

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 March 31, 2017

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

(State or other jurisdiction of incorporation or organization)

98-0453513

(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Emerging growth company

Non-Accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

YES NO

Number of shares of registrant's common stock outstanding as of May 8, 2017: 74,103,956.

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

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Effective as of the opening of trading on August 5, 2016, the Company completed a 1 for 20 reverse stock split (the “Reverse Stock Split”) of its issued and outstanding shares of common stock, par value \$0.01 per share, as previously approved by our Board of Directors and our 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 outstanding warrants and to the exercise price of such warrants, pursuant to the terms thereof. No fractional shares were issued in connection with the Reverse Stock Split, and shareholders who would have received a fractional share of common stock in connection with the Reverse Stock Split instead received a cash payment in lieu of such fractional share. All references to common stock and all per share data contained in this 10-Q have been retrospectively adjusted to reflect the Reverse Stock Split unless explicitly stated otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q for the period ended March 31, 2017 (this “Form 10-Q”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbor provided for under these sections. These statements may include words such as “believe,” “estimate,” “project,” “intend,” “expect,” “plan,” “anticipate,” and similar expressions in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements reflect management’s current expectations and observations with respect to future events and financial performance.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by those forward-looking statements. The principal factors that affect our financial position, results of operations and cash flows include, charter market rates, which have declined significantly from historic highs, periods of charter hire, vessel operating expenses and voyage costs, which are incurred primarily in U.S. dollars, depreciation expenses, which are a function of the cost of our vessels, significant vessel improvement costs and our vessels’ estimated useful lives, and financing costs related to our indebtedness. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors which could include the following: (i) changes in demand in the dry bulk market, including, without limitation, changes in production of, or demand for, commodities and bulk cargoes, generally or in particular regions; (ii) greater than anticipated levels of dry bulk vessel newbuilding orders or lower than anticipated rates of dry bulk vessel scrapping; (iii) changes in rules and regulations applicable to the dry bulk industry, including, without limitation, legislation adopted by international bodies or organizations such as the International Maritime Organization and the European Union or by individual countries; (iv) actions taken by regulatory authorities including without limitation the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”); (v) changes in trading patterns significantly impacting overall dry bulk tonnage requirements; (vi) changes in the typical seasonal variations in dry bulk charter rates; (vii) changes in the cost of other modes of bulk commodity transportation; (viii) changes in general domestic and international political conditions; (ix) changes in the condition of the Company’s vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking costs); (x) significant deteriorations in charter hire rates from current levels or the inability of the Company to achieve its cost-cutting measures; and (xi) the outcome of legal proceeding in which we are involved; and other factors listed from time to time in our filings with the Securities and Exchange Commission (the “SEC”). This discussion also includes statistical data regarding world dry bulk fleet and orderbook and fleet age. We generated some of this data internally, and some were obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified this data nor sought the consent of any organizations to refer to their reports in this 10-Q. 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.

Part I: FINANCIAL INFORMATION

Item 1. Financial Statements

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets as of March 31, 2017 and December 31, 2016
(Unaudited)

	March 31, 2017	December 31, 2016
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 145,767,714	\$ 76,516,110
Accounts receivable	8,766,511	5,089,708
Prepaid expenses	2,591,908	3,093,962
Inventories	8,727,971	10,876,713
Vessels held for sale	2,990,215	8,688,601
Other assets	738,201	22
Total current assets	169,582,520	104,265,116
Noncurrent assets:		
Vessels and vessel improvements, at cost, net of accumulated depreciation of \$82,936,250 and \$76,463,743, respectively	580,344,652	567,592,950
Advances for vessels purchase	10,320,000	1,926,886
Other fixed assets, net of accumulated amortization of \$345,810 and \$307,880, respectively	641,585	632,805
Restricted cash	74,917	74,917
Deferred drydock costs, net	10,551,043	11,507,309
Other assets	70,315	381,634
Total noncurrent assets	602,002,512	582,116,501
Total assets	\$ 771,585,032	\$ 686,381,617
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,885,921	\$ 7,135,156
Accrued interest	-	28,872
Other accrued liabilities	7,870,858	11,545,447
Fair value below contract value of time charters acquired	820,313	820,313
Fair value of Derivatives	293,007	-
Unearned charter hire revenue	7,160,918	6,046,032
Total current liabilities	23,031,017	25,575,820
Noncurrent liabilities:		
First Lien Facility, net of debt discount and debt issuance costs	201,884,750	204,352,318
Second Lien Facility, inclusive of payment-in-kind interest, net of debt discount and debt issuance costs	54,943,400	51,591,226
Other liabilities	419,567	483,132
Fair value below contract value of time charters acquired	3,691,404	3,896,482
Total noncurrent liabilities	260,939,121	260,323,158
Total liabilities	283,970,138	285,898,978
Commitment and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized, none issued as of March 31, 2017	-	-
Common stock, \$0.01 par value, 700,000,000 shares authorized, 70,329,050 and 48,106,827 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	703,291	481,069
Additional paid-in capital	881,348,179	783,369,698
Accumulated deficit	(394,436,576)	(383,368,128)
Total stockholders' equity	487,614,894	400,482,639
Total liabilities and stockholders' equity	\$ 771,585,032	\$ 686,381,617

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 months Ended March 31, 2017 and 2016
(Unaudited)

	<u>Three months Ended March 31, 2017</u>	<u>Three months Ended March 31, 2016</u>
Revenues, net	\$ 45,855,057	\$ 21,278,288
Voyage expenses	13,353,347	9,244,047
Vessel expenses	17,955,519	20,480,635
Charter hire expenses	3,873,332	1,488,518
Depreciation and amortization	7,492,808	9,396,701
General and administrative expenses	7,778,821	5,331,343
Refinancing expenses	-	5,634,260
Gain on sale of vessel	(92,114)	-
Vessel impairment	-	6,167,262
Total operating expenses	<u>50,361,713</u>	<u>57,742,766</u>
Operating loss	(4,506,656)	(36,464,478)
Interest expense	6,445,031	2,817,646
Interest income	(189,798)	(3,454)
Other expense	306,559	-
Total other expense, net	<u>6,561,792</u>	<u>2,814,192</u>
Net loss	<u>\$ (11,068,448)</u>	<u>\$ (39,278,670)</u>
Weighted average shares outstanding:		
Basic*	65,637,692	1,891,463
Diluted*	65,637,692	1,891,463
Per share amounts:		
Basic net loss*	\$ (0.17)	\$ (20.77)
Diluted net loss*	\$ (0.17)	\$ (20.77)

*Basic weighted average shares outstanding Diluted weighted average shares outstanding as well as Basic net loss per share and Diluted net loss per share for the three months ended March 31, 2016 were adjusted to give effect for the 1 for 20 reverse stock split that became effective as of opening of trading on August 5, 2016.

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Loss for the Three months Ended March 31, 2017 and 2016
(Unaudited)

	<u>Three months Ended March 31, 2017</u>	<u>Three months Ended March 31, 2016</u>
Net loss	\$ (11,068,448)	\$ (39,278,670)
Comprehensive loss	<u>\$ (11,068,448)</u>	<u>\$ (39,278,670)</u>

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
For the Three months Ended March 31, 2017 and 2016
(Unaudited)

	Common Shares	Common Shares Amount	Additional paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at January 1, 2017	48,106,827	\$ 481,069	\$ 783,369,698	\$ (383,368,128)	\$ 400,482,639
Net loss	—	—	—	(11,068,448)	(11,068,448)
Issuance of shares in connection with private placement, net of issuance costs	22,222,223	222,222	95,807,781	—	96,030,003
Non-cash compensation	—	—	2,170,700	—	2,170,700
Balance at March 31, 2017	70,329,050	\$ 703,291	\$ 881,348,179	\$ (394,436,576)	\$ 487,614,894
	Common Shares*	Common Shares Amount	Additional paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at January 1, 2016	1,883,303	\$ 18,833	\$ 678,171,322,	\$ (159,845,693)	\$ 518,344,462
Net loss	—	—	—	(39,278,670)	(39,278,670)
Issuance of shares in connection with the entry into the Second Lien Loan Agreement	371,276	3,713	(3,713)	—	-
Non-cash compensation	—	—	826,613	—	826,613
Balance at March 31, 2016	2,254,579	\$ 22,546	\$ 678,994,222	\$ (199,124,363)	\$ 479,892,405

*Adjusted to give effect for the 1 for 20 reverse stock split that became effective August 5, 2016.

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 Three months Ended March 31, 2017 and 2016
(UNAUDITED)

	Three months Ended	
	March 31, 2017	March 31, 2016
Cash flows from operating activities:		
Net loss	\$ (11,068,448)	\$ (39,278,670)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation	6,510,735	8,902,929
Amortization of deferred drydocking costs	982,073	493,772
Amortization of debt issuance costs	1,444,963	308,504
Amortization of fair value below contract value of time charter acquired	(205,078)	(46,018)
Payment-in-kind interest on debt	2,334,893	-
Impairment of Vessels	-	6,167,262
Non-cash compensation expense	2,170,700	826,613
Drydocking expenditures	(25,807)	(1,276,178)
Gain on sale of vessel	(92,114)	-
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	(3,676,803)	(19,678)
Other assets	(426,860)	125,257
Prepaid expenses	502,054	598,833
Fair value of derivatives	293,007	-
Inventories	2,148,742	(21,939)
Accounts payable	(249,235)	3,195,027
Accrued interest	(28,872)	(73,949)
Accrued expenses	(3,738,154)	19,747
Unearned revenue	1,114,886	583,620
Net cash used in operating activities	(2,009,318)	(19,494,868)
Cash flows from investing activities:		
Vessel Improvements	(251,258)	(112,488)
Purchase of vessel	(17,046,065)	-
Advance for purchase of vessels	(10,320,000)	-
Proceeds from sale of vessel	5,790,500	-
Purchase of Other Fixed assets	(47,008)	(396,304)
Net cash used in investing activities	(21,873,831)	(508,792)
Cash flows from financing activities:		
Proceeds from Second Lien Facility	-	60,000,000
Repayment of Term Loan	(2,895,250)	(15,625,000)
Repayment of Revolver Loan	-	(30,158,500)
Proceeds from the common stock private placement, net of issuance costs	96,030,003	-
Deferred financing costs	-	(2,340,427)
Net cash provided by financing activities	93,134,753	11,876,073
Net increase / (decrease) in cash and cash equivalents	69,251,604	(8,127,587)
Cash and cash equivalents at beginning of period	76,516,110	24,896,161
Cash and cash equivalents at end of period	\$ 145,767,714	\$ 16,768,574

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,” “our” or similar terms). The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership, charter and operation of dry bulk vessels. The Company’s fleet is comprised of Supramax, Ultramax and Handymax dry bulk carriers and the Company operates its business in one business segment.

As of March 31, 2017, the Company owned and operated a modern fleet of 41 oceangoing vessels, 38 Supramax, 2 Ultramax and 1 Handymax, with a combined carrying capacity of 2,269,062 dwt and an average age of approximately 8.9 years.

Additionally, the Company chartered-in a 37,000 dwt newbuilding Japanese vessel that was delivered in October 2014 for seven years with an option for one additional year. Subsequent to March 31, 2017, the Company signed an agreement dated April 3, 2017 to cancel this existing time charter contract. See “Note 10. Subsequent Events” to the condensed consolidated financial statements.

For the three-month periods ended on March 31, 2017 and 2016, respectively, the Company’s charterers did not individually account for more than 10% of the Company’s gross charter revenue during those periods.

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 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 2016 Annual Report on Form 10-K, filed with the SEC on March 31, 2017.

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 condensed consolidated financial position and results of operations for the interim periods presented.

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

We adopted the provisions of Accounting Standard Update (“ASU”) 2015-11 “Simplifying the Measurement of Inventory.” issued by the Financial Accounting Standards Board (“FASB”) as of January 1, 2017. Accordingly, we report our bunker inventory at lower of cost and net realizable value. There is no impact on the condensed consolidated financial statements because of the adoption of the new accounting standard.

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 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, asset impairment, the fair value of warrants and stock-based compensation.

Note 2. Equity Offerings

On December 13, 2016, the Company entered into a Stock Purchase Agreement with certain investors (the “Investors”), pursuant to which the Company agreed to issue to the Investors in a private placement exemption from registration under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act (the “December Private Placement”) approximately 22.2 million shares of the Company’s common stock, par value \$0.01 per share, at an initial purchase price of \$4.50 per share, for aggregate gross proceeds of \$100.0 million. On January 20, 2017, the Company closed its previously announced December Private Placement for aggregate net proceeds of \$96.0 million. The Company plans to use the proceeds for the acquisition of dry bulk tonnage and general corporate purposes.

Note 3. New Accounting Pronouncements

In May 2014, the FASB issued 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 ASU 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. The requirements of this standard include an increase in required disclosures. Management has not yet selected a transition method and is currently analyzing the impact of the adoption of this guidance on the Company’s condensed consolidated financial statements, including assessing changes that might be necessary to information technology systems, processes and internal controls to capture new data and address changes in financial reporting. The Company believes that the adoption of the standard will impact the timing of recognition of revenue.

In February 2016, the FASB issued ASU 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. GAAP. The requirements of this standard include an increase in required disclosures. 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. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The Company is currently evaluating the effect that adopting this standard will have on our financial statements and related disclosures. Management expects that the Company will recognize increases in reported amounts for vessel and other fixed assets and related lease liabilities upon adoption of the new standard. Refer to “Note 7. Commitments and Contingencies” to the condensed consolidated financial statements for disclosure about the Company’s time charter and lease commitments as of March 31, 2017.

Note 4. Vessels

Vessel and Vessel Improvements

As of March 31, 2017, the Company’s owned operating fleet consisted of 41 drybulk vessels.

As of December 31, 2016, the Company considered divesting some of its older as well as inefficient vessels from its fleet to achieve operating cost savings as well as potentially acquiring newer and more efficient vessels. The expected sale of vessels in the next two years reduces the useful life of the vessels resulting in impairment charge. As a result, we reduced the carrying value of each vessel to its fair market value as of December 31, 2016 and recorded an impairment charge of \$122,860,600. In addition, the Company previously recorded an impairment loss of \$6,167,262 as of March 31, 2016.

On November 14, 2016, the Company, through its subsidiary Eagle Bulk Shipco LLC, signed a memorandum of agreement to acquire a 2017 built 64,000 dwt SDARI-64 Ultramax dry bulk vessel constructed at Chengxi Shipyard Co., Ltd for \$17.9 million. The Company took delivery of the vessel, the Singapore Eagle, on January 11, 2017.

On January 6, 2017, the Company sold the vessel Redwing for \$5.8 million, after brokerage commissions and associated selling expenses, and recorded a net gain of approximately \$92,000. The vessel was classified as asset held for sale as of December 31, 2016. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility (as defined herein).

On March 15, 2017, the Company signed a memorandum of agreement to sell the vessel Sparrow for \$4.8 million after brokerage commissions and associated selling expenses. The vessel was delivered to the buyers in the second quarter of 2017. The Company is expected to record a gain of \$1.8 million in the second quarter of 2017. A portion of the proceeds is expected to be used towards repayment of the term loan under the First Lien Facility. As of March 31, 2017, the Company reported the carrying amount of the vessel as a current asset in its condensed consolidated balance sheet.

Vessel and vessel improvements consist of the following:

Vessels and Vessel Improvements, at December 31, 2016	\$ 567,592,950
Advance paid for purchase of Singapore Eagle at December 31, 2016	1,926,886
Purchase of Vessel and Vessel Improvements	17,297,323
Depreciation Expense	(6,472,507)
Vessels and Vessel Improvements, at March 31, 2017	<u>\$ 580,344,652</u>

Note 5. Debt

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
First Lien Facility	\$ 206,203,750	\$ 209,099,000
Debt issuance costs - First Lien	(4,319,000)	(4,746,682)
First Lien Facility, net of debt issuance costs	<u>201,884,750</u>	<u>204,352,318</u>
Second Lien Facility	69,662,736	67,327,843
Debt discount and Debt issuance costs - Second Lien Facility	(14,719,336)	(15,736,617)
Second Lien Facility, net of Debt issuance costs and debt discount	<u>54,943,400</u>	<u>51,591,226</u>
Total debt	<u>\$ 256,828,150</u>	<u>\$ 255,943,544</u>

First Lien Facility

On March 30, 2016, Eagle Shipping LLC, a limited liability company organized under the laws of the Marshall Islands (“Eagle Shipping”), as borrower, and certain of its subsidiaries that were guarantors of the Company’s obligations under the Company’s senior secured credit facility (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 ABN AMRO Capital USA LLC, as agent and security trustee for the lenders. The A&R First Lien Loan Agreement amends and restates the Exit Financing Facility in its entirety, provides for Eagle Shipping to be the borrower in the place of the Company, and further provides for a waiver of any and all events of default occurring as a result of the voluntary OFAC Disclosure (as defined in “Note 7. Commitments and Contingencies - Legal Proceedings”) to the condensed consolidated financial statements. The A&R First Lien Loan Agreement provides for a term loan that was outstanding as of March 30, 2016, in the amount of \$201,468,750 after giving effect to the entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement (as defined below) as well as a \$50,000,000 revolving credit facility, of which \$10,000,000 was undrawn as of March 30, 2016 (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 March 31, 2017, Eagle Shipping's total availability in the revolving credit facility under the First Lien Facility was \$25,000,000.

The A&R First Lien Agreement contains financial covenants requiring Eagle Shipping, among other things, to ensure that the aggregate market value of the vessels in Eagle Shipping'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 Eagle Shipping's fleet. In addition, the A&R First Lien Agreement imposes operating restrictions on Eagle Shipping including limiting Eagle Shipping's ability to, among other things: 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 A&R First Lien Loan Agreement 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 A&R First Lien Loan Agreement, Eagle Shipping paid three quarters of amortization payments with respect to the term loan under the First Lien Facility in the aggregate amount of \$11,718,750, paid down \$30,158,500, a portion of the amount outstanding in respect of the revolving credit facility under the First Lien Facility, maintained a minimum liquidity of \$8,140,000 and added cash to the balance sheet. In addition, Eagle Shipping paid the first quarter amortization of \$3,906,250 under the previously outstanding Exit Financing Facility. For the fiscal quarters ending June 30, 2017, and June 30, 2018 and the fiscal years ending December 31, 2017 and December 31, 2018 (each, a "Semi-Annual Determination Date"), Eagle Shipping is obligated to repay the term loan under 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 term loan under the First Lien Facility on October 15, 2019.

Eagle Shipping has prepaid \$8,546,250 of the term loan as of March 31, 2017 pursuant to the terms of the A&R First Lien Loan Agreement relating to mandatory prepayments upon sales of vessels. The repayment schedule above has therefore been adjusted to account for such prepayments made through March 31, 2017, such that Eagle Shipping is required to make payments of \$3,680,939 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 March 31, 2017, Eagle Shipping 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 that were guarantors of the Company's obligations under the Exit Financing Facility, 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. Eagle Shipping used the proceeds from the Second Lien Facility to pay down \$30,158,500, a portion of the amount outstanding in respect of the revolving credit facility under the First Lien Facility, pay three quarters of amortization payments under the First Lien Facility, pay transaction fees in connection with the entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement, maintain a minimum liquidity of \$8,140,000 and add cash to its balance sheet.

The Second Lien Loan Agreement contains financial covenants substantially similar to those in the A&R First Lien Loan Agreement, subject to standard cushions, requiring Eagle Shipping, among other things, to ensure that the aggregate market value of the vessels in Eagle Shipping'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 discharge of its obligations under the A&R First Lien Loan Agreement) 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 Loan Agreement also imposes operating restrictions on Eagle Shipping including limiting Eagle Shipping's ability to, among other things: 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 Loan Agreement 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.

For the three-month period ended March 31, 2017, interest rates on our outstanding debt under First Lien Facility ranged from 4.77% to 4.99%, including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate was 5.31%. The interest rate on payment-in-kind interest on our Second Lien Facility was 15% including a margin over LIBOR. The weighted average effective interest rate on our Second Lien Facility including the amortization of debt discount for this period was 17.05%. The payment-in-kind interest is due January 19, 2020.

For the three-month period ended March 31, 2016, interest rates on our outstanding debt ranged from 3.86% to 6.39%, 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 was 5.06%.

Interest Expense consisted of:

	March 31, 2017	March 31, 2016
First Lien Facility/Exit Financing Facility	\$ 2,665,175	\$ 2,509,142
Amortization of Debt issuance costs	1,444,963	308,504
Payment in kind interest on Second Lien Facility	2,334,893	-
Total Interest Expense	\$ 6,445,031	\$ 2,817,646

Interest paid amounted to \$2,694,046 and \$2,529,674 for the three months ended March 31, 2017 and 2016, respectively.

Note 6. Derivative Instruments and Fair Value Measurements

Forward freight agreements and bunker swaps

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 losses are recognized as a component of other expense in the condensed consolidated statement of operations for the three months ended March 31, 2017. As of March 31, 2017, the Company recorded \$293,007 as fair value of the derivatives which are classified as a current liability in the accompanying condensed consolidated balance sheet. As of December 31, 2016, the Company did not have any open positions and as such, no asset or liability is recorded in the accompanying consolidated balance sheets.

The effect of non-designated derivative instruments on the consolidated statements of operations is as follows:

Derivatives not designated as hedging instruments Location of loss recognized

		Amount of Loss	
		For the three months ended March 31, 2017	For the three months ended March 31, 2016
FFAs	Other expense	\$ 306,559	\$ -
Total		<u>\$ 306,559</u>	<u>\$ -</u>

Cash Collateral Disclosures

The Company does not offset fair value amounts recognized for derivatives by the right to reclaim cash collateral or the obligation to return cash collateral. The amount of collateral to be posted is defined in the terms of respective master agreement executed with counterparties or exchanges and is required when agreed upon threshold limits are exceeded. As of March 31, 2017 and December 31, 2016, the Company posted cash collateral related to derivative instruments under its collateral security arrangements of \$738,201 and nil, respectively, which is recorded as other current assets in the condensed consolidated balance sheets.

Fair Value Measurements

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

Cash, cash equivalents and restricted cash—the carrying amounts reported in the consolidated balance 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.

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable. Our Level 2 non-derivatives include our debt balances under First Lien Facility.

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

Note 7. Commitments and Contingencies

Legal Proceedings

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

In November 2015, the Company filed a voluntary self-disclosure report with 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. Subsequent to March 31, 2017, the Company signed an agreement on April 3, 2017 to cancel this existing time chartered-in contract. See “Note 10. Subsequent Events” to the condensed consolidated financial statements.

On February 28, 2017, Eagle Bulk Ultraco LLC, a wholly-owned subsidiary of the Company, entered into a framework agreement (the “Agreement”) with Greenship Bulk Manager Pte. Ltd., as Trustee-Manager of Greenship Bulk Trust, a Norwegian OTC-listed entity (the “Sellers”), for the purchase of nine modern sister vessels built between 2012 and 2015 (each a “Vessel,” and collectively, the “Vessels”). Of the nine Vessels, three Vessels were subject to certain customary conditions as well as the approval of the requisite majority of the unitholders of the Sellers (the “Contingent Vessels”). The approval to acquire the Contingent Vessels was obtained subsequently on March 27, 2017. The aggregate purchase price for the nine Vessels is \$153.0 million. The allocated purchase price for each Vessel is \$17.0 million. The Company paid a deposit of \$10.3 million in the first quarter of 2017 for the purchase of the first six Vessels.

Subsequent to close of the first quarter, the Company took delivery of two Vessels, Mystic Eagle, and Southport Eagle and the remaining Vessels are expected to be delivered charter free between May 2017 to September 2017.

Note 8. 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 three-month periods ended March 31, 2017 and March 31, 2016. 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 March 31, 2017 does not include 1,843,211 unvested stock awards, 2,279,908 stock options and 152,266 warrants, as their effect was anti-dilutive. Diluted net loss per share as of March 31, 2016 does not include 39,231 stock awards, 68,867 stock options and 152,266 warrants, as their effect was anti-dilutive.

	March 31, 2017	March 31, 2016
Net loss	\$ (11,068,448)	\$ (39,278,670)
Weighted Average Shares-Basic	65,637,692	1,891,463
Dilutive effect of stock options and restricted stock units	-	-
Weighted Average Shares Diluted	65,637,692	1,891,463
Basic loss per share *	\$ (0.17)	\$ (20.77)
Diluted loss per share *	\$ (0.17)	\$ (20.77)

*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.

Note 9. Stock Incentive Plans

2016 Equity Compensation Plan

On December 15, 2016, the Company's shareholders approved the 2016 Equity Compensation Plan (the "2016 Plan") and the Company registered 5,348,613 shares of common stock which may be issued under the 2016 Plan. The 2016 Plan replaced the post-emergence Management Incentive Program (the "2014 Plan") and no other awards will be granted under the 2014 Plan. Outstanding awards under the 2014 Plan will continue to be governed by the terms of the 2014 Plan until exercised, expired, otherwise terminated, or canceled. As of December 31, 2016, 24,644 shares of common stock were subject to outstanding awards under the 2014 Plan. Under the terms of the 2016 Plan, awards for up to a maximum of 3,000,000 shares may be granted under the 2016 Plan to any one employee of the Company and its subsidiaries during any one calendar year, and awards in the form of options and stock appreciation rights for up to a maximum of 3,000,000 shares may be granted under the 2016 Plan. The total number of shares of common stock with respect to which awards may be granted under the 2016 Plan to any non-employee director during any one calendar year shall not exceed 500,000, subject to adjustment as provided in the 2016 Plan. Any director, officer, employee or consultant of the Company or any of its subsidiaries (including any prospective officer or employee) is eligible to be designated to participate in the 2016 Plan.

On March 1, 2017, the Company granted 429,750 restricted shares of common stock to certain employees and management of the Company under the 2016 Plan. The shares vest ratably over three years. The fair value of the restricted shares at the date of the grant was \$2.35 million. Amortization of this charge calculated using the graded method of vesting, which is included in general and administrative expenses for the three months ended March 31, 2017 was \$123,215.

On March 1, 2017, the Company granted 337,000 options at an exercise price of \$5.56 representing the average closing price per share of common stock, as quoted on the Nasdaq Global Select Market for the ten trading days immediately preceding March 15, 2017. The options have a five year term and will vest and become exercisable ratably in four equal installments on each of the four anniversaries of the grant date. The fair value of each option was determined to be \$2.59. For the purposes of determining the non-cash compensation cost for the Company's stock option plan using the fair value method of ASC 718 "Compensation-Stock Compensation," the fair value of the options was estimated on the date of grant using the Black-Scholes option pricing model. The weighted average assumptions used included a risk free interest rate of 1.72%, an expected stock price volatility factor of 64% and a dividend rate of 0%. Amortization of this charge calculated using the graded method of vesting, which is included in general and administrative expenses for the three months ended March 31, 2017 was \$39,222.

As of March 31, 2017 and 2016, stock awards covering a total of 1,843,211 and 39,231 of the Company's common shares, respectively, are outstanding under the 2014 Plan and 2016 Plan. The vesting terms range between one to three years from the grant date. The Company is amortizing to non-cash compensation expense included in general and administrative expenses the fair value of non-vested stock awards at the grant date.

As of March 31, 2017 and 2016, options covering 1,865,865 and 68,867 of the Company's common shares, respectively, are outstanding with exercise prices ranging from \$4.28 to \$505.00 per share. The options vest and become exercisable in four equal installments beginning on the grant date. All options expire within seven years from the effective date.

Non-cash compensation expense for all stock awards and options included in General and administrative expenses:

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
Stock awards /Stock Option Plans	\$ 2,170,700	\$ 826,613
Total non-cash compensation expense	<u>\$ 2,170,700</u>	<u>\$ 826,613</u>

The future compensation to be recognized for all the grants issued for the nine months ending December 31, 2017, and the years ending December 31, 2018 and 2019 will be \$4,584,037, \$6,891,228 and \$1,258,777, respectively.

Note 10. Subsequent Events

On April 3, 2017, the Company signed an agreement to cancel an existing time charter contract on a 37,000 dwt newbuilding Japanese vessel as discussed in “Note 7. Commitments and Contingencies” to the condensed consolidated financial statements. The Company agreed to pay a lump sum termination fee of \$1.5 million relating to the cancellation. At the same time, the Company entered into an agreement, which is expected to be effective May 2017 to charter in a 61,400 dwt, 2013 built Japanese vessel for approximately four years (having the same redelivery dates as the aforementioned cancelled charter) with options for two additional years. The hire rate for the first four years is \$12,800 per day and the hire rate for the first optional year is \$13,800 per day and \$14,300 per day for the second optional year.

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

The following is a discussion of the Company's financial condition and results of operation for the three-month periods ended March 31, 2017 and 2016. 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, 2016, which were included in our Form 10-K, filed with the SEC on March 31, 2017. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results and the differences can be material. Please see "Cautionary Statement Regarding Forward-Looking Statements."

Overview

We are Eagle Bulk Shipping Inc., a Marshall Islands corporation incorporated on March 23, 2005 and headquartered in Stamford, Connecticut. We own one of the largest fleets of Supramax/Ultramax 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 59,000 dwt and Ultramax dry bulk vessels range in size from 60,000 to 65,000 dwt. They are considered a sub-category of the Handymax segment typically defined as 40,000 to 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 March 31, 2017, we owned and operated a modern fleet of 41 Handymax dry bulk vessels. We chartered-in a 37,000 dwt newbuilding Japanese vessel that was delivered in October 2014 for seven years with an option for one additional year. On April 3, 2017, we signed an agreement to cancel this existing time chartered-in contract, and, at the same time, we entered into an agreement to charter in a 61,400 dwt, 2013 built Japanese vessel for approximately four years (having the same redelivery dates as the aforementioned cancelled charter) with options for two additional years. See "Note 10. Subsequent Events" to the condensed consolidated financial statements.

We are focused on maintaining a high quality fleet that is concentrated primarily in Supramax/Ultramax 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 Company's owned operating fleet consisted of 41 drybulk vessels, with an aggregate carrying capacity of 2,269,062 dwt, have an average age of 8.9 years as of March 31, 2017.

We carry out the commercial and strategic management of our fleet through our indirectly wholly-owned subsidiary, Eagle Shipping International (USA) LLC, a Marshall Islands limited liability company, which maintains its principal executive offices in Stamford, Connecticut. We own each of our vessels through a separate wholly-owned Marshall Islands limited liability company.

On December 13, 2016, the Company entered into the December Stock Purchase Agreement with the Investors, pursuant to which the Company agreed to issue to the Investors in the December Private Placement approximately 22.2 million shares of the Company's common stock, par value \$0.01 per share, at an initial purchase price of \$4.50 per share, for aggregate gross proceeds of \$100.0 million. On January 20, 2017, the Company closed its previously announced December Private Placement for aggregate gross proceeds of \$100 million. The Company plans to use the proceeds from the December Private Placement for the acquisition of dry bulk tonnage and general corporate purposes. See "Note 2. Equity Offerings" to the condensed consolidated financial statements.

On February 28, 2017, Eagle Bulk Ultraco LLC, a wholly-owned subsidiary of the Company, entered into the Agreement with Sellers for the purchase of nine Vessels. Of the nine Vessels, three Vessels were Contingent Vessels. The approval to acquire the Contingent Vessels was obtained subsequently on March 27, 2017. The aggregate purchase price for the nine Vessels is \$153.0 million. The allocated purchase price for each Vessel is \$17.0 million. The Company paid a deposit of \$10.3 million in the first quarter of 2017 for the purchase of the first six Vessels. Subsequent to the close of the quarter, the Company took the delivery of two Vessels, Mystic Eagle and Singapore Eagle and the remaining Vessels are expected to be delivered charter free between May 2017 to September 2017.

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) 876-8100. Our website address is www.eagleships.com. Information contained on or accessible through our website does not constitute part of this Quarterly Report.

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

- (1) concentration in one vessel category: Supramax/Ultramax dry bulk vessels, which we believe offer certain size, operational and geographical advantages relative to other classes of dry bulk vessels, such as Handy, Panamax and Capesize vessels,
- (2) an active owner-operator model where we seek to operate our own fleet and develop 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, we consistently monitor the dry bulk shipping market and, based on market conditions, will consider taking advantage of long-term time charters at higher rates when appropriate. As the Company executed on its chartering strategy, the percentage of revenue earned from voyage charters increased from 34% in the first quarter of 2016 to 41% in the first quarter of 2017, and
- (3) maintain high quality vessels and improve standards of operation through improved standards and procedures, crew training and repair and maintenance procedures.

We believe that this structure provides significant visibility to our future financial results and allows us to take advantage of the relatively stable cash flows and high utilization rates that are associated with medium-term time charters, while at the same time providing us with the revenue upside potential from the index-linked or short-term time charters or voyage charters or pool charters. We regularly monitor the dry bulk shipping market and based on market conditions we may consider taking advantage of long-term charter rates.

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 March 31, 2017:

Vessel	Year Built	Dwt	Charter Expiration	Daily Charter Hire Rate
Avocet	2010	53,462	Apr 2017	\$ 8,000
Bittern	2009	57,809	May 2017	\$ 10,000
Canary	2009	57,809	Apr 2017	\$ 8,550
Cardinal	2004	55,362	May 2017	\$ 13,000
Condor	2001	50,296	Apr 2017	Voyage
Crane	2010	57,809	May 2017	Voyage
Crested Eagle	2009	55,989	Jun 2017	\$ 4,600 (1)
Crowned Eagle	2008	55,940	Apr 2017	\$ 9,800
Egret Bulker	2010	57,809	May 2017	\$ 13,000
Gannet Bulker	2010	57,809	May 2017	Voyage
Golden Eagle	2010	55,989	Jun 2017	\$ 4,600 (2)
Goldeneye	2002	52,421	May 2017	\$ 7,650
Grebe Bulker	2010	57,809	Apr 2017	\$ 10,000
Hawk I	2001	50,296	May 2017	Voyage

Ibis Bulker	2010	57,775	May 2017	\$	8,000
Imperial Eagle	2010	55,989	Apr 2017	\$	10,500
Jaeger	2004	52,248	May 2017		Voyage
Jay	2010	57,802	Jul 2017	\$	10,500
Kestrel I	2004	50,326	Undergoing repairs		-(7)
Kingfisher	2010	57,776	Apr 2017		Voyage
Martin	2010	57,809	May 2017		Voyage
Merlin	2001	50,296	May 2017	\$	11,500
Nighthawk	2011	57,809	May 2017		Voyage
Oriole	2011	57,809	Apr 2017		Voyage
Osprey I	2002	50,206	Apr 2017	\$	10,500
Owl	2011	57,809	May 2017	\$	11,500
Petrel Bulker	2011	57,809	May 2017		Voyage
Puffin Bulker	2011	57,809	Jun 2017		Voyage
Roadrunner Bulker	2011	57,809	Apr 2017	\$	600 (3)
Sandpiper Bulker	2011	57,809	Apr 2017		Voyage
Singapore Eagle	2017	61,530	Apr 2017		Voyage
Shrike	2003	53,343	May 2017	\$	13,000
Skua	2003	53,350	Apr 2017	\$	8,950
Sparrow	2000	48,225	Awaiting sale		(4)
Stamford Eagle	2016	61,530	Jun 2017	\$	14,250
Stellar Eagle	2009	55,989	Apr 2017		Voyage
Tern	2003	50,200	Apr 2017	\$	8,850
Thrasher	2010	53,360	Jun 2017	\$	4,250 (5)
Thrush	2011	53,297	Apr 2017	\$	7,000 (6)
Woodstar	2008	53,390	Apr 2017		Voyage
Wren	2008	53,349	Apr 2017	\$	9,100

(1) The vessel is contracted to continue the existing time charter at an increased charter rate of \$8,750 after May 29, 2017.

(2) The vessel is contracted to continue the existing time charter at an increased charter rate of \$8,750 after May 27, 2017.

(3) The vessel is contracted to continue the existing time charter at an increased charter rate of \$6,500 after April 11, 2017.

(4) On March 15, 2017, the Company signed a memorandum of agreement to sell the vessel Sparrow for \$4.8 million after brokerage commissions and associated selling expenses. The vessel was delivered to the buyers in the second quarter of 2017. The Company will record a gain of \$1.8 million in the second quarter of 2017.

(5) The vessel is contracted to continue the existing time charter at an increased charter rate of \$8,850 after June 2, 2017

(6) The vessel is contracted to continue existing time charter at an increased charter rate of \$9,000 after April 5, 2017.

(7) The vessel is undergoing emergency repairs after a grounding incident from March 8, 2017 and is expected to be in service from June 1, 2017.

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 of Eagle Shipping LLC, Eagle Shipping International (USA) LLC, a Marshall Islands limited liability company, Eagle Bulk Pte. Ltd, a Singapore company and Eagle Bulk Europe GmbH, a German Company. We currently have seventy-five 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 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 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 consolidated financial statements, they do not include all of the information on critical accounting policies normally included in consolidated financial statements. Accordingly, a detailed description of these critical accounting policies should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 31, 2017. 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, 2016, filed with the SEC on March 31, 2017.

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

Results of Operations for the three-month periods ended March 31, 2017 and 2016:

Fleet Data

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

	Three months Ended	Three months Ended
	March 31, 2017	March 31, 2016
Ownership Days	3,686	4,004
Chartered in Days	514	151
Available Days	4,134	4,096
Operating Days	4,105	4,030
Fleet Utilization (%)	99.3%	98.4%

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.
- **Chartered-in under operating lease days:** We define chartered-in under operating lease days as the aggregate number of days in a period during which we chartered-in vessels. Periodically, the Company charters in vessels on a single trip basis.
- **Available days:** We define available days as the number of our ownership days less the aggregate number of days that our vessels are off-hire due to vessel familiarization upon acquisition, scheduled repairs or repairs under guarantee, vessel upgrades or special surveys and the aggregate amount of time that we spend positioning our vessels. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues. During the three-month period ended March 31, 2017, the Company did not drydock any vessels. During the three-month period ended March 31, 2016, the Company completed drydocking of five vessels of which two started in 2015.
- **Operating days:** We define operating days as the number of 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.

Time Charter and Voyage Revenue

Shipping revenues are highly sensitive to patterns of supply and demand for vessels of the size and design configurations owned and operated by a company and the trades in which those vessels operate. In the dry bulk sector of the shipping industry, rates for the transportation of dry bulk cargoes such as ores, grains, steel, fertilizers, and similar commodities, are determined by market forces such as the supply and demand for such commodities, the distance that cargoes must be transported, and the number of vessels expected to be available at the time such cargoes need to be transported. The demand for shipments is significantly affected by the state of the global economy and in discrete geographical areas. The number of vessels is affected by newbuilding deliveries and by the removal of existing vessels from service, principally because of scrapping.

The mix of charters between spot or voyage charters and mid-term time charters also affects revenues. Because the mix between voyage charters and time charters significantly affects shipping revenues and voyage expenses, vessel revenues are benchmarked based on time charter equivalent (“TCE”). TCE comprises revenue from vessels operating on time charters, and voyage revenue less voyage expenses from vessels operating on voyage charters in the spot market. TCE serves as a measure of analyzing fluctuations between financial periods and as a method of equating revenue generated from a voyage charter to time charter revenue. TCE also serves as an industry standard for measuring revenue and comparing results between geographical regions and among competitors.

The following table represents the reconciliation of TCE for the three months ended March 31, 2017 and 2016:

	Three months Ended March 31, 2017	Three months Ended March 31, 2016
Revenue, Net	\$ 45,855,057	\$ 21,278,288
Voyage Expenses	13,353,347	9,244,047
Time charter equivalent	32,501,710	12,034,241
% of TCE from		
Time charter	58%	63%
Voyage charter	39%	34%
Commercial pool	3%	3%

Our revenues are derived from time and voyage charters. As is common in the shipping industry, we pay commissions ranging from 1.25% to 5.50% 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 time and voyage charter revenues in the quarter ended March 31, 2017 were \$45,855,057 compared with \$21,278,288 recorded in the comparable quarter in 2016. The increase in revenue was attributable to higher time charter hire rates in the first quarter of 2017 as well as increase in available days due to chartered in vessels. Our fleet utilization increased from 98.4% to 99.3% due to better vessel performance and lower off hire days.

Voyage Expenses

To the extent that we employ our vessels on voyage charters, we will incur expenses that include bunkers, port charges, canal tolls, cargo handling operations, 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 vessels account. Voyage expenses for the three-month period ended March 31, 2017 were \$13,353,347, compared to \$9,244,047 in the comparable quarter in 2016. The increase was mainly attributable to an increase in the number of freight voyages in the current quarter compared to the comparable quarter as reflected in the table above in the prior year as well as increased bunker prices year over year.

Vessel Expenses

Vessel expenses for the three-month period ended March 31, 2017 were \$17,955,519 compared to \$20,480,635 in the comparable quarter in 2016. The lower vessel expenses were attributable to the efficiencies achieved through in-house technical management of vessels as well as vessel sales of the Falcon, Harrier, Peregrine and Kittiwake during 2016, and the sale of the Redwing in the first quarter of 2017 offset by the purchase of two Ultramax vessels which were delivered in the fourth quarter of 2016 and the first quarter of 2017 respectively.

We believe daily vessel operating expenses are a good measure for comparative purposes over a 12-month period in order to take into account all of the expenses that each vessel in our fleet will incur over a full year of operation.

Average daily vessel operating expenses for our fleet decreased by \$244 per day to \$4,871 in the first quarter of 2017 as compared to \$5,115 in the comparable period in 2016.

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores and related inventory, tonnage taxes, pre-operating costs associated with the delivery of acquired vessels including providing the newly acquired vessels with initial provisions and stores, other miscellaneous expenses.

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

Charter hire expenses

The charter hire expenses for the three-month periods ended March 31, 2017 were \$3,873,332 compared to \$1,488,518 in the comparable quarter in 2016. The increase in charter hire expense was principally due to increase in the number of chartered in vessels. The Company chartered in a 63,000 dwt newbuilding vessel in May 2016 for a period of nine to fourteen months and a 61,000 dwt newbuilding vessel that was delivered in July 2016 for a period of eleven to thirteen months. In addition, the Company chartered in vessels on a short-term basis as needed. The total chartered in days for the three-month period ended March 31, 2017 were 562 compared to 151 for the comparable quarter in the prior year.

Depreciation and Amortization

For the three-month periods ended March 31, 2017 and 2016, total depreciation and amortization expense was \$7,492,808 and \$9,396,701, respectively. Total depreciation and amortization expense for the three-month period ended March 31, 2017 includes \$6,510,735 of vessel and other fixed assets depreciation and \$982,073 relating to the amortization of deferred drydocking costs. Comparable amounts for the three-month period ended March 31, 2016 were \$8,902,929 of vessel and other fixed assets depreciation and \$493,772 of amortization of deferred drydocking costs. The decrease in depreciation expense is attributable to the sale of five vessels during 2016 and the first quarter of 2017 and lower book value of vessels subsequent to the impairment charge of \$129,027,862 recorded in the first and fourth quarters of 2016 offset by purchase of two new Ultramax vessels in the fourth quarter of 2016 and first quarter of 2017. The decrease in depreciation expense was offset by an increase in drydock amortization.

The cost of all vessels is depreciated on a straight-line basis over the expected useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated residual value. We estimate the useful life of our vessels to be 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, which we believe is common in the dry bulk shipping industry. Drydocking relates to our regularly scheduled maintenance program necessary to preserve the quality of our vessels as well as to comply with international shipping standards and environmental laws and regulations. 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.

General and Administrative Expenses

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

General and administrative expenses for the three-month periods ended March 31, 2017 and 2016 were \$7,778,821 and \$5,331,343, respectively. These general and administrative expenses include a non-cash compensation component of \$2,170,700 and \$826,613 for 2017 and 2016, respectively. The increase in general and administrative expenses was mainly attributable to increases in advisers' fees, non-cash compensation expense and general and administrative expenses relating to our new office in Germany offset by a decrease in rental expense due to moving the corporate office to Stamford, Connecticut in March 2016 which necessitated payment of rent on both offices for the three-month period ended March 31, 2016.

Interest Expense

Our interest expense for the three-month periods ending March 31, 2017 and 2016 was \$6,445,031 and \$2,817,646, respectively. The increase in interest expense is primarily due to assumption of debt under Second Lien Facility which bears a payment-in-kind interest rate of 15% including a margin over LIBOR and higher amortization of deferred financing costs and debt discount.

Amortization of debt issuance costs is included in interest expense. These financing costs relate to costs associated with the First Lien Facility, the Second Lien Loan Facility and Exit Financing Facility. The Company paid \$3,086,947 (2,340,627 paid in the first quarter of 2016) during 2016 in connection with the First Lien Facility and the Second Lien Loan Facility and \$6,575,000 during 2014 for the Exit Financing Facility, which is recorded as debt issuance costs that amortize over the term of the related loan. In addition, in the first quarter of 2016, the Company issued shares of common stock, the fair value of which was determined to be \$17.8 million to Second Lien Lenders, which was also recorded as debt discount and amortized over the term of the Second Lien Facility. For the three-month periods ended March 31, 2017 and 2016, the amortization of debt issuance costs was \$1,443,963 and \$308,504, respectively.

Refinancing Expenses

Refinancing charges for the three-month period ended March 31, 2017 and 2016 were none and \$5,634,260 respectively. These costs primarily relate to the professional fees incurred in connection with the refinancing transaction, which was closed on March 30, 2016.

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

	Three months Ended March 31, 2017	Three months Ended March 31, 2016
Net cash used in operating activities	\$ (2,009,318)	\$ (19,494,868)
Net cash used in investing activities	(21,873,831)	(508,792)
Net cash provided by financing activities	93,134,753	11,876,073
Increase/(Decrease) in cash and cash equivalents	69,251,604	(8,127,587)
Cash and cash equivalents, beginning of period	76,516,110	24,896,161
Cash and cash equivalents, end of period	\$ 145,767,714	\$ 16,768,574

Net cash used in operating activities during the three-month period ended March 31, 2017 and 2016 was \$2,009,318 and \$19,494,868, respectively. The cash flow from operating activities improved over prior year primarily due to increase in charter hire rates because of improvement in dry bulk market.

Net cash used in investing activities during the three-month period ended March 31, 2017 was \$21,873,831, compared with \$508,792 during the corresponding three-month period ended March 31, 2016. The increase in cash used in investing activities relates to the purchase of one Ultramax Vessel for \$17.0 million and \$10.3 million paid as an advance towards the purchase of six Vessels, which are expected to be delivered between the second and third quarters of 2017.

Net cash provided by financing activities during the three-month period ended March 31, 2017 was \$93,134,753 compared with \$11,876,073 during the corresponding three-month period ended March 31, 2016. The Company received net proceeds of \$96.0 million in the December Private Placement, which closed on January 20, 2017 and repaid \$2,895,250 of its term loan under the First Lien Facility from the proceeds of the sale of the vessel Redwing. In the first quarter of 2016, the Company received proceeds of \$60.0 million from the Second Lien Facility and repaid \$15.6 million of its term loan and \$30.1 million of its revolver loan under the Exit Financing Facility as part of the debt restructuring transaction, which closed on March 30, 2016. The Company paid \$2.3 million as deferred financing costs relating to the restructuring transaction.

On February 28, 2017, Eagle Bulk Ultraco LLC, a wholly-owned subsidiary of the Company, entered into the Agreement with Sellers for the purchase of nine Vessels. Of the nine Vessels, three Vessels were Contingent Vessels. The approval to acquire the Contingent Vessels was obtained subsequently on March 27, 2017. The aggregate purchase price for the nine Vessels is \$153.0 million. The allocated purchase price for each Vessel is \$17.0 million. The Company paid a deposit of \$10.3 million in the first quarter of 2017 for the purchase of the first six Vessels. Subsequent to the quarter, the Company took delivery of two Vessels, Mystic Eagle and Southport Eagle and the remaining Vessels are expected to be delivered charter free between May 2017 to September 2017.

Our principal sources of funds are operating cash flows, long-term bank borrowings and borrowings under our revolving credit 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.

First Lien Facility

On March 30, 2016, Eagle Shipping, as borrower, and certain of its subsidiaries that were guarantors of the Company's obligations under the Company's senior secured credit facility (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 ABN AMRO 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, provided 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 in Note 7 "Commitments and Contingencies - Legal Proceedings") to the condensed consolidated financial statements. The A&R First Lien Loan Agreement provides for a term loan which was outstanding as of March 30, 2016, in the amount of \$201,468,750 after giving effect to the entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement (as defined below) as well as a \$50,000,000 revolving credit facility, of which \$10,000,000 was undrawn as of March 30, 2016 (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 March 31, 2017, Eagle Shipping's total availability in the revolving credit facility under the First Lien Facility was \$25,000,000.

Second Lien Facility

On March 30, 2016, Eagle Shipping, as borrower, and certain of its subsidiaries that were guarantors of the Company's obligations under the Exit Financing Facility, 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. Eagle Shipping used the proceeds from the Second Lien Facility to pay down \$30,158,500, a portion of the amount outstanding in respect of the revolving credit facility under the First Lien Facility, pay three quarters of amortization payments under the First Lien Facility, pay transaction fees in connection with the entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement, maintain a minimum liquidity of \$8,140,000 and add cash to its balance sheet.

Refer to "Note. 5 Debt" to the condensed consolidated financial statements.

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.

As of March 31, 2017, our cash balance was \$145,767,714, compared to a cash balance of \$76,516,110 at December 31, 2016. Also recorded as Restricted Cash is an amount of \$74,917, which collateralizes letters of credit relating to our office leases.

As of March 31, 2017, our total availability in the revolving credit facility under the First Lien Facility was \$25,000,000.

At March 31, 2017, the Company's debt consisted of \$206,203,750 in term loans, net of \$4,319,000 of debt discount and deferred financing costs and the Second Lien Facility of \$69,662,736, net of \$14,719,336 of deferred financing costs.

Capital Expenditures

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

In addition to acquisitions that we may undertake in future periods, the 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 dry docking, 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 will be 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. In the three months ended March 31, 2017, none of our vessels was drydocked. In the three months ended March 31, 2016, three of our vessels were drydocked, and we incurred \$1,276,178 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⁾
June 30, 2017	-	-
September 30, 2017	22	\$0.65 million
December 31, 2017	-	-
March 31, 2018	-	-

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

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

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Other Contingencies

We refer you to “Note 7. Commitments and Contingencies - Legal Proceedings” to our condensed consolidated financial statements 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, 2016, filed with the SEC on March 31, 2017.

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 March 31, 2017, 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 March 31, 2017.

Internal Control Over Financial Reporting

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

PART II: OTHER INFORMATION

Item 1 - Legal Proceedings

From time to time, we are involved in various disputes and litigation matters that arise in the ordinary course of our business, principally personal injury and property casualty claims. Those claims, even if lacking merit, could result in the expenditure by us of significant financial and managerial resources. Information about legal proceedings is set forth in Note 7. “Commitments and Contingencies – Legal Proceedings” to the condensed consolidated financial statements 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, 2016, filed with the SEC on March 31, 2017.

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

None.

Item 5 - Other Information

None.

Item 6 – Exhibits

EXHIBIT INDEX

- 10.1* Framework Agreement, dated as of February 28, 2017, by and between Eagle Bulk Ultraco LLC and Greenship Bulk Manager Pte. Ltd., as Trustee-Manager of Greenship Bulk Trust.
- 10.2 Form of Restricted Stock Award Agreement under the Eagle Bulk Shipping Inc. 2016 Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 7, 2017.
- 10.3 Form of Option Award Agreement under the Eagle Bulk Shipping Inc. 2016 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 7, 2017.
- 31.1* Sarbanes-Oxley Section 302 Certification of Principal Executive Officer.
- 31.2* Sarbanes-Oxley Section 302 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 March 31, 2017, formatted in eXtensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets (unaudited) as of March 31, 2017 and December 31, 2016, (ii) Condensed Consolidated Statements of Operations (unaudited) for the three months ended March 31, 2017 and 2016, (iii) Condensed Consolidated Statements of Comprehensive Loss (unaudited) for the three months ended March 31, 2017 and 2016, (iv) Condensed Consolidated Statements of Stockholders’ Equity (unaudited) for the three months ended March 31, 2017 and 2016, (v) Condensed Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2017 and 2016, and (vi) Notes to Condensed Consolidated Financial Statements (unaudited).

* Filed herewith.

** Furnished herewith.

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: May 9, 2017

By: /s/ Frank De Costanzo

Frank De Costanzo
Chief Financial Officer
(Principal financial officer of the registrant)
Date: May 9, 2017

**FRAMEWORK AGREEMENT
SHIPS SALE**

Dated 28 February 2017

between

GREENSHIP BULK MANAGER PTE. LTD. AS TRUSTEE-MANAGER OF GREENSHIP BULK TRUST
as Sellers

and

EAGLE BULK ULTRACO LLC
as Buyers

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This framework agreement (the "**Agreement**") is entered into on 28 February 2017 between

- (1) **Greenship Bulk Manager Pte. Ltd as Trustee-Manager of Greenship Bulk Trust**, Singapore, (the "**Sellers**"); and
- (2) **Eagle Bulk Ultraco LLC**, Marshall Islands ("**Buyers**").

WHEREAS:

- A. The Sellers have agreed to sell and Buyers have agreed to buy 9 Bulk Carrier vessels (as more particularly defined below, the "**Vessels**") for a total price of USD 153,000,000 made up of each Allocated Purchase Price and otherwise on the terms and conditions set out in this Agreement and in the MOAs (as each expression is defined below);
- B. The Parties have agreed that each of the Vessels will be delivered separately to the Buyers and that the delivery date for each Vessel will be nominated by the Sellers in consultation with the Buyers in accordance with the provisions set out below and in the MOAs.
- C. The Vessels have been allocated between two groups, the Six Fleet and the Three Fleet (as each expression is defined below) as different conditions and other arrangements apply to each such group.

IT IS AGREED as follows:

1 DEFINITIONS

- 1.1 In this Agreement the following terms and expressions shall have the meaning set out below:

"**Acceding Buyer**" shall have the meaning set out in Clause 4.1.

"**Allocated Purchase Price**" shall have the meaning set out in Clause 5.2.

"**Buyers**" means the Buyers and, upon the accession by an Acceding Buyer, that Acceding Buyer in relation to the relevant Vessel.

"**Banking Days**" means days on which banks are open in New York, Singapore and London.

"**Cancelling Date**" means the cancelling date under the MOAs set out against the name of each Vessel in Appendix 2.

"**Delivery Port**" means the Delivery Port as defined in the MOA, but in any event excluding any area or port within the jurisdiction of any nation prohibited under the laws of the United States, the United Nations or the European Union or in relation to which the Laws of the United States restrict or prohibit transactions.

"**Delivery Window**" means, in relation to any relevant Vessel, the dates for delivery of such Vessel to be inserted in the relevant MOA by the Sellers and the Buyers in accordance with Clause 6.1 and 6.7.

"**Deposit**" means the deposits payable pursuant to the MOAs.

"**Effective Date**" means in relation to the Six Fleet and the Three Fleet respectively, the later of the dates upon which the obligations under this Agreement and the MOAs become final and binding.

"**Losses**" means liabilities, losses, costs, claims and expenses.

"**MOA**" means the Norwegian Saleform 2012 Memorandum of Agreement with amendments for the sale of each Vessel in the form attached as Appendix 1 to this Agreement to be entered into by the parties thereto promptly after the satisfaction of the conditions set forth in Clause 9 or 10 (as the case may be).

"**Parties**" means each party to this Agreement and any Acceding Buyer nominated by the Buyers in accordance with Clause 4 of this Agreement.

"**Six Fleet**" means the six Vessels listed in Part A of Appendix 2 to this Agreement;

"**Three Fleet**" means the three Vessels listed in Part B of Appendix 2 of this Agreement:

"**Purchase Price**" shall have the meaning set out in Clause 5.1.

"**Vessels**" means the 9 Bulk Carrier vessels listed in Appendix 2 to this Agreement.

2 SALE OF THE VESSELS

2.1 The Sellers hereby agree subject to the terms of this Agreement to procure the sale by way of nine (9) individual sale transactions from each of its wholly owned subsidiaries named in Appendix 2, respectively, and the Buyers agree to buy, the Vessels on the terms set out in this Agreement and the terms and conditions of the applicable MOAs.

2.2 The Sellers hereby grant exclusivity to the Buyers for a period of 6 (six) weeks from the date of this Agreement (the "Exclusivity Period") in relation to the sale of the Three Fleet Vessels and the Sellers shall not during the Exclusivity Period: (i) enter into material negotiations with any third party in relation to the sale or chartering (other than for short term employment which would not interfere with the Sellers' obligations hereunder) of any Three Fleet Vessel; nor (ii) permit the inspection of any Three Fleet Vessel or the class records of any Three Fleet Vessel by a potential purchaser; nor (iii) sell or long-term charter or agree to sell or long-term charter any of the Three Fleet Vessels.

3 PERSONNEL ISSUES

3.1 The Sellers shall procure that no person engaged in the management of the Vessels shall be permitted under any applicable law to claim employment rights against the Buyers by virtue of the transaction outlined in this Agreement and the MOAs.

4 ACCEDING BUYERS

4.1 Any wholly owned subsidiary of the Buyers (whether or not currently incorporated) may accede to an MOA (an "**Acceding Buyer**") by way of (i) executing and delivering to the Sellers an accession deed in the form set out in Appendix 3 and (ii) delivering to the Sellers a copy of its constitutional documents. Upon execution and delivery of an accession deed by any Acceding Buyer and delivery of such constitutional documents, Buyers may nominate that Acceding Buyer as "Buyers" under a particular MOA in relation to the purchase of an individual Vessel on the terms and conditions of that MOA.

4.2 For this purpose, each MOA shall stand alone and the relevant Acceding Buyer shall only be fully responsible to the Sellers for the relevant obligations under the MOA in respect of the Vessel to be acquired by that Acceding Buyer.

4.3 Upon accession, each Acceding Buyer in respect of a Vessel which has been inspected by Buyers, shall be deemed to have instructed the Buyers to carry out inspection on its behalf and the Acceding Buyer shall thus have the same rights and obligations as if the Acceding Buyer itself had inspected the Vessel.

4.4 Notwithstanding any nomination of an Acceding Buyer for a Vessel(s) pursuant to Clause 4.1, Buyers shall remain fully responsible for any and all the obligations under each MOA and this Agreement. In consideration of the Sellers entering into this Agreement and the MOAs, Buyers unconditionally and irrevocably guarantee and agree to guarantee (as primary obligor and not as surety only) the performance of any Acceding Buyer's obligations under this Agreement and the purchase of the individual Vessel under the relevant MOA.

4.5 The Buyers hereby covenant as a condition to this transaction, that they shall within two Banking Days from the date and time of signing this Agreement ensure that the amount of USD 102,000,000 is transferred to the Buyers at an account in the Buyers name and that such amount (save for moneys actually applied to pay for Deposits and purchase price of Vessels pursuant to this Agreement) shall remain on the accounts of the Buyers until the Cancelling Date in respect of the Six Fleet Vessels.

5 PURCHASE PRICE AND ADJUSTMENT

5.1 The total purchase price for all the Vessels is USD 153,000,000 (the "**Purchase Price**").

5.2 Subject to Clause 5.3, the allocated purchase price for each of the Vessels is USD 17,000,000 (each, an "**Allocated Purchase Price**").

5.3 The Allocated Purchase Price for each Vessel in the Six Fleet shall be reduced by the amount of USD 500,000 to USD 16,500,000 per Vessel (such that the total purchase price for the Six Fleet shall be USD 99,000,000) if, for any reason, the conditions set out in Clause 10 of this Agreement in relation to the Three Fleet Vessels have not been satisfied on or prior to 31st March 2017.

6 DELIVERY OF THE VESSELS

6.1 Each Vessel shall be delivered and taken over safely afloat at the Vessel's Delivery Port in accordance with the terms of the relevant MOA. Sellers shall not tender for delivery more than one Vessel on any day or (unless otherwise agreed between the Parties acting reasonably) more than two Vessels in any period of five (5) consecutive Banking Days. With respect to the scheduling of deliveries it is agreed that (a) if the conditions in Clause 9 and Clause 10 are satisfied (such that the sale and purchase of both the Six Fleet vessels and the Three Fleet Vessels will proceed in accordance with this Agreement) the Sellers undertake that not less than two (2) such Vessels shall be delivered pursuant to the respective MOA by 15th April 2017, not less than a further two (2) such Vessels shall be so delivered by 15th May 2017, not less than a further two (2) such Vessels shall be so delivered by 15th June 2017, not less than a further two (2) such Vessels shall be so delivered by 15th July 2017, and a further such Vessel shall be so delivered by 15th September 2017, and (b) if the conditions in Clause 10 are not satisfied (such that the sale and purchase of only the Six Fleet Vessels will proceed in accordance with this Agreement) the Sellers undertake that not less than two (2) such Vessels shall be delivered pursuant to the respective MOAs by 15th April 2017, not less than a further two (2) such Vessels shall be so delivered by 30th May 2017 and not less than a further two (2) such Vessels shall be so delivered by 15th July 2017. The Sellers and the Buyers will insert in the MOAs dates for delivery of the respective Vessels in a manner consistent with this Clause 6.1 and Clause 6.7.

6.2 Notwithstanding Clause 6.1, if the intended location of a Delivery Port entails a risk of an adverse tax effect for the Buyers or the Sellers as a result of the transfer of title to a Vessel, the Sellers and the Buyers shall be obliged to postpone the transfer of title of such Vessel until the Vessel is in such location where there is no risk of such adverse tax effects. The Sellers and the Buyers shall cooperate in this respect, including evaluating the possibility of a transfer of title of the Vessel in international waters.

- 6.3** Delivery of the Vessels shall take place within the Delivery Window for each Vessel, or otherwise in accordance with the MOAs, and the Cancelling Date in each MOA shall be 15th September 2017 (unless otherwise agreed), but if, for any reason, the conditions set out in Clause 10 of this Agreement in relation to the Three Fleet Vessels have not been satisfied on or prior to March 31, 2017, then the Cancelling Date in respect of each of the Six Fleet Vessels shall be 15th July 2017 (unless otherwise agreed).
- 6.4** In order to assist a smooth delivery of the Vessels as set out in this Clause 6 the Parties agree to cooperate in good faith (as may be reasonably required) in connection with the delivery of the Vessels.
- 6.5** If the Effective Date in relation to the Three Vessels does not occur by the last date provided for in Clause 10.3 31 March 2017, the Parties shall promptly thereafter agree a fair and reasonable allocation of fleet spares between the Six Fleet and the Three Fleet with reference to the respective Vessels Planned Maintenance Systems.
- 6.6** The Sellers agree that spares in respect of the Vessels shall be maintained at normal operating and Class Requirement levels until the time of delivery as per MOAs at lines 201 to 210. Any spares which the Sellers hold for the fleet will be allocated to particular Vessels on a fair and reasonable basis.
- 6.7** Notwithstanding anything to the contrary in this Agreement, the Sellers shall not tender MV GARONNE for delivery pursuant to the relevant MOA until she has completed the five year Class Special Survey Drydocking and inspection, and such Vessel shall be delivered promptly thereafter.

7 GENERAL DEFAULT PROVISION

- 7.1** Without prejudice to any rights that have accrued under this Agreement or the MOAs or any of its rights or remedies, either Party may terminate this Agreement and the MOAs with immediate effect by giving notice to the other Party if:
- (a) a petition is filed, a notice is given, a resolution is passed, or an order is made, for or in connection with the winding up of that other Party; or
 - (b) an application is made to court, or an order is made, for the appointment of an administrator, or if a notice of intention to appoint an administrator is given or if an administrator is appointed, over the other Party; or
 - (c) a receiver is appointed over the assets of the other Party; or
 - (d) the other Party is the subject of a bankruptcy petition or order.

7.2 For the purposes of this Clause 7.1, the Sellers constitute one Party and Buyers constitute the other Party.

8 SIGNING

- 8.1** Within three (3) working days of the signing of this Agreement, the Sellers shall deliver to the Buyers:
- (a) documentary evidence from relevant corporate bodies of the Sellers authorising the signing of this Agreement.
- 8.2** Within three (3) working days of the signing of this Agreement, the Buyers shall deliver to the Sellers:
- (a) documentary evidence from relevant corporate bodies of the Buyers authorising the signing of this Agreement.

9 CONDITIONS RELATING TO THE SIX FLEET

9.1 The Buyers' obligation to consummate the transactions contemplated by this Agreement in relation to each Vessel in the Six Fleet is subject to:

(a) *Condition of Uninspected Vessels and Spares.*

The Sellers having provided to the Buyers in relation to each of the three (3) Six Fleet Vessels in respect of which a physical inspection has been waived pursuant to the respective MOA, a letter of warranty in the form set out in Appendix 4 that each such Vessel has been maintained in accordance with the same maintenance policy as the Vessels in the Six Fleet which have been inspected by the Buyers.

9.2 Upon signature of this Agreement and fulfilment of the conditions in Clauses 9.1(a), the obligations on the Sellers to procure the sale of and the obligations of the Buyers to purchase the Six Fleet Vessels are absolute and unconditional save as described in the relevant MOAs, PROVIDED ALWAYS that the MOAs in respect of the Six Fleet Vessels shall not become final and binding until after the passing of the requisite resolutions at the Extraordinary General Meeting of the Unitholders of the Sellers due to be held on 13 March 2017. The Deposits in respect of the Six Fleet Vessels shall be paid within three (3) Banking Days of the satisfaction of the conditions in Clauses 9.1(a) above (subject to the other conditions contained in the MOAs).

9.3 The Sellers warrant that they have obtained irrevocable and unconditional undertakings in favour of the Sellers from the requisite majority of Unitholders to vote in favour of the Resolutions at the Extraordinary General meeting arranged for 13th March 2017 approving the proposed sale of the Six Fleet and authorising the Sellers to exercise all powers to give effect to the same. The Sellers further warrant to and undertake with the Buyers that they will use all reasonable endeavours to procure that the respective Unitholders comply with the said undertakings in order to enable the sale of the Six Fleet to the Buyers to proceed as contemplated in this Agreement and the MOAs. The Sellers further warrant that they shall use all reasonable endeavours to ensure that no delay or other impediment arises which could prevent the said Extraordinary General Meeting taking place as contemplated in this Agreement.

10 CONDITIONS RELATING TO THE THREE FLEET

10.1 The Buyers' obligation to consummate the transactions contemplated by this Agreement in relation to each Vessel in the Three Fleet is subject to:

(a) *Condition of Uninspected Vessels and Spares*

The Sellers having provided to the Buyers in relation to the two Three Fleet Vessels in respect of which a physical inspection has been waived pursuant to the respective MOA, a letter of warranty in the form set out in Appendix 4 that each such Vessel has been maintained in accordance with the same maintenance policy as the Vessels in the Three Fleet which have been inspected by the Buyers.

10.2 The Sellers' obligation to consummate the transactions contemplated by this Agreement in relation to the Three Fleet is subject to the Sellers confirming in writing that they have obtained the approval of the requisite majority (in accordance with the constitutional documents of the Sellers and applicable law) of the Unit Holders/Shareholders of the Sellers of the sale of the Three Fleet Vessels pursuant to this Agreement and the MOAs to be declared by the Sellers not later than midnight NYC time on 31 March 2017.

10.3 If the Effective Date in relation to the Three Fleet does not occur on or prior to 31 March 2017, then the obligation of the Parties under this Agreement and the respective MOAs with respect to the sale and purchase of the Three Fleet shall (unless otherwise agreed between the Parties) be automatically terminated, and neither the Sellers nor their wholly-owned subsidiaries shall have any liability to the Buyers in respect of the Three Fleet. For avoidance of doubt, no Deposits on the Three Fleet Vessels are due to be paid until three days after the Effective Date (and completion of the other conditions set out in the MOAS).

11 GOVERNMENTAL APPROVALS

11.1 Should any notices, submissions or filings with, or any consents, approvals or authorizations from any court or governmental or regulatory entity in any jurisdiction be required, Buyers are solely responsible for making such notices, submissions or filings required to be made by Buyers and/or by Buyers and Sellers jointly. Should any such notices, submissions or filings be required to be made separately by Sellers, Sellers are solely responsible for making such notices, submissions or filings. In all events Buyers are required to take any and all steps necessary for obtaining any consents, approvals or authorizations required in any jurisdiction to consummate the transactions under this Agreement and the MOAs in accordance with the agreed delivery dates. Buyers and Sellers shall cooperate in this respect and shall give each other time to comment on any submissions, filings, etc. and take each other's comments into account.

11.2 If Buyers are not able to consummate the transactions set forth herein due to lack of required consents, approvals or authorizations this Agreement and the relevant MOAs shall be terminated by mutual consent and any Deposits paid shall be promptly refunded to by the Buyers.

12 ASSIGNMENT

12.1 Except for accession of an Acceding Buyer under Clause 4, neither Party shall assign, novate, transfer, mortgage, charge, subcontract or deal in any other manner with any of its rights and obligations under this Agreement or the MOAs without the prior written consent of the other Party.

13 CONFIDENTIALITY

13.1 Each Party undertakes that it shall not at any time during this Agreement, disclose the commercial terms of this Agreement and the MOAs or any information which should reasonably be considered to be private or confidential concerning the business (including, without limitation, any customer or suppliers) of the other Party to any person which is not (i) an employee, (ii) professional advisor, (iii) representative or (iv) director or officer of such Party and any agents or affiliates of such Party (on a need to know basis) (v) potential financing parties (and then only on a need to know basis) or except as may be required by law, court order or any governmental or regulatory authority or (vi) shareholder/unitholder.

13.2 No Party shall make, or permit any person to make, any public announcement, communication or circular (announcement) concerning this Agreement without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed). The parties shall consult together on the timing, contents and manner of release of any announcement.

13.3 Where an announcement is required by law or any governmental or regulatory authority (including, without limitation, any relevant securities exchange), or by any court or other authority of competent jurisdiction, the Party required to make the announcement shall promptly notify the other Party.

13.4 This Clause 13 shall apply whether or not the Effective Date occurs.

13.5 After the Effective Date and following the payment of the Deposits, the Parties may issue a press release/stock exchange announcement provided that the parties shall make reasonable efforts to agree promptly the wording of such press release/stock exchange announcements.

14 REPRESENTATIONS AND WARRANTIES

14.1 Each of the Parties represents and warrants to the other as follows:

- (a) it is a trust, company or limited liability company, as the case may be, duly established and existing under the laws of the place of its incorporation or formation and has full power and authority to carry on its business as now conducted and no authorisations, consents or approvals are required in connection with this Agreement and the MOAs save as set out herein;
- (b) it has full power, authority and legal right to execute, deliver and perform the terms of this Agreement and each of the MOAs;
- (c) this Agreement and each of the MOAs has been duly executed and delivered by it and constitutes its legal, valid and binding obligations (subject to insolvency and other laws affecting creditors' rights generally); and
- (d) it is not aware of any pending actions or proceedings before any court of administrative agency which might materially affect its ability to perform its obligations under this Agreement.

14.2 The representations and warranties in this Clause shall survive execution and delivery of this Agreement and shall be deemed to be repeated by the Buyers at the time of accession of any Acceding Buyer to this Agreement and by both Parties on the date of delivery of each Vessel.

15 INTERPRETATION

15.1 This Agreement and the MOAs constitute the entire agreement and understanding between the Parties and supersede and extinguish all previous drafts, agreements, arrangements, discussions, exchanges and understandings between them, whether written or oral, relating to its subject matter.

15.2 Each Party acknowledges that in entering into this Agreement and the MOAs it has not and does not rely on, and shall have no right or remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in this Agreement or any MOA.

15.3 Any terms implied into this Agreement or the MOAs by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Agreement shall limit or exclude any liability for fraud or for death or personal injury caused by the negligence of a Party to the extent not permitted by law.

15.4 Neither Party shall be liable to the other Party for any Losses whether arising from breach of contract, breach of statutory duty, tort (including negligence) or otherwise howsoever where such Losses constitute indirect, special, punitive or consequential Losses.

- (a) No failure or delay by a Party to exercise any right or remedy provided under this Agreement or any MOA or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.
- (b) Without prejudice to the rights of any Acceding Buyer under this Agreement and the relevant MOA, no term of this Agreement or any MOA shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 (or otherwise) by a person who is not a Party to this Agreement

- (c) Each of the Parties undertakes with the other to use its reasonable endeavours to do and perform such other and further acts and execute and deliver any and all other instruments as may be required by law or reasonably required by the other Party in order to establish, maintain and protect the rights and remedies of the other Party and to carry out and effect the intent and purpose of this Agreement.
- (d) The Parties shall use all reasonable endeavours to satisfy, in a timely manner, their other obligations under this Agreement.
- (e) This Agreement may be executed in counterparts each of which will constitute one and the same document.

16 SANCTIONS

16.1 For the purposes of this Clause 16:

- (a) "**Sanctions**" means any sanction, restriction or prohibition imposed by any State or Supranational or International Governmental Organisation, including but not limited to the UN, the US and the EU;
- (b) "**Competent Authority**" means the competent authorities of any State or Supranational or International Governmental Organisation including but not limited to those of the UN, the US, and the Member States of the EU in respect of Sanctions; and
- (c) "**Longstop Date**" means 30 April 2017.

16.2 Each Party represents and warrants to the other that it is not in breach of any Sanctions (including but not limited to being made subject to an asset freeze by the EU and/or being placed on the SDN List of the United States Office of Foreign Assets Control).

16.3 The Buyers, for themselves and their affiliates and associates, warrant, represent and undertake to the Sellers that following delivery of each Vessel under this Agreement, such Vessel shall not be disposed of (whether by sale or otherwise) or employed in breach of Sanctions.

16.4 No Party shall be in breach of its obligations or otherwise be liable to the other Party save as provided for in this Clause 16 if:

- (a) the latter Party is or becomes subject to Sanctions (including but not limited to being made subject to an asset freeze by the EU and/or being placed on the SDN List of the United States Office of Foreign Assets Control); and/or
- (b) proceeding with the transaction (or any part thereof) contemplated by this Agreement would place the former Party in breach of Sanctions.

16.5 If, in the reasonable opinion of the Sellers, a circumstance as more particularly described in Clause 16.4 may have occurred and be continuing, the Sellers may suspend performance of any obligation of the Sellers under this Agreement (including, without limitation, tender of the Vessel for delivery), for a reasonable period (which period, shall include, but not be limited to, such time as may be reasonably be required to obtain a determination from any relevant Competent Authority (the Buyers shall provide all reasonable assistance to the Sellers for the purpose of obtaining such determination) as more particularly described in Clause 16.1(a)).

16.6 Notwithstanding anything to the contrary in this Clause 16, if, pursuant to Clause 16.5, the Sellers suspend performance of any of their respective obligations under this Agreement:

- (a) the Cancelling Date (specified in the respective MOAs) shall be extended by a time equal to the duration of such suspension and the Buyers shall have no claim for any damages under this Agreement or the respective MOA for Notice of Readiness not being given to the Buyers within the original Cancelling Date; and

(b) if such suspension is in place of continuing on and/or after the Longstop Date, the Sellers shall be under no obligation to perform any obligation of the Sellers under this Agreement (including, without limitation, tender the Vessel for delivery) and may elect to cancel this Agreement.

16.7 If the Sellers cancel this Agreement pursuant to this Clause 16, the Deposit (together with any interest accrued) shall be released to the Buyers immediately (unless such release is prohibited by any Sanctions, in which event the Deposit shall be released to the Buyers promptly following such release being permitted under all Sanctions) whereupon the respective MOA shall become null and void and neither Party shall have any liability whatsoever to the other thereunder.

16.8 The Sellers warrant that to the best of their knowledge no Vessel is sanctioned by any nation or international organisation or subject to boycott by the ITF.

17 COSTS AND EXPENSES

17.1 Whether or not the Effective Date occurs, each of the Parties shall bear their own costs and expenses including (i) fees with respect to their external advisors, including auditors and lawyers and (ii) public charges of any nature.

18 CONFLICT BETWEEN PROVISIONS

18.1 The Appendices attached to the Agreement shall form an integrated part hereof. In case of any ambiguity or conflict between the provisions of this Agreement (excluding the ambiguous or conflicting Appendix) and the provisions of any Appendix (including, without limitation, any MOA), the terms of this Agreement (excluding the ambiguous or conflicting Appendix) shall prevail.

19 NOTICES

19.1 Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by letter (by courier/hand delivery) or E-mail as follows:

If to the Sellers:

For the attention of: Philippe Rochet
Email: pro@jaccar.net

If to the Buyers:

Eagle Bulk

For the attention of: Gary Vogel
Email: gvogel@eagleships.com

or any substitute address or Email-address or department or officer as any Party may notify to the other Party.

19.2 Any notices or other communication from a Party made by E-mail shall also be forwarded by letter (by courier/hand delivery) unless the E-mail is confirmed as received by the other Party.

20 GOVERNING LAW AND JURISDICTION

20.1 This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

20.2 The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

20.3 The reference shall be to three arbitrators. A Party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other Party requiring the other Party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other Party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other Party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the Party referring a dispute to arbitration may, without the requirement of any further prior notice to the other Party, appoint its arbitrator as sole arbitrator and shall advise the other Party accordingly. The award of a sole arbitrator shall be binding on both Parties as if he had been appointed by agreement.

20.4 In the event that there are multiple claimants and/or multiple respondents, the reference shall be to three arbitrators. Two of these shall be appointed by the Parties as defined in this Agreement: one by the Sellers for their party in the dispute (either the claimants or the respondents), and one by the Buyers (which shall include any Acceding Buyer) for their party in the dispute. Otherwise, the appointment of arbitrators shall follow the procedure set out in Clause 20.3.

20.5 Nothing herein shall prevent the Parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

20.6 In cases where neither the claim nor any counterclaim exceeds the sum of USD 50,000 (or such other sum as the Parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

21 LIST OF APPENDICES

21.1 The following Appendices are attached to this Agreement:

- Appendix 1: Form of MOAs
- Appendix 2: List of the Owners, Vessels and Inspection Status
- Appendix 3: Form of Accession Deed
- Appendix 4: Form of Letter of Warranty

This Agreement has been entered into on the date stated at the beginning of it.

For and on behalf of

Greenship Bulk Manager Pte. Ltd. as Trustee-Manager of Greenship Bulk Trust

as Sellers

By: /s/Jacques de Chateauvieux

Name: Jacques de Chateauvieux

Title: Director

By: /s/Philippe Rochet

Name: Philippe Rochet

Title: Director

For and on behalf of

Eagle Bulk Ultraco LLC

as Buyers and Guarantor

By: /s/Gary Vogel

Name: Gary Vogel

Title: CEO

APPENDIX 2 – LIST OF THE OWNERS, VESSELS AND INSPECTION STATUS

Owner	Vessel's name	Inspection Status	Date of build	Gross Registered Tonnage
Part A Six Fleet				
Greenship Bulk 9 PTE Ltd	JS Tamise	Waived	28.02.2013	35812
Greenship Bulk 10 PTE Ltd	JS Mekong	Inspected	27.03.2013	35812
Greenship Bulk 11 PTE Ltd	JS Mississippi	Waived	21.05.2013	35812
Greenship Bulk 12 PTE Ltd	JS Missouri	Inspected	27.06.2013	35812
Greenship Bulk 15 PTE Ltd	JS Yukon	Waived	26.09.2013	35812
Greenship Bulk 16 PTE Ltd	JS Yangtse	Inspected	24.10.2013	35812
Part B Three Fleet				
Greenship Bulk 4 PTE Ltd	JS Garonne	Waived	08.05.2012	35812
Greenship Bulk 13 PTE Ltd	JS Narmada	Waived	18.07.2013	35812
Greenship Bulk 18 PTE Ltd	JS Potomac	Inspected	22.01.2015	35812

APPENDIX 3 – FORM OF ACCESSION DEED

To: Greenship Bulk Manager Pte. Ltd as Trustee-Manager of Greenship Bulk Trust

Cc: Eagle Bulk Ultraco LLC

From: [●], as Acceding Buyer

Dated: [●] 2017

Dear Sirs,

Framework Agreement in relation to the sale of bulk carrier vessels – Accession Deed

We refer to the Framework Agreement dated 28 February 2017 (the "**Agreement**"), as amended, supplemented and restated from time to time, and amongst others made between Greenship Bulk Manager Pte. Ltd as Trustee-Manager of Greenship Bulk Trust, as Sellers and Eagle Bulk Ultraco LLC as Buyers.

This is an accession deed.

Terms defined in the Agreement shall, unless otherwise defined therein, have the same meaning when used herein.

1. [] is a corporation duly incorporated under the laws of [] with company registration number [], having its address at [].
2. We confirm that we are a wholly owned subsidiary of Eagle Bulk Ultraco LLC; and
3. We agree that we shall become a Party to the MOA in respect of the MV [] as Acceding Buyer immediately upon signing this accession deed.
4. The provisions in Clause 20 of the Agreement in respect of choice of law and jurisdiction shall apply to this accession deed as if set out in full herein.

THIS ACCESSION DEED has been executed by the parties mentioned below and is delivered on the date stated above.

[Acceding Buyer]

[EXECUTED as a DEED]
By: [Acceding Buyer])

Acknowledged by Eagle Bulk Ultraco LLC as Guarantor

APPENDIX 4 – FORM OF LETTER OF WARRANTY

To: Eagle Bulk Ultraco LLC

From: Greenship Bulk Manager Pte. Ltd as Trustee-Manager of Greenship Bulk Trust

Dated: [●] 2017

Dear Sirs,

We refer to the Framework Agreement dated 28 February 2017 (the "**Agreement**") made between Greenship Bulk Manager Pte. Ltd as Trustee-Manager of Greenship Bulk Trust, as Sellers and Eagle Bulk Ultraco LLC as Buyers.

This is the warranty letter referenced in Clause [9.1(a)/10.1(a)] of the Framework Agreement.

Terms defined in the Agreement shall, unless otherwise defined therein, have the same meaning when used herein.

With respect to MV[] we hereby warrant that the Vessel has been maintained in accordance with the same maintenance policy as the other vessels in the [Six Fleet][Three Fleet].

This letter shall be governed by English Law and Clause 20 of the Framework Agreement shall apply hereto.

Yours faithfully

Sellers/Owners

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 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: May 9, 2017

/s/ Gary Vogel

Gary Vogel

Principal Executive Officer

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 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: May 9, 2017

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

**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 March 31, 2017, 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: May 9, 2017

/s/ Gary Vogel
Gary Vogel
Principal Executive Officer

**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 March 31, 2017, 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: May 9, 2017

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