

CORN PRODUCTS INTERNATIONAL INC

Form S-3ASR

September 14, 2010

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**As filed with the Securities and Exchange Commission on September 14, 2010**

**Registration No. 333-**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**CORN PRODUCTS INTERNATIONAL, INC.**  
*(Exact Name of Registrant as Specified in Its Charter)*

**Delaware**  
*(State or Other Jurisdiction of  
Incorporation or Organization)*

**22-3514823**  
*(I.R.S. Employer  
Identification Number)*

**5 Westbrook Corporate Center  
Westchester, Illinois 60154-5749  
(708) 551-2600**

*(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)*

**Mary Ann Hynes  
Vice President, General Counsel,  
Corporate Secretary and Chief Compliance Officer  
CORN PRODUCTS INTERNATIONAL, INC.  
5 Westbrook Corporate Center  
Westchester, Illinois 60154  
(708) 551-2600**

*(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)*

***With copies to:*  
John O Hare  
Sidley Austin LLP  
One South Dearborn Street  
Chicago, Illinois 60603  
(312) 853-7000**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

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

(do not check if a smaller reporting company)

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per security (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee (2)
Debt Securities				

- (1) Omitted pursuant to General Instruction II.E of Form S-3. An indeterminate amount of debt securities is being registered as may from time to time be issued at indeterminate prices.
- (2) In accordance with Rules 456(b) and 457(r) under the Securities Act, the Registrant is deferring payment of the registration fee.

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**PROSPECTUS**

**Debt Securities**

This prospectus contains a general description of the debt securities Corn Products International, Inc. may offer for sale from time to time. We will describe the specific terms of these debt securities in supplements to this prospectus. The prospectus supplements may add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement, as well as the documents incorporated and deemed to be incorporated by reference in this prospectus, carefully before you invest.

**Investing in our securities involves risks. See Risk Factors on page 1 of this prospectus.**

This prospectus may not be used to offer to sell any securities unless accompanied by a prospectus supplement.

We may sell the debt securities on a continuous or delayed basis directly to investors or through underwriters, dealers or agents designated from time to time. For additional information on the methods of sale, you should refer to the section entitled Plan of Distribution in this prospectus. If any underwriters, dealers or agents are involved in the sale of any debt securities, the applicable prospectus supplement will set forth the names of such underwriters, dealers or agents and any applicable commissions or discounts. The price to the public of such debt securities and the net proceeds we expect to receive from such sale will also be set forth in the applicable prospectus supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 14, 2010.

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**We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus and the applicable prospectus supplement or in any related free writing prospectus we authorize that supplements this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information in this prospectus or any applicable prospectus supplement is accurate as of any date other than the date on the cover of the applicable document. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which the person is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission, or the SEC, as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, which we refer to as the Securities Act. Under the automatic shelf registration process, we may, at any time and from time to time, in one or more offerings, sell debt securities under this prospectus. This prospectus provides you with a general description of the debt securities we may offer. Each time we offer debt securities, we will provide a prospectus supplement that will contain specific information about the terms of those debt securities and the offering. The prospectus supplement may also add, update or change the information in this prospectus. Please carefully read this prospectus and the applicable prospectus supplement, together with the documents incorporated and deemed to be incorporated by reference in this prospectus and the additional information described below under the heading **Where You Can Find More Information**.

As allowed by SEC rules, this prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement. For further information, we refer you to the registration statement, including its exhibits and schedules. Statements contained in this prospectus about the provisions or contents of any contract, agreement or any other document referred to are not necessarily complete. For each of these contracts, agreements or documents filed as an exhibit to the registration statement, we refer you to the actual exhibit for a more complete description of the matters involved.

As used in this prospectus, unless stated otherwise or the context requires otherwise, **Corn Products**, **the Company**, **we**, **us** and **our** refer to Corn Products International, Inc. and its subsidiaries.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public from the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. We also file certain reports and other information with the New York Stock Exchange, or the NYSE, on which our common stock is traded. Copies of such material can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Information about us, including our SEC filings, is also available through our website at <http://www.cornproducts.com>. However, information on our website is not a part of this prospectus or any accompanying prospectus supplement.

The SEC allows us to incorporate by reference in this prospectus information that we file with the SEC, which means that we are disclosing important business and financial information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede information contained in documents filed earlier with the SEC or contained in this prospectus. This prospectus incorporates by reference the documents filed by us listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the termination of the offering under this prospectus; provided, however, that we are not incorporating, in each case, any documents or information deemed to have been furnished and not filed in accordance with SEC rules:

Annual Report on Form 10-K for the year ended December 31, 2009;

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Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010; and

Current Reports on Form 8-K filed with the SEC on February 1, 2010, February 2, 2010, March 23, 2010, March 31, 2010, May 25, 2010, June 21, 2010, July 26, 2010, July 27, 2010 (pursuant to Item 5.02), September 9, 2010 and September 14, 2010, and the amendment to our Current Report on Form 8-K/A filed with the SEC on June 22, 2010.

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We will provide free of charge a copy of any or all of the information that has been incorporated by reference in this prospectus if you write to or call us at the following:

**Corn Products International, Inc.  
5 Westbrook Corporate Center,  
Westchester, Illinois 60154  
Attention: Corporate Secretary  
Telephone: (708) 551-2600**

**FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference in this prospectus contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. We intend these forward looking statements to be covered by the safe harbor provisions for such statements. These statements include, among other things, any predictions regarding our prospects or future financial condition, earnings, revenues, expenses or other financial items, any statements concerning our prospects or future operations, including our management's plans or strategies and objectives therefor and any assumptions underlying the foregoing. These statements can sometimes be identified by the use of forward looking words such as may, will, should, anticipate, believe, plan, project, estimate, expect, intend, continue, pro forma, forecast or other words or the negative thereof. All statements other than statements of historical facts in this prospectus or the documents incorporated by reference in this prospectus are forward-looking statements. These statements are subject to certain inherent risks and uncertainties. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, no assurance can be given that our expectations will prove correct. Actual results and developments may differ materially from the expectations conveyed in these statements, based on various factors, including:

uncertainties associated with our acquisitions, including our pending acquisition of National Starch from Akzo Nobel N.V., which include uncertainties as to the satisfaction or waiver of conditions to closing, integration risks and costs and uncertainties associated with the operations of acquired businesses;

the effects of the global economic recession and its impact on sales volumes and pricing of our products;

our ability to collect our receivables from customers and ability to raise funds at reasonable rates;

fluctuations in worldwide markets for corn and other commodities, and the associated risks of hedging against such fluctuations;

fluctuations in the markets and prices for co-products, particularly corn oil;

fluctuations in aggregate industry supply and market demand; the behavior of financial markets, including foreign currency fluctuations and fluctuations in interest and exchange rates;

continued volatility and turmoil in the capital markets;

the commercial and consumer credit environment;

general political, economic, business, market and weather conditions in the various geographic regions and countries in which we manufacture and/or sell products;



future financial performance of major industries served by us, including, without limitation, the food and beverage, pharmaceuticals, paper, corrugated, textile and brewing industries;

energy costs and availability, freight and shipping costs,

changes in regulatory controls regarding quotas, tariffs, duties, taxes and income tax rates;

operating difficulties;

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boiler reliability;

labor disputes; genetic and biotechnology issues;

changing consumption preferences and trends;

increased competitive and/or customer pressure in the corn-refining industry; and

the outbreak or continuation of serious communicable disease or hostilities including acts of terrorism.

Forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of these and other risks, see **Risk Factors** included in our Annual Report on Form 10-K for the year ended December 31, 2009 and subsequent reports on Forms 10-Q or 8-K.

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**THE COMPANY**

Corn Products International, Inc. was incorporated as a Delaware corporation in 1997 and our common stock is traded on the New York Stock Exchange. We manufacture and sell a number of ingredients to a wide variety of food and industrial customers.

We are one of the world's largest corn refiners and a major supplier of high-quality food ingredients and industrial products derived from wet milling and processing of corn and other starch-based materials.

Our consolidated net sales were \$3.67 billion in 2009. Approximately 62 percent of our 2009 net sales were provided from our North American operations, while our South American and Asia/African operations contributed approximately 27 percent and 11 percent, respectively.

Our products are derived primarily from the processing of corn and other starch-based materials, such as tapioca. Corn refining is a capital-intensive, two-step process that involves the wet milling and processing of corn. During the front-end process, corn is steeped in a water-based solution and separated into starch and co-products such as animal feed and corn oil. The starch is then either dried for sale or further processed to make sweeteners and other ingredients that serve the particular needs of various industries.

Our sweetener products include high fructose corn syrup, or HFCS, glucose corn syrups, high maltose corn syrups, caramel color, dextrose, polyols, maltodextrins and glucose and corn syrup solids. Our starch-based products include both industrial and food-grade starches.

Corn Products supplies a broad range of customers in many diverse industries around the world, including the food and beverage, pharmaceutical, paper products, corrugated, laminated paper, textile and brewing industries, as well as the global animal feed and corn oil markets.

We believe our approach to production and service, which focuses on local management and production improvements of our worldwide operations, provides us with a unique understanding of the cultures and product requirements in each of the geographic markets in which we operate, bringing added value to our customers.

Our principal executive offices are located at 5 Westbrook Corporate Center, Westchester, Illinois 60154 and our telephone number is (708) 551-2600.

**RISK FACTORS**

An investment in our debt securities involves significant risks. Before purchasing any debt securities, you should carefully consider and evaluate all of the information included and incorporated by reference in this prospectus or the applicable prospectus supplement, including the risk factors incorporated by reference herein from our Annual Report on Form 10-K for the year ended December 31, 2009, as updated by subsequent annual, quarterly and other reports and documents we file with the SEC that are incorporated by reference herein or in the applicable prospectus supplement. Our business, financial condition, results of operations or liquidity could be adversely affected by any of these risks.

The risks and uncertainties we describe are not the only ones we face. Additional risks and uncertainties not known to us or that we deem immaterial may also impair our business or operations. Any adverse effect on our business, financial condition, results of operations or liquidity could result in a decline in the value of the debt securities and the

loss of all or part of your investment.

### **USE OF PROCEEDS**

Unless otherwise specified in a prospectus supplement accompanying this prospectus, the net proceeds from the sale of the debt securities to which this prospectus relates will be used for general corporate purposes. General corporate purposes may include repayment of debt, acquisitions, additions to working capital, capital expenditures and investments in our subsidiaries. Net proceeds may be temporarily invested prior to use.

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Our ratios of earnings to fixed charges for each of the periods indicated are set forth below. The information set forth below should be read together with the financial statements and the accompanying notes incorporated by reference into this prospectus. See [Where You Can Find More Information](#).

	<b>Six Months Ended June 30, 2010</b>	<b>2009</b>	<b>Year Ended December 31,</b>			
			<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Ratio of earnings to fixed charges(1)	9.11	3.64	8.56	6.46	5.03	4.33

- (1) The ratio of earnings to fixed charges equals earnings divided by fixed charges. Earnings is defined as income before income taxes and earnings of non-controlling interests, plus fixed charges, minus capitalized interest. Fixed charges is defined as interest expense on debt, plus amortization of discount on debt, plus interest portion of rental expense on operating leases.

**DESCRIPTION OF DEBT SECURITIES**

We will issue the debt securities under an indenture between us and The Bank of New York Mellon Trust Company, N.A. (as successor trustee to The Bank of New York), as trustee. We have summarized selected provisions of the indenture and the debt securities below. This summary is not complete and is qualified in its entirety by reference to the indenture. If you would like more information on the provisions of the indenture, you should review the indenture which is incorporated by reference as an exhibit to the registration statement of which this prospectus is a part.

You should carefully read the summary below, the applicable prospectus supplement and the provisions of the indenture before investing in our debt securities.

References in this section of the prospectus to [Corn Products](#), [the Company](#), [we](#), [us](#) and [our](#) are to [Corn Products International, Inc.](#), the issuer of the debt securities.

**General**

We may issue debt securities at any time and from time to time in one or more series without limitation on the aggregate principal amount. The indenture gives us the ability to reopen a previous issue of a series of debt securities and issue additional debt securities of the same series, but we will not reopen a series unless the additional notes are fungible with the previously issued notes for U.S. federal income tax purposes. The debt securities will be unsecured and will rank equally with all our unsecured and unsubordinated indebtedness. The terms of any series of debt securities will be set forth in (or determined in accordance with) a resolution of our Board of Directors or in a supplement to the indenture relating to that series. The terms of our debt securities will include those set forth in the indenture and those made a part of the indenture by the Trust Indenture Act of 1939, as amended.

A supplement to this prospectus will describe specific terms relating to the series of debt securities being offered. If any particular terms of the debt securities described in a prospectus supplement differ from any of the terms described in this prospectus, then the terms described in the applicable prospectus supplement will supersede the terms described in this prospectus. These terms will include some or all of the following:

the title of the series of debt securities;

the total principal amount;

the interest rate or rates, if any (which may be fixed or variable), interest payment dates, and whether we may defer interest payments;

the date or dates of maturity;

whether the debt securities can be redeemed by us;

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whether the holders will have the right to cause us to repurchase the debt securities;

whether there will be a sinking fund;

the portion of the debt securities due upon acceleration of maturity in the event of a default;

the denominations in which the debt securities will be issuable if other than denominations of \$1,000 and any integral multiple of \$1,000;

the form used to evidence ownership of the debt securities;

whether the debt securities are convertible;

the manner of payment of principal and interest;

additional offices or agencies for registration of transfer and exchange and for payment of the principal, premium (if any), and interest;

whether the debt securities will be registered or unregistered, and the circumstances upon which such debt securities may be exchanged for debt securities issued in a different form (if any);

if denominated in a currency other than United States dollars, the currency or composite currency in which the debt securities are to be denominated, or in which payments of the principal, premium (if any), and interest will be made and the circumstances when the currency of payment may be changed (if any);

if we or a holder can choose to have the payments of the principal, premium (if any), or interest made in a currency or composite currency other than that in which the debt securities are denominated or payable, how such a choice will be made and how the exchange rate between the two currencies will be determined;

if the payments of principal, premium (if any), or interest may be determined with reference to one or more securities issued by us, or another company, or any index, how those amounts will be determined;

whether defeasance provisions will apply; and

any other terms consistent with the indenture.

Each series of debt securities will be a new issue with no established trading market. There can be no assurance that there will be a liquid trading market for the debt securities.

We may purchase debt securities at any time in the open market or otherwise. Debt securities we purchase may, in our discretion, be held or resold, canceled or used by us to satisfy any sinking fund or redemption requirements.

Debt securities bearing no interest or interest at a rate which, at the time of issuance, is below the prevailing market rate may be sold at a substantial discount below their stated principal amount. Special United States federal income tax considerations applicable to any of these discounted debt securities (or to certain other debt securities issued at par which are treated as having been issued at a discount for United States federal income tax purposes) will be described in a prospectus supplement.

**Certain Restrictions**

The restrictions summarized in this section apply to all debt securities unless a prospectus supplement indicates otherwise. Certain terms used in the following description of these restrictions are defined under the caption "Certain Definitions" at the end of this section.

*Limitations on Secured Debt.* The debt securities will not be secured. If we or our Tax Consolidated Subsidiaries incur debt secured by an interest on Principal Property (including Capital Stock or indebtedness of any Subsidiary), we are required to secure the then outstanding debt securities equally and ratably with (or prior to) our secured debt.



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The indenture permits us to create the following types of liens, which we refer to as Permitted Encumbrances, without securing the debt securities:

liens existing at the time of acquisition of the affected property or purchase money liens incurred within 270 days after acquisition of the property;

liens affecting property of a corporation existing at the time it becomes a Subsidiary or at the time it is merged into or consolidated with or purchased by us or a Tax Consolidated Subsidiary;

liens existing on the date of the indenture;

certain liens in connection with legal proceedings and government contracts and certain deposits or liens made to comply with government contracts or statutes;

certain statutory liens or similar liens arising in the ordinary course of business;

liens for certain judgments and awards; and

certain extensions, renewals or replacements of any liens referred to above.

*Limitations on Sale and Lease-Back Transactions.* We and our Tax Consolidated Subsidiaries may not sell or transfer any Principal Property with the intention of entering into a lease of such facility (except for temporary leases of a term, including renewals, not exceeding five years) unless any one of the following is true:

the transaction is to finance the purchase price of property acquired or constructed;

the transaction involves the property of someone who is merging with us or one of our Tax Consolidated Subsidiaries who is selling substantially all of its assets to us or one of our Tax Consolidated Subsidiaries;

the transaction is with a governmental entity;

the transaction is an extension, renewal or replacement of one of the items listed above; or

within 120 days after the effective date of such transaction, we or our Tax Consolidated Subsidiaries repay our Funded Debt or purchase other property in an amount equal to the greater of (1) the net proceeds of the sale of the property leased in such transaction or (2) the fair value, in the opinion of our board of directors, of the leased property at the time of such transaction.

*Exempted Indebtedness.* Notwithstanding the limitations on secured debt and sale and lease-back transactions, we and our Tax Consolidated Subsidiaries may issue, assume, or guarantee indebtedness secured by a lien or other encumbrance without securing the debt securities, or may enter into sale and lease-back transactions without retiring Funded Debt, or enter into a combination of such transactions, if the sum of the principal amount of all such indebtedness and the aggregate value of all such sale and lease-back transactions does not at any such time exceed 10% of our Consolidated Net Tangible Assets.

*Merger, Consolidation and Sale of Assets.* We may not consolidate or merge with or into any other corporation, or sell, lease or transfer all or substantially all of our assets to any other entity, unless:

we survive the merger or consolidation or the surviving or successor corporation is a United States, United Kingdom, Italian, French, German, Japanese or Canadian corporation which assumes all of our obligations under the debt securities and under the indenture; and

after giving effect to the merger, consolidation, sale, lease or transfer, no event of default under the indenture or no event which, after notice or lapse of time or both, would become an event of default under the indenture shall have occurred and be continuing.

If we sell or transfer substantially all our assets and the purchaser assumes our obligations under the indenture, we will be discharged from all obligations under the indenture and the debt securities.

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### **Certain Definitions**

Set forth below is a summary of certain defined terms as used in the indenture. See Article One of the indenture for the full definition of all such terms.

*Capital Stock* means and includes any and all shares, interests, participations or other equivalents (however designated) of ownership in a corporation or other person.

*Consolidated Net Tangible Assets* means the aggregate amount of all assets (less depreciation, valuation and other reserves and items deductible therefrom under generally accepted accounting principles) after deducting (a) all goodwill, patents, trademarks and other like intangibles and (b) all current liabilities (excluding any current liabilities that are extendible or renewable at our option for a time more than twelve months from the time of the calculation) as shown on our most recent consolidated quarterly balance sheet.

*Funded Debt* means any Indebtedness maturing by its terms more than one year from its date of issuance (notwithstanding that any portion of such Indebtedness is included in current liabilities).

*Indebtedness* means with respect to any person (i) any liability of such person (a) for borrowed money, or (b) evidenced by a bond, note, debenture or similar instrument (including purchase money obligations but excluding trade payables), or (c) for the payment of money relating to a lease that is required to be classified as a capitalized lease obligation in accordance with generally accepted accounting principles; (ii) any liability of others described in the preceding clause (i) that such person has guaranteed, that is recourse to such person or that is otherwise its legal liability; and (iii) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (i) and (ii) above.

*Principal Property* means any manufacturing plant or warehouse owned or leased by us or one of our Tax Consolidated Subsidiaries located within the United States, the gross book value of which exceeds one percent of Consolidated Net Tangible Assets, other than manufacturing plants and warehouses that are financed by a governmental entity or that, in the opinion of our board of directors, is not of material importance to the business conducted by us and our Tax Consolidated Subsidiaries, taken as a whole.

*Subsidiary* means any corporation of which we control at least a majority of the outstanding stock capable of electing a majority of the directors of such corporation. In this context, control means that we or our Subsidiaries own the stock, or that we or our subsidiaries have the power to direct the voting of the stock, or any combination of these items so long as we have the ability to elect a majority of the directors.

*Tax Consolidated Subsidiary* means a Subsidiary with which we would be entitled to file a consolidated federal income tax return.

### **Events of Default**

Under the indenture, *Event of Default* means, with respect to any series of debt securities:

failure to pay interest that continues for 30 days after payment is due;

failure to make any principal or premium payment when due;

default in the deposit of any sinking fund payment in respect of the debt securities of such series;

failure to comply with any of our other agreements contained in the indenture or in the debt securities for 90 days after the trustee notifies us of such failure (or the holders of at least 25% in principal amount of the outstanding debt securities affected by such failure notify us and the trustee);

failure to pay any principal, premium or interest on any of our Indebtedness which is outstanding in a principal amount of at least \$25 million in the aggregate (excluding Indebtedness evidenced by the debt securities or otherwise arising under the indenture), and the continuation of such failure after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or

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the occurrence or existence of any other event or condition under any agreement or instrument relating to any such Indebtedness that continues after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness, or

the declaration that any such Indebtedness is due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or the requirement that an offer to prepay, redeem, purchase or defease such Indebtedness be made, in each case prior to the stated maturity thereof;

certain events of bankruptcy, insolvency or reorganization involving us; or

any other event of default described in the prospectus supplement.

In general, the trustee must give both us and you notice of a default for the debt securities you hold. The trustee may withhold notice to you (except defaults as to payment of principal, premium or interest) if it determines that the withholding of such notice is in the best interest of the holders affected by the default.

If a default is caused because we fail to comply with any of our agreements contained in the indenture or in the debt securities, either the trustee or the holders of at least 25% principal amount of the debt securities affected by the default may require us to immediately repay the principal and accrued interest on the affected series.

The trustee may refuse to exercise any of its rights or powers under the indenture unless it first receives satisfactory security or indemnity. Subject to certain limitations specified in the indenture, the holders of a majority in principal amount of the then outstanding debt securities of an affected series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee under the indenture or exercising any trust or power conferred on the trustee with respect to the debt securities of the affected series.

## **Modification of the Indenture**

With the consent of the holders of at least a majority of the principal amount of a series of the debt securities outstanding, we may change the indenture or enter into a supplemental indenture that will then be binding upon that series. However, no changes may be made in this way to any of the following terms:

maturity;

payment of principal or interest;

the currency of the debt;

the premium (if any) payable upon redemption;

the amount to be paid upon acceleration of maturity; or

reducing the percentage required for changes to the indenture.

In addition, we may modify the indenture without the consent of the holders to, among other things:

add covenants;

change or eliminate provisions of the indenture so long as such changes do not adversely affect current holders; and

cure any ambiguity or correct defective provisions.

**Discharge of the Indenture**

We will be discharged from certain of our obligations relating to the outstanding debt securities of a series if we deposit with the trustee money or certain government obligations sufficient for payment of all

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principal and interest on those debt securities, when due. However, our obligation to pay the principal of and interest on those debt securities will continue.

We may discharge obligations as described in the preceding paragraph only if, among other things, we have received an opinion of counsel stating that holders of debt securities of the relevant series will not recognize income, gain or loss for federal income tax purposes as a result of the deposit and discharge which will be any different than if the deposit and discharge had not occurred.

## **Book-Entry Securities**

The debt securities of a series will be represented by one or more global securities. Unless otherwise indicated in the prospectus supplement, the global security representing the debt securities of a series will be deposited with, or on behalf of, The Depository Trust Company, New York, New York, or DTC, or other successor depository we appoint and registered in the name of the depository or its nominee. Unless and until it is exchanged in whole or in part for individual certificates evidencing debt securities, a global security may not be transferred except as a whole by the depository to its nominee or by the nominee to the depository, or by the depository or its nominee to a successor depository or to a nominee of the successor depository. The debt securities will not be issued in definitive form unless otherwise provided in the prospectus supplement.

We anticipate that DTC will act as depository for the debt securities. The debt securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered global security will be issued with respect to each \$500 million of principal amount of debt securities of a series, and an additional certificate will be issued with respect to any remaining principal amount of debt securities of such series.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation, or DTCC. DTCC, in turn is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (which are also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to indirect participants such as securities brokers and dealers, banks and trust companies that clear transactions through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of debt securities under the DTC system must be made by or through direct participants, which will receive a credit for the debt securities on DTC's records. The ownership interest of each actual purchaser of each debt security will be recorded on the direct and indirect participants' records. These beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive a written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in the debt securities are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in debt securities, except

in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, all debt securities deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of debt securities with DTC and their



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registration in the name of Cede & Co. will not change the beneficial ownership of the debt securities. DTC has no knowledge of the actual beneficial owners of the debt securities; DTC's records reflect only the identity of the direct participants to whose accounts the debt securities are credited, which may or may not be the beneficial owners. The participants are responsible for keeping account of their holdings on behalf of their customers.

Conveyances of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the debt securities of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such series to be redeemed.

In any case where a vote may be required with respect to the debt securities of any series, neither DTC nor Cede & Co will consent or vote with respect to such debt securities unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the debt securities of the series are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal of, and premium, if any, and interest, if any, on the debt securities will be paid to Cede & Co., as nominee of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detail information from us or the trustee, on the applicable payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of that participant and not of DTC, the trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to Cede & Co. is the responsibility of us or the trustee. Disbursement of payments from Cede & Co. to direct participants is DTC's responsibility. Disbursement of payments to beneficial owners is the responsibility of direct and indirect participants.

In any case where we have made a tender offer for the purchase of any debt securities, a beneficial owner must give notice through a participant to a tender agent to elect to have its debt securities purchased or tendered. The beneficial owner must deliver debt securities by causing the direct participants to transfer the participant's interest in the debt securities, on DTC's records, to a tender agent. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase is satisfied when the ownership rights in the debt securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered debt securities to the tender agent's account.

DTC may discontinue providing its services as depository for the debt securities at any time by giving reasonable notice to us or the trustee. Under these circumstances, if a successor depository is not obtained, then debt security certificates must be delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, debt security certificates will be printed and delivered.

We obtained the information in this section concerning DTC and DTC's book-entry system from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

## **Governing Law**

The indenture and the debt securities will be governed by, and construed in accordance with, the laws of the State of New York.

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**Regarding the Trustee**

The Bank of New York Mellon Trust Company, N.A. (as successor trustee to The Bank of New York), or any successor thereto, will serve as trustee under the indenture. The Bank of New York Mellon Trust Company, N.A. is one of a number of banks with which we maintain ordinary banking relationships and from which we have obtained credit facilities and lines of credit.

**PLAN OF DISTRIBUTION**

We may sell the debt securities covered by this prospectus in any of the following ways:

- directly to one or more purchasers;
- through underwriters, dealers or agents; or
- through a combination of any of these methods of sale.

We will identify the specific plan of distribution, including any direct purchasers or any underwriters, dealers or agents and their compensation in a prospectus supplement.

**LEGAL MATTERS**

Unless otherwise specified in the prospectus supplement accompanying this prospectus, Mary Ann Hynes, the company's Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer, and Sidley Austin LLP, Chicago, Illinois, special counsel to the company, will pass upon certain legal matters for us with respect to the debt securities. Ms. Hynes participates in various employee benefit plans offered by Corn Products and owns, and has options to purchase, shares of Corn Products common stock.

**Drydocking Expenses:** For the three month periods ended March 31, 2013 and 2012, our drydocking expenses were approximately \$0.3 million and \$0.1 million, respectively. During the three month periods ended March 31, 2013 and 2012, none of our vessels underwent for drydocking and the respective expenses relate to advance payments of forthcoming drydocking surveys.

**Depreciation:** For the three month periods ended March 31, 2013 and 2012, depreciation was \$4.2 million and \$9.8 million, respectively. The decrease in depreciation expense for the three month period ended March 31, 2013, is mainly due to impairment losses recognized as of September 30, 2012, in connection with our oldest Capesize vessel, the Star Sigma and the entire fleet of our eight Supramax vessels, which resulted in a reduced net book value for the respective vessels and the sale of Star Ypsilon that concluded in March 2012.

**Loss on sale of vessel:** For the three month period ended March 31, 2012, we recorded a loss on sale of vessel of \$3.2 million related to the sale of Star Ypsilon.

**Other operational gain:** For the three month period ended March 31, 2013, other operational gain amounted to \$0.9 million, mainly consisting of \$0.5 million related to settlement of a commercial claim and of \$0.4 million regarding a hull and machinery claim. Other operational gain for the three month period ended March 31, 2012 amounted to \$0.1 million and represents a gain derived from a hull and machinery claim.

Other operational loss: For the three month period ended March 31, 2013, other operational loss amounted to \$0.2 million representing the expense incurred by us to a third party, pursuant to the terms of the agreement to sell a 45% interest in the future proceeds related to the settlement of certain commercial claims. The expense of \$0.2 million was incurred in connection to the settlement amount of \$0.5 million described in other operational gain above. No other operational loss was recorded during the three month period ended March 31, 2012.

Gain on time charter agreement termination: No gain on time charter agreement termination was recorded for the three month period ended March 31, 2013. For the three month period ended March 31, 2012, gain on time charter agreement termination amounted to \$6.5 million representing a cash payment of \$5.73 million and fuel oil valued at \$0.72 million, which were received as compensation for the early redelivery of vessel Star Sigma from its previous charterer.

General and Administrative Expenses: For the three month periods ended March 31, 2013 and 2012, general and administrative expenses were \$2.1 million and \$3.2 million, respectively. The decrease in general and administrative expenses was mainly due to lower stock based compensation expense by \$1.3 million for the three month period ended March 31, 2013, as compared to the relevant period in 2012.

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**Interest and Finance Costs:** For the three month periods ended March 31, 2013 and 2012, interest and finance costs under our term-loan facilities were \$1.9 million and \$2.2 million, respectively. The decrease in interest and finance costs is mainly attributable to lower average outstanding debt during the three month period ended March 31, 2013, amounting to \$213.4 million compared to \$257.9 for the relevant period in 2012, which though was partially off-set by an increase in weighted average interest rates during the three month period ended March 31, 2013, amounting to 3.22%, as compared to 3.04%, for the relevant period in 2012. The increase in weighted average interest rates is mainly due to the amendment of our loan agreements, reached in December of 2012.

#### Cash Flow

Net cash provided by operating activities for the three month periods ended March 31, 2013 and 2012, was \$9.0 million and \$12.2 million, respectively. Cash flows generated by the operation of our fleet decreased mainly due to lower average TCE rates as a result of the decline in the prevailing freight rate environment. For the three month period ended March 31, 2013, we earned \$14,316 TCE rate per day compared to \$16,801 TCE rate per day for the three month period ended March 31, 2012. In addition, net cash provided by operating activities, for the three month period ended March 31, 2013, decreased due to fewer voyage days amounted to 1,201 compared to 1,239 days, during the relevant period in 2012.

Net cash provided by investing activities for the three month periods ended March 31, 2013 and 2012, was \$9.1 million and \$10.5 million, respectively. For the three month period ended March 31, 2013 net cash provided by investing activities consisted of \$1.8 million representing the 20% advance received, based on the agreement signed in March 2013, to sell the vessel Star Sigma, which was delivered to its purchaser on April 11, 2013, a decrease of \$6.5 million in restricted cash and insurance proceeds amounting to \$1.2 offset by additions to vessel costs and other fixed assets amounting to \$0.4 million. For the three month period ended March 31, 2012, net cash provided by investing activities, consisted of the proceeds from sale of the vessel Star Ypsilon amounting to \$8.0 million, a net decrease of \$2.0 million in restricted cash and insurance proceeds amounting to \$0.5 million.

Net cash used in financing activities for the three month periods ended March 31, 2013 and 2012 was \$12.7 million and \$17.5 million, respectively. For the three month period ended March 31, 2013, net cash used in financing activities represents loan installment payments. For the three month period ended March 31, 2012, net cash used in financing activities consisted of loan installment payments amounting to \$16.0 million, cash dividend payments of \$1.2 million, and \$0.3 million paid for the repurchase of 21,294 shares under the terms of the Company's share re-purchase plan, which expired on December 31, 2012.

#### Liquidity and Capital Resources

Our principal source of funds has been equity provided by our shareholders, long-term borrowing and operating cash flow. Our principal use of funds has been capital expenditures to establish and grow our fleet, maintain the quality of our dry bulk carriers, comply with international shipping standards and environmental laws and regulations, fund working capital requirements, make interest and principal repayments on outstanding indebtedness and pay dividends.

Our short-term liquidity requirements include servicing our debt, payment of operating costs, funding working capital requirements and maintaining cash reserves against fluctuations in operating cash flows and financing activities and paying cash dividends when permissible. Sources of short-term liquidity include our revenues earned from our charters.

We believe that our current cash balance and our operating cash flows will be sufficient to meet our liquidity needs over the next twelve months, despite the sharp decline in the dry bulk charter market beginning in the third quarter of

2008, which has remained at depressed levels to date. Our results of operations have been, and may in the future, be adversely affected by prolonged depressed market conditions.

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Our medium and long-term liquidity requirements include funding the equity portion of investments in additional vessels and repayment of long-term debt balances. Potential sources of funding for our medium and long-term liquidity requirements may include new loans we would seek to arrange or equity issuances or vessel sales. As of March 31, 2013, we had outstanding borrowings of \$211.4 million of which \$25.5 is scheduled to be repaid in the next twelve months. The amount of \$25.5 million includes an amount of \$4.7 million, the balance of Capesize tranche of Company's loan facility with HSH Nordbank AG, which was fully repaid in April 2013, in connection with the sale of the vessel Star Sigma. Under the amended terms of this facility (described below), as agreed with the lender in December 2012, the balance of the vessel sale proceeds was used to prepay a portion of the remaining loan and the next seven scheduled quarterly installments commencing in April 2013, have been reduced prorata according to the prepayment. As of June 5, 2013, we had \$28.0 million in cash and outstanding borrowings of \$198.9 million.

We may fund possible growth through our cash balances, operating cash flow, additional long-term borrowing and the issuance of new equity. Our practice has been to acquire dry bulk carriers using a combination of funds received from equity investors and bank debt secured by mortgages on our dry bulk carriers. In the event that we determine to finance a portion of the purchase price for new vessel acquisitions with debt, and if the current conditions in the credit market continue, we may not be able to secure new borrowing capacity on favorable terms or at all. Our business is capital intensive and its future success will depend on our ability to maintain a high-quality fleet through the acquisition of newer dry bulk carriers and the selective sale of older dry bulk carriers. These transactions will be principally subject to management's expectation of future market conditions as well as our ability to acquire dry bulk carriers on favorable terms. As of June 5, 2013, we do not have any capital commitments.

As of March 31, 2013, cash and cash equivalents increased to \$18.3 million compared to \$13.0 million as of December 31, 2012 and restricted cash, due to minimum liquidity covenants and cash collateral requirements contained in our loan agreements, decreased to \$12.4 million compared to \$18.9 million as of December 31, 2012. Our working capital is equal to current assets minus current liabilities, including the current portion of long-term debt. Our working capital was \$1.3 million as of March 31, 2013, compared to a working capital deficit of \$4.5 million as of December 31, 2012.

#### Loan Facilities

For information relating to our loan agreements, please see Note 7 to our audited financial statements for the year ended December 31, 2012 included in our annual report on Form 20-F, which was filed with the Commission on March 20, 2013, and Note 8 to our unaudited interim condensed consolidated financial statements for the three month period ended March 31, 2013, included elsewhere herein.

As of March 31, 2013, we were in compliance with financial and other covenants contained in our amended debt agreements.

#### Significant Accounting Policies and Critical Accounting Policies

There have been no material changes to our significant accounting policies since December 31, 2012. For a description of our critical accounting policies and all of our significant accounting policies, see Note 2 to our audited financial statements and "Item 5 — Operating and Financial Review and Prospects," included in our Annual Report on Form 20-F for the year ended December 31, 2012, which was filed with the Commission on March 20, 2013 and Note 2 to the unaudited interim condensed consolidated financial statements for the three month period ended March 31, 2013, included elsewhere in this report.





STAR BULK CARRIERS CORP.  
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## STAR BULK CARRIERS CORP.

## Unaudited Condensed Consolidated Balance Sheets

As of December 31, 2012 and March 31, 2013

(Expressed in thousands of U.S. dollars except for share and per share data)

	December 31, 2012	March 31, 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$12,950	\$18,312
Restricted cash, current	9,326	2,996
Trade accounts receivable, net	5,969	2,543
Inventories (Note 4)	3,613	2,048
Due from managers	81	81
Due from related parties (Note 3)	147	-
Prepaid expenses and other receivables	5,877	5,100
Vessel held for sale (Note 5)	-	8,354
<b>Total Current Assets</b>	<b>37,963</b>	<b>39,434</b>
<b>FIXED ASSETS</b>		
Vessels and other fixed assets, net (Note 5)	291,207	279,086
<b>Total Fixed Assets</b>	<b>291,207</b>	<b>279,086</b>
<b>OTHER NON-CURRENT ASSETS</b>		
Deferred finance charges, net	1,636	1,490
Restricted cash, non-current	9,570	9,370
Fair value of above market acquired time charter (Note 6)	14,330	12,764
<b>TOTAL ASSETS</b>	<b>\$354,706</b>	<b>\$342,144</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long term debt (Note 8)	\$28,766	\$25,500
Due to buyers (Note 5)	-	1,809
Accounts payable	8,264	4,795
Due to related parties (Note 3)	262	2,173
Accrued liabilities	3,422	2,806
Deferred revenue	1,736	1,065
<b>Total Current Liabilities</b>	<b>42,450</b>	<b>38,148</b>
<b>NON-CURRENT LIABILITIES</b>		
Long term debt (Note 8)	195,348	185,876
Other non-current liabilities	162	170
<b>TOTAL LIABILITIES</b>	<b>237,960</b>	<b>224,194</b>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock; \$0.01 par value, authorized 25,000,000 shares; none issued or outstanding at December 31, 2012 and March 31, 2013 (Note 9)	-	-
Common Stock, \$0.01 par value, 300,000,000 shares authorized; 5,400,810 shares issued and outstanding at December 31, 2012 and March 31, 2013 (Note 9)	54	54

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Additional paid in capital	520,946	520,992
Accumulated deficit	(404,254 )	(403,096 )
Total Stockholders' Equity	116,746	117,950
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$354,706	\$342,144

The accompanying condensed notes are an integral part of these unaudited interim condensed consolidated financial statements.

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## STAR BULK CARRIERS CORP.

## Unaudited Interim Condensed Consolidated Statements of Operations

For the three month periods ended March 31, 2012 and 2013

(Expressed in thousands of U.S. dollars except for share and per share data)

	2012	2013
Revenues:		
Voyage revenues	\$27,937	\$18,230
Management fee income (Note 3)	68	209
Total Revenues	28,005	18,439
Expenses		
Voyage expenses	8,705	2,603
Vessel operating expenses	7,491	6,969
Dry docking expenses	96	272
Depreciation	9,771	4,153
Gain on derivative instruments, net (Note 15)	(64 )	-
General and administrative expenses	3,203	2,145
Gain on time charter agreement termination (Note 7)	(6,454 )	-
Other operational loss (Note 11)	-	225
Other operational gain (Note 10)	(140 )	(897 )
Loss on sale of vessel ( Note 5)	3,162	-
	25,770	15,470
Operating income/(loss)	2,235	2,969
Other Income/ (Expenses):		
Interest and finance costs (Note 8)	(2,164 )	(1,875 )
Interest and other income	23	64
Total other expenses, net	(2,141 )	(1,811 )
Net income	\$94	\$1,158
Earnings per share, basic (Note 12)	\$0.02	\$0.21
Earnings per share, diluted (Note 12)	\$0.02	\$0.21
Weighted average number of shares outstanding, basic (Note 12)	5,348,268	5,406,306
Weighted average number of shares outstanding, diluted (Note 12)	5,348,268	5,406,373

The accompanying condensed notes are an integral part of these unaudited interim condensed consolidated financial statements.

## STAR BULK CARRIERS CORP.

## Unaudited Interim Condensed Consolidated Statements of Stockholders' Equity

For the three month periods ended March 31, 2012 and 2013

(Expressed in thousands of U.S. dollars except for share and per share data)

	Common Stock		Additional Paid-in Capital	Accumulated deficit	Total Stockholders' Equity
	# of Shares	Par Value			
BALANCE, January 1, 2012	5,357,224	\$ 54	\$ 520,261	\$ (86,102 )	\$ 434,213
Net Income	-	\$ -	\$ -	\$ 94	\$ 94
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 13)	-	-	1,331	-	1,331
Dividend declared and paid (0.225)				(1,201 )	(1,201 )
Repurchase and cancellation of common shares (Note 9)	(21,294 )	(1 )	(314 )	-	(315 )
BALANCE, March 31, 2012	5,335,930	\$ 53	\$ 521,278	\$ (87,209 )	\$ 434,122
BALANCE, January 1, 2013	5,400,810	\$ 54	\$ 520,946	\$ (404,254)	\$ 116,746
Net Income	-	\$ -	\$ -	\$ 1,158	\$ 1,158
Issuance of vested and non-vested shares and amortization of stock-based compensation (Note 13)	-	-	46	-	46
BALANCE, March 31, 2013	5,400,810	\$ 54	\$ 520,992	\$ (403,096)	\$ 117,950

The accompanying condensed notes are an integral part of these unaudited interim condensed consolidated financial statements.

## STAR BULK CARRIERS CORP.

## Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the three month periods ended March 31, 2012 and 2013

(Expressed in thousands of U.S. dollars)

	2012	2013
<b>Cash Flows from Operating Activities:</b>		
Net income	\$94	\$1,158
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	9,771	4,153
Amortization of fair value of above market acquired time charters (Note 6)	1,584	1,566
Amortization of deferred finance charges	136	146
Loss on sale of vessel (Note 5)	3,162	-
Stock-based compensation (Note 13)	1,331	46
Change in fair value of derivatives (Note 15)	(82 )	-
Other non-cash charges	31	8
Gain from insurance claim	(140 )	(397 )
Changes in operating assets and liabilities:		
(Increase)/Decrease in:		
Restricted cash for forward freight and bunker derivatives	153	-
Trade accounts receivable	1,888	3,426
Inventories (Note 4)	787	1,565
Prepaid expenses and other receivables	(768 )	4
Due from related parties (Note 3)	(35 )	147
Due from managers	(11 )	-
Increase/(Decrease) in:		
Accounts payable	(3,004 )	(3,469 )
Due to related parties (Note 3)	(64 )	1,911
Accrued liabilities	(635 )	(616 )
Due to managers	(48 )	-
Deferred revenue	(1,936 )	(671 )
<b>Net cash provided by Operating Activities</b>	<b>12,214</b>	<b>8,977</b>
<b>Cash Flows from Investing Activities:</b>		
Advances for vessels under construction and acquisition of vessels and other assets	(13 )	(386 )
Cash proceeds from vessel sale (Note 5)	7,990	1,809
Insurance proceeds	550	1,170
Decrease in restricted cash	2,480	6,530
Increase in restricted cash	(477 )	-
<b>Net cash provided by Investing Activities</b>	<b>10,530</b>	<b>9,123</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from bank loans		
Loan repayment	(16,027 )	(12,738 )
Repurchase of common shares	(315 )	-
Cash dividend	(1,201 )	-
<b>Net cash used in Financing Activities</b>	<b>(17,543 )</b>	<b>(12,738 )</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,201</b>	<b>5,362</b>

Cash and cash equivalents at beginning of period	15,072	12,950
Cash and cash equivalents at end of the period	\$20,273	\$18,312
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	2,145	1,575

The accompanying condensed notes are an integral part of these unaudited interim condensed consolidated financial statements.

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## 1. Basis of Presentation and General Information:

Star Bulk Carriers ("Star Bulk" or the "Company") is a public shipping company providing worldwide seaborne transportation solutions in the dry bulk sector. Star Bulk was incorporated in the Marshall Islands on December 13, 2006 and maintains executive offices in Athens, Greece.

Star Bulk shares started trading on the NASDAQ Global Select Market on December 3, 2007 under the ticker symbols SBLK. The accompanying unaudited interim condensed consolidated financial statements include the accounts of Star Bulk and its subsidiaries, which are hereinafter collectively referred to as the "Company," and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all the information and notes required by U.S. GAAP for complete financial statements.

These unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows for the periods presented. Operating results for the three months ended March 31, 2013, are not necessarily indicative of the results that might be expected for the fiscal year ending December 31, 2013.

The unaudited interim condensed consolidated financial statements presented in this report should be read in conjunction with the Company's Annual Report on Form 20-F for the year ended December 31, 2012.

Below is the list of the Company's subsidiaries, all wholly owned, as of March 31, 2013:

Wholly Owned Subsidiaries	Vessel Name	DWT	Date Delivered to Star Bulk	Year Built
Star Bulk Management Inc.	—	—	—	—
Starbulk S.A.	—	—	—	—
Star Bulk Manning LLC	—	—	—	—
Vessels in operation at March 31, 2013				
Star Aurora LLC	Star Aurora	171,199	September 8, 2010	2000
Star Big LLC	Star Big	168,404	July 25, 2011	1996
Star Borealis LLC	Star Borealis	179,678	September 9, 2011	2011
Star Mega LLC	Star Mega	170,631	August 16, 2011	1994
Star Polaris LLC	Star Polaris	179,546	November 14, 2011	2011
Star Cosmo LLC	Star Cosmo	52,247	July 1, 2008	2005
Star Delta LLC	Star Delta (ex F Duckling)	52,434	January 2, 2008	2000
Star Epsilon LLC	Star Epsilon (ex G Duckling)	52,402	December 3, 2007	2001
Star Gamma LLC	Star Gamma (ex C Duckling)	53,098	January 4, 2008	2002
Star Kappa LLC	Star Kappa (ex E Duckling)	52,055	December 14, 2007	2001
Star Omicron LLC	Star Omicron	53,489	April 17, 2008	2005
Star Theta LLC	Star Theta (ex J Duckling)	52,425	December 6, 2007	2003
Star Zeta LLC	Star Zeta (ex I Duckling)	52,994	January 2, 2008	2003
Vessels held for sale at March 31, 2013*				
Lamda LLC	Star Sigma	184,403	April 15, 2008	1991



Vessels disposed*				
Star Ypsilon LLC	Star Ypsilon	150,940	September 18, 2008	1991

\* For vessels held for sale and disposed refer to Note 5.

## 2. Significant Accounting Policies:

A summary of the Company's significant accounting policies is identified in Note 2 on the Company's consolidated financial statements included in the Annual Report on Form 20-F for the fiscal year ended December 31, 2012 filed with the Securities and Exchange Commission (SEC) on March 20, 2013. There have been no changes to the Company's significant accounting policies in the three-month period ended March 31, 2013.

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## 3. Transactions with Related Parties:

Transactions and balances with related parties are analyzed as follows:

## Balance Sheet

	December 31, 2012	March 31, 2013
<b>Assets</b>		
OOCAPE1 Holdings LLC (f)	\$ 147	\$ -
<b>Total Assets</b>	<b>\$ 147</b>	<b>\$ -</b>
<b>Liabilities</b>		
Interchart Shipping Inc. (a)	\$ 100	\$ 168
Management and Directors Fees (b)	121	23
Combine Marine Ltd (c)	-	10
Maiden Voyage LLC (e)	41	17
OOCAPE1 Holdings LLC (f)	-	1,955
<b>Total Liabilities</b>	<b>\$ 262</b>	<b>\$ 2,173</b>

## Statements of Operations

	Three month period ended March 31,	
	2012	2013
Commission on sale of vessel-Oceanbulk (d)	\$ 91	\$ -
Voyage expenses-Interchart (a)	338	205
Executive directors consultancy fees (b)	116	117
Non-executive directors compensation (b)	37	26
Office rent - Combine Marine Ltd. (c)	10	10
Management fee income - Maiden Voyage LLC (e)	-	68
Management fee income - OOCAPE1 Holdings LLC (f)	-	68

(a) Interchart Shipping Inc. or Interchart: Interchart, a company affiliated to Oceanbulk Maritime S.A. (see (d) below), acts as a chartering broker of all the Company's vessels. As of December 31, 2012 and March 31, 2013, the Company had an outstanding liability of \$100 and \$168, respectively, to Interchart. During the three months ended March 31, 2012 and 2013 the brokerage commission on charter revenue charged by Interchart amounted to \$338 and \$205, respectively, and is included in "Voyage expenses" in the accompanying unaudited interim condensed consolidated statements of operations.

(b) Management and Directors Fees: On February 7, 2011, Mr. Spyros Capralos was appointed as the Company's President and Chief Executive Officer, to succeed Mr. Akis Tsirigakis who resigned from those positions on that date, and resigned from the Company's Board of Directors on March 31, 2012. Effective February 7, 2011, the Company entered into a consulting agreement with a company owned and controlled by the Company's Chief Executive Officer. This agreement has a term of three years unless terminated earlier in accordance with its terms. Under this agreement the Company will pay the Chief Executive Officer a base fee at an annual rate of not less than €160,000 (approx. \$205, using the exchange rate as of March 31, 2013, 1.28), additionally, the Chief Executive Officer is entitled to receive an annual discretionary bonus, as determined by the Company's Board of Directors in its sole discretion and a minimum guaranteed incentive award of 28,000 shares of stock. These shares vest in three equal installments, the first installment of 9,333 shares vested on February 7, 2012, the second installment of 9,333 shares vested on February 7, 2013 and the last installment of 9,334 shares vests on February 7, 2014.

On April 20, 2012 the Company issued the first installment of 9,333 shares and plans to issue the remaining two installments of 9,333 and 9,334 shares to the Company's Chief Executive Officer in June 2013 and February 2014. During the three month periods ended March 31, 2012 and 2013 the consultancy fees under the specific consulting agreement with the Company's Chief Executive Officer amounted to \$59 and \$59, respectively.

On May 2, 2011, the Company entered into a consulting agreement with a company owned and controlled by Mr. Simos Spyrou, the Company's Chief Financial Officer,. This agreement has a term of three years unless terminated earlier in accordance with its terms. Under this agreement the Company will pay the Chief Financial Officer a base fee at an annual rate of not less than €56,000 (approx. \$72, using the exchange rate as of March 31, 2013, 1.28). During the three month periods ended March 31, 2012 and 2013 the consultancy fees under the specific consulting agreement with the Chief Financial Officer amounted to \$18 and \$19, respectively.

Additionally, the current Chief Financial Officer is entitled to receive an annual discretionary bonus, as determined by the Company's Board of Directors in its sole discretion.

3. Transactions with Related Parties – (continued):

On May 3, 2013, the Company entered into separate renewal consulting agreements with companies owned and controlled by the Company's Chief Executive Officer and Chief Financial Officer. Under these agreements, each company controlled by the Company's Chief Executive Officer and Chief Financial Officer will receive an annual consulting fee of not less than €174,600 (approx. \$224, using the exchange rate as of March 31, 2013, 1.28) and €102,000 (approx. \$131, using the exchange rate as of March 31, 2013, 1.28), respectively. The respective agreements have a term of three years and will be renewed for a successive year unless terminated earlier in accordance with their terms.

On July 1, 2011, the Company entered into a consulting agreement with a company owned and controlled by Mr. Zenon Kleopas, the Company's Chief Operating Officer. This agreement has an indefinite term and each party may terminate the agreement giving one month's notice. Under this agreement, the Company will pay the Chief Operating Officer a base fee at an annual rate of not less than €117,519 (approx. \$150, using the exchange rate as of March 31, 2013, 1.28). During the three month periods ended March 31, 2012 and 2013 the consultancy fees under the specific consulting agreement with the Chief Operating Officer amounted to \$39, and \$39, respectively.

The related expenses for the Company's executive officers for the three month periods ended March 31, 2012 and 2013 were \$116 and \$117, respectively, and are included under "General and administrative expenses" in the accompanying unaudited interim condensed consolidated statements of operations.

As of December 31, 2012 and March 31, 2013, Star Bulk had an outstanding payable balance of \$121 and \$23, respectively, with its Management and Directors, representing unpaid fees for their participation in the Board of Directors of the Company and the other special committees of the Board of Directors. The related expenses for the three month periods ended March 31, 2012 and 2013 were \$37 and \$26, respectively and are included under "General and administrative expenses" in the accompanying unaudited interim condensed consolidated statements of operations.

(c) Combine Marine Ltd., or Combine Ltd.: On January 1, 2012, Starbulk S.A. entered into a one year lease agreement for office space with Combine Ltd., a company controlled by one of the Company's directors, Mrs. Milena – Maria Pappas and by Mr. Alexandros Pappas, children of the Company's Chairman, Mr. Petros Pappas. The lease agreement provides for a monthly rental of €2,500 (approximately \$3.2, using the exchange rate as of March 31, 2013, 1.28). On January 1, 2013, the agreement was silently renewed and unless terminated by either party, it will expire in eleven years. The related expense for the rent for the three month periods ended March 31, 2012 and 2013 was \$10 and \$10, respectively and is included under "General and administrative expenses" in the accompanying unaudited interim condensed consolidated statements of operations. As of December 31, 2012, and March 31, 2013, the Company had an outstanding liability of \$0 and \$10, respectively, with Combine Marine Ltd.

(d) Oceanbulk Maritime, S.A., or Oceanbulk: Oceanbulk Maritime S.A. is a ship management company and is controlled by one of the Company's directors Mrs. Milena-Maria Pappas. The Company paid to Oceanbulk a brokerage commission amounting to \$91 regarding the sale of vessel Star Ypsilon during the three months ended March 31, 2012 (Note 5). As of December 31, 2012 and March 31, 2013, the Company had no outstanding liability with Oceanbulk.

(e) Maiden Voyage LLC: Maiden Voyage LLC is owned and controlled by Oceanbulk Shipping LLC, a company minority owned by one of the Company's directors, Mrs. Milena – Maria Pappas. On September 27, 2012, Star Bulk S.A. entered into an agreement with Maiden Voyage LLC, a Marshall Islands company, for the commercial and technical management of the vessel Maiden Voyage, a 2012 built Supramax dry bulk carrier. Pursuant to the terms of this management agreement, Star Bulk S.A. receives a fixed management fee of \$0.75 per day beginning

on September 28, 2012, and until the agreement's termination by either party giving to the other notice in writing. In this event the agreement shall terminate upon the expiration of a period of two months from the date of notice was given. This vessel is managed under the same strategy as the other vessels in the Company's fleet. The related income for the three months ended March 31, 2013, was \$68 and is included under "Management fee income" in the accompanying unaudited interim condensed consolidated statement of operations. As of December 31, 2012 and March 31, 2013, the Company had an outstanding payable balance of \$41 and \$17, respectively, with Maiden Voyage LLC.

- (f) OOCAPE1 Holdings LLC: OOCAPE1 Holdings LLC is owned and controlled by Oceanbulk Shipping LLC, a company minority owned by one of the Company's directors Mrs. Milena – Maria Pappas. On October 18, 2012, Star Bulk S.A. entered into an agreement with OOCAPE1 Holdings LLC, a Marshall Islands company, for the commercial and technical management of the vessel Obelix, a 2011 built Capesize dry bulk carrier. Pursuant to the terms of this management agreement, Star Bulk S.A receives a fixed management fee of \$0.75 per day beginning on October 19, 2012, and until the agreement's termination by either party giving to the other notice in writing. In this event the agreement shall terminate upon the expiration of a period of two months from the date of notice was given. This vessel is managed under the same strategy as the other vessels in the Company's fleet. The related income for the three months ended March 31, 2013, was \$68 and is included under "Management fee income" in the accompanying unaudited interim condensed consolidated statement of operations. As of December 31, 2012, and as of March 31, 2013, the Company had an outstanding receivable of \$147 and an outstanding liability of \$1,955, respectively, with OOCAPE1 Holdings LLC.

## 4. Inventories:

The amounts shown in the accompanying unaudited condensed consolidated balance sheets are analyzed as follows:

	December 31, 2012	March 31, 2013
Lubricants	\$ 1,985	\$ 1,816
Bunkers	1,628	232
Total	\$ 3,613	\$ 2,048

## 5. Vessels and Other Fixed Assets, Net:

The amounts in the accompanying unaudited condensed consolidated balance sheets are analyzed as follows:

	December 31, 2012	March 31, 2013
Cost		
Vessels	\$ 772,981	\$ 421,992
Other fixed assets	679	681
Impairment charge	(303,219 )	-
Total cost	470,441	422,673
Accumulated depreciation	(179,234 )	(143,587 )
Vessels and other fixed assets, net	\$ 291,207	\$ 279,086

## Vessel acquired / disposed during the three month period ended March 31, 2012

On February 22, 2012, the Company entered into an agreement with a third party in order to sell the vessel Star Ypsilon together with a quantity of 667 metric tons of fuel oil, for a contracted price of \$9,126 less address commission of 3% and brokerage commission of 2%. The vessel was delivered to her purchasers on March 9, 2012. The net carrying amount of Star Ypsilon as of the date of its delivery was \$11,152 and the resulting loss of \$3,162 is included under "Loss on sale of vessel" in the accompanying unaudited interim condensed consolidated statement of operations for the three month period ended March 31, 2012.

No vessel acquisitions took place in the three month period ended March 31, 2012.

## Vessels acquired / disposed during the three month period ended March 31, 2013

On March 14, 2013, the Company entered into an agreement with a third party to sell the Star Sigma for a contracted price of \$9,044 less address commission of 3% and brokerage commission of 2%. The Company classified the vessel as "held for sale" in the accompanying unaudited condensed consolidated balance sheet as of March 31, 2013, since all criteria required for the classification of the vessel as "held for sale" were met. As of March 31, 2013, the Company had received an advance payment from the buyers amounting to \$1,809, which is included under "Due to buyers" in the accompanying unaudited condensed consolidated balance sheet as of March 31, 2013. Vessel held for sale is reported at its carrying value, since the vessel's sale price as per the Memorandum of Agreement less expected costs to sell, to approximate its carrying value at the date of the agreement. The vessel was delivered to its purchasers on April 11, 2013.

No vessel acquisitions took place in the three month period ended March 31, 2013.

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## 6. Fair value of Above Market Acquired Time Charters:

The amortization of fair value of above-market acquired time charters related to the vessels Star Big and Star Mega, which acquired in 2011, amounted to \$1,584 and \$1,566 for the three month periods ended March 31, 2012 and 2013, respectively, and are included under "Voyage revenues" in the accompanying unaudited interim condensed consolidated statements of operations.

The estimated aggregate amortization expense of the above market acquired time charters until the end of their useful lives is analyzed as follows:

Years	Amount
March 31, 2014	\$ 6,352
March 31, 2015	4,307
March 31, 2016	2,105
Total	\$ 12,764

## 7. Gain on time charter agreement termination

For the three month period ended March 31, 2012

The vessel Star Sigma, was time chartered to Pacific Bulk Shipping Ltd. at a gross daily charter rate of \$38.0 per day for the period from March 1, 2009 until October 29, 2013, and was redelivered earlier to the Company on December 31, 2011. On January 4, 2012, the Company signed an agreement with the charterer in order to receive an amount of \$5,734 in cash, as compensation for the early redelivery of the respective vessel. The total amount was received in January 2012. In addition to the cash payment, Pacific Bulk supplied the Company with 1,027 metric tons of fuel, valued at \$720. Total amount of \$6,454 is included under "Gain on time charter agreement termination" in the accompanying unaudited interim condensed consolidated statement of operations for the period ended March 31, 2012.

No gain on time charter agreement termination was recorded in the three month period ended March 31, 2013.

## 8. Long-term Debt:

The principal payments required to be made after March 31, 2013, for all outstanding debt are as follows:

Years	Amount
March 31, 2014	\$ 25,500
March 31, 2015	21,463
March 31, 2016	27,441
March 31, 2017	90,870
March 31, 2018	3,940
March 31, 2019 and thereafter	42,162
Total	\$ 211,376



The March 31, 2014 figure includes an amount of \$4,651 regarding the balance of Capesize tranche of Company's loan facility with HSH Nordbank AG, which was fully repaid in April 2013, in connection with the sale of the vessel Star Sigma. Under the amended terms of this facility, as agreed with the lender in December 2012, the balance of the vessel sale proceeds was used to prepay a portion of the remaining loan and the next seven scheduled quarterly installments commencing on April 2013, were reduced pro rata according to the prepayment.

Interest expense for the three month periods ended March 31, 2012 and 2013, amounting to \$1,985, and \$1,718, respectively, amortization of deferred finance fees amounting to \$136 and \$146, respectively, and other finance fees amounting to \$43, and \$11, respectively, and are included under "Interest and finance costs" in the accompanying unaudited interim condensed consolidated statements of operations.

As of March 31, 2013, the Company was in compliance with the amended financial and other covenants contained in Company's loan agreements.

All vessels are first-priority mortgaged as collateral to the Company's loan facilities.

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9. Preferred, Common Stock and Additional Paid in Capital:

Preferred Stock: Star Bulk is authorized to issue up to 25,000,000 shares of preferred stock, \$0.01 par value with such designations, as voting, and other rights and preferences, as determined by the Board of Directors. As of March 31, 2013 the Company has not issued any preferred stock.

Common Stock: Until 2009, Star Bulk was authorized to issue 100,000,000 registered common shares, par value \$0.01. On November 23, 2009 at the Company's annual meeting of shareholders, the Company's shareholders voted to approve an amendment to the Amended and Restated Articles of Incorporation increasing the number of common shares that the Company was authorized to issue from 100,000,000 registered common shares, par value \$0.01 per share, to 300,000,000 registered common shares, par value \$0.01 per share.

Each outstanding share of the Company's common stock entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of shares of common stock are entitled to receive ratably all dividends, if any, declared by the Company's Board of Directors out of funds legally available for dividends. Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of the Company's securities. All outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any shares of preferred stock which the Company may issue in the future.

15-for-1 reverse stock split: Effective as of the opening of trading on October 15, 2012, the Company effected a one-for-fifteen reverse stock split of its common shares. The reverse stock split was approved by shareholders at the Company's 2012 Annual General Meeting of Shareholders held on September 7, 2012. The reverse stock split reduced the number of the Company's common shares from 81,012,403 to 5,400,810 and affected all issued and outstanding common shares. No fractional shares were issued in connection to the reverse split. Shareholders who would otherwise hold a fractional share of the Company's common stock received a cash payment in lieu of such fractional share.

Share re-purchase Plan: On February 23, 2010, the Company's Board of Directors adopted a stock repurchase plan for up to \$30,000 to be used for repurchasing the Company's common shares until December 31, 2011. All repurchased shares will be cancelled and removed from the Company's share capital.

On August 10, 2011, the Company's Board of Directors decided to reinstate the share repurchase plan with the limitation of acquiring up to a maximum amount of \$3,000 worth of Company's shares, at a maximum price of \$1.30 per share. On November 9, 2011, the Company's Board of Directors extended the duration of the share repurchase plan until December 31, 2012.

During the three month period ended March 31, 2012, the Company repurchased and cancelled 21,294 treasury shares, which were repurchased in the open market for an aggregate purchase price of \$0.3 million.

No shares were repurchased during the three month period ended March 31, 2013.

10. Other Operational Gain:

Other operational gain for the three month period ended March 31, 2012 totaled \$140 and represented gain from hull & machinery claim. For the three month period ended March 31, 2013, other operational gain totaling \$897 represented non-recurring revenue of \$500 from the settlement of a commercial claim and a gain from hull & machinery claim of \$397.



## 11. Other Operational Loss:

On September 29, 2010, the Company agreed with a third party to sell a 45% interest in the future proceeds related to the recovery of certain of the commercial claims against a consideration of \$5,000. During the three month period ended March 31, 2013, an expense amounted to \$225 incurred by the Company towards the third party based on the agreement mentioned above. This amount is presented in "Other operational loss" in the accompanying unaudited interim condensed consolidated statement of operations for the period ended March 31, 2013. For the three month period ended March 31, 2012, no other operational loss was recorded.

## 12. Earnings per Share:

The Company calculates basic and diluted earnings per share as follows:

	Three month period ended March 31,	
	2012	2013
Income:		
Net income	\$94	\$1,158
Basic earnings/ per share:		
Weighted average common shares outstanding, basic	5,348,268	5,406,306
Basic earnings/ per share	\$0.02	\$0.21
Effect of dilutive securities:		
Dilutive effect of non-vested shares	-	67
Weighted average common shares outstanding, diluted	5,348,268	5,406,373
Diluted earnings/ per share	\$0.02	\$0.21

The weighted average diluted common shares outstanding for the three month period ended March 31, 2013 includes the effect of 67 shares being the number of incremental shares assumed issued under the treasury stock method.

13. Equity Incentive Plan:

On February 8, 2007, the Company's Board of Directors adopted a resolution approving the terms and provisions of the Company's Equity Incentive Plan (the 2007 Plan). The Plan is designed to provide certain key persons, whose initiative and efforts are deemed to be important to the successful conduct of the business of the Company with incentives to enter into and remain in the service of the Company, acquire a proprietary interest in the success of the Company, maximize their performance and enhance the long-term performance of the Company.

Under the 2007 Plan, officers, key employees, directors and consultants of Star Bulk and its subsidiaries will be eligible to receive options to acquire shares of common stock, stock appreciation rights, restricted stock and other stock-based or stock-denominated awards. Star Bulk has reserved a total of 133,333 shares of common stock for issuance under the plan, subject to adjustment for changes in capitalization as provided in the 2007 Plan. As of March 31, 2013, all of these shares have been vested.

On February 23, 2010, the Company's Board of Directors approved the Company's Equity Incentive Plan (the 2010 Plan). The Company has reserved a total of 133,333 shares of common stock for issuance under the 2010 Plan, subject to adjustment for changes in capitalization as provided in the 2010 Plan. All provisions of the 2010 Plan are similar with the 2007 Plan provisions. As of March 31, 2013, all of these shares have been vested.

On August 31, 2011, the Board of Directors adopted the 2011 Equity Incentive Plan (the 2011 Plan). The Company reserved a total of 133,333 shares of common stock for issuance under the 2011 Equity Incentive Plan, subject to adjustment for changes in capitalization as provided in such plan. All provisions of the 2011 Plan are similar with the 2007 and 2010 Plans provisions. As of March 31, 2013, 101,240 of these shares have been vested.

On March 21, 2013, the Board of Directors adopted the 2013 Equity Incentive Plan (the 2013 Plan) and reserved for issuance 240,000 common shares thereunder. The terms and conditions of the 2013 Equity Incentive Plan are substantially similar to the terms and conditions of Company's previous Equity Incentive Plans. In June 2013, the Company plans to issue an aggregate of 270,000 shares to the Company's directors, executive officers (including the Company's former director Mr. Peter Espig) and employees under the Company's 2011 and 2013 Equity Incentive Plans. All of the newly issued shares will vest on March 21, 2014, other than 12,000 common shares awarded to Mr. Espig, which vest immediately.

On January 17, 2012, 90,667 restricted common shares were granted to certain directors, officers, employees of the Company and its subsidiaries. The fair value of each share was \$13.50 and has been determined by reference to the closing price of the Company's common stock on the grant date. The respective shares were issued on April 20, 2012 and vested on March 30, 2012.

All non-vested shares are conditional upon the grantee's continued service as an employee of the Company, or as a director until the applicable vesting date. The grantee does not have the right to vote such non-vested shares until they vest or exercise any right as a shareholder of these shares, however, the issued and non-vested shares pay dividends as declared.

The Company estimates that there will be no forfeitures of non-vested shares. The shares which are issued in accordance with the terms of the Company's Equity Incentive Plans remain restricted until they vest. For the three month periods ended March 31, 2012 and 2013, stock based compensation cost was \$1,331 and \$46 respectively, and is included under "General and administrative expenses" in the accompanying unaudited interim condensed consolidated statements of operations.

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A summary of the status of the Company's non-vested shares as of March 31, 2013 and the movement during the year ended December 31, 2012 and the three month period ended March 31, 2013, is presented below.

	Number of shares	Weighted Average Grant Date Fair Value
Unvested as at January 1, 2012	28,000	\$ 36.75
Granted	90,667	13.50
Vested	(100,000)	15.67
Unvested as at December 31, 2012	18,667	\$ 36.75
Unvested as at January 1, 2013	18,667	\$ 36.75
Granted	-	-
Vested	(9,333)	36.75
Unvested as at March 31, 2013	9,334	\$ 36.75

As of March 31, 2013, there was \$98 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Equity Incentive Plans. The cost is expected to be recognized over a weighted-average period of 0.86 years.

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## 14. Commitments and Contingencies:

## a) Future minimum contractual charter revenue

Future minimum contractual charter revenue, based on vessels committed to non-cancelable, time charter contracts net of address commission which amounted to \$1,849, as of March 31, 2013 will be:

Years ending March 31,

	Amount*
2014	\$ 39,618
2015	20,233
2016	14,809
2017	8,737
2018	9,034
2019 and thereafter	29,403
<b>Total</b>	<b>\$ 121,834</b>

\* These amounts do not include any assumed off-hire except for the scheduled interim and special surveys of the vessels.

b) Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any such claims or contingent liabilities, for which it has not accrued for, requiring disclosure in the accompanying unaudited interim condensed consolidated financial statements.

The Company's vessels are covered for pollution in the amount of \$1 billion per vessel per incident, by the P&I Association in which the Company's vessels are entered. The Company's vessels are subject to calls payable to their P&I Association and may be subject to supplemental calls which are based on estimates of premium income and anticipated and paid claims. Such estimates are adjusted each year by the board of directors of the P&I Association until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. Supplemental calls, if any, are expensed when they are announced and according to the period they relate to. The Company is not aware of any supplemental calls in respect of any policy years other than those that have already been recorded in its condensed consolidated financial statements.

## 15. Fair value measurements:

Fair value on a recurring basis

The Company trades in the freight derivatives (FFAs and freight options) and bunker derivatives markets with an objective to utilize those instruments as economic hedge instruments that can be highly effective in reducing the risk on specific vessels trading in the spot market and to take advantage of short term fluctuations in the market prices. Freight derivatives and bunker derivatives trading do not qualify for cash flow hedges for accounting purposes, therefore resulting gains or losses are recognized in the accompanying unaudited interim condensed consolidated statements of operations. For the three month periods ended March 31, 2012 and 2013, gain on freight derivatives

contracts was \$64 and \$0, respectively. For the three month periods ended March 31, 2012 and 2013 nil gain or loss was recognized on bunker derivatives since during the respective periods the Company did not enter into any bunker derivatives contracts.

As of December 31, 2012 and March 31, 2013, no fair value measurement for assets or liabilities were recognized in the Company's unaudited interim condensed consolidated financial statements, since the Company had no open positions on freight and bunker derivatives.

The carrying values of temporary cash investments, restricted cash, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. The fair value of long-term bank loans and non-current restricted cash balances, bearing interest at variable interest rates, approximate their recorded values as of March 31, 2013.

16. Subsequent Events:

On May 2, 2013 the Company announced that its Board of Directors has approved a fully backstopped equity rights offering of \$75.0 million that will allow the Company to raise equity through the sale of up to 14,018,692 common shares. In case the rights offering will be fully subscribed by the Company's existing shareholder, this will result in the issuance of additional 9,117,649 shares, based on the terms of the agreement that the Company has entered into with the backstop investors.



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.

STAR BULK CARRIERS CORP.  
(Registrant)

Date: June 6, 2013

By: /s/ SIMOS SPYROU  
Name: Simos Spyrou  
Title: Chief Financial Officer

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