issuance of 29,333,318 shares of the Company's common stock. The Company intends to use the proceeds of the private placement for the acquisition of dry bulk vessels and general corporate purposes.

Corporate Reorganization and Refinancing

On March 30, 2016, we entered into the Contribution Agreement with Eagle Shipping pursuant to which the Company transferred, assigned and contributed to Eagle Shipping, and Eagle Shipping received, accepted and assumed, all of the tangible and intangible assets of the Company (other than the membership interests in Eagle Shipping owned by the Company and certain deposit accounts held by the Company, which deposit account balances were transferred) and all of the liabilities of the Company, including all of the Company's rights and obligations under the Exit Financing Facility. Immediately following the Contribution, Eagle Shipping became the direct parent company of each of the Company's previously directly-owned subsidiaries. The Contribution was part of the transactions contemplated by the agreements also entered into on March 30, 2016 and described below, which transactions were consummated on March 30, 2016, after the fulfillment of certain conditions precedent.

First Lien Facility

On March 30, 2016, Eagle Shipping, as borrower, and certain of its subsidiaries that are guarantors under the Exit Financing Facility, as guarantors, entered into an Amended and Restated First Lien Loan Agreement (the “A&R First Lien Loan Agreement”) with the lenders thereunder (the “First Lien Lenders”) and ABNAMRO Capital USA LLC, as agent and security trustee for the lenders. The A&R First Lien Loan Agreement amended and restated the Exit Financing Facility in its entirety, providing for Eagle Shipping to be the borrower in the place of the Company, and further provided for a waiver of any and all events of default occurring as a result of the voluntary OFAC Disclosure (as defined below under Note 6 “Commitments and Contingencies - Legal Proceedings”). The A&R First Lien Loan Agreement provides for a term loan outstanding as of March 30, 2016, in the amount of \$201,468,750 as well as a \$50,000,000 revolving credit facility, of which \$10,000,000 was undrawn prior to the refinancing (the term loan, together with the revolving credit facility, the “First Lien Facility”). The First Lien Facility matures on October 15, 2019. An aggregate fee of \$600,000 was paid to the Agent and First Lien Lenders in connection with the First Lien Facility.

As of September 30, 2016, our total availability in the revolving credit facility under the First Lien Facility was \$30,000,000.

Eagle Shipping’s obligations under the First Lien Facility are secured by a first priority mortgage on each of the vessels currently in the Company’s fleet and such other vessels that it may from time to time include with the approval of the First Lien Lenders, a first assignment of its earnings account, its liquidity account and its vessel-owning subsidiaries’ earnings accounts, a first assignment of all charters with terms that may exceed 18 months, freights, earnings, insurances, requisition compensation and management agreements with respect to the vessels and a first priority pledge of the membership interests of each of Eagle Shipping’s vessel-owning subsidiaries. In the future, Eagle Shipping may grant additional security to the lenders from time to time.

The First Lien Facility contains financial covenants requiring Eagle Shipping, among other things, to ensure that the aggregate market value of the vessels in the Company’s fleet (plus the value of certain additional collateral) at all times on or after July 1, 2017 does not fall below 100% in the third and fourth quarters of 2017, 110% in 2018 and 120% in 2019 of the aggregate principal amount of debt outstanding (subject to certain adjustments) under the First Lien Facility and maintain minimum liquidity of not less than the greater of (i) \$8,140,000 and (ii) \$185,000 per vessel in the Company’s fleet. In addition, the First Lien Facility also imposes operating restrictions on Eagle Shipping including limiting Eagle Shipping’s ability to, among other things: pay dividends; incur additional indebtedness; create liens on assets; acquire and sell capital assets (including vessels); and merge or consolidate with, or transfer all or substantially all of Eagle Shipping’s assets to, another person. The First Lien Facility also includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation or warranty, a cross-default to other indebtedness and non-compliance with security documents. Further, there would be a default if any event occurs or circumstances arise in light of which, in the First Lien Lenders’ judgment, there is significant risk that Eagle Shipping is or would become insolvent. Eagle Shipping is not permitted to pay dividends. Indebtedness under the First Lien Facility may also be accelerated if Eagle Shipping experiences a change of control.

Upon entering into the First Lien Facility, Eagle Shipping made a principal payment with respect to the term loan of \$11,718,750. For the fiscal quarters ending June 30, 2017 and June 30, 2018 and the fiscal years ending December 31, 2017 and 2018 (each, a “Semi-Annual Determination Date”), Eagle Shipping is obligated to repay the First Lien Facility in an amount equal to 75% of Eagle Shipping’s excess cash flow for the two fiscal quarters ended as of such Semi-Annual Determination Date, subject to a cap of such mandatory prepayments of \$15,625,000 in any fiscal year. Thereafter, Eagle Shipping will make payments of \$3,906,250 on January 15, 2019, April 15, 2019, and July 15, 2019, and a final balloon payment equal to the remaining amount outstanding under the First Lien Facility on October 15, 2019.

The Company has prepaid \$5,651,000 of the term loan as of September 30, 2016 pursuant to the terms of the First Lien Facility relating to the mandatory prepayment upon sale of vessels. The repayment schedule mentioned above has been changed to reflect the prepayment made through September 30, 2016, such that the Company is required to make the payments of \$3,786,346 on January 15, 2019, April 15, 2019, and July 15, 2019, and a final balloon payment equal to the remaining amount outstanding under the First Lien Facility on October 15, 2019. As a result of the mandatory prepayments made through September 30, 2016, the Company is not required to comply with the minimum security covenant until October 2017 pursuant to the terms of the A&R First Lien Loan Agreement.

Second Lien Facility

On March 30, 2016, Eagle Shipping, as borrower, and certain of its subsidiaries, as guarantors, entered into a Second Lien Loan Agreement (the “Second Lien Loan Agreement”) with certain lenders (the “Second Lien Lenders”) and Wilmington Savings Fund Society, FSB as agent for the Second Lien Lenders (the “Second Lien Agent”). The Second Lien Lenders include certain of the Company’s existing shareholders as well as other investors. The Second Lien Loan Agreement provides for a term loan in the amount of \$60,000,000 (the “Second Lien Facility”), and matures on January 14, 2020 (91 days after the original stated maturity of the First Lien Facility). The term loan under the Second Lien Facility bears interest at a rate of LIBOR plus 14.00% per annum (with a 1.0% LIBOR floor) or the Base Rate (as defined in the Second Lien Loan Agreement) plus 13.00% per annum, paid in kind quarterly in arrears. The Company used the proceeds from the Second Lien Facility to pay down amounts outstanding in respect of the revolving credit facility under the Exit Financing Facility, pay three quarters of amortization payments under the Exit Financing Facility, pay transaction fees in connection with the entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement, and add cash to the balance sheet, which cash would be deposited in an account subject to the security interest and control of the First Lien Lenders and the Second Lien Lenders.

Eagle Shipping's obligations under the Second Lien Facility are secured by a second priority lien on the same collateral securing Eagle Shipping's obligations under the First Lien Facility, subject to the terms of the Intercreditor Agreement (as defined below). Eagle Shipping may grant additional security to the Second Lien Lenders from time to time in the future, subject to the terms of the Intercreditor Agreement.

The Second Lien Facility contains financial covenants substantially similar to those in the First Lien Facility, subject to standard cushions, requiring Eagle Shipping, among other things, to ensure that the aggregate market value of the vessels in the Company's fleet (plus the value of certain additional collateral) at all times on or after July 1, 2017 does not fall below 100% in the third and fourth quarters of 2017, 110% in 2018 and 120% in 2019 of the aggregate principal amount of debt outstanding (subject to certain adjustments) under the Second Lien Facility (provided that Eagle Shipping will not be required to comply with such covenant until the First Lien Facility has been paid in full) and to maintain a minimum liquidity of not less than the greater of (i) \$6,512,000 and (ii) \$148,000 per vessel in Eagle Shipping's fleet. In addition, the Second Lien Facility also imposes operating restrictions on Eagle Shipping including limiting Eagle Shipping's ability to, among other things: pay dividends; incur additional indebtedness; create liens on assets; acquire and sell capital assets (including vessels); and merge or consolidate with, or transfer all or substantially all of Eagle Shipping's assets to, another person. Eagle Shipping may not prepay the Second Lien Facility while amounts or commitments under the First Lien Facility remain outstanding.

The Second Lien Facility also includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation or warranty, a cross-default to other indebtedness and non-compliance with security documents. Further, there would be a default if any event occurs or circumstances arise in light of which, in the Second Lien Lenders' judgment, there is significant risk that Eagle Shipping is or would become insolvent. Eagle Shipping is not permitted to pay dividends. Indebtedness under the Second Lien Facility may also be accelerated if Eagle Shipping experiences a change of control.

In connection with the entry into the Second Lien Loan Agreement, on March 30, 2016, the Company agreed to issue 16,889,828 shares of common stock to the Second Lien Lenders pro rata based on their participation in the Second Lien Facility, which Second Lien Lenders received shares equivalent to approximately 90% of the outstanding common stock of the Company after such issuance. The issuance of the shares of common stock was made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act.

In a first step, the Company issued and delivered 371,276 shares of common stock, representing approximately 19.4% of the Company's pre-transaction outstanding shares of common stock, to the Second Lien Lenders. In a second step, approved by the Company's shareholders at a special meeting held on August 2, 2016, the Company issued and delivered an additional 16,420,098 shares of common stock, to the Second Lien Lenders and an additional 98,454 shares of common stock, to the Chairman and Chief Executive Officer, both of whom participated as Second Lien Lenders.

The Company has proportionately allocated the proceeds from the Second Lien Loan Agreement based on the relative fair values of the Second Lien Facility and the common stock issued to the Second Lien Lenders. The difference between the \$60 million principal value of the Second Lien Facility and its relative fair value, amounting to approximately \$17 million, has been recorded as a discount to the recorded value of the Second Lien Facility and as an addition to Paid-in capital. This discount is being amortized using the effective interest method over the term of the Second Lien Facility as a component of interest expense.

Intercreditor Agreement

Concurrently with Eagle Shipping's entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement, and in connection with the granting of security interest in the collateral under those agreements, Eagle Shipping entered into an Intercreditor Agreement, dated as of March 30, 2016 (the "Intercreditor Agreement") among Eagle Shipping, the First Lien Agent and the Second Lien Agent. The Intercreditor Agreement governs the relative rights and priorities of the secured parties in respect of liens on the assets of Eagle Shipping and its subsidiaries securing the First Lien Facility and the Second Lien Facility.

Corporate Information

We maintain our principal executive offices at 300 First Stamford Place, 5th Floor, Stamford, Connecticut 06902. Our telephone number at that address is (203) 276-8100. Our website address is www.eagleships.com. Information contained on or accessible through our website does not constitute part of this Quarterly Report.

Strategy

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

- (1) concentration in one vessel category: the Supramax class of Handymax dry bulk vessels, which we believe offer size, operational and geographical advantages over Panamax and Capesize vessels;
- (2) Eagle's chartering strategy has historically been to time charter the Vessels on short- to medium-term charter, often with vessel operators. However, under its new management team, the Company is in the midst of a transition to an active operating model where it is entering into a higher percentage of voyage charters and developing contractual relationships directly with cargo interests. These relationships and the related cargo contracts have the dual benefit of providing greater operational efficiencies and act as a balance to the Company's naturally long position to the market. Notwithstanding the focus on voyage chartering, Eagle consistently monitors the dry bulk shipping market and, based on market conditions, will consider taking advantage of long-term time charters at higher rates when appropriate;
- (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, 2016:

Vessel	Year Built	Dwt	Charter Expiration	Daily Charter Hire Rate
Avocet	2010	53,462	Dec 2016	\$ 6,000
Bittern	2009	57,809	Oct 2016	\$ 9,750
Canary	2009	57,809	Oct 2016	\$ 8,500
Cardinal	2004	55,362	Oct 2016	\$ 8,600
Condor	2001	50,296	Nov 2016	\$ 3,800
Crane	2010	57,809	Oct 2016	\$ 8,000
Crested Eagle	2009	55,989	Oct 2016	Voyage
Crowned Eagle	2008	55,940	Oct 2016	Voyage
Egret Bulker	2010	57,809	Dec 2016	\$ 3,000 (1)
Gannet Bulker	2010	57,809	Oct 2016	\$ Voyage
Golden Eagle	2010	55,989	Oct 2016	\$ 7,800
Goldeneye	2002	52,421	Nov 2016	Voyage
Grebe Bulker	2010	57,809	Dec 2016	\$ 3,000 (2)

Hawk I	2001	50,296	Oct 2016	\$	5,000	
Ibis Bulker	2010	57,775	Nov 2016			Voyage
Imperial Eagle	2010	55,989	Oct 2016			Voyage
Jaeger	2004	52,248	Nov 2016			Voyage
Jay	2010	57,802	Nov 2016	\$	4,400	
Kestrel I	2004	50,326	Oct 2016	\$	8,500	
Kingfisher	2010	57,776	Oct 2016	\$	7,750	
Martin	2010	57,809	Oct 2016			Voyage
Merlin	2001	50,296	Oct 2016	\$	7,000	
Nighthawk	2011	57,809	Nov 2016	\$	9,990	
Oriole	2011	57,809	Oct 2016	\$	13,000	
Osprey I	2002	50,206	Oct 2016	\$	7,350	
Owl	2011	57,809	Oct 2016	\$	9,000	
Petrel Bulker	2011	57,809	Nov 2016	\$	2,700	
Puffin Bulker	2011	57,809	Dec 2016	\$	2,850	(3)
Redwing	2007	53,411	Oct 2016	\$	7,200	
Roadrunner Bulker	2011	57,809	Oct 2016	\$	6,250	(4)
Sandpiper Bulker	2011	57,809	Oct 2016			Drydock (5)
Shrike	2003	53,343	Nov 2016			Voyage
Skua	2003	53,350	Dec 2016	\$	3,100	(6)
Sparrow	2000	48,225	Dec 2016			Voyage
Stellar Eagle	2009	55,989	Oct 2016	\$	6,000	
Tem	2003	50,200	Oct 2016	\$	7,500	
Thrasher	2010	53,360	Nov 2016	\$	7,000	
Thrush	2011	53,297	Oct 2016	\$	6,850	
Woodstar	2008	53,390				Drydock (7)
Wren	2008	53,349	Oct 2016	\$	8,300	

- (1) The vessel is contracted to continue the existing time charter at a daily charter rate of \$6,900 after November 25, 2016
- (2) The vessel is contracted to continue the existing time charter at a daily charter rate of \$7,000 after December 6, 2016
- (3) The Vessel is contracted to continue the existing time charter at a daily charter rate of \$6,750 after November 1, 2016.
- (4) The vessel is contracted to continue the existing time charter at a daily charter rate of \$8,250 after September 30, 2016.
- (5) The vessel is contracted on a short term time charter upon completion of drydock.
- (6) The vessel is contracted to continue the existing time charter at a daily charter rate of \$6,800 after November 28, 2016.
- (7) The vessel is contracted on a short term voyage charter upon completion of drydock.

Fleet Management

The management of our fleet includes the following functions:

- *Strategic management.* We locate and obtain financing and insurance for, the purchase and sale of vessels.
- *Commercial management.* We obtain employment for our vessels and manage our relationships with charterers.
- *Technical management.* We have established an in-house technical management function to perform 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 Stamford, CT, Eagle Bulk Pte. Ltd, a Singapore company and Eagle Bulk Europe GmbH, a German company. We currently have a total of seventy one 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

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.

Value of Assets and Cash Requirements

The replacement costs of comparable new vessels may be above or below the book value of our fleet. The market value of our fleet may be below book value when market conditions are weak and exceed book value when markets conditions are strong. 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 condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP 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 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 condensed consolidated financial statements, they do not include all of the information on critical accounting policies normally included in unaudited condensed consolidated financial statements. Accordingly, 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, 2015, filed with the SEC on March 31, 2016.

Use of Estimates

The preparation of condensed 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 condensed 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, the period of drydock amortization, the allowances for bad debt, and the fair value of warrants.

Results of Operations for the three and nine month periods ended September 30, 2016 and 2015:

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, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Ownership Days	3,760	4,048	11,688	12,138
Chartered in Days	394	92	745	273
Available Days	4,094	4,080	12,292	12,049
Operating Days	4,048	3,996	12,142	11,750
Fleet Utilization	98.9%	98.0%	98.8%	97.5%

In order to understand our discussion of our results of operations, it is important to understand the meaning of the following terms used in our analysis and the factors that influence our results of operations.

- **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, 2016 were 11,688 compared to 12,138 in the corresponding period in the prior year due to the sale of the vessels Peregrine, Falcon, Harrier and Kittiwake in 2016 compared to the sale of the vessel Kite during the second quarter of 2015.
- **Chartered-in 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, 2016, the Company completed drydocking of eight vessels and one vessel was still in drydocking as of September 30, 2016. During the nine-month period ended September 30, 2015, the Company completed drydocking seventeen vessels.
- **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 1.25% 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.

Net revenues during the quarter ended September 30, 2016 and 2015, were \$35,788,181 and \$29,127,482, respectively. The increase in revenue is attributable to increased number of freight voyages as well as available days due to chartered in vessels.

Net revenues during the nine-month periods ended September 30, 2016 and 2015, were \$82,656,903 and \$78,116,020, respectively. The increase in revenue is attributable to increased number of freight voyages as well as available days due to chartered in vessels offset by a decline in the charter hire rates in the current year compared to the same period in the prior year.

Voyage Expenses

To the extent that we employ our vessels on voyage charters, we incur expenses that include bunkers, port charges, canal tolls, cargo handling operations and brokerage commissions, as these expenses are borne by the vessel owner on voyage charters. Bunkers, port charges, and canal toll expenses primarily increase in periods during which vessels are employed on voyage charters because these expenses are for the account of the owner. Voyage expenses for the three-month period ended September 30, 2016 were \$11,207,959, compared to \$5,202,219 in the comparable quarter in 2015. Voyage expenses for the nine-month period ended September 30, 2016 were \$27,902,155, compared to \$13,540,698 in the comparable period in 2015. Voyage expenses have primarily increased due to an increase in bunker prices as well as an increased number of freight voyages performed in the current period compared to the same period in the prior year.

Vessel Expenses

Vessel expenses for the three-month period ended September 30, 2016 were \$17,707,959, compared to \$22,492,616 in the comparable quarter in 2015. The decrease is attributable primarily to the lower number of owned vessels and savings achieved due to in-house management of the vessels. The Company had 40 owned vessels at the end of third quarter of 2016 compared to 44 owned vessels at the end of the comparable quarter in 2015.

Vessel expenses for the nine-month period ended September 30, 2016 were \$56,783,181, compared to \$63,124,053 in the comparable period in 2015. The decrease is attributable primarily due to a lower number of owned vessels and savings achieved due to in-house management of the vessels.

Vessel 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 and other miscellaneous expenses.

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

Depreciation and Amortization

For the three-month periods ended September 30, 2016 and 2015, total depreciation and amortization expense was \$9,854,228 and \$11,284,454, respectively. Total depreciation and amortization expense for the three-month period ended September 30, 2016 includes \$8,912,311 of vessel and other fixed assets depreciation, and \$941,917 relating to the amortization of deferred drydocking costs. Comparable amounts for the three-month period ended September 30, 2015 were \$10,260,200 of vessel and other fixed assets depreciation and \$1,024,254 of amortization of deferred drydocking costs.

For the nine-month periods ended September 30, 2016 and 2015, total depreciation and amortization expense was \$28,905,058 and \$32,739,674, respectively. Total depreciation and amortization expense for the nine-month period ended September 30, 2016 includes \$26,573,461 of vessel and other fixed assets depreciation, and \$2,331,597 relating to the amortization of deferred drydocking costs. Comparable amounts for the nine-month period ended September 30, 2015 were \$30,783,330 of vessel and other fixed assets depreciation and \$1,956,344 of amortization of deferred drydocking costs.

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 25 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 \$300 per lightweight ton. 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. Management anticipates that vessels are to be drydocked every two and a half years for vessels older than 15 years and every five years for vessels younger than 15 years, accordingly, these expenses are deferred and amortized over that period.

Amortization of debt discount and debt issuance costs is included in interest expense. These financing costs relate to costs associated with the First Lien and Second Lien Loan Facilities and Exit Financing Facility. The Company paid \$3,067,647 in connection with the First and Second Lien Loan facilities and \$6,575,000 for the Exit Financing Facility, which is recorded as debt issuance costs that amortize over the term of the related Loan. The Company also issued 16,889,828 shares in connection with the Second Lien Loan Facility and the fair value of which was determined to be approximately \$18 million, was recorded as component of debt issuance costs. For the three-month periods ended September 30, 2016 and 2015, the amortization of debt discount and debt issuance costs was \$2,292,545 and \$527,748, respectively. For the nine-month periods ended September 30, 2016 and 2015, the amortization of debt discount and debt issuance costs was \$3,092,193 and \$1,784,062, respectively. The Company adopted the new accounting standard issued by FASB ASU 2015-03 on presentation of deferred financing costs on January 1, 2016 and accordingly, we have reclassified previously reported deferred financing costs of \$435,816 as of December 31, 2015 as a reduction of the long-term debt balance retrospectively.

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 and external technical management fees.

General and administrative expenses for the three-month periods ended September 30, 2016 and 2015, were \$5,223,782 and \$5,907,387, respectively. These general and administrative expenses include a non-cash compensation reversal of \$734,996 and non-cash compensation expense of \$790,803, respectively. The decrease is mainly due to the reversal of approximately \$1.4 million of non-cash compensation expense relating to the forfeited stock awards granted to the former Chief Financial Officer, savings on third party management fees and an increase in payroll expenses.

General and administrative expenses for the nine-month periods ended September 30, 2016 and 2015, were \$15,429,844 and \$18,186,555, respectively. These general and administrative expenses include a non-cash compensation component of \$933,550 and \$2,998,382, respectively. The decrease in general and administrative expenses for the nine-month period ended September 30, 2016 compared to the comparable period in 2015, is primarily attributable to a decrease in professional fees and non-cash compensation expense as a result of the reversal of approximately \$1.4 million relating to the forfeited stock awards granted to the former Chief Financial Officer.

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, 2016 was \$40,092,760, compared with net cash used by operating activities of \$29,809,434 during the corresponding nine-month period ended September 30, 2015. The increase in cash used in operating activities is primarily due to lower charter rates on time charter renewals.

Net cash provided by investing activities during the nine-month period ended September 30, 2016 was \$12,411,444, compared with net cash provided by investing activities of \$9,621,753, during the corresponding nine-month period ended September 30, 2015. The increase in cash provided by investing activities is mainly attributable to the sale of four vessels in 2016 compared to one vessel in the comparable period in 2015 offset by the sale of KLC investments in 2015.

Net cash provided by financing activities during the nine-month period ended September 30, 2016 was \$101,353,950, compared with \$5,495,744 during the corresponding nine-month period ended September 30, 2015. The increase in cash from financing activities is due to net proceeds from the private common stock placements closed on August 10, 2016 of \$85,700,535, \$60,000,000 received from our Second Lien Loan facility and \$10,158,500 from the revolver under the First Lien Facility offset by repayment of \$21,276,000 of our term loan and \$30,158,500 of our revolver each under the First Lien Facility. The Company also paid \$3,067,647 in deferred financing costs.

As of September 30, 2016, our cash balance was \$98,568,795, compared to a cash balance of \$24,896,161 at December 31, 2015. Also recorded in Restricted cash is an amount of \$74,917, which collateralizes letters of credit relating to our office lease.

At September 30, 2016, the Company's debt consisted of \$204,099,000 in term loans, net of \$5,184,565 debt discount and debt issuance costs under the First Lien Facility and \$60,000,000 under the Second Lien Facility net of \$16,719,722 debt discount and debt issuance costs. In addition, we have \$30 million in undrawn revolver availability under the First Lien Facility.

Our principal sources of funds are operating cash flows, long-term bank borrowings and borrowings under our revolving credit facility (see “–Overview—First Lien Facility” and “–Overview—Second Lien Facility”). Our principal use of funds is capital expenditures to establish and grow our fleet, maintain the quality of our vessels, comply with international shipping standards and environmental laws and regulations, fund working capital requirements and repayments of interest on our outstanding loan facilities. See “–Overview—First Lien Facility” and “–Overview—Second Lien Facility” for additional information concerning our loan facilities.

We believe that our current financial resources, together with the undrawn revolving credit facility and cash generated from operations will be sufficient to meet our ongoing business needs and other obligations over the next twelve months. Our ability to generate sufficient cash depends on many factors beyond our control including, among other things, continuing to improve the profitability of its operations and future cash flows which contemplates an improvement in charter rates.

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.

On September 30, 2016, the Company, through a newly formed subsidiary, Eagle Bulk Shipco LLC (“Eagle Shipco”), signed a memorandum of agreement to acquire a 2016 Nantong COSCO Kawasaki Heavy Industries Engineering Co Ltd (“NACKS”) built Ultramax 61,000 dwt for \$18.85 million. The Company is expected to take delivery of the vessel in the fourth quarter of 2016. Eagle Shipco, is not one of the guarantors under the First Lien Facility or the Second Lien Facility.

In addition to acquisitions that we may undertake in future periods, the other major capital expenditures include funding the Company's program of regularly scheduled drydocking necessary to comply with international shipping standards and environmental laws and regulations. Although the Company has some flexibility regarding the timing of its drydocking, the costs are relatively predictable. The Company anticipates that vessels are to be drydocked every five years for vessels younger than 15 years and every two and a half years for vessels older than 15 years, accordingly, these expenses are deferred and amortized over that period. 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 deferred and amortized to expense on a straight-line basis over the period through the date of the next scheduled drydocking for those vessels. Eight vessels completed drydocking in the nine months ended September 30, 2016, with one vessel still in drydocking as of September 30, 2016 and we incurred \$3,715,179 in drydocking related costs. Seventeen vessels completed drydocking in the nine months ended September 30, 2015 and we incurred \$9,680,582 in drydocking related costs.

The following table represents certain information about the estimated costs for anticipated vessel drydockings in the next four quarters, along with the anticipated off-hire days:

Quarter Ending	Off-hire Days⁽¹⁾	Projected Costs⁽²⁾
December 31, 2016	-	-
March 31, 2017	-	-
June 30, 2017	-	-
September 30, 2017	66	\$ 1.9 million

⁽¹⁾Actual duration of drydocking will vary based on the condition of the vessel, yard schedules and other factors.

⁽²⁾Actual costs will vary based on various factors, including where the drydockings are actually performed.

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Other Contingencies

We refer you to Note 6, “Commitments and Contingencies - Legal Proceedings” to our Condensed 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, 2015, filed with the SEC on March 31, 2016.

Item 4. *Controls and Procedures*

Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of September 30, 2016, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and were operating at a reasonable assurance level as of September 30, 2016.

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.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

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 6 to the Condensed 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, 2015, filed with the SEC on March 31, 2016.

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

During the period covered by this report, the Company sold securities without registration under the Securities Act, as previously disclosed on a Current Report on Form 8-K.

Item 3 - Defaults Upon Senior Securities

None.

Item 4 – Mine Safety Disclosures

Not applicable.

Item 5 - Other Information

None.

Item 6 – Exhibits

EXHIBIT INDEX

- 3.1 Articles of Amendment to Second Amended and Restated Articles of Incorporation of Eagle Bulk Shipping Inc. (incorporated by reference to Exhibit 3.1 of the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 2, 2016)
- 3.2 Third Amended and Restated Articles of Incorporation of Eagle Bulk Shipping Inc. (incorporated by reference to Exhibit 3.1 of the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 4, 2016)
- 10.1 Stock Purchase Agreement, dated as of July 1, 2016, by and among Eagle Bulk Shipping Inc. and the Investors party thereto (incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 5, 2016)
- 10.2 Stock Purchase Agreement, dated as of July 10, 2016, by and among Eagle Bulk Shipping Inc. and the Investors party thereto (incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 11, 2016)
- 10.3 First Amendment to the Preferred Stock Purchase Agreement, dated as of July 19, 2016, by and between Eagle Bulk Shipping Inc. and the Purchasers party thereto (incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 20, 2016)
- 10.4 Termination Agreement, dated September 7, 2016, by and among Eagle Bulk Shipping Inc. and the Investors party thereto (incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 7, 2016)
- 10.5+ Separation Agreement and General Release, dated September 29, 2016, among Eagle Bulk Shipping Inc., Eagle Shipping (USA) International LLC and Adir Katzav

- 10.6+ Employment agreement dated September 3, 2016, among Eagle Bulk Shipping Inc., Eagle Shipping (USA) International LLC and Frank De Costanzo
- 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, 2016, formatted in eXtensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets (unaudited) as of September 30, 2016 and December 31, 2015, (ii) Condensed Consolidated Statements of Operations (unaudited) for the nine months ended September 30, 2016 and 2015, (iii) Condensed Consolidated Statements of Comprehensive Loss (unaudited) for the nine months ended September 30, 2016 and 2015, (iv) Condensed Consolidated Statements of Stockholders' Equity (unaudited) for the nine months ended September 30, 2016 and 2015, (v) Condensed Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2016 and 2015, and (vi) Notes to Condensed Consolidated Financial Statements (unaudited).

+ Indicates management contract or compensatory plan or arrangement.

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/ Gary Vogel

Gary Vogel
Chief Executive Officer
(Principal executive officer of the registrant)
Date: November 9, 2016

By: /s/ Frank De Costanzo

Frank De Costanzo
Chief Financial Officer
(Principal financial officer of the registrant)
Date: November 9, 2016

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (this "Agreement") is hereby made and entered into by and among Eagle Shipping International (USA) LLC, a Marshall Islands limited liability company ("Eagle International"), its parent, Eagle Bulk Shipping Inc., a Marshall Islands corporation (the "Company"), and Adir Katzav ("Executive," and together with the Company and Eagle International, the "Parties").

WHEREAS, Executive currently serves as Chief Financial Officer and Secretary of the Company; and Vice President, Secretary, and Chief Financial Officer of Eagle Shipping LLC;

WHEREAS, Executive wishes to resign his employment and all positions that he holds or has ever held with Eagle International, the Company, Eagle Shipping LLC, Eagle Bulk Europe GmbH, Eagle Bulk Pte. Ltd, and all of their respective direct and indirect subsidiaries and affiliates (the "Separation") effective as of the Separation Date (as defined below); and

WHEREAS, the Parties desire to enter into this Agreement in order to set forth the definitive rights and obligations of the Parties in connection with the Separation.

NOW, THEREFORE, in consideration of the mutual covenants, commitments, and agreements contained herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereby agree as follows:

1. Resignation; Notice Period.

(a) Effective as of September 30, 2016 (the "Separation Date"), Executive hereby resigns from all positions (as an employee, officer, or otherwise) he holds or has ever held with Eagle International, the Company, Eagle Shipping LLC, Eagle Bulk Europe GmbH, Eagle Bulk Pte. Ltd, or any of their respective direct or indirect subsidiaries or affiliates (collectively, the "Eagle Companies").

(b) The period commencing on the date Executive receives this Agreement and terminating on Separation Date shall be the "Notice Period." The Company reserves the right, in its sole discretion, to waive the Notice Period by advancing the Separation Date to an earlier date selected by the Company. During any portion of the Notice Period not waived by the Company, Executive shall remain an employee of the Company, and will perform such duties and responsibilities as the Chief Executive Officer so directs. During the Notice Period, unless otherwise directed by the Chief Executive Officer, Executive shall not (i) discuss the separation of his employment with any employees or business relations of the Eagle Companies, including any banks, vendors, transfer agents, investors, or other business relations, (ii) report to the office, or (iii) engage in any business on behalf of the Eagle Companies. Notwithstanding the foregoing, to the extent so directed by the Chief Executive Officer, during the Notice Period Executive agrees to (A) continue to perform his duties as Chief Financial Officer, (B) transition his knowledge, responsibilities, and duties to other employees of the Eagle Companies, and (C) perform other or different duties as the Company deems appropriate.

(c) As promptly as possible following the date Executive receives this Agreement and no later than the Separation Date, Executive shall provide Eagle International with a list of the contact information for all banks, vendors, transfer agents, and other business relations utilized by Executive on behalf of the Eagle Companies. Such list shall include all relevant details for such banks, vendors, transfer agents, and other business relations, including any applicable points of contract, phone numbers, account numbers, email addresses, websites, login information, and passwords used by Executive on behalf of the Eagle Companies.

2. Payments And Separation Benefits.

(a) Final Pay. On the next regular payroll date following the Separation Date, Executive will receive a lump sum payment of all unpaid salary accrued through the Separation Date, and all accrued unused vacation pay, in each case minus applicable withholdings and deductions (the "Final Pay").

(b) Expense Reimbursement. Upon Executive's submission of adequate documentary evidence reasonably satisfactory to Eagle International, Executive shall receive reimbursement for all reasonable and necessary out-of-pocket expenses properly incurred in the performance of his duties on behalf of Eagle International, subject to, and consistent with, Eagle International's policies for expense payment and reimbursement. The Company will pay the cost of the Executive's legal fees incurred in connection with the negotiation and execution of this Agreement, up to a cap of five thousand dollars (\$5,000), after the Post-Employment Release Effective Date (as defined in Exhibit A) upon Executive's submission of reasonable supporting documentation to the Company.

(c) Separation Benefits.

(i) Subject to the Post-Employment Release attached as Exhibit A (the "Post-Employment Release") being signed no sooner than October 1, 2016, and becoming effective and binding on the Post-Employment Release Effective Date, and in exchange for the promises, covenants, releases, and waivers set forth in this Agreement, Executive will be entitled to receive the following separation benefits.

(A) The Company shall provide Executive with severance pay in the total amount of four hundred thousand dollars (\$400,000), minus applicable withholdings and deductions. Such severance pay amount shall be payable over a period of twelve (12) months in equal bi-monthly installments corresponding to the Company's regularly scheduled payroll dates, beginning no later than the Company's second regularly scheduled payroll date following the date that is thirty (30) days following the date of this Agreement, subject to the earlier occurrence of the Post-Employment Release Effective Date.

(B) To the extent Executive timely elects COBRA continuation coverage, the Company shall pay for the cost of Executive's applicable premium for such coverage for the twelve (12) months period following the Post-Employment Release Effective Date.

(C) To the extent permitted under its policy, the Company shall continue Executive's ArmadaCare coverage and shall pay for the cost of Executive's applicable premium for such coverage for twelve (12) months period following the Post-Employment Release Effective Date.

(D) In consideration for the cancellation of any and all equity rights or awards that Executive holds, other than Executive's direct free and clear holding of the Company common stock or warrants not subject to vesting requirements, as of the Separation Date, including, without limitation, any unvested restricted shares, any unexercised stock options, and any unexercised warrants, including, without limitation, under the Company's 2014 Equity Incentive Plan and the Company's prepackaged reorganization plan, the Company shall provide Executive with a payment equal to thirty three thousand dollars (\$33,000) (which represents the value, at a price of \$8 per share, of Executive's 4,125 unvested restricted stock award shares that would otherwise have vested in equal installments on October 15, 2016, October 15, 2017, and October 15, 2018), minus applicable withholdings and deductions. Such additional payment shall be payable in a cash lump sum no later than the Company's second regularly scheduled payroll date following the date that is thirty (30) days following the date of this Agreement, subject to the earlier occurrence of the Post-Employment Release Effective Date. As necessary, the Company will assist Executive in filing or amending any Form 4 that may be required as a result of the foregoing.

(E) The payments provided to Executive pursuant to Section 2(c)(i)(A), Section 2(c)(i)(B), Section 2(c)(i)(C), and Section 2(c)(i)(D) do not represent any admission or concession by the Eagle Companies that such payments are owed to Executive under any agreement or otherwise. Executive acknowledges and agrees that if the Post-Employment Release becomes effective and binding on the Post-Employment Release Effective Date in accordance with its terms, then (X) the Company's obligations under Section 2(c)(i)(A), Section 2(c)(i)(B), Section 2(c)(i)(C), and Section 2(c)(i)(D) will be in full force and effect, (Y) Eagle International's obligation under Section 2(c)(ii) shall be null and void and of no force or effect, and (Z) the remainder of the Agreement (other than Section 2(c)(ii)) shall remain fully binding, enforceable, and irrevocable.

(ii) In the event that the Parties execute this Agreement, but the Post-Employment Release does not become effective and binding on the Post-Employment Release Effective Date in accordance with its terms (either because (A) Executive fails to timely execute the Post-Employment Release within the Post-Employment Release Review Period (as defined in the Post-Employment Release) or (B) Executive timely executes the Post-Employment Release but then timely revokes the Post-Employment Release in accordance with its terms), then Executive acknowledges and agrees that (X) the Company's obligations under Section 2(c)(i)(A), Section 2(c)(i)(B), Section 2(c)(i)(C), and Section 2(c)(i)(D) shall be null and void, (Y) Eagle International instead shall pay Executive a lump sum amount equal to \$25,000 (minus applicable withholdings and deductions) within ten (10) business days after the expiration of the Post-Employment Release Review Period; and (Z) the remainder of this Agreement (other than Section 2(c)(i)(A), Section 2(c)(i)(B), Section 2(c)(i)(C), and Section 2(c)(i)(D)) shall remain in full force and effect.

3. General Release.

(a) Executive hereby voluntarily, knowingly, and willingly releases and forever discharges each and all of the Eagle Companies; each and all of the Eagle Companies' respective predecessors, successors, assigns, affiliates, and direct and indirect equityholders (collectively, with the Eagle Companies, the "Eagle Entities"); each and all of the Eagle Entities' respective past, present, and future affiliates, direct and indirect equityholders, officers, directors, managers, partners, principals, members, employees, attorneys, agents, insurers, divisions, and representatives (collectively, with the Eagle Entities, the "Eagle Parties"); and each and all of the Eagle Parties' respective past, current, and future heirs, executors, administrators, and all other persons and entities claiming by, through, or under any of the foregoing (collectively, with the Eagle Parties, the "Eagle Releasees"), from and against any and all charges, complaints, claims, promises, agreements, controversies, liabilities, or causes of action whatsoever (collectively, "Claims") that Executive or any of his past, present, or future successors, assigns, affiliates, attorneys, agents, insurers, representatives, heirs, executors, administrators, or any other persons or entities claiming by, through, or under any of the foregoing (collectively, with Executive, the "Executive Releasors") ever had, now have, or hereafter can, shall, or may have against any of the Eagle Releasees by reason of any matter, cause, or thing whatsoever arising on or prior to the Effective Date (as defined below) (and through the Post-Employment Release Effective Date if and only if the Post-Employment Release becomes effective and binding on the Post-Employment Release Effective Date in accordance with its terms), whether such Claims are known to the Executive Releasors or unknown to them, whether they are vested or contingent, whether they are suspected or unsuspected, and whether they are apparent, concealed, or hidden, arising from the beginning of the world through the Effective Date (and through the Post-Employment Release Effective Date if and only if the Post-Employment Release becomes effective and binding on the Post-Employment Release Effective Date in accordance with its terms) based on any matter or thing, including, without limitation, Executive's employment with, or termination from, Eagle International; his other service to, or any type and/or kind of other relationship whatsoever with, any of the Eagle Entities, or the termination of such service or relationship; including, without limitation, any Claims arising under federal, state, foreign, or local laws or ordinances pertaining to employment, including but not limited to (i) any and all Claims arising under Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1866; the Civil Rights Act of 1991; the Americans With Disabilities Act of 1990; the Family and Medical Leave Act; the Fair Labor Standards Act; the Employee Retirement Income Security Act of 1974; the Vietnam Era Veterans Readjustment Act of 1974; the Immigration Reform and Control Act of 1986; the Labor Management Relations Act; the National Labor Relations Act; the Occupational Safety and Health Act; the Equal Pay Act; the Rehabilitation Act of 1973; the Uniformed Services Employment and Reemployment Rights Act; the Worker Adjustment and Retraining Notification Act; the New York State WARN Act; the Sarbanes-Oxley Act of 2002; the Dodd-Frank Act; the Internal Revenue Code of 1986; Article 15 of the Executive Law of the State of New York (Human Rights Law); the New York City Human Rights Law; the New York Labor Law; the New York Earned Sick Time Act; the New York Wage Theft Protection Act; the Connecticut Family and Medical Leave Act; the Connecticut Fair Employment Practices Act; Connecticut's whistleblower law; Connecticut's free speech law; Connecticut's minimum wage and wage payment laws; the anti-retaliation provision of Connecticut's workers' compensation statute; and all applicable amendments to each of the foregoing acts and laws; (ii) any and all Claims under any other federal, state, foreign, or local labor laws, wage and hour laws, or employee relations and/or fair employment practices laws (except the Age Discrimination in Employment Act of 1967 ("ADEA") or the Older Workers Benefit Protection Act ("OWBPA"), which are addressed separately in the Post-Employment Release); (iii) any and all Claims under any public policy, including any whistleblower laws or protections; (iv) any and all tort or quasi-contractual Claims, including but not limited to any Claims for misrepresentation, defamation, tortious interference with contract, restitution, promissory estoppel, conversion, replevin, invasion of privacy, prima facie tort, defamation, libel, slander, or quantum meruit; (v) any and all Claims for compensation, wages, commissions, bonuses, royalties, stock options, deferred compensation, equity, other monetary or equitable relief, vacation, personal or sick time, other fringe benefits, attorneys' fees, or any tangible or intangible property of Executive's that remains with any of the Eagle Releasees; (v) any and all Claims for harassment, retaliation, or discrimination on the basis of sex, affectional or sexual orientation, gender identity or expression, medical condition, including genetic predisposition or carrier status, atypical hereditary cellular or blood trait, genetic information, race, creed, color, national origin, ancestry, marital status, domestic partner status, familial status, religion, mental or physical disability, perceived disability, AIDS or HIV status, veteran status, or non-work activities; (vi) any and all Claims under any written or oral contract, or explicit or implied agreement, or any modification thereof, including but not limited to all Claims under the Company's 2014 Equity Incentive Plan, the Company's prepackaged reorganization plan, or any other incentive, equity, stock, option, or warrant plan, any restricted stock award, equity award, option award, or warrant award agreements, and any policies, agreements, understandings, or promises; and (vii) any and all other Claims that could have been brought by any of the Executive Releasors under any law, equitable theory, public policy, or other source, except that Executive does not waive or release (A) any Claims to enforce the terms of this Agreement, (B) any rights Executive otherwise would have to indemnification (if any) under any applicable bylaw, insurance policy, or law, (C) any Claims under the ADEA or OWBPA (which are addressed separately in the Post-Employment Release), or (D) any Claims that cannot be released under applicable law (collectively (A) through (D) in this clause (ii), the "Executive Excluded Claims").

(b) Executive represents and warrants that as of the Effective Date no Executive Releasor has filed a lawsuit against any of the Eagle Releasees in any court. Executive also hereby (i) represents and warrants that no Executive Releasor will initiate or cause to be initiated on its behalf any court proceeding with respect to any Claims other than the Excepted Claims or will participate in any such proceeding, in each case, except as required by law and (ii) agrees to pay all costs (including actual attorneys' fees and expenses and court costs) incurred by any Eagle Releasee in the event that any Executive Releasor institutes any lawsuit against any Eagle Releasee in breach of this Section 3.

(c) Notwithstanding the above, and subject to the terms and conditions of the Post-Employment Release (after the Post-Employment Release Effective Date), nothing in this Section 3 shall prevent Executive from (i) filing a charge with the Equal Employment Opportunity Commission (the "EEOC") or any other government agency or participating in any EEOC or other agency investigation; provided that Executive may not receive any relief (including, but not limited to, reinstatement, back pay, front pay, damages, attorneys' or experts' fees, costs, and/or disbursements) as a consequence of either any charge filed with the EEOC or any litigation arising out of an EEOC charge (except, unless and until the Post-Employment Release Effective Date, any charge or litigation pursuing claims solely under the ADEA and/or OWBPA); or (ii) enforcing any of the Executive Excepted Claims or initiating any proceeding in connection with such Executive Excepted Claims.

(d) Executive acknowledges and agrees that this Section 3 is an essential and material provision of this Agreement and that the Company and Eagle International would not enter into this Agreement but for Executive's assent to this provision.

4. Company's Release.

(a) Each of the Company and Eagle International hereby voluntarily, knowingly, and willingly releases and forever discharges each and all of Executive and his heirs, administrators, and executors (collectively, the "Executive Releasees") from and against any and all Claims that any of the Eagle Releasees (other than stockholders of the Company and each and all of their respective past, current, and future heirs, executors, administrators, and all other persons and entities claiming by, through, or under any of the foregoing) (collectively, the "Eagle Releasors") ever had, now have, or hereafter can, shall, or may have against any of the Executive Releasees by reason of any matter, cause, or thing whatsoever arising prior to the Effective Date (and through the Post-Employment Release Effective Date if and only if the Post-Employment Release becomes effective and binding on the Post-Employment Release Effective Date in accordance with its terms), whether such Claims are known to the Eagle Releasors or unknown to them, whether they are vested or contingent, whether they are suspected or unsuspected, and whether they are apparent, concealed, or hidden, arising from the beginning of the world through the Effective Date (and through the Post-Employment Release Effective Date if and only if the Post-Employment Release becomes effective and binding on the Post-Employment Release Effective Date in accordance with its terms) based on any matter or thing, including, without limitation, including, without limitation, any Claims arising under federal, state, foreign, or local laws or ordinances pertaining to employment, including but not limited to (i) any and all Claims arising under any statute, regulation, or ordinance; (ii) any and all Claims under any public policy; (iii) any and all tort or quasi-contractual Claims, including but not limited to any Claims for misrepresentation, defamation, tortious interference with contract, restitution, promissory estoppel, conversion, replevin, invasion of privacy, prima facie tort, defamation, libel, slander, or quantum meruit; (iv) any and all Claims under any written or oral contract, or explicit or implied agreement, or any modification thereof, including but not limited to all Claims under any restricted stock award or option award agreements, and any policies, agreements, understandings, or promises (except as otherwise explicitly provided herein); and (v) any and all other Claims that could have been brought by any of the Eagle Releasors under any law, equitable theory, public policy, or other source, except that the Company and Eagle International do not waive or release (A) any Claims to enforce the terms of this Agreement, (B) any Claims that cannot be released under applicable law, or (C) any Claims relating to Executive's fraud or criminal activity (collectively, the "Eagle Excepted Claims").

(b) Each of the Company and Eagle International hereby (i) represents and warrants that no Eagle Releasor will initiate or cause to be initiated on its or their behalf any court proceeding or arbitration with respect to any Claims other than the Eagle Excepted Claims or will participate in any such proceeding, in each case, except as required by law; (ii) waives any right any Eagle Releasor may have to any monetary relief arising out of any such action or any proceeding initiated by or conducted before the Equal Employment Opportunity Commission; and (iii) agrees to pay all costs (including actual attorneys' fees and expenses and court costs) incurred by any Executive Releasee in the event that any Eagle Releasor institutes any legal suit, action or proceeding against any Executive Releasee in breach of this Section 4.

(c) Notwithstanding the above, nothing in this Section 4 shall prevent the Eagle Releasors from enforcing any of the Eagle Excepted Claims or initiating any proceeding in connection with such Eagle Excepted Claims.

(d) Each of the Company and Eagle International acknowledges and agrees that this Section 4 is an essential and material provision of this Agreement and that the Executive would not enter into this Agreement but for their assent to this provision.

5 . Confidentiality. Executive acknowledges that as an employee of the Eagle Companies, he was exposed to and had access to considerable Confidential Information (as defined below) of the Eagle Companies. Executive agrees that he will not share, divulge, utilize, or disclose any such Confidential Information, for any reason, on or following the Separation Date. For purposes of this Agreement, “**Confidential Information**” shall mean any and all nonpublic information related to the following: (a) intellectual property and proprietary rights of any of the Eagle Entities, (b) computer codes or instructions (including source and object code listings, program logic algorithms, subroutines, modules or other subparts of computer programs and related documentation, including program notation), computer processing systems and techniques, all computer inputs and outputs (regardless of the media on which stored or located), hardware and software configurations, designs, architecture, interfaces, passwords, access information, and related information with respect to computer programs and sites relating to the Eagle Companies, their banks, clients, transfer agents, vendors, and other business relations, (c) business research, studies, procedures and costs, (d) financial and accounting data, (e) distribution methods, (f) marketing data, methods, plans and efforts, (g) the terms of contracts and agreements with customers, contractors, and suppliers, (h) information about actual, contemplated, or potential transactions, (i) the needs and requirements of, and the Eagle Companies’ course of dealing with, actual or prospective customers, contractors and suppliers, (j) personnel information, (k) customer and vendor credit information, and (l) any information received from third parties that is subject to obligations of non-disclosure or non-use. In accordance with the Defend Trade Secrets Act, 18 U.S.C. § 1833(b), and other applicable law, nothing in this Agreement, any other agreement between Executive and any of the Eagle Companies, or any policy of the Eagle Companies shall prevent Executive from, or expose Executive to criminal or civil liability under federal or state trade secret law for, (i) directly or indirectly sharing any Eagle Company trade secrets or other Confidential Information (except information protected by any Eagle Party’s attorney-client or work product privilege) with an attorney or with any federal, state, or local government agencies, regulators, or officials, for the purpose of investigating or reporting a suspected violation of law, whether in response to a subpoena or otherwise, without notice to the Eagle Companies, or (ii) disclosing any Eagle Company trade secrets in a filing in connection with a complaint or other document filed in a lawsuit or other proceeding, provided that the filing is made under seal. Further, nothing herein shall prevent Executive from (A) responding to a lawful subpoena or legal process (in compliance with Section 15 of this Agreement); (B) sharing this Agreement or other information with Executive’s attorney; (C) sharing information about this Agreement with Executive’s spouse, accountant, or financial advisor so long as Executive ensures that such parties maintain the strict confidentiality of this Agreement; or (D) apprising any future employer or other person or entity to which Executive provides services of Executive’s continuing obligations to the Eagle Companies under this Agreement.

6 . Non-Solicitation. In exchange for the consideration provided to Executive under this Agreement, including but not limited to the severance pay provided under Section 2 hereof, Executive agrees that until the twelve (12) month anniversary after the Separation Date, neither Executive nor any other person, partnership, corporation or other entity acting with Executive’s assistance, encouragement, or support will directly or indirectly, (a) solicit or induce or attempt to solicit or induce any employee, agent, or consultant to terminate or reduce his or her relationship with any of the Eagle Entities, (b) solicit, recruit, hire, or retain any person who is, or within the previous six (6) month period was, an employee, agent, or consultant of any of the Eagle Entities, (c) take any action intended to interfere with or disrupt the relationship, contractual or otherwise, between any of the Eagle Entities, on the one hand, and any customer, supplier, lessor, lessee, broker, or employee, or any other person or entity that has a business relationship with any of the Eagle Entities, on the other hand, or (d) aid, assist, direct, or encourage any other person or entity to do any of the foregoing.

7. Mutual Non-Disparagement

(a) Except as otherwise provided herein, Executive agrees that Executive will not, whether in private or in public, whether directly or indirectly, make, publish, encourage, ratify, or authorize (or assist any other person or entity in making or publishing) any statements that in any way defame, criticize, malign, impugn, or disparage any of the Eagle Releasees. Executive also agrees that he will not publicly comment on or discuss any of the Eagle Releasees with any media source or outlet (whether negatively or otherwise), including but not limited to any reporters, bloggers, websites (including, without limitation, on any social media), weblogs, newspapers, magazines, television stations or productions, radio stations, news organizations, news outlets, or publications, or in any movie, book, or theatrical production, nor will Executive publicize any material related to any of the Eagle Releasees.

(b) The Company shall instruct its Board of Directors and Officers not to make, cause to be made, publish, ratify or endorse any statements, whether in private or in public, whether directly or indirectly, that in any way defame, criticize, malign, impugn, or disparage the Executive.

(c) Nothing in this Section 7 shall prevent any truthful statements required by law or regulation, to any regulator, governmental entity, or court of competent jurisdiction, or in any deposition, subpoena, or similar legal testimony.

8. Executive's Acknowledgment of Consideration. Executive acknowledges and agrees that (a) other than the consideration set forth in Section 2 above, he has received all salary, benefits, bonuses, incentive payments, equity, options, restricted stock, reimbursements, vacation pay, sick pay, personal day pay, paid time off, and other compensation, benefits, perquisites, or other things of value of any kind (collectively, "Compensation") due to him in connection with his employment with, service to, other relationship with, and/or separation from the Eagle Entities, (b) the consideration described in Section 2 is in full discharge of any and all Claims, liabilities, and obligations that any of the Eagle Releasees have to Executive, monetarily or otherwise, and (c) except as expressly described in this Agreement, Executive will not receive any Compensation arising out of or related to his employment with, service to, and/or separation from any of the Eagle Entities.

9. Executive's Representations. Executive acknowledges that the Company has asked him to share any and all information he may possess regarding the Eagle Companies' compliance with all governing laws and regulations, including but not limited to their compliance with governing trade regulations, or any lack of compliance therewith. Executive represents and warrants that he has shared all of the information he knows regarding such issues, and that he is not aware of any instances of non-compliance other than what he has shared with the Chief Executive Officer of the Company.

10. Assistance, Cooperation, Future Litigation. Executive agrees that he will cooperate reasonably, without further compensation, with the Eagle Entities in connection with (a) any existing or future threatened or actual legal action or government investigation involving any of the Eagle Entities, whether regulatory, administrative, civil, or criminal in nature, in which and to the extent any Eagle Entity reasonably requests his cooperation, (b) any business or factual issues regarding the Eagle Entities about which he has relevant information, and (c) the transitioning of Executive's duties and responsibilities, including with respect to the finalization of financial statements for the third quarter of 2016. Executive's cooperation hereunder shall be subject to reasonable accommodations to his schedule and will not unduly interfere with his personal or business pursuits. Eagle International will reimburse Executive for his reasonable, pre-approved in writing out of pocket travel-related expenses incurred in connection with such cooperation upon receipt of appropriate documentation of such expenses.

11. No Admission of Liability. Nothing herein will be deemed or construed to represent an admission by Executive, the Company, Eagle International, or any of the Eagle Parties of any violation of law or other wrongdoing of any kind whatsoever.

12. Third Party Beneficiaries. The Eagle Releasees are intended third-party beneficiaries of this Agreement, and this Agreement may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Eagle Releasees hereunder. Except and to the extent set forth in the previous sentence, this Agreement is not intended for the benefit of any person or entity other than the Parties, and no such other person or entity will be deemed to be a third-party beneficiary hereof.

13. Notices. All notices, consents, waivers, and other communications required or permitted by this Agreement must be in writing and will be deemed given to a Party when: (a) delivered to the appropriate address by overnight delivery via UPS or FedEx (as confirmed by such overnight carrier) or (b) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment, in each case to the following addresses, facsimile numbers, or e-mail addresses and marked to the attention of the Party (by name or title) designated below (or to such other address, facsimile number, or e-mail address as a Party may hereafter designate by written notice to the other Parties):

If to the Company or Eagle International:

Eagle Bulk Shipping Inc.
Eagle Shipping International (USA) LLC
c/o Akin Gump Strauss Hauer & Feld, LLP
One Bryant Park
New York, NY 10036
Attention: Richard Rabin
Telephone: 212-872-1086
Email: rrabin@akingump.com
Facsimile: 212-872-1002

If to Executive:

Adir Katzav

14. Governing Law and Jurisdiction. This Agreement will be governed by, and construed in accordance with, the laws of the State of Connecticut, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application hereto of the laws of any jurisdiction other than the State of Connecticut. Disputes arising under this Agreement shall be resolved in a court of appropriate jurisdiction in Stamford, Connecticut.

15. Protection of Confidential Information. Except as otherwise provided herein, but without limiting the obligations set forth in Section 5, Executive agrees that if he receives a subpoena, document request, information request, interrogatory, or any other legal process that will or may require Executive to disclose any Confidential Information, Executive will immediately notify the Company's Chief Executive Officer of such fact, in writing, and provide a copy of such subpoena, document request, information request, interrogatory, or other legal process, and shall thereafter cooperate with the Company in any lawful response to such subpoena, document request, information request, interrogatory, or legal process as the Company may request.

16. Entire Agreement/Construction. This Agreement (including the Post-Employment Release) constitutes the complete and entire agreement and understanding of the Parties with respect to the Executive's employment with, service to, other relationship with, and/or separation from the Eagle Entities, and supersedes in its entirety any and all prior understandings, commitments, obligations and/or agreements, whether written or oral, with respect thereto. The language used in this Agreement will be deemed to be the language mutually chosen by the Parties to reflect their mutual intent, and no doctrine of strict construction will be applied against any Party. For purposes of this Agreement, the connectives "and," "or," and "and/or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of a sentence or clause all subject matter that might otherwise be construed to be outside of its scope.

17. Return of Company Property. Executive represents and warrants that he has returned all property of the Eagle Entities within his possession, accessibility or control, including (without limitation) all keys, credit cards (without further use thereof), Smartphones, cell phones, computers, PDA's and all other items belonging to the Company, and copies of all Confidential Information belonging to the Eagle Entities.

18. Severability. If any provision of this Agreement is determined to be unenforceable as a matter of governing law, a reviewing court of appropriate jurisdiction shall have the authority to "blue pencil" or otherwise modify such provision so as to render it enforceable while maintaining the Parties' original intent (as reflected herein) to the maximum extent possible. Each provision of this Agreement is severable from the other provisions hereof, and if one or more provisions hereof are declared invalid, the remaining provisions shall nevertheless remain in full force and effect.

19. Counterparts. This Agreement may be executed in separate counterparts, each of which will be deemed to be an original and all of which taken together will constitute one and the same agreement. Facsimile, PDF, and other true and accurate copies of this Agreement shall have the same force and effect as originals hereof.

20. Effective Date. Except as otherwise expressly provided herein, this Agreement will become binding, effective, enforceable, and irrevocable (except as provided in Section 2 hereof) upon the date it is executed by all of the Parties hereto (the "Effective Date") and will remain effective regardless of whether the Post-Employment Release is executed and/or timely revoked. The Post-Employment Release will become effective, binding and irrevocable on the Post-Employment Release Effective Date.

21. Successors and Assigns. The Parties' obligations hereunder will be binding upon their successors and assigns. The Parties' rights will inure to the benefit of, and be enforceable by, any of the Parties' respective successors and assigns, and the rights of the Eagle Releasees will inure to the benefit of, and be enforceable by, any of the Eagle Releasees' respective successors and assigns. The Company or Eagle International may assign all rights and obligations of this Agreement to any successor in interest to the assets of such Party. In the event that the Company or Eagle International is dissolved, all obligations of the Company or Eagle International, as applicable, under this Agreement will be provided for in accordance with applicable law.

22. Amendments and Waivers. This Agreement may not be amended, nor may any provision hereof be modified or waived, except by an agreement in writing duly executed by Executive, on the one hand, and the Chief Executive Officer of the Company, on the other hand. The failure of either Party at any time to require performance by the other Party of any provision hereof shall in no way preclude such Party from requiring performance by such other Party of such provision at any time; shall not be deemed a waiver of any subsequent breach of such provision; and shall not be construed as a waiver of any of the other terms, conditions, or obligations of such other Party hereunder. No waiver by any Party of the breach of any provision hereof shall be taken or held to be a waiver of any subsequent breach of such provision or as a waiver of the provision itself or of any of the other terms, conditions, or obligations of this Agreement.

23. Headings. The headings of the Sections and subsections of this Agreement are for purposes of convenience only, and will not be deemed to amend, modify, expand, limit or in any way affect the meaning of any of the provisions hereof.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the Parties have executed this Separation Agreement and General Release effective as of the date it is executed by all of the Parties as set forth below.

EAGLE BULK SHIPPING INC.

By: /s/ Gary Vogel
Name: Gary Vogel
Title: Chief Executive Officer

Date: September 29, 2016

EAGLE SHIPPING INTERNATIONAL (USA) LLC

By: /s/ Gary Vogel
Name: Gary Vogel
Title: Chief Executive Officer

Date: September 29, 2016

EXECUTIVE

/s/ Adir Katzav
Adir Katzav

Date: 9/28/2016

EXHIBIT A

Post-Employment Release

In exchange for the benefits and other consideration provided to Adir Katzav ("Executive") under the Separation Agreement and General Release among Eagle Bulk Shipping Inc. (the "Company"), Eagle Shipping International (USA) LLC ("Eagle International"), and Executive (the "Agreement"), to which this Post-Employment Release is an Exhibit, and as a precondition to Executive's receipt of the consideration set forth in Section 2(c)(i)(A), Section 2(c)(i)(B), Section 2(c)(i)(C), and Section 2(c)(i)(D) of the Agreement, Executive hereby agrees as follows. All capitalized terms utilized in this Post-Employment Release but not defined herein shall have the same meanings ascribed to them in the Agreement.

1. Executive hereby voluntarily, knowingly, and willingly releases and forever discharges each and all of the Eagle Companies; each and all of the Eagle Companies' respective predecessors, successors, assigns, affiliates, and direct and indirect equityholders (collectively, with the Eagle Companies, the "Eagle Entities"); each and all of the Eagle Entities' respective past, present, and future affiliates, direct and indirect equityholders, officers, directors, managers, partners, principals, members, employees, attorneys, agents, insurers, divisions, and representatives (collectively, with the Eagle Entities, the "Eagle Parties"); and each and all of the Eagle Parties' respective past, current, and future heirs, executors, administrators, and all other persons and entities claiming by, through, or under any of the foregoing) (collectively, with the Eagle Parties, the "Eagle Releasees"), from and against any and all charges, complaints, claims, promises, agreements, controversies, liabilities, or causes of action whatsoever (collectively, "Claims") that Executive or any of his past, present, or future successors, assigns, affiliates, attorneys, agents, insurers, representatives, heirs, executors, administrators, or any other persons or entities claiming by, through, or under any of the foregoing (collectively, with Executive, the "Executive Releasers") ever had, now have, or hereafter can, shall, or may have against any of the Eagle Releasees by reason of any matter, cause, or thing whatsoever arising on or prior to the Post-Employment Release Effective Date (as defined below), whether such Claims are known to the Executive Releasers or unknown to them, whether they are vested or contingent, whether they are suspected or unsuspected, and whether they are apparent, concealed, or hidden, arising from the beginning of the world through the Post-Employment Release Effective Date, based on any matter or thing, including, without limitation, Executive's employment with, or termination from, Eagle International; his other service to, or any type and/or kind of other relationship whatsoever with, any of the Eagle Entities, or the termination of such service or relationship, to the extent such Claims arise under the Age Discrimination in Employment Act of 1967 ("ADEA"), 29 U.S.C. § 621 *et seq.*, or the Older Workers Benefit Protection Act ("OWBPA"). Executive represents and warrants that no Executive Releaser has filed any Claim arising under the ADEA or the OWBPA against any of the Eagle Releasees before any local, state, federal, or foreign agency, court, or other body. Executive hereby (i) represents and warrants that no Executive Releaser will initiate or cause to be initiated on Executive's behalf any lawsuit with respect to any Claim arising under the ADEA or the OWBPA and (ii) agrees to pay all costs (including actual attorneys' fees and expenses and court costs) incurred by any Eagle Releasee in the event that any Executive Releaser institutes any lawsuit against any Eagle Releasee in breach of this Post-Employment Release. For the avoidance of doubt, nothing in this Post-Employment Release shall be read to prevent Executive from filing a charge with the Equal Employment Opportunity Commission (the "EEOC") or any other government agency or participating in any EEOC or other agency investigation; provided that Executive may not receive any relief (including, but not limited to, reinstatement, back pay, front pay, damages, attorneys' or experts' fees, costs, and/or disbursements) as a consequence of any charge filed with the EEOC and/or any litigation arising out of an EEOC charge.

2. In accordance with the ADEA and the OWBPA, Executive understands that his release of Claims in this Post-Employment Release is subject to the following special procedures: Executive may not execute this Post-Employment Release before October 1, 2016, and Executive has twenty-one (21) days from October 1, 2016, to consider the provisions of the Agreement and this Post-Employment Release and execute this Post-Employment Release (the "Post-Employment Release Review Period"). To the extent Executive executes this Post-Employment Release prior to the end of this Post-Employment Release Review Period, Executive hereby knowingly and voluntarily waives the remainder of this twenty-one (21) day period.

3. By signing below, Executive acknowledges and agrees that he (i) has carefully read and fully understands all of the provisions of this Post-Employment Release; (ii) knowingly and voluntarily agrees to all of the terms and conditions set forth in this Post-Employment Release; (iii) knowingly and voluntarily agrees to be legally bound by this Post-Employment Release; (iv) has been advised to consult with an attorney prior to executing this Post-Employment Release; (v) has full power to release the Claims under Paragraph 1 of this Post-Employment Release; and (vi) has not assigned or otherwise transferred any such Claims to any other individual or entity.

4. If Executive executes this Post-Employment Release, he acknowledges that he will have seven (7) days from the date he executes this Post-Employment Release to revoke this Post-Employment Release by providing written notice of such revocation to the Company's outside counsel, Richard J. Rabin, by email (with "read" receipt), facsimile (with proof of successful transmission), or overnight delivery (via UPS or FedEx, with confirmation of delivery as confirmed by such carrier), at the following address: Richard J. Rabin, Akin Gump, Strauss, Hauer, & Feld LLP, One Bryant Park, New York, New York, 10036, (tel.) 212.872.1086, (fax) 212.872.1002, (email) rrabin@akingump.com. If Executive does not revoke this Post-Employment Release within seven (7) days of the date he timely executes it, this Post-Employment Release will become fully binding, effective, enforceable, and irrevocable on the eighth (8th) calendar day after the day Executive executes this Post-Employment Release (the "Post-Employment Release Effective Date").

5. For avoidance of doubt, should Executive fail to timely execute this Post-Employment Release as provided in Paragraph 2 of this Post-Employment Release, or should Executive timely revoke this Post-Employment Release after executing it, then (A) the Company's obligations under Section 2(c)(i)(A), Section 2(c)(i)(B), Section 2(c)(i)(C), and Section 2(c)(i)(D) of the Agreement shall be null and void and of no force or effect, (B) Executive shall instead receive the payment set forth in Section 2(c)(ii) of the Agreement, and (C) the remainder of the Agreement (other than Section 2(c)(i)(A), Section 2(c)(i)(B), Section 2(c)(i)(C), and Section 2(c)(i)(D) of the Agreement) shall remain fully binding, enforceable, and irrevocable. For further avoidance of doubt, should Executive timely execute this Post-Employment Release and not timely revoke it, (X) the Company's obligations under Section 2(c)(i)(A), Section 2(c)(i)(B), Section 2(c)(i)(C), and Section 2(c)(i)(D) of the Agreement will be in full force and effect, (Y) Eagle International's obligation under Section 2(c)(ii) shall be null and void and of no force or effect, and (Z) the remainder of the Agreement (other than Section 2(c)(ii) of the Agreement) shall remain fully binding, enforceable, and irrevocable.

6. This Post-Employment Release shall be part of the Agreement and, on and after the Post-Employment Release Effective Date, may be enforced in accordance with the terms of the Agreement. Executive understands that once the Agreement becomes effective, it will remain effective and irrevocable regardless of whether this Post-Employment Release is executed and/or timely revoked.

* * * * *

EXECUTIVE MAY NOT EXECUTE THIS POST-EMPLOYMENT
RELEASE BEFORE OCTOBER 1, 2016

Executive hereby confirms his understanding of this Post-Employment Release, and his agreement to its terms, by signing and dating it below:

/s/ Adir Katzav
Adir Katzav

10/17/2016
Date

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of the 3rd day of September 2016, is made among Eagle Shipping International (USA) LLC, a Marshall Islands limited liability company (the "Company"), its parent Eagle Bulk Shipping Inc., a Marshall Islands corporation (the "Parent") and Frank De Costanzo (the "Executive").

WHEREAS, the Company and the Parent desire to employ the Executive as the Chief Financial Officer of the Company subject to the terms and conditions set forth in this Agreement;

WHEREAS, the Executive desires to accept such employment, subject to the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, the Company, the Parent and the Executive agree as follows:

1. Employment Term. The Company hereby agrees to employ the Executive, and the Executive hereby agrees to be employed by the Company, subject to the terms and conditions of this Agreement, for a term (the "Employment Term") commencing at the end of the notice period applicable to the Executive's current position, but in no event later than December 12, 2016 (the "Effective Date") and terminating on the fourth anniversary thereof (the "Initial Term") or upon an earlier Date of Termination, as defined in Section 3(f) below; provided, however, that commencing on the expiration of the Initial Term and each anniversary thereafter, the Employment Term shall automatically be extended for one additional year unless, not later than 90 days prior to any such anniversary, either party hereto shall have notified the other party hereto that such extension shall not take effect.

2. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Term, the Executive shall serve as the Chief Financial Officer of the Company, with such duties and responsibilities as are commensurate with such position and as may be specified from time to time by the Board of Directors of Parent (the "Board"), and shall report to the Chief Executive Officer of the Company. The Executive's principal location of employment shall be at the Company's offices in Stamford, Connecticut; provided, however, that the Executive may be required under reasonable business circumstances to engage in business travel in connection with performing his duties under this Agreement.

(ii) During the Employment Term, the Executive shall devote substantially all of his business time and attention to the business and affairs of the Company and the Parent and use his reasonable best efforts to faithfully perform his duties and responsibilities; but notwithstanding the foregoing, nothing in this Agreement shall preclude the Executive (i) from engaging, consistent with his duties and responsibilities hereunder, in charitable, educational and community affairs, including serving on the board of directors of any charitable, educational or community organization, (ii) from managing his personal passive investments, (iii) upon approval of the Board, which approval shall not be unreasonably withheld, from serving as a director of another company; and (iv) from engaging in activities approved by the Board. The Executive agrees not to take personal advantage of any business opportunities relating to general shipping which may arise during the Executive's employment hereunder which could reasonably be expected to be business opportunities that the Company or the Parent might pursue. The Executive further agrees to disclose all such opportunities, and the material facts attendant thereto, to the Board for consideration by the Company and the Parent.

(b) Compensation and Benefits.

(i) Base Salary. During the Employment Term, the Executive shall receive an annualized base salary ("Annual Base Salary") of not less than \$425,000 payable pursuant to the Company's normal payroll practices. During the Employment Term, the current Annual Base Salary shall be reviewed for increase at such time, and in the same manner as the salaries of senior officers of the Company are reviewed generally.

(ii) Annual Bonus. For each calendar year of the Company completed during the Employment Term commencing with calendar year 2017, the Executive shall be eligible to receive a discretionary cash bonus ("Annual Bonus"), as determined by the Compensation Committee of the Board (the "Committee"), with a target amount equal to 50% of Annual Base Salary (the "Target Annual Bonus"). The performance goals attributable to the Annual Bonus shall be set by the Committee following reasonable consultation with the Executive. The Annual Bonus shall be paid as soon as practicable following the determination of such bonus by the Committee and in no event later than the 15th day of the third month following the end of the taxable year (of the Company or the Executive, whichever is later) for which the bonus is payable. Notwithstanding the foregoing, for calendar year 2016, the Executive will receive an Annual Bonus equal to no less than \$77,000.

(iii) Equity Compensation Plans. During the Employment Term, the Executive shall be eligible to receive equity-incentive compensation in the Parent to be awarded in the sole discretion of the Committee at levels commensurate with the benefits provided to other senior officers and with adjustments appropriate for his position as the Chief Financial Officer. All such equity-based awards shall be subject to the terms and conditions set forth in the applicable plan and agreements, and in all cases shall be as determined by the Committee.

(iv) Initial Equity Grants. As soon as practicable following the Effective Date, the Company shall grant to the Executive (A) an option to purchase 280,000 shares of common stock of the Parent ("Common Stock") at an exercise price per share equal to the average closing price per share of Common Stock quoted on NASDAQ for the 10 trading days immediately preceding the date of grant (the "Average Closing Price") and (B) a number of restricted shares of Common Stock with an aggregate value equal to \$1,000,000 based on the Average Closing Price, in each case, subject to the term of the Parent's 2014 Equity Incentive Plan (the "Equity Incentive Plan") and the applicable award agreement. The option shall have a five year term and shall vest ratably on each of the first four anniversaries of the Effective Date, subject to the Executive's continued employment with the Company on each applicable vesting date. The restricted shares shall vest as to 100% of such restricted shares on the third anniversary of the Effective Date, subject to the Executive's continued employment with the Company on the vesting date; provided, however, that in the event that the Executive's employment with the Company is terminated by the Company without Cause (as defined below) or by the Executive for Good Reason (as defined below) prior to the vesting date, then, notwithstanding anything herein to the contrary, the Executive shall become vested in a portion of restricted shares as set forth below:

Date of Termination	Vested Restricted Shares (%)
Prior to the first anniversary of the Effective Date	33.33%
On or after the first anniversary but prior to the second anniversary of the Effective Date	66.66%
On or after the second anniversary of the Effective Date	100%

(v) Benefits. During the Employment Term, the Company shall provide the Executive with participation in such benefit plans and fringe benefits as it provides generally to similarly situated senior executives, all in accordance with the eligibility provisions of such plans and benefits.

(i) Expense Reimbursement. During the Employment Term, the Executive shall, upon submission of adequate documentary evidence reasonably satisfactory to the Company, be entitled to reimbursement of reasonable and necessary out-of-pocket expenses incurred in the performance of his duties hereunder on behalf of the Company, subject to, and consistent with, the Company's policies for expense payment and reimbursement, in effect from time to time. All expenses reimbursable pursuant to this Agreement shall be reimbursed by the end of the calendar year following the year in which the expenses were incurred. Subject to the foregoing, (A) the Company will pay directly or, if direct payment is impracticable reimburse the Executive for, the cost of reasonable relocation expenses incurred by the Executive in relocating from Vancouver, British Columbia to Stamford, Connecticut; provided, that in the event that the Executive resigns from employment other than for Good Reason prior to the second anniversary of the Effective Date, the Executive shall promptly repay to the Company the amount of such relocation reimbursement and (B) the Company will pay directly the cost of the Executive's legal fees incurred in connection with the negotiation and execution of this Agreement, subject to a maximum amount equal to \$10,000.

(ii) Vacation. During the Employment Term, the Executive shall be eligible for paid vacation in accordance with the policies of the Company as may be in effect from time to time for senior officers generally; provided, however, that during each full calendar year of the Employment Term, Executive shall be entitled to at least five (5) weeks of paid vacation, prorated for each partial calendar year of the Employment Term.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Term. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Term (pursuant to the definition of Disability set forth below), it may provide the Executive with a Notice of Termination. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"); provided, that, within the 30-day period after such receipt, the Executive shall not have returned to full time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the inability of the Executive to perform his duties with the Company on a full-time basis for 180 consecutive days or for 180 intermittent days in any one-year period as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a licensed physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative. If the parties cannot agree on a licensed physician, each party shall select a licensed physician and the two physicians shall select a third who shall be the approved licensed physician for this purpose.

(b) Cause. The Company may terminate the Executive's employment during the Employment Term either with or without Cause by providing a Notice of Termination to the Executive; provided, that if such termination is with Cause, such Notice of Termination may be provided to the Executive at any time following the adoption of a written resolution by the Board (which shall require an affirmative vote of not less than a majority of the Board (not including the Executive)) that there is "Cause" for such termination. For purposes of this Agreement, "Cause" shall mean:

- (i) the Executive's continuing refusal to perform his duties or failure to follow a lawful direction of the Board, in either case, following written notice from the Board;
 - (ii) the Executive's intentional act or acts of dishonesty which Executive intended to result in his personal, more-than-immaterial enrichment;
 - (iii) the Executive's documented willful malfeasance or willful misconduct in connection with his employment or Executive's willful and deliberate insubordination following written notice from the Board detailing the factual basis for conduct and a 10 day period to cure such conduct, to the extent curable;
 - (iv) the Executive is convicted of a felony or the Executive enters a plea of nolo contendere to a felony; or
 - (v) the Executive's material breach of Section 8 of this Agreement.
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(c) The Executive's employment may be terminated by the Executive for Good Reason if (x) an event or circumstance set forth in the clauses of this Section 3(c) occurs and the Executive provides the Company with written notice within 90 days after the Executive has knowledge of the occurrence or existence of the event or circumstance (the notice must specifically identify the event or circumstance that the Executive believes constitutes Good Reason), (y) the Company fails to correct the event or circumstance within 30 days after the receipt of the notice, and (z) the Executive resigns within 60 days after the date of delivery of the notice referred to in clause (x) above (after the expiration of the 30 day cure period in clause (y) above). "Good Reason" means, in the absence of the Executive's written consent, any of the following:

- (i) a diminution by the Company in the Executive's Base Salary;
- (ii) a diminution by the Company in the Executive's Target Annual Bonus;
- (iii) a material diminution in the Executive's authority, duties, or responsibilities as Chief Financial Officer of the Company;
- (iv) a requirement that the Executive report to a corporate officer or employee instead of reporting directly to the Chief Executive Officer of the Company;
- (v) a material change in the geographic location at which the Executive must perform the services to a location outside of the greater New York metropolitan area; or
- (vi) any other action or inaction that constitutes a material breach of the terms of the Executive's Agreement.

(d) Voluntary Termination. The Executive may voluntarily terminate his employment without Good Reason and such termination shall not be deemed to be a breach of this Agreement.

(e) Notice of Termination. Any termination by the Company for Cause, without Cause or for Disability, or by the Executive for Good Reason or without Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 9(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, where applicable, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) sets forth the applicable Date of Termination as provided below. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means the date specified in the Notice of Termination.

(g) Resignation from All Positions. Notwithstanding any other provision of this Agreement, upon the termination of the Executive's employment with the Company for any reason, the Executive shall immediately resign as of the Date of Termination from all positions that he holds or has ever held with the Company, the Parent and any affiliate thereof, including, without limitation, as a member of the Board. The Executive hereby agrees to execute any and all documentation to effectuate such resignations upon request by the Parent, but he shall be treated for all purposes as having so resigned upon termination of his employment, regardless of when or whether he executes any such documentation.

(h) Separation From Service Under Section 409A. Notwithstanding the foregoing, the Executive will not be entitled to the benefits provided in Section 4 on account of a Date of Termination unless the Executive has incurred a "separation from service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

4. Obligations of the Company upon Termination.

(a) Good Reason; Other Than for Cause. If, during the Employment Term, (1) the Company shall terminate the Executive's employment other than for Cause, death or Disability or (2) the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 60 days (except as specifically provided in Section 4(a)(i)(A) (3) and 4(a)(iii)) after the Date of Termination, or if later, as provided in Section 6 below, the aggregate of the following amounts:

A. the sum of (1) the Executive's accrued but unpaid Annual Base Salary and any accrued but unused vacation pay through the Date of Termination, (2) the Executive's business expenses that are reimbursable pursuant to Section 2(b)(vi) but have not been reimbursed by the Company as of the Date of Termination, subject to such deadline for payment set forth in such section, and (3) the Executive's Annual Bonus for the calendar year immediately preceding the calendar year in which the Date of Termination occurs if such bonus has been determined or earned but not paid as of the Date of Termination (at the time such Annual Bonus would otherwise have been paid) (collectively, the "Accrued Obligations"); and

B. the amount equal to the sum of the Executive's Annual Base Salary plus 75% of the Target Annual Bonus; and

(ii) to the extent the Executive timely elects COBRA continuation coverage, for 12 months after the Executive's Date of Termination, the Company shall reimburse the Executive for the costs of such COBRA premiums; and

(iii) all equity awards in the Parent held by the Executive ("Equity Awards") shall vest as if the Executive remained employed for an additional year beyond the Date of Termination. With respect to any Equity Awards which are stock options or stock appreciation rights, such Equity Awards shall remain exercisable until the earlier of one year after the Date of Termination and the original expiration date of such options or stock appreciation rights.

Except with respect to payments and benefits under Sections 4(a)(i)(A)(1) and 4(a)(i)(A)(2), all payments and benefits to be provided under this Section 4(a) shall be subject to the Executive's delivering to the Company, and not revoking, a signed release of claims substantially in the form of Exhibit A hereto within 55 days following the Executive's Date of Termination.

(b) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause or if the Executive terminates his employment without Good Reason during the Employment Term, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay or provide to the Executive an amount equal to the amount set forth in clauses (1), (2), and (except in the event of a termination by the Company for Cause) (3) of Section 4(a)(i)(A) above.

(c) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Term, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than: (i) the obligation to pay or provide to the Executive's beneficiaries the Accrued Obligations, (ii) payment of a pro-rata Annual Bonus for the year in which such termination occurs based on actual results and payable in accordance with Section 2(b)(ii) of this Agreement (the "Pro-Rata Bonus"), and (iii) the vesting of Equity Awards as provided in subsection (e) below.

(d) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Term, this Agreement shall terminate without further obligations to the Executive, other than: (i) the obligation to pay or provide to the Executive the Accrued Obligations, (ii) payment of the Pro-Rata Bonus, and (iii) the vesting of Equity Awards as provided in subsection (e) below.

(e) Vesting of Equity on Death or Disability. With respect to the Executive's Equity Awards, if the Executive's employment is terminated by reason of death or Disability, such awards shall vest as provided in the first sentence of Section 4(a)(iii) above, provided that any stock options or stock appreciation rights shall become fully exercisable and shall remain exercisable for a period of 12 months after such termination (or until the earlier original expiration date of such stock options or stock appreciation rights).

5. Section 280G.

(a) Notwithstanding any other provisions in this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a change in control of the Parent or the Company or the termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, program, arrangement or agreement) (all such payments and benefits, together, the "Total Payments") would be subject (in whole or part), to any excise tax imposed under Section 4999 of the Code, or any successor provision thereto (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, program, arrangement or agreement, the Company will reduce the Total Payments to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax (but in no event to less than zero); provided, however, that the Total Payments will only be reduced if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state, municipal and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state, municipal and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) In the case of a reduction in the Total Payments, the Total Payments will be reduced in the following order: (i) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments and benefits due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; (iii) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with amounts that are payable last reduced first, will next be reduced; (iv) payments and benefits due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) will be next reduced pro-rata. Any reductions made pursuant to each of clauses (i)-(v) above will be made in the following manner: first, a pro-rata reduction of cash payment and payments and benefits due in respect of any equity not subject to Section 409A, and second, a pro-rata reduction of cash payments and payments and benefits due in respect of any equity subject to Section 409A as deferred compensation.

(c) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax: (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code will be taken into account; (ii) no portion of the Total Payments will be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the change in control, the Company's independent auditor (the "Auditor"), does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments will be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as set forth in Section 280G(b)(3) of the Code) that is allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments will be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(d) At the time that payments are made under this Agreement, the Company will provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including any opinions or other advice the Company received from Tax Counsel, the Auditor, or other advisors or consultants (and any such opinions or advice which are in writing will be attached to the statement). If the Executive objects to the Company's calculations, the Company will pay to the Executive such portion of the Total Payments (up to 100% thereof) as the Executive determines is necessary to result in the proper application of this Section 5. All determinations required by this Section 5 (or requested by either the Executive or the Company in connection with this Section 5) will be at the expense of the Company. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 5 will not of itself limit or otherwise affect any other rights of the Executive under this Agreement.

6. Section 409A – Six Month Delay on Separation From Service if Required. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable under this Agreement during the six-month period immediately following the Executive's termination, shall instead be paid on the first business day after the expiration of such six-month period, plus interest thereon, at a rate equal to the applicable Federal short-term rate (as defined in Section 1274(d) of the Code) for the month in which such Date of Termination occurs from the respective dates on which such amounts would otherwise have been paid until the actual date of payment.

7. Full Settlement. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced as a result of a mitigation duty whether or not the Executive obtains other employment.

8. Covenants. In order to induce the Company to enter into this Agreement, as a material condition of his employment by the Company, the Executive agrees as follows:

(a) Nonsolicitation and Noncompetition.

(i) Nonsolicitation. During the "Restricted Period" (as defined below), the Executive, on his own behalf or on behalf of any other person, partnership, corporation or other entity, will not, directly or indirectly, (i) intentionally solicit or induce or attempt to solicit or induce any employee, agent or consultant to terminate his or her relationship with the Company, or (ii) intentionally take any action to interfere with, disrupt or attempt to disrupt the relationship, contractual or otherwise, between the Company and any customer, supplier, lessor, lessee, broker or employee or any other person or entity which has a business relationship with the Company. For purposes hereof, the "Restricted Period" means the period commencing on the date of this Agreement and terminating twelve (12) months following the termination of the Executive's employment with the Company for any reason or no reason. As used in this Section 7, "Company" shall include the Company, the Parent and their affiliates.

(ii) Noncompetition. During the Restricted Period, the Executive shall not engage in any Competitive Activity (as defined below). If the Executive engages in Competitive Activity in breach of this Section, then the Company shall be entitled to pursue each or all of the following remedies: (i) money damages to the extent they can reasonably be determined; (ii) injunctive and equitable relief on both a provisional and permanent basis in accordance with Section 8(f) hereof; and/or (iii) all other rights and remedies available under this Agreement and governing law. The Company shall give the Executive prior written notice of any perceived breach and 10 business days to cure prior to taking any action. As used in this Section, "Competitive Activity" means involvement in the management or operation of or control, direct or indirect, of a company that operates vessels, of which at least 80% (by number of ships) are dry bulk vessels, wherever such business is located in the world if such business is or reasonably could become a competitor of the Company at the time the Executive becomes affiliated with such company.

(b) Property of the Company.

(i) Proprietary Information. All right, title and interest in and to “Proprietary Information” (as defined below) will be and shall remain the sole and exclusive property of the Company. The Executive will not remove from the Company’s offices or premises any documents, records, notebooks, files, correspondence, reports, memoranda or similar materials of or containing Proprietary Information, or other materials or property of any kind belonging to the Company unless necessary or appropriate in the performance of his duties to the Company. If the Executive removes such materials or property in the performance of his duties, the Executive will return such materials or property to their proper files or places of safekeeping as promptly as possible after the removal has served its specific purpose. The Executive will not make, retain, remove and/or distribute any copies of any such materials or property, or divulge to any third person the nature of and/or contents of such materials or property or any other oral or written information to which he may have access or become familiar in the course of his employment, except to the extent necessary in the performance of his duties. Upon termination of the Executive’s employment with the Company for whatever reason and whether voluntary or involuntary, or at any time at the request of the Company, he will leave with the Company or promptly return to the Company all originals and copies of such materials or property then in his possession, custody, or control and shall not retain any copies or other reproductions or extracts thereof except for historical financial or corporate information reasonably required to be retained for tax or related purposes. The foregoing restrictions and obligations under this Section 8(b) shall not apply to: (A) any Proprietary Information that is or becomes generally available to the public other than as a result of a disclosure by the Executive, (B) any information obtained by the Executive from a third party which the Executive has no reason to believe is violating any obligation of confidentiality to the Company, or (C) any information the Executive is required by law to disclose. In the event that the Executive is requested in any proceeding to disclose any Proprietary Information, the Executive agrees to give the Company prompt written notice of such request and the documents requested thereby so that the Company may seek an appropriate protective order. It is further agreed that if, in the absence of a protective order, the Executive is nonetheless, in the written opinion of his counsel, compelled to disclose Proprietary Information to any tribunal or else stand liable for contempt or suffer other censure or penalty, the Executive may disclose such information to such tribunal without liability hereunder; provided, however, that the Executive must give the Company written notice of the information to be disclosed (including copies of the relevant portions of the relevant documents) as far in advance of its disclosure as is practicable, use all reasonable efforts to limit any such disclosure to the precise terms of such requirement and use all reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to such information. Notwithstanding the foregoing or any other provision of this Agreement, nothing shall prevent the Executive from sharing any Proprietary Information or other information (except any information protected by the Company’s attorney-client privilege or the work product doctrine) with regulators or appropriate governmental agencies, including but not limited to governing taxing authorities, whether in response to a subpoena or other legal process or otherwise, without notice to the Company. For the avoidance of doubt, the Executive shall be able to retain a copy of his contacts and any materials related to his employment and compensation.

“Proprietary Information” means any and all documents or information of or relating to the Parent, the Company or any of their respective affiliates. Such Proprietary Information shall include, but shall not be limited to, the following items and information relating to the following items: (A) all intellectual property and proprietary rights of the Company (including without limitation Intellectual Property) (B) computer codes or instructions (including source and object code listings, program logic algorithms, subroutines, modules or other subparts of computer programs and related documentation, including program notation), computer processing systems and techniques, all computer inputs and outputs (regardless of the media on which stored or located), hardware and software configurations, designs, architecture and interfaces, (C) business research, studies, procedures and costs, (D) financial data, (E) distribution methods, (F) marketing data, methods, plans and efforts, (G) the terms of contracts and agreements with customers, contractors and suppliers, (H) the needs and requirements of, and the Company’s course of dealing with, actual or prospective customers, contractors and suppliers, (I) personnel information, (J) customer and vendor credit information, and (K) any information received from third parties subject to obligations of non-disclosure or non-use. Failure by the Company to mark any of the Proprietary Information as confidential or proprietary shall not affect its status as Proprietary Information under the terms of this Agreement.

(ii) Intellectual Property. The Executive agrees that all “Intellectual Property” (as defined below) will be considered “works made for hire” as that term is defined in Section 101 of the Copyright Act (17 U.S.C. § 101) and that all right, title and interest in such Intellectual Property will be the sole and exclusive property of the Company. To the extent that any of the Intellectual Property may not by law be considered a work made for hire, or to the extent that, notwithstanding the foregoing, the Executive retains any interest in the Intellectual Property, the Executive hereby irrevocably assigns and transfers to the Company any and all right, title or interest that the Executive may now or in the future have in the Intellectual Property under patent, copyright, trade secret, trademark or other law, in perpetuity or for the longest period otherwise permitted by law, without the necessity of further consideration. The Company will be entitled to obtain and hold in its own name all copyrights, patents, trade secrets, trademarks and other similar registrations with respect to such Intellectual Property. The Executive further agrees to execute any and all documents and provide any further cooperation or assistance reasonably required by the Company to perfect, maintain or otherwise protect its rights in the Intellectual Property. If the Company is unable after reasonable efforts to secure the Executive’s signature, cooperation or assistance in accordance with the preceding sentence, whether because of the Executive’s incapacity or any other reason whatsoever, the Executive hereby designates and appoints the Company or its designee as the Executive’s agent and attorney-in-fact, to act on her behalf, to execute and file documents and to do all other lawfully permitted acts necessary or desirable to perfect, maintain or otherwise protect the Company’s rights in the Intellectual Property. The Executive acknowledges and agrees that such appointment is coupled with an interest and is therefore irrevocable.

“Intellectual Property” means (A) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents and patent applications claiming such inventions, (B) all trademarks, service marks, trade dress, logos, trade names, fictitious names, brand names, brand marks and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (C) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (D) all mask works and all applications, registrations, and renewals in connection therewith, (E) all trade secrets (including research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, methodologies, technical data, designs, drawings and specifications), (F) all computer software (including data, source and object codes and related documentation), (G) all other proprietary rights, and (H) all copies and tangible embodiments thereof (in whatever form or medium), or similar intangible personal property which have been or are developed or created in whole or in part by the Executive (1) at any time and at any place while the Executive is employed by Company and which, in the case of any or all of the foregoing, are related to or used in connection with the business of the Company, or (2) as a result of tasks assigned to the Executive by the Company.

(c) Interpretation; Severability. The Executive has carefully considered the possible effects on the Executive of the confidentiality provisions, Intellectual Property provisions, restrictive covenants, and other obligations contained in this Agreement and the Executive recognizes that the limitations are reasonable and necessary to protect the legitimate business interests, developing new Proprietary Information and Intellectual Property and developing goodwill of the Company. The parties hereto agree that if any portion of the above restrictive covenants are held to be unreasonable, arbitrary, against public policy, or for any other reason unenforceable, the covenants herein shall be considered diminishable both as to time and geographic area; each month for the specified period shall be deemed a separate period of time, and the restrictive covenants shall remain effective so long as the same is not unreasonable, arbitrary or against public policy, but in no event longer than the Restricted Period. The parties hereto agree that in the event any court determines the specified time period or the specified geographic area to be unreasonable, arbitrary or against public policy, a lesser period or geographic area which is determined to be reasonable, nonarbitrary and not against public policy having an effect as close as permitted by applicable law to the provision declared unenforceable shall be enforced against the Executive.

(d) Calculation of Time. The time period covered by the restrictive covenants contained in this Section 8 shall not include any period(s) of violation of any restrictive covenant.

(e) Independent Covenants. The provisions set forth in this Section 8 each shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any potential or alleged claim or cause of action of the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants contained herein. An alleged or actual breach of this Agreement by the Company shall not be a defense to enforcement of the provisions of this Section 8. It is acknowledged and agreed that the provisions of this Section 8 shall survive the termination of this Agreement.

(f) Injunction; Specific Performance. The Executive acknowledges that if he were to breach any of the provisions of this Section 8, it would result in an immediate and irreparable injury to the legitimate business interests of the Company for which monetary damages alone might not be an adequate remedy and that the amount of such damages may be difficult to determine. Therefore, the Executive agrees that if any such breach shall occur, if the Company so elects, and in addition to all other remedies that the Company may have, the Company shall be entitled to seek injunctive relief, specific performance, or any other form of equitable relief to remedy a breach or threatened breach of this Agreement. The existence of this right shall not preclude or otherwise limit the applicability or exercise of any other rights or remedies which the Company may have at law or in equity.

9. Successors. This Agreement is binding on and may be enforced by the Company or the Parent and their successors and assigns and is binding on and may be enforced by the Executive and the Executive’s heirs and legal representatives. The Company or the Parent shall cause any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial portion of its business and/or assets to assume expressly and agree to perform this Agreement immediately upon such succession in the same manner and to the same extent that the Company or the Parent would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as defined above and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

10. Miscellaneous.

(a) This Agreement will be governed by the laws of the State of New York. All actions arising out of or relating to this Agreement shall be heard and determined exclusively in any New York state or federal court sitting in the Borough of Manhattan in The City of New York. The parties hereto hereby (i) submit to the exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan in The City of New York for the purpose of any action arising out of or relating to this Agreement brought by any party hereto, and (ii) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated hereby may not be enforced in or by any of the above-named courts.

(b) Notices under this Agreement must be in writing and will be deemed to have been given (i) when personally delivered or (ii) three business days after mailed by U.S. registered or certified mail, return receipt requested and postage prepaid, and will be addressed as follows:

If to the Executive:

to his address most recently on file with the Company

If to the Company:

Eagle Shipping International (USA) LLC
477 Madison Ave.
New York, NY 10022
Attention: Board of Directors

with a copy to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Attention: Rolf Zaiss

or to such other address as either party shall have furnished to the other in writing in accordance herewith.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such federal, state or local income taxes to the extent the same required to be withheld pursuant to any applicable law or regulation.

(e) Except as provided in Section 3(c), the Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive, the Company or the Parent may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) From and after the date of this Agreement, this Agreement shall supersede any other employment agreement or understanding between the parties with respect to the subject matter hereof except as otherwise specifically set forth in this Agreement.

(g) Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to the Executive pursuant to this Agreement or any other agreement or arrangement with the Company, which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as is required to be made pursuant to such law, government regulation or stock exchange listing requirement.

11. Director's and Officer's Insurance; Indemnification.

(a) The Company shall indemnify the Executive, to the fullest extent permitted by applicable law, against all costs, charges and expenses incurred or sustained by the Executive, including the cost and expenses of legal counsel, in connection with any action, suit or proceeding (collectively a "Proceeding") to which the Executive may be made a party by reason of the Executive being or having been an officer, director, or employee of the Company or Parent or any of its subsidiaries or affiliates. Notwithstanding the preceding, the Executive shall not be entitled to indemnification in connection with any gross negligence or willful misconduct of the Executive.

(b) The Executive shall be covered during the entire term of this Agreement and thereafter for at least six (6) years by officer and director liability insurance in amounts and on terms similar to that afforded to other executives and/or directors of the Company and the Parent or their affiliates, which such insurance shall be paid by the Company or the Parent.

12. Section 409A. If it is determined that any amount due the Executive under the terms of this Agreement has been structured in a manner that would result in adverse tax treatment under Section 409A of the Code ("Section 409A"), the parties agree to cooperate in taking all reasonable measures to restructure the arrangement to minimize or avoid such adverse tax treatment without materially impairing Executive's economic rights and without materially increasing the cost to the Company. Each payment made under this Agreement (including each separate installment payment in the case of a series of installment payments) shall be deemed to be a separate payment for purposes of Section 409A. Amounts payable under this Agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation §§ 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Section 409A. For purposes of this Agreement, with respect to payments of any amounts that are considered to be "deferred compensation" subject to Section 409A, references to "termination of employment", "termination", or words and phrases of similar import, shall be deemed to refer to the Executive's "separation from service" as defined in Section 409A, and shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A. Notwithstanding anything to the contrary in this Agreement, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treasury Regulation § 1.409A-1(b)(9)(v)(A) or (C) (relating to certain reimbursements and in-kind benefits) shall be paid or provided to the Executive only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second calendar year following the calendar year in which the Executive's "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third calendar year following the calendar year in which the Executive's "separation from service" occurs. To the extent any expense reimbursement, or the provision of any in-kind benefit is determined to be subject to Section 409A (and not exempt pursuant to the prior sentence or otherwise), the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the payment or provision of in-kind benefits or expenses eligible for reimbursement in any other calendar year (except for any lifetime or other aggregate limitation applicable to medical expenses), and in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which the Executive incurred such expenses, and in no event shall any right reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

13. Survival. The rights and obligations of the parties under the provisions of this Agreement (including without limitation, Sections 5 through 13) shall survive, and remain binding and enforceable, notwithstanding the expiration of the Employment Term, the termination of this Agreement, the termination of Executive's employment hereunder or any settlement of the financial rights and obligations arising from Executive's employment hereunder, to the extent necessary to preserve the intended benefits and obligations of such provisions.

[signature page follows]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company and the Parent have caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

EAGLE SHIPPING INTERNATIONAL (USA) LLC

By: /s/ Gary Vogel
Name: Gary Vogel
Title: Chief Executive Officer

EAGLE BULK SHIPPING INC.

By: /s/ Gary Vogel
Name: Gary Vogel
Title: Chief Executive Officer

EXECUTIVE

/s/ Frank De Costanzo
Name: Frank De Costanzo

Exhibit A

RELEASE AGREEMENT

THIS RELEASE AGREEMENT (the "Release") is made as of [●] among Eagle Shipping International (USA) LLC, a Marshall Islands limited liability company (the "Company"), its parent Eagle Bulk Shipping Inc., a Marshall Islands corporation (the "Parent") and Frank De Costanzo (the "Executive").

1. Executive hereby voluntarily, knowingly and willingly releases and forever discharges the Company, its Parent and their subsidiaries and affiliates, and each of their respective officers, directors, partners, members, shareholders, employees, attorneys, representatives and agents, and each of their predecessors, successors and assigns (collectively, the "Company Releasees"), from any and all charges, complaints, claims, promises, agreements, controversies, causes of action and demands of any nature whatsoever which against them Executive or Executive's executors, administrators, successors or assigns ever had, now have or hereafter can, shall or may have by reason of any matter, cause or thing whatsoever (a) arising prior to the time Executive signs this Release; (b) arising prior to the time Executive signs this Release out of or relating to Executive's employment with the Company, service as a member of the Board or the termination thereof; or (c) arising prior to the time Executive signs this Release out of or relating to (i) the Employment Agreement between the Company and the Executive, dated [____], 2016 (the "Employment Agreement") and (ii) any relevant agreement, contract, plan, practice, policy or program of the Company. This Release includes, but is not limited to, any rights or claims arising under any statute, including the Employee Retirement Income Security Act of 1974, Title VII of the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Fair Labor Standards Act, or any other foreign, federal, state or local law or judicial decision, including, but not limited to, and any rights or claims under any policy, agreement, understanding or promise, written or oral, formal or informal, between Executive and any of the Company Releasees. The foregoing Release shall not apply to (i) claims that cannot be released under applicable law, including, but not limited to, any claim for workers' compensation benefits or unemployment benefits; (ii) legally mandated benefits; (iii) vested benefits, if any, under any equity plan, qualified or nonqualified savings and pension plans in which Executive may have participated during his employment with the Company or its affiliates; (iv) any claim related to indemnification for acts performed while an officer or director of the Company or the Parent or their affiliates as permitted under applicable law and the bylaws of the Company or the Parent or their affiliates, as appropriate; or (v) any claim that may be raised by Executive in his capacity as an equity-holder of the Parent or its affiliates.
 2. Executive represents that Executive has not filed a complaint against any of the Company Releasees in any court. Except as prohibited by law, Executive further (i) represents that Executive will not initiate or cause to be initiated on his behalf a complaint in any court pursuing any claim or cause of action released herein, or participate in any such proceeding; and (ii) waives any right Executive may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any proceeding before any court or administrative agency, including any proceeding conducted by or before the Equal Employment Opportunity Commission ("EEOC"). Notwithstanding the above, nothing in Section 1 of this Release shall prevent Executive from (i) initiating or causing to be initiated on his behalf any complaint, charge, claim or proceeding against the Company before any local, state or federal agency, court or other body challenging the validity of the waiver of his claims under the ADEA contained in Section 1 of this Release (but no other portion of such waiver); (ii) initiating or participating in an investigation or proceeding conducted by the EEOC; or (iii) enforcing any of the claims preserved by the last sentence of Section 1 of this Release.
 3. Executive acknowledges that Executive has been advised that he has twenty-one (21) days from the date of receipt of this Release to consider all the provisions of this Release and he does hereby knowingly and voluntarily waive said given twenty-one (21) day period. EXECUTIVE FURTHER ACKNOWLEDGES THAT EXECUTIVE HAS READ THIS RELEASE CAREFULLY, HAS BEEN ADVISED BY THE COMPANY TO, AND HAS IN FACT, CONSULTED AN INDEPENDENT ATTORNEY WHO IS NOT AFFILIATED WITH AND HAS NO DUTY TO, THE COMPANY, AND FULLY UNDERSTANDS THAT BY SIGNING BELOW EXECUTIVE IS GIVING UP CERTAIN RIGHTS WHICH HE MAY HAVE TO SUE OR ASSERT A CLAIM AGAINST ANY OF THE COMPANY RELEASEES, AS DESCRIBED IN SECTION 1 OF THIS RELEASE AND THE OTHER PROVISIONS HEREOF. EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THIS RELEASE, AND EXECUTIVE AGREES TO ALL OF ITS TERMS VOLUNTARILY.
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4. Executive hereby acknowledges and understands that Executive shall have seven (7) days from the date of execution of this Release to revoke this Release (including, without limitation, any and all claims arising under the ADEA) and that neither the Company, the Parent nor any other person is obligated to provide any benefits to Executive pursuant to the Employment Agreement until at least eight (8) days have passed since Executive's signing of this Release without Executive having revoked this Release, in which event the Company shall arrange and/or pay for any such benefits otherwise attributable to said eight (8) day period, consistent with the terms of the Employment Agreement. If Executive revokes this Release, Executive will be deemed not to have accepted the terms of this Release, and no action will be required of the Company or the Parent under any section of this Release.
5. This Release does not constitute an admission of liability or wrongdoing of any kind by Executive or the Company or the Parent.
6. This Release shall be governed and construed in accordance with the laws of New York, without reference to the principles of conflicts of law thereof.
7. Executive acknowledges that Sections 5-12 of the Employment Agreement will continue to survive, and remain in full force and effect, following his execution of this Release.

IN WITNESS WHEREOF, Executive, the Company and the Parent have executed the Release as of the date and year first written above.

EAGLE SHIPPING INTERNATIONAL (USA) LLC

By: _____
Name:
Title:

EAGLE BULK SHIPPING INC.

By: _____
Name:
Title:

EXECUTIVE

Name: Frank De Costanzo

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Gary Vogel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Bulk Shipping Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its Condensed Consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2016

/s/ Gary Vogel
Gary Vogel
Principal Executive Officer

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Frank De Costanzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Bulk Shipping Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its Condensed Consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2016

/s/ Frank De Costanzo
Frank De Costanzo
Principal Financial Officer

Exhibit 32.1

**PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the quarterly report of Eagle Bulk Shipping Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Gary Vogel, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: November 9, 2016

/s/ Gary Vogel
Gary Vogel
Principal Executive Officer

Exhibit 32.2

**PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the quarterly report of Eagle Bulk Shipping Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Frank De Costanzo, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: November 9, 2016

/s/ Frank De Costanzo
Frank De Costanzo
Principal Financial Officer

