MICRON TECHNOLOGY INC
Form 10-Q
January 12, 2010

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

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 3, 2009

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-10658

Micron Technology, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	75-1618004 (IRS Employer Identification No.)
8000 S. Federal Way, Boise, Idaho (Address of principal executive offices)	83716-9632 (Zip Code)
Registrant's telephone number, including area code	(208) 368-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer x	Accelerated Filer o
Non-Accelerated Filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of outstanding shares of the registrant's common stock as of January 6, 2010 was 850,661,583.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions except per share amounts)
(Unaudited)

Quarter ended	December 3, 2009	December 4, 2008
Net sales	$1,740	$1,402
Cost of goods sold	1,297	1,851
Gross margin	443	(449)
Selling, general and administrative	97	102
Research and development	137	178
Restructure	(1)	(66)
Other operating (income) expense, net	9	9
Operating income (loss)	201	(672)
Interest income	2	10
Interest expense	(47)	(41)
Other non-operating income (expense), net	56	(10)
	212	(713)
Income tax (provision) benefit	7	(13)
Equity in net losses of equity method investees, net of tax	(17)	(5)
Net income (loss)	202	(731)
Net loss attributable to noncontrolling interests	2	13
Net income (loss) attributable to Micron	$204	$(718)
Earnings (loss) per share:		
Basic	$0.24	$(0.93)
Diluted	0.23	(0.93)
Number of shares used in per share calculations:		
Basic	846.3	773.3
Diluted	1,000.7	773.3

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS
(in millions except par value amounts)
(Unaudited)

As of	December 3, 2009	September 3, 2009
Assets		
Cash and equivalents	$1,565	$1,485
Receivables	1,091	798
Inventories	1,037	987
Other current assets	76	74
Total current assets	3,769	3,344
Intangible assets, net	334	344
Property, plant and equipment, net	6,876	7,089
Equity method investments	366	315
Other assets	381	367
Total assets	$11,726	$11,459
Liabilities and equity		
Accounts payable and accrued expenses	$1,059	$1,037
Deferred income	212	209
Equipment purchase contracts	353	222
Current portion of long-term debt	618	424
Total current liabilities	2,242	1,892
Long-term debt	2,143	2,379
Other liabilities	250	249
Total liabilities	4,635	4,520
Commitments and contingencies		
Micron shareholders' equity:		
Common stock, $0.10 par value, authorized 3,000 shares, issued and outstanding 849.8 million and 848.7 million shares, respectively	85	85
Additional capital	7,287	7,257
Accumulated deficit	(2,181)	(2,385)
Accumulated other comprehensive income (loss)	4	(4)
Total Micron shareholders' equity	5,195	4,953
Noncontrolling interests in subsidiaries	1,896	1,986
Total equity	7,091	6,939
Total liabilities and equity	$11,726	$11,459

See accompanying notes to consolidated financial statements.

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MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

Quarter ended	December 3, 2009	December 4, 2008
Cash flows from operating activities		
Net income (loss)	$202	$(731)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	491	605
Share-based compensation	31	9
Equity in net losses of equity method investees, net of tax	17	5
Provision to write down inventories to estimated market values	9	369
Gain from Inotera stock issuance	(56)	--
Noncash restructure charges (credits)	(6)	(83)
Change in operating assets and liabilities:		
(Increase) decrease in receivables	(324)	138
Decrease in customer prepayments	(60)	(29)
(Increase) decrease in inventories	(59)	39
Increase (decrease) in accounts payable and accrued expenses	66	(67)
Increase in deferred income	--	78
Other	15	26
Net cash provided by operating activities	326	359
Cash flows from investing activities		
Expenditures for property, plant and equipment	(62)	(270)
(Increase) in restricted cash	(30)	--
Acquisition of equity method investment	--	(409)
Proceeds from maturities of available-for-sale securities	--	123
Proceeds from sales of property, plant and equipment	31	6
Other	36	61
Net cash used for investing activities	(25)	(489)
Cash flows from financing activities		
Repayments of debt	(280)	(163)
Distributions to noncontrolling interests	(88)	(150)
Payments on equipment purchase contracts	(49)	(64)
Proceeds from debt	200	285
Other	(4)	4
Net cash used for financing activities	(221)	(88)
Net increase (decrease) in cash and equivalents	80	(218)
Cash and equivalents at beginning of period	1,485	1,243
Cash and equivalents at end of period	$1,565	$1,025
Supplemental disclosures		
Income taxes paid, net	$(2)	$(8)

Interest paid, net of amounts capitalized	(36)	(29)
Noncash investing and financing activities:		
Equipment acquisitions on contracts payable and capital leases	176	153

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(tabular amounts in millions except per share amounts)
(Unaudited)

Business and Significant Accounting Policies

Basis of presentation: Micron Technology, Inc. and its consolidated subsidiaries (hereinafter referred to collectively as the "Company") is a global manufacturer and marketer of semiconductor devices, principally DRAM and NAND Flash memory. In addition, the Company manufactures semiconductor components for CMOS image sensors and other semiconductor products. The primary products of the Company's reportable segment, Memory, are DRAM and NAND Flash memory. The accompanying consolidated financial statements include the accounts of the Company and its consolidated subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America consistent in all material respects with those applied in the Company's Annual Report on Form 10-K for the year ended September 3, 2009, except for changes resulting from the adoption of new accounting standards for convertible debt and noncontrolling interests. Prior year amounts and balances have been retrospectively adjusted to reflect the adoption of these new accounting standards. (See "Retrospective Adoption of New Accounting Standards" note.)

In preparation of the accompanying consolidated financial statements, the Company evaluated events and transactions occurring after December 3, 2009 through January 12, 2010. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the consolidated financial position of the Company and its consolidated results of operations and cash flows.

The Company's fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. The Company's fiscal 2010 contains 52 weeks and the first quarter of fiscal 2010, which ended on December 3, 2009, contained 13 weeks. The Company's fiscal 2009, which ended on September 3, 2009, contained 53 weeks and the first quarter of fiscal 2009 contained 14 weeks. All period references are to the Company's fiscal periods unless otherwise indicated. These interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended September 3, 2009.

Recently adopted accounting standards: In May 2008, the FASB issued a new accounting standard for convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement. This standard requires that issuers of convertible debt instruments that may be settled in cash upon conversion separately account for the liability and equity components of such instruments in a manner such that interest cost will be recognized at the entity's nonconvertible debt borrowing rate in subsequent periods. The Company adopted this standard as of the beginning of 2010 and retrospectively accounted for its $1.3 billion of 1.875% convertible senior notes under the provisions of this guidance from the May 2007 issuance date of the notes. As a result, prior financial statement amounts were recast. (See "Retrospective Adoption of Accounting Standards" note.)

In December 2007, the FASB issued a new accounting standard on noncontrolling interests in consolidated financial statements. This standard requires that (1) noncontrolling interests be reported as a separate component of equity, (2) net income attributable to the parent and to the noncontrolling interest be separately identified in the statement of operations, (3) changes in a parent's ownership interest while the parent retains its controlling interest be accounted for as equity transactions and (4) any retained noncontrolling equity investment upon the deconsolidation of a subsidiary be initially measured at fair value. The Company adopted this standard as of the beginning of 2010. As a result of the retrospective adoption of the presentation and disclosure requirements, prior financial statement amounts were recast. (See "Retrospective Adoption of Accounting Standards" note.)

In December 2007, the FASB issued a new accounting standard on business combinations, which establishes the principles and requirements for how an acquirer (1) recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, and any noncontrolling interests in the acquiree, (2) recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase and (3) determines what information to disclose. The Company adopted this standard effective as of the beginning of 2010. The adoption did not have a significant impact on the Company's financial statements.

In September 2006, the FASB issued a new accounting standard on fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The Company adopted this standard effective as of the beginning of 2009 for financial assets and financial liabilities. The Company adopted this standard effective as of the beginning of 2010 for all other assets and liabilities. The adoptions did not have a significant impact on the Company's financial statements.

Recently issued accounting standards: In June 2009, the FASB issued a new accounting standard on variable interest entities which (1) replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity with an approach that is primarily qualitative, (2) requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity and (3) requires additional disclosures about an enterprise's involvement in variable interest entities. The Company is required to adopt this standard as of the beginning of 2011. The Company is evaluating the impact the adoption of this standard will have on its financial statements.

Supplemental Balance Sheet Information

Receivables	December 3, 2009	September 3, 2009
Trade receivables (net of allowance for doubtful accounts of $5 million and $5 million, respectively)	$884	$591
Related party receivables	53	70
Income and other taxes	62	49
Other	92	88
	$1,091	$798

Related party receivables included $52 million and $69 million due from Aptina Imaging Corporation under a wafer supply agreement as of December 3, 2009 and September 3, 2009, respectively, and $1 million and $1 million, respectively, due from Inotera Memories, Inc. for reimbursement of expenses incurred under a technology transfer agreement.

As of December 3, 2009 and September 3, 2009, other receivables included $51 million and $29 million, respectively, due from Intel Corporation for amounts related to NAND Flash product design and process development activities.

Inventories	December 3, 2009	September 3, 2009
Finished goods	$298	$233
Work in process	629	649
Raw materials and supplies	110	105
	$1,037	$987

The Company's results of operations for the first quarter of 2009 included a charge of $369 million to write down the carrying value of work in process and finished goods inventories of memory products (both DRAM and NAND Flash) to their estimated market values.

Intangible Assets

	December 3, 2009		September 3, 2009	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Product and process technology	$ 436	$ (183)	$ 439	$ (181)
Customer relationships	127	(54)	127	(50)
Other	28	(20)	28	(19)
	$ 591	$ (257)	$ 594	$ (250)

During the first quarter of 2010 and 2009, the Company capitalized $7 million and $12 million, respectively, for product and process technology with weighted-average useful lives of 10 years.

Amortization expense for intangible assets was $17 million and $22 million for the first quarter of 2010 and 2009, respectively. Annual amortization expense for intangible assets is estimated to be $67 million for 2010, $63 million for 2011, $55 million for 2012, $50 million for 2013 and $42 million for 2014.

Property, Plant and Equipment	December 3, 2009	September 3, 2009
Land	$96	$96
Buildings	4,471	4,463
Equipment	12,189	11,843
Construction in progress	49	47
Software	272	269
	17,077	16,718
Accumulated depreciation	(10,201)	(9,629)
	$6,876	$7,089

Depreciation expense was $454 million and $569 million for the first quarter of 2010 and 2009, respectively.

The Company, through its IM Flash joint venture, has an unequipped wafer manufacturing facility in Singapore that has been idle since it was completed in the first quarter of 2009. The Company has been recording depreciation expense for the facility since it was completed and its net book value was $617 million as of December 3, 2009. Utilization of the facility is dependent upon market conditions, including, but not limited to, worldwide market supply of and demand for semiconductor products, availability of financing, agreement between the Company and its joint venture partner and the Company's operations, cash flows and alternative capacity utilization opportunities.

As of December 3, 2009 and September 3, 2009, the Company had buildings and equipment of $68 million and $81 million, respectively, classified as held for sale assets and included in other noncurrent assets.

Equity Method Investments

The Company has partnered with Nanya Technology Corporation ("Nanya") in two Taiwan DRAM memory companies, Inotera Memories, Inc. ("Inotera") and MeiYa Technology Corporation ("MeiYa"), which are accounted for as equity method investments. The Company also has an equity method investment in Aptina Imaging Corporation ("Aptina"), a CMOS imaging company.

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DRAM joint ventures with Nanya: The Company has a partnering arrangement with Nanya pursuant to which the Company and Nanya jointly develop process technology and designs to manufacture stack DRAM products. In addition, the Company has deployed and licensed certain intellectual property related to the manufacture of stack DRAM products to Nanya and licensed certain intellectual property from Nanya. As a result, the Company is to receive an aggregate of $207 million from Nanya through 2010. During the first quarters of 2010 and 2009, the Company recognized $26 million and $28 million, respectively, of license revenue in net sales from this agreement and had recognized $168 million of cumulative license revenue from May 2008 through December 3, 2009. In addition, the Company may receive royalties in future periods from Nanya for sales of stack DRAM products manufactured by or for Nanya.

The Company has concluded that both Inotera and MeiYa are variable interest entities because of the Inotera and MeiYa supply agreements with the Company and Nanya. Nanya and the Company are considered related parties under the accounting standards for consolidating variable interest entities. The Company reviewed several factors to determine whether it is the primary beneficiary of Inotera and MeiYa, including the size and nature of the entities' operations relative to Nanya and the Company, nature of the day-to-day operations and certain other factors. Based on those factors, the Company determined that Nanya is more closely associated with, and therefore the primary beneficiary of, Inotera and MeiYa. The Company accounts for its interests using the equity method of accounting and does not consolidate these entities. The Company recognizes its share of earnings or losses from these entities on a two-month lag.

Inotera: In the first quarter of 2009, the Company acquired a 35.5% ownership interest in Inotera, a publicly-traded entity in Taiwan, from Qimonda AG. On August 3, 2009, Inotera sold common shares in a public offering at a price equal to 16.02 New Taiwan dollars per common share (approximately $0.49 U.S. dollars on August 3, 2009). As a result of the share issuance, the Company's interest in Inotera decreased from 35.5% to 29.8% and the Company recognized a gain of $56 million in the first quarter of 2010. As of December 3, 2009, the ownership of Inotera was held 29.9% by Nanya, 29.8% by the Company and the balance was publicly held. On December 15, 2009, Inotera's Board of Directors approved the issuance of 640 million common shares. The issuance price was set on January 6, 2010 at 22.50 New Taiwan dollars per share ($0.70 U.S. dollars at January 6, 2010). The Company expects to purchase its allotted portion of the offering, estimated to be approximately 150 million shares. The actual number of shares purchased by the Company will vary depending on the number of shares purchased by Inotera's employees and other shareholders.

The proportionate share of Inotera's shareholders' equity that the Company acquired in the first quarter of 2009 was higher than the Company's initial carrying value for Inotera. This difference is being amortized as a credit to earnings in the Company's statement of operations through equity in net income (losses) of equity method investees (the "Inotera Amortization"). The $56 million gain recognized in the first quarter of 2010 on Inotera's issuance of shares included $33 million of Inotera Amortization. As of December 3, 2009, $165 million of Inotera Amortization remained to be recognized over a weighted-average period of 4.3 years.

In connection with the acquisition of the shares in Inotera, the Company and Nanya entered into a supply agreement with Inotera (the "Inotera Supply Agreement") pursuant to which Inotera will sell trench and stack DRAM products to the Company and Nanya. Under such formula, all parties' manufacturing costs related to wafers supplied by Inotera, as well as the Company's and Nanya's selling prices for the resale of products from wafers supplied by Inotera, are considered in determining costs for wafers from Inotera. The Company has rights and obligations to purchase up to 50% of Inotera's wafer production capacity. The cost to the Company of wafers purchased under the Inotera Supply Agreement is based on a margin sharing formula among the Company, Nanya and Inotera. In the first quarter of 2010, the Company purchased $168 million of trench DRAM products from Inotera under the Inotera Supply Agreement.

The Company's results of operations for the first quarter of 2010 include losses of $14 million for the Company's share of Inotera's losses. Because the Company did not acquire its interest in Inotera until October and November of 2008, the Company's results of operations for the first quarter of 2009 do not include any share of Inotera's results of operations for the quarterly period ended September 30, 2008. The losses recorded by the Company in the first quarter of 2010 are net of $13 million of the Inotera Amortization as defined above. During the third quarter of 2009, the Company received $50 million from Inotera pursuant to the terms of a technology transfer agreement, and in connection therewith, recognized $5 million and $3 million of revenue in the first quarters of 2010 and 2009, respectively. As of December 3, 2009, the Company had unrecognized license fee revenue of $8 million related to the technology transfer fee to recognize through the third quarter of 2010.

As of December 3, 2009, the carrying value of the Company's equity investment in Inotera was $280 million and is included in equity method investments in the accompanying consolidated balance sheet. During the first quarter of 2010, the Company recorded a gain of $7 million to other comprehensive income (loss) and as of December 3, 2009, had $4 million in accumulated other comprehensive income (loss) in the accompanying consolidated balance sheets for cumulative translation adjustments on its investment in Inotera. Based on the closing trading price of Inotera's shares in an active market on December 3, 2009, the market value of the Company's shares in Inotera was $744 million.

As of December 3, 2009, the Company's maximum exposure to loss on its investment in Inotera equaled the $284 million recorded in the Company's consolidated balance sheet for its investment in Inotera including the $4 million gain in accumulated other comprehensive income (loss). The Company may also incur losses in connection with its obligations under the Inotera Supply Agreement to purchase up to 50% of Inotera's wafer production under a long-term pricing arrangement and charges from Inotera for underutilized capacity.

MeiYa: The Company and Nanya formed MeiYa in the fourth quarter of 2008. In connection with the purchase of its ownership interest in Inotera, the Company entered into a series of agreements with Nanya pursuant to which both parties ceased future funding of, and resource commitments to, MeiYa. In addition, MeiYa has sold substantially all of its assets to Inotera. As of December 3, 2009, the ownership of MeiYa was held 50% by Nanya and 50% by the Company. The carrying value of the Company's equity investment in MeiYa was $43 million and $42 million as of December 3, 2009 and September 3, 2009, respectively, and is included in equity method investments in the accompanying consolidated balance sheets. In the first quarter of 2010, the Company recorded a gain of $1 million in other comprehensive income and as of December 3, 2009, had $(5) million in accumulated other comprehensive income (loss) in the accompanying consolidated balance sheet for cumulative translation adjustments on its investment in MeiYa. The Company's results of operations for the first quarter of 2010 includes a de minimis amount of income for its share of MeiYa's results of operations for the three-month period ended September 30, 2009. The Company's results of operations for the first quarter of 2009 include losses of $2 million for its share of MeiYa's results of operations for the three-month period ended September 30, 2008.

As of December 3, 2009, the Company's maximum exposure to loss on its MeiYa investment equaled the $38 million recorded in the Company's consolidated balance sheet for its investment in MeiYa, including the $(5) million loss in accumulated other comprehensive income (loss).

Aptina: In the fourth quarter of 2009, the Company sold a 65% interest in Aptina, previously a wholly-owned subsidiary of the Company, to Riverwood Capital ("Riverwood") and TPG Capital ("TPG"). A portion of the 65% interest held by Riverwood and TPG is in the form of convertible preferred shares that have a liquidation preference over the common shares. As a result, the Company's interest represents 64% of Aptina's common stock, and Riverwood and TPG held 36% of Aptina's common stock as of December 3, 2009. Under the equity method, the Company recognizes, on a two-month lag, its share of Aptina's results of operations based on its 64% share of Aptina's common stock. The Company's results of operations for the first quarter of 2010 included $3 million of losses from Aptina's results of operations for the three-month period ended October 8, 2009. As of December 3, 2009 and September 3, 2009, the Company's investment in Aptina was $43 million and $44 million, respectively.

The Company's manufactures Imaging products to Aptina under a wafer supply agreement. In the first quarter of 2010, the Company recognized $108 million of sales and $109 million of cost of goods sold from products sold to Aptina.

Accounts Payable and Accrued Expenses	December 3, 2009	September 3, 2009
Accounts payable	$ 541	$ 526

Salaries, wages and benefits	172	147
Related party payables	129	83
Customer advances	90	150
Income and other taxes	40	32
Other	87	99
	$ 1,059	$ 1,037

As of December 3, 2009 and September 3, 2009, related party payables consisted of amounts due to Inotera under the Inotera Supply Agreement, including $129 million and $51 million, respectively, for the purchase of trench DRAM products and $32 million for underutilized capacity as of September 3, 2009. (See “Equity Method Investments – DRAM joint ventures with Nanya – Inotera” note.)

As of December 3, 2009 and September 3, 2009, customer advances included $83 million and $142 million, respectively, for the Company’s obligation to provide certain NAND Flash memory products to Apple Computer, Inc. (“Apple”) until December 31, 2010 pursuant to a prepaid NAND Flash supply agreement. As of December 3, 2009 and September 3, 2009, other accounts payable and accrued expenses included $21 million and $24 million, respectively, for amounts due to Intel for NAND Flash product design and process development and licensing fees pursuant to a product designs development agreement.

Debt	December 3, 2009	September 3, 2009
Convertible senior notes, stated interest rate of 1.875%, effective interest rate of 7.9%, net of discount of $282 million and $295 million, respectively, due June 2014	$1,018	$1,005
TECH credit facility, effective interest rates of 3.9% and 3.6% , respectively, net of discount of $3 million and $2 million, respectively, due in periodic installments through May 2012	497	548
Capital lease obligations, weighted-average imputed interest rate of 6.7%, due in monthly installments through February 2023	543	559
Convertible senior notes, interest rate of 4.25%, due October 2013	230	230
EDB notes, denominated in Singapore dollars, interest rate of 5.4%, due February 2012	217	208
Mai-Liao Power note, effective imputed interest rate of 12.1%, net of discount of $14 million and $18 million, respectively, due November 2010	186	182
Convertible subordinated notes, interest rate of 5.6%, due April 2010	70	70
Other notes	--	1
	2,761	2,803
Less current portion	(618)	(424)
	$2,143	$2,379

In the first quarter of 2010, the Company adopted the FASB’s new accounting standard for certain convertible debt. The new standard was applicable to the Company’s 1.875% convertible senior notes with an aggregate principal amount of $1.3 billion issued in May 2007 (the “Convertible Notes”) and requires the liability and equity components of the Convertible Notes to be stated separately. (See “Retrospective Adoption of New Accounting Standards” note.)

The TECH credit facility is collateralized by substantially all of the assets of TECH (approximately $1,502 million as of December 3, 2009) and contains covenants that, among other requirements, establish certain liquidity, debt service coverage and leverage ratios, and restrict TECH’s ability to incur indebtedness, create liens and acquire or dispose of assets. In the first quarter of 2010, the debt covenants were modified and as of December 3, 2009, TECH was in compliance with the covenants. In connection with the modification, the Company has guaranteed approximately 85% of the outstanding amount borrowed under TECH’s credit facility and the Company’s guarantee is expected to increase to 100% of the outstanding amount borrowed under the facility in April 2010. Under the terms of the credit facility, TECH had $60 million in restricted cash as of December 3, 2009.

In the first quarter of 2010, the Company recorded $10 million in capital lease obligations with a weighted-average imputed interest rate of 9.2%, payable in periodic installments through February 2011. As of December 3, 2009, the Company had $42 million of capital lease obligations with covenants that require minimum levels of tangible net

worth, cash and investments, and restricted cash of $24 million. The Company was in compliance with these covenants as of December 3, 2009.

On November 25, 2009, the Company's note with Nan Ya Plastics was replaced with a note from Mai-Liao Power Corporation, an affiliate of Nan Ya Plastics. Nan Ya Plastics and Mai-Liao Power Corporation are subsidiaries of Formosa Plastics Corporation. The note with Mai-Liao Power Corporation has the same terms and remaining maturity as the previous note with Nan Ya Plastics. The Company's note with Mai-Liao Power Corporation is collateralized by a first priority security interest in the Inotera shares owned by the Company which had a carrying value of $280 million as of December 3, 2009. (See "Equity Method Investments" note.)

Contingencies

The Company has accrued a liability and charged operations for the estimated costs of adjudication or settlement of various asserted and unasserted claims existing as of the balance sheet date, including those described below. The Company is currently a party to other legal actions arising out of the normal course of business, none of which is expected to have a material adverse effect on the Company's business, results of operations or financial condition.

In the normal course of business, the Company is a party to a variety of agreements pursuant to which it may be obligated to indemnify the other party. It is not possible to predict the maximum potential amount of future payments under these types of agreements due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under these types of agreements have not had a material effect on the Company's business, results of operations or financial condition.

The Company is involved in the following antitrust, patent and securities matters.

Antitrust matters: On May 5, 2004, Rambus, Inc. ("Rambus") filed a complaint in the Superior Court of the State of California (San Francisco County) against the Company and other DRAM suppliers alleging that the defendants harmed Rambus by engaging in concerted and unlawful efforts affecting Rambus DRAM ("RDRAM") by eliminating competition and stifling innovation in the market for computer memory technology and computer memory chips. Rambus's complaint alleges various causes of action under California state law including, among other things, a conspiracy to restrict output and fix prices, a conspiracy to monopolize, intentional interference with prospective economic advantage, and unfair competition. Rambus alleges that it is entitled to actual damages of more than a billion dollars and seeks joint and several liability, treble damages, punitive damages, a permanent injunction enjoining the defendants from the conduct alleged in the complaint, interest, and attorneys' fees and costs. Trial is scheduled to begin in January 2010.

At least sixty-eight purported class action price-fixing lawsuits have been filed against the Company and other DRAM suppliers in various federal and state courts in the United States and in Puerto Rico on behalf of indirect purchasers alleging price-fixing in violation of federal and state antitrust laws, violations of state unfair competition law, and/or unjust enrichment relating to the sale and pricing of DRAM products during the period from April 1999 through at least June 2002. The complaints seek joint and several damages, trebled, in addition to restitution, costs and attorneys' fees. A number of these cases have been removed to federal court and transferred to the U.S. District Court for the Northern District of California for consolidated pre-trial proceedings. On January 29, 2008, the Northern District of California court granted in part and denied in part the Company's motion to dismiss plaintiffs' second amended consolidated complaint. Plaintiffs subsequently filed a motion seeking certification for interlocutory appeal of the decision. On February 27, 2008, plaintiffs filed a third amended complaint. On June 26, 2008, the United States Court of Appeals for the Ninth Circuit agreed to consider plaintiffs' interlocutory appeal.

In addition, various states, through their Attorneys General, have filed suit against the Company and other DRAM manufacturers. On July 14, 2006, and on September 8, 2006 in an amended complaint, the following Attorneys General filed suit in the U.S. District Court for the Northern District of California: Alaska, Arizona, Arkansas, California, Colorado, Delaware, Florida, Hawaii, Idaho, Illinois, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and the Commonwealth of the Northern Mariana Islands. Thereafter, three states, Ohio, New Hampshire, and Texas, voluntarily dismissed their claims. The remaining states filed a third amended complaint on October 1, 2007. Alaska, Delaware, Kentucky, and Vermont subsequently voluntarily dismissed their claims. The amended complaint alleges, among other things, violations of the Sherman Act, Cartwright Act, and certain other states' consumer protection and antitrust laws and seeks joint and several damages, trebled, as well as injunctive and other relief. Additionally, on July 13, 2006, the State of New York filed a similar suit in the U.S. District Court for the Southern District of New York. That case was subsequently transferred to the U.S. District Court for the Northern District of California for pre-trial purposes. The State of New York filed an amended complaint on October 1, 2007. On October 3, 2008, the California Attorney General filed a similar lawsuit in California Superior Court, purportedly on behalf of local California government entities, alleging, among other things, violations of the Cartwright Act and state unfair competition law.

Three purported class action DRAM lawsuits also have been filed against the Company in Quebec, Ontario, and British Columbia, Canada, on behalf of direct and indirect purchasers, alleging violations of the Canadian Competition Act. The substantive allegations in these cases are similar to those asserted in the DRAM antitrust cases filed in the United States. Plaintiffs' motion for class certification was denied in the British Columbia and Quebec cases in May and June 2008, respectively. Plaintiffs subsequently filed an appeal of each of those decisions. On November 12, 2009, the British Columbia Court of Appeal reversed the denial of class certification and remanded the case for further proceedings. The appeal of the Quebec case is still pending.

In February and March 2007, All American Semiconductor, Inc., Jaco Electronics, Inc., and the DRAM Claims Liquidation Trust each filed suit against the Company and other DRAM suppliers in the U.S. District Court for the Northern District of California after opting-out of a direct purchaser class action suit that was settled. The complaints allege, among other things, violations of federal and state antitrust and competition laws in the DRAM industry, and seek joint and several damages, trebled, as well as restitution, attorneys' fees, costs and injunctive relief.

Three purported class action lawsuits alleging price-fixing of SRAM products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased SRAM products directly or indirectly from various SRAM suppliers.

In addition, three purported class action lawsuits alleging price-fixing of Flash products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased Flash memory directly and indirectly from various Flash memory suppliers.

The Company is unable to predict the outcome of these lawsuits and therefore cannot estimate the range of possible loss. The final resolution of these alleged violations of antitrust laws could result in significant liability and could have a material adverse effect on the Company's business, results of operations or financial condition.

Patent matters: As is typical in the semiconductor and other high technology industries, from time to time, others have asserted, and may in the future assert, that the Company's products or manufacturing processes infringe their intellectual property rights. In this regard, the Company is engaged in litigation with Rambus, Inc. ("Rambus") relating to certain of Rambus' patents and certain of the Company's claims and defenses. Lawsuits between Rambus and the Company are pending in the U.S. District Court for the District of Delaware, U.S. District Court for the Northern District of California, Germany, France, and Italy. On January 9, 2009, the Delaware Court entered an opinion in

favor of the Company holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against the Company. Rambus subsequently appealed the decision to the U.S. Court of Appeals for the Federal Circuit. That appeal is pending. In the U.S. District Court for the Northern District of California, trial on a patent phase of the case has been stayed pending resolution of Rambus' appeal of the Delaware spoliation decision or further order of the California Court.

On March 6, 2009, Panavision Imaging, LLC filed suit against the Company and Aptina Imaging Corporation, then a wholly-owned subsidiary of the Company ("Aptina"), in the U.S. District Court for the Central District of California. The complaint alleges that certain of the Company and Aptina's image sensor products infringe four Panavision Imaging U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs.

On December 11, 2009, Ring Technology Enterprises of Texas LLC filed suit against the Company in the U.S. District Court for the Eastern District of Texas alleging that certain of the Company's memory products infringe one Ring Technology U.S. patent. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

Among other things, the above lawsuits pertain to certain of the Company's SDRAM, DDR SDRAM, DDR2 SDRAM, DDR3 SDRAM, RLDRAM and image sensor products, which account for a significant portion of net sales.

The Company is unable to predict the outcome of assertions of infringement made against the Company and therefore cannot estimate the range of possible loss. A court determination that the Company's products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require the Company to make material changes to its products and/or manufacturing processes. Any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Securities matters: On February 24, 2006, a putative class action complaint was filed against the Company and certain of its officers in the U.S. District Court for the District of Idaho alleging claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Four substantially similar complaints subsequently were filed in the same Court. The cases purport to be brought on behalf of a class of purchasers of the Company's stock during the period February 24, 2001 to February 13, 2003. The five lawsuits have been consolidated and a consolidated amended class action complaint was filed on July 24, 2006. The complaint generally alleges violations of federal securities laws based on, among other things, claimed misstatements or omissions regarding alleged illegal price-fixing conduct. The complaint seeks unspecified damages, interest, attorneys' fees, costs, and expenses. On December 19, 2007, the Court issued an order certifying the class but reducing the class period to purchasers of the Company's stock during the period from February 24, 2001 to September 18, 2002.

The Company is unable to predict the outcome of these cases and therefore cannot estimate the range of possible loss. A court determination in any of these actions against the Company could result in significant liability and could have a material adverse effect on the Company's business, results of operations or financial condition.

Retrospective Adoption of New Accounting Standards

Effective at the beginning of 2010, the Company adopted new accounting standards for noncontrolling interests and certain convertible debt instruments. Reported amounts prior to 2010 in this 10-Q have been recast for the retrospective adoption of these standards, and the impact the new standards is summarized below.

Noncontrolling interests in subsidiaries: Under the new standard, noncontrolling interests in subsidiaries is (1) reported as a separate component of equity in the consolidated balance sheets and (2) included in net income in the statement of operations.

Convertible debt instruments: The new standard applies to convertible debt instruments that may be fully or partially settled in cash upon conversion and is applicable to the Company's 1.875% convertible senior notes with an aggregate principal amount of $1.3 billion issued in May 2007 (the "Convertible Notes"). The standard requires the liability and equity components of the Convertible Notes to be stated separately. The liability component recognized at the issuance of the Convertible Notes equals the estimated fair value of a similar liability without a conversion option and

the remainder of the proceeds received at issuance was allocated to equity. In connection therewith, at the May 2007 issuance of the Convertible Notes there was a $402 million decrease in debt, a $394 million increase in additional capital, and an $8 million decrease in deferred debt issuance costs (included in other noncurrent assets). The fair value of the liability was determined using a interest rate for similar nonconvertible debt issued as of the original May 2007 issuance date by entities with credit ratings comparable to the Company's credit rating at the time of issuance. In subsequent periods, the liability component recognized at issuance is increased to the principal amount of the Convertible Notes through the amortization of interest costs. Through 2009, $107 million of interest was amortized. Information related to equity and debt components is as follows:

As of	December 3, 2009	September 3, 2009
Carrying amount of the equity component	$394	$394
Principal amount of the Convertible Notes	1,300	1,300
Unamortized discount	282	295
Net carrying amount of the Convertible Notes	1,018	1,005

The unamortized discount as of December 3, 2009, will be recognized as interest expense over approximately 4.5 years through June 2014, the maturity date of the Convertible Notes.

Information related to interest rates and expenses is as follows:

	Quarter Ended	
	December 3, 2009	December 4, 2008
Effective interest rate	7.9 %	7.9 %
Interest costs related to contractual interest coupon	6	7
Interest costs related to amortization of discount and issuance costs	13	13

Effect of retrospective adoption of new accounting standards on financial statements: The following tables set forth the financial statement line items affected by retrospective application of the new accounting standards for noncontrolling interests and certain convertible debt as of and for the periods indicated:

	Consolidated Statement of Operations			
	As Previously Reported	Effect of Adoption Noncontrolling Interests	Convertible Debt	As Retrospectively Adjusted
Year ended September 3, 2009:				
Cost of goods sold	$5,242	$--	$1	$ 5,243
Interest expense	(135)	--	(47)	(182)
Income tax (provision)	(2)	--	1	(1)
Net loss	(1,835)	(111)	(47)	(1,993)
Net loss attributable to Micron	--	(1,835)	(47)	(1,882)
Net loss per share:				
Basic and diluted	(2.29)	--	(0.06)	(2.35)
Year ended August 28, 2008:				
Interest expense	$(82)	$--	$(36)	$ (118)
Net loss	(1,619)	(10)	(36)	(1,665)
Net loss attributable to Micron	--	(1,619)	(36)	(1,655)
Net loss per share:				
Basic and diluted	(2.10)	--	(0.04)	(2.14)
Quarter ended December 4, 2008:				

Interest expense	$(30)	$--	$(11)	$ (41)
Other non-operating income (expense), net	(9)	--	(1)	(10)
Net loss	(706)	(13)	(12)	(731)
Net loss attributable to Micron	--	(706)	(12)	(718)
Net loss per share:				
Basic and diluted	(0.91)	--	(0.02)	(0.93)

	Consolidated Balance Sheet			
As of September 3, 2009	As Previously Reported	Effect of Adoption Noncontrolling Interests	Convertible Debt	As Retrospectively Adjusted
Assets				
Property, plant and equipment, net	$7,081	$--	$8	$ 7,089
Other assets	371	--	(4)	367
Total assets	11,455	--	4	11,459
Liabilities and equity				
Long-term debt	$2,674	$--	$(295)	$ 2,379
Total liabilities	4,815	--	(295)	4,520
Micron shareholders' equity				
Additional capital	6,863	--	394	7,257
Accumulated deficit	(2,291)	--	(94)	(2,385)
Accumulated other comprehensive (loss)	(3)	--	(1)	(4)
Total equity of Micron shareholders	--	4,654	299	4,953
Total equity	4,654	1,986	299	6,939
Total liabilities and equity	11,455	--	4	11,459

	Consolidated Statement of Cash Flows			
	As Previously Reported	Effect of Adoption Noncontrolling Interests	Convertible Debt	As Retrospectively Adjusted
Year ended September 3, 2009:				
Cash flows from operating activities				
Net loss	$(1,835)	$(111)	$(47)	$ (1,993)
Depreciation and amortization	2,139	--	47	2,186
Noncontrolling interests in net income (loss)	(111)	111	--	--
Year ended August 28, 2008:				
Cash flows from operating activities				
Net loss	$(1,619)	$(10)	$(36)	$ (1,665)
Depreciation and amortization	2,060	--	36	2,096
Noncontrolling interests in net income (loss)	(10)	10	--	--
Quarter ended December 4, 2008:				
Cash flows from operating activities				
Net loss	$(706)	$(13)	$(12)	$ (731)
Depreciation and amortization	594	--	11	605
Other (reflects current period classification)	12	13	1	26

Derivative Financial Instruments

The Company is exposed to currency exchange rate risk for the monetary assets and liabilities held in foreign currencies, primarily the Singapore dollar, euro and yen. The Company uses derivative instruments to manage exposures to foreign currency. The Company's primary objective in holding these derivatives is to reduce the volatility of earnings associated with changes in foreign currency. The Company's derivatives consist primarily of forward contracts that reduce the effects on earnings attributable to Micron shareholders as a result of changes in foreign exchange rates. The Company utilizes a rolling hedge strategy with currency forward contracts that generally mature within 35 days. The currency forward contracts are not designated for hedge accounting. At the end of each reporting period, the Company's monetary assets and liabilities denominated in foreign currencies are remeasured in U.S. Dollars and the associated outstanding forward contracts are marked-to-market. Fair value is determined using quoted prices of forward contracts traded in an active market (Level 1). Realized and unrealized foreign currency gains and losses on derivative instruments and the underlying monetary assets are included in other operating income (expense).

The Company's derivatives expose the Company to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. The Company seeks to mitigate such risk by limiting its counterparties to major financial institutions and by spreading the risk across multiple major financial institutions. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis.

Total gross notional amounts and fair values for currency forward contracts outstanding as of December 3, 2009, presented by currency, were as follows:

Currency	Notional Amount Outstanding (in U.S. Dollars)	Balance Sheet Location	Fair Value of Asset (Liability)
Singapore dollar	$ 297	Receivables	$ 0
Euro	216	Accounts payable and accrued expenses	(0)
Yen	85	Accounts payable and accrued expenses	(1)
	$ 598		$ (1)

For the first quarter of 2010, the Company recognized a gain of $9 million in other operating income (expense) on currency forward contracts.

Fair Value Measurements

SFAS No. 157 establishes three levels of inputs that may be used to measure fair value: quoted prices in active markets for identical assets or liabilities (referred to as Level 1), observable inputs other than Level 1 that are observable for the asset or liability either directly or indirectly (referred to as Level 2) and unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities (referred to as Level 3).

Fair value measurements on a recurring basis: Assets measured at fair value on a recurring basis as of September 3, 2009 and December 3, 2009 were as follows:

	As of December 3, 2009				As of September 3, 2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Money market(1)	$1,388	$--	$--	$1,388	$1,184	$--	$--	$1,184
Certificates of deposit(2)	--	173	--	173	--	217	--	217
Marketable equity investments(3)	16	--	--	16	15	--	--	15
Fixed assets held for sale(3)(4)	--	--	68	68	--	--	--	--
	$1,404	$173	$68	$1,645	$1,199	$217	$--	$1,416

(1)Included in cash and equivalents

(2)$113 million and $60 million included in cash and equivalents and other noncurrent assets, respectively, as of December 3, 2009 and $187 million and $30 million, respectively, as of September 3, 2009

(3)Included in other noncurrent assets

(4) The Company adopted the accounting standard for fair value measurements of nonfinancial assets and nonfinancial liabilities at the beginning of 2010.

Level 2 assets are valued using observable inputs in active markets for similar assets or alternative pricing sources and models utilizing observable market inputs. During the first quarter of 2009, the Company recognized impairment charges of $7 million for other-than-temporary declines in the value of marketable equity instruments.

The Company determined the fair values of fixed assets held for sale using inputs obtained from equipment dealers utilizing significant judgments regarding the remaining useful life and configuration of these assets (Level 3). Losses recognized in the first quarter of 2010 due to fair value measurements using Level 3 inputs were not material.

As of December 3, 2009, the estimated fair value of the Company's convertible debt instruments was $1,624 million compared to their carrying value of $1,318 million in debt (the carrying value excludes the equity component of the Convertible Notes which is classified in equity). As of September 3, 2009, the estimated fair value of the Company's convertible debt instruments was $1,410 million compared to their carrying value of $1,305 million in debt (the carrying value excludes the equity component of the Convertible Notes which is classified in equity). The fair value of the convertible debt instruments is based on quoted market prices in active markets (Level 1). As of December 3, 2009 and September 3, 2009, the fair value of the Company's other long-term debt instruments was $1,424 million and $1,458 million, respectively, as compared to their carrying value of $1,443 million and $1,498 million, respectively. The fair value of the Company's other long-term debt instruments was estimated based on discounted cash flows using inputs that are observable in the market or that could be derived from or corroborated with observable market data, including interest rates based on yield curves of similar debt issues from parties with similar credit ratings as the Company (Level 2).

Amounts reported as cash and equivalents, short-term investments, receivables, other assets, and accounts payable and accrued expenses approximate their fair values.

Fair value measurements on a nonrecurring basis: In the first quarter of 2010, the Company determined the fair value of the liability component of its Convertible Notes using a market interest rate for similar nonconvertible debt issued as of the original issuance date by entities with credit ratings comparable to the Company's (Level 2). The fair value of the liability component was retrospectively applied as of the inception date of the Convertible Notes. (See

“Adoption of Retrospective Accounting Guidance” note.)

Equity Plans

As of December 3, 2009, under its equity plans, the Company had an aggregate of 183.1 million shares of its common stock reserved for issuance for stock and restricted stock awards, of which 131.2 million shares were subject to outstanding awards and 51.9 million shares were available for future grants. Awards are subject to terms and conditions as determined by the Company's Board of Directors.

Stock options: The Company granted 14.1 million and 6.8 million stock options during the first quarters of 2010 and 2009, respectively, with weighted-average grant-date fair values per share of $4.02 and $2.31, respectively.

The fair values of option awards were estimated as of the date of grant using the Black-Scholes option valuation model. The Black-Scholes model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable and requires the input of subjective assumptions, including the expected stock price volatility and estimated option life. The expected volatilities utilized by the Company were based on implied volatilities from traded options on the Company's stock and on historical volatility. The expected lives of options granted in and subsequent to 2009 were based, in part, on historical experience and on the terms and conditions of the options. The expected lives of options granted prior to 2009 were based on the simplified method provided by the Securities and Exchange Commission. The risk-free interest rates utilized by the Company were based on the U.S. Treasury yield in effect at the time of the grant. No dividends were assumed in the Company's estimated option values. Assumptions used in the Black-Scholes model are presented below:

	Quarter ended			
	December 3, 2009		December 4, 2008	
Average expected life in years	5.10		4.75	
Weighted-average expected volatility	61	%	60	%
Weighted-average risk-free interest rate	2.3	%	2.6	%

Restricted stock and restricted stock units ("Restricted Stock Awards"): As of December 3, 2009, there were 10.4 million shares of Restricted Stock Awards outstanding, of which 4.2 million were performance-based Restricted Stock Awards. For service-based Restricted Stock Awards, restrictions generally lapse either in one-fourth or one-third increments during each year of employment after the grant date. For performance-based Restricted Stock Awards, vesting is contingent upon meeting certain Company-wide performance goals, whose achievement was deemed probable as of December 3, 2009.

During the first quarter of 2010, the Company granted 1.8 million and 1.1 million shares of service-based and performance-based Restricted Awards, respectively. During the first quarter of 2009, the Company granted 1.7 million shares of service-based Restricted Awards and 1.7 million shares of performance-based Restricted Awards. The weighted-average grant-date fair values per share were $7.51 and $4.48 for Restricted Awards granted during the first quarters of 2010 and 2009, respectively.

Stock-based compensation expense: Total compensation costs for the Company's equity plans were as follows:

	Quarter ended	
	December 3, 2009	December 4, 2008
Stock-based compensation expense by caption:		
Cost of goods sold	$7	$4
Selling, general and administrative	19	2
Research and development	5	3
	$31	$9
Stock-based compensation expense by type of award:		
Stock options	$8	$7
Restricted stock	23	2
	$31	$9

During the first quarter of 2010, the Company determined that certain performance-based restricted stock that previously has not been expensed, met the probability threshold for expense recognition due to improved operating results. As of December 3, 2009, $140 million of total unrecognized compensation costs, net of estimated forfeitures, related to non-vested awards was expected to be recognized through the first quarter of 2014, resulting in a weighted-average period of 1.4 years. Stock-based compensation expense in the above presentation does not reflect any significant income tax benefits, which is consistent with the Company's treatment of income or loss from its U.S. operations. (See "Income Taxes" note.)

Restructure

In response to a severe downturn in the semiconductor memory industry and global economic conditions, the Company initiated a restructure plan in 2009 primarily within the Company's Memory segment. In the first quarter of 2009, IM Flash, a joint venture between the Company and Intel, terminated its agreement with the Company to obtain NAND Flash memory supply from the Company's Boise facility. Also, the Company and Intel agreed to suspend tooling and the ramp of NAND Flash production at IM Flash's Singapore wafer fabrication facility. In addition, the Company phased out all remaining 200mm DRAM wafer manufacturing operations in Boise, Idaho in the second half of 2009. The Company does not expect to incur any additional material restructure charges related to the plan initiated in 2009. The following table summarizes restructure charges (credits) resulting from the Company's restructure activities:

	Quarter Ended	
	December 3, 2009	December 4, 2008
(Gain) write-down of equipment	$(4)	$56
Severance and other termination benefits	1	22
Gain from termination of NAND Flash supply agreement	--	(144)
Other	2	--
	$(1)	$(66)

During the first quarter of 2010, the Company made cash payments of $5 million for severance and related termination benefits, and costs to decommission production facilities. As of December 3, 2009 and September 3, 2009, $3 million and $5 million, respectively, of restructure costs, primarily related to severance and other termination benefits, remained unpaid and were included in accounts payable and accrued expenses.

Other Operating (Income) Expense, Net

Other operating (income) expense consisted of the following:

	Quarter Ended	
	December 3, 2009	December 4, 2008
Losses from changes in currency exchange rates	$21	$3
(Gain) loss on disposals of property, plant and equipment	(2)	14
Other	(10)	(8)
	$9	$9

Income Taxes

Income taxes for the first quarters of 2010 and 2009 primarily reflect taxes on the Company's non-U.S. operations and U.S. alternative minimum tax. The Company has a valuation allowance for its net deferred tax asset associated with its U.S. operations. The benefit for taxes on U.S. operations in the first quarters of 2010 and 2009 was substantially offset by changes in the valuation allowance.

Earnings Per Share

Basic earnings per share is computed based on the weighted-average number of common shares and stock rights outstanding. Diluted earnings per share is computed based on the weighted-average number of common shares and stock rights outstanding plus the dilutive effects of stock options and convertible notes. Potential common shares that would increase earnings per share amounts or decrease loss per share amounts are antidilutive and are therefore excluded from diluted earnings per share calculations. Antidilutive potential common shares that could dilute basic earnings per share in the future were 99.8 million and 219.1 million for the first quarters of 2010 and 2009, respectively.

	Quarter ended	
	December 3, 2009	December 4, 2008
Net income (loss) available to Micron's shareholders - Basic	$204	$(718)
Net effect of assumed conversion of debt	23	--
Net income (loss) available to Micron's shareholders - Diluted	$227	$(718)
Weighted-average common shares outstanding - Basic	846.3	773.3
Net effect of dilutive stock options and assumed conversion of debt	154.4	--
Weighted-average common shares outstanding - Diluted	1,000.7	773.3
Earnings (loss) per share:		
Basic	$0.24	$(0.93)
Diluted	0.23	(0.93)

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Comprehensive Income (Loss)

Comprehensive income and comprehensive income attributable to Micron for the first quarter of 2010 was $210 million and $212 million, respectively, and each included, net of tax, $8 million of unrealized gains from the change in cumulative translation adjustments for the Company's equity method investments. Comprehensive loss and comprehensive loss attributable to Micron for the first quarter of 2009 was $(727) million and $(714) million, respectively, and each included $4 million of unrealized gains on investments, net of tax.

Consolidated Variable Interest Entities

NAND Flash joint ventures with Intel ("IM Flash"): The Company has formed two joint ventures with Intel (IM Flash Technologies, LLC formed January 2006 and IM Flash Singapore, LLP formed February 2007) to manufacture NAND Flash memory products for the exclusive benefit of the partners. IMFT and IMFS are each governed by a Board of Managers, with the Company and Intel initially appointing an equal number of managers to each of the boards. The number of managers appointed by each party adjusts depending on the parties' ownership interests. These ventures will operate until 2016 but are subject to prior termination under certain terms and conditions. IMFT and IMFS are aggregated as IM Flash in the following disclosure due to the similarity of their ownership structure, function, operations and the way the Company's management reviews the results of their operations. At inception and through December 3, 2009, the Company owned 51% and Intel owned 49% of IM Flash.

IM Flash is a variable interest entity because all costs of IM Flash are passed to the Company and Intel through product purchase agreements. IM Flash is dependent upon the Company and Intel for any additional cash requirements. The Company and Intel are also considered related parties under the accounting standards for consolidating variable interest entities due to restrictions on transfers of ownership interests. As a result, the primary beneficiary of IM Flash is the entity that is most closely associated with IM Flash. The Company considered several factors to determine whether it or Intel is more closely associated with IM Flash, including the size and nature of IM Flash's operations relative to the Company and Intel, and which entity had the majority of economic exposure under the purchase agreements. Based on those factors, the Company determined that it is more closely associated with IM Flash and is therefore the primary beneficiary. Accordingly, the financial results of IM Flash are included in the Company's consolidated financial statements and all amounts pertaining to Intel's interests in IM Flash are reported as noncontrolling interests in subsidiaries.

IM Flash manufactures NAND Flash memory products using designs developed by the Company and Intel. Product design and other research and development ("R&D") costs for NAND Flash are generally shared equally between the Company and Intel. As a result of reimbursements received from Intel under a NAND Flash R&D cost-sharing arrangement, the Company's R&D expenses were reduced by $26 million and $32 million for the first quarters in 2010 and 2009, respectively.

IM Flash sells products to the joint venture partners generally in proportion to their ownership at long-term negotiated prices approximating cost. IM Flash sales to Intel were $193 million and $318 million for the first quarters of 2010 and 2009, respectively. As of December 3, 2009 and September 3, 2009, IM Flash had receivables from Intel primarily for sales of NAND Flash products of $126 million and $95 million, respectively. In addition, as of December 3, 2009 and September 3, 2009, the Company had receivables from Intel of $51 million and $29 million, respectively, related to NAND Flash product design and process development activities. As of September 3, 2009, IM Flash had payables to Intel of $3 million for various services.

In the first quarter of 2009, IM Flash substantially completed construction of a new 300mm wafer fabrication facility structure in Singapore and the Company and Intel agreed to suspend tooling and the ramp of production at this facility.

IM Flash distributed $88 million and $145 million to Intel in the first quarters of 2010 and 2009, respectively, and $91 million and $151 million to the Company in the first quarters of 2010 and 2009, respectively. The Company's ability to access IM Flash's cash and marketable investment securities ($88 million as of December 3, 2009) to finance the Company's other operations is subject to agreement by the joint venture partners.

Total IM Flash assets and liabilities included in the Company's consolidated balance sheets are as follows:

As of	December 3, 2009	September 3, 2009
Assets		
Cash and equivalents	$88	$114
Receivables	141	111
Inventories	148	161
Other current assets	6	8
Total current assets	383	394
Property, plant and equipment, net	3,201	3,377
Other assets	58	63
Total assets	$3,642	$3,834
Liabilities		
Accounts payable and accrued expenses	$75	$93
Deferred income	136	137
Equipment purchase contracts	2	1
Current portion of long-term debt	6	6
Total current liabilities	219	237
Long-term debt	66	66
Other liabilities	3	4
Total liabilities	$288	$307

Amounts exclude intercompany balances that are eliminated in the Company's consolidated balance sheets. IMFT and IMFS are aggregated as IM Flash in this disclosure due to the similarity of their ownership structure, function, operations and the way the Company's management reviews the results of their operations.

The creditors of IM Flash have recourse only to the assets of IM Flash and do not have recourse to any other assets of the Company.

MP Mask Technology Center, LLC ("MP Mask"): In 2006, the Company formed a joint venture, MP Mask, with Photronics, Inc. ("Photronics") to produce photomasks for leading-edge and advanced next generation semiconductors. At inception and through December 3, 2009, the Company owned 50.01% and Photronics owned 49.99% of MP Mask. The Company purchases a substantial majority of the reticles produced by MP Mask pursuant to a supply arrangement. In connection with the formation of the joint venture, the Company received $72 million in 2006 in exchange for entering into a license agreement with Photronics, which is being recognized over the term of the 10-year agreement. As of December 3, 2009, deferred income and other noncurrent liabilities included an aggregate of $46 million related to this agreement. MP Mask made distributions to both the Company and Photronics of $5 million each in the first quarter of 2009.

MP Mask is a variable interest entity because all costs of MP Mask are passed on to the Company and Photronics through product purchase agreements and MP Mask is dependent upon the Company and Photronics for any additional cash requirements. The Company and Photronics are also considered related parties under the accounting standards for consolidating variable interest entities due to restrictions on transfers of ownership interests. As a result, the primary beneficiary of MP Mask is the entity that is more closely associated with MP Mask. The Company considered several factors to determine whether it or Photronics is more closely associated with the joint venture. The most important factor was the nature of the joint venture's operations relative to the Company and Photronics. Based

on those factors, the Company determined that it is more closely associated with the joint venture and therefore is the primary beneficiary. Accordingly, the financial results of MP Mask are included in the Company's consolidated financial statements and all amounts pertaining to Photonics' interest in MP Mask are reported as noncontrolling interests in subsidiaries.

Total MP Mask assets and liabilities included in the Company's consolidated balance sheets are as follows:

As of	December 3, 2009	September 3, 2009
Current assets	$27	$25
Noncurrent assets (primarily property, plant and equipment)	90	97
Current liabilities	5	8

Amounts exclude intercompany balances that are eliminated in the Company's consolidated balance sheets.

The creditors of MP Mask have recourse only to the assets of MP Mask and do not have recourse to any other assets of the Company.

Since the third quarter of 2009, the Company has leased to Photronics a facility to produce photomasks. In the first quarter of 2010, the Company received $1 million in lease payments from Photronics.

TECH Semiconductor Singapore Pte. Ltd.

Since 1998, the Company has participated in TECH Semiconductor Singapore Pte. Ltd. ("TECH"), a semiconductor memory manufacturing joint venture in Singapore among the Company, Canon Inc. and Hewlett-Packard Company ("HP"). The financial results of TECH are included in the Company's consolidated financial statements and all amounts pertaining to Canon Inc. and HP are reported as noncontrolling interests in subsidiaries. As of December 3, 2009, the Company holds an approximate 85% interest in TECH.

The shareholders' agreement for the TECH joint venture expires in April 2011. In September 2009, TECH received a notice from HP that it does not intend to extend the TECH joint venture beyond April 2011. The Company is working with HP and Canon to reach a resolution of the matter. The parties' inability to reach a resolution of this matter prior to April 2011 could result in the dissolution of TECH.

TECH's cash and marketable investment securities ($73 million as of December 3, 2009) are not anticipated to be available to pay dividends of the Company or finance its other operations. As of December 3, 2009, TECH had $497 million outstanding under a credit facility which is collateralized by substantially all of the assets of TECH (carrying value of approximately $1,502 million as of December 3, 2009) and contains covenants that, among other requirements, establish certain liquidity, debt service coverage and leverage ratios, and restrict TECH's ability to incur indebtedness, create liens and acquire or dispose of assets. In the first quarter of 2010, the debt covenants were modified and as of December 3, 2009, TECH was in compliance with the covenants. In connection with the modification, the Company has guaranteed approximately 85% of the outstanding amount borrowed under TECH's credit facility and the Company's guarantee is expected to increase to 100% of the outstanding amount borrowed under the facility in April 2010. (See "Debt" note.)

Segment Information

The primary products of the Company's Memory segment are DRAM and NAND Flash memory. In 2009, the Company had two reportable segments, Memory and Imaging. In the first quarter of 2010, Imaging no longer met the quantitative thresholds of a reportable segment and management does not expect that Imaging will meet the quantitative thresholds in future years. As a result, Imaging is no longer considered a reportable segment and is included in the Company's All Other nonreportable segments. Prior period amounts have been recast to reflect Imaging in All Other. Operating results of All Other primarily reflect activity of Imaging and also include activity of the Company's microdisplay and other operations. Segment information reported below is consistent with how it is reviewed and evaluated by the Company's chief operating decision makers and is based on the nature of the Company's operations and products offered to customers. The Company does not identify or report depreciation and amortization, capital expenditures or assets by segment.

	Quarter ended	
	December 3, 2009	December 4, 2008
Net sales:		
Memory	$1,623	$1,222
All Other	117	180
Total consolidated net sales	$1,740	$1,402
Operating income (loss):		
Memory	$213	$(675)
All Other	(12)	3
Total consolidated operating income (loss)	$201	$(672)

Certain Concentrations

Sales to HP, Intel and Apple were 12%, 12% and 11%, respectively, of the Company's net sales in the first quarter of 2010, and sales to Intel were 25% in the first quarter of 2009. These sales were included in the Memory segment.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements such as those made in "Results of Operations" regarding the future composition of the Company's reportable segments; in "Gross Margin" regarding future charges for inventory write-down; in "Selling, General and Administrative" regarding future legal expenses; in "Stock-based Compensation" regarding future costs to be recognized; in "Liquidity and Capital Resources" regarding capital spending in 2010, increases in the percentage of TECH's credit facility guaranteed by the Company, future distributions from IM Flash to Intel, future capital contributions to TECH and future purchases of Inotera shares; and in "Recently Issued Accounting Standards" regarding the impact from the adoption of new accounting standards. The Company's actual results could differ materially from the Company's historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "PART II. OTHER INFORMATION – Item 1A. Risk Factors." This discussion should be read in conjunction with the Consolidated Financial Statements and accompanying notes and with the Company's Annual Report on Form 10-K for the year ended September 3, 2009. All period references are to the Company's fiscal periods unless otherwise indicated. The Company's fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. The Company's fiscal 2010, which ends on September 2, 2010, contains 53 weeks. All tabular dollar amounts are in millions. All production data includes production of the Company and its consolidated joint ventures and the Company's supply from Inotera.

Overview

The Company is a global manufacturer and marketer of semiconductor devices, principally DRAM and NAND Flash memory. In addition, the Company manufactures semiconductor components for CMOS image sensors and other semiconductor products. Its products are used in a broad range of electronic applications including personal computers, workstations, network servers, mobile phones and other consumer applications including Flash memory cards, USB storage devices, digital still cameras, MP3/4 players and in automotive applications. The Company markets its products through its internal sales force, independent sales representatives and distributors primarily to original equipment manufacturers and retailers located around the world. The Company's success is largely dependent on the market acceptance of its diversified portfolio of semiconductor products, efficient utilization of the Company's manufacturing infrastructure, successful ongoing development of advanced process technologies and the return on research and development investments.

The Company has made significant investments to develop the proprietary product and process technology that is implemented in its worldwide manufacturing facilities and through its joint ventures to enable the production of semiconductor products with increasing functionality and performance at lower costs. The Company generally reduces the manufacturing cost of each generation of product through advancements in product and process technology such as its leading-edge line-width process technology and innovative array architecture. The Company continues to introduce new generations of products that offer improved performance characteristics, such as higher data transfer rates, reduced package size, lower power consumption and increased memory density. To leverage its significant investments in research and development, the Company has formed various strategic joint ventures under which the costs of developing memory product and process technologies are shared with its joint venture partners. In addition, from time to time, the Company has also sold and/or licensed technology to other parties. The Company continues to pursue additional opportunities to recover its investment in intellectual property through partnering and other arrangements.

In the second half of calendar 2009, the semiconductor memory industry experienced improving conditions following a severe prolonged downturn that resulted from a significant oversupply of products and challenging global economic conditions. Average selling prices per gigabit for the Company's DRAM and NAND Flash products increased 21%

and 5%, respectively, for the first quarter of 2010 as compared to the fourth quarter of 2009. The Company reported net income attributable to Micron of $204 million for the first quarter of 2010. The Company recognized net losses attributable to Micron of $1.9 billion for 2009, $1.7 billion for 2008 and $331 million for 2007.

Retrospective Adoption of New Accounting Standards: Effective at the beginning of 2010, the Company adopted new accounting standards for noncontrolling interests and certain convertible debt instruments. The impact of the retrospective adoption of the new accounting standards is summarized below.

Noncontrolling interests: Under the new standard, noncontrolling interests in subsidiaries is (1) reported as a separate component of equity in the consolidated balance sheets and (2) included in net income in the statement of operations.

Convertible debt instruments: The new standard applies to convertible debt instruments that may be fully or partially settled in cash upon conversion and is applicable to the Company's 1.875% convertible senior notes with an aggregate principal amount of $1.3 billion issued in May 2007 (the "Convertible Notes"). The standard requires the liability and equity components of the Convertible Notes to be stated separately. The liability component recognized at the issuance of the Convertible Notes equals the estimated fair value of a similar liability without a conversion option and the remainder of the proceeds received at issuance was allocated to equity. In connection therewith, at the May 2007 issuance of the Convertible Notes there was a $402 million decrease in debt, a $394 million increase in additional capital, and an $8 million decrease in deferred debt issuance costs (included in other noncurrent assets). In subsequent periods, the liability component recognized at issuance is increased to the principal amount of the Convertible Notes through the amortization of interest costs. Through 2009, $107 million of interest was amortized.

(See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Retrospective Adoption of New Accounting Standards.")

Results of Operations

	First Quarter			Fourth Quarter	
	2010	% of net sales	2009	% of net sales	2009	% of net sales
Net sales:						
Memory	$ 1,623	93 %	$ 1,222	87 %	$ 1,179	91 %
All Other	117	7 %	180	13 %	123	9 %
	$ 1,740	100 %	$ 1,402	100 %	$ 1,302	100 %
Gross margin:						
Memory	$ 442	27 %	$ (502)	(41)%	$ 145	12 %
All Other	1	1 %	53	29 %	24	20 %
	$ 443	25 %	$ (449)	(32)%	$ 169	13 %
Selling, general and administrative	$ 97	6 %	$ 102	7 %	$ 82	6 %
Research and development	137	8 %	178	13 %	139	11 %
Restructure	(1)	(0)%	(66)	(5)%	12	1 %
Other operating (income) expense, net	9	1 %	9	1 %	(15)	(1)%
Equity in net losses of equity method investees	(17)	(1)%	(5)	(0)%	(34)	(3)%
Net income (loss) attributable to Micron	204	12 %	(718)	(51)%	(100)	(8)%

The Company's first quarter of 2010, which ended December 3, 2009, contained 13 weeks as compared to 13 weeks for the fourth quarter of 2009 and 14 weeks for the first quarter of 2009.

In 2009, the Company had two reportable segments, Memory and Imaging. In the first quarter of 2010, Imaging no longer met the quantitative thresholds of a reportable segment and management does not expect that Imaging will meet the quantitative thresholds in future years. As a result, Imaging is no longer considered a reportable segment and is included in the Company's All Other nonreportable segments. Prior period amounts have been recast to reflect Imaging in All Other. Operating results of All Other primarily reflect activity of Imaging and also include activity of the Company's microdisplay and other operations.

Net Sales

Memory sales for the first quarter of 2010 increased 38% from the fourth quarter of 2009 primarily due to a 50% increase in sales of DRAM products and a 21% increase in sales of NAND Flash products.

In response to adverse market conditions, the Company shut down production of NAND for IM Flash at the Company's Boise fabrication facility beginning in the second quarter of 2009 and phased out the remainder of its 200mm DRAM production at the Boise fabrication facility in the second half of 2009. The Company will adjust utilization of 200mm wafer processing capacity as product demand varies.

Sales of DRAM products for the first quarter of 2010 increased from the fourth quarter of 2009 primarily due to a 25% increase in gigabits sold and a 21% increase in average selling prices. Gigabit production of DRAM products increased 30% for the first quarter of 2010 from the fourth quarter of 2009 primarily due to additional supply received from the Company's Inotera joint venture, which ramped production of previously idle capacity. The Company's DRAM production also increased as a result of efficiencies achieved primarily through transitions to higher density, advanced geometry devices. Sales of DDR2 and DDR3 DRAM, the Company's highest volume products, were 45% of the Company's total net sales for the first quarter of 2010, 36% of total net sales for the fourth quarter of 2009 and 25% of net sales for the first quarter of 2009. The increase in DDR2 and DD3 DRAM sales in the first quarter of 2010 was primarily attributable to higher increases in average selling prices relative to the Company's other products and the increased supply from Inotera.

The Company sells NAND Flash products in three principal channels: (1) to Intel Corporation ("Intel") through its IM Flash consolidated joint venture at long-term negotiated prices approximating cost, (2) to original equipment manufacturers ("OEM's") and other resellers and (3) to retail customers. Aggregate sales of NAND Flash products for the first quarter of 2010 increased 21% from the fourth quarter of 2009 and represented 33% of the Company's total net sales for the first quarter of 2010, 36% of total net sales for the fourth quarter of 2009 and 38% of net sales for the first quarter of 2009.

Sales through IM Flash to Intel were $193 million for the first quarter of 2010, $156 million for the fourth quarter of 2009 and $318 million for the first quarter of 2009. For the first quarter of 2010, average selling prices for IM Flash sales to Intel decreased slightly due to reductions in costs per gigabit. However, gigabit sales to Intel were 27% higher in the first quarter of 2010 as compared to the fourth quarter of 2009 primarily due to a 30% increase in gigabit production of NAND Flash products over the same period as a result of the Company's continued transition to higher density NAND Flash products and other improvements in product and process technologies.

Aggregate sales of NAND Flash products to the Company's OEM, reseller and retail customers were 20% higher for the first quarter of 2010 as compared to the fourth quarter of 2009 primarily due to a 14% increase in average selling prices and a 5% increase in gigabit sales. Average selling prices to the Company's OEM and reseller customers for the first quarter of 2010 increased 17% compared to the fourth quarter of 2009, while average selling prices of the Company's Lexar brand, directed primarily at the retail market, decreased 1% for the first quarter of 2010 compared to the fourth quarter of 2009.

The Company has formed partnering arrangements under which it has sold and/or licensed technology to other parties. The Company's Memory segment recognized royalty and license revenue of $35 million in the first quarter of 2010, $34 million in the fourth quarter of 2009 and $36 million in the first quarter of 2009.

Memory sales for the first quarter of 2010 increased 33% from the first quarter of 2009 primarily due to a 54% increase in sales of DRAM products and a 6% increase in sales of NAND Flash products. Sales of DRAM products for the first quarter of 2010 increased from the first quarter of 2009 primarily due to a 74% increase in gigabits sold partially offset by a 10% decline in average selling prices. The decline in average selling prices on sales of DRAM products was primarily attributable to a shift in product mix to a higher proportion of DDR2 and DDR3 DRAM products that realize significantly lower average selling prices per gigabit than sales of specialty DRAM products. Gigabit production of DRAM products increased approximately 67% for the first quarter of 2010 despite the shutdown of the Boise fabrication facility in the second half of 2009, primarily due to additional supply received from the Company's Inotera joint venture and production efficiencies from improvements in product and process

technologies. Sales of NAND Flash products for the first quarter of 2009 increased 6% from the first quarter of 2009 primarily due to an increase of 57% in gigabits sold as a result of production increases partially offset by a decline of 32% in average selling prices per gigabit. Gigabit production of NAND Flash products increased 85% for the first quarter of 2010 as compared to the first quarter of 2009, primarily due to transitions to higher density, advanced geometry devices.

Gross Margin

The Company's gross margin percentage for Memory products for the first quarter of 2010 improved to 27% from 12% for the fourth quarter of 2009 primarily due to improvements in the gross margins for both DRAM and NAND Flash products. Gross margins for Memory products in the first quarter of 2010 were positively affected by significant improvements in average selling prices as well as cost reductions for both DRAM and NAND Flash products.

The Company's gross margins are impacted by charges to write down inventories to their estimated market values as a result of the significant decreases in average selling prices for both DRAM and NAND Flash products. As charges to write down inventories are recorded in advance of when inventories are sold, gross margins in subsequent reporting periods are higher than they otherwise would be. The impact of inventory write-downs on gross margins for all periods reflects inventory write-downs less the estimated net effect of prior period write-downs. The effects of inventory write-downs on Memory gross margins by period were as follows:

	First Quarter		Fourth Quarter
	2010	2009	2009
	(amounts in millions)		
Inventory write-downs	$--	$(369)	$--
Estimated effect of previous inventory write-downs	22	157	91
Net effect of inventory write-downs	$22	$(212)	$91

In future periods, the Company will be required to record additional inventory write-downs if estimated average selling prices of products held in finished goods and work in process inventories at a quarter-end date are below the manufacturing cost of those products.

Improvements in gross margins on sales of DRAM products for the first quarter of 2010 as compared to the fourth quarter of 2009 were primarily due to the 21% increase in average selling prices and a 7% reduction in costs per gigabit. The reduction in DRAM costs per gigabit was primarily due to production efficiencies and to the elimination of Inotera underutilized capacity charges as Inotera ramped production. DRAM production costs for the fourth quarter of 2009 were adversely impacted by $30 million of underutilized capacity costs from Inotera.

The Company's gross margin on sales of NAND Flash products for the first quarter of 2010 improved from the fourth quarter of 2009 primarily due to the 5% increase in overall average selling prices per gigabit and a 2% reduction in costs per gigabit. The reduction in NAND Flash costs per gigabit was primarily due to lower manufacturing costs as a result of increased production of higher-density, advanced-geometry devices, in particular from the Company's transition to 34nm process technology. Gross margins on sales of NAND Flash products reflect sales of approximately half of IM Flash's output to Intel at long-term negotiated prices approximating cost.

The Company's gross margin percentage for Memory products improved to 27% for the first quarter of 2010 from negative 41% for the first quarter of 2009 primarily due to significant cost reductions and the net effects of inventory write-downs. The Company's gross margin on sales of DRAM products for the first quarter of 2010 improved from the first quarter of 2009, primarily due to a reduction in costs per gigabit partially offset by the decline in average selling prices per gigabit. The Company's gross margin on sales of NAND Flash products for the first quarter of 2010 improved from the first quarter of 2009 primarily due to a 62% reduction in costs per gigabit partially offset by the 32% decline in average selling prices per gigabit. Cost reductions in the first quarter of 2010 primarily reflect lower manufacturing costs.

The Company's gross margin percentage for All Other segments declined in the first quarter of 2010 from the fourth and first quarters of 2009 primarily due to the conversion of Imaging operations to a wafer foundry manufacturing model in connection with the Company's sale of a 65% interest in Aptina Imaging Corporation ("Aptina"), previously a wholly-owned subsidiary of the Company, on July 10, 2009. Under the wafer foundry model, the Company sells all of its output of Imaging products to Aptina under a wafer supply agreement with pricing terms that generally result in lower gross margins than historically realized by the Company on sales of Imaging products to end customers.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses for the first quarter of 2010 increased 18% from the fourth quarter of 2009, primarily due to higher payroll expenses resulting from the accrual of incentive-based compensation costs as a result of improved operating results. SG&A expenses for the first quarter of 2010 decreased 5% from the first quarter of 2009 primarily due to lower Imaging SG&A costs as a result of the sale of 65% interest in Aptina in the fourth quarter of 2009 and one less week in the first quarter of 2010, partially offset by higher payroll expenses resulting from the accrual of incentive-based compensation costs. Future SG&A expense is expected to vary, potentially significantly, depending on, among other things, the number of legal matters that are resolved relatively early in their life-cycle and the number of legal matters that progress to trial.

Research and Development

Research and development ("R&D") expenses vary primarily with the number of development wafers processed, the cost of advanced equipment dedicated to new product and process development, and personnel costs. Because of the lead times necessary to manufacture its products, the Company typically begins to process wafers before completion of performance and reliability testing. The Company deems development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability. R&D expenses can vary significantly depending on the timing of product qualification as costs incurred in production prior to qualification are charged to R&D.

R&D expenses for the first quarter of 2010 were relatively unchanged from the fourth quarter of 2009 as lower Imaging R&D costs resulting from the sale of a 65% interest in Aptina in the fourth quarter of 2009 were offset by higher payroll expenses resulting from the accrual of incentive-based compensation costs. R&D expenses were reduced by $26 million in the first quarter of 2010, $24 million in the fourth quarter of 2009 and $32 million in the first quarter of 2009 for amounts reimbursable from Intel under a NAND Flash R&D cost-sharing arrangement. R&D expenses for the first quarter of 2010 decreased 23% from the first quarter of 2009 primarily due to the sale of a 65% interest in Aptina in the fourth quarter of 2009.

The Company's process technology research and development ("R&D") efforts are focused primarily on development of successively smaller line-width process technologies which are designed to facilitate the Company's transition to next generation memory products. Additional process technology R&D efforts focus on the enablement of advanced computing and mobile memory architectures, the investigation of new opportunities that leverage the Company's core semiconductor expertise, and the development of new manufacturing materials. Product design and development efforts are concentrated on the Company's high density DDR3 and mobile products, as well as high density and mobile NAND Flash memory (including MLC technology), specialty memory products and memory systems.

Other Operating (Income) Expense, Net

Other operating (income) expense consisted of the following:

	First Quarter		Fourth Quarter
	2010	2009	2009
Losses from changes in currency exchange rates	$ 21	$ 3	$ 5
(Gain) loss on disposals of property, plant and equipment	(2)	14	(1)
Loss (credit) on Aptina spinoff	--	--	(12)
Other	(10)	(8)	(7)
	$ 9	$ 9	$ (15)

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Interest Income/Expense

As a result of the adoption of a new accounting standard for certain convertible debt, the Company modified its accounting for its 1.875% Convertible Senior notes. The Company retrospectively allocated the $1.3 billion aggregate principal amount outstanding at inception between a liability component (issued at a discount) and an equity component. The debt discount is being amortized from issuance through June 2014, the maturity date of the Senior Notes, with the amortization recorded as additional non-cash interest expense. As a result, the Company incurred additional non-cash interest expense of $13 million in the first quarter of 2010, $12 million in the fourth quarter of 2009, and $11 million in the first quarter of 2009. Interest expense for the first quarter of 2010, fourth quarter of 2009 and first quarter of 2009, includes aggregate amounts of non-cash amortization of debt discount and issuance costs of $20 million, $20 million and $15 million, respectively. (See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Retrospective Adoption of New Accounting Standards.”)

Other non-operating income (expense), net

On August 3, 2009, Inotera sold common shares in a public offering at a price equal to 16.02 New Taiwan dollars per common share (approximately $0.49 U.S. dollars on August 3, 2009). As a result of the issuance, the Company’s interest in Inotera decreased from 35.5% to 29.8% and the Company recognized a gain of $56 million in the first quarter of 2010 (including $33 million of Inotera Amortization). (See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments – Inotera.”)

Income Taxes

Income taxes for the first quarter of 2010, fourth quarter of 2009 and first quarter of 2009 primarily reflect taxes on the Company’s non-U.S. operations and U.S. alternative minimum tax. The Company has a valuation allowance for its net deferred tax asset associated with its U.S. operations. The benefit for taxes on U.S. operations in the first quarter of 2010, fourth quarter of 2009 and first quarter of 2009 was substantially offset by changes in the valuation allowance.

Equity in Net Losses of Equity Method Investees

In connection with its DRAM partnering arrangements with Nanya, the Company has investments in two Taiwan DRAM memory companies accounted for as equity method investments: Inotera and MeiYa. Inotera and MeiYa each have fiscal years that end on December 31. The Company recognizes its share of Inotera’s and MeiYa’s quarterly earnings or losses on a two-month lag. The Company recognized losses from these equity method investments of $14 million for the first quarter of 2010, $34 million for the fourth quarter of 2009 and $5 million for the first quarter of 2009.

As a result of its sale of a 65% interest in its Aptina subsidiary on July 10, 2009, the Company’s investment in Aptina is accounted for as an equity method investment. The Company’s shares in Aptina constitute 35% of Aptina’s total common and preferred stock and 64% of Aptina’s common stock. Under the equity method, the Company recognizes its share of Aptina’s results of operations based on its 64% share of Aptina’s common stock on a two-month lag. The Company recognized a loss of $3 million in the first quarter of 2010 for its investment in Aptina.

(See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments.”)

Noncontrolling Interests in Net (Income) Loss

Noncontrolling interests for 2009, 2008 and 2007 primarily reflects the share of income or losses of the Company's TECH joint venture attributed to the noncontrolling interests in TECH. The Company purchased $99 million of TECH shares on February 27, 2009, $99 million of TECH shares on June 2, 2009, and $60 million of TECH shares on August 27, 2009. As a result, noncontrolling interests in TECH were reduced from approximately 27% as of August 28, 2008 to approximately 15% in August 2009. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – TECH Semiconductor Singapore Pte. Ltd.")

Stock-based Compensation

Total compensation cost for the Company's equity plans for the first quarter of 2010, fourth quarter of 2009 and first quarter of 2009 was $31 million, $10 million and $9 million, respectively. Stock-based compensation expenses for the first quarter of 2010 increased from prior quarters primarily due to the accrual of performance-based stock compensation costs as a result of improved operating results. Stock compensation expenses fluctuate based on assessments of whether the achievement of performance conditions is probable for performance-based stock grants. As of December 3, 2009, $140 million of total unrecognized compensation cost related to non-vested awards was expected to be recognized through the first quarter of 2014.

Liquidity and Capital Resources

As of December 3, 2009, the Company had cash and equivalents and short-term investments totaling $1,565 million compared to $1,485 million as of September 3, 2009. The balance as of December 3, 2009, included $88 million held at the Company's IM Flash joint ventures and $73 million held at the Company's TECH joint venture. The Company's ability to access funds held by the joint ventures to finance the Company's other operations is subject to agreement by the joint venture partners, debt covenants and contractual limitations. Amounts held by TECH are not anticipated to be available to finance the Company's other operations.

The Company's liquidity is highly dependent on average selling prices for its products and the timing of capital expenditures, both of which can vary significantly from period to period. Depending on conditions in the semiconductor memory market, the Company's cash flows from operations and current holdings of cash and investments may not be adequate to meet its needs for capital expenditures and operations. Historically, the Company has used external sources of financing to fund these needs. Due to conditions in the credit markets, it may be difficult to obtain financing on terms acceptable to the Company.

Operating activities: Net cash provided by operating activities was $326 million for the first quarter of 2010 which reflected approximately $679 million generated from the production and sales of the Company's products partially offset by an increase in working capital of approximately $353 million. The increase in working capital was primarily due to a $324 million increase in receivables due to the higher level of sales and in an increase in the proportion of sales to original equipment manufacturers who generally have longer payment terms than other customers.

Investing activities: Net cash used for investing activities was $25 million in the first quarter of 2010, which included cash expenditures of $62 million for property, plant and equipment. A significant portion of the capital expenditures related to IM Flash and TECH operations. The Company believes that to develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, it must continue to invest in manufacturing technologies, facilities and capital equipment and research and development. The Company expects that capital spending will be approximately $750 million to $850 million for 2010. As of December 3, 2009, the Company had commitments of approximately $300 million for the acquisition of property, plant and equipment, most of which is expected to be paid within one year.

Financing activities: Net cash used for financing activities was $221 million in the first quarter of 2010, which includes $88 million of distributions to joint venture partners and $49 million in payments on equipment purchase contracts. Net cash used for financing activities also includes payments to reduce debt, net of proceeds received, of $80 million. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Debt.")

TECH's credit facility contains covenants that, among other requirements, establish certain liquidity, debt service coverage and leverage ratios, and restrict TECH's ability to incur indebtedness, create liens and acquire or dispose of

assets. In the first quarter of 2010, the debt covenants for TECH's credit facility were modified and as of December 3, 2009, TECH was in compliance with the covenants. In connection with the modification, the Company has guaranteed approximately 85% of the outstanding amount borrowed under TECH's credit facility and the Company's guarantee is expected to increase to 100% of the outstanding amount borrowed under the facility in April 2010. Under the terms of the credit facility, TECH had $60 million in restricted cash as of December 3, 2009.

Joint ventures: In the first quarter of 2010, IM Flash distributed $88 million to Intel and the Company expects that it will make additional distributions to Intel in 2010. Timing of these distributions and any future contributions, however, is subject to market conditions and approval of the partners.

The Company made $258 million of capital contribution to TECH in 2009 and expects to make additional capital contributions to TECH in 2010. The timing and amount of these contributions is subject to market conditions. The shareholders' agreement for the TECH joint venture expires in April 2011. In September 2009, TECH received a notice from HP that it does not intend to extend the TECH joint venture beyond April 2011. The Company is working with HP and Canon to reach a resolution of the matter. The parties' inability to reach a resolution of this matter prior to April 2011 could result in the dissolution of TECH.

On December 15, 2009, Inotera's Board of Directors approved the issuance of 640 million common shares. The issuance price was set on January 6, 2010 at 22.50 New Taiwan dollars per share ($0.70 U.S. dollars at January 6, 2010). The Company expects to purchase its allotted portion of the offering, estimated to be approximately 150 million shares. The actual number of shares purchased by the Company will vary depending on the number of shares purchased by Inotera's employees and other shareholders.

Contractual obligations: As of December 3, 2009, contractual obligations for notes payable, capital lease obligations and operating leases were as follows:

	Total	Remainder of 2010	2011	2012	2013	2014	2015 and thereafter
				(amounts in millions)			
Notes payable1	$2,718	$261	$452	$412	$34	$1,559	$--
Capital lease obligations1	628	151	282	52	21	21	101
Operating leases	71	14	15	11	11	7	13

1 Includes interest

Recently Adopted Accounting Standards

In May 2008, the FASB issued a new accounting standard for convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement. This standard requires that issuers of convertible debt instruments that may be settled in cash upon conversion separately account for the liability and equity components of such instruments in a manner such that interest cost will be recognized at the entity's nonconvertible debt borrowing rate in subsequent periods. The Company adopted this standard as of the beginning of 2010 and retrospectively accounted for its $1.3 billion of 1.875% convertible senior notes under the provisions of this guidance from the May 2007 issuance date of the notes. As a result, prior financial statement amounts were recast. (See "Retrospective Adoption of Accounting Standards" note.)

In December 2007, the FASB issued a new accounting standard on noncontrolling interests in consolidated financial statements. This standard requires that (1) noncontrolling interests be reported as a separate component of equity, (2) net income attributable to the parent and to the noncontrolling interest be separately identified in the statement of operations, (3) changes in a parent's ownership interest while the parent retains its controlling interest be accounted for as equity transactions and (4) any retained noncontrolling equity investment upon the deconsolidation of a subsidiary be initially measured at fair value. The Company adopted this standard as of the beginning of 2010. As a result of the retrospective adoption of the presentation and disclosure requirements, prior financial statement amounts were recast. (See "Retrospective Adoption of Accounting Standards" note.)

In December 2007, the FASB issued a new accounting standard on business combinations, which establishes the principles and requirements for how an acquirer (1) recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, and any noncontrolling interests in the acquiree, (2) recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase and (3) determines what information to disclose. The Company adopted this standard effective as of the beginning of 2010. The adoption did not have a significant impact on the Company's financial statements.

In September 2006, the FASB issued a new accounting standard on fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The Company adopted this standard effective as of the beginning of 2009 for financial assets and financial liabilities. The Company adopted this standard effective as of the beginning of 2010 for all other assets and liabilities. The adoptions did not have a significant impact on the Company's financial statements.

Recently Issued Accounting Standards

In June 2009, the FASB issued a new accounting standard on variable interest entities which (1) replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity with an approach that is primarily qualitative, (2) requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity and (3) requires additional disclosures about an enterprise's involvement in variable interest entities. The Company is required to adopt this standard as of the beginning of 2011. The Company is evaluating the impact the adoption of this standard will have on its financial statements.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Estimates and judgments are based on historical experience, forecasted future events and various other assumptions that the Company believes to be reasonable under the circumstances. Estimates and judgments may vary under different assumptions or conditions. The Company evaluates its estimates and judgments on an ongoing basis. Management believes the accounting policies below are critical in the portrayal of the Company's financial condition and results of operations and requires management's most difficult, subjective or complex judgments.

Acquisitions and consolidations: Determination and the allocation of the purchase price of acquired operations significantly influences the period in which costs are recognized. Accounting for acquisitions and consolidations requires the Company to estimate the fair value of the individual assets and liabilities acquired as well as various forms of consideration given, which involves a number of judgments, assumptions and estimates that could materially affect the amount and timing of costs recognized. The Company typically obtains independent third party valuation studies to assist in determining fair values, including assistance in determining future cash flows, appropriate discount rates and comparable market values. Determining whether or not to consolidate a variable interest entity may require judgment in assessing whether the Company is the entity's primary beneficiary.

Contingencies: The Company is subject to the possibility of losses from various contingencies. Considerable judgment is necessary to estimate the probability and amount of any loss from such contingencies. An accrual is made when it is probable that a liability has been incurred or an asset has been impaired and the amount of loss can be reasonably estimated. The Company accrues a liability and charges operations for the estimated costs of adjudication or settlement of asserted and unasserted claims existing as of the balance sheet date.

Income taxes: The Company is required to estimate its provision for income taxes and amounts ultimately payable or recoverable in numerous tax jurisdictions around the world. Estimates involve interpretations of regulations and are inherently complex. Resolution of income tax treatments in individual jurisdictions may not be known for many years after completion of any fiscal year. The Company is also required to evaluate the realizability of its deferred tax assets on an ongoing basis in accordance with U.S. GAAP, which requires the assessment of the Company's performance and other relevant factors when determining the need for a valuation allowance with respect to these

deferred tax assets. Realization of deferred tax assets is dependent on the Company's ability to generate future taxable income.

Inventories: Inventories are stated at the lower of average cost or market value and the Company recorded charges of $603 million in aggregate for 2009 and $282 million in aggregate for 2008, to write down the carrying value of inventories of memory products to their estimated market values. Cost includes labor, material and overhead costs, including product and process technology costs. Determining market value of inventories involves numerous judgments, including projecting average selling prices and sales volumes for future periods and costs to complete products in work in process inventories. To project average selling prices and sales volumes, the Company reviews recent sales volumes, existing customer orders, current contract prices, industry analysis of supply and demand, seasonal factors, general economic trends and other information. When these analyses reflect estimated market values below the Company's manufacturing costs, the Company records a charge to cost of goods sold in advance of when the inventory is actually sold. Differences in forecasted average selling prices used in calculating lower of cost or market adjustments can result in significant changes in the estimated net realizable value of product inventories and accordingly the amount of write-down recorded. For example, a 5% variance in the estimated selling prices would have changed the estimated market value of the Company's semiconductor memory inventory by approximately $86 million at December 3, 2009. Due to the volatile nature of the semiconductor memory industry, actual selling prices and volumes often vary significantly from projected prices and volumes and, as a result, the timing of when product costs are charged to operations can vary significantly.

U.S. GAAP provides for products to be grouped into categories in order to compare costs to market values. The amount of any inventory write-down can vary significantly depending on the determination of inventory categories. The Company's inventories have been categorized as Memory, Imaging and Microdisplay products. The major characteristics the Company considers in determining inventory categories are product type and markets.

Product and process technology: Costs incurred to acquire product and process technology or to patent technology developed by the Company are capitalized and amortized on a straight-line basis over periods currently ranging up to 10 years. The Company capitalizes a portion of costs incurred based on its analysis of historical and projected patents issued as a percent of patents filed. Capitalized product and process technology costs are amortized over the shorter of (1) the estimated useful life of the technology, (2) the patent term or (3) the term of the technology agreement.

Property, plant and equipment: The Company reviews the carrying value of property, plant and equipment for impairment when events and circumstances indicate that the carrying value of an asset or group of assets may not be recoverable from the estimated future cash flows expected to result from its use and/or disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to the amount by which the carrying value exceeds the estimated fair value of the assets. The estimation of future cash flows involves numerous assumptions which require judgment by the Company, including, but not limited to, future use of the assets for Company operations versus sale or disposal of the assets, future selling prices for the Company's products and future production and sales volumes. In addition, judgment is required by the Company in determining the groups of assets for which impairment tests are separately performed.

Research and development: Costs related to the conceptual formulation and design of products and processes are expensed as research and development as incurred. Determining when product development is complete requires judgment by the Company. The Company deems development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability. Subsequent to product qualification, product costs are valued in inventory.

Stock-based compensation: Compensation cost for stock-based compensation is estimated at the grant date based on the fair-value of the award and is recognized as expense ratably over the requisite service period of the award. For stock-based compensation awards with graded vesting that were granted after 2005, the Company recognizes compensation expense using the straight-line amortization method. For performance-based stock awards, the expense recognized is dependent on the probability of the performance measure being achieved. The Company utilizes forecasts of future performance to assess these probabilities and this assessment requires considerable judgment.

Determining the appropriate fair-value model and calculating the fair value of stock-based awards at the grant date requires considerable judgment, including estimating stock price volatility, expected option life and forfeiture rates. The Company develops its estimates based on historical data and market information which can change significantly over time. A small change in the estimates used can result in a relatively large change in the estimated valuation. The Company uses the Black-Scholes option valuation model to value employee stock awards. The Company estimates stock price volatility based on an average of its historical volatility and the implied volatility derived from traded options on the Company's stock.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

As of December 3, 2009, $2,072 million of the Company's $2,761 million of debt was at fixed interest rates. As a result, the fair value of the Company's debt instruments fluctuates based on changes in market interest rates. The estimated fair value of the Company's debt instruments was $3,048 million as of December 3, 2009 and was $2,868 million as of September 3, 2009. The Company estimates that as of December 3, 2009, a 1% decrease in market interest rates would change the fair value of the fixed-rate debt instruments by approximately $61 million. As of December 3, 2009, $689 million of the Company's debt instruments had variable interest rates and an increase of 1% would increase annual interest expense by approximately $7 million.

Foreign Currency Exchange Rate Risk

The information in this section should be read in conjunction with the information related to changes in the exchange rates of foreign currency in "Item 1A. Risk Factors." Changes in foreign currency exchange rates could materially adversely affect the Company's results of operations or financial condition.

The functional currency for substantially all of the Company's operations is the U.S. dollar. The Company held cash and other assets in foreign currencies valued at an aggregate of U.S. $246 million as of December 3, 2009 and U.S. $229 million as of September 3, 2009. The Company also had foreign currency liabilities valued at an aggregate of U.S. $843 million as of December 3, 2009, and U.S. $742 million as of September 3, 2009. Significant components of the Company's assets and liabilities denominated in foreign currencies were as follows (in U.S. dollar equivalents):

	December 3, 2009			September 3, 2009		
	Singapore Dollars	Yen	Euro	Singapore Dollars	Yen	Euro
	(in millions)					
Deferred tax assets	$--	$119	$4	$--	$115	$4
Other assets	25	33	33	25	17	40
Accounts payable and accrued expenses	(59)	(150)	(176)	(68)	(141)	(99)
Debt	(299)	(26)	(4)	(289)	(25)	(4)
Other liabilities	(10)	(60)	(43)	(8)	(55)	(41)
Net assets (liabilities)	$(343)	$(84)	$(186)	$(340)	$(89)	$(100)

The Company estimates that, based on its assets and liabilities denominated in currencies other than the U.S. dollar as of December 3, 2009, a 1% change in the exchange rate versus the U.S. dollar would result in foreign currency gains or losses of approximately U.S. $3 million for the Singapore dollar, U.S. $2 million for euro and U.S. $1 million for the yen. During the first quarter of 2010, the Company began using derivative instruments to hedge its foreign currency exchange rate risk. (See Item 1. Financial Statements - "Derivative Financial Instruments" note.)

Item 4. Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Company's management, including its principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the principal executive officer and principal financial officer concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, to allow timely decision regarding disclosure.

During the quarterly period covered by this report, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Antitrust Matters

On May 5, 2004, Rambus, Inc. ("Rambus") filed a complaint in the Superior Court of the State of California (San Francisco County) against the Company and other DRAM suppliers alleging that the defendants harmed Rambus by engaging in concerted and unlawful efforts affecting Rambus DRAM ("RDRAM") by eliminating competition and stifling innovation in the market for computer memory technology and computer memory chips. Rambus's complaint alleges various causes of action under California state law including, among other things, a conspiracy to restrict output and fix prices, a conspiracy to monopolize, intentional interference with prospective economic advantage, and unfair competition. Rambus alleges that it is entitled to actual damages of more than a billion dollars and seeks joint and several liability, treble damages, punitive damages, a permanent injunction enjoining the defendants from the conduct alleged in the complaint, interest, and attorneys' fees and costs. Trial is scheduled to begin in January 2010.

A number of purported class action price-fixing lawsuits have been filed against the Company and other DRAM suppliers. Four cases have been filed in the U.S. District Court for the Northern District of California asserting claims on behalf of a purported class of individuals and entities that indirectly purchased DRAM and/or products containing DRAM from various DRAM suppliers during the time period from April 1, 1999 through at least June 30, 2002. The complaints allege price fixing in violation of federal antitrust laws and various state antitrust and unfair competition laws and seek treble monetary damages, restitution, costs, interest and attorneys' fees. In addition, at least sixty-four cases have been filed in various state courts asserting claims on behalf of a purported class of indirect purchasers of DRAM. Cases have been filed in the following states: Arkansas, Arizona, California, Florida, Hawaii, Iowa, Kansas, Massachusetts, Maine, Michigan, Minnesota, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Jersey, New Mexico, Nevada, New York, Ohio, Pennsylvania, South Dakota, Tennessee, Utah, Vermont, Virginia, Wisconsin, and West Virginia, and also in the District of Columbia and Puerto Rico. The complaints purport to be on behalf of a class of individuals and entities that indirectly purchased DRAM and/or products containing DRAM in the respective jurisdictions during various time periods ranging from April 1999 through at least June 2002. The complaints allege violations of the various jurisdictions' antitrust, consumer protection and/or unfair competition laws relating to the sale and pricing of DRAM products and seek joint and several damages, trebled, as well as restitution, costs, interest and attorneys' fees. A number of these cases have been removed to federal court and transferred to the U.S. District Court for the Northern District of California (San Francisco) for consolidated pre-trial proceedings. On January 29, 2008, the Northern District of California Court granted in part and denied in part the Company's motion to dismiss plaintiff's second amended consolidated complaint. Plaintiffs subsequently filed a motion seeking certification for interlocutory appeal of the decision. On February 27, 2008, plaintiffs filed a third amended complaint. On June 26, 2008, the United States Court of Appeals for the Ninth Circuit agreed to consider plaintiffs' interlocutory appeal.

Additionally, three cases have been filed against the Company in the following Canadian courts: Superior Court, District of Montreal, Province of Quebec; Ontario Superior Court of Justice, Ontario; and Supreme Court of British Columbia, Vancouver Registry, British Columbia. The substantive allegations in these cases are similar to those asserted in the DRAM antitrust cases filed in the United States. Plaintiffs' motion for class certification was denied in the British Columbia and Quebec cases in May and June 2008, respectively. Plaintiffs have filed an appeal of each of those decisions. On November 12, 2009, the British Columbia Court of Appeal reversed the denial of class certification and remanded the case for further proceedings. The appeal of the Quebec case is still pending.

In addition, various states, through their Attorneys General, have filed suit against the Company and other DRAM manufacturers. On July 14, 2006, and on September 8, 2006 in an amended complaint, the following Attorneys General filed suit in the U.S. District Court for the Northern District of California: Alaska, Arizona, Arkansas, California, Colorado, Delaware, Florida, Hawaii, Idaho, Illinois, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and the Commonwealth of the Northern Mariana Islands. Thereafter, three states, Ohio, New Hampshire, and Texas, voluntarily dismissed their claims. The remaining states filed a third amended complaint on October 1, 2007. Alaska, Delaware, Kentucky, and Vermont subsequently voluntarily dismissed their claims. The amended complaint alleges, among other things, violations of the Sherman Act, Cartwright Act, and certain other states' consumer protection and antitrust laws and seeks joint and several damages, trebled, as well as injunctive and other relief. Additionally, on July 13, 2006, the State of New York filed a similar suit in the U.S. District Court for the Southern District of New York. That case was subsequently transferred to the U.S. District Court for the Northern District of California for pre-trial purposes. The State of New York filed an amended complaint on October 1, 2007. On October 3, 2008, the California Attorney General filed a similar lawsuit in California Superior Court, purportedly on behalf of local California government entities, alleging, among other things, violations of the Cartwright Act and state unfair competition law.

On February 28, 2007, February 28, 2007 and March 8, 2007, cases were filed against the Company and other manufacturers of DRAM in the U.S. District Court for the Northern District of California by All American Semiconductor, Inc., Jaco Electronics, Inc. and DRAM Claims Liquidation Trust, respectively, that opted-out of a direct purchaser class action suit that was settled. The complaints allege, among other things, violations of federal and state antitrust and competition laws in the DRAM industry, and seek joint and several damages, trebled, as well as restitution, attorneys' fees, costs, and injunctive relief.

Three purported class action lawsuits alleging price-fixing of "Static Random Access Memory" or "SRAM" products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased SRAM products directly or indirectly from various SRAM suppliers.

In addition, three purported class action lawsuits alleging price-fixing of Flash products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased Flash memory directly and indirectly from various Flash memory suppliers.

The Company is unable to predict the outcome of these lawsuits. The final resolution of these alleged violations of antitrust laws could result in significant liability and could have a material adverse effect on the Company's business, results of operations or financial condition.

Patent Matters

On August 28, 2000, the Company filed a complaint against Rambus, Inc. ("Rambus") in the U.S. District Court for the District of Delaware seeking monetary damages and declaratory and injunctive relief. Among other things, the Company's complaint (as amended) alleges violation of federal antitrust laws, breach of contract, fraud, deceptive trade practices, and negligent misrepresentation. The complaint also seeks a declaratory judgment (a) that certain Rambus patents are not infringed by the Company, are invalid, and/or are unenforceable, (b) that the Company has an implied license to those patents, and (c) that Rambus is estopped from enforcing those patents against the Company. On February 15, 2001, Rambus filed an answer and counterclaim in Delaware denying that the Company is entitled to relief, alleging infringement of the eight Rambus patents (later amended to add four additional patents) named in the Company's declaratory judgment claim, and seeking monetary damages and injunctive relief. In the Delaware action, the Company subsequently added claims and defenses based on Rambus's alleged spoliation of

evidence and litigation misconduct. The spoliation and litigation misconduct claims and defenses were heard in a bench trial before Judge Robinson in October 2007. On January 9, 2009, Judge Robinson entered an opinion in favor of the Company holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against the Company. Rambus subsequently appealed the decision to the U.S. Court of Appeals for the Federal Circuit. That appeal is pending.

A number of other suits involving Rambus are currently pending in Europe alleging that certain of the Company's SDRAM and DDR SDRAM products infringe various of Rambus' country counterparts to its European patent 525 068, including: on September 1, 2000, Rambus filed suit against Micron Semiconductor (Deutschland) GmbH in the District Court of Mannheim, Germany; on September 22, 2000, Rambus filed a complaint against the Company and Reptronic (a distributor of the Company's products) in the Court of First Instance of Paris, France; on September 29, 2000, the Company filed suit against Rambus in the Civil Court of Milan, Italy, alleging invalidity and non-infringement. In addition, on December 29, 2000, the Company filed suit against Rambus in the Civil Court of Avezzano, Italy, alleging invalidity and non-infringement of the Italian counterpart to European patent 1 004 956. Additionally, on August 14, 2001, Rambus filed suit against Micron Semiconductor (Deutschland) GmbH in the District Court of Mannheim, Germany alleging that certain of the Company's DDR SDRAM products infringe Rambus' country counterparts to its European patent 1 022 642. In the European suits against the Company, Rambus is seeking monetary damages and injunctive relief. Subsequent to the filing of the various European suits, the European Patent Office (the "EPO") declared Rambus' 525 068 and 1 004 956 European patents invalid and revoked the patents. The declaration of invalidity with respect to the '068 patent was upheld on appeal. The original claims of the '956 patent also were declared invalid on appeal, but the EPO ultimately granted a Rambus request to amend the claims by adding a number of limitations.

On January 13, 2006, Rambus, Inc. ("Rambus") filed a lawsuit against the Company in the U.S. District Court for the Northern District of California. Rambus alleges that certain of the Company's DDR2, DDR3, RLDRAM, and RLDRAM II products infringe as many as fourteen Rambus patents and seeks monetary damages, treble damages, and injunctive relief. The accused products account for a significant portion of the Company's net sales. On June 2, 2006, the Company filed an answer and counterclaim against Rambus alleging, among other things, antitrust and fraud claims. On January 9, 2009, in another lawsuit involving the Company and Rambus and involving allegations by Rambus of patent infringement against the Company in the U.S. District Court for the District of Delaware, Judge Robinson entered an opinion in favor of the Company holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against the Company. Rambus subsequently appealed the Delaware Court's decision to the U.S. Court of Appeals for the Federal Circuit. Subsequently, the Northern District of California Court stayed a trial of the patent phase of the Northern District of California case pending the outcome of the appeal of the Delaware Court's spoliation decision or further order of the California Court.

On March 6, 2009, Panavision Imaging, LLC filed suit against the Company and Aptina Imaging Corporation, then a wholly-owned subsidiary of the Company ("Aptina"), in the U.S. District Court for the Central District of California. The complaint alleges that certain of the Company and Aptina's image sensor products infringe four Panavision Imaging U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs.

On December 11, 2009, Ring Technology Enterprises of Texas LLC filed suit against the Company in the U.S. District Court for the Eastern District of Texas alleging that certain of the Company's memory products infringe one Ring Technology U.S. patent. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

The Company is unable to predict the outcome of these suits. A court determination that the Company's products or manufacturing processes infringe the product or process intellectual property rights of others could result in significant liability and/or require the Company to make material changes to its products and/or manufacturing processes. Any of the foregoing results could have a material adverse effect on the Company's business, results of operations or financial condition.

Securities Matters

On February 24, 2006, a putative class action complaint was filed against the Company and certain of its officers in the U.S. District Court for the District of Idaho alleging claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Four substantially similar complaints

subsequently were filed in the same Court. The cases purport to be brought on behalf of a class of purchasers of the Company's stock during the period February 24, 2001 to February 13, 2003. The five lawsuits have been consolidated and a consolidated amended class action complaint was filed on July 24, 2006. The complaint generally alleges violations of federal securities laws based on, among other things, claimed misstatements or omissions regarding alleged illegal price-fixing conduct or the Company's operations and financial results. The complaint seeks unspecified damages, interest, attorneys' fees, costs, and expenses. On December 19, 2007, the Court issued an order certifying the class but reducing the class period to purchasers of the Company's stock during the period from February 24, 2001 to September 18, 2002.

The Company is unable to predict the outcome of these cases. A court determination in any of these actions against the Company could result in significant liability and could have a material adverse effect on the Company's business, results of operations or financial condition.

(See "Item 1A. Risk Factors.")

Item 1A. Risk Factors

In addition to the factors discussed elsewhere in this Form 10-Q, the following are important factors which could cause actual results or events to differ materially from those contained in any forward-looking statements made by or on behalf of the Company.

We have experienced dramatic declines in average selling prices for our semiconductor memory products which have adversely affected our business.

For 2009, average selling prices of DRAM and NAND Flash products decreased 52% and 56%, respectively, as compared to 2008. For 2008, average selling prices of DRAM and NAND Flash products decreased 51% and 67%, respectively, as compared to 2007. For 2007, average selling prices of DRAM and NAND Flash products decreased 23% and 56%, respectively, as compared to 2006. In some prior periods, average selling prices for our memory products have been below our manufacturing costs. If average selling prices for our memory products decrease faster than we can decrease per gigabit costs, our business, results of operations or financial condition could be materially adversely affected.

We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations and make adequate capital investments.

Our cash flows from operations depend primarily on the volume of semiconductor memory sold, average selling prices and per unit manufacturing costs. To develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, we must make significant capital investments in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. We currently estimate our capital spending to be between $750 million and $850 million for 2010. As of December 3, 2009, we had cash and equivalents of $1,565 million, of which $161 million consisted of cash and investments of IM Flash and TECH that would generally not be available to finance our other operations. In the past we have utilized external sources of financing when needed and access to capital markets has historically been very important to us. As a result of the severe downturn in the semiconductor memory market, the downturn in general economic conditions, and the adverse conditions in the credit markets, it may be difficult to obtain financing on terms acceptable to us. There can be no assurance that we will be able to generate sufficient cash flows or find other sources of financing to fund our operations; make adequate capital investments to remain competitive in terms of technology development and cost efficiency; or access capital markets. Our inability to do the foregoing could have a material adverse effect on our business and results of operations.

We may be unable to reduce our per gigabit manufacturing costs at the rate average selling prices decline.

Our gross margins are dependent upon continuing decreases in per gigabit manufacturing costs achieved through improvements in our manufacturing processes, including reducing the die size of our existing products. In future periods, we may be unable to reduce our per gigabit manufacturing costs at sufficient levels to improve or maintain gross margins. Factors that many limit our ability to reduce costs include, but are not limited to, strategic product diversification decisions affecting product mix, the increasing complexity of manufacturing processes, changes in process technologies or products that inherently may require relatively larger die sizes. Per gigabit manufacturing costs may also be affected by the relatively smaller production quantities and shorter product lifecycles of certain specialty memory products.

Consolidation of industry participants and governmental assistance to some of our competitors may contribute to uncertainty in the semiconductor memory industry and negatively impact our ability to compete.

In recent years, manufacturing supply has significantly exceeded customer demand resulting in significant declines in average selling prices of DRAM and NAND Flash products and substantial operating losses by the Company and its competitors. The operating losses as well as limited access to sources of financing have led to the deterioration in the financial condition of a number of industry participants. Some of our competitors may try to enhance their capacity and lower their cost structure through consolidation. Consolidation of industry competitors could put us at a competitive disadvantage. In addition, some governments have provided, or are considering, significant financial assistance for some of our competitors.

The recent economic downturn in the worldwide economy and the semiconductor memory industry may harm our business.

The downturn in the worldwide economy, including a continuing downturn in the semiconductor memory industry, had an adverse effect on our business. Adverse economic conditions affect consumer demand for devices that incorporate our products, such as personal computers, mobile phones, Flash memory cards and USB devices. Reduced demand for our products could result in continued market oversupply and significant decreases in our average selling prices. A continuation of current negative conditions in worldwide credit markets would limit our ability to obtain external financing to fund our operations and capital expenditures. In addition, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of losses on our accounts receivables due to credit defaults. As a result, our business, results of operations or financial condition could be materially adversely affected.

The semiconductor memory industry is highly competitive.

We face intense competition in the semiconductor memory market from a number of companies, including Elpida Memory, Inc.; Hynix Semiconductor Inc.; Samsung Electronics Co., Ltd.; SanDisk Corporation; and Toshiba Corporation. Some of our competitors are large corporations or conglomerates that may have greater resources or greater access to resources, including governmental resources, to withstand downturns in the semiconductor markets in which we compete, invest in technology and capitalize on growth opportunities. Our competitors seek to increase silicon capacity, improve yields, reduce die size and minimize mask levels in their product designs. The transitions to smaller line-width process technologies and 300mm wafers in the industry have resulted in significant increases in the worldwide supply of semiconductor memory. Increases in worldwide supply of semiconductor memory also result from semiconductor memory fab capacity expansions, either by way of new facilities, increased capacity utilization or reallocation of other semiconductor production to semiconductor memory production. Increases in worldwide supply of semiconductor memory, if not accompanied with commensurate increases in demand, would lead to further declines in average selling prices for our products and would materially adversely affect our business, results of operations or financial condition.

Our joint ventures and strategic partnerships involve numerous risks.

We have entered into partnering arrangements to manufacture products and develop new manufacturing process technologies and products. These arrangements include our IM Flash NAND Flash joint ventures with Intel, our Inotera DRAM joint venture with Nanya, our TECH DRAM joint venture, our MP Mask joint venture with Photronics and our CMOS image sensor wafer supply agreement with Aptina. These joint ventures and strategic partnerships are subject to various risks that could adversely affect the value of our investments and our results of operations. These risks include the following:

- our interests could diverge from our partners in the future or we may not be able to agree with partners on ongoing manufacturing and operational activities, or on the amount, timing or nature of further investments in our joint venture;
    - recognition of our share of potential Inotera and Aptina losses in our results of operation;
- due to financial constraints, our partners may be unable to meet their commitments to us or our joint ventures and may pose credit risks for our transactions with them;
    - the terms of our arrangements may turn out to be unfavorable;
    - cash flows may be inadequate to fund increased capital requirements;

- we may experience difficulties in transferring technology to joint ventures;
- we may experience difficulties and delays in ramping production at joint ventures;
- these operations may be less cost-efficient as a result of underutilized capacity; and

- political or economic instability may occur in the countries where our joint ventures and/or partners are located.

If our joint ventures and strategic partnerships are unsuccessful, our business, results of operations or financial condition may be adversely affected.

Our ownership interest in Inotera Memories, Inc. involves numerous risks.

Our 29.8% ownership interest in Inotera involves numerous risks including the following:

- Inotera's ability to meet its ongoing obligations;
- costs associated with manufacturing inefficiencies resulting from underutilized capacity;
- difficulties in converting Inotera production from Qimonda AG's ("Qimonda") trench technology to our stack technology;
- difficulties in obtaining financing for capital expenditures necessary to convert Inotera production to our stack technology;
- uncertainties around the timing and amount of wafer supply we will receive under the supply agreement;
- risks relating to actions that may be taken or initiated by Qimonda's bankruptcy administrator relating to Qimonda's transfer to the Company of its Inotera shares and to the possible rejection of or failure to perform under certain patent and technology license agreements between the Company and Qimonda;
- obligations during the technology transition period to procure product based on a competitor's technology which may be difficult to sell and to provide support for such product, with respect to which we have limited technological understanding; and
- the effect on our margins associated with our obligation to purchase product utilizing Qimonda's trench technology at a relatively higher cost than other products manufactured by us and selling them potentially at a lower price than other products produced by us.

In connection with our ownership interest in Inotera, we have rights and obligations to purchase up to 50% of the wafer production of Inotera. In the first quarter of 2010, we purchased $168 million of trench DRAM products from Inotera.

An adverse outcome relating to allegations of anticompetitive conduct could materially adversely affect our business, results of operations or financial condition.

On May 5, 2004, Rambus, Inc. ("Rambus") filed a complaint in the Superior Court of the State of California (San Francisco County) against us and other DRAM suppliers alleging that the defendants harmed Rambus by engaging in concerted and unlawful efforts affecting Rambus DRAM ("RDRAM") by eliminating competition and stifling innovation in the market for computer memory technology and computer memory chips. Rambus's complaint alleges various causes of action under California state law including, among other things, a conspiracy to restrict output and fix prices, a conspiracy to monopolize, intentional interference with prospective economic advantage, and unfair competition. Rambus alleges that it is entitled to actual damages of more than a billion dollars and seeks joint and several liability, treble damages, punitive damages, a permanent injunction enjoining the defendants from the conduct alleged in the complaint, interest, and attorneys' fees and costs. Trial is scheduled to begin in January 2010. (See "Item 1. Legal Proceedings" for additional details on this case and other Rambus matters pending in the U.S. and Europe.)

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A number of purported class action price-fixing lawsuits have been filed against us and other DRAM suppliers. Numerous cases have been filed in various state and federal courts asserting claims on behalf of a purported class of individuals and entities that indirectly purchased DRAM and/or products containing DRAM from various DRAM suppliers during the time period from April 1, 1999 through at least June 30, 2002. The complaints allege violations of the various jurisdictions' antitrust, consumer protection and/or unfair competition laws relating to the sale and pricing of DRAM products and seek joint and several damages, trebled, restitution, costs, interest and attorneys' fees. A number of these cases have been removed to federal court and transferred to the U.S. District Court for the Northern District of California (San Francisco) for consolidated pre-trial proceedings. On January 29, 2008, the Northern District of California Court granted in part and denied in part our motion to dismiss the plaintiff's second amended consolidated complaint. The District Court subsequently certified the decision for interlocutory appeal. On February 27, 2008, plaintiffs filed a third amended complaint. On June 26, 2008, the United States Court of Appeals for the Ninth Circuit agreed to consider plaintiffs' interlocutory appeal. (See "Item 1. Legal Proceedings" for additional details on these cases and related matters.)

Various states, through their Attorneys General, have filed suit against us and other DRAM manufacturers alleging violations of state and federal competition laws. The amended complaint alleges, among other things, violations of the Sherman Act, Cartwright Act, and certain other states' consumer protection and antitrust laws and seeks damages, and injunctive and other relief. On October 3, 2008, the California Attorney General filed a similar lawsuit in California Superior Court, purportedly on behalf of local California government entities, alleging, among other things, violations of the Cartwright Act and state unfair competition law. (See "Item 1. Legal Proceedings" for additional details on these cases and related matters.)

Three purported class action lawsuits alleging price-fixing of Flash products have been filed against us in Canada asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased Flash memory directly and indirectly from various Flash memory suppliers. (See "Item 1. Legal Proceedings" for additional details on these cases and related matters.)

We are unable to predict the outcome of these lawsuits. An adverse court determination in any of these lawsuits alleging violations of antitrust laws could result in significant liability and could have a material adverse effect on our business, results of operations or financial condition.

An adverse determination that our products or manufacturing processes infringe the intellectual property rights of others could materially adversely affect our business, results of operations or financial condition.

On January 13, 2006, Rambus, Inc. ("Rambus") filed a lawsuit against us in the U.S. District Court for the Northern District of California. Rambus alleges that certain of our DDR2, DDR3, RLDRAM, and RLDRAM II products infringe as many as fourteen Rambus patents and seeks monetary damages, treble damages, and injunctive relief. The accused products account for a significant portion of our net sales. On June 2, 2006, we filed an answer and counterclaim against Rambus alleging, among other things, antitrust and fraud claims. On January 9, 2009, in another lawsuit involving the Company and Rambus and involving allegations by Rambus of patent infringement against us in the U.S. District Court for the District of Delaware, Judge Robinson entered an opinion in favor of us holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against the Company. Rambus subsequently appealed the Delaware Court's decision to the U.S. Court of Appeals for the Federal Circuit. Subsequently, the Northern District of California Court stayed a trial of the patent phase of the Northern District of California case pending the outcome of the appeal of the Delaware Court's spoliation decision or further order of the California Court. (See "Item 1. Legal Proceedings" for additional details on this lawsuit and other Rambus matters pending in the U.S. and Europe.)

On March 6, 2009, Panavision Imaging LLC filed suit against us and Aptina Imaging Corporation, then a wholly-owned subsidiary of ours, in the U.S. District Court for the Central District of California. The complaint

alleges that certain of our and Aptina's image sensor products infringe four Panavision Imaging U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs.

On December 11, 2009, Ring Technology Enterprises of Texas LLC filed suit against us in the U.S. District Court for the Eastern District of Texas alleging that certain of our memory products infringe one Ring Technology U.S. patent. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

We are unable to predict the outcome of assertions of infringement made against us. A court determination that our products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing results could have a material adverse effect on our business, results of operations or financial condition.

We have a number of patent and intellectual property license agreements. Some of these license agreements require us to make one time or periodic payments. We may need to obtain additional patent licenses or renew existing license agreements in the future. We are unable to predict whether these license agreements can be obtained or renewed on acceptable terms.

An adverse outcome relating to allegations of violations of securities laws could materially adversely affect our business, results of operations or financial condition.

On February 24, 2006, a number of purported class action complaints were filed against us and certain of our officers in the U.S. District Court for the District of Idaho alleging claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. The cases purport to be brought on behalf of a class of purchasers of our stock during the period February 24, 2001 to February 13, 2003. The five lawsuits have been consolidated and a consolidated amended class action complaint was filed on July 24, 2006. The complaint generally alleges violations of federal securities laws based on, among other things, claimed misstatements or omissions regarding alleged illegal price-fixing conduct. The complaint seeks unspecified damages, interest, attorneys' fees, costs, and expenses. On December 19, 2007, the Court issued an order certifying the class but reducing the class period to purchasers of our stock during the period from February 24, 2001 to September 18, 2002. (See “Item 1. Legal Proceedings” for additional details on these cases and related matters.)

We are unable to predict the outcome of these cases. An adverse court determination in any of the class action lawsuits against us could result in significant liability and could have a material adverse effect on our business, results of operations or financial condition.

Our debt level is higher than compared to historical periods.

We currently have a higher level of debt compared to historical periods. As of December 3, 2009 we had $2.8 billion of debt. We may need to incur additional debt in the future. Our debt level could adversely impact us. For example it could:

- make it more difficult for us to make payments on our debt;
- require us to dedicate a substantial portion of our cash flow from operations and other capital resources to debt service;
- limit our future ability to raise funds for capital expenditures, acquisitions, research and development and other general corporate requirements;
- increase our vulnerability to adverse economic and semiconductor memory industry conditions;
- expose us to fluctuations in interest rates with respect to that portion of our debt which is at a variable rate of interest; and
- require us to make additional investments in joint ventures to maintain compliance with financial covenants.

Several of our credit facilities, one of which was modified during 2009 and another which was modified in 2010, have covenants that require us to maintain minimum levels of tangible net worth and cash and investments. As of December 3, 2009, we were in compliance with our debt covenants. If we are unable to continue to be in compliance with our debt covenants, or obtain waivers, an event of default could be triggered, which, if not cured, could cause the maturity of other borrowings to be accelerated and become due and currently payable.

Covenants in our debt instruments may obligate us to repay debt, increase contributions to our TECH joint venture and limit our ability to obtain financing.

Our ability to comply with the financial and other covenants contained in our debt may be affected by economic or business conditions or other events. As of December 3, 2009, our 85% owned TECH Semiconductor Singapore Pte. Ltd., ("TECH") subsidiary, had $497 million outstanding under a credit facility with covenants that, among other requirements, establish certain liquidity, debt service coverage and leverage ratios for TECH and restrict TECH's ability to incur indebtedness, create liens and acquire or dispose of assets. If TECH does not comply with these debt covenants and restrictions, this debt may be deemed to be in default and the debt declared payable. There can be no assurance that TECH will be able to comply with its covenants. Additionally, if TECH is unable to repay its borrowings when due, the lenders under TECH's credit facility could proceed against substantially all of TECH's assets. In the first quarter of 2010, TECH amended certain of its debt covenants under the credit facility. In connection with the amendment, our guarantee of TECH's debt increased from approximately 73% to approximately 85% of the outstanding amount borrowed under TECH's credit facility. Our guarantee is expected to increase to 100% of the outstanding amount borrowed under the facility in April 2010. If TECH's debt is accelerated, we may not have sufficient assets to repay amounts due. Existing covenant restrictions may limit our ability to obtain additional debt financing. To avoid covenant defaults we may be required to repay debt obligations and/or make additional contributions to TECH, all of which could adversely affect our liquidity and financial condition.

We expect to make future acquisitions and alliances, which involve numerous risks.

Acquisitions and the formation of alliances, such as joint ventures and other partnering arrangements, involve numerous risks including the following:

- difficulties in integrating the operations, technologies and products of acquired or newly formed entities;
- increasing capital expenditures to upgrade and maintain facilities;
- increasing debt to finance any acquisition or formation of a new business;
- difficulties in protecting our intellectual property as we enter into a greater number of licensing arrangements;
- diverting management's attention from normal daily operations;
- managing larger or more complex operations and facilities and employees in separate geographic areas; and
- hiring and retaining key employees.

Acquisitions of, or alliances with, high-technology companies are inherently risky, and any future transactions may not be successful and may materially adversely affect our business, results of operations or financial condition.

New product development may be unsuccessful.

We are developing new products that complement our traditional memory products or leverage their underlying design or process technology. We have made significant investments in product and process technologies and anticipate expending significant resources for new semiconductor product development over the next several years. The process to develop DRAM, NAND Flash and certain specialty memory products requires us to demonstrate advanced functionality and performance, many times well in advance of a planned ramp of production, in order to secure design wins with our customers. There can be no assurance that our product development efforts will be successful, that we will be able to cost-effectively manufacture new products, that we will be able to successfully

market these products or that margins generated from sales of these products will recover costs of development efforts.

The future success of our Imaging foundry business is dependent on Aptina's market success and customer demand.

In recent quarters, Aptina's net sales and gross margins decreased due to declining demand and increased competition. There can be no assurance that Aptina will be able to grow or maintain its market share or gross margins. Any reduction in Aptina's market share could adversely affect the operating results of our Imaging foundry business. Aptina's success depends on a number of factors, including:

- development of products that maintain a technological advantage over the products of our competitors;
- accurate prediction of market requirements and evolving standards, including pixel resolution, output interface standards, power requirements, optical lens size, input standards and other requirements;
- timely completion and introduction of new imaging products that satisfy customer requirements; and
- timely achievement of design wins with prospective customers, as manufacturers may be reluctant to change their source of components due to the significant costs, time, effort and risk associated with qualifying a new supplier.

Depressed pricing for semiconductor memory products may lead to future losses and inventory write-downs.

As a result of the significant decreases in average selling prices for our semiconductor memory products, we recorded charges of $603 million in aggregate for 2009, $282 million in aggregate for 2008 and $20 million in 2007 to write down inventories to their estimated market value. Differences in forecasted average selling prices used in calculating lower of cost or market adjustments can result in significant changes in the estimated net realizable value of product inventories and accordingly the amount of write-down recorded. For example, a 5% variance in the estimated selling prices would have changed the estimated market value of our semiconductor memory inventory by approximately $86 million at December 3, 2009. If the estimated market values of products held in finished goods and work in process inventories at a quarter-end date are below the manufacturing cost of these products, we will recognize charges to cost of goods sold to write down the carrying value of our inventories to market value.

The inability to reach an acceptable agreement with our TECH joint venture partners regarding the future of TECH after its shareholders' agreement expires in April 2011 could have a significant adverse effect on our DRAM production and results of operation.

Since 1998, we have participated in TECH, a semiconductor memory manufacturing joint venture in Singapore among the Company, Canon Inc. ("Canon") and Hewlett-Packard Company ("HP"). As of December 3, 2009, the ownership of TECH was held approximately 85% by us, approximately 11% by Canon and approximately 4% by HP. The financial results of TECH are included in our consolidated financial statements. In the first quarter of 2010, TECH accounted for 35% of our total DRAM wafer production. The shareholders' agreement for TECH expires in April 2011. In the first quarter of 2010, TECH received a notice from HP that it does not intend to extend the TECH joint venture beyond April 2011. We are working with HP and Canon to reach a resolution of the matter. The parties' inability to reach a resolution of this matter prior to April 2011 could result in the dissolution of TECH and have a significant adverse impact on our DRAM production and results of operation.

Products that fail to meet specifications, are defective or that are otherwise incompatible with end uses could impose significant costs on us.

Products that do not meet specifications or that contain, or are perceived by our customers to contain, defects or that are otherwise incompatible with end uses could impose significant costs on us or otherwise materially adversely affect our business, results of operations or financial condition.

Because the design and production process for semiconductor memory is highly complex, it is possible that we may produce products that do not comply with customer specifications, contain defects or are otherwise incompatible with end uses. If, despite design review, quality control and product qualification procedures, problems with nonconforming, defective or incompatible products occur after we have shipped such products, we could be adversely affected in several ways, including the following:

- we may be required to replace product or otherwise compensate customers for costs incurred or damages caused by defective or incompatible product, and

- we may encounter adverse publicity, which could cause a decrease in sales of our products.

Changes in foreign currency exchange rates could materially adversely affect our business, results of operations or financial condition.

Our financial statements are prepared in accordance with U.S. GAAP and are reported in U.S. dollars. Across our multi-national operations, there are transactions and balances denominated in other currencies, primarily the Singapore dollar, euro and yen. We recorded net losses from changes in currency exchange rates of $21 million for the first quarter of 2010, $30 million for 2009 and of $25 million for 2008. We estimate that, based on its assets and liabilities denominated in currencies other than the U.S. dollar as of September 3, 2009, a 1% change in the exchange rate versus the U.S. dollar would result in foreign currency gains or losses of approximately U.S. $3 million for the Singapore dollar, $2 million for the euro and $1 million for the yen. In the event that the U.S. dollar weakens significantly compared to the Singapore dollar, euro and yen, our results of operations or financial condition will be adversely affected.

We may incur additional material restructure charges in future periods.

In response to a severe downturn in the semiconductor memory industry and global economic conditions, we implemented restructure initiatives in 2009, 2008 and 2007 that resulted in net charges of $70 million, $33 million and $19 million, respectively. The restructure initiatives included shutting down our 200mm wafer fabrication facility in Boise, suspending the production ramp of a new fabrication facility in Singapore and other personnel cost reductions. Depending on market conditions, we may need to implement further restructure initiatives in future periods. As a result of these initiatives, we could incur restructure charges, lose production output, lose key personnel and experience disruptions in our operations and difficulties in delivering products timely.

We face risks associated with our international sales and operations that could materially adversely affect our business, results of operations or financial condition.

Sales to customers outside the United States approximated 84% of our consolidated net sales for the first quarter of 2010. In addition, we have manufacturing operations in China, Italy, Japan, Puerto Rico and Singapore. Our international sales and operations are subject to a variety of risks, including:

- currency exchange rate fluctuations;

- export and import duties, changes to import and export regulations, and restrictions on the transfer of funds;

- political and economic instability;

- problems with the transportation or delivery of our products;

- issues arising from cultural or language differences and labor unrest;

- longer payment cycles and greater difficulty in collecting accounts receivable;

- compliance with trade, technical standards and other laws in a variety of jurisdictions;

- changes in economic policies of foreign governments; and

- difficulties in staffing and managing international operations.

These factors may materially adversely affect our business, results of operations or financial condition.

Our net operating loss and tax credit carryforwards may be limited.

We have a valuation allowance against substantially all of our U.S. net deferred tax assets. As of September 3, 2009, we had aggregate U.S. tax net operating loss carryforwards of $4.2 billion and unused U.S. tax credit carryforwards of $212 million. We also had unused state tax net operating loss carryforwards of $2.6 billion and unused state tax credits of $198 million. Substantially all of the net operating loss carryforwards expire in 2022 to 2029 and substantially all of the tax credit carryforwards expire in 2013 to 2029. Utilization of these net operating losses and credit carryforwards is dependent upon us achieving sustained profitability. As a consequence of prior business acquisitions, utilization of the tax benefits for some of the tax carryforwards is subject to limitations imposed by Section 382 of the Internal Revenue Code and some portion or all of these carryforwards may not be available to offset any future taxable income. The determination of the limitations is complex and requires significant judgment and analysis of past transactions.

If our manufacturing process is disrupted, our business, results of operations or financial condition could be materially adversely affected.

We manufacture products using highly complex processes that require technologically advanced equipment and continuous modification to improve yields and performance. Difficulties in the manufacturing process or the effects from a shift in product mix can reduce yields or disrupt production and may increase our per gigabit manufacturing costs. Additionally, our control over operations at our IM Flash, TECH, Inotera and MP Mask joint ventures may be limited by our agreements with our partners. From time to time, we have experienced minor disruptions in our manufacturing process as a result of power outages, improperly functioning equipment and equipment failures. If production at a fabrication facility is disrupted for any reason, manufacturing yields may be adversely affected or we may be unable to meet our customers' requirements and they may purchase products from other suppliers. This could result in a significant increase in manufacturing costs or loss of revenues or damage to customer relationships, which could materially adversely affect our business, results of operations or financial condition.

Disruptions in our supply of raw materials could materially adversely affect our business, results of operations or financial condition.

Our operations require raw materials that meet exacting standards. We generally have multiple sources of supply for our raw materials. However, only a limited number of suppliers are capable of delivering certain raw materials that meet our standards. Various factors could reduce the availability of raw materials such as silicon wafers, photomasks, chemicals, gases, lead frames and molding compound. Shortages may occur from time to time in the future. In addition, disruptions in transportation lines could delay our receipt of raw materials. Lead times for the supply of raw materials have been extended in the past. If our supply of raw materials is disrupted or our lead times extended, our business, results of operations or financial condition could be materially adversely affected.

Item 2. Issuer Purchases of Equity Securities, Unregistered Sales of Equity Securities and Use of Proceeds

During the first quarter of 2010, the Company acquired, as payment of withholding taxes in connection with the vesting of restricted stock and restricted stock unit awards, 288,700 shares of its common stock at an average price per share of $7.86. The Company retired the 288,700 shares in the first quarter of 2010.

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
September 4, 2009 – October 8, 2009	252,317	$7.81	N/A	N/A
October 9, 2009 – November 5, 2009	34,394	8.21	N/A	N/A
November 6, 2009 – December 3, 2009	1,989	7.48	N/A	N/A
	288,700	7.86		

Item 4. Submission of Matters to a Vote of Security Holders

The Company's 2009 Annual Meeting of Shareholders was held on December 10, 2009. At the meeting, the following items were submitted to a vote of the shareholders:

(a) The following nominees for Directors were elected. Each person elected as a Director will serve until the next annual meeting of shareholders or until such person's successor is elected and qualified.

Name of Nominee	Votes Cast For	Votes Cast Against/Withheld
Teruaki Aoki	655,154,578	25,794,325
Steven R. Appleton	647,501,703	33,447,200
James W. Bagley	654,901,324	26,047,579

Robert L. Bailey 664,090,856

Private Placement

On December 15, 2005, the Company sold to certain of its officers and directors an aggregate of 1,132,500 units identical to the units sold in the Public Offering at a price of $10.00 per unit.

Common Stock Reserved For Issuance

At December 31, 2006 20,000,000 shares of common stock were reserved for issuance upon exercise of redeemable warrants.

Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting, and other rights and preferences, as maybe determined from time to time by the Board of Directors.

4. INCOME TAXES

The provision for income taxes consists of the following:

	For the period ended December 31,	
	2006	**2005**
Current-Federal	$ 206,687	$
Current-State and Local		32,000
Deferred-Federal		
Deferred-State and Local		(9,000)
Total	$ 206,687	$ 23,000

The total provision for income taxes differs from the amount which would be computed by applying the U.S. Federal income tax rate to income before provision for income taxes as follows:

	For the period ended December 31,	
	2006	2005
Statutory federal income tax rate	34%	34%
State and local income taxes		17%
Valuation allowance	14%	
Interest income not taxable for federal tax purposes	(41)%	(34)%
Effective tax rate	7%	17%

The tax effect of temporary differences that give rise to the net deferred tax asset is as follows:

	For the period ended December 31,	
	2006	2005
Expenses deferred for income taxes	$ 447,712	$ 9,000
Valuation allowance	(447,712)	
Total deferred tax asset	$	$ 9,000

5. COMMITMENTS

On December 19, 2006, the Company entered into a Sublease and Administrative Services Agreement with Blue Diamond Realty, LLC, a Delaware limited liability company ("Blue Diamond"). Effective as of December 1, 2006, Blue Diamond agreed to sublet offices to the Company located at 103 Foulk Road, Wilmington, Delaware and provide the Company with such office space and equipment, including a conference room, as well as administrative support necessary for the Company's business. The Agreement is for a one-year term effective December 1, 2006 through December 31, 2007, with an automatic renewal each year for an additional one year period, unless either party gives the other party at least 90 days written notice of its intent to terminate the Agreement. The Company shall pay Blue Diamond annual base rent and administrative services fees in the aggregate of $4,000 payable on January 1 each year.

On October 4, 2006, Star Maritime entered into an agreement with Bongard Shipbrokers S.A., or Bongard, for purposes of engaging Bongard in connection with sourcing, developing contacts and making referrals for potential target businesses and providing evaluations of such potential target businesses. In exchange for such services, Star Maritime is obligated to pay a contingent fee of $800,000 within thirty days of the closing of a business combination transaction. In the event that Star Maritime does not consummate a business combination transaction, no fees are payable to Bongard pursuant to the agreement.

On December 20, 2006, Star Maritime entered into an agreement with Cantor Fitzgerald & Co., or CF & Co., for purposes of engaging CF & Co. as financial advisor in connection with a possible business combination transaction. Pursuant to the agreement, CF & Co. was engaged to provide such

services as creating financial models, advising on the structure of a possible transaction with a target business, negotiating agreements on behalf of and in conjunction with management and assisting management with the preparation of marketing and roadshow materials. In exchange for such services, Star Maritime is obligated to pay a contingent fee of $1,250,000, plus expenses of up to $60,000, within thirty days of the closing of a business combination transaction if such transaction is consummated by December 31, 2007.

On December 22, 2006, Star Maritime entered into an agreement with Maxim Group LLC, or Maxim, for purposes of engaging Maxim as co-lead financial advisor in connection with a possible business combination transaction. Pursuant to the agreement, Maxim was engaged to provide such services as creating financial models, advising on the structure of a possible transaction with a target business and assisting in the preparation of terms sheets or letters of intent. In exchange for such services, Star Maritime is obligated to pay a contingent fee of $800,000 for any business combination transaction consummated during the term of the agreement (or within six months of the termination date). The agreement terminates on October 31, 2007, unless terminated earlier by either Star Maritime or Maxim upon thirty days' written notice, or extended by mutual agreement.

The Initial Stockholders have agreed to surrender up to an aggregate of 200,000 of their shares of common stock to the Company for cancellation upon consummation of a business combination in the event public stockholders exercise their right to have the Company redeem their shares for cash. The number of shares that the Initial Stockholders will surrender will be determined by calculating the dollar amount of the Trust Account (exclusive of interest) paid to redeeming stockholders above the amount attributable to such stockholders ($9.23 per share) and the Discount ($0.20 per share) and dividing it by $10.00 (the value attributed to the shares for purposes of this calculation). Accordingly, for each 1,000 shares redeemed up to 3,508,772 shares, the Initial Stockholders will surrender 57 shares for cancellation.

The Company has engaged the representative of the underwriters, on a non-exclusive basis, as its agent for the solicitation of the exercise of the warrants. To the extent not inconsistent with the guidelines of the NASD and the rules and regulations of the Securities and Exchange Commission, the Company has agreed to pay the representative for bona fide services rendered a commission equal to 5% of the exercise price for each warrant exercised more than one year after the date of the prospectus if the exercise was solicited by the underwriters. In addition to soliciting, either orally or in writing, the exercise of the warrants, the representative's services may also include disseminating information, either orally or in writing, to warrant holders about the Company or the market for the Company's securities, and assisting in the processing of the exercise of the warrants. No compensation will be paid to the representative upon the exercise of the warrants if:

- the market price of the underlying shares of common stock is lower than the exercise price;
- the holder of the warrants has not confirmed in writing that the representative solicited the exercise;
- the warrants are held in a discretionary account;
- the warrants are exercised in an unsolicited transaction; or
- the arrangements to pay the commission are not disclosed in the prospectus provided to warrant holders at the time of exercise.

6. SUBSEQUENT EVENTS (UNAUDITED)

On January 12, 2007, the Company, through its newly-formed, wholly-owned subsidiary Star Bulk Carriers Corp., a Marshall Islands company ("Star Bulk"), agreed to purchase eight drybulk carriers (the "Vessels") from certain wholly-owned subsidiary affiliates of TMT Co., Ltd., a Taiwan corporation (TMT Co., Ltd. and such subsidiary affiliates, collectively, "TMT"). The aggregate purchase price for the Vessels is $345.2 million (the "Purchase Price"), consisting of $120.7 million payable in 12,537,645 shares of common stock, par value $0.01, of Star Bulk (the "Stock Consideration") and $224.5 million in cash (the "Cash Consideration").

On February 7, 2007, Star Bulk formed the following wholly-owned subsidiaries registered in the Marshall Islands. The share capital of each of the subsidiaries consists of 500 authorized and issued shares without par value.

Star Alpha Inc.
Star Beta Inc.
Star Gamma Inc.
Star Delta Inc.
Star Epsilon Inc.
Star Iota Inc.
Star Theta Inc.
Star Zeta Inc.
Star Bulk Management Inc.

Star Gamma Inc., a wholly-owned subsidiary of Star Bulk, entered into time a charter agreement dated, February 23, 2007, with TMT for the *C Duckling* (to be renamed the *Star Gamma*). The charter rate for the *Star Gamma* will be $28,500 per day for a term of one year. Star Iota Inc., a wholly-owned subsidiary of Star Bulk, entered into a time charter agreement, dated February 26, 2007, with TMT for the *Mommy Duckling* (to be renamed the *Star Iota*). The charter rate for the *Star Iota* will be $18,000 per day for a term of one year. Each charter will commence as of the date the vessel is delivered to the purchaser. Pursuant to the Supplemental Agreement, these time charters will be null and void if the Redomiciliation Merger is not consummated.

Star Maritime Acquisition Corp. and Subsidiary
(a development stage company)

Condensed Consolidated Balance Sheets
(in U.S. dollars)

	June 30, 2007	December 31, 2006	December 31, 2005
	(unaudited)		
ASSETS			
Current Assets:			
Cash	$ 620,400	$ 2,118,141	$ 593,281
Investments in trust account	196,084,213	192,915,257	188,858,542
Prepaid expenses and other current assets	122,234	149,647	118,766
Total Current Assets	196,826,847	195,183,045	189,570,589
Property and equipment, net	5,694	3,256	3,256
Deferred tax asset			9,000
TOTAL ASSETS	**$ 196,832,541**	**$ 195,186,301**	**$ 189,579,589**
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities			
Accounts payable & accrued expenses	$ 474,520	$ 603,520	$ 344,638
Deferred Interest on investments	3,290,971	2,163,057	
Deferred underwriting fees	4,000,000	4,000,000	4,000,000
Income taxes payable		206,687	
Total Liabilities	7,765,491	6,973,264	4,344,638
Common Stock, $.0001 par value, 6,599,999 shares subject to possible redemption, at redemption value of $9.80 per share	64,679,990	64,679,990	64,679,990
Commitments			
Stockholders' Equity			
Preferred Stock, $.0001 par value; authorized, 1,000,000 shares; none issued or outstanding			
Common Stock, $.0001 par value, authorized, 100,000,000 shares; 29,026,924 shares issued and outstanding. (including 6,599,999 shares subject to possible redemption)	2,903	2,903	2,903
Additional paid in capital	120,441,727	120,441,727	120,441,727
Earnings accumulated in the development stage	3,942,430	3,088,417	110,331
Total Stockholders' Equity	124,387,060	123,533,047	120,554,961

	June 30, 2007	December 31, 2006	December 31, 2005
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 196,832,541**	**$ 195,186,301**	**$ 189,579,589**

Star Maritime Acquisition Corp. and Subsidiary
(a development stage company)

Condensed Consolidated Statements of Income
(in U.S. dollars)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)			
Operating expenses								
Professional fees	$ 368,896	$ 107,029	$ 960,390	$ 128,046	$ 1,576,413	$ 596,423	$ 19,600	$ 616,023
Insurance	22,500	37,000	48,780	63,250	165,256	112,242	4,234	116,476
Due diligence costs	33,199	45,997	76,496	57,293	339,373	262,877		262,877
Other	184,274	117,371	370,885	134,639	636,820	239,558	26,377	265,935
Total operating expenses	608,869	307,397	1,456,551	383,228	2,717,862	1,211,100	50,211	1,261,311
Interest income	1,187,784	1,162,544	2,310,564	2,157,198	6,889,979	4,395,873	183,542	4,579,415
Income before provision for income taxes	578,915	855,147	854,013	1,773,970	4,172,117	3,184,773	133,331	3,318,104
Provision for income taxes		122,120		243,326	229,687	206,687	23,000	229,687
Net income	$ 578,915	$ 733,027	$ 854,013	$ 1,530,644	$ 3,942,430	$ 2,978,086	$ 110,331	$ 3,088,417
Earnings per share (basic and diluted)	$ 0.02	$ 0.03	$ 0.03	$ 0.05	$ 0.17	$ 0.10	$ 0.01	$ 0.14
Weighted average shares outstanding basic and diluted	29,026,924	29,026,924	29,026,924	29,026,924	23,328,717	29,026,924	9,918,282	21,601,120

Star Maritime Acquisition Corp. and Subsidiary
(a development stage company)

Condensed Consolidated Statements of Stockholders' Equity
(in U.S. dollars)

	Common Stock				
	Shares	Amount	Additional paid-in capital	Earnings accumulated in the development stage	Total stockholders' equity
May 13, 2005 (Inception) to June 30, 2007					
Stock Issuance on May 17, 2005 at $.003 per share	9,026,924	$ 903	$ 24,097	$	$ 25,000
Private placement issued December 15, 2005 at $10 per share	1,132,500	113	11,324,887		11,325,000
Common shares issued December 21, 2005 at $10 per share	18,867,500	1,887	188,673,113		188,675,000
Expenses of offerings			(14,900,380)		(14,900,380)
Proceeds subject to possible redemption of 6,599,999 shares			(64,679,990)		(64,679,990)
Net income for the period May 13, 2005 (inception) to December 31, 2005				110,331	110,331
Balance, December 31, 2005	29,026,924	$ 2,903	$ 120,441,727	$ 110,331	$ 120,554,961
Net Income for the year ended December 31, 2006				2,978,086	2,978,086
Balance, December 31, 2006	29,026,924	$ 2,903	$ 120,441,727	$ 3,088,417	$ 123,533,047
Unaudited					
Net income for the six months ended June 30, 2007				854,013	854,013
Balance, June 30, 2007	29,026,924	$ 2,903	$ 120,441,727	$ 3,942,430	$ 124,387,060

Star Maritime Acquisition Corp. and Subsidiary
(a development stage company)

Condensed Consolidated Statements of Cash Flows
(in U.S. dollars)

	Six months ended June 30, 2007	Six months ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
	(unaudited)	(unaudited)	(unaudited)			
Cash flows from operating activities:						
Net Income	$ 854,013	$ 1,530,644	$ 3,942,430	$ 2,978,086	$ 110,331	$ 3,088,417
Adjustments to reconcile net income to net cash (used in) provided by operating activities:						
Depreciation	1,220		1,628	408		408
Changes in operating assets and liabilities:						
Increase in value of trust account	(3,168,956)	(2,213,374)	(7,409,213)	(4,056,715)	(183,542)	(4,240,257)
Decrease (increase) in prepaid expenses and other current assets	27,413	18,152	(122,234)	(30,881)	(118,766)	(149,647)
Increase (decrease) in deferred tax asset				9,000	(9,000)	
Increase (decrease) in accounts payable and accrued expenses	(129,000)	(226,126)	474,520	429,467	174,053	603,520
Increase in deferred interest	1,127,914	1,061,703	3,290,971	2,163,057		2,163,057
Increase (decrease) in taxes payable	(206,687)	267,967		206,687		206,687
Net cash (used in)	(1,494,083)	438,966	178,102	1,699,109	(26,924)	1,672,185

	Six months ended June 30, 2007	Six months ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
provided by operating activities						
Cash flows from investing activites:						
Payment to trust account			(188,675,000)		(188,675,000)	(188,675,000)
Capital expenditures	(3,658)		(7,322)	(3,664)		(3,664)
Net cash used in investing activities	(3,658)		(188,682,322)	(3,664)	(188,675,000)	(188,678,664)
Cash flows from financing activites:						
Gross proceeds from public offering			188,675,000		188,675,000	188,675,000
Gross proceeds from private placement			11,325,000		11,325,000	11,325,000
Proceeds of note payable to stockholder			590,000		590,000	590,000
Repayment of note payable to stockholder			(590,000)		(590,000)	(590,000)
Proceeds from sale of shares of common stock			25,000		25,000	25,000
Payment of offering costs			(10,900,380)	(170,585)	(10,729,795)	(10,900,380)
Net cash provided by financing activities			189,124,620	(170,585)	189,295,205	189,124,620

	Six months ended June 30, 2007	Six months ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
Net cash (decrease) increase for period	(1,497,741)	438,966	620,400	1,524,860	593,281	2,118,141
Cash at beginning of period	2,118,141	593,281		593,281		
Cash at end of period	**$ 620,400**	**$ 1,032,247**	**$ 620,400**	**$ 2,118,141**	**$ 593,281**	**$ 2,118,141**
Supplemental cash disclosure						
Interest paid	$	$	$ 9,163		$ 9,163	$ 9,163
Supplemental schedule of non-cash financing activities						
Accrual of deferred underwriting fees	$	$	$ 4,000,000		$ 4,000,000	$ 4,000,000
Accrual of offering costs	$	$	$		$ 170,585	

NOTE A ORGANIZATION AND BUSINESS OPERATIONS

Star Maritime Acquisition Corp. (the "Company") was incorporated in Delaware on May 13, 2005. The Company was formed to serve as a vehicle for the acquisition through a merger, capital stock exchange, asset acquisition, or other similar business combination ("Business Combination") with one or more businesses in the shipping industry. The company has not acquired an entity as of March 31, 2007. The Company has selected December 31 as its fiscal year end. The Company is considered to be in the development stage and is subject to the risks associated with activities of development stage companies.

On December 13, 2006, the Company created a wholly-owned subsidiary, Star Bulk Carriers Corp. ("Star Bulk") registered in the Marshall Islands. Star Bulk has not yet been funded; therefore, there is no related effect on the financial statements.

On January 12, 2007, the Company, through its newly-formed, wholly-owned subsidiary Star Bulk Carriers Corp., a Marshall Islands company ("Star Bulk"), agreed to purchase eight drybulk carriers (the "Vessels") from certain wholly-owned subsidiaries of TMT Co., Ltd., a Taiwan corporation (TMT Co., Ltd. and such wholly-owned subsidiaries, collectively, "TMT"), pursuant to separate definitive Memoranda of Agreement by and between Star Bulk and TMT (collectively, the "MOAs"), as supplemented by a Supplemental Agreement by and among the Company, Star Bulk and TMT (the "Supplemental Agreement") and a Master Agreement by and among the Company, Star Bulk and TMT (the "Master Agreement" and collectively with the MOAs and the Supplemental Agreement, the "Acquisition Agreements") which transaction is also referred to as the "Asset Acquisition". As required under its Certificate of Incorporation, the Company will hold a special meeting of its stockholders to vote on the Asset Acquisition and a proposed merger of the Company into Star Bulk in which Star Bulk will be the surviving entity (the "Redomiciliation Merger" and together with the Asset Acquisition, the "Business Combination"). The Redomiciliation Merger shall occur at the time of approval by the Company's stockholders of the Business Combination. The aggregate purchase price for the Vessels is $345.2 million (the "Purchase Price"), consisting of $120.7 million payable in 12,537,645 shares of common stock, par value $0.01, of Star Bulk (the "Stock Consideration") and $224.5 million in cash (the "Cash Consideration").

In addition to the Stock Consideration and the Cash Consideration, Star Bulk has also agreed to issue to TMT or its nominated affiliates, under certain definitive, pre-determined circumstances, additional shares of Star Bulk common stock, which we refer to as the Additional Stock. Specifically, Star Bulk will issue (i) 803,481 additional shares of Star Bulk's common stock, no more than 10 business days following Star Bulk's filing of its Annual Report on Form 20-F for the fiscal year ended December 31, 2007, if the gross revenue of Star Bulk and its consolidated subsidiaries which own the vessels in the initial fleet exceeds 80% of Star Bulk's forecasted annual consolidated revenue for such subsidiaries for the fiscal year commencing as of the effective time of the Redomiciliation Merger and ending on December 31, 2007, as agreed between Star Bulk and TMT prior to the effective time of the Redomiciliation Merger; and (ii) 803,481 additional shares of Star Bulk's common stock, no more than 10 business days following Star Bulk's filing of its Annual Report on Form 20-F for the fiscal year ended December 31, 2008, if the gross revenue of Star Bulk and its consolidated subsidiaries owning the vessels in the initial fleet exceeds 80% of the forecasted annual consolidated revenue for such subsidiaries as agreed between Star Bulk and TMT prior to the effective time of the Redomiciliation Merger.

On February 7, 2007, Star Bulk formed the following wholly-owned subsidiaries registered in the Marshall Islands. The share capital of each of the subsidiaries consists of 500 authorized and issued shares without par value. The names of these subsidiaries are Star Alpha Inc., Star Beta Inc., Star Gamma Inc., Star Delta Inc., Star Epsilon Inc., Star Zeta Inc., Star Iota Inc., Star Theta Inc. and Star Bulk Management Inc.

Star Gamma Inc., a wholly-owned subsidiary of Star Bulk, entered into a time charter agreement dated, February 23, 2007, with TMT for the *C Duckling* (to be renamed the *Star Gamma*). The charter rate for the *Star Gamma* will be $28,500 per day for a term of one year. Star Iota Inc., a wholly-owned subsidiary of Star-Bulk, entered into a time charter agreement, dated February 26, 2007, with TMT for the *Mommy Duckling* (to be renamed the *Star Iota*). The charter for the *Star Iota* will be $18,000 per day for a term of one year. Each charter will commence as of the date the vessel is delivered to the purchaser. Pursuant to the Supplemental Agreement, these time charters will be null and void if the Redomiciliation Merger is not consummated.

On March 14, 2007, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Star Bulk regarding the Redomiciliation Merger, whereby the Company will merge with and into Star Bulk, with Star Bulk as the surviving corporation.

Subject to the terms and conditions of the Merger Agreement, which has been unanimously approved by the board of directors of the Company, following the Redomiciliation Merger: (i) the separate corporate existence of the Company will cease; (ii) each share of Star Maritime common stock, par value $0.0001 per share, will be converted into the right to receive one share of Star Bulk common stock, par value $0.01 per share; and (iii) each outstanding warrant of the Company will be assumed by Star Bulk with the same terms and restrictions, except that each will be exercisable for common stock of Star Bulk. As provided in the Company's Certificate of Incorporation, holders of Star Maritime common stock have the right to redeem their shares for cash if such stockholder votes against the Redomiciliation Merger, elects to exercise redemption rights and the Redomiciliation Merger is approved and completed.

The Company cannot complete the Redomiciliation Merger unless (1) the holders of at least a majority of the issued and outstanding shares of Star Maritime entitled to vote at the special meeting vote in favor of the Redomiciliation Merger; (2) holders of at least a majority of the shares issued in the initial public offering and private placement vote in favor of the Redomiciliation Merger; and (3) holders of less than 6,600,000 shares of common stock, such number representing 33.0% of the 20,000,000 shares of Star Maritime common stock issued in the initial public offering and private placement, vote against the Redomiciliation Merger and exercise their redemption rights to have their shares redeemed for cash.

Messrs. Tsirigakis and Syllantavos, the Company's senior executive officers, and Messrs. Pappas and Erhardt, two of the Company's directors, have agreed to vote an aggregate of 1,132,500 shares, or 3.9% of Star Maritime's outstanding common stock, acquired by them in the private placement and any shares of Star Maritime common stock they may acquire in the future in favor of the Redomiciliation Merger and thereby waive redemption rights with respect to such shares. All of the Company's officers and directors have agreed to vote an aggregate of 9,026,924 shares, or 31.1% of Star Maritime's outstanding common stock, issued to them prior to the initial public offering and private placement in accordance with the vote of the holders of a majority of the shares issued in the initial public offering and private placement.

On March 14, 2007, the Company filed with the Securities and Exchange Commission a preliminary joint proxy statement/prospectus under cover of Schedule 14A relating to the Company's special meeting of stockholders. The Company expects to consummate the Redomiciliation Merger during the fourth quarter of 2007, assuming the requisite stockholder approval is obtained.

The financial statements at June 30, 2007 and for the period from May 13, 2005 (inception) to June 30, 2007 and for the three and six months ended June 30, 2007 and 2006 are unaudited. In the opinion of management, all adjustments (consisting of normal adjustments) have been made that are necessary to present fairly the financial position of the Company as of June 30, 2007, the results of its operations and cash flows for the six months ended June 30, 2007 and 2006 and for the period May 13, 2005 (inception) through 2007. Operating results for the interim period presented are not necessarily

indicative of the results to be expected for a full year. The condensed balance sheet at December 31, 2006 has been derived from the audited financial statements.

The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2006. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC").

The registration statement for the Company's initial public offering (the "Public Offering") was declared effective on December 15, 2005. The Company completed a private placement (the "Private Placement") on such date and received net proceeds of $10,532,250. The Company consummated the Public Offering on December 21, 2005 and received net proceeds of $174,567,370. The Company's management has broad discretion with respect to the specific application of the net proceeds of the Private Placement and the Public Offering (collectively the "Offerings"), although substantially all of the net proceeds of the Offerings are intended to be generally applied toward consummating a business combination. As used herein, a "business combination" shall mean the acquisition by the Company of a target business.

Of the proceeds of the Offerings, $188,675,000 is being held in a trust account ("Trust Account") and invested until the earlier of (i) the consummation of the first business combination or (ii) the distribution of the Trust Account as described below. The amount in the Trust Account includes $3,773,500 of contingent underwriting compensation and $226,500 of contingent private placement fees (collectively, the "Discount") which will be paid to the underwriters if a business combination is consummated, but which will be forfeited in part if public stockholders elect to have their shares redeemed for cash if a business combination is consummated. The remaining proceeds may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for stockholder approval. In the event that public stockholders owning 33% or more of the outstanding stock sold in the Public Offering and Private Placement vote against the business combination and elect to have the Company redeem their shares for cash, the business combination will not be consummated. All of the Company's stockholders prior to the Public Offering, including all of the officers and directors of the Company ("Initial Stockholders"), have agreed to vote their 9,026,924 founding shares of common stock in accordance with the vote of the majority in interest of all other stockholders of the Company with respect to any business combination and to vote the shares they acquired in the Private Placement or any acquired in the aftermarket in favor of the business combination. After consummation of the Company's first business combination, all of these voting safeguards will no longer be applicable.

With respect to the first business combination which is approved and consummated, any holder of shares sold in the Public Offering, other than the Initial Stockholders and their nominees (the "Public Stockholders") who voted against the business combination may demand that the Company redeem his or her shares. The per share redemption price will equal $10.00 per share, which amount represents $9.80 per share plus their pro rata share of any accrued interest earned on the trust account (net of taxes payable) not previously distributed to us and $0.20 per share plus interest thereon (net of taxes payable) of contingent underwriting compensation which the underwriters have agreed to forfeit to pay redeeming stockholders. Accordingly, Public Stockholders holding 32.99% of the aggregate number of shares sold in the Public Offering and Private Placement may seek redemption of their shares in the event of a business combination.

The accompanying financial statements have been prepared assuming that Star Maritime Acquisition Corp. will continue as a going concern. The Company's Certificate of Incorporation

provides for mandatory liquidation of the Company by December 21, 2007, without stockholder approval, in the event that the Company does not consummate a business combination within 18 months from the date of consummation of the Public Offering, or 24 months from the consummation of the Public Offering if certain extension criteria have been satisfied. The Initial Stockholders have agreed to waive their rights to participate in any liquidation distribution occurring upon its failure to consummate a business combination with respect to those shares of common stock acquired by them prior to the Public Offering and with respect to the shares included in the 1,132,500 units purchased in the private placement. In addition, the underwriters have agreed to waive their rights to the $3,773,500 of contingent compensation and $226,500 of placement fees deposited in the trust account for their benefit. Accordingly, in the event of liquidation, the public stockholders will receive $10.00 per share plus interest (net of taxes payable and that portion of the earned interest previously released to the Company). The Company will pay the costs of liquidation and dissolution from remaining assets outside of the trust account. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE B RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an Interpretation of SFAS No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in tax positions recognized in a company's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of the tax position taken or expected to be taken in a tax return. The Company adopted FIN 48 effective January 1, 2007. The adoption of FIN 48 did not have any impact on the accompanying financial statements since we have not identified any uncertain tax positions as defined by FIN 48.

We recognize interest and penalties related to uncertain tax positions in income tax expense. The tax years 2005 and 2006 remain open to examination by the major taxing jurisdictions to which we are subject.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

NOTE C COMMITMENTS

On October 4, 2006, the Company entered into an agreement with Bongard Shipbrokers S.A., or Bongard, for purposes of engaging Bongard in connection with sourcing, developing contacts and making referrals for potential target businesses and providing evaluations of such potential target businesses. In exchange for such services, the Company is obligated to pay a fee of $800,000 within thirty days of the closing of a business combination transaction. In the event that the Company does not consummate a business combination transaction by December 21, 2007, no fees are payable to Bongard pursuant to the agreement.

On December 19, 2006, the Company entered into a Sublease and Administrative Services Agreement with Blue Diamond Realty, LLC, a Delaware limited liability company ("Blue Diamond"). Effective as of December 1, 2006, Blue Diamond agreed to sublet offices to the Company located at 103 Foulk Road, Wilmington, Delaware and provide the Company with such office space and equipment, including a conference room, as well as administrative support necessary for the Company's business. The Agreement is effective December 1, 2006 through December 31, 2007, with an automatic renewal each year for an additional one year period, unless either party gives the other party at least 90 days written notice of its intent to terminate the Agreement. The Company shall pay Blue Diamond annual base rent and administrative services fees in the aggregate of $4,000 payable on January 1 each year.

On December 20, 2006, the Company entered into an agreement with Cantor Fitzgerald & Co., or CF&Co., for purposes of engaging CF&Co. as financial advisor in connection with a possible business combination transaction. Pursuant to the agreement, CF & Co. was engaged to provide such services as creating financial models, advising on the structure of a possible transaction with a target business, negotiating agreements on behalf of and in conjunction with management and assisting management with the preparation of marketing and roadshow materials. In exchange for such services, the Company is obligated to pay a fee of $1,250,000, plus expenses of up to $60,000, within thirty days of the closing of a business combination transaction if such transaction is consummated by December 31, 2007.

On December 22, 2006, the Company entered into an agreement with Maxim Group LLC, or Maxim, for purposes of engaging Maxim as co-lead financial advisor in connection with a possible business combination transaction. Pursuant to the agreement, Maxim was engaged to provide such services as creating financial models, advising on the structure of a possible transaction with a target business and assisting in the preparation of term sheets or letters of intent. In exchange for such services, the Company is obligated to pay a fee of $800,000 for any business combination transaction consummated during the term of the agreement (or within six months of the termination date). The agreement terminates on October 31, 2007, unless terminated earlier by either the Company or Maxim upon thirty days' written notice, or extended by mutual agreement.

The Initial Stockholders have agreed to surrender up to an aggregate of 200,000 of their shares of common stock to the Company for cancellation upon consummation of a business combination in the event public stockholders exercise their right to have the Company redeem their shares for cash. The number of shares that the Initial Stockholders will surrender will be determined by calculating the dollar amount of the Trust Account (exclusive of interest) paid to redeeming stockholders above the amount attributable to such stockholders ($9.23 per share) and the Discount ($0.20 per share) and dividing it by $10.00 (the value attributed to the shares for purposes of this calculation). Accordingly, for each 1,000 shares redeemed up to 3,508,772 shares, the Initial Stockholders will surrender 57 shares for cancellation.

The Company has engaged the representative of the underwriters, on a non-exclusive basis, as its agent for the solicitation of the exercise of the warrants. To the extent not inconsistent with the guidelines of the NASD and the rules and regulations of the Securities and Exchange Commission, the Company has agreed to pay the representative for bona fide services rendered a commission equal to 5% of the exercise price for each warrant exercised more than one year after the date of the prospectus if the exercise was solicited by the underwriters. In addition to soliciting, either orally or in writing, the exercise of the warrants, the representative's services may also include disseminating information, either orally or in writing, to warrant holders about the Company or the market for the Company's securities, and assisting in the processing of the exercise of the warrants. No compensation will be paid to the representative upon the exercise of the warrants if:

the market price of the underlying shares of common stock is lower than the exercise price;

the holder of the warrants has not confirmed in writing that the representative solicited the exercise;

the warrants are held in a discretionary account;

the warrants are exercised in an unsolicited transaction; or

the arrangements to pay the commission are not disclosed in the prospectus provided to warrant holders at the time of exercise.

NOTE D RELATED PARTY TRANSACTIONS

Oceanbulk Maritime, S.A., a related party, has paid for certain expenses of behalf of the Company. The Company's Director Mr. Petros Pappas is Honorary Chairman of Oceanbulk Maritime S.A. The Company's Chairman, President and Chief Executive Officer, Mr Prokopios (Akis) Tsirigakis as well as its officer Mr. Christo Anagnostou are employees of Oceanbulk Maritime S.A.. As of June 30, 2007 the Company owed approximately $161,000 to Oceanbulk Maritime S.A., for reimbursements of vessel inspection expenses incurred by Oceanbulk Maritime S.A. on behalf of the Company as well as for certain support services including legal and office support provided by Oceanbulk Maritime S.A. to the Company. This amount is included in the Company's accrued expenses and accounts payable section in the accompanying balance sheet.

The Company has used the services of Combine Marine S.A. to conduct certain vessel inspection services of the fleet of eight dry bulk carriers that Star Bulk Carriers has agreed to acquire. On May 4, 2007, Star entered into a Management Agreement with Combine Marine Inc. ("Combine") under which Combine will provide interim technical management and associated services for the vessels in the initial fleet. Such services will be provided at a lump-sum fee of $10,000 per vessel for services leading to and including taking delivery of each vessel and at a daily fee of $450 per vessel from the delivery of each vessel onwards during the term of the agreement. The term of the agreement is for one (1) year from the date of delivery of each vessel. Either party may terminate the agreement upon thirty days' notice. This agreement will be effective only upon the approval and completion of the Business Combination. The Company's Chairman, President and Chief Executive Officer, Mr. Prokopios (Akis) Tsirigakis is the Managing Director of Combine Marine S.A.

NOTE E COMMON STOCK RESERVED FOR ISSUANCE

At June 30, 2007 20,000,000 shares of common stock were reserved for issuance upon exercise of redeemable warrants.

NOTE F PREFERRED STOCK

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting, and other rights and preferences, as maybe determined from time to time by the Board of Directors.

Report of Independent Registered Public Accounting Firm

To the Shareholder of

A Duckling Corporation

We have audited the accompanying statement of revenue and direct operating expenses of A Duckling Corporation (the "Company") for the period from August 5, 2006 (commencement date of a time charter to be assigned to Star Bulk Carriers Corp.) to June 30, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of this statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission in lieu of the full financial statements required by Rule 3-05 of Regulation S-X, as described in Note 2 to Statement of Revenue and Direct Operating Expenses and is not intended to be a complete presentation of the financial position or the results of operations of the Company.

In our opinion, such statement presents fairly, in all material respects, the revenue and direct operating expenses of the Company for the period from August 5, 2006 to June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche

Taipei, Taiwan
The Republic of China
October 23, 2007

A Duckling Corporation

Statement of Revenue and Direct Operating Expenses

(In U. S. Dollars)

	From August 5, 2006 to June 30, 2007
Revenue	$ 11,781,732
Direct operating expenses	8,551,518
Excess of revenue over direct operating expenses	$ 3,230,214

See notes to statement of revenue and direct operating expenses.

A Duckling Corporation

Notes to Statement of Revenue and Direct Operating Expenses

(In U. S. Dollars)

1. Business and Asset Purchase Agreement

On January 12, 2007, Star Bulk Carriers Corp. (the "Buyer"), and A Duckling Corporation (the "Seller," the "Company," or "A Duckling,") a Republic of Panama company and subsidiary of TMT Co., Ltd., ("TMT", a Taiwan corporation and a holding company of the Seller) entered into an asset purchase agreement (the "Agreement") for the Buyer to acquire a marine vessel (the "Disposed Asset") for $59,329,707. The Disposed Asset is a 175,075 dwt dry bulk vessel which was built in 1992. In addition, the Buyer and TMT entered into a master agreement on January 12, 2007 (the "Master Agreement"). Pursuant to the Master Agreement, TMT had guaranteed to assign an existing three-year time charter agreement at a minimum daily time charter hire rate of $47,000. A Duckling, a subsidiary of TMT, acquired the Disposed Asset on June 26, 2006.

2. Basis of Presentation

Historically, the Disposed Asset operated as an asset within A Duckling and on a consolidated basis within TMT and had no separate legal status. Accordingly, the Statement of Revenue and Direct Operating Expenses has been prepared pursuant to a request from the Buyer and derived from the historical records of A Duckling.

The cost of the Disposed Asset as of June 30, 2007 and its related accumulated depreciation from the date it was acquired by A Duckling, a subsidiary of TMT, to June 30, 2007 are as follows:

	June 30, 2007
Marine vessel	
Cost	$ 34,875,000
Accumulated depreciation	3,196,875
	$ 31,678,125

Operations related to the Disposed Asset are reflected in the Statement of Revenue and Direct Operating Expenses for the period from August 5, 2006 (commencement date of a time charter to be assigned to the Buyer) to June 30, 2007.

The accompanying Statement of Revenue and Direct Operating Expenses from August 5, 2006 to June 30, 2007 has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission.

The accompanying statement was prepared from the books and records maintained by TMT, of which the Disposed Asset represented only a portion. This statement is therefore not intended to be a complete representation of the results of operations for the Disposed Asset as a stand-alone going concern, nor is it indicative of the results to be expected from future operations of the Disposed Asset. The accompanying statement is also not intended to be a complete presentation of the results of operations of A Duckling as of or for any period. Further, this statement does not include any other adjustments or allocations of purchase price that may be required in accordance with accounting principles generally accepted in the United States of America subsequent to the date of acquisition.

A statement of stockholder's equity is not presented, since the Agreement was structured such that only the Disposed Asset was acquired by the Buyer.

A statement of cash flows is not presented, since the Disposed Asset has historically been managed as part of the operations of TMT and has not been operated as a stand-alone entity.

Statement of Revenue and Direct Operating Expenses

The Statement of Revenue and Direct Operating Expenses includes revenue and operating expenses directly attributable to the Disposed Asset.

Directly attributable expenses of the Disposed Asset include vessel operating expenses, depreciation, and management fees that are specifically identifiable with the Disposed Asset.

Certain other expenses and income, such as TMT corporate overhead, interest income and interest expense are not included in the accompanying Statement of Revenue and Direct Operating Expenses, since they are not directly associated with the operations of the Disposed Asset. Corporate overhead expenses include costs incurred for administrative support, such as expenses for legal, professional and executive management functions. The accompanying Statement of Revenue and Direct Operating Expenses is not necessarily indicative of the future financial position or results of the operations of the Disposed Asset due to the change in ownership, and the exclusion of certain assets, liabilities and operating expenses, as described herein.

3. Summary of Significant Accounting Policies

Use of estimates

Preparation of this financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and the disclosure of contingencies at the date of the statement of revenue and direct operating expenses reported.

In the preparation of this financial statement, estimates and assumptions have been made by management including the selection of useful lives of tangible assets. Actual results could differ from those estimates.

Property and Equipment

Property and equipment consists of the vessel and is recorded at cost. Depreciation is recorded on a straight-line basis over nine years, the estimated remaining useful life of the vessel from the date it was acquired by A Duckling, a subsidiary of TMT. Depreciation expense amounted to $3,196,875, for the period from August 5, 2006 to June 30, 2007.

Revenue Recognition

A Duckling generates its revenues from charterers for the charterhire of its vessel. A vessel is chartered under time charter, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate. As a charter agreement exists that includes fixed prices, service is provided and collection of the related revenue is reasonably assured, revenue is recognized as it is earned ratably over the duration of the period of a time charter as adjusted for off-hire days that the vessel spends undergoing repairs, maintenance and upgrade work depending on the condition and specifications of the vessel. On August 5, 2006, A Duckling entered into a time

charter agreement with its customer, which has duration of 35 to 38 months and a daily charterhire rate of $47,500. A Duckling reports its revenue net of commission discounts offered to its customer in accordance with Emerging Issues Task Force Issue ("EITF") No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)." In addition, A Duckling reports its revenue on a gross basis with regard to the vessel fuel charged to its customer when delivering the vessel to its customer in accordance with EITF No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent."

Operating Expenses

A Duckling's operating expenses consist of vessel operating expenses, depreciation and management fees that are specifically identifiable with the Disposed Asset. Vessel operating expenses represent all expenses relating to the operation of the vessel, including crewing, insurance, repairs and maintenance, commissions, stores, lubricants, spares and consumables. Vessel operating expenses and management fees are recognized as incurred.

In May 2007, the Disposed Asset collided with another ship. Repairs to the Disposed Asset have been completed as of June 30, 2007 and total costs incurred by A Duckling amounted to $567,681 and are included in operating expenses. Recoveries of the repair costs from insurance company and the other party, if any, are not recorded as amount is not known at this time.

Income Taxes

The Company is a tax-exempt entity in accordance with the Income Tax Code of the Republic of Panama.

5. Significant Customers and Concentration of Credit Risk

One customer accounted for 100% of the total revenue of the Disposed Asset.

Report of Independent Registered Public Accounting Firm

To the Shareholder of
F Duckling Corporation

We have audited the accompanying statement of revenue and direct operating expenses of F Duckling Corporation (the "Company") for the period from May 7, 2007 (the commencement date of a time charter to be assigned to Star Bulk Carriers Corp.) to June 30, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of this statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission in lieu of the full financial statements required by Rule 3-05 of Regulation S-X, as described in Note 2 to Statement of Revenue and Direct Operating Expenses and is not intended to be a complete presentation of the financial position or the results of operations of the Company.

In our opinion, such statement presents fairly, in all material respects, the revenue and direct operating expenses of the Company for the period from May 7, 2007 to June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche

Taipei, Taiwan
The Republic of China
October 23, 2007

F Duckling Corporation

Statement of Revenue and Direct Operating Expenses

(In U. S. Dollars)

	From May 7, 2007 to June 30, 2007
Revenue	$ 1,320,104
Direct operating expenses	481,569
Excess of revenue over direct operating expenses	$ 838,535

See notes to statement of revenue and direct operating expenses.

F Duckling Corporation

Notes to Statement of Revenue and Direct Operating Expenses

(In U. S. Dollars)

1. Business and Asset Purchase Agreement

On January 12, 2007, Star Bulk Carriers Corp. (the "Buyer,") and F Duckling Corporation (the "Seller," the "Company," or "F Duckling,") a Republic of Panama company and subsidiary of TMT Co., Ltd., ("TMT," a Taiwan corporation and a holding company of the Seller) entered into an asset purchase agreement (the "Agreement") for the Buyer to acquire a marine vessel (the "Disposed Asset") for 40,917,039. The Disposed Asset is a 52,434 dwt dry bulk vessel which was built in 2000. In addition, the Buyer and TMT entered into a master agreement on January 12, 2007 (the "Master Agreement"). Pursuant to the Master Agreement, TMT had guaranteed to procure a two-year time charter agreement at a minimum daily time charter hire rate of $24,500. F Duckling, a subsidiary of TMT, acquired the Disposed Asset on May 5, 2006.

2. Basis of Presentation

Historically, the Disposed Asset operated as an asset within F Duckling and on a consolidated basis within TMT and had no separate legal status. Accordingly, the Statement of Revenue and Direct Operating Expenses has been prepared pursuant to a request from the Buyer and derived from the historical records of F Duckling.

The cost of the Disposed Asset as of June 30, 2007 and its related accumulated depreciation from the date it was acquired by F Duckling, a subsidiary of TMT, to June 30, 2007 are as follows:

	June 30, 2007
Marine vessel	
Cost	$ 28,447,000
Accumulated depreciation	1,422,350
	$ 27,024,650

Operations related to the Disposed Asset are reflected in the Statement of Revenue and Direct Operating Expenses for the period from May 7, 2007 (commencement date of a time charter to be assigned to the Buyer) to June 30, 2007.

The accompanying Statement of Revenue and Direct Operating Expenses from May 7, 2007 to June 30, 2007 has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission.

The accompanying statement was prepared from the books and records maintained by TMT, of which the Disposed Asset represented only a portion. This statement is therefore not intended to be a complete representation of the results of operations for the Disposed Asset as a stand-alone going concern, nor is it indicative of the results to be expected from future operations of the Disposed Asset. The accompanying statement is also not intended to be a complete presentation of the results of operations of F Duckling as of or for any period. Further, this statement does not include any other adjustments or allocations of purchase price that may be required in accordance with accounting principles generally accepted in the United States of America subsequent to the date of acquisition.

A statement of stockholder's equity is not presented, since the Agreement was structured such that only the Disposed Asset was acquired by the Buyer.

A statement of cash flows is not presented, since the Disposed Asset has historically been managed as part of the operations of TMT and has not been operated as a stand-alone entity.

Statement of Revenue and Direct Operating Expenses

The Statement of Revenue and Direct Operating Expenses includes revenue and operating expenses directly attributable to the Disposed Asset.

Directly attributable expenses of the Disposed Asset include vessel operating expenses, depreciation and management fees that are specifically identifiable with the Disposed Asset.

Certain other expenses and income, such as TMT corporate overhead, interest income and interest expense are not included in the accompanying Statement of Revenue and Direct Operating Expenses, since they are not directly associated with the operations of the Disposed Asset. Corporate overhead expenses include costs incurred for administrative support, such as expenses for legal, professional and executive management functions. The accompanying Statement of Revenue and Direct Operating Expenses is not necessarily indicative of the future financial position or results of the operations of the Disposed Asset due to the change in ownership, and the exclusion of certain assets, liabilities and operating expenses, as described herein.

3. Summary of Significant Accounting Policies

Use of estimates

Preparation of this financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and the disclosure of contingencies at the date of the statement of revenue and direct operating expenses reported.

In the preparation of this financial statement, estimates and assumptions have been made by management including the selection of useful lives of tangible assets. Actual results could differ from those estimates.

Property and Equipment

Property and equipment consists of the vessel and is recorded at cost. Depreciation is recorded on a straight-line basis over nineteen years, the estimated remaining useful life of the vessel from the date it was acquired by F Duckling a subsidiary of TMT. Depreciation expense amounted to $214,916 during the period from May 7, 2007 to June 30, 2007.

Revenue Recognition

F Duckling generates its revenues from charterers for the charterhire of its vessel. A vessel is chartered under time charter, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate. As a charter agreement exists that includes fixed prices, service is provided and collection of the related revenue is reasonably assured, revenue is recognized as it is earned ratably over the duration of the period of a time charter as adjusted for off-hire days that the vessel spends undergoing repairs, maintenance and upgrade work depending on

the condition and specifications of the vessel. On May 7, 2007, F Duckling entered into a time charter agreement with its customer, which has duration of 23 to 26 months and a daily charterhire rate of $25,800. F Duckling reports its revenue on a gross basis with regard to the vessel fuel charged to its customer when delivering the vessel to its customer in accordance with Emerging Issues Task Force Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent."

Operating Expenses

F Duckling's operating expenses consist of vessel operating expenses, depreciation and management fees that are specifically identifiable with the Disposed Asset. Vessel operating expenses represent all expenses relating to the operation of the vessels, including crewing, insurance, repairs and maintenance, commissions, stores, lubricants, spares and consumables. Vessel operating expenses and management fees are recognized as incurred.

Income Taxes

The Company is a tax-exempt entity in accordance with the Income Tax Code of the Republic of Panama.

4. Significant Customers and Concentration of Credit Risk

One customer accounted for 100% of the total revenue of the Disposed Asset.

5. Related Party Transactions

The Company has a management agreement with TMT, under which TMT provides management services in exchange for a fixed monthly fee of $7,500 in 2007. Total management fees paid to TMT amounted to $15,000 during the period from May 7, 2007 to June 30, 2007.

Report of Independent Registered Public Accounting Firm

To the Shareholder of
G Duckling Corporation

We have audited the accompanying statement of revenue and direct operating expenses of G Duckling Corporation (the "Company") for the period from January 30, 2007 (commencement date of a time charter to be assigned to Star Bulk Carriers Corp.) to June 30, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of this statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission in lieu of the full financial statements required by Rule 3-05 of Regulation S-X, as described in Note 2 to Statement of Revenue and Direct Operating Expenses and is not intended to be a complete presentation of the financial position or the results of operations of the Company.

In our opinion, such statement presents fairly, in all material respects, the revenue and direct operating expenses of the Company for the period from January 30, 2007 to June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche

Taipei, Taiwan
The Republic of China
October 23, 2007

G Duckling Corporation

Statement of Revenue and Direct Operating Expenses

(In U. S. Dollars)

	From January 30, 2007 to June 30, 2007
Revenue	$ 3,797,135
Direct operating expenses	1,101,534
Excess of revenue over direct operating expenses	$ 2,695,601

See notes to statement of revenue and direct operating expenses.

G Duckling Corporation

Notes to Statement of Revenue and Direct Operating Expense

(In U. S. Dollars)

1. Business and Asset Purchase Agreement

On January 12, 2007, Star Bulk Carriers Corp. (the "Buyer"), and G Duckling Corporation (the "Seller," the "Company," or "G Duckling,") a Republic of Panama company and subsidiary of TMT Co., Ltd., ("TMT", a Taiwan corporation and a holding company of the Seller) entered into an asset purchase agreement (the "Agreement") for the Buyer to acquire a marine vessel (the "Disposed Asset") for $40,917,039. The Disposed Asset is a 52,434 dwt dry bulk vessel which was built in 2001. In addition, the Buyer and TMT entered into a master agreement on January 12, 2007 (the "Master Agreement"). Pursuant to the Master Agreement, TMT had guaranteed to procure a two-year time charter agreement at a minimum daily time charter hire rate of $24,500. G Duckling, a subsidiary of TMT, acquired the Disposed Asset on July 12, 2006.

2. Basis of Presentation

Historically, the Disposed Asset operated as an asset within G Duckling and on a consolidated basis within TMT and had no separate legal status. Accordingly, the Statement of Revenue and Direct Operating Expenses has been prepared pursuant to a request from the Buyer and derived from the historical records of G Duckling.

The cost of the Disposed Asset as of June 30, 2007 and its related accumulated depreciation from the date it was acquired by G Duckling, a subsidiary of TMT to June 30, 2007 are as follows:

	June 30, 2007
Marine vessel	
Cost	$ 29,800,000
Accumulated depreciation	1,064,286
	$ 28,735,714

Operations related to the Disposed Asset are reflected in the Statement of Revenue and Direct Operating Expenses for the period from January 30, 2007 (commencement date of a time charter to be assigned to the Buyer) to June 30, 2007.

The accompanying Statement of Revenue and Direct Operating Expenses from January 30, 2007 to June 30, 2007 have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission.

The accompanying statement was prepared from the books and records maintained by TMT, of which the Disposed Asset represented only a portion. This statement is therefore not intended to be a complete representation of the results of operations for the Disposed Asset as a stand-alone going concern, nor is it indicative of the results to be expected from future operations of the Disposed Asset. The accompanying statement is also not intended to be a complete presentation of the results of operations of G Duckling as of or for any period. Further, this statement does not include any other adjustments or allocations of purchase price that may be required in accordance with accounting principles generally accepted in the United States of America subsequent to the date of acquisition.

A statement of stockholder's equity is not presented, since the Agreement was structured such that only the Disposed Asset was acquired by the Buyer.

A statement of cash flows is not presented, since the Disposed Asset has historically been managed as part of the operations of TMT and has not been operated as a stand-alone entity.

Statement of Revenue and Direct Operating Expenses

The Statement of Revenue and Direct Operating Expenses includes revenue and operating expenses directly attributable to the Disposed Asset.

Directly attributable expenses of the Disposed Asset include vessel operating expenses and depreciation that are specifically identifiable with the Disposed Asset.

Certain other expenses and income, such as TMT corporate overhead, interest income and interest expense are not included in the accompanying Statement of Revenue and Direct Operating Expenses, since they are not directly associated with the operations of the Disposed Asset. Corporate overhead expenses include costs incurred for administrative support, such as expenses for legal, professional and executive management functions. The accompanying Statement of Revenue and Direct Operating Expenses is not necessarily indicative of the future financial position or results of the operations of the Disposed Asset due to the change in ownership, and the exclusion of certain assets, liabilities and operating expenses, as described herein.

3. Summary of Significant Accounting Policies

Use of estimates

Preparation of this financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and the disclosure of contingencies at the date of the statement of revenue and direct operating expenses reported.

In the preparation of this financial statement, estimates and assumptions have been made by management including the selection of useful lives of tangible assets. Actual results could differ from those estimates.

Property and Equipment

Property and equipment consists of the vessel and is recorded at cost. Depreciation is recorded on a straight-line basis over twenty years of the estimated remaining useful life of the vessel from the date it was acquired by G Duckling, a subsidiary of TMT. Depreciation expense amounted to $591,270 during the period from January 30, 2007 to June 30, 2007.

Revenue Recognition

G Duckling generates its revenues from charters for the charterline of its vessel. A vessel is chartered under time charter, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate. As a charter agreement exists that includes fixed prices, service is provided and collection of the related revenue is reasonably assured, revenue is recognized as it is earned ratably over the duration of the period of a time charter as adjusted for off-hire days that the vessel spends undergoing repairs, maintenance and upgrade work depending on

the condition and specifications of the vessel. On January 30, 2007, G Duckling entered into a time charter agreement with its customer, which has duration of 23 to 25 months and a daily charterhire rate of $25,550. G Duckling reports its revenue net of commission discounts offered to its customer in accordance with Emerging Issues Task Force ("EITF") Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)." In addition, G Duckling reports its revenue on a gross basis with regard to the vessel fuel charged to its customer when delivering the vessel to its customer in accordance with EITF No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent."

Revenue related to a dispute over the charterhire rate from the previous time charter arrangement is recognized when the dispute is resolved and money is received from the customer and such revenue amounted to $85,605 during the period from January 30, 2007 to June 30, 2007.

Operating Expenses

G Duckling's operating expenses consist of vessel operating expenses and depreciation that are specifically identifiable with the Disposed Asset. Vessel operating expenses represent all expenses relating to the operation of the vessel, including crewing, insurance, repairs and maintenance, commissions, stores, lubricants, spares and consumables. Vessel operating expenses are recognized as incurred.

Income Taxes

The Company is a tax-exempt entity in accordance with the Income Tax Code of the Republic of Panama.

4. Significant Customers and Concentration of Credit Risk

One customer accounted for 100% of the total revenue of the Disposed Asset.

5. Related Party Transactions

TMT provides management services to the Company for no charge.

Report of Independent Registered Public Accounting Firm

To the Shareholder of
I Duckling Corporation

We have audited the accompanying statement of revenue and direct operating expenses of I Duckling Corporation (the "Company") for the period from February 13, 2007 (commencement date of a time charter to be assigned to Star Bulk Carriers Corp.) to June 30, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of this statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission in lieu of the full financial statements required by Rule 3-05 of Regulation S-X, as described in Note 2 to Statement of Revenue and Direct Operating Expenses and is not intended to be a complete presentation of the financial position or the results of operations of the Company.

In our opinion, such statement presents fairly, in all material respects, the revenue and direct operating expenses of the Company for the period from February 13, 2007 to June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche

Taipei, Taiwan
The Republic of China
October 23, 2007

I Duckling Corporation

Statement of Revenue and Direct Operating Expenses

(In U. S. Dollars)

	From February 13, 2007 to June 30, 2007
Revenue	$ 3,974,703
Direct operating expenses	1,166,114
Excess of revenue over direct operating expenses	$ 2,808,589

See notes to statement of revenue and direct operating expenses.

I Duckling Corporation

Notes to Statement of Revenue and Direct Operating Expenses

(In U. S. Dollars)

1. Business and Asset Purchase Agreement

On January 12, 2007, Star Bulk Carriers Corp. (the "Buyer"), and I Duckling Corporation (the "Seller," the "Company," or "I Duckling,") a Republic of Panama company and subsidiary of TMT Co., Ltd., ("TMT", a Taiwan corporation and a holding company of the Seller) entered into an asset purchase agreement (the "Agreement") for the Buyer to acquire a marine vessel (the "Disposed Asset") for 42,451,428. The Disposed Asset is a 52,994 dwt dry bulk vessel which was built in 2003. In addition, the Buyer and TMT entered into a master agreement on January 12, 2007 (the 'Master Agreement'). Pursuant to the Master Agreement, TMT had guaranteed to procure a one-year time charter agreement at a minimum daily time charter hire rate $28,500. I Duckling, a subsidiary of TMT, acquired the Disposed Asset on May 6, 2006.

2. Basis of Presentation

Historically, the Disposed Asset operated as an asset within I Duckling and on a consolidated basis within TMT and had no separate legal status. Accordingly, the Statement of Revenue and Direct Operating Expenses has been prepared pursuant to a request from the Buyer and derived from the historical records of I Duckling.

The cost of the Disposed Asset as of June 30, 2007 and its related accumulated depreciation from the date it was acquired by I Duckling, a subsidiary of TMT to June 30, 2007 are as follows:

	June 30, 2007
Marine vessel	
Cost	$ 32,500,000
Accumulated depreciation	1,600,378
	$ 30,899,622

Operations related to the Disposed Asset are reflected in the Statement of Revenue and Direct Operating Expenses for the period from February 13, 2007 (commencement date of a time charter to be assigned to the Buyer) to June 30, 2007.

The accompanying Statement of Revenue and Direct Operating Expenses from February 13, 2007 to June 30, 2007 have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission.

The accompanying statement was prepared from the books and records maintained by TMT, of which the Disposed Asset represented only a portion. This statement is therefore not intended to be a complete representation of the results of operations for the Disposed Asset as a stand-alone going concern, nor is it indicative of the results to be expected from future operations of the Disposed Asset. The accompanying statement is also not intended to be a complete presentation of the results of operations of I Duckling as of or for any period. Further, this statement does not include any other adjustments or allocations of purchase price that may be required in accordance with accounting principles generally accepted in the United States of America subsequent to the date of acquisition.

A statement of stockholder's equity is not presented, since the Agreement was structured such that only the Disposed Asset was acquired by the Buyer.

A statement of cash flows is not presented, since the Disposed Asset has historically been managed as part of the operations of TMT and has not been operated as a stand-alone entity.

Statement of Revenue and Direct Operating Expenses

The Statement of Revenue and Direct Operating Expenses includes revenue and operating expenses directly attributable to the Disposed Asset.

Directly attributable expenses of the Disposed Asset include vessel operating expenses, depreciation and management fees that are specifically identifiable with the Disposed Asset.

Certain other expenses and income, such as TMT corporate overhead, interest income and interest expense are not included in the accompanying Statement of Revenue and Direct Operating Expenses, since they are not directly associated with the operations of the Disposed Asset. Corporate overhead expenses include costs incurred for administrative support, such as expenses for legal, professional and executive management functions. The accompanying Statement of Revenue and Direct Operating Expenses is not necessarily indicative of the future financial position or results of the operations of the Disposed Asset due to the change in ownership, and the exclusion of certain assets, liabilities and operating expenses, as described herein.

3. Summary of Significant Accounting Policies

Use of estimates

Preparation of this financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and the disclosure of contingencies at the date of the statement of revenue and direct operating expenses reported.

In the preparation of this financial statement, estimates and assumptions have been made by management including the selection of useful lives of tangible assets. Actual results could differ from those estimates.

Property and Equipment

Property and equipment consists of the vessel and is recorded at cost. Depreciation is recorded on a straight-line basis over twenty-one years the estimated remaining useful life of the vessel from the date it was acquired by I Duckling, a subsidiary of TMT. Depreciation expense amounted to $558,374 during the period from February 13, 2007 to June 30, 2007.

Revenue Recognition

I Duckling generates its revenues from charterers for the charterhire of its vessel. A vessel is chartered under time charter, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate. As a charter agreement exists that includes fixed prices, service is provided and collection of the related revenue is reasonably assured, revenue is recognized as it is earned ratably over the duration of the period of a time charter as adjusted for the off-hire days that the vessel spends undergoing repairs, maintenance and upgrade work depending on

the condition and specifications of the vessel. On February 13, 2007, I Duckling entered into a time charter agreement with its customer, which has duration of 11 to 13 months and a daily charterhire rate of $30,300. I Duckling reports its revenue net of commission discounts offered to its customer in accordance with Emerging Issues Task Force Issue ("EITF") No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)." In addition, I Duckling reports its revenue on a gross basis with regard to the vessel fuel charged to its customer when delivering the vessel to its customer in accordance with EITF No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent."

Operating Expenses

I Duckling's operating expenses consist of vessel operating expenses, depreciation and management fees that are specifically identifiable with the Disposed Asset. Vessel operating expenses represent all expenses relating to the operation of the vessel, including crewing, insurance, repairs and maintenance, commissions, stores, lubricants, spares and consumables. Vessel operating expenses and management fees are recognized as incurred.

Income Taxes

The Company is a tax-exempt entity in accordance with the Income Tax Code of the Republic of Panama.

4. Significant Customers and Concentration of Credit Risk

One customer accounted for 100% of the total revenue of the Disposed Asset.

5. Related Party Transactions

The Company has a management agreement with TMT, under which TMT provides management services in exchange for a fixed monthly fee of $7,500 in 2007. Total management fees paid to TMT amounted to $37,500 during the period from February 13, 2007 to June 30, 2007.

Report of Independent Registered Public Accounting Firm

To the Shareholder of
J Duckling Corporation

We have audited the accompanying statement of revenue and direct operating expenses of J Duckling Corporation (the "Company") for the period from May 16, 2007 (commencement date of time charter to be assigned to Star Bulk Carriers Corp.) to June 30, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of this statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission in lieu of the full financial statements required by Rule 3-05 of Regulation S-X, as described in Note 2 to Statement of Revenue and Direct Operating Expenses and is not intended to be a complete presentation of the financial position or the results of operations of the Company.

In our opinion, such statement presents fairly, in all material respects, the revenue and direct operating expenses of the Company for the period from May 16, 2007 to June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche

Taipei, Taiwan
The Republic of China
October 23, 2007

J Duckling Corporation

Statement of Revenue and Direct Operating Expenses

(In U. S. Dollars)

	From May 16, 2007 to June 30, 2007
Revenue	$ 1,563,996
Direct operating expenses	358,266
Excess of revenue over direct operating expenses	$ 1,205,730

See notes to statement of revenue and direct operating expenses.

J Duckling Corporation

Notes to Statement of Revenue and Direct Operating Expenses

(In U. S. Dollars)

1. Business and Asset Purchase Agreement

On January 12, 2007, Star Bulk Carriers Corp. (the "Buyer"), and J Duckling Corporation (the "Seller," the "Company," or "J Duckling,") a Republic of Panama company and a subsidiary of TMT Co., Ltd., ("TMT," a Taiwan corporation and a holding company of the Seller) entered into an asset purchase agreement (the "Agreement") for the Buyer to acquire a marine vessel (the "Disposed Asset") for 43,985,817. The Disposed Asset is a 52,500 dwt dry bulk vessel which was built in 2003. J Duckling, a subsidiary of TMT, acquired the Disposed Asset on July 12, 2006.

2. Basis of Presentation

Historically, the Disposed Asset operated as an asset within J Duckling and on a consolidated basis within TMT and had no separate legal status. Accordingly, the Statement of Revenue and Direct Operating Expenses has been prepared pursuant to a request from the Buyer and derived from the historical records of J Duckling.

The cost of the Disposed Asset as of June 30, 2007 and its related accumulated depreciation from the date it was acquired by J Duckling, a subsidiary of TMT to June 30, 2007 are as follows:

	June 30, 2007
Marine vessel	
Cost	$ 30,930,000
Accumulated depreciation	1,008,586
	$ 29,921,414

Operations related to the Disposed Asset are reflected in the Statement of Revenue and Direct Operating Expenses for the period from May 16, 2007 (commencement date of a time charter to be assigned to the Buyer) to June 30, 2007.

The accompanying Statement of Revenue and Direct Operating Expenses from May 16, 2007 to June 30, 2007 have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission.

The accompanying statement was prepared from the books and records maintained by TMT, of which the Disposed Asset represented only a portion. This statement is therefore not intended to be a complete representation of the results of operations for the Disposed Asset as a stand-alone going concern, nor is it indicative of the results to be expected from future operations of the Disposed Asset. The accompanying statement is also not intended to be a complete presentation of the results of operations of J Duckling as of or for any period. Further, this statement does not include any other adjustments or allocations of purchase price that may be required in accordance with accounting principles generally accepted in the United States of America subsequent to the date of acquisition.

A statement of stockholder's equity is not presented, since the Agreement was structured such that only the Disposed Asset was acquired by the Buyer.

A statement of cash flows is not presented, since the Disposed Asset has historically been managed as part of the operations of TMT and has not been operated as a stand-alone entity.

Statement of Revenue and Direct Operating Expenses

The Statement of Revenue and Direct Operating Expenses includes revenue and operating expenses directly attributable to the Disposed Asset.

Directly attributable expenses of the Disposed Asset include vessel operating expenses, depreciation and management fees that are specifically identifiable with the Disposed Asset.

Certain other expenses and income, such as TMT corporate overhead, interest income and interest expense are not included in the accompanying Statement of Revenue and Direct Operating Expenses, since they are not directly associated with the operations of the Disposed Asset. Corporate overhead expenses include costs incurred for administrative support, such as expenses for legal, professional and executive management functions. The accompanying Statement of Revenue and Direct Operating Expenses is not necessarily indicative of the future financial position or results of the operations of the Disposed Asset due to the change in ownership, and the exclusion of certain assets, liabilities and operating expenses, as described herein.

3. Summary of Significant Accounting Policies

Use of estimates

Preparation of this financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and the disclosure of contingencies at the date of the statement of revenue and direct operating expenses reported.

In the preparation of this financial statement, estimates and assumptions have been made by management including the selection of useful lives of tangible assets. Actual results could differ from those estimates.

Property and Equipment

Property and equipment consists of the vessel and is recorded at cost. Depreciation is recorded on a straight-line basis over twenty-two years, the estimated remaining useful life of the vessel from the date it was acquired by J Duckling, a subsidiary of TMT. Depreciation expense amounted to $168,098, for the period from May 16, 2007 to June 30, 2007.

Revenue Recognition

J Duckling generates its revenues from charterers for the charterhire of its vessel. A vessel is chartered under time charter, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate. As a charter agreement exists that includes fixed prices, service is provided and collection of the related revenue is reasonably assured, revenue is recognized as it is earned ratably over the duration of the period of a time charter as adjusted for the off-hire days that the vessel spends undergoing repairs, maintenance and upgrade work depending on the condition and specifications of the vessel. On May 16, 2007, J Duckling entered into a time charter agreement with its customer, which has duration of 23 to 25 months and a daily charterhire rate of $32,500. J Duckling reports its revenue net of commission discounts offered to its customer in

accordance with Emerging Issues Task Force Issue ("EITF") No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)." In addition, J Duckling reports its revenue on a gross basis with regard to the vessel fuel charged to its customer when delivering the vessel to its customer in accordance with EITF No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent."

Revenue related to a dispute over the charterhire rate from the previous time charter arrangement is recognized when the dispute is resolved and money is received from the customer and such revenue amounted to $130,880 during the period from May 16, 2007 to June 30, 2007.

Operating Expenses

J Duckling's operating expenses consist of vessel operating expenses, depreciation and management fees that are specifically identifiable with the Disposed Asset. Vessel operating expenses represent all expenses relating to the operation of the vessel, including crewing, insurance, repairs and maintenance, commissions, stores, lubricants, spares and consumables. Vessel operating expenses and management fees are recognized as incurred.

Income Taxes

The Company is a tax-exempt entity in accordance with the Income Tax Code of the Republic of Panama.

4. Significant Customers and Concentration of Credit Risk

One customer accounted for 100% of the total revenue of the Disposed Asset.

APPENDICES

Appendix A	Memorandum of Agreement relating to the A Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and A Duckling Corporation, as seller.
Appendix B	Memorandum of Agreement relating to the B Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and B Duckling Corporation, as seller.
Appendix C	Memorandum of Agreement relating to the C Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and C Duckling Corporation, as seller.
Appendix D	Memorandum of Agreement relating to the F Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and F Duckling Corporation, as seller.
Appendix E	Memorandum of Agreement relating to the G Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and G Duckling Corporation, as seller.
Appendix F	Memorandum of Agreement relating to the I Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and I Duckling Corporation, as seller.
Appendix G	Memorandum of Agreement relating to the J Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and J Duckling Corporation, as seller.
Appendix H	Memorandum of Agreement relating to the Mommy Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and Mommy Management Corp., as seller.
Appendix I	Supplemental Agreement, dated January 12, 2007.
Appendix J	Master Agreement, dated January 12, 2007.
Appendix K	Agreement and Plan of Merger by and among Star Bulk Carriers Corp. and Star Maritime Acquisition Corp.
Appendix L	Form of Proxy.

Appendix A

Norwegian Shipbrokers' Association's
Memorandum of Agreement for sale and
purchase of ships.
Adopted by The Baltic and International
Maritime Council (BIMCO) in 1956.

Code-name

SALE FORM 1993

Revised 1966, 1983 and 1986/87.

MEMORANDUM OF AGREEMENT

Dated: ***January 12, 2007***

A Duckling Corporation, Panama

hereinafter called the Sellers, have agreed to sell, and ***Star Bulk Carriers Corp., Majuro Marshall Islands or nominee***

hereinafter called the Buyers, have agreed to buy-

Name: ***A. DUCKLING***

Classification Society/Class: ***BUREAU VERITAS***

Built: **1992** By: ***STOCNIA GDYNIA S.A., POLAND***

Flag: ***PANAMA*** Place of Registration: ***PANAMA***

Call Sign: ***3EAJ8*** Grt/Nrt: ***91,642/53,439***

~~Register Number~~ ***IMO Number: 8800391***

hereinafter called the Vessel, on the following terms and conditions:

Definitions

"Banking days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax or other modern form of written communication.

"Classification Society" or "Class" means the Society referred to in line 4.

1.

Purchase Price ***USD 59,329,707.14***

~~**2.**~~

~~**Deposit**~~

~~As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10% (ten per cent) of the Purchase Price within banking days from the date of this Agreement. This deposit shall be placed with and held by them in a joint account for the Sellers and the Buyers, to be released in accordance with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the Buyers.~~

3.

Payment

~~The said Purchase Price shall be paid in full free of bank charges to _____ on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this Agreement and Notice of Readiness has been given in accordance with Clause 5.~~ ***The Purchase Price shall be paid as provided in the Supplemental Agreement referenced in Clause 25.***

4.

Inspections

a)* ~~The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in on and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

b)* The Buyers shall have the right to inspect the ***Vessel and Vessel's*** classification records and ~~declare~~ ***at a suitable place at the Buyers' option. However these inspections are not a subject and once the subjects stipulated in clause 18 are lifted the sale becomes outright and definite, subject to the provisons of the Supplemental Agreement referenced in Clause 25.*** ~~whether same are accepted or not within~~

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* *4 a) and 4b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4a) to apply.*

The Sellers shall provide for inspection of the Vessel at/in ***(to be advised by Sellers)***

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~ The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. During the inspection, the Vessel's deck, ***instuction books, maintenance records,*** and engine log books ***as available on board shall*** be made available for examination by the Buyers. ~~If the Vessel is accepted after such inspection, the sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided the Sellers receive written notice of acceptance from the Buyers within 72 hours after completion of such inspection.~~

~~Should notice of acceptance of the Vessel's classification records and of the Vessel not be received by the Sellers as aforesaid, the deposit together with interest earned shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

5.

Notices, time and place of delivery

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ***20, 15,*** and ***7, 5, 2 days approximate and 1 definite notice*** of the estimated time of arrival at the intended place of ~~drydocking/underwater inspection~~ /delivery. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/in ***a port worldwide (range/s to be advised)*** in the Sellers' option.

Expected time of delivery: ***as soon as practically possible following the Effective Date of the Merger (as defined in the Supplemental Agreement referenced in Clause 25) but not later than the last discharging port of the last laden voyage***

Date of cancelling ~~(see Clauses 5 c), 6 b) (iii) and 14):~~ ***as per Supplemental Agreement referenced in Clause 25***

~~e~~) ~~If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 within 7 running days of receipt of the notice or of accepting the new date as the new cancelling date. If the Buyers have not declared their option within 7 running days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall~~

be deemed to be the new cancelling date and shall be substituted for the cancelling date stipulated in line 61.

If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including these contained in Clauses 5 a) and 5 c) shall remain unaltered and in full force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 for the Vessel not being ready by the original cancelling date.

d) Should the Vessel become an actual, constructive or compromised total loss before delivery the deposit together with interest earned shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6.

Drydocking/Divers Inspection ***See Clause 19***

a)** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

b)** (i) The Vessel is to be delivered without drydocking. However, the Buyers shall have the right at their expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their cost make the Vessel available for such inspection. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near to the delivery port.

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.

(iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (ii) and no suitable dry docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range a6 per Clause 5 b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5 b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5 b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.

~~e) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above~~

~~(i) the Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.~~

~~(ii) the expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out, in which case the Sellers shall pay these expenses. The Sellers shall also pay the expenses if the Buyers require the survey and parts of the system are condemned or found defective or broken so as to affect the Vessel's class*.~~

~~(iii) the expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees shall be paid by the Sellers if the Classification Society issues any condition/recommendation* as a result of the survey or if it requires survey of the tailshaft system. In all other cases the Buyers shall pay the aforesaid expenses, dues and fees.~~

~~(iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.~~

~~(v) the Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to take delivery in accordance with Clause 3, whether the Vessel is in drydock or not and irrespective of Clause 5 b).~~

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*

~~Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.~~

**

~~*6 a) and 6 b) are alternatives; delete whichever is not applicable). In the absence of deletions, alternative 6 a) to apply.*~~

7.

Spares/bunkers, etc.

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are to be excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of

the Buyers. The radio installation and navigational equipment shall be included in the sale without extra payment if they are the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire): ***To Be Advised***

The Buyers shall take over the remaining bunkers ***(if same are property of the Sellers)*** and unused lubricating oils in storage tanks and sealed drums ~~and pay the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel~~. ***See Clause 20***

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

8.

Documentation

The place of closing: ***New York, USA***

In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery documents, namely:

a) Legal Bill of Sale in a form recordable in ***Marshall Islands*** (~~the country in which the Buyers are to register the Vessel~~), warranting that the Vessel is free from all encumbrances, mortgages and maritime liens or any other debts or claims whatsoever, duly notarially attested and legalized by the consul of such country or other competent authority.

b) Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c) Confirmation of Class issued within ~~72 hours~~ ***3 working days prior*** to delivery.

d) Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances.

e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f) Any such additional documents as may reasonably be required by the competent authorities for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement. ***See Clause 22***

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all plans, ***instruction books, maintenance records*** etc., which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation

which may be in the Sellers' possession shall be promptly forwarded to the Buyers at

their expense, ~~if they so request~~. The Sellers may keep the Vessel's log books but the Buyers to have the right to take copies of same.

9.

Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters ***(other than term employment/charters contemplated by the Supplemental Agreement referenced in Clause 25),*** encumbrances, mortgages and maritime liens or any other debts whatsoever. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery. ***The Vessel on delivery to be delivered free of cargo /cargo residues, and free of any dunnage.***

10.

Taxes, etc.

Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11.

Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted. However, the Vessel shall be delivered with her class maintained without condition/recommendation* , free of average damage affecting the Vessel's class, and with her classification certificates and ***International /*** national certificates ***and surveys,*** as well as all other certificates the Vessel had at the time of ***agreement*** ~~inspection~~, valid and unextended without condition/recommendation* by Class or the relevant authorities ***for a minimum of 1 month from*** at the time of delivery.

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*

Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

"Inspection" in this Clause 11 ***and in Clause 7, Line 157,*** shall mean the Buyers' inspection according to Clause 4 a) or 4 b), if applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

12.

Name/markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13.

Buyers'default

~~Should the deposit not be paid in accordance with Clause 2, the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel the Agreement, in which case ~~the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss,~~ the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14.

Sellers' default*as per Supplemental Agreement referenced in Clause 25*

~~Should the Sellers fail to give Notice of Roadiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have the option of cancelling this Agreement provided always that the Sellers shall be granted a maximum of 3 banking days after Notice of Readiness has been given to make arrangements for the documentation~~

~~set out in Clause 8. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again in every respect by the date stipulated in line 61 and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement the deposit together with interest earned shall be released to them immediately.~~

~~Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.~~

15.

Buyers' representatives ***See Clause 21***

~~After this Agreement has been signed by both parties and the deposit has been lodged, the Buyers have the right to place two representatives on board the Vessel at their sole risk and expense upon arrival at _____ on or about _____ These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.~~

16.

Arbitration

~~a)*~~ ~~This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of this Agreement shall be referred to arbitration in London in accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or re-enactment thereof for the time being in force, one arbitrator being appointed by each party. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator within fourteen days, failing which the decision of the single arbitrator appointed shall apply. If two arbitrators property appointed shall not agree they shall appoint an umpire whose decision shall be final.~~

b)* This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Law of the State of New York and should any dispute arise out of this Agreement, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for purpose of enforcing any award, this Agreement may be made a rule of the Court.

The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. New York.

~~c)*~~ ~~Any dispute arising out of this Agreement shall be referred to arbitration at _____, subject to the procedures applicable there. The laws of _____ shall govern this Agreement.~~

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* *16 a), 16 b) and 16 c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16 a) to apply.*

Clauses 17-25 both inclusive are deemed are part of this agreement

This Charter Party is a computer generated copy of the "SALEFORM 1993" form printed by authority of Norwegian Shipbrokers' Association using software which is the copyright of Strategic Software Ltd. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the

original approved document shall apply. Norwegian Shipbrokers' Association and Strategic Software Ltd. assume no responsibility for any loss or damage caused as a result of discrepancies between the original approved document and this document.

ADDITIONAL CLAUSES
TO THE MEMORANDUM OF AGREEMENT SALE FORM 1993
DATED JANUARY 12, 2007 FOR M.V. 'A DUCKLING' (THE VESSEL)
BETWEEN A DUCKLING CORPORATION PANAMA (THE SELLERS)
AND STAR BULK CARRIERS CORP. MARSHALL ISLANDS
OR NOMINEE (THE BUYERS)

CLAUSE 17

This sale is part of the sale and delivery of the following additional Motor Vessels:

M.V. "B Duckling"
M.V. "C Duckling"
M.V. "F Duckling"
M.V. "G Duckling"
M.V. "I Duckling"
M.V. "J Duckling"
M.V. "Mommy Duckling"

registered in the respective ownership of the following Owners:

B Duckling Corporation, Panama
C Duckling Corporation, Panama
F Duckling Corporation, Panama
G Duckling Corporation, Panama
I Duckling Corporation, Panama
J Duckling Corporation, Panama
Mommy Management Corp., Panama

and all ultimately beneficially owned by TMT Co., Ltd., Taiwan ("TMT"). In the event that one or more of the above vessels are not delivered pursuant to their respective MOA's for any reason whatsoever, TMT hereby agrees and assumes the obligation to substitute the non-delivered vessel(s) with replacement tonnage pursuant and subject to the terms of the Supplemental Agreement referenced in Clause 25.

CLAUSE 18

This sale is subject to:

i) STAR MARITIME ACQUISITION CORP. Delaware ("Star Maritime") a listed company in the AMEX being the parent company of the Buyers filing a definitive proxy/registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") and such Registration Statement being declared effective by the SEC.

ii) Star Maritime obtaining the requisite approval of its stockholders for the Merger (as defined in Supplemental Agreement referenced in Clause 25) and the sale of the vessels provided for in the Supplemental Agreement referenced in Clause 25 at a duly convened stockholders' meeting.

CLAUSE 19

No dry-docking / however the Buyers have the right at Buyers' expense to carry out an under-water (defined as 'parts below the sea water line at time of divers inspection') inspection prior to or at the delivery port and the Sellers shall make the vessel available for such under-water inspection. Inspection

of underwater parts shall be carried out by divers approved by the class with the presence of

class surveyor and the Sellers/Buyers representatives. Such diver inspection shall be carried out in a manner acceptable to class surveyor. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near the delivery port.

In the event of any damage/s being found which lead to a recommendation by the classification society and immediate repairs are required, the Sellers shall then dry-dock the Vessel in accordance with clause 6 of the Norwegian Sale Form 1993, and Sellers shall repair same to class satisfaction. Cancelling date to be extended accordingly.

If damage/s are found which lead to a recommendation by the classification society, repair/s of which maybe be carried out by the Buyers at a later stage, as per classification society recommendation, then in lieu of Buyers taking delivery of the Vessel with said recommendation/s the Sellers shall pay to the Buyers the estimated repairing direct cost this amount will be deducted from the purchase price on delivery.

This estimated repairing direct cost shall be the average cost of 2 quotations from reputable yards/repair shops at or near the delivery port, 1 obtained by Buyers and 1 obtained by Sellers determined in accordance with the cost of such repairs prevailing at the time of delivery of the Vessel, for repair works only without dry-docking costs and without costs of possible time lost, and in any case for the direct cost/s only.

It is understood that class shall be the sole arbiter in any matter under this Clause 19 affecting the Vessel's class.

The costs of class surveyor's fee and diver inspection will be for the Buyers' account.

CLAUSE 20

The Buyers are to pay extra for unused/unbroached lubricating oils in drums and designated storage tanks 'remaining on board' as per actual cost evidenced by net invoice prices including discounts. Also extra payment for bunkers 'remaining on board' at the Sellers' last paid prices (either bought in the open market or paid to last charterers).

CLAUSE 21

As from the Effective Date of Merger (as defined in the Supplemental Agreement referenced in Clause 25) Buyers shall have the right to place onboard up to a maximum of three (3) representatives until delivery as observers for familiarisation purposes only without interference to the Vessel's operation at Buyer's risk and expense. Representatives are to sign Sellers' indemnity form. Sellers shall assist where necessary in the application for visas for Buyer's ongoing representatives. Upon Vessel's arrival at the delivery port Buyers shall have the right to place on board three (3) more representatives on a daily basis up until delivery. Buyers representatives to have the right to communicate with their office / managers via the Vessel's communication means always at Buyers' cost. The Buyers' representatives shall have full access to Vessel's all non-private spaces, as well as to instruction books, plans, certificates, records, documents, plans, drawings and shall have the right to take photocopies of same but should not interfere with the Vessel's cargo discharge operations, if any.

CLAUSE 22

Sellers and Buyers to supply documentation which may be reasonably required and to be mutually agreed for the legal transfer of the Vessel and for her Marshall Islands registration under new flag and ownership (such list to form an addendum to the MOA).

At the time of delivery, in addition to other documents to be agreed per this clause, Buyers shall furnish Sellers with the following delivery documents:

(i) Novation Agreement duly executed by Buyers;

(ii) Secretary's Certificate of Buyers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of Star Maritime and Star Bulk authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

At the time of delivery, in addition to other documents to be agreed per this clause, Sellers shall furnish Buyers with the following delivery documents:

(i) Novation Agreement duly executed by Sellers and the charterer;

(ii) Secretary's Certificate of Sellers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of TMT authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

CLAUSE 23

Sellers warrant that on the date hereof and on the date of closing, the Vessel shall be entitled to trade worldwide within Institute Warranty Limits without restriction on limitation.

CLAUSE 24

All instruction books, drawings, plans and manuals, on board or ashore in owners/managers office that are in Sellers possession are to be delivered to the Buyers except ISM manuals and ship security plan. The Sellers to forward office set as soon as possible after delivery to the Buyer's office. All forwarding costs to be for Buyers account.

CLAUSE 25

This agreement is one of the "MOAs" referred to and defined in (i) that certain Supplemental Agreement dated the date hereof and executed and delivered concurrently herewith by and among Buyers, Star Maritime as the 100pct parent of the Buyers, and TMT, the 100pct parent of the Sellers and is incorporated herein by reference, and (ii) the Master Agreement dated the date hereof and executed and delivered concurrently herewith by TMT, Buyers and Star Maritime, and is incorporated by reference. If there is any inconsistency between the terms of this agreement and the terms of said Supplemental Agreement and/or said Master Agreement, the terms of said Supplemental Agreement and said Master Agreement shall control.

THE SELLERS **THE BUYERS**

/s/ NOBU SU	/s/ PROKOPIOS TSIRIGAKIS

Appendix B

Norwegian Shipbroker's Association's
Memorandum of Agreement for sale and
purchase of ships.
Adopted by The Baltic and International
Maritime Council (BIMCO) in 1956.

Code-name

SALE FORM 1993

Revised 1966, 1983 and 1986/87.

MEMORANDUM OF AGREEMENT

Dated: ***January 12, 2007***

B Duckling Corporation, Panama

hereinafter called the Sellers, have agreed to sell, and ***Star Bulk Carriers Corp., Majuro Marshall Islands or nominee***

hereinafter called the Buyers, have agreed to buy-

Name: ***B. DUCKLING***

Classification Society/Class: ***BUREAU VERITAS***

Built: ***1993*** By: ***STOCNIA GDYNIA S.A., POLAND***

Flag: ***PANAMA*** Place of Registration: ***PANAMA***

Call Sign: ***3EAF9*** Grt/Nrt: ***91,642/50,709***

~~Register Number~~ ***IMO Number: 8800406***

hereinafter called the Vessel, on the following terms and conditions:

Definitions

"Banking days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax or other modern form of written communication.

"Classification Society" or "Class" means the Society referred to in line 4.

1. Purchase Price ***USD 61,375,559.11***

~~**2. Deposit**~~

~~As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10% (ten per cent) of the Purchase Price within banking days from the date of this Agreement. This deposit be placed with and held by them in a joint account for the Sellers and the Buyers, to be released in accordance with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the Buyers.~~

3. Payment

~~The said Purchase Price shall be paid in full free of bank charges to on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this Agreement and Notice of Readiness has been given in accordance with Clause 5.~~ ***The Purchase Price shall be paid as provided in the Supplemental***

Agreement referenced in Clause 25.

4. Inspections

~~a)*~~ ~~The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in on and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

b)* The Buyers shall have the right to inspect the ***Vessel and*** Vessel's classification records and declare ***at a suitable place at the Buyers' option. However these inspections are not a subject and once the subjects stipulated in clause 18, are lifted the sale becomes outright and definite, subject to the provisons of the Supplemental Agreement referenced in Clause 25.*** ~~whether same are accepted or not within~~

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* *4 a) and 4 b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4a) to apply.*

The Sellers shall provide for inspection of the Vessel at/in ***(to be advised by Sellers)***

~~The Buyers undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~ The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. During the inspection, the Vessel's deck, ***instruction books, maintenance records,*** and engine log books ***as available on board*** shall be made available for examination by the Buyers. ~~If the Vessel is accepted after such inspection, the sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided the Sellers receive written notice of acceptance from the Buyers within 72 hours after completion of such inspection.~~

~~Should notice of acceptance of the Vessel's classification records and of the Vessel not be received by the Sellers as aforesaid, the deposit together with interest earned shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

5. Notices, time and place of delivery

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ***20, 15,*** and ***7, 5, 2*****days*** ***approximate and 1 definite*** notice of the estimated time of arrival at the intended place of ~~drydocking/underwater inspection/~~ delivery. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/~~in~~ ***a port worldwide (range/s to be advised)*** in the Sellers' option.

Expected time of delivery: ***as soon as practically possible following the Effective Date of the Merger (as defined in the Supplemental agreement referenced in Clause 25) but not later than the last discharging port of the last laden voyage***

Date of cancelling ~~(see Clauses 5 e), 6 b) (iii) and 14):~~ ***as per Supplemental Agreement referenced in Clause 25***

~~e)~~ ~~If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 within 7 running days of receipt~~

~~of the notice or of accepting the new date as the new cancelling date. If the Buyers have not declared their option within 7 running days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new cancelling date and shall be substituted for the cancelling date stipulated in line 61.~~

If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including those contained in Clauses 5 a) and 5 c) shall remain unaltered and in full force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 for the Vessel not being ready by the original cancelling date.

d) Should the Vessel become an actual, constructive or compromised total loss before delivery the deposit together with interest earned shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6. Drydocking/Divers Inspection ***See Clause 19***

a)** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

b)** (i) The Vessel is to be delivered without drydocking. However, the Buyers shall have the right at their expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their cost make the Vessel available for such inspection. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near to the delivery port.

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.

(iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (ii) and no suitable dry docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5 b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5 b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5 b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.

e) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above

(i) the Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

(ii) the expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out, in which case the Sellers shall pay those expenses. The Sellers shall also pay the expenses if the Buyers require the survey and parts of the system are condemned or found defective or broken so as to affect the Vessel's class*.

(iii) the expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees shall be paid by the Sellers if the Classification Society issues any condition/recommendation* as a result of the survey or if it requires survey of the tailshaft system. In all other cases the Buyers shall pay the aforesaid expenses, dues and fees.

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* Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

** *6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 a) to apply.*

(iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.

(v) the Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to take delivery in accordance with Clause 3, whether the Vessel is in drydock or not and irrespective of Clause 5 b).

7. Spares/bunkers, etc.

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are to be excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. The radio installation and navigational equipment shall be included in the sale without extra payment if they are the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire): ***To Be Advised***

The Buyers shall take over the remaining bunkers ***(if same are property of the Sellers)*** and unused lubricating oils in storage tanks and sealed drums ~~and pay the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel.~~ ***See Clause 20***

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

8. Documentation

The place of closing: ***New York, USA***

In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery documents, namely:

a) Legal Bill of Sale in a form recordable in ***Marshall Islands*** (~~the country in which the Buyers are to register the Vessel~~), warranting that the Vessel is free from all encumbrances, mortgages and maritime liens or any other debts or claims whatsoever, duly notarially attested and legalized by the consul of such country or other competent authority.

b) Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c) Confirmation of Class issued within ~~72 hours~~ ***3 working days*** prior to delivery.

d) Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances.

e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f) Any such additional documents as may reasonably be required by the competent authorities for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement. ***See Clause 22***

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all plans ***, instruction books, maintenance records*** etc., which are on board the Vessel. Other certificates

which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation which may be in the Sellers' possession shall be promptly forwarded to the Buyers at their expense, ~~if they so request~~. The Sellers may keep the Vessel's log books but the Buyers to have the right to take copies of same.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all *charters**(other than term employment/charters contemplated by the Supplemental Agreement referenced in Clause 25),*** encumbrances, mortgages and maritime liens or any other debts whatsoever. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery. ***The Vessel on delivery to be delivered free of cargo /cargo residues, and free of any dunnage.***

10. Taxes, etc.

Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted. However, the Vessel shall be delivered with her class maintained without condition/recommendation*, free of average damage affecting the Vessel's class, and with her classification certificates and ***International /national*** certificates ***and surveys,*** s well as all other certificates the Vessel had at the time of ***agreement***~~inspection~~, valid and unextended without condition/recommendation* by Class or the relevant authorities ***for a minimum of 1 month from*** at the time of delivery.

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* Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

"Inspection" in this Clause 11 ***and in Clause 7, Line 157 ,*** shall mean the Buyers' inspection according to Clause 4 a) or 4 b), if applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

12. Name/markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13. Buyers' default

~~Should the deposit not be paid in accordance with Clause 2, the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expense incurred together with interest.~~

Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel the Agreement, in which case ~~the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss,~~ the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14. Sellers' default ***as per Supplemental Agreement referenced in Clause 25***

~~Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have the option of cancelling this Agreement provided always that the Sellers shall be granted a maximum of 3 banking days after Notice of Readiness has been given to make arrangements for the documentation set out in Clause 8.~~

~~If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again in every respect by the date stipulated in line 61 and new Notice of Readiness given, the Buyer shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement the deposit together with interest earned shall be released to them immediately.~~

~~Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready to validly complete a legal transfer as aforesaid they shall make duo compensation to the Buyers for their loss and for all expenses together with interest if their failure is duo to proven negligence and whether or not the Buyers cancel this Agreement.~~

15. Buyers' representatives See Clause 21

~~After this Agreement has been signed by both parties and the deposit has been lodged, the Buyers have the right to place two representatives on board the Vessel at their solo risk and expense upon arrival at on or about These representatives are on board for the purpose of familiarization and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.~~

16. Arbitration

~~a)*~~ ~~This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of this Agreement shall be referred to arbitration in London in accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or re-enactment thereof for the time being in force, one arbitrator being appointed by each party. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator within fourteen days, failing which the decision of the single arbitrator appointed shall apply. If two arbitrators properly appointed shall not agree they shall appoint an umpire whose decision shall be final.~~

b)* This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Law of the State of New York and should any dispute arise out of this Agreement, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for purpose of enforcing any award, this Agreement may be made a rule of the Court.

The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. New York.

~~c)*~~ ~~Any dispute arising out of this Agreement shall be referred to arbitration at subject to the procedures applicable there. The laws of shall govern this Agreement.~~

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* *16 a), 16 b) and 16 c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16 a) to apply.*

Clauses 17-25 both inclusive are deemed are part of this agreement

This Charter Party is a computer generated copy of the "SALEFORM 1993" form printed by authority of Norwegian Shipbrokers' Association using software which is the copyright of Strategic Software Ltd. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the original approved document shall apply. Norwegian Shipbrokers' Association and Strategic Software Ltd. assume no responsibility for any loss or damage caused as a result of discrepancies between the original approved document and this document.

ADDITIONAL CLAUSES
TO THE MEMORANDUM OF AGREEMENT SALE FORM 1993
DATED JANUARY 12, 2007 FOR M.V. "B DUCKLING' (THE VESSEL)
BETWEEN B DUCKLING CORPORATION. PANAMA (THE SELLERS)
AND STAR BULK CARRIERS CORP. MARSHALL ISLANDS OR
NOMINEE (THE BUYERS)

CLAUSE 17

This sale is part of the sale and delivery of the following additional Motor Vessels:

M.V. "A Duckling"
M.V. "C Duckling"
M.V. "F Duckling"
M.V. "G Duckling"
M.V. "I Duckling"
M.V. "J Duckling"
M.V. "Mommy Duckling"

registered in the respective ownership of the following Owners:

A Duckling Corporation, Panama
C Duckling Corporation, Panama
F Duckling Corporation, Panama
G Duckling Corporation, Panama
I Duckling Corporation, Panama
J Duckling Corporation, Panama
Mommy Management Corp., Panama

and all ultimately beneficially owned by TMT Co., Ltd., Taiwan ("TMT"). In the event that one or more of the above vessels are not delivered pursuant to their respective MOA's for any reason whatsoever, TMT hereby agrees and assumes the obligation to substitute the non-delivered vessel(s) with replacement tonnage pursuant and subject to the terms of the Supplemental Agreement referenced in Clause 25.

CLAUSE 18

This sale is subject to:

i) STAR MARITIME ACQUISITION CORP. Delaware ("Star Maritime") a listed company in the AMEX being the parent company of the Buyers filing a definitive proxy/registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") and such Registration Statement being declared effective by the SEC.

ii) Star Maritime obtaining the requisite approval of its stockholders for the Merger (as defined in Supplemental Agreement referenced in Clause 25) and the sale of the vessels provided for in the Supplemental Agreement referenced in Clause 25 at a duly convened stockholders' meeting.

CLAUSE 19

No dry-docking / however the Buyers have the right at Buyers' expense to carry out an under-water (defined as "parts below the sea water line at time of divers inspection') inspection prior to or at the delivery port and the Sellers shall make the vessel available for such under-water inspection. Inspection of underwater parts shall be carried out by divers approved by the class with the presence of class surveyor and the Sellers/Buyers representatives. Such diver inspection shall be carried out in a

manner acceptable to class surveyor. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near the delivery port.

In the event of any damage/s being found which lead to a recommendation by the classification society and immediate repairs are required, the Sellers shall then dry- dock the Vessel in accordance with clause 6 of the Norwegian Sale Form 1993, and Sellers shall repair same to class satisfaction. Cancelling date to be extended accordingly.

If damage/s are found which lead to a recommendation by the classification society, repair/s of which maybe be carried out by the Buyers at a later stage, as per classification society recommendation, then in lieu of Buyers taking delivery of the Vessel with said recommendation/s the Sellers shall pay to the Buyers the estimated repairing direct cost this amount will be deducted from the purchase price on delivery.

This estimated repairing direct cost shall be the average cost of 2 quotations from reputable yards/repair shops at or near the delivery port, 1 obtained by Buyers and 1 obtained by Sellers determined in accordance with the cost of such repairs prevailing at the time of delivery of the Vessel, for repair works only without dry-docking costs and without costs of possible time lost, and in any case for the direct cost/s only.

It is understood that class shall be the sole arbiter in any matter under this Clause 19 affecting the Vessel's class.

The costs of class surveyor's fee and diver inspection will be for the Buyers' account.

CLAUSE 20

The Buyers are to pay extra for unused/unbroached lubricating oils in drums and designated storage tanks "remaining on board' as per actual cost evidenced by net invoice prices including discounts. Also extra payment for bunkers "remaining on board' at the Sellers' last paid prices (either bought in the open market or paid to last charterers).

CLAUSE 21

As from the Effective Date of Merger (as defined in the Supplemental Agreement referenced in Clause 25) Buyers shall have the right to place onboard up to a maximum of three (3) representatives until delivery as observers for familiarisation purposes only without interference to the Vessel's operation at Buyer's risk and expense. Representatives are to sign Sellers' indemnity form. Sellers shall assist where necessary in the application for visas for Buyer's ongoing representatives. Upon Vessel's arrival at the delivery port Buyers shall have the right to place on board three (3) more representatives on a daily basis up until delivery. Buyers representatives to have the right to communicate with their office / managers via the Vessel's communication means always at Buyers' cost. The Buyers' representatives shall have full access to Vessel's all non-private spaces, as well as to instruction books, plans, certificates, records, documents, plans, drawings and shall have the right to take photocopies of same but should not interfere with the Vessel's cargo discharge operations, if any.

CLAUSE 22

Sellers and Buyers to supply documentation which may be reasonably required and to be mutually agreed for the legal transfer of the Vessel and for her Marshall Islands registration under new flag and ownership (such list to form an addendum to the MOA).

At the time of delivery, in addition to other documents to be agreed per this clause, Buyers shall furnish Sellers with the following delivery documents:

(i) Secretary's Certificate of Buyers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(ii) Secretary's Certificate of each of Star Maritime and Star Bulk authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

At the time of delivery, in addition to other documents to be agreed per this clause, Sellers shall furnish Buyers with the following delivery documents:

(i) Secretary's Certificate of Sellers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(ii) Secretary's Certificate of each of TMT authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

CLAUSE 23

Sellers warrant that on the date hereof and on the date of closing, the Vessel shall be entitled to trade worldwide within Institute Warranty Limits without restriction on limitation.

CLAUSE 24

All instruction books, drawings, plans and manuals, on board or ashore in owners/managers office that are in Sellers possession are to be delivered to the Buyers except ISM manuals and ship security plan. The Sellers to forward office set as soon as possible after delivery to the Buyer's office. All forwarding costs to be for Buyers account.

CLAUSE 25

This agreement is one of the "MOAs" referred to and defined in (i) that certain Supplemental Agreement dated the date hereof and executed and delivered concurrently herewith by and among Buyers, Star Maritime as the 100pct parent of the Buyers, and TMT, the 100pct parent of the Sellers and is incorporated herein by reference, and (ii) the Master Agreement dated the date hereof and executed and delivered concurrently herewith by TMT, Buyers and Star Maritime, and is incorporated by reference. If there is any inconsistency between the terms of this agreement and the terms of said Supplemental Agreement and/or said Master Agreement, the terms of said Supplemental Agreement and said Master Agreement shall control.

THE SELLERS	**THE BUYERS**
/s/ NOBU SU	/s/ PROKOPIOS TSIRIGAKIS

Appendix C

Norwegian Shipbrokers' Association's Memorandum of Agreement for sale and purchase of ship.
Adopted by The Baltic and International Maritime Council (BIMCO)in 1956.

Code-name

SALE FORM 1993

Revised 1966,1983 and 1986/87.

MEMORANDUM OF AGREEMENT

Dated: ***January 12, 2007***

C Duckling Corporation, Panama

hereinafter called the Sellers, have agreed to sell, and ***Star Bulk Carriers Corp., Majuro Marshall Islands or nominee***

hereinafter called the Buyers, have agreed to buy-

Name: ***C. DUCKLING***

Classification Society/Class: ***BUREAU VERITAS***

Built: ***2002*** By: ***OSHIMA SHIPBUILDING CO. LTD, NAGASAKI-JAPAN***

Flag: ***PANAMA*** Place of Registration: ***PANAMA***

Call Sign: ***HOOR*** Grt/Nrt: ***29,295/17,592***

~~Register Number~~ ***IMO Number: 9249300***

hereinafter called the Vessel, on the following terms and conditions:

Definitions

"Banking days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax or other modern form of written communication.

"Classification Society" or "Class" means the Society referred to in line 4.

1. Purchase Price ***USD 43,474,354.37***

~~**2. Deposit**~~

~~As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10% (ton per cent) of the Purchase Price within banking days from the date of this Agreement. This deposit shall be placed with and held by them in a joint account for the Sellers and the Buyers, to be released in accordance with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the Buyers.~~

3. Payment

~~The said Purchase Price shall be paid in full free of bank charges to on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this Agreement and Notice of Readiness has been given in accordance with Clause 5.~~ ***The Purchase Price shall be paid as provided in the Supplemental***

Agreement referenced in Clause 25.

4. Inspections

~~a)*~~ ~~The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in on and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

b)* The Buyers shall have the right to inspect the ***Vessel and*** Vessel's classification records ~~and declare~~ ***at a suitable place at the Buyers' option. However these inspections are not a subject and once the subjects stipulated in clause 18 are lifted the sale becomes outright and definite, subject to the provisions of the Supplemental Agreement referenced in Clause 25.*** ~~whether same are accepted or not within~~

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* *4 a) and 4b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4a) to apply.*

The Sellers shall provide for inspection of the Vessel at/in ***(to be advised by Sellers)***

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~ The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. During the inspection, the Vessel's deck, ***instuction books, maintenance records,*** and engine log books ***as available on board*** shall be made available for examination by the Buyers. ~~If the Vessel is accepted after such inspection, the sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided the Sellers receive written notice of acceptance from the Buyers within 72 hours after completion of such inspection.~~

~~Should notice of acceptance of the Vessel's classification records and of the Vessel not be received by the Sellers as aforesaid, the deposit together with interest earned shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

5. Notices, time and place of delivery

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ***20, 15,*** and ***7, 5, 2*** days ***approximate and 1 definite*** notice of the estimated time of arrival at the intended place of ~~drydocking/underwater inspection~~/delivery. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/in ***a port worldwide (range/s to be advised)*** in the Sellers' option.

Expected time of delivery: ***as soon as practically possible following the Effective Date of the Merger (as defined in the Supplemental Agreement referenced in Clause 25) but not later than the last discharging port of the last laden voyage***

Date of cancelling (see Clauses 5 c), 6 b) (iii) and 14): ***as per Supplemental Agreement referenced in Clause 25***

~~c)~~ ~~If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. Upon receipt of such notification the Buyers shall have the~~

~~option of either cancelling this Agreement in accordance with Clause 14 within 7 running days of receipt of the notice or of accepting the new date as the new cancelling date. If the Buyers have not declared their option within 7 running days of receipt of the Sellers' notification or if the~~

Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new cancelling date and shall be stipulated for the cancelling date stipulated in line 61.

If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including those contained in Clauses 5 a) and 5 c) shall remain unaltered and in full force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 for the Vessel not being ready by the original cancelling date.

d) Should the Vessel become an actual, constructive or compromised total lose before delivery the deposit together with interest earned shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6. Drydocking/Divers Inspection See Clause 19

a)** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

b)** (i) The Vessel is to be delivered without drydocking. However, the Buyers shall have the right at their expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their cost make the Vessel available for such inspection. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the part of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near to the delivery port.

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.

(iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (ii) and no suitable dry docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5 b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5 b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5 b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.

e) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above

(i) the Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be

drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers expense to the satisfaction of the Classification Society without condition/recommendation*.

(ii) the expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out, in which case the Sellers shall pay these expenses. The Sellers shall also pay the expenses if the Buyers require the survey and parts of the system are condemned or found defective or broken so as to affect the Vessel's class*.

iii) the expanses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees shall be paid by the Sellers if the Classification Society issues any condition/recommendation* as a result of the survey or if it requires survey of the tailshaft system. In all other cases the Buyers shall pay the aforesaid expenses, dues and fees.

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*

Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

**

6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 a) to apply.

iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.

(v) the Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to take delivery in accordance with Clause 3, whether the Vessel is in drydock or not and irrespective of Clause 5 b).

7. Spares/bunkers, etc.

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are to be excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. The radio installation and navigational equipment shall be included in the sale without extra payment if they are the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire): ***To Be Advised***

The Buyers shall take over the remaining bunkers ***(if same are property of the Sellers)*** and unused lubricating oils in storage tanks and sealed drums ~~and pay the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel.~~ ***See Clause 20***

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

8. Documentation

The place of closing: ***New York, USA***

In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery documents, namely:

a) Legal Bill of Sale in a form recordable in ***Marshall Islands*** (~~the country in which the Buyers are to register the Vessel~~), warranting that the Vessel is free from all encumbrances, mortgages and maritime liens or any other debts or claims whatsoever, duly notarially attested and legalized by the consul of such country or other competent authority.

b) Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c) Confirmation of Class issued within ~~72 hours~~ ***3 working days*** prior to delivery.

d) Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances.

e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f) Any such additional documents as may reasonably be required by the competent authorities for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement. ***See Clause 22***

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all plans, ***instruction books, maintenance records*** **etc.,** which are on board the Vessel. Other certificates

which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation which may be in the Sellers' possession shall be promptly forwarded to the Buyers at their expense, ~~if they so request.~~ The Sellers may keep the Vessel's log books but the Buyers to have the right to take copies of same.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all *charters* (***other than term employment /charters contemplated by the Supplemental Agreement referenced in Clause 25),*** encumbrances, mortgages and maritime liens or any other debts whatsoever. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery. ***The Vessel on delivery to be delivered free of cargo / cargo residues, and free of any dunnage.***

10. Taxes, etc.

Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted. However, the Vessel shall be delivered with her class maintained without condition/recommendation*, free of average damage affecting the Vessel's class, and with her classification certificates and ***International /*** national certificates ***and surveys ,*** as well as all other certificates the Vessel had at the time of ***agreement***~~inspection~~, valid and unextended without condition/recommendation* by Class or the relevant authorities ***for a minimum of 1 month from*** at the time of delivery.

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* Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

"Inspection" in this Clause 11 ***and in Clause 7, Line 157,*** shall mean the Buyers' inspection according to Clause 4 a) or 4 b), if applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

12. Name/markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13. Buyers' default

~~Should the deposit not be paid in accordance with Clause 2, the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel the Agreement, in which case ~~the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss,~~ the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14. Sellers' default as per Supplemental Agreement referenced in Clause 25

~~Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have the option of~~

~~cancelling this Agreement provided always that the Sellers shall be granted a maximum of 3 banking days after Notice of Readiness has been given to make arrangement for the documentation set~~

~~out in Clause 8. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again in every respect by the date stipulated in line 61 and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement the deposit together with interest earned shall be released to them immediately.~~

~~Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.~~

15. Buyers' representatives See Clause 21

~~After this Agreement has been signed by both parties and the deposit has been lodged, the Buyers have the right to place two representatives on board the Vessel at their sole risk and expense upon arrival at on or about Those representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.~~

16. Arbitration

~~a)*~~ ~~This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of this Agreement shall be referred to arbitration in London in accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or re-enactment thereof for the time being in force, one arbitrator being appointed by each party. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator within fourteen days, failing which the decision of the s ingle arbitrator appointed shall apply. If two arbitrators properly appointed shall not agree they shall appoint an umpire whose decision shall be final.~~

b)* This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Law of the State of New York and should any dispute arise out of this Agreement, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for purpose of enforcing any award, this Agreement may be made a rule of the Court.

The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. New York.

~~c)*~~ ~~Any dispute arising out of this Agreement shall be referred to arbitration at , subject to the procedures applicable there. The laws of shall govern this Agreement.~~

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* *16 a), 16 b) and 16 c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16 a) to apply.*

Clauses 17-25 both inclusive are deemed are part of this agreement

This Charter Party is a computer generated copy of the "SALEFORM 1993" form printed by authority of Norwegian Shipbrokers' Association using software which is the copyright of Strategic Software Ltd. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the original approved document shall apply. Norwegian Shipbrokers' Association and Strategic Software Ltd. assume no responsibility for any loss or damage caused as a result of discrepancies between the original approved document and this document.

ADDITIONAL CLAUSES
TO THE MEMORANDUM OF AGREEMENT SALE FORM 1993
DATED JANUARY 12, 2007 FOR M.V. "C DUCKLING' (THE VESSEL)
BETWEEN C DUCKLING CORPORATION, PANAMA (THE SELLERS)
AND STAR BULK CARRIERS CORP. MARSHALL ISLANDS OR
NOMINEE (THE BUYERS)

CLAUSE 17

This sale is part of the sale and delivery of the following additional Motor Vessels:

M.V. "A Duckling"
M.V. "B Duckling"
M.V. "F Duckling"
M.V. "G Duckling"
M.V. "I Duckling"
M.V. "J Duckling"
M.V. "Mommy Duckling"

registered in the respective ownership of the following Owners:

B Duckling Corporation, Panama
C Duckling Corporation, Panama
F Duckling Corporation, Panama
G Duckling Corporation, Panama
I Duckling Corporation, Panama
J Duckling Corporation, Panama
Mommy Management Corp., Panama

and all ultimately beneficially owned by TMT Co., Ltd., Taiwan ("TMT"). In the event that one or more of the above vessels are not delivered pursuant to their respective MOA's for any reason whatsoever, TMT hereby agrees and assumes the obligation to substitute the non-delivered vessel(s) with replacement tonnage pursuant and subject to the terms of the Supplemental Agreement referenced in Clause 25.

CLAUSE 18

This sale is subject to:

i) STAR MARITIME ACQUISITION CORP. Delaware ("Star Maritime") a listed company in the AMEX being the parent company of the Buyers filing a definitive proxy/registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") and such Registration Statement being declared effective by the SEC.

ii) Star Maritime obtaining the requisite approval of its stockholders for the Merger (as defined in Supplemental Agreement referenced in Clause 25) and the sale of the vessels provided for in the Supplemental Agreement referenced in Clause 25 at a duly convened stockholders' meeting.

CLAUSE 19

No dry-docking / however the Buyers have the right at Buyers' expense to carry out an under-water (defined as "parts below the sea water line at time of divers inspection') inspection prior to or at the delivery port and the Sellers shall make the vessel available for such under-water inspection. Inspection of underwater parts shall be carried out by divers approved by the class with the presence of class surveyor and the Sellers/Buyers representatives. Such diver inspection shall be carried out in a

manner acceptable to class surveyor. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near the delivery port.

In the event of any damage/s being found which lead to a recommendation by the classification society and immediate repairs are required, the Sellers shall then dry-dock the Vessel in accordance with clause 6 of the Norwegian Sale Form 1993, and Sellers shall repair same to class satisfaction. Cancelling date to be extended accordingly.

If damage/s are found which lead to a recommendation by the classification society, repair/s of which maybe be carried out by the Buyers at a later stage, as per classification society recommendation, then in lieu of Buyers taking delivery of the Vessel with said recommendation/s the Sellers shall pay to the Buyers the estimated repairing direct cost this amount will be deducted from the purchase price on delivery.

This estimated repairing direct cost shall be the average cost of 2 quotations from reputable yards/repair shops at or near the delivery port, 1 obtained by Buyers and 1 obtained by Sellers determined in accordance with the cost of such repairs prevailing at the time of delivery of the Vessel, for repair works only without dry-docking costs and without costs of possible time lost, and in any case for the direct cost/s only.

It is understood that class shall be the sole arbiter in any matter under this Clause 19 affecting the Vessel's class.

The costs of class surveyor's fee and diver inspection will be for the Buyers' account.

CLAUSE 20

The Buyers are to pay extra for unused/unbroached lubricating oils in drums and designated storage tanks "remaining on board' as per actual cost evidenced by net invoice prices including discounts. Also extra payment for bunkers "remaining on board' at the Sellers' last paid prices (either bought in the open market or paid to last charterers).

CLAUSE 21

As from the Effective Date of Merger (as defined in the Supplemental Agreement referenced in Clause 25) Buyers shall have the right to place onboard up to a maximum of three (3) representatives until delivery as observers for familiarisation purposes only without interference to the Vessel's operation at Buyer's risk and expense. Representatives are to sign Sellers' indemnity form. Sellers shall assist where necessary in the application for visas for Buyer's ongoing representatives. Upon Vessel's arrival at the delivery port Buyers shall have the right to place on board three (3) more representatives on a daily basis up until delivery. Buyers representatives to have the right to communicate with their office / managers via the Vessel's communication means always at Buyers' cost. The Buyers' representatives shall have full access to Vessel's all non-private spaces, as well as to instruction books, plans, certificates, records, documents, plans, drawings and shall have the right to take photocopies of same but should not interfere with the Vessel's cargo discharge operations, if any.

CLAUSE 22

Sellers and Buyers to supply documentation which may be reasonably required and to be mutually agreed for the legal transfer of the Vessel and for her Marshall Islands registration under new flag and ownership (such list to form an addendum to the MOA).

At the time of delivery, in addition to other documents to be agreed per this clause, Buyers shall furnish Sellers with the following delivery documents:

(i) Novation Agreement duly executed by Buyers;

(ii) Secretary's Certificate of Buyers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of Star Maritime and Star Bulk authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

At the time of delivery, in addition to other documents to be agreed per this clause, Sellers shall furnish Buyers with the following delivery documents:

(i) Novation Agreement duly executed by Sellers and the charterer;

(ii) Secretary's Certificate of Sellers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of TMT authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

CLAUSE 23

Sellers warrant that on the date hereof and on the date of closing, the Vessel shall be entitled to trade worldwide within Institute Warranty Limits without restriction on limitation.

CLAUSE 24

All instruction books, drawings, plans and manuals, on board or ashore in owners/managers office that are in Sellers possession are to be delivered to the Buyers except ISM manuals and ship security plan. The Sellers to forward office set as soon as possible after delivery to the Buyer's office. All forwarding costs to be for Buyers account.

CLAUSE 25

This agreement is one of the "MOAs" referred to and defined in (i) that certain Supplemental Agreement dated the date hereof and executed and delivered concurrently herewith by and among Buyers, Star Maritime as the 100pct parent of the Buyers, and TMT, the 100pct parent of the Sellers and is incorporated herein by reference, and (ii) the Master Agreement dated the date hereof and executed and delivered concurrently herewith by TMT, Buyers and Star Maritime, and is incorporated by reference. If there is any inconsistency between the terms of this agreement and the terms of said Supplemental Agreement and/or said Master Agreement, the terms of said Supplemental Agreement and said Master Agreement shall control.

THE SELLERS **THE BUYERS**

/s/ NOBU SU	/s/ PROKOPIOS TSIRIGAKIS

Appendix D

Norwegian Shipbrokers' Association's
Memorandum of Agreement for sale and
purchase of ships.
Adopted by The Baltic and International
Maritime Council (BlMCO) in 1956.

Code-name

SALE FORM 1993

Revised 1966, 1983 and 1986/87.

MEMORANDUM OF AGREEMENT

Dated: ***January 12, 2007***

F Duckling Corporation, Panama

hereinafter called the Sellers, have agreed to sell, and ***Star Bulk Carriers Corp., Majuro Marshall Islands or nominee***

hereinafter called the Buyers, have agreed to buy-

Name: ***F. DUCKLING***

Classification Society/Class: ***N.K.K.***

Built: ***2000*** By: ***TSUNEISHI SHIPBUILDING, JAPAN***

F lag: ***PANAMA*** Place of Registration: ***PANAMA***

Call Sign: ***3EFZ7*** Grt/Nrt: ***30,303/17,734***

~~Register Number~~ ***IMO Number : 9216808***

hereinafter called the Vessel, on the following terms and conditions:

Definitions

"Banking days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax or other modern form of written communication.

"Classification Society" or "Class" means the Society referred to in line **4.**

1.

Purchase Price USD 40,917,039.41

2.

~~**Deposit**~~

~~As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10% (ten per cent) of the Purchase Price within banking days from the date of this Agreement. This deposit shall be placed with and hold by them in a joint account for the Sellers and the Buyers, to be released in accordance with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the Buyers.~~

3.

Payment

~~The said Purchase Price shall be paid in full free of bank charges to _____ on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this Agreement and Notice of Readiness has been given in accordance with Clause 5.~~ ***The Purchase Price shall be paid as provided in the Supplemental Agreement referenced in Clause 25.***

4.

Inspections

~~a)*~~ ~~the Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in on and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

b)* The Buyers shall have the right to inspect the ***Vessel and*** Vessel's classification records ~~and declare~~ ***at a suitable place at the Buyers' option. However these inspections are not a subject and once the subjects stipulated in clause 18 are lifted the sale becomes outright and definite, subject to the provisions of the Supplemental Agreement referenced in Clause 25.***

~~whether same are accepted or not within~~

The Sellers shall provide for inspection of the Vessel at/in ***(to be advised by Sellers)***

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~ The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. During the inspection, the Vessel's deck, ***instuction books, maintenance records,*** and engine log books ***as available on board*** shall be made available for examination by the Buyers. ~~If the Vessel is accepted after such inspection, the sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided the Sellers receive written notice of acceptance from the Buyers within 72 hours after completion of such inspection.~~

~~Should notice of acceptance of the Vessel's classification records and of the Vessel not be received by the Sellers as aforesaid, the deposit together with interest earned shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

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* *4a) and 4b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4a) to apply.*

5.

Notices, time and place of delivery

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ***20***, ***15***, and ***7***, ***5***, ***2*** days ***approximate and 1 definite*** notice of the estimated time of arrival at the intended place of ~~drydocking/underwater inspection/~~ delivery. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/~~in~~ ***a port worldwide (range/s to be advised)*** in the Sellers' option.

Expected time of delivery: ***as soon as practically possible following the effective date of the Merger (as defined in the Supplemental Agreement referenced in Clause 25) but not later than the last discharging port of the last laden voyage***

Date of cancelling ~~(see Clauses 5 e), 6 b) (iii) and 14)~~: ***as per Supplemental Agreement referenced in Clause 25***

~~e)~~ ~~If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 within 7 running days of receipt of the notice or of accepting the new date as the new cancelling date. If the~~

Buyers have not declared their option within 7 running days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new cancelling date and shall bad substituted for the cancelling date stipulated in line 61.

If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including those contained in Clauses 5 a) and 5 c) shall remain unaltered and in full force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 for the Vessel not being ready by the original cancelling date.

d) Should the Vessel become an actual, constructive or compromised total loss before delivery the deposit together with interest earned shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6.

Drydocking/Divers Inspection ***See Clause 19***

a)** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

b)** (i) The Vessel is to be delivered without drydocking. However, the Buyers shall have the right at their expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their cost make the Vessel available for such inspection. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near to the delivery port.

(ii) If the ruddor, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.

(iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (ii) and no suitable dry docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5 b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5 b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5 b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.

e) If the Vessel is drydocked pursuant to Clause 6a) or 6b) above

(i) the Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

(ii) the expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out, in which case the Sellers shall pay those expenses. The Sellers shall also pay the expenses if the Buyers require the survey and parts of the system are condemned or found defective or broken so as to affect the Vessel's class*.

(iii) the expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees shall be paid by the Sellers if the Classification Society issues any condition/recommendation* as a result of the survey or if it requires survey of the tailshaft system. In all other cases the Buyer shall pay the aforesaid expenses, dues and fees.

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* Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

** 6a) and 6b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 a) to apply.

(iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.

(v) the Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to take delivery in accordance with Clause 3, whether the Vessel is in drydock or not and irrespective of Clause 5b).

7.

Spares/bunkers, etc.

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are to be excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the

Buyers. The radio installation and navigational equipment shall be included in the sale without

extra payment if they are the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessel(s), shall be excxluded without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire): ***To Be Advised***

The Buyers shall take over the remaining bunkers ***(if same are property of the Sellers)*** and unused lubricating oils in storage tanks and sealed drums ~~and pay the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel~~. ***See Clause 20***

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

8.

Documentation

The place of closing: ***New York, USA***

b)

Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c)

Confirmation of Class issued within ~~72 hours~~ ***3 working days prior*** to delivery.

d)

Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances.

e)

Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f)

Any such additional documents as may reasonably be required by the competent authorities for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement. ***See Clause 22***

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all plans, ***instruction books, maintenance records*** etc., which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation which may be in the Sellers' possession shall be promptly forwarded to the Buyers at their expense, ~~if they so request~~. The Sellers may keep the Vessel's log books but the Buyers to have the right to take copies of same.

9.

Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters ***(other than term employment/charters contemplated by the Supplemental Agreement referenced in Clause 25),*** encumbrances, mortgages and maritime liens or any other debts whatsoever. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which

have been incurred prior to the time of delivery. ***The Vessel on delivery to be delivered free of cargo /cargo residues, and free of any dunnage.***

10.

Taxes, etc.

Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11.

Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted. However, the Vessel shall be delivered with her class maintained without condition/recommendation*, free of average damage affecting the Vessel's class, and with her classification certificates and ***International /*** national certificates ***and surveys,*** as well as all other certificates the Vessel had at the time of ***agreement*** ~~inspection~~, valid and unextended without condition/recommendation* by Class or the relevant authorities ***for a minimum of 1 month from*** at the time of delivery.

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*

Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

"Inspection" in this Clause 11 ***and in Clause 7, Line 157*** , shall mean the Buyers' inspection according to Clause 4 a) or 4 b), if applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

12.

Name/markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13.

Buyers'default

~~Should the deposit not be paid in accordance with Clause 2, the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel the Agreement, in which case ~~the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss,~~ the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14.

Sellers' default ***as per Supplemental Agreement referenced in Clause 25***

~~Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have the option of cancelling this Agreement provided always that the Sellers shall be granted a maximum of 3 banking~~

~~days after Notice of Readiness has been given to make arrangements for the documentation set out in Clause 8. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again in every respect by the date stipulated in line 61 and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement the deposit together with interest earned shall be released to them immediately.~~

~~Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers~~

~~for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.~~

15.

Buyers' representatives ***See Clause 21***

~~After this Agreement has been signed by both parties and the deposit has been lodged, the Buyers have the right to place two representatives on board the Vessel at their sole risk and expense upon arrival at on or about These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.~~

16.

Arbitration

~~a)*~~ ~~This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of this Agreement shall be referred to arbitration in London in accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or re-enactment thereof for the time being in force, one arbitrator being appointed by each party. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator within fourteen days, failing which the decision of the single arbitrator appointed shall apply. If two arbitrators property appointed shall not agree they shall appoint an umpire whose decision shall be final.~~

b)* This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Law of the State of New York and should any dispute arise out of this Agreement, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for purpose of enforcing any award, this Agreement may be made a rule of the Court.

The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. New York.

~~c)*~~ ~~Any dispute arising out of this Agreement shall be referred to arbitration at , subject to the procedures applicable there. The laws of shall govern this Agreement.~~

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* *16a), 16b) and 16c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16 a) to apply.*

Clauses 17-25 both inclusive are deemed are part of this agreement

This Charter Party is a computer generated copy of the "SALEFORM 1993" form printed by authority of Norwegian Shipbrokers' Association using software which is the copyright of Strategic Software Ltd. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the original approved document shall apply. Norwegian Shipbrokers' Association and Strategic Software Ltd. assume no responsibility for any loss or damage caused as a result of discrepancies between the original approved document and this document.

ADDITIONAL CLAUSES
TO THE MEMORANDUM OF AGREEMENT SALE FORM 1993
DATED JANUARY 12, 2007 FOR M.V. 'A DUCKLING' (THE VESSEL)
ETWEEN A DUCKLING CORPORATION PANAMA (THE SELLERS)
AND STAR BULK CARRIERS CORP. MARSHALL ISLANDS
OR NOMINEE (THE BUYERS)

CLAUSE 17

This sale is part of the sale and delivery of the following additional Motor Vessels:

M.V. "B Duckling"
M.V. "C Duckling"
M.V. "F Duckling"
M.V. "G Duckling"
M.V. "I Duckling"
M.V. "J Duckling"
M.V. "Mommy Duckling"

registered in the respective ownership of the following Owners:

B Duckling Corporation, Panama
C Duckling Corporation, Panama
F Duckling Corporation, Panama
G Duckling Corporation, Panama
I Duckling Corporation, Panama
J Duckling Corporation, Panama
Mommy Management Corp., Panama

and all ultimately beneficially owned by TMT Co., Ltd., Taiwan ("TMT"). In the event that one or more of the above vessels are not delivered pursuant to their respective MOA's for any reason whatsoever, TMT hereby agrees and assumes the obligation to substitute the non-delivered vessel(s) with replacement tonnage pursuant and subject to the terms of the Supplemental Agreement referenced in Clause 25.

CLAUSE 18

This sale is subject to:

i) STAR MARITIME ACQUISITION CORP. Delaware ("Star Maritime") a listed company in the AMEX being the parent company of the Buyers filing a definitive proxy/registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") and such Registration Statement being declared effective by the SEC.

ii) Star Maritime obtaining the requisite approval of its stockholders for the Merger (as defined in Supplemental Agreement referenced in Clause 25) and the sale of the vessels provided for in the Supplemental Agreement referenced in Clause 25 at a duly convened stockholders' meeting.

CLAUSE 19

No dry-docking / however the Buyers have the right at Buyers' expense to carry out an under-water (defined as 'parts below the sea water line at time of divers inspection') inspection prior to or at the delivery port and the Sellers shall make the vessel available for such under-water inspection. Inspection

of underwater parts shall be carried out by divers approved by the class with the presence of class surveyor and the Sellers/Buyers representatives. Such diver inspection shall be carried out in a

manner acceptable to class surveyor. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near the delivery port.

In the event of any damage/s being found which lead to a recommendation by the classification society and immediate repairs are required, the Sellers shall then dry-dock the Vessel in accordance with clause 6 of the Norwegian Sale Form 1993, and Sellers shall repair same to class satisfaction. Cancelling date to be extended accordingly.

If damage/s are found which lead to a recommendation by the classification society, repair/s of which maybe be carried out by the Buyers at a later stage, as per classification society recommendation, then in lieu of Buyers taking delivery of the Vessel with said recommendation/s the Sellers shall pay to the Buyers the estimated repairing direct cost this amount will be deducted from the purchase price on delivery.

This estimated repairing direct cost shall be the average cost of 2 quotations from reputable yards/repair shops at or near the delivery port, 1 obtained by Buyers and 1 obtained by Sellers determined in accordance with the cost of such repairs prevailing at the time of delivery of the Vessel, for repair works only without dry-docking costs and without costs of possible time lost, and in any case for the direct cost/s only.

It is understood that class shall be the sole arbiter in any matter under this Clause 19 affecting the Vessel's class.

The costs of class surveyor's fee and diver inspection will be for the Buyers' account.

CLAUSE 20

The Buyers are to pay extra for unused/unbroached lubricating oils in drums and designated storage tanks 'remaining on board' as per actual cost evidenced by net invoice prices including discounts. Also extra payment for bunkers 'remaining on board' at the Sellers' last paid prices (either bought in the open market or paid to last charterers).

CLAUSE 21

As from the Effective Date of Merger (as defined in the Supplemental Agreement referenced in Clause 25) Buyers shall have the right to place onboard up to a maximum of three (3) representatives until delivery as observers for familiarisation purposes only without interference to the Vessel's operation at Buyer's risk and expense. Representatives are to sign Sellers' indemnity form. Sellers shall assist where necessary in the application for visas for Buyer's ongoing representatives. Upon Vessel's arrival at the delivery port Buyers shall have the right to place on board three (3) more representatives on a daily basis up until delivery. Buyers representatives to have the right to communicate with their office / managers via the Vessel's communication means always at Buyers' cost. The Buyers' representatives shall have full access to Vessel's all non-private spaces, as well as to instruction books, plans, certificates, records, documents, plans, drawings and shall have the right to take photocopies of same but should not interfere with the Vessel's cargo discharge operations, if any.

CLAUSE 22

Sellers and Buyers to supply documentation which may be reasonably required and to be mutually agreed for the legal transfer of the Vessel and for her Marshall Islands registration under new flag and ownership (such list to form an addendum to the MOA).

At the time of delivery, in addition to other documents to be agreed per this clause, Buyers shall furnish Sellers with the following delivery documents:

(i) Novation Agreement duly executed by Buyers;

(ii) Secretary's Certificate of Buyers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of Star Maritime and Star Bulk authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

At the time of delivery, in addition to other documents to be agreed per this clause, Sellers shall furnish Buyers with the following delivery documents:

(i) Novation Agreement duly executed by Sellers and the charterer;

(ii) Secretary's Certificate of Sellers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of TMT authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

CLAUSE 23

Sellers warrant that on the date hereof and on the date of closing, the Vessel shall be entitled to trade worldwide within Institute Warranty Limits without restriction on limitation.

CLAUSE 24

All instruction books, drawings, plans and manuals, on board or ashore in owners/managers office that are in Sellers possession are to be delivered to the Buyers except ISM manuals and ship security plan. The Sellers to forward office set as soon as possible after delivery to the Buyer's office. All forwarding costs to be for Buyers account.

CLAUSE 25

This agreement is one of the "MOAs" referred to and defined in (i) that certain Supplemental Agreement dated the date hereof and executed and delivered concurrently herewith by and among Buyers, Star Maritime as the 100pct parent of the Buyers, and TMT, the 100pct parent of the Sellers and is incorporated herein by reference, and (ii) the Master Agreement dated the date hereof and executed and delivered concurrently herewith by TMT, Buyers and Star Maritime, and is incorporated by reference. If there is any inconsistency between the terms of this agreement and the terms of said Supplemental Agreement and/or said Master Agreement, the terms of said Supplemental Agreement and said Master Agreement shall control.

THE SELLERS **THE BUYERS**

/s/ NOBU SU	/s/ PROKOPIOS TSIRIGAKIS

Appendix E

Norwegian Shipbrokers' Association's
Memorandum of Agreement for sale and
purchase of ships.
Adopted by The Baltic and International
Maritime Council (BIMCO) in 1956.

Code-name

SALE FORM 1993

Revised 1966, 1983 and 1986/87.

MEMORANDUM OF AGREEMENT

Dated: ***January 12, 2007***

G Duckling Corporation, Panama

hereinafter called the Sellers, have agreed to sell, and ***Star Bulk Carriers Corp., Majuro Marshall Islands or nominee***

hereinafter called the Buyers, have agreed to buy-

Name: ***G. DUCKLING***

Classification Society/Class: ***N.K.K.***

Built: ***2001*** By: ***TSUNEISHI SHIPBUILDING, JAPAN***

Flag: ***PANAMA*** Place of Registration: ***PANAMA***

Call Sign: ***3EGW2*** Grt/Nrt: ***30,303/17,734***

~~Register Number:~~ ***IMO Number: 9216822***

hereinafter called the Vessel, on the following terms and conditions:

Definitions

"Banking days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax or other modern form of written communication.

"Classification Society" or "Class" means the Society referred to in line 4.

1.

Purchase Price*USD 40,917,039.41*

~~**2.**~~

~~**Deposit**~~

~~As security for the correct fulfillment of this Agreement the Buyers shall pay a deposit of 10% (ten per cent) of the Purchase Price within _____ banking days from the date of this Agreement. This deposit shall be placed with _____ and held by them in a joint account for the Sellers and the Buyers, to be released in accordance with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the Buyers. Any fee charged for holding the paid deposit shall be borne equally by the Sellers and the Buyers~~

3.

Payment

~~The said Purchase Price shall be paid in full free of bank charges to _____ on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this Agreement and Notice of Readiness has been given in accordance? With Clause 5.~~ ***The Purchase Price shall be paid as provided in the Supplemental Agreement referenced in Clause 25.***

4.

Inspections

a)* ~~The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in _____ on _____ and have accepted the Vessel following this inspection and the sale is outright and definite), subject only to the terms and conditions of this Agreement.~~

b)* The Buyers shall have the right to inspect the ***Vessel and*** Vessel's classification records and declare ***at a suitable place at the Buyers' option. However these inspections are not a subject and once the subjects stipulated in clause 18 are lifted the sale becomes outright and definite, subject to the provisions of the Supplemental Agreement referenced in Clause 25.*** ~~whether same are accepted or not within>~~

---

*

4a) and 4b) are alternatives; *delete whichever is not applicable. In the absence of deletions, alternative 4a) to apply.*

The Sellers shall provide for inspection of the Vessel at/in ***(to be advised by Sellers)***

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~ The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. During the inspection, the Vessel's deck, ***instruction books, maintenance records,*** and engine log books ***as available on board*** shall be made available for _____ examination by the Buyers. ~~If the Vessel is accepted after such inspection, the sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided the Sellers receive written notice of acceptance from the Buyers within 72 hours after completion of such inspection.~~

~~Should notice of acceptance of the Vessel's classification records and of the Vessel not be received by the Sellers as aforesaid, the deposit together with interest earned shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

5.

Notices, time and place of delivery

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ***20, 15,*** and ***7, 5, 2 days approximate and 1 definite*** notice of the estimated time of arrival at the _____ intended place of ~~drydocking/underwater inspection/~~ delivery. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/~~in~~ ***a port worldwide (range/s to be advised)*** _____ in the Sellers' option.

Expected time of delivery: ***as soon as practically possible following the Effective Date of the Merger (as defined in the Supplemental Agreement referenced in Clause 25) but not later than the last discharging port of the last laden voyage***

Date of cancelling ~~(see Clauses 5 e), 6 b) (iii) and 14).~~ ***as per Supplemental Agreement referenced in Clause 25***

~~e)~~ ~~If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 within 7 running days of receipt of the notice or of accepting the new date as the new cancelling date. If the Buyers have not declared their option within 7 running days of receipt of the Sellers'~~

notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be doomed to be the new cancelling date and shall be substituted for the cancelling date stipulated in line 61.

If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including those contained in Clauses 5-a) and 5-c) shall remain unaltered and in full force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 for the Vassal not being ready by the original cancelling data.

d) Should the Vessel become an actual, constructive or compromised total loss before delivery the deposit together with interest earned shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6.

Drydocking/Divers Inspection See Clause 19

a)** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

b)** (i) The Vessel is to be delivered without drydocking. However, the Buyers shall have the right at their expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their cost make the Vessel available for such inspection. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near to the delivery port.

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load lion are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.

(iii) If the Vessel is to be drydocked pursuant to Clause 6-b) (ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5-b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5-b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5-b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.

e) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above

(i) the Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tail shaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tail shaft shall be arranged by the Sellers. Should any parts of the tail shaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

(ii) the expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out, in which case the Sellers shall pay these expenses. The Sellers shall also pay the expenses if the Buyers require the survey and parts of the system are condemned or found defective or broken so as to affect the Vessel's class*.

(iii) the expenses in connection with putting the Vessel in and taking hour out of drydock, including the drydock dues and the Classification Society's fees Shall be paid by the Sellers if the Classification Society issues any condition/recommendation* as a result of the survey or if it requires survey of the tail shaft system. In all other cases the Buyers shall pay the aforesaid expense, dues and fees.

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* Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

** *6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of dilution, alternatives 6 a) to apply*

(iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.

(v) the Buyers shall have the right to have the underwater parts of the Vassal cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work Shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to take delivery in accordance with Clause 3, whether the Vessel is in drydock or not and irrespective of Clause 5 b).

7.

Spares/bunkers, etc.

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are to be excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare

parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. The radio installation and navigational equipment shall be included in the sale without

extra payment if they are the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire): ***To Be Advised***

The Buyers shall take over the remaining bunkers (***if same are property of the Sellers***) and unused lubricating oils in storage tanks and _____ sealed drums ~~and pay the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel.~~ ***See Clause 20***

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price~~

8.

Documentation

The place of closing: ***New York, USA***

In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery documents, namely:

a)

Legal Bill of Sale in a form recordable in ***Marshall Islands*** (~~the country in which the Buyers are to register the Vessel~~), warranting that the Vessel is free from all encumbrances, mortgages and maritime liens or any other debts or claims whatsoever, duly materially attested and legalized by the consul of such country or other competent authority.

b)

Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c)

Confirmation of Class issued within ~~72 hours~~ ***3 working days*** prior to delivery.

d)

Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances.

e)

Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f)

Any such additional documents as may reasonably be required by the competent authorities for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement. See Clause 22

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all ***plans, instruction books, maintenance records*** etc., which are on board the Vessel. Other certificates which are on board the Vessel shall also _____ be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation which may be in the Sellers' possession shall be promptly forwarded to the Buyers at their expense, ~~if they so request~~. The Sellers may keep the Vessel's log books but the Buyers to have the right to take copies of same.

9.

Encumbrance

The Sellers warrant that the Vessel, at the time of delivery, is free from all *charters**(other than term employment /charters contemplated by the Supplemental Agreement referenced in Clause 25),* encumbrances, _____ mortgages and maritime liens or any other debts whatsoever. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery. ***The Vessel on delivery to be delivered free of cargo/cargo residues, and free of any dunnage.***

10.

Taxes, etc.

Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11.

Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted. However, the Vessel shall be delivered with her class maintained without condition/recommendation*, free of average damage affecting the Vessel's class, and with her classification certificates and ***International/*** national certificates ***and surveys,*** as well as all other certificates the Vessel had at the time of ***agreement*** ~~inspection,~~ valid and _____ unexpended without condition/recommendation* by Class or the relevant authorities ***for a minimum of 1 month from*** ~~at~~ the time of _____ delivery.

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*

Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

"Inspection" in this Clause 11 ***and in Clause 7, Line 157,*** shall mean the Buyers' inspection according to Clause 4 a) or 4 b), if _____ applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

12.

Name/markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13.

Buyers' default

~~Should the deposit not be paid in accordance) with Clause 2, the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel the Agreement, in which case ~~the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss,~~ the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14.

Sellers' default as per Supplemental Agreement referenced in Clause 25

~~Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have the option of cancelling this Agreement provided always that the Seller shall be granted a maximum of 3 banking days after Notice of Readiness has been given to make arrangements for the documentation set out in Clause 8. If after Notice of Readiness have been given but before the Buyers have taken delivery, the Vessel coasts to be physically ready for delivery and is not made physically ready again in~~

~~every respect by the date stipulated in line 61 and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement the deposit together with interest earned shall be released to them immediately.~~

~~Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready to validly complete a legal transfer as aforesaid they shall make duo compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel trio Agreement.~~

15.

Buyers' representatives See Clause 21

~~After this Agreement have been Signed by both parties and the deposit has been lodged, the buyers have the right to place two representatives on board the Vessel at their solo risk and expense upon arrival at _____ on or about _____. These representatives are on board for the purpose of familiarization and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' representatives chill sign the Sellers' lotto of indemnity prior to their embarkation.~~

16.

Arbitration

~~a)*~~ ~~This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of this Agreement Shall be referred to arbitration in London in accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or re-enactment thereof for the time being in force, one arbitrator being appointed by each party. On the receipt by one party of the nomination in writing of the other party's arbitrator that party shall appoint their arbitrator within fourteen days, failing which the decision of the single arbitrator appointed shall apply. If two arbitrators properly appointed shall not agree they shall appoint an umpire whose decision shall be final.~~

b)* This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Law of the State of New York and should any dispute arise out of this Agreement, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for purpose of enforcing any award, this Agreement may be made a rule of the Court.

The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. New York.

~~c)*~~ ~~Any dispute arising out of this Agreement shall be referred to arbitration at _____ subject to the procedures applicable there. The laws of _____ shall govern this Agreement.~~

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*

16 a), 16 b) and 16 c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16 a) to apply.

Clauses 17-25 both inclusive are deemed are part of this agreement

This Charter Party is a computer generated copy of the "SALEFORM 1993" form printed by authority of Norwegian Shipbrokers' Association using software which is the copyright of Strategic Software Ltd. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the original approved document shall apply. Norwegian Shipbrokers' Association and Strategic Software Ltd. assume no responsibility for any loss or damage caused as a result of discrepancies

between the original approved document and this document.

ADDITIONAL CLAUSES
TO THE MEMORANDUM OF AGREEMENT SALE FORM 1993
DATED JANUARY 12, 2007 FOR M.V. "G DUCKLING' (THE VESSEL)
BETWEEN G DUCKLING CORPORATION, PANAMA (THE SELLERS)
AND STAR BULK CARRIERS CORP. MARSHALL ISLANDS OR
NOMINEE (THE BUYERS)

CLAUSE 17

This sale is part of the sale and delivery of the following additional Motor Vessels:

M.V. "A Duckling"
M.V. "B Duckling"
M.V. "C Duckling"
M.V. "F Duckling"
M.V. "I Duckling"
M.V. "J Duckling"
M.V. "Mommy Duckling"

registered in the respective ownership of the following Owners:

A Duckling Corporation, Panama
B Duckling Corporation, Panama
C Duckling Corporation, Panama
F Duckling Corporation, Panama
I Duckling Corporation, Panama
J Duckling Corporation, Panama
Mommy Management Corp., Panama

and all ultimately beneficially owned by TMT Co., Ltd., Taiwan ("TMT"). In the event that one or more of the above vessels are not delivered pursuant to their respective MOA's for any reason whatsoever, TMT hereby agrees and assumes the obligation to substitute the non-delivered vessel(s) with replacement tonnage pursuant and subject to the terms of the Supplemental Agreement referenced in Clause 25.

CLAUSE 18

This sale is subject to:

i) STAR MARITIME ACQUISITION CORP. Delaware ("Star Maritime") a listed company in the AMEX being the parent company of the Buyers filing a definitive proxy/registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") and such Registration Statement being declared effective by the SEC.

ii) Star Maritime obtaining the requisite approval of its stockholders for the Merger (as defined in Supplemental Agreement referenced in Clause 25) and the sale of the vessels provided for in the Supplemental Agreement referenced in Clause 25 at a duly convened stockholders' meeting.

CLAUSE 19

No dry-docking / however the Buyers have the right at Buyers' expense to carry out an under-water (defined as "parts below the sea water line at time of divers inspection') inspection prior to or at the delivery port and the Sellers shall make the vessel available for such under-water inspection. Inspection of underwater parts shall be carried out by divers approved by the class with the presence of class surveyor and the Sellers/Buyers representatives. Such diver inspection shall be carried out in a

manner acceptable to class surveyor. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near the delivery port.

In the event of any damage/s being found which lead to a recommendation by the classification society and immediate repairs are required, the Sellers shall then dry-dock the Vessel in accordance with clause 6 of the Norwegian Sale Form 1993, and Sellers shall repair same to class satisfaction. Cancelling date to be extended accordingly.

If damage/s are found which lead to a recommendation by the classification society, repair/s of which maybe be carried out by the Buyers at a later stage, as per classification society recommendation, then in lieu of Buyers taking delivery of the Vessel with said recommendation/s the Sellers shall pay to the Buyers the estimated repairing direct cost this amount will be deducted from the purchase price on delivery.

This estimated repairing direct cost shall be the average cost of 2 quotations from reputable yards/repair shops at or near the delivery port, 1 obtained by Buyers and 1 obtained by Sellers determined in accordance with the cost of such repairs prevailing at the time of delivery of the Vessel, for repair works only without dry-docking costs and without costs of possible time lost, and in any case for the direct cost/s only.

It is understood that class shall be the sole arbiter in any matter under this Clause 19 affecting the Vessel's class.

The costs of class surveyor's fee and diver inspection will be for the Buyers' account.

CLAUSE 20

The Buyers are to pay extra for unused/unbroached lubricating oils in drums and designated storage tanks "remaining on board' as per actual cost evidenced by net invoice prices including discounts. Also extra payment for bunkers "remaining on board' at the Sellers' last paid prices (either bought in the open market or paid to last charterers).

CLAUSE 21

As from the Effective Date of Merger (as defined in the Supplemental Agreement referenced in Clause 25) Buyers shall have the right to place onboard up to a maximum of three (3) representatives until delivery as observers for familiarisation purposes only without interference to the Vessel's operation at Buyer's risk and expense. Representatives are to sign Sellers' indemnity form. Sellers shall assist where necessary in the application for visas for Buyer's ongoing representatives. Upon Vessel's arrival at the delivery port Buyers shall have the right to place on board three (3) more representatives on a daily basis up until delivery. Buyers representatives to have the right to communicate with their office / managers via the Vessel's communication means always at Buyers' cost. The Buyers' representatives shall have full access to Vessel's all non-private spaces, as well as to instruction books, plans, certificates, records, documents, plans, drawings and shall have the right to take photocopies of same but should not interfere with the Vessel's cargo discharge operations, if any.

CLAUSE 22

Sellers and Buyers to supply documentation which may be reasonably required and to be mutually agreed for the legal transfer of the Vessel and for her Marshall Islands registration under new flag and ownership (such list to form an addendum to the MOA).

At the time of delivery, in addition to other documents to be agreed per this clause, Buyers shall furnish Sellers with the following delivery documents:

(i) Novation Agreement duly executed by Buyers;

(ii) Secretary's Certificate of Buyers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of Star Maritime and Star Bulk authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

At the time of delivery, in addition to other documents to be agreed per this clause, Sellers shall furnish Buyers with the following delivery documents:

(i) Novation Agreement duly executed by Sellers and the charterer;

(ii) Secretary's Certificate of Sellers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of TMT authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

CLAUSE 23

Sellers warrant that on the date hereof and on the date of closing, the Vessel shall be entitled to trade worldwide within Institute Warranty Limits without restriction on limitation.

CLAUSE 24

All instruction books, drawings, plans and manuals, on board or ashore in owners/managers office that are in Sellers possession are to be delivered to the Buyers except ISM manuals and ship security plan. The Sellers to forward office set as soon as possible after delivery to the Buyer's office. All forwarding costs to be for Buyers account.

CLAUSE 25

This agreement is one of the "MOAs" referred to and defined in (i) that certain Supplemental Agreement dated the date hereof and executed and delivered concurrently herewith by and among Buyers, Star Maritime as the 100pct parent of the Buyers, and TMT, the 100pct parent of the Sellers and is incorporated herein by reference, and (ii) the Master Agreement dated the date hereof and executed and delivered concurrently herewith by TMT, Buyers and Star Maritime, and is incorporated by reference. If there is any inconsistency between the terms of this agreement and the terms of said Supplemental Agreement and/or said Master Agreement, the terms of said Supplemental Agreement and said Master Agreement shall control.

THE SELLERS **THE BUYERS**

/s/ NOBU SU

/s/ PROKOPIOS TSIRIGAKIS

Appendix F

Norwegian Shipbrokers* Association's
Memorandum of Agreement for sale and
purchase of ships.
Adopted by The Baltic and International
Maritime Council (BIMCO) in 1956.

Code-name

SALE FORM 1993

Revised 1966,1983 and 1986/87.

MEMORANDUM OF AGREEMENT

Dated: ***January 12, 2007***

I Duckling Corporation, Panama
hereinafter called the Sellers, have agreed to sell, and Star Bulk Carriers Corp., Majuro Marshall Islands or nominee

hereinafter called the Buyers, have agreed to buy-

Name: ***I. DUCKLING***

Classification Society/Class: ***BUREAU VERITAS***

Built: **2003** By: ***OSHIMA SHIPBUILDING CO. LTD, JAPAN***

Flag: ***PANAMA*** Place of Registration: ***PANAMA***

Call Sign: ***3EF15*** Grt/Nrt: ***29,357/17,595***

~~Register Number~~ ***IMO Number: 9284477***

hereinafter called the Vessel, on the following terms and conditions:

Definitions

"Banking days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax or other modern form of written communication.

"Classification Society" or "Class" means the Society referred to in line 4.

1.

Purchase Price USD 42,451,428.39

~~**2.**~~

~~**Deposit**~~

~~As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10% (ten per cent) of the Purchase Price within _____ banking days from the date of this Agreement. This deposit shall be placed with _____ and held by them in a joint account for the Sellers and the Buyers, to be released in accordance with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the Buyers.~~

3.

Payment

~~The said Purchase Price shall be paid in full free of bank charges to~~

~~on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this Agreement and Notice~~

~~of Readiness has been given in accordance with Clause 5.~~ ***The Purchase Price shall be paid as provided in the Supplemental Agreement referenced in Clause 25.***

4.

Inspections

~~a)*~~ ~~The Buyers have inspected and accepted the Vessel' s classification records. The Buyers have also inspected the Vessel at/in _____ on _____ and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

b)* The Buyers shall have the right to inspect the ***Vessel and*** Vessel's classification records ~~and declare~~ ***at a suitable place at the Buyers' option. However these inspections are not a subject and once the subjects stipulated in clause 18 are lifted the sale becomes outright and definite, subject to the provisions of the Supplemental Agreement referenced in Clause 25.*** ~~whether same are accepted or not within~~

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*

4 a) and 4b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4a) to apply.

The Sellers shall provide for inspection of the Vessel at/in ***(to be advised by Sellers)***

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~ The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. During the inspection, the Vessel's deck, ***instruction books, maintenance records,*** and engine log books ***as available on board*** shall be made available for _____ examination by the Buyers. ~~If the Vessel *is* accepted after such inspection, the sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided the Sellers receive written notice of acceptance from the Buyers within 72 hours after completion of such inspection. _____ Should notice of acceptance of the Vessel " s classification records and of the Vessel not be received by the Sellers as aforesaid, the deposit together with interest earned shall be released immediately to the Buyers, where after this Agreement shall be null and void.~~

5.

Notices, time and place of delivery

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ***20, 15,*** and ***7, 5, 2*** days ***approximate and 1 definite*** notice of the e stimated time of arrival at the _____ intended place of drydocking/underwater inspection/delivery. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/ ~~in~~ ***a port worldwide (range/s to be advised)*** _____ in the Sellers' option.

Expected time of delivery: ***as soon as practically possible following the Effective Date of the Merger (as defined in the Supplemental Agreement referenced in Clause 25) but not later than the last discharging port of the last laden voyage*** _____

Date of cancelling (~~see Clauses 5 c), 6 b) (iii) and 14)~~: ***as per Supplemental Agreement referenced in Clause 25***

c) ~~If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. Upon receipt of such notification the Buyers shall have the~~

option of either cancelling this Agreement in accordance with Clause 14 within 7 running days of receipt of the notice or of accepting the new date as the new cancelling date. If the Buyers have not declared their option within 7 running days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new cancelling date and shall be substituted for the cancelling date stipulated in line 61.

If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including those contained in Clauses 5 a) and 5 c) shall remain unaltered and in full force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 for the Vessel not being ready by the original cancelling date.

d) Should the Vessel become an actual, constructive or compromised total loss before delivery the deposit together with interest earned shall be released immediately to the Buyers where after this Agreement shall be null and void.

6.

Drydocking/ Divers Inspection See Game 19

a)** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vassel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel " s class, such defects shall be made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

b)** (i) The Vessel is to be delivered without drydocking. However, the Buyers shall have the right at their expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their cost make the Vessel available for such inspection. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near to the delivery port.

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inception being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.

(iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (ii) and no suitable dry docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5 b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5 b)

which shall, for the purpose of this clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5 b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.

e) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above

(i) the Classification Society may require survey of the tail shaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tail shaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good to the sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

(ii) the expenses relating to the survey of the tail shaft system shall be borne by the Buyers unless the Classification Society requires such survey to the carried out, in which case the Sellers shall pay those expenses. The Sellers shall also pay the expenses if the Buyer require the survey and parts of the system are condemned or found defective or broken so as to affect the Vessel's class*.

(iii) the expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees shall be paid by the Sellers if the Classification Society issues any condition/recommendation* as a result of the survey or if it requires survey of the tailshaft system. In all other cases the Buyers s hall pay the aforesaid expenses, dues and fees.

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* Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

** 6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 a) to apply.

(iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.

(v) the Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to take delivery in accordance with Clause 3, whether the Vessel is in drydock or not and irrespective of Clause 5 b).

7.

Spares/bunkers, etc.

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are to be excluded.

Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. The radio installation and navigational equipment shall be included in the sale without extra payment if they are the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire): ***To Be Advised***

The Buyers shall take over the remaining bunkers ***(if same are property of the Sellers)*** and unused lubricating oils in storage tanks and _____ sealed drums ~~and pay the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel.~~ ***See Clause 20***

_____

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

8.

Documentation

The place of closing: ***New York, USA***

In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery documents, namely:

a)

Legal Bill of Sale in a form recordable in ***Marshall Islands*** (~~the country in which the Buyers are to register the Vessel~~), warranting that the Vessel is free from all encumbrances, mortgages and maritime liens or any other debts or claims whatsoever, duly notarially attested and legalized by the consul of such country or other competent authority.

b)

Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c)

Confirmation of Class issued within ~~72 hours~~ ***3 working days*** prior to delivery.

d)

Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances.

e)

Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f)

Any such additional documents as may reasonably be required by the competent authorities for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement.

See Clause 22

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all *plans,* instruction books, maintenance records etc., which are on board the Vessel. Other certificates which are on board the Vessel shall also _____ be handed over to the Buyers unless

the Sellers are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation which may be in the Sellers' possession shall be promptly forwarded to the Buyers at their expense, ~~if they so request~~. The Sellers may keep the Vessel's log books but the Buyers to have the right to take copies of same.

9.

Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters ***(other than term employment/charters contemplated by the Supplemental Agreement referenced in Clause 25),*** encumbrances, _____ mortgages and maritime liens or any other debts whatsoever. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery. ***The Vessel on delivery to be delivered free of cargo /cargo residues, and free of any dunnage.***

10.

Taxes, etc.

Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11.

Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted. However, the Vessel shall be delivered with her class maintained without condition/recommendation* , free of average damage affecting the Vessel's class, and with her classification certificates and ***International/****national* certificates ***and surveys,*** as well as all other certificates the Vessel had at the time of ***agreement*** ~~inspection~~, valid and unextended without condition/recommendation* by Class or the relevant authorities ***for a minimum of 1 month from*** at the time of _____ delivery.

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*

Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

"Inspection" in this Clause **11*****and in Clause 7, Line 157 ,*** shall mean the Buyers' inspection according to Clause 4 a) or 4 b), if _____ applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

12.

Name/markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13.

Buyers' default

~~Should the deposit not be paid in accordance with Clause 2, the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel the Agreement, in which case ~~the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss,~~ the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14.

Sellers' default*as per Supplemental Agreement referenced in Clause 25*

~~Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have the~~

~~option of cancelling this Agreement provided always that the Sellers shall be granted a maximum of 3 banking days after Notice of Readiness has boon given to make arrangements for the documentation set out in Clause 8. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceaces to be physically ready for delivery and is not made physically ready again in every respect by the date stipulated in line 61 and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement the deposit together with interest earned shall be released to thorn immediately.~~

~~Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready to validly complete a legal transfer as aforesaid they shall make duo compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.~~

15.

Buyers' representatives*See Clause 21*

~~After this Agreement has been signed by both parties and the deposit has boon lodged, the Buyers have the right to place two representatives on board the Vessel at their sole risk and expense upon arrival at _____ on or about _____ Those representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel, The Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.~~

16.

Arbitration

~~a*)~~ ~~This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of this Agreement shall be referred to arbitration in London in accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or re-enactment thereof for the time being in force, one arbitrator being appointed by each party. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator within fourteen days, failing which the decision of the s ingle arbitrator appointed shall apply. If two arbitrators properly appointed shall not agree they shall appoint an umpire whoso decision shall be final.~~

b)* This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Law of the State of New York and should any dispute arise out of this Agreement, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for purpose of enforcing any award, this Agreement may be made a rule of the Court.

The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. New York.

~~c)*~~ ~~Any dispute arising out of this Agreement shall be referred to arbitration at _____, subject to the procedures applicable there. The laws of _____ shall govern this Agreement.~~

---

*

16 a), 16 b) and 16 c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16 a) to apply.

Clauses 17-25 both inclusive are deemed are part of this agreement

This Charter Party is a computer generated copy of the "SALEFORM 1993" form printed by authority of Norwegian Shipbrokers' Association using software which is the copyright of Strategic Software Ltd. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the original approved document shall apply. Norwegian Shipbrokers' Association and Strategic Software Ltd. assume no responsibility for any loss or damage caused as a result of discrepancies between the original approved document and this document.

ADDITIONAL CLAUSES
TO THE MEMORANDUM OF AGREEMENT SALE FORM 1993
DATED JANUARY 12, 2007 FOR M.V. "I DUCKLING' (THE VESSEL)
BETWEEN I DUCKLING CORPORATION. PANAMA (THE SELLERS)
AND STAR BULK CARRIERS CORP. MARSHALL ISLANDS OR
NOMINEE (THE BUYERS)

CLAUSE 17

This sale is part of the sale and delivery of the following additional Motor Vessels:

M.V. "A Duckling"
M.V. "B Duckling"
M.V. "C Duckling"
M.V."F Duckling"
M.V. "G Duckling"
M.V. "J Duckling"
M.V. "Mommy Duckling"

registered in the respective ownership of the following Owners:

A Duckling Corporation, Panama
B Duckling Corporation, Panama
C Duckling Corporation, Panama
F Duckling Corporation, Panama
G Duckling Corporation, Panama
J Duckling Corporation, Panama
Mommy Management Corp., Panama

and all ultimately beneficially owned by TMT Co., Ltd., Taiwan ("TMT"). In the event that one or more of the above vessels are not delivered pursuant to their respective MOA's for any reason whatsoever, TMT hereby agrees and assumes the obligation to substitute the non-delivered vessel(s) with replacement tonnage pursuant and subject to the terms of the Supplemental Agreement referenced in Clause 25.

CLAUSE 18

This sale is subject to:

i) STAR MARITIME ACQUISITION CORP. Delaware ("Star Maritime") a listed company in the AMEX being the parent company of the Buyers filing a definitive proxy/registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") and such Registration Statement being declared effective by the SEC.

ii) Star Maritime obtaining the requisite approval of its stockholders for the Merger (as defined in Supplemental Agreement referenced in Clause 25) and the sale of the vessels provided for in the Supplemental Agreement referenced in Clause 25 at a duly convened stockholders' meeting.

CLAUSE 19

No dry-docking / however the Buyers have the right at Buyers' expense to carry out an under-water (defined as "parts below the sea water line at time of divers inspection') inspection prior to or at the delivery port and the Sellers shall make the vessel available for such under-water inspection. Inspection of underwater parts shall be carried out by divers approved by the class with the presence of class surveyor and the Sellers/Buyers representatives. Such diver inspection shall be carried out in a

manner acceptable to class surveyor. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near the delivery port.

In the event of any damage/s being found which lead to a recommendation by the classification society and immediate repairs are required, the Sellers shall then dry- dock the Vessel in accordance with clause 6 of the Norwegian Sale Form 1993, and Sellers shall repair same to class satisfaction. Cancelling date to be extended accordingly.

If damage/s are found which lead to a recommendation by the classification society, repair/s of which maybe be carried out by the Buyers at a later stage, as per classification society recommendation, then in lieu of Buyers taking delivery of the Vessel with said recommendation/s the Sellers shall pay to the Buyers the estimated repairing direct cost this amount will be deducted from the purchase price on delivery.

This estimated repairing direct cost shall be the average cost of 2 quotations from reputable yards/repair shops at or near the delivery port, 1 obtained by Buyers and 1 obtained by Sellers determined in accordance with the cost of such repairs prevailing at the time of delivery of the Vessel, for repair works only without dry-docking costs and without costs of possible time lost, and in any case for the direct cost/s only.

It is understood that class shall be the sole arbiter in any matter under this Clause 19 affecting the Vessel's class.

The costs of class surveyor's fee and diver inspection will be for the Buyers' account.

CLAUSE 20

The Buyers are to pay extra for unused/unbroached lubricating oils in drums and designated storage tanks "remaining on board' as per actual cost evidenced by net invoice prices including discounts. Also extra payment for bunkers "remaining on board' at the Sellers' last paid prices (either bought in the open market or paid to last charterers)

CLAUSE 21

As from the Effective Date of Merger (as defined in the Supplemental Agreement referenced in Clause 25) Buyers shall have the right to place onboard up to a maximum of three (3) representatives until delivery as observers for familiarisation purposes only without interference to the Vessel's operation at Buyer's risk and expense. Representatives are to sign Sellers' indemnity form. Sellers shall assist where necessary in the application for visas for Buyer's ongoing representatives. Upon Vessel's arrival at the delivery port Buyers shall have the right to place on board three (3) more representatives on a daily basis up until delivery. Buyers representatives to have the right to communicate with their office / managers via the Vessel's communication means always at Buyers' cost. The Buyers' representatives shall have full access to Vessel's all non-private spaces, as well as to instruction books, plans, certificates, records, documents, plans, drawings and shall have the right to take photocopies of same but should not interfere with the Vessel's cargo discharge operations, if any.

CLAUSE 22

Sellers and Buyers to supply documentation which may be reasonably required and to be mutually agreed for the legal transfer of the Vessel and for her Marshall Islands registration under new flag and ownership (such list to form an addendum to the MOA).

At the time of delivery, in addition to other documents to be agreed per this clause, Buyers shall furnish Sellers with the following delivery documents:

(i) Novation Agreement duly executed by Buyers;

(ii) Secretary's Certificate of Buyers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of Star Maritime and Star Bulk authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

At the time of delivery, in addition to other documents to be agreed per this clause, Sellers shall furnish Buyers with the following delivery documents:

(i) Novation Agreement duly executed by Sellers and the charterer;

(ii) Secretary's Certificate of Sellers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of TMT authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

CLAUSE 23

Sellers warrant that on the date hereof and on the date of closing, the Vessel shall be entitled to trade worldwide within Institute Warranty Limits without restriction on limitation.

CLAUSE 24

All instruction books, drawings, plans and manuals, on board or ashore in owners/managers office that are in Sellers possession are to be delivered to the Buyers except ISM manuals and ship security plan. The Sellers to forward office set as soon as possible after delivery to the Buyer's office. All forwarding costs to be for Buyers account.

CLAUSE 25

This agreement is one of the "MOAs" referred to and defined in (i) that certain Supplemental Agreement dated the date hereof and executed and delivered concurrently herewith by and among Buyers, Star Maritime as the 100pct parent of the Buyers, and TMT, the 100pct parent of the Sellers and is incorporated herein by reference, and (ii) the Master Agreement dated the date hereof and executed and delivered concurrently herewith by TMT, Buyers and Star Maritime, and is incorporated by reference. If there is any inconsistency between the terms of this agreement and the terms of said Supplemental Agreement and/or said Master Agreement, the terms of said Supplemental Agreement and said Master Agreement shall control.

THE SELLERS **THE BUYERS**

/s/ NOBU SU	/s/ PROKOPIOS TSIRIGAKIS

Appendix G

Norwegian Shipbrokers' Association's
Memo randum of Agreement for sale and
purchase of ships.
Adopted by The Baltic and International
Maritime Council (BIMCO) in 1956.

Code-name

SALE FORM 1993

Revised 1966,1983 and 1986/87.

MEMORANDUM OF AGREEMENT

Dated: ***January 12, 2007***

J Duckling Corporation, Panama

hereinafter called the Sellers, have agreed to sell, and ***Star Bulk Carriers Corp., Majuro Marshall Islands or nominee***

hereinafter called the Buyers, have agreed to buy-

Name: ***J.DUCKLING***

Classification Society/Class: ***BUREAU VERITAS***

Built: ***JUNE, 2003*** By: ***TSUNEISHI HEAVY INDUSTRIES (CEBU) INC., PHILIPPINES***

Flag: ***PANAMA*** Place of Registration: ***PANAMA***

Call Sign: ***3EGV7*** Grt/Nrt: ***30,054/18,207***

~~Register Number~~ ***IMO Number: 9266449***

hereinafter called the Vessel, on the following terms and conditions:

Definitions

"Banking days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax or other modern form of written communication.

"Classification Society" or "Class" means the Society referred to in line 4.

1.

Purchase Price*USD 43,985,817.36*

~~**2.**~~

~~**Deposit**~~

~~As security for the correct fulfillment of this Agreement the Buyers Shall pay a deposit of 10% (ten per cent) of the Purchase Price within banking days from the date of this Agreement. This deposit shall be placed with and held by them in a joint account for the Sellers and the Buyers, to be released in accordance with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the Buyers.~~

3.

Payment

~~The said Purchase Price shall be paid in full free of bank charges to on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery~~

~~in accordance with the terms and conditions of this Agreement and Notice of Readiness has been given in accordance with Clause 5.~~ ***The Purchase Price shall be paid as provided in the Supplemental Agreement referenced in Clause 25.***

4. **Inspections**

a)* ~~The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in on and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

b)* The Buyers shall have the right to inspect the ***Vessel and*** Vessel's classification records ~~and declare~~ **at a 'suitable place*at the Buyers' option. However these inspections are not a subject and once the subjects stipulated in clause 18 are lifted the sale becomes outright and definite, subject to the provisons of the Supplemental Agreement referenced in Claus 25.*** ~~whether same are accepted or not within~~

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* *4 a) and 4b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4a) to apply.*

The Sellers shall provide for inspection of the Vessel at/in ***(to be advised by Sellers)***

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~ The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. During the inspection, the Vessel's deck, ***instruction books, maintenance records,*** and engine log books ***as available on board*** shall be made available for examination by the Buyers. ~~If the Vessel is accepted after such inspection, the sale shall become outright and definite, subject only to the terms and conditions of this Agreement provided the Sellers receive written notice of acceptance from the Buyers within 72 hours after completion of such inspection.~~

~~Should notice of acceptance of the Vessel's classification records and of the Vessel not be received by the Sellers as aforesaid, the deposit together with interest earned shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

5. **Notices, time and place of delivery**

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ***20, 15,*** and ***7, 5, 2 days approximate and 1 definite notice of the estimated time of arrival at the intended place of ~~drydocking/underwater inspection/~~ delivery. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.***

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/in ***a port worldwide (range/s to be advised)*** in the Sellers' option.

Expected time of delivery **: as soon as practically possible following the Effective Date of the Merger (as defined in the Supplemental Agreement referenced in Clause 25) but not later than the last discharging port of the last laden voyage**

Date of cancelling ~~(see Clauses 5 c), 6 b) (iii) and 14):~~ **as*per Supplemental Agreement referenced in Clause 25***

~~e) If the Seller anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the cancelling date they may notify the Buyers writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 within 7 running days of receipt of the notice or of accepting the new date as the new cancelling date. If the Buyer have not declared their option within 7 running days of receipt of the Sellers' notification or if the~~

~~Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new cancelling date and shall be substituted for the cancelling date stipulated in line 61.~~

~~If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including these contained in Clauses 5 a) and 5 c) shall remain unaltered and in full force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any claim for~~
~~damages the Buyers may have under Clause 14 for the Vessel not being ready by the original cancelling date.~~

~~d)~~ ~~Should the Vessel become an actual, constructive or compromised total loss before delivery the deposit together with interest earned shall be released immediately to the Buyers whereafter this Agreement shall be null and void.~~

6.

~~Drydocking/Divers Inspection~~*See Clause 19*

~~a)**~~ ~~The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.~~

~~b)**~~ ~~(i) The Vessel is to be delivered without drydocking. However, the Buyers shall have the right at their expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their cost make the Vessel available for such inspection. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near to the delivery port.~~

~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.~~

~~(iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (ii) and no suitable drydocking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5 b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5 b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5 b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.~~

~~e) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above~~

~~(i) the Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, these parts shall be renewed or made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.~~

~~(ii) the expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out, in which case the Sellers shall pay these expenses. The Sellers shall also pay the expenses if the Buyers require the survey and parts of the system are condemned or found defective or broken so as to affect the Vessel's class*.~~

~~(iii) the expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees shall be paid by the Sellers if the Classification Society issues any condition/recommendation* as a result of the survey or if it requires survey of the tailshaft system. In all other cases the Buyers shall pay the aforesaid expenses, dues and fees.~~

~~*~~

~~Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.~~

~~**~~

~~6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 a) to apply.~~

~~(iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.~~

~~(v) the Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to take delivery in accordance with Clause 3, whether the Vessel is in drydock or not and irrespective of Clause 5 b).~~

7.

Spares/bunkers, etc.

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are to be excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare

parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken

out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. The radio installation and navigational equipment shall be included in the sale without extra payment if they are the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire): ***To Be Advised***

The Buyers shall take over the remaining bunkers ***(if same are property of the Sellers)*** and unused lubricating oils in storage tanks and sealed drums ~~and pay the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel.~~ ***See Clause 20***

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

8.

Documentation

The place of closing: ***New York, USA***

In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery documents, namely:

a) Legal Bill of Sale in a form recordable in Marshall Islands (~~the country in which the Buyers are to register the Vessel~~), warranting that the Vessel is free from all encumbrances, mortgages and maritime liens or any other debts or claims whatsoever, duly notarially attested and legalized by the consul of such country or other competent authority.

b) Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c) Confirmation of Class issued within ~~72 hours~~ ***3 working days*** prior to delivery.

d) Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances.

e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f) Any such additional documents as may reasonably be required by the competent authorities for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement. ***See Clause 22***

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all plans, ***instruction books, maintenance records*****etc**., which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers

are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation which may be in the Sellers' possession shall be promptly forwarded to the Buyers at

their expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers to have the right to take copies of same.

9.

Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters ***(other than term employment/charters contemplated by the Supplemental Agreement referenced in Clause 25),*** encumbrances, mortgages and maritime liens or any other debts whatsoever. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery. ***The Vessel on delivery to be delivered free of cargo /cargo residues, and free of any dunnage.***

10.

Taxes, etc.

Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11.

Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted. However, the Vessel shall be delivered with her class maintained without condition/recommendation*, free of average damage affecting the Vessel's class, and with her classification certificates and ***International/*** national certificates ***and surveys,*** as well as all other certificates the Vessel had at the time of ***agreement***~~inspection~~, valid and unextended without condition/recommendation* by Class or the relevant authorities ***for a minimum of 1 month from*** at the time of delivery.

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*

Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

"Inspection" in this Clause 11 ***and in Clause 7, Line 157,*** shall mean the Buyers' inspection according to Clause 4 a) or 4 b), if applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

12.

Name/markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13.

Buyers' default

~~Should the deposit not be paid in accordance with Clause 2, the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel the Agreement, in which case ~~the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss,~~ the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14.

Sellers' default*as per Supplemental Agreement referenced in Clause 25*

~~Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have the option of cancelling this Agreement provided always that the Sellers shall be granted a maximum of 3 banking days after Notice of Readiness has been given to make arrangements for the documentation~~

~~set out in Clause 8. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again in every respect by the date stipulated in line 61 and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement the deposit together with interest earned shall be released to them immediately.~~

~~Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.~~

15.

Buyers' representatives ***See Clause 21***

~~After this Agreement has been signed by both parties and the deposit has been lodged, the Buyers have the right to place two representatives on board the Vessel at their sole risk and expense upon arrival at _____ on or about _____ These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.~~

16.

Arbitration

~~a)*~~ ~~This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of this Agreement shall be referred to arbitration in London in accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or re-enactment thereof for the time being in force, one arbitrator being appointed by each party. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator within fourteen days, failing which the decision of the single arbitrator appointed shall apply. If two arbitrators properly appointed shall not agree they shall appoint an umpire whose decision shall be final.~~

~~b)*~~ ~~This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Law of the State of New York and should any dispute arise out of this Agreement, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final; and for purpose of enforcing any award, this Agreement may be made a rule of the Court.~~

The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. New York.

~~c)*~~ ~~Any dispute arising out of this Agreement shall be referred to arbitration at _____, subject to the procedures applicable there. The laws of _____ shall govern this Agreement.~~

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* *16 a), 16 b) and 16 c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16 a) to apply.*

Clauses 17-25 both inclusive are deemed are part of this agreement

This Charter Party is a computer generated copy of the "SALEFORM 1993" form printed by authority of Norwegian Shipbrokers' Association using software which is the copyright of Strategic

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ADDITIONAL CLAUSES
TO THE MEMORANDUM OF AGREEMENT SALE FORM 1993
DATED JANUARY 12, 2007 FOR M.V. 'J DUCKLING' (THE VESSEL)
BETWEEN J DUCKLING CORPORATION, PANAMA (THE SELLERS)
AND STAR BULK CARRIERS CORP. MARSHALL ISLANDS OR
NOMINEE (THE BUYERS)

CLAUSE 17

This sale is part of the sale and delivery of the following additional Motor Vessels:

M.V. "A Duckling"
M.V. "B Duckling"
M.V. "C Duckling"
M.V. "F Duckling"
M.V. "G Duckling"
M.V. "I Duckling"
M.V. "Mommy Duckling"

registered in the respective ownership of the following Owners:

A Duckling Corporation, Panama
B Duckling Corporation, Panama
C Duckling Corporation, Panama
F Duckling Corporation, Panama
G Duckling Corporation, Panama
I Duckling Corporation, Panama
Mommy Management Corp., Panama

and all ultimately beneficially owned by TMT Co., Ltd., Taiwan ("TMT"). In the event that one or more of the above vessels are not delivered pursuant to their respective MOA's for any reason whatsoever, TMT hereby agrees and assumes the obligation to substitute the non-delivered vessel(s) with replacement tonnage pursuant and subject to the terms of the Supplemental Agreement referenced in Clause 25.

CLAUSE 18

This sale is subject to:

i) STAR MARITIME ACQUISITION CORP. Delaware ("Star Maritime") a listed company in the AMEX being the parent company of the Buyers filing a definitive proxy/registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") and such Registration Statement being declared effective by the SEC.

ii) Star Maritime obtaining the requisite approval of its stockholders for the Merger (as defined in Supplemental Agreement referenced in Clause 25) and the sale of the vessels provided for in the Supplemental Agreement referenced in Clause 25 at a duly convened stockholders' meeting.

CLAUSE 19

No dry-docking / however the Buyers have the right at Buyers' expense to carry out an under-water (defined as 'parts below the sea water line at time of divers inspection') inspection prior to or at the delivery port and the Sellers shall make the vessel available for such under-water inspection. Inspection of underwater parts shall be carried out by divers approved by the class with the presence of class surveyor and the Sellers/Buyers representatives. Such diver inspection shall be carried out in a

manner acceptable to class surveyor. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near the delivery port.

In the event of any damage/s being found which lead to a recommendation by the classification society and immediate repairs are required, the Sellers shall then dry-dock the Vessel in accordance with clause 6 of the Norwegian Sale Form 1993, and Sellers shall repair same to class satisfaction. Cancelling date to be extended accordingly.

If damage/s are found which lead to a recommendation by the classification society, repair/s of which may be carried out by the Buyers at a later stage, as per classification society recommendation, then in lieu of Buyers taking delivery of the Vessel with said recommendation/s the Sellers shall pay to the Buyers the estimated repairing direct cost this amount will be deducted from the purchase price on delivery.

This estimated repairing direct cost shall be the average cost of 2 quotations from reputable yards/repair shops at or near the delivery port, 1 obtained by Buyers and 1 obtained by Sellers determined in accordance with the cost of such repairs prevailing at the time of delivery of the Vessel, for repair works only without dry-docking costs and without costs of possible time lost, and in any case for the direct cost/s only.

It is understood that class shall be the sole arbiter in any matter under this Clause 19 affecting the Vessel's class.

The costs of class surveyor's fee and diver inspection will be for the Buyers' account.

CLAUSE 20

The Buyers are to pay extra for unused/unbroached lubricating oils in drums and designated storage tanks 'remaining on board' as per actual cost evidenced by net invoice prices including discounts. Also extra payment for bunkers 'remaining on board' at the Sellers' last paid prices (either bought in the open market or paid to last charterers).

CLAUSE 21

As from the Effective Date of Merger (as defined in the Supplemental Agreement referenced in Clause 25) Buyers shall have the right to place onboard up to a maximum of three (3) representatives until delivery as observers for familiarisation purposes only without interference to the Vessel's operation at Buyer's risk and expense. Representatives are to sign Sellers' indemnity form. Sellers shall assist where necessary in the application for visas for Buyer's ongoing representatives. Upon Vessel's arrival at the delivery port Buyers shall have the right to place on board three (3) more representatives on a daily basis up until delivery. Buyers representatives to have the right to communicate with their office / managers via the Vessel's communication means always at Buyers' cost. The Buyers' representatives shall have full access to Vessel's all non-private spaces, as well as to instruction books, plans, certificates, records, documents, plans, drawings and shall have the right to take photocopies of same but should not interfere with the Vessel's cargo discharge operations, if any.

CLAUSE 22

Sellers and Buyers to supply documentation which may be reasonably required and to be mutually agreed for the legal transfer of the Vessel and for her Marshall Islands registration under new flag and ownership (such list to form an addendum to the MOA).

At the time of delivery, in addition to other documents to be agreed per this clause, Buyers shall furnish Sellers with the following delivery documents:

(i) Secretary's Certificate of Buyers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(ii) Secretary's Certificate of each of Star Maritime and Star Bulk authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

At the time of delivery, in addition to other documents to be agreed per this clause, Sellers shall furnish Buyers with the following delivery documents:

(i) Secretary's Certificate of Sellers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(ii) Secretary's Certificate of each of TMT authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

CLAUSE 23

Sellers warrant that on the date hereof and on the date of closing, the Vessel shall be entitled to trade worldwide within Institute Warranty Limits without restriction on limitation.

CLAUSE 24

All instruction books, drawings, plans and manuals, on board or ashore in owners/managers office that are in Sellers possession are to be delivered to the Buyers except ISM manuals and ship security plan. The Sellers to forward office set as soon as possible after delivery to the Buyer's office. All forwarding costs to be for Buyers account.

CLAUSE 25

This agreement is one of the "MOAs" referred to and defined in (i) that certain Supplemental Agreement dated the date hereof and executed and delivered concurrently herewith by and among Buyers, Star Maritime as the 100pct parent of the Buyers, and TMT, the 100pct parent of the Sellers and is incorporated herein by reference, and (ii) the Master Agreement dated the date hereof and executed and delivered concurrently herewith by TMT, Buyers and Star Maritime, and is incorporated by reference. If there is any inconsistency between the terms of this agreement and the terms of said Supplemental Agreement and/or said Master Agreement, the terms of said Supplemental Agreement and said Master Agreement shall control.

THE SELLERS	**THE BUYERS**
/s/ NOBU SU	/s/ PROKOPIOS TSIRIGAKIS

Appendix H

Norwegian Shipbrokers' Association's
Memo randum of Agreement for sale and
purchase of ships.
Adopted by The Baltic and International
Maritime Council (BIMCO) in 1956.

Code-name

SALE FORM 1993

Revised 1966,1983 and 1986/87.

MEMORANDUM OF AGREEMENT

Dated: ***January 12, 2007***

Mommy Management Corp., Panama

hereinafter called the Sellers, have agreed to sell, and ***Star Bulk Carriers Corp., Majuro*** **Marshall Islands or nominee**

hereinafter called the Buyers, have agreed to buy

Name: ***MOMMY DUCKLING***

Classification Society/Class: ***BUREAU VERITAS***

Built: ***1983*** By: ***HYUNDAI HEAVY IND.CO.LTD, KOREA***

Flag: ***PANAMA*** Place of Registration: ***PANAMA***

Call Sign: ***HPKI*** Grt/Nrt: ***45,773/24,230***

~~Register Number~~ ***IMO Number: 8024375***

hereinafter called the Vessel, on the following terms and conditions:

Definitions

"Banking days" are days on which banks are open be the in the country of the currency stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax or other modern form of written communication.

"Classification Society" or "Class" means the Society referred to in line 4.

1.

Purchase Price USD 12,786,574.81

~~**2.**~~

~~Deposit~~

~~As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10% (ten poor cent) of the Purchase Price within banking days from the date of this Agreement. This deposit shall be placed with and held by them in a joint account for the Sellers and the Buyers, to be released in accordance with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the Buyers.~~

3.

Payment

~~The said Purchase Price shall be paid in full free of bank charges to on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect physically ready for delivery~~

~~in accordance with the terms and conditions of this Agreement and Notice of Readiness has be on given in accordance with Clause 5.~~ ***The Purchase Price shall be paid as provided in the Supplemental Agreement referenced in Clause 25.***

4.

Inspections

~~a)*~~ ~~The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in on and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

b)* The Buyers shall have the right to inspect the ***Vessel and*** Vessel's classification records ~~and declare~~ ***at a suitable place at the Buyers' option. However these inspections are not a subject and once the subjects stipulated in clause 18 are lifted the sale becomes outright and definite, subject to the provisions of the Supplemental Agreement referenced in Clause 25.*** ~~whether same are accepted or not within~~

The Sellers shall provide for inspection of the Vessel at/in ***(to be advised by Sellers)***

The Buyer shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the loose thereby incurred. The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. During the inspection, the Vessel's deck, ***instruction books, maintenance records,*** and engine log books ***as available on board*** shall be made available for examination by the Buyers. ~~If the Vessel is accepted after such inspection, the sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided the Sellers receive written notice of acceptance from the Buyers within 72 hours after completion of such inspection.~~

~~Should notice of acceptance of the Vessel's classification records and of the Vessel not be received by the Sellers as aforesaid, the deposit together with interest earned shall be released immediately to the Buyer, whereafter this Agreement shall be null and void.~~

5.

Notices, time and place of delivery

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ***20, 15, and 7, 5,2 days approximate and 1 definite*** notice of the estimated time of arrival at the intended place of ~~drydocking/underwater inspection~~ /delivery. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/ ~~in~~***a port worldwide (range/s to be advised)*** in the Sellers' option.

Expected time of delivery: ***as soon as practically possible following the Effective Date of the Merger (as defined in the Supplemental Agreement referenced in Clause 25) but not later than the last discharging port of the last laden voyage***

Date of cancelling ~~(see Clauses 5 c), 6 b) (iii) and 14):~~ ***as per Supplemental Agreement referenced in Clause 25***

~~c)~~ ~~If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. Upon receipt of such notification the Buyers shall have the option of~~

~~other cancelling this Agreement in accordance with Clause 14 within 7 running days of receipt of the notice or of accepting the new date as the new cancelling date. If the Buyers have not declared their option within 7 running days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new cancelling date and shall be substituted for the cancelling date stipulated in line 61.~~

If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including those contained in Clauses 5 a) and 5 c) shall remain unaltered and in full force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 for the Vessel not being ready by the original cancelling date.

d) Should the Vessel become an actual, constructive or compromised total loss before delivery the deposit together with interest eared shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6.

Drydocking/Divers Inspection See Clause 19

a)** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

b)** (i) The Vessel is to be delivered without drydocking. However, the Buyers shall have the right at their expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their cost make the Vessel available for such inspection. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the condition at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near to the delivery port.

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*

4 a) and 4b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4a) to apply.

(ii) If the rudder, propeller, bottom or other underwater parts be low the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.

(iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (ii) and no suitable dry docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5 b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5 b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5 b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.

~~e) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above~~

(i) the Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

(ii) the expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out, in which case the Sellers shall pay those exposes. The Sellers shall also pay the expenses if the Buyers require the survey and parts of the system are condom nod or found defective or broken so as to affect the Vessel's class*.

(iii) the expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees shall be paid by the Sellers if the Classification Society issues any condition/recommendation* as a result of the survey or if it requires survey of the tailshaft system. In all other cases the Buyer shall pay the aforesaid expenses, dues and fees.

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*

Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

**

6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 a) to apply.

(iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.

(v) the Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to took delivery in accordance with Clause 3, whether the Vessel is in drydock or not and irrespective of Clause 5 b).

7.

Spares/bunkers, etc.

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or unused, whether on board or not shall become the Buyers' property, but spares on order are to be excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. The radio installation and navigational equipment shall be included in the sale without extra

payment if they are the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire): ***To Be Advised***

The Buyers shall take over the remaining bunkers *(if same are property of the Sellers)* and unused lubricating oils in storage tanks and sealed drums ~~and pay the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel.~~ ***See Clause 20***

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

8.

DocumentationThe place of closing: ***New York, USA***

In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery documents, namely:

a) Legal Bill of Sale in a form record able in ***Marshall Islands*** (~~the country in which the Buyers are to register the Vessel~~), warranting that the Vessel is free from all encumbrances, mortgages and maritime liens or any other debts or claims whatsoever, duly materially attested and legalized by the consul of such country or other competent authority.

b) Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c) Confirmation of Class issued within ~~72 hours~~ ***3 working days*** prior to delivery.

d) Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances.

e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f) Any such additional documents as may reasonably be required by the competent authorities for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement. ***See Clause 22***

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all ***plans, instruction books, maintenance records*** etc., which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation which may be in the Sellers' possession shall be promptly forwarded to the Buyers at their expense, if they go request. The Sellers may keep the Vessel's log books but the Buyers to have the right to take copies of same.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters ***(other than term employment/charters contemplated by the Supplemental Agreement referenced in Clause 25),*** encumbrances, mortgages and maritime liens or any other debts whatsoever. The Sellers

hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery. ***The Vessel on delivery to be delivered free of cargo/cargo residues, and free of any dunnage.***

10. Taxes, etc.

Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted. However, the Vessel shall be delivered with her class maintained without condition/recommendation*,free of average damage affecting the Vessel's class, and with her classification certificates and ***International/*** national certificates ***and surveys,*** as well as all other certificates the Vessel had at the time of ***agreement*** ~~inspection~~, valid and unexpended without condition/recommendation* by Class or the relevant authorities ***for a minimum of 1 month from*** at the time of delivery.

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*

Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

"Inspection" in this Clause 11 ***and in Clause 7, Line 157,*** shall mean the Buyers' inspection according to Clause 4 a) or 4 b), if applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

12. Name/markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13. Buyers' default

~~Should the deposit not be paid in accordance with Clause 2, the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for oil expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel the Agreement, in which case ~~the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss,~~ the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.

14. Sellers' default ***as per Supplemental Agreement referenced in Clause 25***

~~Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have the option of cancelling this Agreement provided always that the Sellers shall be granted a maximum of 3 banking days after Notice of Readiness has been given to make arrangements for the documentation~~

~~set out in Clause 8. If after Notice of Readiness has been given but before the Buyer have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again in every respect by the date stipulated in lion 61 and now Notice of Readiness given, the Buyer shall retain their option to cancel. In the event that the Buyers loot to cancel this Agreement the deposit together with interest earned shall be released to them immediately.~~

~~Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.~~

15. Buyers' representatives See Clause 21

~~After this Agreement has been on signed by be the parties and the deposit has been lodged, the Buyers have the right to place two representatives on be add the Vessel at their solo risk and expense upon arrival at on or about These representatives are on be add for the purpose of familiarization and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.~~

16.

Arbitration

~~a)*~~ ~~This Agreement shall be governed by and construed in accordance with English law and 263 any dispute arising out of this Agreement shall be referred to arbitration in London in 264 accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or it or be ing appointed by each or enactment thereof for the time being in party. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator within fourteen days, failing which the decision of the single arbitrator appointed shall apply. If two arbitrators properly appointed shall not agree they shall appoint an umpire whose decision shall be final.~~

b)* This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Law of the State of New York and should any dispute arise out of this Agreement, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for purpose of enforcing any award, this Agreement may be made a rule of the Court.

The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. New York.

~~c)*~~ ~~Any dispute arising out of this Agreement shall be referred to arbitration at , subject to the procedures applicable there. The laws of shall govern this Agreement's~~

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* *16 a), 16 b) and 16 c) are alternatives; delete whichever is not applicable. In the absence of 282 deletions, alternative 16 a) to apply.*

Clauses 17-25 be the inclusive are deemed are part of this agreement

This Charter Party is a computer generated copy of the "SALEFORM 1993" form printed by authority of Norwegian Shipbrokers' Association using software which is the copyright of Strategic Software Ltd. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the original approved document shall apply. Norwegian Shipbrokers' Association and Strategic

ADDITIONAL CLAUSES
TO THE MEMORANDUM OF AGREEMENT SALE FORM 1993
DATED JANUARY 12, 2007 FOR M.V. "MOMMY DUCKLING' (THE VESSEL)
BETWEEN MOMY DUCKLING MANAGEMENT CORP., PANAMA (THE SELLERS) AND STAR BULK CARRIERS CORP. MARSHALL ISLANDS OR NOMINEE (THE BUYERS)

CLAUSE 17

This sale is part of the sale and delivery of the following additional Motor Vessels:

M.V. "A Duckling"
M.V. "B Duckling"
M.V. "C Duckling"
M.V. "F Duckling"
M.V. "G Duckling"
M.V. "I Duckling"
M.V. "J Duckling"

registered in the respective ownership of the following Owners:

A Duckling Corporation, Panama
B Duckling Corporation, Panama
C Duckling Corporation, Panama
F Duckling Corporation, Panama
G Duckling Corporation, Panama
I Duckling Corporation, Panama
J Duckling Corporation, Panama

and all ultimately beneficially owned by TMT Co., Ltd., Taiwan ("TMT"). In the event that one or more of the above vessels are not delivered pursuant to their respective MOA's for any reason whatsoever, TMT hereby agrees and assumes the obligation to substitute the non-delivered vessel(s) with replacement tonnage pursuant and subject to the terms of the Supplemental Agreement referenced in Clause 25.

CLAUSE 18

This sale is subject to:

i) STAR MARITIME ACQUISITION CORP. Delaware ("Star Maritime") a listed company in the AMEX being the parent company of the Buyers filing a definitive proxy/registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") and such Registration Statement being declared effective by the SEC.

ii) Star Maritime obtaining the requisite approval of its stockholders for the Merger (as defined in Supplemental Agreement referenced in Clause 25) and the sale of the vessels provided for in the Supplemental Agreement referenced in Clause 25 at a duly convened stockholders' meeting.

CLAUSE 19

No dry-docking / however the Buyers have the right at Buyers' expense to carry out an under-water (defined as "parts below the sea water line at time of divers inspection') inspection prior to or at the delivery port and the Sellers shall make the vessel available for such under-water inspection. Inspection of underwater parts shall be carried out by divers approved by the class with the presence of class surveyor and the Sellers/Buyers representatives. Such diver inspection shall be carried out in a

manner acceptable to class surveyor. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near the delivery port.

In the event of any damage/s being found which lead to a recommendation by the classification society and immediate repairs are required, the Sellers shall then dry-dock the Vessel in accordance with clause 6 of the Norwegian Sale Form 1993, and Sellers shall repair same to class satisfaction. cancelling date to be extended accordingly.

If damage/s are found which lead to a recommendation by the classification society, repair/s of which maybe be carried out by the Buyers at a later stage, as per classification society recommendation, then in lieu of Buyers taking delivery of the Vessel with said recommendation/s the Sellers shall pay to the Buyers the estimated repairing direct cost this amount will be deducted from the purchase price on delivery.

This estimated repairing direct cost shall be the average cost of 2 quotations from reputable yards/repair shops at or near the delivery port, 1 obtained by Buyers and 1 obtained by Sellers determined in accordance with the cost of such repairs prevailing at the time of delivery of the Vessel, for repair works only without dry-docking costs and without costs of possible time lost, and in any case for the direct cost/s only.

It is understood that class shall be the sole arbiter in any matter under this Clause 19 affecting the Vessel's class.

The costs of class surveyor's fee and diver inspection will be for the Buyers' account.

CLAUSE 20

The Buyers are to pay extra for unused/unbroached lubricating oils in drums and designated storage tanks "remaining on board as per actual cost evidenced by net invoice prices including discounts. Also extra payment for bunkers "remaining on board at the Sellers' last paid prices (either be ought in the open market or paid to last charterers).

CLAUSE 21

As from the Effective Date of Merger (as defined in the Supplemental Agreement referenced in Clause 25) Buyers shall have the right to place onboard up to a maximum of three (3) representatives until delivery as observers for familiarization purposes only without interference to the Vessel's operation at Buyer's risk and expense. Representatives are to sign Sellers' indemnity form. Sellers shall assist where necessary in the application for visas for Buyer's ongoing representatives. Upon Vessel's arrival at the delivery port Buyers shall have the right to place on board three (3) more representatives on a daily basis up until delivery. Buyers representatives to have the right to communicate with their office / managers via the Vessel's communication means always at Buyers' cost. The Buyers' representatives shall have full access to Vessel's all non-private spaces, as well as to instruction books, plans, certificates, records, documents, plans, drawings and shall have the right to take photocopies of same but should not interfere with the Vessel's cargo discharge operations, if any.

CLAUSE 22

Sellers and Buyers to supply documentation which may be reasonably required and to be mutually agreed for the legal transfer of the Vessel and for her Marshall Islands registration under new flag and ownership (such list to form an addendum to the MOA).

At the time of delivery, in addition to other documents to be agreed per this clause, Buyers shall furnish Sellers with the following delivery documents:

(i) Novation Agreement duly executed by Buyers;

(ii) Secretary's Certificate of Buyers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of Star Maritime and Star Bulk authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

At the time of delivery, in addition to other documents to be agreed per this clause, Sellers shall furnish Buyers with the following delivery documents:

(i) Novation Agreement duly executed by Sellers and the charterer;

(ii) Secretary's Certificate of Sellers authorizing this MOA, the Supplemental Agreement and the Novation Agreement in respect of the charter of the Vessel, together with incumbency certificates; and

(iii) Secretary's Certificate of each of TMT authorizing the Master Agreement, the Supplemental Agreement and this MOA, together with incumbency certificates.

CLAUSE 23

Sellers warrant that on the date hereof and on the date of closing, the Vessel shall be entitled to trade worldwide within Institute Warranty Limits without restriction on limitation.

CLAUSE 24

All instruction books, drawings, plans and manuals, on board or ashore in owners/managers office that are in Sellers possession are to be delivered to the Buyers except ISM manuals and ship security plan. The Sellers to forward office set as soon as possible after delivery to the Buyer's office. All forwarding costs to be for Buyers account.

CLAUSE 25

This agreement is one of the "MOAs" referred to and defined in (i) that certain Supplemental Agreement dated the date hereof and executed and delivered concurrently herewith by and among Buyers, Star Maritime as the 100pct parent of the Buyers, and TMT, the 100pct parent of the Sellers and is incorporated herein by reference, and (ii) the Master Agreement dated the date hereof and executed and delivered concurrently herewith by TMT, Buyers and Star Maritime, and is incorporated by reference. If there is any inconsistency between the terms of this agreement and the terms of said Supplemental Agreement and/or said Master Agreement, the terms of said Supplemental Agreement and said Master Agreement shall control.

THE SELLERS **THE BUYERS**

/s/ NOBU SU

/s/ PROKOPIOS TSIRIGAKIS

Appendix I

SUPPLEMENTAL AGREEMENT

This Supplemental Agreement is entered into as of this 12th day of January, 2007 by and among (i) Star Maritime Acquisition Corp. ("Star Maritime"), a Delaware corporation, (ii) Star Bulk Carriers Corp. ("Star Bulk"), a Marshall Islands corporation wholly-owned by Star Maritime, for itself individually and for/on behalf of each of the Buyers (as hereinafter defined), and (iii) TMT Co., Ltd. ("TMT"), a Taiwan corporation, for itself individually and for/on behalf of each of the Sellers (as hereinafter defined).

Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in Schedule 1 hereto.

The purpose of this Supplement Agreement is, inter alia, to provide for the timing of the delivery of, and payment of the consideration for, the Vessels as provided for under the MOAs which are being concurrently executed and delivered herewith.

In consideration of the premises, the parties hereto agree as follows:

1. If the Merger and the acquisition by Star Bulk of the Vessels are not approved by the requisite vote of the stockholders of Star Maritime on the Proxy Vote Date, the MOAs and this Supplemental Agreement shall be deemed terminated, cancelled and of no further force and effect, in each case with any further action required of the parties.

2. If the Merger and the acquisition by Star Bulk of the Vessels are approved by the requisite vote of the Star Maritime stockholders on the Proxy Vote Date, Star Maritime and Star Bulk shall proceed forthwith to take all actions necessary to implement the Merger on or before the Effective Date of Merger.

3. Star Bulk shall purchase the Vessels for the Aggregate Purchase Price, which consists of two components: (1) the Stock Consideration and (2) the Cash Consideration. The Aggregate Purchase Price shall be paid as follows:

   (i) first, in the form of the Stock Consideration (which shall be issued to TMT, not in its individual capacity but solely as agent for each of the applicable Sellers, concurrently with the Merger); and

   (ii) second, only after Vessels with an aggregate value (as set forth in Schedule 2 hereto) that equals the aggregate value of the Stock Consideration (the "*Stock Consideration Threshold*") have been delivered, in the form of the Cash Consideration.

   If a Vessel is delivered whose value, together with all previous Vessels delivered, exceeds the Stock Consideration Threshold, the remaining portion of the allocated Aggregate Purchase Price for such Vessel and any other remaining Vessels shall be paid in the form of Cash Consideration upon delivery of each such Vessel (allocated as per Schedule 2 hereto).

4. As the 100% parent of each of the Sellers and the Buyers, respectively, TMT and Star Maritime hereby guarantees the due and punctual performance of each of the Sellers and the Buyers, respectively, under the relevant MOA.

5. The Vessels, on delivery under the MOAs, shall be operated either on a spot basis or subject to term employment called for, with minimum terms and aggregate minimum daily hire rate, as provided for in Schedule 4. Term employment shall be with first class charterers and otherwise shall contain standard industry terms for employment of such Vessels and also a charter clause and a form of novation agreement, both substantially in the forms attached hereto as Exhibit A and B, respectively. TMT undertakes to procure such term employment

by the Sellers with a third party or, in the case of the Mommy Duckling and, at its sole option, one of C Duckling, F Duckling, G Duckling or I Duckling, with itself as charterer, as soon as possible but no later than thirty (30) days from the date of this Supplemental Agreement or to pay Star Bulk the difference between the aggregate daily hire rate so fixed and the aggregate minimum daily hire rate provided for in Schedule 4 (which aggregate daily hire rate difference shall be calculated from the time of delivery of all such Vessels under the MOAs) during the relevant minimum employment term set forth in Schedule 4 (which minimum employment term shall be measured from the date of delivery of the applicable Vessel to its charterers under the applicable charter). Should TMT be unable to secure a novation agreement substantially in the form attached hereto as Exhibit B with respect to A Duckling prior to or at delivery of the Vessel, the Buyer shall, concurrent with delivery, time charter the Vessel to TMT or an affiliate designee of TMT on the same terms and conditions as the Vessel's current time charter term employment.

6.

If any of the Sellers is unable to deliver its Vessel pursuant to and in compliance with the terms of its MOA, Star Bulk and TMT shall confer and cooperate to identify mutually acceptable replacement vessel and enter into a binding purchase agreement for such replacement vessel within forty-five (45) days from the required delivery date of the Vessel being replaced. Should the purchase price (based on prevailing market rates) of any replacement vessel be higher than the the portion of the Aggregate Purchase Price allocated to the Vessel being replaced, Star Bulk hereby agrees to pay TMT or its nominee in cash such price difference, which payment shall be made concurrently with delivery of the replacement Vessel. Should the purchase price (based on prevailing market rates) of any replacement vessel be lower than the Aggregate Purchase Price allocated to the Vessel being replaced, TMT hereby agrees to pay in cash to Star Bulk such price difference, which payment shall be made concurrently with delivery of the replacement Vessel. If a binding purchase agreement for a replacement vessel is not entered into within the required forty-five (45) days period, Star Bulk/Buyer shall have the right to terminate the MOA for the Vessel being replaced whereupon neither party to such MOA shall have any rights or liabilities thereunder.

7.

This Supplemental Agreement shall be governed and construed in accordance with Title 9 of the United States Code and the law of the State of New York and should any dispute arise under this Supplemental Agreement the matter in dispute shall be referred to three persons at New York, one to be appointed by Star Maritime and Star Bulk and one to be appointed by TMT, and the third by the two so chosen; their decision or that of any two of them shall be final and for the purpose of enforcing of any award, this Supplemental Agreement may be made a rule of the court. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. in New York.

8.

In the event of any conflict between the provisions of any MOA and this Supplemental Agreement, the provisions of this Supplement Agreement shall prevail.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this Supplemental Agreement to be executed and delivered as of this date first indicated above by these duly authorized officers or representatives.

STAR MARITIME ACQUISITION CORP.

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: Chairman, Chief Executive Officer and President

STAR BULK CARRIERS CORP.,
for itself individually and for/on behalf of each of the Buyers

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: President

TMT CO., LTD.,
for itself individually and for/on behalf of each of the Sellers

By: /s/ NOBU SU

Name: Nobu Su
Title: Chairman and Chief Executive Officer

SCHEDULE 1

DEFINITIONS

As used in the Supplemental Agreement to which this Schedule 1 is attached, the following terms have the meanings set forth below:

"Aggregate Purchase Price"	shall mean $345,237,520.
"Buyers"	shall mean, collectively, Star Bulk and those entities wholly-owned by Star Bulk for and on behalf of which Star Bulk is purchasing the Vessels.
"Cash Consideration"	shall mean $224,499.998.65.
"Effective Date of Merger"	shall mean the date, which shall not more than 15 days of the Proxy Vote Date approving the Merger, on which the merger of Star Maritime into Star Bulk becomes effective under the Marshall Islands law.
"Merger"	shall mean the business combination of Star Maritime with Star Bulk effected by way of a merger in which Star Bulk is the surviving corporation.
"Proxy Vote Date"	shall mean the date on which the proposed merger of Star Maritime into Star Bulk is submitted for vote of the shareholders of Star Maritime.
"MOAs"	shall mean, collectively, the memoranda of agreement listed and described in Schedule 3.
"Sellers"	shall mean, collectively, those entities wholly-owned by TMT and identified as sellers of the Vessels in the MOAs listed on Schedule 3.
"Stock Consideration"	shall mean 12,537,645 shares of common stock, par value $0.01 per share, of Star Bulk, equivalent to $120,737,521.35.
"Stock Consideration Threshold"	shall have the meaning set forth in Section 3(ii).
"Vessels"	shall mean, collectively, the vessels listed on Schedule 2 and to be delivered under the MOAs listed on Schedule 3.

SCHEDULE 2

AGGREGATE PURCHASE PRICE ALLOCATION

Vessel Name		**Price Allocation**
A DUCKLING	$	59,329,707.14
B DUCKLING		61,375,559.11
C DUCKLING		43,474,354.37
F DUCKLING		40,917,039.41
G DUCKLING		40,917,039.41
I DUCKLING		42,451,428.39
J DUCKLING		43,985,817.36
MOMMY DUCKLING		12,786,574.81
Aggregate Purchase Price:	**$**	**345,237,520.00**

SCHEDULE 3

MEMORANDA OF AGREEMENT

Memorandum of Agreement relating to the A Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and A Duckling Corporation, as seller.

Memorandum of Agreement relating to the B Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and B Duckling Corporation, as seller.

Memorandum of Agreement relating to the C Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and C Duckling Corporation, as seller.

Memorandum of Agreement relating to the F Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and F Duckling Corporation, as seller.

Memorandum of Agreement relating to the G Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and G Duckling Corporation, as seller.

Memorandum of Agreement relating to the I Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and I Duckling Corporation, as seller.

Memorandum of Agreement relating to the J Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and J Duckling Corporation, as seller.

Memorandum of Agreement relating to the Mommy Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and Mommy Management Corp., as seller.

SCHEDULE 4

Vessel	Contract Type/Minimum Term Employment	Targeted Daily Hire Rate
A DUCKLING	Time Charter/3 Years	$ 47,000
C DUCKLING	Time Charter/1 Year	$ 28,500
F DUCKLING	Time Charter/2 Years	$ 24,500
G DUCKLING	Time Charter/2 Years	$ 24,500
I DUCKLING	Time Charter/1 Year	$ 28,500
MOMMY DUCKLING	Time Charter/1 Year	$ 18,000
	Aggregate Minimum Daily Hire Rate:	**$ 171,000**
B DUCKLING	Spot	N/A
J DUCKLING	Spot	N/A

EXHIBIT A

FORM OF CHARTER CLAUSE

The [Charterer] hereby acknowledges that the [Owner] or its parent, TMT CO., LTD., a Taiwan corporation (or "TMT"), may transfer the Vessel to STAR BULK CARRIERS CORP., a Marshall Islands corporation ("Star Bulk") or a wholly-owned subsidiary of Star Bulk, and further agrees to consent to such sale and enter into a novation agreement, substantially in the form attached hereto as Exhibit [ ], pursuant to which the [Owner] will transfer all of its rights, liabilities, duties and obligations with respect to the [Charterer] under [the Charter Agreement] with effect from and including the date of the delivery of the Vessel to Star Bulk or a wholly-owned subsidiary of Star Bulk.

EXHIBIT B

FORM OF NOVATION AGREEMENT

THIS NOVATION AGREEMENT (this "*Agreement*") is made and entered into as of [ ], 2007, by and among [ ], a [ ] corporation (the "Transferor"), [ ], a company incorporated under the laws of [ ] and the charterer of the Vessel (the "Charterer") and [ ], a Marshall Islands corporation (the "Transferee").

WITNESSETH:

WHEREAS, the Transferor owns the [ ], a drybulk carrier with a cargo-carrying capacity of [ ] deadweight tons (the "Vessel");

WHEREAS, the Vessel is to be sold by the Transferor to the Transferee pursuant to a memorandum of agreement dated January [ ], 2007 (the "MOA");

WHEREAS, the Transferor and the Charterer are parties to a charter agreement, dated [ ], 2007, for the charter of the Vessel (the "Charter Agreement");

WHEREAS, the Transferor desires to transfer by novation to the Transferee, and the Transferee wishes to accept the transfer by novation of all the rights, liabilities, duties and obligations of the Transferor with respect to the Charterer under the Charter Agreement with effect from and including the date of the delivery of the Vessel to the Transferee (the "Novation Date");

WHEREAS, the Transferor desires to transfer by novation to the Transferee, and the Transferee wishes to accept the transfer by novation, of all the rights, liabilities, duties and obligations of the Transferor with respect to the Charterer under the Charter Agreement with effect from and including the Novation Date; and

WHEREAS, the Charterer desires to consent to the Transferor's sale of the Vessel pursuant to the MOA and transfers by novation to the Transferee of all the rights, liabilities, duties and obligations of the Transferor with respect to the Charterer under the Charter Agreement with effect from and including the Novation Date.

NOW, THEREFORE, in consideration of the mutual representations, warranties and covenants contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties hereto agree as follows:

1. Novation

With effect from and including the Novation Date:

(a) the Charterer consents to the Transferor's sale of the Vessel to the Transferee pursuant to the MOA, the change of the Vessel's flag to the Republic of the Marshall Islands and the change of the Vessel's name as directed by the Transferee;

(b) the Charterer releases the Transferor from the Transferor' obligations and liabilities to the Charterer under the Charter Agreement arising on or after the Novation Date and which relate to the period commencing from the Novation Date, such release and discharge being without prejudice to the obligations and liabilities of the Transferee to the Charterer pursuant to the Charter Agreement;

(c) the Transferee agrees with the Transferor and the Charterer to assume all the rights, title, benefit, interest, liabilities and obligations of the Transferor in and under the Charter Agreement, in lieu of the Transferor, arising on or after the Novation Date and which relate to the period commencing from the Novation Date and hereby undertakes to observe and perform

in favor of

and for the benefit of the Charterer all such obligations and liabilities arising on or after the Novation Date and which relate to the period commencing from the Novation Date;

(d) the Charterer agrees with the Transferee to observe and perform in favor of and for the benefit of the Transferee, in lieu of the Transferor, all of their obligations and liabilities under the Charter Agreement arising on or after the Novation Date and which relate to the period commencing from the Novation Date;

(e) the Charterer expressly consents to and accept the assumption by the Transferee of the rights, title, benefit, interest, obligations and liabilities of the Transferor under the Charter Agreement, in lieu of the Transferor, arising on or after the Novation Date and which relate to the period commencing from the Novation Date and agrees that any actions, proceedings, demands, claims, liabilities, damages, costs and expenses of any nature whatsoever arising on or after the Novation Date shall be made against the Transferee and not the Transferor;

(f) the Transferor agrees at all times to keep the Transferee, its successors and assigns fully indemnified against all actions, proceedings, demands, claims, liabilities, damages, costs and expenses of any nature whatsoever (other than indirect, consequential, punitive or special damages), made against the Transferee, its successors and assigns or for which the Transferee, its successors and assigns may be held liable in relation to such actions, proceedings, demands, claims, liabilities, damages, costs and expenses of the Transferor accrued or existing prior to the Novation Date. The Transferee shall give the Transferor prompt written notice of any such actions, proceedings, demands, claims, liabilities, damages, costs and expenses of any nature whatsoever, which the Transferee believes will give rise to indemnification by the Transferor under this paragraph and the Transferor shall have the right to defend and to direct the defense against any such claim, suit or demand, in the Transferor's name at the Transferor's expense and with counsel of Transferor's own choosing, which counsel shall be reasonably satisfactory to the Transferee; provided that such claim, suit or demand would not adversely affect any rights of the Transferee or the ownership and operation of the Vessel; and

(g) the Transferee agrees at all times to keep the Transferor, its successors and assigns fully indemnified against all actions, proceedings, demands, claims, liabilities, damages, costs and expenses of any nature whatsoever (other than indirect, consequential, punitive or special damages), made against the Transferor, its successors and assigns or for which the Transferor, its successors and assigns may be held liable in relation to such actions, proceedings, demands, claims, liabilities, damages, costs and expenses of the Transferee accrued or existing on or after the Novation Date. The Transferor shall give the Transferee prompt written notice of any such actions, proceedings, demands, claims, liabilities, damages, costs and expenses of any nature whatsoever, which the Transferor believes will give rise to indemnification by the Transferee under this paragraph and the Transferee shall have the right to defend and to direct the defense against any such claim, suit or demand, in the Transferee's name at the Transferee's expense and with counsel of Transferee's own choosing, which counsel shall be reasonably satisfactory to the Transferor; provided that such claim, suit or demand would not adversely affect any rights of the Transferor.

2. Representations and Warranties.

Each party represents to the other party that:

(a) *Status.* It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;

(b) *Powers.* It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation

relating to this Agreement and to perform its obligations under this Agreement and has taken all necessary action to authorize such execution, delivery and performance;

(c) *No Violation or Conflict.* Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(d) *Consents.* All governmental and other consents that are required to have been obtained by it with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents have been complied with;

(e) *Obligations Binding.* Its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law));

(f) *Absence of Certain Events.* No event of default or potential event of default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(g) *Absence of Litigation.* There is not pending or, to its knowledge, threatened against it or any of its affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or its ability to perform its obligations under this Agreement; and

(h) *Other Parties.* As of the Novation Date, no other party has any interest or obligation in or under the Charter Agreement.

3. Miscellaneous.

3.1 *Amendments.* No amendment, modification or waiver in respect of the Novation Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

3.2 *Dispute Resolution, Governing Law and Jurisdiction.* Any dispute, action or proceeding arising in connection with this Agreement or the performance hereof shall be governed by the relevant dispute resolution, governing law and jurisdiction provisions of the Charter Agreement to which this Agreement is annexed, which provisions are hereby incorporated herein by reference and shall have the same force and effect as if fully set forth herein.

3.3 *Waiver of Jury Trial.* The parties waive, to the fullest extent permitted by applicable law, any right they may have to a trial by jury in respect of any suit, action or proceeding relating to this Agreement. The parties certify that no representative, agent or attorney of either party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and acknowledge that they have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 3.4.

3.4 *Further Assurances and Other Matters.* The parties agree, upon the request of any other party, at any time and from time to time, promptly to execute and deliver all such further documents, promptly to take and forbear from all such action, and obtain all approvals, consents, exemptions or

authorizations from such governmental agencies or authorities as may be necessary or reasonably appropriate in order to carry out the provisions of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written. This Agreement may be executed in one or more counterparts and will be deemed effective when each of the parties shall have executed a copy hereof.

[TRANSFEROR]	[CHARTERER]
By: _____	By: _____
Name:	Name:
Title:	Title:
[TRANSFEREE]	
By: _____	
Name:	
Title:	

Appendix J

MASTER AGREEMENT

dated as of January 12, 2007

by and among

TMT CO., LTD.,

STAR BULK CARRIERS CORP.

and

STAR MARITIME ACQUISITION CORP.

relating to the purchase of
eight drybulk carriers

J-1

MASTER AGREEMENT

THIS MASTER AGREEMENT, dated as of January 12, 2007 (this "*Agreement*"), is made by and among TMT CO., LTD., a Taiwan corporation (the "*Seller*"), STAR BULK CARRIERS CORP., a Marshall Islands corporation (the "*Buyer*"), and STAR MARITIME ACQUISITION CORP., a Delaware corporation ("*Star Maritime*").

WITNESSETH:

WHEREAS, the Seller and the Buyer desire to effect the transfer by the Seller's Vessel Owning Subsidiaries to the Buyer or its nominees of all of the Vessel Owning Subsidiaries' right, title and interest in and to the Vessels in accordance with the terms of the MOAs and the Supplemental Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. *Definitions*.

(a) *Definitions.* For purposes of this Agreement, the following terms shall have the following meanings:

"*Aggregate Purchase Price*" means $345,237,520.

"*Buyer Common Stock*" means the common stock, par value $0.01 per share, of the Buyer.

"*Cash Consideration*" means $224,499.998.65.

"*Effective Date of Merger*" has the meaning set forth in the Supplemental Agreement.

"*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

"*Forecasted Annual Consolidated Revenue*" means the forecasted annual Revenue of the Buyer, as shall be agreed between the Buyer and the Seller with reference to the Vessels' employment once arranged, in writing at or prior to the Effective Date of Merger.

"*Memoranda of Agreement*" or "MOAs" means the separate memoranda of agreement relating to the Vessels, each dated the date hereof, between the Buyer or its nominees and the Vessel Owning Subsidiaries, each of which are attached hereto as *Exhibit A*.

"*Memorandum of Understanding*" means the letter agreement dated November 23, 2006 by and between the Seller and Star Maritime.

"*Merger*" means the business combination of Star Maritime with the Buyer effected by way of a merger in which the Buyer is the surviving corporation and where the merger consideration consists of one share of Buyer Common Stock for each share of common stock of Star Maritime.

"*NASD*" shall mean the National Association of Securities Dealers, Inc., or any successor self regulatory organization.

"*Registrable Securities*" shall mean the Buyer Common Stock issued to and owned by the Seller, the Vessel Owning Subsidiaries or any Seller Affiliates (i) as the Stock Consideration and (ii) under Section 2(b) hereof.

"*Registrable Securities Holder*" shall mean any of the Seller, the Vessel Owning Subsidiaries or a Seller Affiliate holding the Registrable Securities.

"*Revenue*" means gross revenue of the Buyer and its consolidated subsidiaries which own and operate the Vessels, as determined under United States generally accepted accounting principles.

"*SEC*" or "*Commission*" means the United States Securities and Exchange Commission.

"*Securities Act*" shall mean the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

"*Seller Affiliates*" shall mean any entity which is an "affiliate" of the Seller, as that term is defined under Rule 144 (in effect as of the date hereof) promulgated under the Securities Act.

"*Stock Consideration*" means 12,537,645 shares of Buyer Common Stock.

"*Supplemental Agreement*" means the agreement by and among Star Maritime, the Buyer and the Seller, dated the date hereof, relating to the purchase of the Vessels and attached hereto as *Exhibit B.*

"*USD*" or "*$*" means legal tender of the United States of America.

"*Vessel*" or "*Vessels*" means each of the vessels, and collectively, all of the vessels being sold pursuant to the MOAs listed in Schedule 3 of the Supplemental Agreement.

"*Vessel Owning Subsidiaries*" means the subsidiaries of the Seller that are party to the Memoranda of Agreement.

SECTION 2. *Purchase Price: Earn-out.*

(a) The Buyer or its subsidiary nominees shall purchase the Vessels for the Aggregate Purchase Price, which consists of two components: (1) the Stock Consideration and (2) the Cash Consideration. The Aggregate Purchase Price shall be paid in accordance with the terms and provisions of the Memoranda of Agreement and the Supplemental Agreement.

(b) In addition to the Aggregate Purchase Price:

(1) With respect to the short fiscal year of the Buyer commencing as of the Effective Date of Merger and ending on December 31, 2007, in the event that the Buyer achieves Revenue for such short fiscal year equal to or in excess of 80% of the Forecasted Annual Consolidated Revenue for such short fiscal year, then the Seller shall be entitled to receive, promptly following the Buyer's filing of its Annual Report on Form 20-F for such fiscal year, an additional 803,481 shares of Buyer Common Stock (which shall be issued no later than ten (10) business days following the filing of such Annual Report to the Seller, the Vessel Owning Subsidiaries and/or a Seller Affiliate, as directed by the Seller); plus

(2) With respect to the first full fiscal year of the Buyer following the Merger commencing on January 1, 2008 and ending on December 31, 2008, in the event that the Buyer achieves Revenue for such first full fiscal year equal to or in excess of 80% of the Forecasted Annual Consolidated Revenue for such first full fiscal year, then the Seller shall be entitled to receive, promptly following the Buyer's filing of its Annual Report on Form 20-F for such fiscal year, an additional 803,481 shares of Buyer Common Stock (which shall be issued no later than ten (10) business days following the filing of such Annual Report to the Seller, the Vessel Owning Subsidiaries or a Seller Affiliate, as directed by the Seller).

(c) In addition to the terms and provisions of the MOAs and the Supplemental Agreement, the Buyer's obligations hereunder shall also be subject to the Buyer obtaining debt financing in such

amount as necessary in order for the Buyer to fund a portion of the Cash Consideration in excess of its cash-on-hand immediately following the Merger.

SECTION 3. *Covenants of the Seller*. Until the delivery of each of the Vessels, the Seller shall (and shall cause the Vessel Owning Subsidiaries, as applicable, to): (a) use its commercially reasonable efforts to: (i) prevent the Vessel Owning Subsidiaries from becoming insolvent (within the meaning of the U.S. Bankruptcy Code), (ii) continue to operate its business as it is currently conducted, (iii) retain ownership and possession of the Vessels (subject to any charters in respect of the Vessels) and (iv) forbear from creating any new liens, claims or encumbrances of any kind upon the Vessels or any other material assets of the Vessel Owning Subsidiaries (except, in each case, other than in the ordinary course of business and subject to any charters in respect of the Vessels) and (b) forbear from selling any interest in any Vessel Owning Subsidiary and cause each Vessel Owning Subsidiary to forbear from issuing any capital stock or other securities to, or making loans (other than in the ordinary course of its business) to, any person other than the Seller.

SECTION 4. *Covenants of Star Maritime*. Star Maritime shall use its commercially reasonable efforts to: (a) as soon as is reasonably practicable following the date hereof, file a registration/proxy statement on Form F-4 or S-4 with the SEC: (i) soliciting the vote of Star Maritime's stockholders in favor of the Merger and the purchase of the Vessels as contemplated hereby and (ii) subject to provisions of Section 5(a) below, registering the Registrable Securities with the SEC, (b) comply, and cause the Buyer and its Vessel purchasing nominees to comply with all other applicable rules and regulations of the SEC, (c) obtain, on behalf of itself, the Buyer and its Vessel purchasing nominees, all approvals, consents, exemptions or authorizations from such governmental agencies or authorities, and take all other actions, as may be necessary or reasonably appropriate in order to effect the Merger and transactions contemplated by this Agreement, the Supplemental Agreement and the MOAs.

SECTION 5. *Registration Rights: Lock Up.*

(a) *Registration on Form F-4.* Buyer shall include the Registrable Securities on Buyer's Registration Statement on Form F-4 or S-4 contemplated in Section 4(a) above to the extent that such inclusion would not, in Buyer's reasonable judgment after receiving written comments from the SEC that address the registration of the Registrable Securities, materially hinder or delay the Commission's declaration of effectiveness thereof.

(b) *Required Shelf Registration.* After receipt of a written request from the Seller, on behalf of itself or any Registrable Securities Holder, requesting that the Buyer effect a registration under the Securities Act covering all of the shares of the Registrable Securities then unregistered and outstanding, and specifying the holders and intended method or methods of disposition thereof, the Buyer shall promptly file with the SEC a registration statement covering the Registrable Securities and, as expeditiously as is possible, use its commercially reasonable efforts to effect the registration under the Securities Act of such shares for sale, all to the extent required to permit the disposition (in accordance with the intended method or methods thereof, as aforesaid) of the Registrable Securities so registered; *provided*, *however*, that the Buyer shall not be required to effect any such registrations pursuant to this Section 5(b) unless the Buyer shall be eligible at any time to file a registration statement on Form F-3 or S-3 (or other comparable short form) under the Securities Act. If, at any time after giving the written notice under this Section 5(b), the Seller shall notify the Buyer in writing that the Seller has determined for any reason not to proceed with the proposed offering, then the Buyer shall terminate such offering.

(c) *Incidental Registration.* (i) If, from and after the date that is one hundred and eighty (180) days following the Effective Date of Merger, the Buyer at any time proposes to file on its behalf and/or on behalf of any of its security holders other than any Registrable Securities Holder (the "*demanding security holders*") a registration statement under the Securities Act on any form (other than

a registration statement on Form F-4, S-4 or S-8 or any successor form for securities to be offered in a transaction of the type referred to in Rule 145 under the Securities Act or to employees of the Buyer pursuant to any employee benefit plan, respectively) for the general registration of securities, it will give written notice to all the Registrable Securities Holders at least thirty (30) days before the initial filing with the Commission of such Registration Statement, which notice shall set forth the intended method of disposition of the securities proposed to be registered by the Buyer or the demanding security holders. The notice shall offer to include in such filing the aggregate number of shares of Registrable Securities as the Seller may request. The Seller shall be entitled to withdraw its request at any time before the time that the Registration Statement is declared effective and the offering has commenced.

(ii) The Seller shall advise Buyer in writing within ten (10) business days after the date of receipt of such offer from Buyer, setting forth the amount of such Registrable Securities for which registration is requested and the holders thereof. The Buyer shall thereupon include in such filing the number of shares of Registrable Securities for which registration is so requested, subject to the next sentence, and shall use its commercially reasonable efforts to effect registration under the Securities Act of such shares. If a proposed public offering pursuant to this Section 5(c) is an underwritten offering, and if the managing underwriter thereof shall advise the Buyer in writing that, in its opinion, the distribution of the Registrable Securities requested to be included in the registration concurrently with the securities being registered by the Buyer or such demanding security holder would materially and adversely affect the distribution of such securities by the Buyer or such demanding security holder, then all selling security holders (including the demanding security holder who initially requested such registration) shall reduce the amount of securities each intended to distribute through such offering on a pro rata basis, it being understood that the number of securities offered by the Buyer shall not be subject to any such pro rata reduction. Except as otherwise provided in Section 5(e), all expenses of such registration shall be borne by the Buyer.

(d) *Registration Procedures.* If the Buyer is required by the provisions of Section 5(b) or (c) to effect the registration of any of its securities under the Securities Act, the Buyer will, as expeditiously as possible:

(i) prepare and file with the Commission a registration statement with respect to such securities and use its commercially reasonable efforts to cause such registration statement to become and remain effective for a period of time required for the disposition of such securities by the holders thereof (which period of time shall be no later than the period that the Registrable Securities Holders could sell or dispose the Registrable Securities without restrictions pursuant to Rule 144(k) promulgated under the Securities Act);

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all securities covered by such registration statement until the such time as all of such securities have been fully disposed of;

(iii) furnish to all selling security holders (including the Registrable Securities Holders) such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents, as such selling security holders may reasonably request;

(iv) use its commercially reasonable efforts to register or qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions within the United States and Puerto Rico as each holder of such securities shall request (*provided*, *however*, that the Buyer shall not be obligated to qualify as a foreign corporation to do business

under the laws of any jurisdiction in which it is not then qualified or to file any general consent to service or process), and do such other reasonable acts and things as may be required of it to enable such holder to consummate the disposition in such jurisdiction of the securities covered by such registration statement;

(v) furnish, at the request of the selling Registrable Securities Holder(s), on the date that such shares of Registrable Securities are delivered to the underwriters for sale pursuant to a registration that is underwritten or, if such Registrable Securities are not being sold through underwriters, on the date that the registration statement with respect to such shares of Registrable Securities becomes effective, (A) an opinion, dated such date, of the counsel representing the Buyer for the purposes of such registration, addressed to the underwriters, if any, and if such Registrable Securities are not being sold through underwriters, then to the selling Registrable Securities Holder(s), in customary form and covering matters of the type customarily covered in such legal opinions; and (B) a comfort letter dated such date, from the independent certified public accountants of the Buyer, addressed to the underwriters, if any, and the selling Registrable Securities Holder(s), in a customary form and covering matters of the type customarily covered by such comfort letters and as the they shall reasonably request;

(vi) enter into customary agreements (including an underwriting agreement in customary form, it being understood that any underwriting agreement entered into by the selling Registrable Securities Holder(s) with respect to an underwritten offering of Registrable Securities will impose customary indemnification obligations on the underwriter(s)) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities;

(vii) cooperate reasonably with any managing underwriter to effect the sale of Registrable Securities, including but not limited to attendance of the Buyer's executive officers at any planned "road show" presentations to the extent that such attendance does not unduly or unreasonably impact the performance of such officer's duties;

(viii) notify the selling Registrable Securities Holder(s) and the underwriter(s), if any, in writing at any time when the Buyer is aware that offering documents include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and at the request of any selling Registrable Securities Holder or underwriter, prepare and furnish to such person(s) such reasonable number of copies of any amendment or supplement to the offering documents as may be necessary so that, as thereafter delivered to the purchasers of such shares, such offering documents would not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and to deliver to purchasers of any other securities of the Buyer included in the offering copies of such offering documents as so amended or supplemented;

(ix) promptly notify the selling Registrable Securities Holder(s) of (A) the effectiveness of such offering documents, (B) the issuance by the Commission of an order suspending the effectiveness of the offering documents, or of the threat of any proceeding for that purpose, and (C) the suspension of the qualification of any securities to be included in the offering documents for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose; and

(x) cause all Registrable Securities registered hereunder to be listed on each securities exchange on which similar securities issued by the Buyer are then listed.

It shall be a condition precedent to the obligation of the Buyer to take any action pursuant to this Section 5 in respect of the securities which are to be registered at the request of the Registrable Securities Holder(s) that the Registrable Securities Holder(s) shall furnish to the Buyer such

information regarding the securities held by the Registrable Securities Holder(s) and the intended method of disposition thereof as the Buyer shall reasonably request and as shall be required in connection with the action taken by the Buyer.

(e) *Expenses.* All expenses incurred in complying with this Section 5, including, without limitation, all registration and filing fees (including all expenses incident to filing with the NASD), all "road show" expenses incurred by the Buyer or the Registrable Securities Holder(s) and all applicable selling security holders, printing expenses, fees and disbursements of counsel for the Buyer, the reasonable fees and expenses of one counsel for the selling security holders (selected by those holding a majority of the shares being registered), expenses of any special audits incident to or required by any such registration and expenses of complying with the securities or blue sky laws of any jurisdiction pursuant to Section 5(d)(iv), shall be paid by the Buyer, except that the Buyer shall not be liable for any fees, discounts or commissions to any underwriter or any fees or disbursements of counsel for any underwriter in respect of the securities sold by any applicable selling security holders, including the Registrable Securities Holders.

(f) *Indemnification and Contribution.*

(i) In the event of any registration of any Registrable Securities under the Securities Act pursuant to this Agreement, the Buyer shall indemnify and hold harmless the Registrable Securities Holders, their respective directors and officers, and each other person (including each underwriter) who participated in the offering of such Registrable Securities and each other person, if any, who controls the Registrable Securities Holders or such participating person within the meaning of the Securities Act (collectively, the "*Seller Indemnitees*") from and against any losses, claims, damages or liabilities, joint or several, to which a Seller Indemnitee may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon: (i) any untrue statement or any alleged untrue statement of any material fact contained or incorporated by reference, on the effective date thereof, in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, any free writing prospectus or any amendment or supplement thereto, (ii) any omission or any alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any other violation of any applicable securities laws, and in each of the foregoing circumstances shall pay for or reimburse the Seller Indemnitees for any legal or any other expenses reasonably incurred by all or any one of the Seller Indemnitees in connection with investigating or defending any such loss, claim, damage, liability or action; *provided*, *however*, that, with respect to any Seller Indemnitee, the Buyer shall not be liable in any such case to the extent that any such loss, claim, damage or liability has been found by a court of competent jurisdiction to have been based upon any actual untrue statement or actual omission made or incorporated by reference in such registration statement, preliminary prospectus, prospectus, free writing prospectus or any amendment or supplement thereto solely in reliance upon and in conformity with written information furnished to the Buyer by such Seller Indemnitee specifically for use therein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of a Seller Indemnitee, and shall survive the transfer of such securities by a Seller Indemnitee.

(ii) In the event of any registration of any Registrable Securities under the Securities Act pursuant to this Agreement, the Registrable Securities Holders, by acceptance hereof, agrees to indemnify and hold harmless the Buyer, its directors and officers and each other person, if any, who controls the Buyer within the meaning of the Securities Act and any other person (including each underwriter) who participated in the offering of such Registrable Securities (collectively, the "*Buyer Indemnitees*") against any losses, claims, damages or liabilities, joint or several, to which the Buyer Indemnitees may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon: (i) any untrue statement or any alleged untrue statement of any material fact contained or incorporated by reference, on the effective date thereof, in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, any free writing prospectus, or any amendment or supplement thereto, or (ii) any omission or any alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but in either case only to the extent that such untrue statement or omission is (A) made in reliance on and in conformity with any information furnished in writing by the Seller to the Buyer concerning the Seller specifically for inclusion in the registration statement, preliminary prospectus, prospectus, free writing prospectus or any amendment or supplement thereto relating to such offering, and (B) is not corrected by the Seller and distributed to the purchasers of shares within a reasonable period of time.

(iii) If the indemnification provided for in this Section 5 from an indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

(iv) The parties hereto agree that it would not be just and equitable if contribution pursuant to Section 5(f)(iii) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11 (f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(g) *Certain Limitations on Registration Rights*. Notwithstanding the other provisions of this Section 5, the Buyer shall have the right to delay the filing or effectiveness of a registration statement required pursuant to Section 5(b) hereof during one or more periods aggregating not more than one hundred and twenty (120) days in any twelve-month period in the event that: (i) if counsel to the Buyer is of the opinion that the filing of such a registration statement would require the disclosure of material non-public information about the Buyer, the disclosure of which the Buyer believes, in good faith, could have a material adverse effect on the business or financial condition of the Buyer or (ii) the

Buyer furnishes to the Seller or other holders requesting the filing of a registration statement, a certificate signed by the President or Chief Executive Officer of the Buyer stating that, in the good faith judgment of the Board of the Buyer, it would be seriously detrimental to the Buyer and its shareholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement.

(h) "*Market Stand-Off*" *Agreement*. The Seller (on behalf of itself and each Registrable Securities Holder) hereby agrees, in connection with any firm commitment, underwritten public offering by the Buyer of its securities, that it shall not, to the extent requested by the Buyer or an underwriter of such securities, sell or otherwise transfer or dispose of or engage in any other transaction regarding any Registrable Securities or other shares of the Buyer then owned by the Seller or any Registrable Securities Holder for a period not to exceed one hundred and eighty (180) days following the effective date of a registration statement of the Buyer filed under the Securities Act in connection with such firm commitment, underwritten public offering by the Buyer; *provided*, *however*, that the foregoing shall only be applicable if all executive officers and directors of the Buyer and holders of 5% or greater of the shares of the Buyer are required to enter into similar agreements, it being agreed that the "lock-up" period for Seller or any Registrable Securities Holder shall not to exceed the period applicable to such officers and directors and shareholders and shall in no event exceed one hundred and eighty (180) days following the effective date of such registration statement.

(i) *Resale Exemptions; Reports Under Exchange Act*. In order to permit the Seller to sell the Registrable Securities, if it so desires, pursuant to any applicable resale exemption under applicable securities laws and regulations, the Buyer will:

(i) comply with all rules and regulations of the Commission in connection with use of any such resale exemption;

(ii) make and keep available adequate and current public information regarding the Buyer;

(iii) file with the Commission in a timely manner, all reports and other documents required to be filed under the Securities Act, the Exchange Act, or other applicable securities laws and regulations;

(iv) furnish to the Registrable Securities Holders, upon written request, copies of annual reports required to be filed under the Exchange Act and other applicable securities laws and regulations; and

(v) furnish to the Registrable Securities Holders, upon written request (A) a copy of the most recent quarterly report of the Buyer and such other reports and documents filed by the Buyer with the Commission and (ii) such other information as may be reasonably required to permit the Registrable Securities Holders to sell pursuant to any applicable resale exemption under the Securities Act or other applicable securities law and regulations, if any.

(j) *Lock-up*. The Seller (on behalf of itself and each Registrable Securities Holder) hereby agrees that, without the prior written consent of the Buyer, it (a) will not, directly or indirectly, offer, sell, agree to offer or sell, solicit offers to purchase, grant any call option or purchase any put option with respect to, pledge, borrow or otherwise dispose of any of the Registrable Securities representing the Stock Consideration and (b) will not establish or increase any "put equivalent position" or liquidate or decrease any "call equivalent position" with respect to any of the Registrable Securities representing the Stock Consideration (in each case within the meaning of Section 16 of the Exchange Act), or otherwise enter into any swap, derivative or other transaction or arrangement that transfers to another, in whole or in part, any economic consequence of ownership of any of the Registrable Securities representing the Stock Consideration, whether or not such transaction is to be settled by delivery of Registrable Securities representing the Stock Consideration, other securities, cash or other consideration for a period of one hundred and eighty (180) days commencing on the date of issuance

of Registrable Securities representing the Stock Consideration; *provided*, *however*, that, notwithstanding the foregoing, the Seller and the Vessel Owning Subsidiaries shall be permitted to transfer all or any portion of the Registrable Securities representing the Stock Consideration among themselves or to any Seller Affiliate; *provided*, *further*, that prior to any such transfer the transferor at its expense shall provide to the Buyer an opinion of counsel reasonably acceptable to the Buyer to the effect that that such transfer would not require registration under the Securities Act. The Seller hereby further agrees to cause each Registrable Securities Holder to enter into a lock-up agreement giving effect to the provisions of this Section 5(j) immediately upon such Registrable Securities Holder's acquisition of Registrable Securities representing the Stock Consideration.

(k) *Termination*. The rights granted under this Section 5 shall expire at such time as the Registrable Securities Holders collectively (i) hold less than five (5%) percent of the outstanding Buyer Common Stock, or (ii) are eligible to sell their Registrable Securities without restriction under Rule 144(k) promulgated under the Securities Act (it being agreed, for purposes of this Section 5(k)(ii), that the Buyer, upon the request of a Registrable Securities Holder and at its expense, shall provide to Buyer's transfer agent a legal opinion of its counsel regarding the ability of such holder to sell its Registrable Securities under Rule 144(k) and any appropriate legend removal instructions).

(l) *Legends*. The Seller hereby acknowledges and agrees that the Buyer shall legend the share certificates representing the Registrable Securities to reflect the restrictions on transfer contained in this Agreement and may issue to its transfer agent a stop transfer instruction in relation thereto. Such legend shall state:

> THE SHARES OF COMMON STOCK REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION. THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AN AGREEMENT BY THE REGISTERED HOLDER WITH THE COMPANY NOT TO SELL SUCH SHARES FOR A PERIOD OF 180 DAYS FOLLOWING THE DATE OF ISSUANCE OF THE SHARES.

SECTION 6. *Director Nominees*. Subject to satisfactory due diligence, including but not limited to, completion of Directors' & Officers' questionnaires, the Seller shall have the right to nominate and the Buyer and Star Maritime hereby agree to cause the appointment and election of two (2) members of the board of directors of the Buyer, it being understood and agreed that the initial nominees and directors (to be listed in the registration/proxy statement referred to in Section 4(a) hereof) shall be Mr. Nobu Su and Mr. Peter Espig, each of whom shall serve upon the Effective Date of Merger for one (1) year therefrom in the case of Mr. Nobu Su and for two (2) years therefrom in the case of Mr. Peter Espig or until their successors have been duly elected and qualified. For so long as Mr. Nobu Su serves on the board of directors of the Buyer, he shall receive the title of non-executive Co-Chairman of the Buyer.

SECTION 7. *Third Party Agreements*. The Buyer or any of its subsidiaries or affiliates may enter into agreements to purchase vessels and other assets other than the Vessels. This Master Agreement shall in no way restrict or prohibit the Buyer or its subsidiaries or affiliates from negotiating or completing such transactions. The Seller or any of its subsidiaries or affiliates may enter into agreements relating to vessels or other assets other than the Vessels; provided that, in no event shall the Seller or any of its subsidiaries enter into any agreements, negotiations or transactions that would

materially adversely affect the obligations of the Seller or any of its Vessel Owning Subsidiaries hereunder.

SECTION 8. *Representations and Warranties of the Seller*. The Seller (on behalf of itself and, with respect to the representations and warranties contained in subsections (e) through (h), each Registrable Securities Holder) hereby makes the following representations and warranties to the Buyer and Star Maritime:

(a) it is duly organized and existing under the laws of the jurisdiction of its organization with full power and authority to execute and deliver this Agreement and to perform all of the duties and obligations to be performed by it under this Agreement;

(b) this Agreement has been duly authorized, executed and delivered by it, and constitutes its valid, legal and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application relating to or affecting the enforcement of creditors' rights in general or by general principles of equity whether considered in a proceeding at law or equity;

(c) its execution and delivery of, the performance and incurrence by it of its obligations and liabilities under, and the consummation by it of the other transactions contemplated by, this Agreement do not and will not (i) violate any provision of its organizational documents, (ii) violate any applicable law, rule or regulation, (iii) violate any order, writ, injunction or decree of any court or governmental or regulatory authority or agency or any arbitral award applicable to it or its affiliates or (iv) subject to the consent of applicable charterers of the Vessels, result in a breach of, constitute a default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to the terms of, any agreement or instrument of which it is a party or by which it is bound or to which it is subject, or result in the creation or imposition of any lien upon any property of it pursuant to the terms of any such agreement or instrument, in the case of (i), (ii), (iii) or (iv) which could have a material adverse effect on the transactions contemplated hereby;

(d) there are no legal or governmental actions, suits or proceedings pending or, to its knowledge, threatened against it before any court, administrative agency or tribunal which, if determined adversely to it, could reasonably be expected to adversely affect the ability of it to perform its obligations under this Agreement;

(e) it is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act;

(f) it has received or has had full access to all the information it considers necessary or appropriate to make an informed decision with respect to the acquisition of Buyer Common Stock;

(g) the Buyer Common Stock being acquired by it are being acquired for its own account for the purpose of investment and not with a view to, or for resale in connection with, any distribution thereof within the meaning of the Securities Act; and

(h) it understands that (i) the shares of Buyer Common Stock have not been registered under the Securities Act by reason of their issuance in a transaction exempt from the registration requirements of the Securities Act, (ii) the shares of Buyer Common Stock must be held indefinitely (subject, however, to the Buyer's obligation to effect the registration of registrable securities in accordance with Section 5 hereof) unless a subsequent disposition thereof is registered under the Securities Act or is exempt from such registration, and (iii) the shares of Buyer Common Stock will bear the legend to such effect set forth in Section 5(1) hereof.

SECTION 9. *Representations and Warranties of the Buyer*. The Buyer makes the following representations and warranties to the Seller and Star Maritime:

(a) it is duly organized and existing under the laws of the jurisdiction of its organization with full power and authority to execute and deliver this Agreement and to perform all of the duties and obligations to be performed by it under this Agreement;

(b) this Agreement has been duly authorized, executed and delivered by it, and constitutes its valid, legal and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application relating to or affecting the enforcement of creditors' rights in general or by general principles of equity whether considered in a proceeding at law or equity;

(c) its execution and delivery of, the performance and incurrence by it of its obligations and liabilities under, and the consummation by it of the other transactions contemplated by, this Agreement do not and will not (i) violate any provision of its organizational documents, (ii) violate any applicable law, rule or regulation, (iii) violate any order, writ, injunction or decree of any court or governmental or regulatory authority or agency or any arbitral award applicable to it or its affiliates or (iv) result in a breach of, constitute a default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to the terms of, any agreement or instrument of which it is a party or by which it is bound or to which it is subject, or result in the creation or imposition of any lien upon any property of it pursuant to the terms of any such agreement or instrument, in the case of (i), (ii), (iii) or (iv) which could have a material adverse effect on the transactions contemplated hereby; and

(d) there are no legal or governmental actions, suits or proceedings pending or, to its actual knowledge, threatened against it before any court, administrative agency or tribunal which, if determined adversely to it, could reasonably be expected to adversely affect the ability of it to perform its obligations under this Agreement.

SECTION 10. *Representations and Warranties of Star Maritime*. Star Maritime makes the following representations and warranties to the Seller and the Buyer:

(a) it is duly organized and existing under the laws of the jurisdiction of its organization with full power and authority to execute and deliver this Agreement and to perform all of the duties and obligations to be performed by it under this Agreement;

(b) this Agreement has been duly authorized, executed and delivered by it, and constitutes its valid, legal and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application relating to or affecting the enforcement of creditors' rights in general or by general principles of equity whether considered in a proceeding at law or equity;

(c) its execution and delivery of, the performance and incurrence by it of its obligations and liabilities under, and the consummation by it of the other transactions contemplated by, this Agreement do not and will not (i) violate any provision of its organizational documents, (ii) violate any applicable law, rule or regulation, (iii) violate any order, writ, injunction or decree of any court or governmental or regulatory authority or agency or any arbitral award applicable to it or its affiliates or (iv) result in a breach of, constitute a default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to the terms of, any agreement or instrument of which it is a party or by which it is bound or to which it is subject, or result in the creation or imposition of any lien upon any property of it pursuant to the terms of any such agreement or instrument, in the case of (i), (ii), (iii) or (iv) which could have a material adverse effect on the transactions contemplated hereby; and

(d) there are no legal or governmental actions, suits or proceedings pending or, to its actual knowledge, threatened against it before any court, administrative agency or tribunal which, if determined adversely to it, could reasonably be expected to adversely affect the ability of it to perform its obligations under this Agreement.

SECTION 11. *Conditions Precedent to the Obligations of the Seller*. The obligation of the Seller and the Vessel Owning Subsidiaries to sell and deliver the Vessels to the Buyer is subject to the satisfaction or waiver of the following conditions, which conditions are intended wholly for the benefit of the Seller and the applicable Vessel Owning Subsidiary (with respect to each Vessel):

(a) *Due Authorization, Execution and Delivery*. This Agreement shall have been duly authorized, executed and delivered by the Buyer and Star Maritime, shall be in full force and effect and executed counterparts thereof shall have been delivered to the Seller;

(b) *Representations and Warranties*. The representations and warranties of the Buyer and Star Maritime contained in this Agreement shall be true and correct;

(c) *Illegality.* The performance of the transactions contemplated hereby upon the terms and subject to the conditions set forth in this Agreement shall not, in the reasonable judgment of the Seller, violate, and shall not subject the Seller, any Vessel Owning Subsidiary or any Seller Affiliate to any material penalty or liability under, any law, rule or regulation binding upon any of them;

(d) *No Proceedings.* No legal or governmental action, suit or proceeding shall have been instituted or threatened before any court, administrative agency or tribunal, nor shall any order, judgment or decree have been issued or proposed to be issued by any court, administrative agency or tribunal, to set aside, restrain, enjoin or prevent the consummation of this Agreement or the transactions contemplated hereby.

(e) *Performance of Obligations.* Star Maritime, the Buyer and Buyer's Vessel purchasing nominees shall have performed all obligations required of them under this Agreement, the Supplemental Agreement and the MOAs in all material respects.

SECTION 12. *Conditions Precedent to the Obligations of the Buyer*. The obligation of the Buyer to purchase the Vessels from the Seller or the Vessel Owning Subsidiaries is subject to the satisfaction or waiver of the following conditions, which conditions are intended wholly for the benefit of the Buyer:

(a) *Due Authorization. Execution and Delivery.* This Agreement shall have been duly authorized, executed and delivered by the Seller, shall be in full force and effect and executed counterparts thereof shall have been delivered to the Buyer;

(b) *Representations and Warranties.* The representations and warranties of the Seller contained in this Agreement shall be true and correct;

(c) *Illegality.* The performance of the transactions contemplated hereby upon the terms and subject to the conditions set forth in this Agreement shall not, in the reasonable judgment of the Buyer, violate, and shall not subject the Buyer to any material penalty or liability under, any law, rule or regulation binding upon the Buyer;

(d) *No Proceedings.* No legal or governmental action, suit or proceeding shall have been instituted or threatened before any court, administrative agency or tribunal, nor shall any order, judgment or decree have been issued or proposed to be issued by any court, administrative agency or tribunal, to set aside, restrain, enjoin or prevent the consummation of this Agreement or the transactions contemplated hereby.

(e) *Performance of Obligations.* The Seller and each Vessel Owning Subsidiary shall have performed all obligations required of them under this Agreement, the Supplemental Agreement and the

MOAs in all material respects.

SECTION 13. *Further Assurances and Other Matters*. Each of the Seller, the Buyer and Star Maritime agrees, upon the request of the other party, at any time and from time to time, promptly to execute and deliver all such further documents, promptly to take and forbear from all such action, and obtain all approvals, consents, exemptions or authorizations from such governmental agencies or authorities as may be necessary or reasonably appropriate in order to effect the Merger and more effectively confirm or carry out the provisions of this Agreement and the other documents entered into in connection herewith.

SECTION 14. *Term and Termination*. This Agreement shall terminate and be of no further force and effect: (i) upon satisfaction or waiver of all obligations of all parties arising under this Agreement, the Supplemental Agreement and the MOAs or (ii) in the event that the stockholders of Star Maritime do not approve the Merger or the sale and purchase of the Vessels as contemplated by this Agreement, the Supplemental Agreement and the MOAs, provided, however that Sections 6, 7 and 15 hereof shall survive the termination of this Agreement and remain in full force and effect if such termination is as a result of satisfaction or waiver of all obligations of all parties arising under the MOAs.

SECTION 15. *Miscellaneous*.

(a) *Termination of Memorandum of Understanding.* The Memorandum of Understanding is hereby terminated and of no force and effect.

(b) *Notices.* All notices provided hereunder shall be given in writing and either delivered personally or by overnight courier service or sent by certified mail, return receipt requested, or by facsimile transmission,

if to the Buyer, to:

Star Bulk Carriers Corp.
c/o Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004
Attention: Derick Betts, Esq.
Robert E. Lustrin, Esq.
Fax No: +1(212) 480-8421

if to Star Maritime, to:

Star Bulk Carriers Corp.
c/o Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004
Attention: Derick Betts, Esq.
Robert E. Lustrin, Esq.
Fax No: +1 (212) 480-8421

if to the Seller to:

TMT Co., Ltd.
12 Floor 167 FU HSN NORTH ROAD
Taipei 105
Taiwan, Republic of China
Attention: Corporate Secretary
Telephone: 011 866 2 221750229

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

Ellenoff Grossman & Schole LLP
370 Lexington Avenue
New York, NY 10017
Attention: Douglas S. Ellenoff, Esq.
Fax No.: (212) 370-7889

or to such other address as the parties shall from time to time designate in writing. Any notice delivered personally or by fax shall be deemed given upon receipt (with confirmation of receipt required in the case of fax transmissions); any notice given by overnight courier shall be deemed given on the next business day after delivery to the overnight courier; and any notice given by certified mail shall be deemed given upon the second business day after certification thereof.

(c) *Governing Law.* This Agreement shall be governed by and construed under the laws of the State of New York without regard to conflicts of laws principles. Any action or proceeding (other than with respect to disputes under the MOAs and the Supplemental Agreement, which shall be subject to the dispute resolution provisions thereof) seeking to enforce any provision of, or based on any right arising out of, this Agreement shall be brought against the parties hereto or thereto in the courts of the State of New York, County of New York, or, if it has or can acquire jurisdiction, in the United States District Court for the Southern District of New York, and each of the parties consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. The parties hereby expressly waive all rights to trial by jury in any suit, action or proceeding arising under this Agreement.

(d) *Survival of Representations and Warranties.* All representations and warranties contained herein shall survive any termination of this Agreement for a period of two (2) years.

(e) *Headings.* Headings used herein are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, this Agreement.

(f) *Severabilitv.* Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(g) *Amendments in Writing.* No amendment, modification, waiver, termination or discharge of any provision of this Agreement, or any consent to any departure by each of the Seller, the Buyer or Star Maritime from any provision hereof, shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and each such amendment, modification, waiver, termination or discharge shall be effective only in the specific instance and for the specific purpose for which given. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance or any other matter not set forth in an agreement in writing and signed by the parties hereto.

(h) *Expenses.* Each party shall be responsible for its own expenses in connection with the preparation, negotiation, execution and delivery of the MOAs, the Supplemental Agreement and this Agreement; provided, however, that regardless of whether this Agreement or the transactions contemplated hereby are terminated, Star Maritime shall pay for or reimburse the Seller for all reasonable fees and expenses of its legal counsel in connection with the preparation, negotiation, execution and delivery of the MOAs, the Supplemental Agreement and this Agreement up to $25,000. The Buyer shall also be responsible for all the reasonable expenses of the Seller in connection with soliciting the stockholders vote in favor of, and the approval of, the Merger and transactions contemplated in this Agreement, the MOAs and the Supplemental Agreement, including all "road

show," travel and lodging expenses, all reasonable fees and expenses of legal counsel, accountants and other advisors and consultants of the Seller.

(i) *Execution in Counterparts.* This Agreement and any amendment, waiver or consent hereto may be executed by the parties hereto in separate counterparts (or upon separate signature pages bound together into one or more counterparts), each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute one and the same instrument. All such counterparts may be delivered among the parties hereto by facsimile or other electronic transmission, which shall not affect the validity thereof.

(j) *Entire Agreement.* This Agreement and the other documents referred to herein or therein, on and as of the date hereof, constitute the entire agreement of the parties hereto with respect to the subject matter hereof or thereof, and all prior or contemporaneous understandings or agreements, whether written or oral between the parties hereto with respect to such subject matter (including, without limitation, the Memorandum of Understanding) are hereby superseded in their entirety.

(k) *Exhibits and Schedules.* The exhibits attached hereto or any schedules referenced in this Agreement are incorporated by reference herein and shall have the same force and effect with respect to the provisions set forth therein as though fully set forth in this Agreement.

(l) *Successors and Assigns.* This Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors and assigns; provided, that, except for permitted transferees of Registrable Securities, who shall be entitled to the benefits of Section 5 hereof, none of the Buyer, the Seller or Star Maritime may assign any of its obligations hereunder without the prior written consent of the other party.

(m) *Third-Party Beneficiaries.* The Buyer and Star Maritime hereby acknowledge and agree that each Vessel Owning Subsidiary shall be a third party beneficiary of the obligations of the Buyer and Star Maritime under this Agreement and each Registrable Security Holder, other than the Seller and each Vessel Owning Subsidiary, shall be a third party beneficiary only with respect to Section 5 of this Agreement and all such entities shall be entitled to enforce such obligations directly against the Buyer and Star Maritime as if they were a party hereto.

(n) *Non Waiver.* Any failure at any time of either party to enforce any provision of this Agreement shall neither constitute a waiver of such provision nor prejudice the right of any party hereto to enforce such provision at any subsequent time.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and date first above written.

TMT CO., LTD.
for itself individually and for/on behalf of each of the Vessel Owning Subsidiaries and the Registrable Security Hotders

By: /s/ NOBU SU

Name: Nobu Su
Title: Chairman and Chief Executive Officer

STAR BULK CARRIERS CORP.,
for itself individually and for/on behalf of each of its nominees

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: President

STAR MARITIME ACQUISITION CORP.

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: Chairman, Chief Executive Officer and President

Exhibit A

MEMORANDA OF AGREEMENT

[*Attached*]

J-18

Exhibit B

SUPPLEMENTAL AGREEMENT

[*Attached*]

J-19

AMENDMENT TO MASTER AGREEMENT

TMT CO., LTD., a Taiwan corporation (the "*Seller*"), STAR BULK CARRIERS CORP., a Marshall Islands corporation (the "*Buyer*"), and STAR MARITIME ACQUISITION CORP., a Delaware corporation ("*Star Maritime*"), hereby amend the MASTER AGREEMENT dated as of January 12, 2007 (the "*Master Agreement*") by and among the Seller, the Buyer and Star Maritime, as follows:

1. The definition of the term "Forecasted Annual Consolidated Revenue" contained in Section 1 of the Master Agreement is hereby amended in its entirety to read as follows:

> "Forecasted Annual Consolidated Revenue" shall mean: (a) for purposes of Section 2(b)(1) of this Agreement (i) if the Effective Date of Merger occurs on or prior to June 30, 2007, an amount equal to $40 million, or (ii) if the Effective Date of Merger occurs after June 30, 2007, an amount equal to the product of (A) $40 million and (B) the ratio, expressed as a percentage, of the number of days from the Effective Date of Merger to December 31, 2007 over 180; and (b) for purposes of Section 2(b)(2) of this Agreement, $90 million.

2. All capitalized terms used herein shall have the meanings assigned to them in the Master Agreement, unless defined herein or the context otherwise requires. To the extent that this amendment conflicts with the Master Agreement, this amendment shall govern. Except as amended hereby, all of the provisions of the Master Agreement shall remain and continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to Master Agreement to be executed as of February 28, 2007.

TMT CO., LTD.
for itself individually and for/on behalf of each of the Vessel Owning Subsidiaries and the Registrable Security Holders

By: /s/ NOBU SU

Name: Nobu Su
Title: Chairman and Chief Executive Officer

STAR BULK CARRIERS CORP.,
for itself individually and for/on behalf of each of its nominees

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: President, CEO

STAR MARITIME ACQUISITION CORP.

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: President, CEO

AMENDMENT NO. 2 TO MASTER AGREEMENT

Reference is made to the MASTER AGREEMENT dated as of January 12, 2007 (the "Master Agreement") by and among TMT CO., LTD., a Taiwan corporation (the "Seller"), STAR BULK CARRIERS CORP., a Marshall Islands corporation (the "Buyer"), and STAR MARITIME ACQUISITION CORP., a Delaware corporation ("Star Maritime") as amended by the AMENDMENT to the MASTER AGREEMENT dated as of February 14, 2007.

The parties wish to further amend the MASTER AGREEMENT as follows:

1. Section 2(b) is hereby deleted in its entirety and amended to read as follows:

(b) In addition to the Aggregate Purchase Price:

(1) Seller shall be entitled to receive, promptly following the Buyer's filing of its Annual Report on Form 20-F for the Buyer's fiscal year ended December 31, 2007, an additional 803,481 shares of Buyer Common Stock (which shall be issued no later than ten (10) business days following the filing of such Annual Report to the Seller, the Vessel Owning Subsidiaries and/or a Seller Affiliate, as directed by the Seller); plus

(2) With respect to the first full fiscal year of the Buyer following the Merger commencing on January 1, 2008 and ending on December 31, 2008, the Seller shall be entitled to receive, promptly following the Buyer's filing of its Annual Report on Form 20-F for such fiscal year, an additional 803,481 shares of Buyer Common Stock (which shall be issued no later than ten (10) business days following the filing of such Annual Report to the Seller, the Vessel Owning Subsidiaries or a Seller Affiliate, as directed by the Seller).

2. All capitalized terms used herein shall have the meanings assigned to them in the Master Agreement, unless defined herein or the context otherwise requires. To the extent that this amendment conflicts with the Master Agreement, this amendment shall govern. Except as amended hereby, all of the provisions of the Master Agreement shall remain and continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to Master Agreement to be executed as of October 3, 2007.

TMT CO., LTD.
for itself individually and for/on behalf of each of the Vessel Owning Subsidiaries and the Registrable Security Holders

By: /s/ NOBU SU

Name: Nobu Su
Title: Chief Executive Officer

STAR BULK CARRIERS CORP.,
for itself individually and for/on behalf of each of its nominees

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: President and Chief Executive Officer

STAR MARITIME ACQUISITION CORP.

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: President and Chief Executive Officer

Appendix K

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

STAR BULK CARRIERS CORP.

and

STAR MARITIME ACQUISITION CORP.

Dated as of March 14, 2007

K-1

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "*Agreement*") is made and entered into as of March 14, 2007 by and among Star Bulk Carriers Corp., a corporation organized under the laws of the Republic of the Marshall Islands ("*Star Bulk*") and Star Maritime Acquisition Corp., a corporation organized under the laws of the State of Delaware ("*Star Maritime*").

WITNESSETH:

WHEREAS, Star Maritime currently is the owner of record of 500 shares of common stock of Star Bulk (the "Initial Shares") representing all of the issued and outstanding shares of Star Bulk;

WHEREAS, Star Bulk has entered into a Master Agreement with Star Maritime and TMT Co., Ltd. a Taiwan corporation ("TMT") dated January 12, 2007 (the "Master Agreement"), eight memoranda of agreement with TMT and certain wholly-owned subsidiaries of TMT for the purchase of a total of eight vessels by Star Bulk from TMT and such subsidiaries (the "MOAs"), as supplemented by a Supplemental Agreement dated January 12, 2007 by and among Star Maritime, Star Bulk and TMT (the "Supplemental Agreement and, together with the Master Agreement and the MOAs, the "Vessel Acquisition Agreements") providing for the acquisition by Star Bulk of eight vessel from TMT for a total consideration of $345,237,520, consisting of 12,537,645 shares of common stock of Star Bulk and cash;

WHEREAS, the effectiveness of the Vessel Acquisition Agreements being made specifically contingent upon this Agreement and Plan of Merger being approved by Star Maritime and Star Maritime's shareholders and the Merger being effected;

WHEREAS, the boards of directors of each of Star Maritime and Star Bulk believe it is in the best interests of Star Maritime and its shareholders on the one hand and Star Bulk and Star Maritime, Star Bulk's 100% parent, on the other hand, that Star Maritime enter into a business combination through the merger of Star Maritime with and into Star Bulk, with Star Bulk being the survivor of the merger (the "*Merger*") and, in furtherance thereof, have approved the Merger;

WHEREAS, pursuant to the Merger, among other things, each of the issued and outstanding common shares of Star Maritime (the "*Star Maritime Shares*") shall be converted into the right to receive common shares of Star Bulk, par value $0.01 per share (the "*Star Bulk Shares*") and each outstanding warrant of Star Maritime (the "*Star Maritime Warrants*" will be assumed by Star Bulk with the same terms and restrictions except that each will be exercisable for common stock of Star Bulk (the "*Star Bulk Warrants*");

WHEREAS, the parties intend that the Merger shall constitute a plan of reorganization pursuant to Section 368 of the Code (as defined below);

WHEREAS, Star Maritime and Star Bulk desire to make certain representations, warranties, covenants and other agreements in connection with the Merger.

NOW, THEREFORE, in consideration of the foregoing premises and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

Article I.

DEFINITIONS

1.1 *Definitions.*

Except as otherwise specified herein, the following terms, when used in this Agreement, have the respective meanings set forth below:

"**Action**" means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such other Person.

"**Business Day**" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the City of New York.

"**Code**" means the United States Internal Revenue Code of 1986.

"**Control**" means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms "*Controlled*" and "*Controlling*" shall have a correlative meaning.

"**Dollar**" or "**$**" means the United States Dollar.

"**ERISA**" means the United States Employee Retirement Income Security Act of 1974, and the rules and regulations promulgated thereunder.

"**Exchange Act**" shall mean the United States Securities Exchange Act of 1934.

"**Exchange Ratio**" means 1.0.

"**GAAP**" means United States generally accepted accounting principles as in effect, from time to time, consistently applied.

"**Governmental Authority**" means any United States (federal, state or local) or foreign government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

"**Knowledge of Star Bulk" or "Knowledge"** with respect to Star Bulk means the knowledge of any officer or director of Star Bulk.

"Knowledge of Star Maritime" or "Knowledge" with respect to Star Maritime means the knowledge of any officer or director of Star Maritime.

"**Law**" means any United States (federal, state or local) or foreign statute, law, ordinance, regulation, rule, code, order, judgment, injunction or decree.

"**Lien**" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, whether voluntarily incurred or arising by operation of Law or otherwise, in respect of such property or asset.

"**Material Adverse Effect**" means with respect to Star Bulk or Star Maritime, as applicable, a material adverse effect on the business, operations, properties, assets, condition (financial or otherwise) or results of operations of it and its subsidiaries taken as a whole, or on its ability to consummate the

transactions contemplated hereby except (i) any effect arising from this Agreement or the transactions contemplated hereby, (ii) any effect applicable generally to the industries in which Star Bulk and the Subsidiaries operate and (iii) general economic or financial effects.

"**Order**" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"**Per Share Merger Consideration**" means for each share of common stock of Star Maritime, the right to receive consideration equal to one (1) fully paid and nonassessable Star Bulk Share.

"**Person**" means any natural person, general or limited partnership, corporation, limited liability company, firm, association, trust or other legal entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**RMI**" means Republic of the Marshall Islands.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Act**" shall mean the Securities Act of 1933.

"**Subsidiaries**" means Star Alpha Inc., Star Beta Inc., Star Gamma Inc., Star Delta Inc., Star Epsilon Inc., Star Zeta Inc., Star Theta Inc. and Star Iota Inc., each of which is a "Subsidiary" and all of which are Subsidiaries of Star Bulk. Each subsidiary is a corporation organized under the laws of the RMI.

"**Tax**" or "**Taxes**" means all United States (federal, state or local) or foreign income, excise, gross receipts, ad valorem, sales, use, employment, franchise, profits, gains, property, transfer, use, payroll, intangibles or other taxes, fees, stamp taxes, duties, charges, levies or assessments of any kind whatsoever (whether payable directly or by withholding), together with any interest and any penalties, additions to tax or additional amounts imposed by any Tax authority with respect thereto.

"**Tax Returns**" means all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax authority relating to Taxes.

"**Trademarks**" means all of those trade names, trademarks, service marks, jingles, slogans, logos, trademark and service mark registrations and trademark and service mark applications owned, used, held for use, licensed by or leased by Star Bulk or the Subsidiaries and the goodwill appurtenant thereto.

1.2 *Other Defined Terms.*

Except as otherwise specified herein, the following terms have the respective meanings as defined in the Sections set forth below:

Term Agreement	Section Preamble
BCA	2.1
Certificate and Certificates	2.6
Closing and Closing Date	2.2
Contracts	3.5(b)
DGCL	2.1
Effective Time	2.2
Enforceability Exception	3.4(a)
Environmental Laws	3.8(c)
Exchange Act Listing	6.5
Exchange Agent	2.9(a)

Term Agreement	Section Preamble

Indemnified Party	9.3(a)
Indemnifying Party	9.3(a)
Initial Shares	Recitals
Loss	9.2(a)
Master Agreement	Recitals
Merger	Recitals
Merger Certificate	2.2
MOAs	Recitals
Notice of Claim	9.3(a)
Proxy Statement	6.2
Redemption Shares	2.7
Star Bulk	Preamble
Star Bulk Acquisition Transaction	5.2(a)
Star Bulk Financial Statement	3.13
Star Bulk Registration Statement	6.2
Star Bulk Shares	Recitals
Star Bulk Warrants	Recitals
Star Maritime	Preamble
Star Maritime Acquisition Transaction	5.2(b)
Star Maritime Shares	Recitals
Star Maritime Warrants	Recitals
Star Maritime Contracts	4.5
Star Maritime Directors	6.4
Star Maritime Financial Statements	4.13
Star Maritime Permits	4.9
Star Maritime Special Meeting	3.10
Star Maritime Stockholders' Approval	6.4
Star Maritime's SEC Reports	4.14
Stock Exchange Listing	6.5
Supplemental Agreement	Recitals
Surviving Corporation	2.1
Vessel Acquisition Agreements	Recitals
Vessels	3.9(b)(2)

1.3 *Rules of Construction.*

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) "or" is not exclusive;

(d) "including" means including without limitation;

(e) words in the singular include the plural and words in the plural include the singular; and

(f) any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented (as provided in such agreements) and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

Article II.

THE MERGER

2.1 *The Merger.*

Upon the terms and conditions set forth in this Agreement, and in accordance with the applicable provisions of the Marshall Islands Business Corporation Act (the "BCA") and the Delaware General Corporation Law (the "DGCL"), Star Maritime shall be merged with and into Star Bulk at the Effective Time. At the Effective Time, the separate corporate existence of Star Maritime shall cease, and Star Bulk shall continue as the surviving corporation. The surviving corporation in the Merger is sometimes referred to as the "Surviving Corporation."

2.2 *Closing; Effective Time.*

The closing of the Merger (the "Closing") shall take place at 10:00 a.m. Eastern Time at the offices of Seward & Kissel LLP, One Battery Park Plaza, New York, New York 10004, on the first Business Day following the date on which the last of the conditions set forth in Article VII hereof is fulfilled or waived, or at such other time and place as Star Maritime and Star Bulk shall agree (the date on which the closing occurs being the "Closing Date"). On the Closing Date, the parties shall cause the Merger to be consummated by filing a Certificate of Merger or like instrument (the "Merger Certificate") with the Registrar of Corporations of the Republic of the Marshall Islands, in accordance with the applicable provisions of the BCA (the time of acceptance by the Registrar of Corporations of such filing being referred to herein as the "Effective Time") and with the Secretary of State of the State of Delaware, in accordance with the applicable provisions of the DGCL.

2.3 *Effect of the Merger.*

At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of the BCA and the DGCL. Without limiting the generality of the foregoing, at the Effective Time, all the property, rights, privileges, powers and franchises of Star Maritime shall vest in the Surviving Corporation, and all debts, liabilities and duties of Star Maritime shall become the debts, liabilities and duties of the Surviving Corporation.

2.4 *Articles of Incorporation; By-laws.*

Prior to the filing of the Star Bulk Registration Statement, Star Bulk shall amend its Articles of Incorporation and By-laws on terms reasonably satisfactory to Star Maritime. At the Effective Time, these amended Articles of Incorporation and By-laws shall be the Articles of Incorporation and By-laws of the Surviving Corporation.

2.5 *Directors and Officers.*

The directors of the Surviving Corporation immediately after the Effective Time shall be the directors set forth in Schedule 2.5, each to hold the office of director of the Surviving Corporation in accordance with the provisions of the applicable laws of the Republic of the Marshall Islands and the Articles of Incorporation and By-laws of the Surviving Corporation (as amended pursuant to Section 2.4 above) until their successors are duly qualified and elected. The officers of the Surviving Corporation immediately after the Effective Time shall be such officers as are appointed by the Board of Directors of Star Bulk after the date hereof, each to hold office in accordance with the provisions of the By-laws of the Surviving Corporation (as amended pursuant to Section 2.4 above).

2.6 *Conversion of Star Maritime Capital Stock.*

Subject to Sections 2.7 and 2.9(e), each share of Star Maritime common stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive, at the election of the holder thereof, the Per Share Merger Consideration. At the Effective Time, all Star Maritime Shares converted as set forth above shall no longer be outstanding and shall automatically be

canceled and shall cease to exist, and each holder of a certificate or certificates that immediately prior to the Effective Time represented any such Star Maritime Shares (the "Certificates" and each, a "Certificate") shall cease to have any rights with respect thereto, except the right to receive the Per Share Merger Consideration and certain dividends or other distributions in accordance with Section 2.9(c) upon the surrender of such Certificate, in accordance with Section 2.9(b). Each Star Maritime Warrant issued and outstanding immediately prior to the Effective Time shall be convertible into a Star Bulk Warrants and shall be convertible into Star Bulk Shares as described in Section 6.6 of this Agreement. Schedule 2.6 lists, as of the Effective Time, the number of Star Bulk Shares which shall be issued to any Star Maritime security holder pursuant to this Section 2.6 and Section 6.6 hereof, assuming that all outstanding Star Maritime Shares are exchanged for, or converted to, Star Bulk Shares as contemplated by this Agreement. Each share of Star Bulk owned by Star Maritime at the time of the Merger shall be cancelled.

2.7 *Redemption Rights.*

Notwithstanding any other provisions of this Agreement to the contrary, if the Merger is approved by the shareholders of Star Maritime, Star Maritime Shares that are outstanding immediately prior to the Closing and which are held by Star Maritime stockholders who shall have voted against the Merger and who shall have demanded properly, in writing, redemption of such shares in accordance with the procedures set forth in the Proxy Statement (collectively, the "Redemption Shares") shall not be converted into or represent the right to receive the Per Share Merger Consideration. Such Star Maritime stockholders shall be entitled to receive for each Redemption Share held by them, payment of $10.00 per share, which amount represents $9.80 per share plus their pro rata share of any accrued on the escrow account (net of taxes payable) not previously distributed by Star Maritime and $0.20 per share plus interest thereon (net of taxes payable) of contingent underwriting compensation which the underwriters of Star Maritime's initial public offering have agreed to forfeit to pay redeeming shareholders, calculated as of two days prior to the Closing Date. Star Maritime Shares held by Star Maritime stockholders who failed to properly demand redemption of their Star Maritime Shares shall thereupon be deemed to have converted into and to become exchangeable of the right to receive, without any interest thereon, the Per Share Merger Consideration, upon surrender, in the manner provided in Section 2.6 above, of the Certificate or Certificates that formerly evidenced such shares of Star Maritime Shares. Any payments required to be made to the holders of any Redemption Shares shall be funded by Star Bulk.

2.8 *Anti-Dilution Provisions.*

In the event Star Bulk changes (or establishes a record date for changing) the number of Star Bulk Shares issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, recapitalization, subdivision, reclassification, combination, exchange of shares or similar transaction with respect to the outstanding Star Bulk Shares and the record date therefor shall be prior to the Effective Time, the Exchange Ratio and the Per Share Merger Consideration shall be proportionately adjusted to reflect such stock split, stock dividend, recapitalization, subdivision, reclassification, combination, exchange of shares or similar transaction.

2.9 *Surrender of Certificates.*

(a) *Exchange Agent*. As of the Effective Time, Star Bulk shall deposit with such bank or trust company as may be designated by Star Bulk and reasonably acceptable to Star Maritime (the "*Exchange Agent*"), for the benefit of the holders of shares of Star Maritime Capital Stock, for exchange in accordance with this Section 2.9, through the Exchange Agent, the Star Bulk Shares issuable pursuant to Section 2.6 in exchange for outstanding shares of Star Maritime Shares. At the time of such deposit, Star Bulk shall irrevocably instruct the Exchange Agent to deliver the Star Bulk Shares to Star Maritime's stockholders after the Effective Time in accordance with the procedures set forth in this Section 2.9, subject to Sections 2.9(f) and (g).

(b) *Exchange Procedures*. As soon as reasonably practicable after the Effective Time, the Exchange Agent shall mail to each holder of record of a Certificate whose shares were converted into the right to receive the applicable Per Share Merger Consideration pursuant to Section 2.6, a letter of transmittal (in form and substance satisfactory to Star Bulk and Star Maritime), with instructions for use in surrendering the Certificates in exchange for the applicable Per Share Merger Consideration with respect thereto. Upon surrender of a Certificate for cancellation to the Exchange Agent, together with such letter of transmittal, duly completed and validly executed, and such other documents as may reasonably be required by the Exchange Agent, the holder of such Certificate shall be entitled to receive in exchange therefor that number of whole Star Bulk Shares in accordance with Section 2.9(e), together with certain dividends or other distributions in accordance with Section 2.9(c), and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of Star Maritime Shares that is not registered in the transfer records of Star Maritime, a certificate evidencing the proper number of Star Bulk Shares may be issued in exchange therefor to a person other than the person in whose name the Certificate so surrendered is registered if such Certificate shall be properly endorsed or otherwise be in proper form for transfer and the person requesting such issuance shall pay any transfer or other taxes required by reason of the issuance of Star Bulk Shares to a person other than the registered holder of such Certificate or establish to the satisfaction of Star Bulk that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section 2.9(b), each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Per Share Merger Consideration that the holder thereof has the right to receive pursuant to the provisions of Section 2.6, plus certain dividends or other distributions in accordance with Section 2.9(c).

(c) *Distributions with Respect to Unexchanged Shares*. No dividends or other distributions declared or made with respect to Star Bulk Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to Star Bulk Shares represented thereby, if any, and all such dividends and other distributions shall be paid by Star Bulk to the Exchange Agent, until the surrender of such Certificate in accordance with this Article II. Subject to the effect of applicable escheat or similar laws, following surrender of any such Certificate there shall be paid to the holder of whole Star Bulk Shares issued in exchange therefor, without interest, (i) at the time of such surrender, the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole Star Bulk Shares and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender and with a payment date subsequent to such surrender payable with respect to such whole Star Bulk Shares.

(d) *No Further Ownership Rights in Star Maritime Shares*. All certificates evidencing Star Bulk Shares issued (including any dividends or other distributions paid pursuant to Section 2.9(c)) shall be deemed to have been issued and paid in full satisfaction of all rights pertaining to the shares of Star Maritime Shares formerly represented by such Certificates. At the close of business on the day on which the Effective Time occurs, the stock transfer books of Star Maritime shall be closed, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Star Maritime Shares that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation or the Exchange Agent for transfer or any other reason, they shall be canceled and exchanged as provided in this Article II.

(e) *Fractional Shares*. No fractional shares of Star Bulk common stock shall be issued in the Merger. The aggregate Per Share Merger Consideration to be issued to the holder of a Certificate previously evidencing Star Maritime Shares shall be rounded up to the nearest whole share of Star Bulk common stock.

(f) *Termination of Exchange of Star Bulk Shares*. Any portion of the Star Bulk Shares (and any dividends or distributions thereon) that remain undistributed to the holders of the Certificates for six months after the Effective Time shall be delivered to Star Bulk, upon demand, and any holders of the Certificates who have not theretofore complied with this Article II shall thereafter look only to Star Bulk for, and, subject to Section 2.9(g), Star Bulk shall remain liable for payment of their claim for the Per Share Merger Consideration, certain dividends and other distributions in accordance with Section 2.9(c).

(g) *No Liability*. Notwithstanding anything to the contrary in this Section 2.9, none of the Exchange Agent, the Surviving Corporation or any party to this Agreement shall be liable to a holder of Star Bulk Shares or Star Maritime Shares for any amount properly paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

(h) *Lost, Stolen or Destroyed Company Certificate*. In the event any Certificates shall have been lost, stolen or destroyed, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Certificate, upon the making of an affidavit and indemnity of that fact by the holder thereof in a form that is reasonably acceptable to the Exchange Agent, the number of Star Bulk Shares as required pursuant to Section 2.6; provided, however, that Star Bulk may, in its reasonably commercial discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificates to deliver a bond in such sum as it may reasonably direct against any claim that may be made against Star Bulk or the Exchange Agent with respect to the Certificates alleged to have been lost, stolen or destroyed.

2.10 *Warrants*

As of the Effective Time, Star Bulk shall deposit with the Exchange Agent, for the benefit of the holders of Star Maritime Warrants that have been exchanged into Star Bulk Warrants in accordance with Section 6.6 hereof, 20,000,000 shares of Star Bulk Shares issuable upon exercise of such Star Bulk Warrants.

2.11 *Redemption Shares After Payment of Fair Value.*

Redemption Shares, if any, after payments of fair value in respect thereto have been made to Redemption Star Maritime stockholders pursuant to the DGCL, shall be cancelled.

2.12 *Tax and Accounting Consequences.*

It is intended by the parties hereto that the Merger shall constitute a reorganization within the meaning of Section 368 of the Code. Each party has consulted with, and is relying upon, its tax advisors and accountants with respect to the tax and accounting consequences of the Merger.

Article III.

REPRESENTATIONS AND WARRANTIES OF STAR BULK

Star Bulk hereby represent s and warrants to Star Maritime as follows (subject in each case to such exceptions as are set forth or cross-referenced in the attached Schedules corresponding to the Section of the representation or warranty to which such exceptions relate):

3.1 *Organization and Qualification.*

(a) Star Bulk has been duly organized and is validly existing as a corporation in good standing under the laws of the Republic of the Marshall Islands, with power and authority (corporate and other) to own its properties and conduct its business as currently conducted. Star Bulk has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction set forth in the Schedule3.1 and to Star Bulk's Knowledge, such jurisdictions are the only

ones in which it owns or leases properties, or conducts any business, so as to require such qualification,

other than those jurisdictions where the failure to be so qualified or in good standing would not have a Material Adverse Effect on Star Bulk and the Subsidiaries.

(b) Each of the Subsidiaries has been duly organized and is validly existing as a corporation under the laws of the Republic of the Marshall Islands, with power and authority (corporate and other) to own its properties and conduct its business as currently conducted. All the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued, are fully-paid and non-assessable, and are owned by Star Bulk, free and clear of all Liens.

(c) The copies of the respective Articles of Incorporation and By-laws of Star Bulk and each of the Subsidiaries, as amended to date and delivered to Star Maritime, are true and complete copies of these documents as now in effect. The minute books of Star Bulk and the Subsidiaries are accurate in all material respects.

3.2 *Subsidiaries.*

Other than the Subsidiaries, Star Bulk does not hold any equity interest in any other Person. Star Bulk owns all of the issued and outstanding shares of stock of the Subsidiaries, free and clear of any Liens.

3.3 *Capitalization.*

(a) As of immediately prior to the Closing, the authorized capital stock of Star Bulk shall consist solely of 100,000,000 common shares, $0.01 par value and 25,000,000 preferred shares, $0.01 par value, of which 500 common shares and no preferred shares will be issued and outstanding.

(b) The Star Bulk Shares to be issued upon effectiveness of the Merger and upon exercise of the Star Bulk Warrants, when issued in accordance with the terms of this Agreement, shall be duly authorized, validly issued, fully paid and non-assessable and free of all Liens.

3.4 *Authority; Non-Contravention; Approvals.*

(a) Star Bulk has full corporate power and authority, to enter into this Agreement and to consummate the transactions contemplated hereby. Star Bulk's execution and delivery of this Agreement, and its consummation of the transactions contemplated hereby, have been duly authorized by its board of directors and no other corporate proceedings on its part are necessary to authorize its execution and delivery of this Agreement and its consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Star Bulk and its parent, and constitutes its and their valid and binding agreement, enforceable against them in accordance with its terms, except that such enforcement may be subject to (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and (ii) general equitable principles ((i) and (ii) the "*Enforceability Exception*").

(b) All material consents, approvals, authorizations, orders, licenses, registrations, clearances and qualifications of or with any Governmental Authority having jurisdiction over Star Bulk or the Subsidiaries or any of their properties required for the execution and delivery by Star Bulk of this Agreement to be duly and validly authorized have been obtained or made and are in full force and effect.

(c) Star Bulk's execution and delivery of this Agreement does not, and its consummation of the transactions contemplated herein will not violate, conflict with or result in a breach of any provision of, or constitute any default (or an event which, with notice or lapse of time or both, would constitute an event of default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Lien upon any of its properties or assets under any of the terms, conditions or provisions of (i) the Certificate of Incorporation or By-laws of Star Bulk or any of the Subsidiaries, (ii) Approval, any Law or Order, injunction, writ, permit or license of any Governmental Authority applicable to it or any of its

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properties or assets, or (iii) any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind to which it is now a party or by which it or any of its properties or assets may be bound, excluding from the foregoing clauses (ii) and (iii), such violations, conflicts, breaches, defaults, terminations, accelerations or creations of liens, security interests, charges or encumbrances that do not, in the aggregate, have a Material Adverse Effect on Star Bulk and the Subsidiaries taken as a whole.

3.5 *Contracts; No Default.*

(a) Schedule 3.5(a) contains a true and complete list of all contracts, agreements, commitments and other instruments (whether oral or written) to which Star Bulk or any of the Subsidiaries is a party that (i) involve a receipt or an expenditure by Star Bulk or any of the Subsidiaries or require the performance of services or delivery of goods to, by, through, on behalf of or for the benefit of Star Bulk or any of the Subsidiaries, which in each case, relates to a contract, agreement, commitment or instrument that either (A) requires payments or receipts in excess of $50,000 per year or (B) is not terminable by Star Bulk or any of the Subsidiaries on notice of thirty (30) days or less without penalty or Star Bulk or any of the Subsidiaries being liable for damages of $50,000 or more, or (ii) involve an obligation for the performance of services or delivery of goods by Star Bulk or any of the Subsidiaries that cannot, or in reasonable probability will not, be performed within one year from the date hereof.

(b) All of the contracts, agreements, commitments and other instruments described in Schedule 3.5(a) (individually, a "*Contract*" and collectively, the "*Contracts*") are valid and binding upon Star Bulk or the Subsidiaries, as applicable, and to the Knowledge of Star Bulk, the other parties thereto, and are in full force and effect and enforceable in accordance with their terms, subject to the Enforceability Exception, and neither Star Bulk nor the Subsidiaries, nor to the Knowledge of Star Bulk, any other party to any Contract, has materially breached any provision of, nor has any event occurred which, with the lapse of time or action by a third party, could result in a material default under, the terms thereof.

3.6 *Litigation.*

There is no (i) claim, action, suit or proceeding pending or, to Star Bulk's Knowledge, threatened against or directly relating to Star Bulk before any Governmental Authority, or (ii) outstanding Order, or application, request or motion therefor, of any Governmental Authority in a proceeding to which Star Bulk or any of its assets was or is a party except, in the case of clauses (i) and (ii) above, such as would not, individually or in the aggregate, either materially impair or preclude Star Bulk's ability to consummate the Merger or the other transactions contemplated hereby or have a Material Adverse Effect on Star Bulk.

3.7 *Taxes.*

(a) Star Bulk and the Subsidiaries have duly filed with the appropriate Governmental Authorities all material franchise, income and all other material Tax Returns other than Tax Returns the failure to file of which would have no Material Adverse Effect on Star Bulk or the Subsidiaries. All such Tax Returns were, when filed, and are accurate and complete in all material respects and were prepared in conformity with applicable Laws. Star Bulk and the Subsidiaries have paid or will pay in full or have adequately reserved against all Taxes otherwise assessed against it through the Closing Date. Neither Star Bulk nor any Subsidiary is a party to any pending action or proceeding by any Governmental Authority for the assessment of any Tax, and no claim for assessment or collection of any Tax has been asserted in writing against Star Bulk of any of the Subsidiaries that has not been paid. There are no Liens for Taxes upon the assets of Star Bulk or any of the Subsidiaries (other than Liens for Taxes not yet due and payable). There is no valid basis, to the Knowledge of Star Bulk, for any assessment, deficiency, notice, 30-day letter or similar intention to assess any Tax to be issued to Star Bulk or any of the Subsidiaries by any Governmental Authority.

(b) No stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding or other Taxes are payable by or on behalf of Star Maritime to the Marshall Islands or any political subdivision or Taxing Authority thereof or therein in connection with the issuance of the Star Bulk Shares to the Star Maritime stockholders, the issuance of the Star Bulk Warrants or the delivery by the Star Maritime stockholders of the Star Maritime Shares or the delivery of the Star Maritime Warrants by the holders thereof.

3.8 *No Violation of Law.*

(a) Neither Star Bulk nor any Subsidiary is in violation of or has been given notice or been charged with any violation of, any Law or Order (including, without limitation, any applicable environmental law, ordinance or regulation) of any Governmental Authority, except for violations which, in the aggregate, do not have, and would not reasonably be expected to have, a Material Adverse Effect on Star Bulk. Neither Star Bulk nor any Subsidiary has received any written notice that any investigation or review with respect to it by any Governmental Authority is pending or threatened, other than, in each case, those the outcome of which, as far as reasonably can be foreseen, would not reasonably be expected to have a Material Adverse Effect on Star Bulk.

(b) Each of Star Bulk and the Subsidiaries owns, possesses or has obtained, all licenses, permits, certificates, consents, orders, approvals and other authorizations from, and has made all declarations and filings with, all Governmental Authorities, all self-regulatory organizations and all courts and other tribunals, necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as conducted as of the date hereof, other than such licenses, permits, certificates, consents, orders, approvals, other authorizations, declarations and filings which individually or in the aggregate are not material to Star Bulk and the Subsidiaries taken as a whole, and neither Star Bulk nor any such Subsidiary has received any actual notice of any proceeding relating to revocation or modification of any such license, permit, certificate, consent, order, approval or other authorization, and each of Star Bulk and the Subsidiaries is in compliance with all Laws relating to the conduct of its business as conducted as of the date hereof other than any failure to so comply that would not have a Material Adverse Effect on Star Bulk.

(c) Star Bulk and the Subsidiaries (i) are in compliance with any and all applicable foreign, federal, provincial, state and local Laws, including any applicable regulations and standards adopted by the International Maritime Organization, relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, petroleum pollutants or contaminants ("*Environmental Laws*"), (ii) have received all permits, licenses, other approvals, authorizations and certificates of financial responsibility required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, have a Material Adverse Effect on Star Bulk.

(d) None of the transactions contemplated herein will violate any Foreign Assets Control Regulations of the United States contained in Title 31, Code of Federal Regulations, Parts 500, 505, 515 and 535.

3.9 *Properties.*

Star Bulk and the Subsidiaries have good and marketable title to all of the assets and properties which they purport to own as reflected on the most recent balance sheet comprising a portion of the Star Bulk Financial Statement, or thereafter acquired (except assets and properties sold or otherwise disposed of since the date of such balance sheet in the ordinary course of business). Star Bulk and the Subsidiaries have a valid leasehold interest in all properties of which it is the lessee and each such lease is valid, binding and enforceable against it, and, to the Knowledge of Star Bulk, the other parties

thereto in accordance with its terms, subject to the Enforceability Exception. Neither Star Bulk, the Subsidiaries nor, to Star Bulk's Knowledge, the other parties thereto are in default in the performance of any material provision thereunder. Neither the whole nor any material portion of the assets of Star Bulk or the Subsidiaries is subject to any Order to be sold or is being condemned, expropriated or otherwise taken by any public authority with or without payment of compensation therefor, nor, to Star Bulk's Knowledge, has any such condemnation, expropriation or taking been proposed. None of the material assets of Star Bulk or the Subsidiaries is subject to any restriction which would have a Material Adverse Effect on Star Bulk.

3.10 *Proxy Statement.*

None of the information to be supplied by Star Bulk for inclusion in the Proxy Statement, or in any amendments or supplements thereto, to be distributed to the stockholders of Star Maritime in connection with the meeting of such stockholders (the "Star Maritime Special Meeting") at the time of the mailing of the Proxy Statement and at the time of the Star Maritime Special Meeting contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

3.11 *Labor Matters.*

Neither Star Bulk nor any Subsidiary is a party to any union contract or other collective bargaining agreement. Star Bulk and the Subsidiaries are in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and Star Bulk and the Subsidiaries are not engaged in any unfair labor practice. There is no labor strike, slowdown or stoppage pending (or, to the Knowledge of Star Bulk, any labor strike or stoppage threatened) against or affecting Star Bulk or the Subsidiaries. No petition for certification has been filed and is pending before any Governmental Authority with respect to any employees of Star Bulk or the Subsidiaries who are not currently organized.

3.12 *Employees.*

To Star Bulk's knowledge, no key employee or group of employees has any plans to terminate employment with Star Bulk or any of the Subsidiaries.

3.13 *Financial Statements.*

Star Bulk has provided Star Maritime with a draft of the audited consolidated balance sheet dated February 5, 2007 (the "*Star Bulk Financial Statement*"). The Star Bulk Financial Statement presents fairly, in all material respects, the consolidated financial position and results of operations of Star Bulk and the Subsidiaries as of the dates, period and year indicated, prepared in accordance with GAAP, and to the Knowledge of Star Bulk, in accordance with Regulation S-X, promulgated by the SEC, and, in particular, Rules 1-02 and 3-05 thereunder. Without limiting the generality of the foregoing, (i) as of the date of the consolidated balance sheet comprising a portion of the Star Bulk Financial Statement, there was no material debt, liability or obligation of any nature not reflected or reserved against in the Star Bulk Financial Statement or in the notes thereto required to be so reflected or reserved in accordance with GAAP, and (ii) there are no assets of Star Bulk or the Subsidiaries, the value of which (in the reasonable judgment of Star Bulk) is materially overstated in the Star Bulk Financial Statement. Except as incurred in the ordinary course of business since December 31, 2006, Star Bulk has no known material contingent liabilities (including liabilities for Taxes) other than as contemplated hereunder or in connection herewith. Star Bulk is not a party to any contract or agreement for the forward purchase or sale of any foreign currency and has not invested in any "derivatives." There will not be any material adverse change to Star Bulk's Financial Statement.

3.14 *Absence of Certain Changes or Events.*

Except as set forth in Schedule 3.14 or in connection with this Agreement and the transactions contemplated hereby, since December 31, 200 6 there has not been:

(a) any material adverse change in the financial condition, operations, properties, assets, liabilities or business of Star Bulk;

(b) any material damage, destruction or loss of any material properties of Star Bulk and the Subsidiaries, whether or not covered by insurance, which would have a Material Adverse Effect on Star Bulk;

(c) any material change in the manner in which the business of the Company has been conducted, which would have a Material Adverse Effect on Star Bulk;

(d) any material change in the treatment and protection of trade secrets or other confidential information of Star Bulk and the Subsidiaries, which would have a Material Adverse Effect on Star Bulk; and

(e) any occurrence not included in paragraphs (a) through (d) of this Section 3.14 which has resulted, or which Star Bulk has reason to believe, could reasonably be expected to result, in a Material Adverse Effect on Star Bulk.

3.15 *Dividends and Distributions.*

All dividends and other distributions declared and payable on the shares of capital stock of the Subsidiaries may under the current Laws of the Republic of the Marshall Islands be paid in United States dollars and may be freely transferred out of the Marshall Islands and all such dividends and other distributions are not subject to withholding or other taxes under the current laws and regulations of the Republic of the Marshall Islands and are otherwise free and clear of any other Tax, withholding or deduction in, and without the necessity of obtaining any consents, approvals, authorizations, orders, licenses, registrations, clearances and qualifications of or with any Governmental Authority in, the Republic of the Marshall Islands.

3.16 *Related Transactions.*

N o relationship, direct or indirect, exists between or among Star Bulk or either of the Subsidiaries on the one hand, and the directors, officers, shareholders, customers or suppliers of Star Bulk or either of the Subsidiaries on the other hand. Since the date of its incorporation, Star Bulk has not, directly or indirectly, including through any Subsidiary, extended or maintained credit, or arranged for the extension of credit, or renewed or amended any extension of credit, in the form of a personal loan to or for any of its directors or executive officers.

3.17 *Investment Company.*

Star Bulk is not an "investment company' or an entity "controlled" by an "investment company", as such terms are defined in the Investment Company Act of 1940.

3.18 *Passive Foreign Investment Company.*

To Star Bulk's best Knowledge, it does not believe it is a Passive Foreign Investment Company ("*PFIC*") within the meaning of Section 1296 of the Code, and does not believe it is likely to become a PFIC.

3.19 *Insurance.*

Star Bulk and each of the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary and in accordance with standard industry practice in the businesses in which they are engaged. Neither Star Bulk nor any such

Subsidiary has received any notice from any insurance company that any insurance policy has been canceled or that such insurance company intends to cancel any such policy. Neither Star Bulk nor any such Subsidiary has reason to believe that Star Bulk and each Subsidiary will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business.

3.20 *Disclosure Controls.*

Star Bulk has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 under the Exchange Act), which (i) are designed to ensure that material information relating to Star Bulk, including the Subsidiaries, is made known to Star Bulk's principal executive officer and its principal financial officer by others within those entities, particularly during the preparation of the Proxy Statement; (ii) have been evaluated for effectiveness as of the date of this Agreement; and (iii) are effective in all material respects to perform the functions for which they were established.

3.21 *Absence of Material Weaknesses.*

Based on the evaluation of its internal controls over financial reporting, Star Bulk is not aware of (i) any significant deficiency or material weakness in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect its ability to record, process, summarize and report financial information; or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the internal controls over financial reporting.

3.22 *Books, Records and Accounts.*

Star Bulk's books, records and accounts fairly and accurately reflect in all material respects transactions and dispositions of assets by Star Bulk and the Subsidiaries, and to the Knowledge of Star Bulk, the system of internal accounting controls of Star Bulk is sufficient to assure that: (a) transactions are executed in accordance with management's authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.23 *Brokers and Finders.*

Star Bulk has not employed any investment banker, broker, finder or intermediary in connection with the transactions contemplated by this Agreement which would be entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with this Agreement or the transactions contemplated hereby.

3.24 *No Omissions or Untrue Statements.*

No representation or warranty made by Star Bulk to Star Maritime in this Agreement or in any certificate of or Star Bulk officer required to be delivered to Star Maritime pursuant to the terms of this Agreement contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained herein or therein in light of the circumstances in which made not misleading as of the date hereof and as of the Closing Date.

Article IV.

REPRESENTATIONS AND WARRANTIES OF STAR MARITIME

Star Maritime hereby represents and warrants to Star Bulk as follows (subject in each case to such exceptions as are set forth or cross-referenced in the attached Schedule s corresponding to the Section of the representation or warranty to which such exceptions relate):

4.1 *Organization and Qualification.*

Star Maritime is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Star Maritime has all requisite corporate power to carry on its business as it is now being conducted and is duly qualified to do business as a foreign corporation and is in good standing in all jurisdictions set forth in Schedule 4.1, and to Star Maritime's Knowledge, such jurisdictions are the only ones in which the properties owned, leased or operated by Star Maritime or the nature of the business conducted by Star Maritime makes such qualification necessary, except where the failure to qualify (individually or in the aggregate) will not have any Material Adverse Effect on Star Maritime. The copies of the Certificate of Incorporation and By-laws of Star Maritime, as amended to date and delivered to Star Bulk, are true and complete copies of these documents as now in effect. The minute books of Star Maritime are accurate in all material respects.

4.2 *Capitalization.*

The authorized capital stock of Star Maritime as of the date hereof consists of 100,000,000 shares of common stock, $0.0001 par value per share, of which 29,026,924 shares are issued and outstanding and 1,000,000 shares of preferred shares, $0.0001 par value, none of which are outstanding. In addition, there are authorized, issued and outstanding 20,000,000 Warrants (the "*Star Maritime Warrants*") providing for the issuance, upon exercise, of a like number of shares of Star Maritime Common Stock. The Star Maritime Warrants are each exercisable at $8.00 per share and are each callable for redemption by Star Maritime upon the occurrence of certain events specified therein. All of the outstanding securities of Star Maritime are duly authorized, validly issued, fully paid and non-assessable, and were not issued in violation of the preemptive rights of any Person. All of the outstanding securities of Star Maritime, including the Star Maritime Shares, and the Star Maritime Warrants, were issued in compliance with all applicable securities laws. No shares of capital stock are held in the treasury of Star Maritime. Other than as stated in this Section 4.2, there are no outstanding subscriptions, options, warrants, calls or rights of any kind issued or granted by, or binding upon Star Maritime, to purchase or otherwise acquire any shares of capital stock of Star Maritime or other securities of Star Maritime. Except as stated in this Section 4.2, there are no outstanding securities convertible or exchangeable, actually or contingently, into shares of Star Maritime Common Stock or other securities of Star Maritime.

4.3 *Subsidiaries.*

Star Maritime has one subsidiary, Star Bulk. Star Maritime owns all of the issued and outstanding shares of stock of Star Bulk, free and clear of any Liens does not hold any equity interest in any other Person (except indirectly the shares of the Subsidiaries through its ownership of Star Bulk).

4.4 *Authority; Non-Contravention; Approvals.*

(a) Star Maritime has full corporate power and authority to enter into this Agreement and, subject to the Star Maritime Stockholders' Approval, to consummate the transactions contemplated hereby. Star Maritime's execution and delivery of this Agreement, and its consummation of the transactions contemplated hereby, have been duly authorized by its board of directors and no other corporate proceedings on its part are necessary to authorize its execution and delivery of this Agreement and its consummation of the transactions contemplated hereby, except for the Star Maritime Stockholders' Approval which will be solicited in accordance with Sections 6.2 and 6.4 hereof.

This Agreement has been duly and validly executed and delivered by Star Maritime, and constitutes its valid and binding agreement, enforceable against it in accordance with its terms, except that such enforcement may be subject to the Enforceability Exception.

(b) Star Maritime's execution and delivery of this Agreement does not, and its consummation of the transactions contemplated hereby will not, violate, conflict with or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Lien upon any of its properties or assets under any of the terms, conditions or provisions of (i) its Certificate of Incorporation or By-laws, (ii) subject to obtaining the Star Maritime Stockholders' Approval, any Law or Order, injunction, writ, permit or license of any Governmental Authority applicable to it or any of its properties or assets, or (iii) any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind to which it is now a party or by which it or any of its properties or assets may be bound, excluding from the foregoing clauses (ii) and (iii), such violations, conflicts, breaches, defaults, terminations, accelerations or creations of liens, security interests, charges or encumbrances that do not, in the aggregate, have a Material Adverse Effect on Star Maritime.

(c) Except for the filing and clearance of preliminary proxy materials with the SEC pursuant to the Exchange Act, no declaration, filing or registration with, or notice to, or authorization, consent or approval of, any governmental or regulatory body or authority is necessary for Star Maritime's execution and delivery of this Agreement or its consummation of the transactions contemplated hereby, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not made or obtained, as the case may be, would not, in the aggregate, have a Material Adverse Effect on Star Maritime.

4.5 *Contracts Listed; No Default.*

All material contracts, agreements, licenses, leases, easements, permits, rights of way, commitments and understandings, written or oral, connected with or relating in any respect to the present or future operations of Star Maritime are, with the exception of this Agreement and the transactions contemplated hereby, described in Star Maritime's SEC Reports and listed as exhibits thereto (the "*Star Maritime Contracts*"). The Star Maritime Contracts are valid and binding upon Star Maritime, and to Star Maritime's Knowledge, the other parties thereto, and are in full force and effect and enforceable in accordance with their terms, subject to the Enforceability Exception and neither Star Maritime, nor to Star Maritime's Knowledge, any other party to any Star Maritime Contract, has materially breached any provision of, nor has any event occurred which, with the lapse of time or action by a third party, could result in a material default under, the terms thereof. To the Knowledge of Star Maritime, no stockholder of Star Maritime has received any payment in violation of law from any contracting party in connection with or as an inducement for causing Star Maritime to enter into any Star Maritime Contract.

4.6 *Litigation.*

There is no (i) claim, action, suit or proceeding pending or, to Star Maritime's Knowledge, threatened against or directly relating to Star Maritime before any Governmental Authority, or (ii) outstanding Order, or application, request or motion therefor, of any Governmental Authority in a proceeding to which Star Maritime or any of its assets was or is a party except, in the case of clauses (i) and (ii) above, such as would not, individually or in the aggregate, either materially impair or preclude Star Maritime's ability to consummate the Merger or the other transactions contemplated hereby or have a Material Adverse Effect on Star Maritime.

4.7 *Taxes.*

Star Maritime has duly filed with the appropriate Governmental Authorities all Tax Returns required to be filed by it other than Tax Returns which the failure to file would have no Material Adverse Effect on Star Maritime. All such Tax Returns were, when filed, and are accurate and complete in all material respects and were prepared in conformity with applicable laws and regulations. Star Maritime has paid or will pay in full or has adequately reserved against all Taxes otherwise assessed against it through the Closing Date. Star Maritime is not a party to any pending action or proceeding by any Governmental Authority for the assessment of any Tax, and no claim for assessment or collection of any Tax has been asserted against Star Maritime that has not been paid. There are no Tax Liens upon the assets of Star Maritime (other than Liens for Taxes not yet due and payable). There is no valid basis, to Star Maritime's Knowledge, for any assessment, deficiency, notice, 30-day letter or similar intention to assess any Tax to be issued to Star Maritime by any Governmental Authority.

4.8 *Employee Plans.*

Star Maritime has no employee benefit plans as defined in Section 3(3) of ERISA nor any employment agreements.

4.9 *No Violation of Law.*

Star Maritime is not in violation of and has not been given notice or been charged with any violation of, any Law, or Order, (including, without limitation, any applicable environmental law, ordinance or regulation) of any Governmental Authority, except for violations which, in the aggregate, do not have, and would not reasonably be expected to have, a Material Adverse Effect on Star Maritime. Star Maritime has not received any written notice that any investigation or review with respect to it by any Governmental Authority is pending or threatened, other than, in each case, those the outcome of which, as far as reasonably can be foreseen, would not reasonably be expected to have a Material Adverse Effect on Star Maritime. Star Maritime has all permits, licenses, franchises, variances, exemptions, orders and other governmental authorizations, consents and approvals necessary to conduct its business as presently conducted, except for those, the absence of which, alone or in the aggregate, would not have a Material Adverse Effect on Star Maritime (collectively, the "*Star Maritime Permits*"). Star Maritime (a) has duly and timely filed all reports and other information required to be filed with any Governmental Authority in connection with the Star Maritime Permits, and (b) is not in violation of the terms of any of the Star Maritime Permits, except for such omissions or delays in filings, reports or violations which, alone or in the aggregate, would not have a Material Adverse Effect on Star Maritime.

4.10 *Properties.*

Star Maritime has good and marketable title to all of the assets and properties which it purports to own as reflected on the most recent balance sheet comprising a portion of the Star Maritime Financial Statements or thereafter acquired (except assets and properties sold or otherwise disposed of since the date of such balance sheet in the ordinary course of business). Star Maritime has a valid leasehold interest in all properties of which it is the lessee and each such lease is valid, binding and enforceable against Star Maritime, and, to the knowledge of Star Maritime, the other parties thereto in accordance with its terms, subject to the Enforceability Exception. Neither Star Maritime nor, to Star Maritime's Knowledge, the other parties thereto are in default in the performance of any material provision thereunder. Neither the whole nor any material portion of the assets of Star Maritime is subject to any governmental decree or order to be sold or is being condemned, expropriated or otherwise taken by any public authority with or without payment of compensation therefor, nor, to the Knowledge of Star Maritime, has any such condemnation, expropriation or taking been proposed. None of the material assets of Star Maritime is subject to any restriction which would have a Materially Adverse Effect on Star Maritime.

4.11 *Proxy Statement.*

None of the information to be supplied by Star Maritime for inclusion in the Proxy Statement, or in any amendments thereof or supplements thereto, at the time of the mailing of the Proxy Statement and at the time of the Star Maritime Special Meeting contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

4.12 *Business.*

Star Maritime, since its formation, has engaged in no business other than to seek to serve as a vehicle for the acquisition of an operating business, and, except for this Agreement, is not a party to any contract or agreement for the acquisition of an operating business. Star Maritime has no employees.

4.13 *Financial Statements.*

The financial statements of Star Maritime (collectively, the "*Star Maritime Financial Statements*") included in Star Maritime's SEC Reports present fairly, in all material respects, the financial position and results of operations of Star Maritime as of the respective dates, years and periods indicated, prepared in accordance with GAAP, applied on a consistent basis, and to the Knowledge of Star Maritime, in accordance with Regulation S-X of the SEC and, in particular, Rules 1-02 and 3-05 thereunder (subject, in the case of unaudited interim period financial statements, to normal and recurring year-end adjustments which, individually or collectively, are not material to Star Maritime). Without limiting the generality of the foregoing, (i) there is no basis for any assertion against Star Maritime as of the date of the most recent balance sheet comprising a portion of the Star Maritime Financial Statements of any material debt, liability or obligation of any nature not fully reflected or reserved against in the Star Maritime Financial Statements or in the notes thereto required to be so reflected or reserved in accordance with GAAP; and (ii) there are no assets of Star Maritime, the value of which (in the reasonable judgment of Star Maritime) is materially overstated in the Star Maritime Financial Statements. Except as disclosed therein or as incurred in the ordinary course of business since December 31, 2004, Star Maritime has no known material contingent liabilities (including liabilities for Taxes). Star Maritime is not a party to any contract or agreement for the forward purchase or sale of any foreign currency and has not invested in any "derivatives."

4.14 *Star Maritime's SEC Reports.*

The Star Maritime Common Stock has been registered under Section 12 of the Exchange Act on Form 8-A. Since its inception, Star Maritime has filed all reports, registration statements and other documents, together with any amendments thereto, required to be filed under the Securities Act and the Exchange Act, including but not limited to reports on Form 10-K and Form 10-Q, and Star Maritime will file all such reports, registration statements and other documents required to be filed by it from the date of this Agreement to the Closing Date (all such reports, registration statements and documents, including its Form 8-A, filed or to be filed with the SEC, including Star Maritime's initial registration statement relating to the Star Maritime Common Stock, and the Star Maritime Warrants, with the exception of the Proxy Statement, are collectively referred to as "*Star Maritime's SEC Reports*"). As of their respective dates, Star Maritime's SEC Reports complied or will comply in all material respects with all rules and regulations promulgated by the SEC and did not or will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Neither Star Maritime nor any of its respective directors or officers is the subject of any investigation, inquiry or proceeding before the SEC or any state securities commission or administrative agency.

4.15 *Absence of Certain Changes or Events.*

Since December 31, 200 6 there has not been:

(a) any material adverse change in the financial condition, operations, properties, assets, liabilities or business of Star Maritime;

(b) any material damage, destruction or loss of any material properties of Star Maritime, whether or not covered by insurance, which would have a Materially Adverse Effect on Star Maritime;

(c) any change in the manner in which the business of Star Maritime has been conducted;

(d) any material change in the treatment and protection of trade secrets or other confidential information of Star Maritime, which would have a Materially Adverse Effect on Star Maritime; and

(e) any occurrence not included in paragraphs (a) through (d) of this Section which has resulted, or which Star Maritime has reason to believe, could reasonably be expected to result, in a Material Adverse Effect on Star Maritime.

4.16 *Books, Records and Accounts.*

Star Maritime's books, records and accounts fairly and accurately reflect in all material respects transactions and dispositions of assets by Star Maritime, and to the Knowledge of Star Maritime, the system of internal accounting controls of Star Maritime is sufficient to assure that: (a) transactions are executed in accordance with management's authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

4.17 *Disclosure Controls.*

Star Maritime has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 under the Exchange Act), which (i) are designed to ensure that material information relating to Star Maritime is made known to Star Maritime's principal executive officer and its principal financial officer by others within those entities, particularly during the preparation of the Proxy Statement; (ii) have been evaluated for effectiveness as of the date of this Agreement; and (iii) are effective in all material respects to perform the functions for which they were established.

4.18 *Absence of Material Weaknesses.*

Based on the evaluation of its internal controls over financial reporting, Star Maritime is not aware of (i) any significant deficiency or material weakness in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect Star Maritime's ability to record, process, summarize and report financial information; or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the internal controls over financial reporting.

4.19 *Brokers and Finders.*

Star Maritime has not employed any investment banker, broker, finder or intermediary in connection with the transactions contemplated by this Agreement which would be entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with this Agreement or the transactions contemplated hereby.

4.20 *No Omissions or Untrue Statements.*

No representation or warranty made by Star Maritime to Star Bulk in this Agreement, any Schedules thereto or in any certificate of a Star Maritime officer required to be delivered to Star Bulk pursuant to the terms of this Agreement contains or will contain any untrue statement of a material

fact, or omits or will omit to state a material fact necessary to make the statements contained herein or therein in light of the circumstances in which made not misleading as of the date hereof and as of the Closing Date.

Article V.

CONDUCT OF BUSINESS PENDING THE MERGER

5.1 *Conduct of Business Prior to Effective Time.*

Each of Star Maritime and Star Bulk, as applicable, hereby covenants and agrees as follows, from and after the date of this Agreement and until the Effective Time, except as specifically consented to in writing by the other party:

(a) It shall conduct its business in the ordinary and usual course of business and consistent with past practice;

(b) It shall not (i) split, combine or reclassify its outstanding capital stock or declare, set aside or pay any dividend or distribution payable in cash, stock, property or otherwise, (ii) spin-off any assets or businesses, (iii) engage in any transaction for the purpose of effecting a recapitalization, or (iv) engage in any transaction or series of related transactions which has a similar effect to any of the foregoing;

(c) It shall not issue, sell, pledge or dispose of, or agree to issue, sell, pledge or dispose of, any additional shares of, or any options, warrants or rights of any kind to acquire any shares of its capital stock of any class or any debt or equity securities convertible into or exchangeable for such capital stock or amend or modify the terms and conditions of any of the foregoing, provided, however, that it may issue shares upon exercise of outstanding options, warrants or stock purchase rights;

(d) It shall not (i) redeem, purchase, acquire or offer to purchase or acquire any shares of its capital stock, other than as required by the governing terms of such securities, (ii) take or fail to take any action which action or failure to take action would cause it or its stockholders (except to the extent that any stockholders receive cash in lieu of fractional shares) to recognize gain or loss for Tax purposes as a result of the consummation of the Merger, (iii) make any acquisition of any material assets (except in the ordinary course of business) or businesses, (iv) sell any material assets (except in the ordinary course of business) or businesses, or (v) enter into any contract, agreement, commitment or arrangement to do any of the foregoing;

(e) It shall use reasonable efforts to preserve intact its business organization and goodwill, keep available the services of its present officers and key employees, and preserve the goodwill and business relationships with suppliers, distributors, customers, and others having business relationships with it, and not engage in any action, directly or indirectly, with the intent to impact adversely the transactions contemplated by this Agreement;

(f) It shall confer on a regular basis with one or more representatives of the other to report on material operational matters and the general status of ongoing operations; and

(g) It shall file with the SEC all forms, statements, reports and documents (including all exhibits, amendments and supplements thereto) required to be filed by it pursuant to the Exchange Act.

5.2 *No Solicitation.*

(a) Star Bulk agrees that, prior to the Effective Time or the termination or abandonment of this Agreement, that it shall not, and shall not give authorization or permission to any of Star Bulk's directors, officers, employees, agents or representatives to, and each shall use all reasonable efforts to see that such persons do not, directly or indirectly, solicit, initiate, facilitate or encourage (including by way of

furnishing or disclosing information) any merger, consolidation, other business combination involving Star Bulk or any of the Subsidiaries, acquisition of all or any substantial portion of the assets or capital stock of Star Bulk or any of the Subsidiaries or inquiries or proposals concerning or which

may reasonably be expected to lead to any of the foregoing (an "*Star Bulk Acquisition Transaction*") or negotiate, explore or otherwise knowingly communicate in any way with any third party (other than Star Maritime or its Affiliates) with respect to any Star Bulk Acquisition Transaction or enter into any agreement, arrangement or understanding requiring Star Bulk to abandon, terminate or fail to consummate the Merger or any other transaction expressly contemplated by this Agreement, or contemplated to be a material part thereof. Star Bulk shall advise Star Maritime in writing of any *bona fide* inquiries or proposals relating to any Star Bulk Acquisition Transaction within one business day following receipt by Star Bulk of any such inquiry or proposal. Star Bulk shall also promptly advise any person seeking an Star Bulk Acquisition Transaction that it is bound by the provisions of this Section 5.2(a).

(b) Star Maritime agrees that, prior to the Effective Time or the termination or abandonment of this Agreement, Star Maritime shall not give authorization or permission to any of its directors, officers, employees, agents or representatives to, and each shall use all reasonable efforts to see that such persons do not, directly or indirectly, solicit, initiate, facilitate or encourage (including by way of furnishing or disclosing information) any merger, consolidation, other business combination involving Star Maritime, acquisition of all or any substantial portion of the assets or capital stock of Star Maritime, or inquiries or proposals which may reasonably be expected to lead to any of the foregoing (a "*Star Maritime Acquisition Transaction*") or negotiate, explore or otherwise knowingly communicate in any way with any third party with respect to any Star Maritime Acquisition Transaction or enter into any agreement, arrangement or understanding requiring it to abandon, terminate or fail to consummate the Merger or any other transaction expressly contemplated by this Agreement, or contemplated to be a material part thereof. Star Maritime shall advise Star Bulk in writing of any *bona fide* inquiries or proposals relating to a Star Maritime Acquisition Transaction, within one business day following Star Maritime's receipt of any such inquiry or proposal. Star Maritime shall also promptly advise any person seeking a Star Maritime Acquisition Transaction that it is bound by the provisions of this Section 5.2(b).

Article VI.

ADDITIONAL AGREEMENTS

6.1 *Access to Information.*

Each of Star Maritime and Star Bulk shall afford to the other and the other's accountants, counsel, financial advisors and other representatives reasonable access during normal business hours throughout the period prior to the Effective Time to all properties, books, contracts, commitments and records (including, but not limited to, Tax Returns) of it and, during such period, shall furnish promptly (a) a copy of each report, schedule and other document filed or received by it during such period pursuant to the requirements of federal or state securities laws or filed by it during such period with the SEC in connection with the transactions contemplated by this Agreement or which may have a Material Adverse Effect on it and (b) such other information concerning its business, properties and personnel as the other shall reasonably request; provided, however, that no investigation pursuant to this Section 6.1 shall affect any representation or warranty made herein or the conditions to the obligations of the respective parties to consummate the Merger. All non-public documents and information furnished to Star Maritime or Star Bulk, as the case may be, in connection with the transactions contemplated by this Agreement shall be deemed to have been received, and shall be held by the recipient, in confidence, except that Star Maritime and Star Bulk, as applicable, may disclose such information as may be required under applicable Law or as may be necessary in connection with the preparation of the Proxy Statement. Each party shall promptly advise the others, in writing, of any change or the occurrence of any event after the date of this Agreement and prior to the Effective Time having, or which, insofar as can reasonably be foreseen, in the future would reasonably be expected to have, any Material Adverse Effect on Star Bulk or Star Maritime, as applicable.

6.2 *Star Bulk Registration Statement.*

(a) Star Bulk covenants and agrees to file with the SEC as soon as shall be reasonably practicable following the date of this Agreement (provided Star Maritime shall have supplied Star Bulk with the Proxy Statement to be included therein), at its sole cost and expense, a registration statement on Form F-1/F-4 or comparable form (the "*Star Bulk Registration Statement*") which shall include a joint proxy statement/prospectus (the "*Proxy Statement*") relating to the solicitation of the Star Maritime Stockholders' Approval of, and covering the issuance of the Star Bulk Shares in, the Merger, the Star Bulk Warrants and the shares of Star Bulk common stock underlying the Star Bulk Warrants. Star Bulk shall use all reasonable best efforts to have the Star Bulk Registration Statement declared effective by the SEC as promptly as practicable thereafter. Star Bulk shall also take any action (other than qualifying to do business in any jurisdiction in which it is not now so qualified or to file a general consent to service of process) required to be taken under any applicable state securities Laws in connection with the issuance of Star Bulk Shares and the Star Bulk Warrants in the Merger. No filing of, or amendment or supplement to, or correspondence to the SEC or its staff with respect to, the Star Bulk Registration Statement or the Proxy Statement will be made by Star Bulk, without providing Star Maritime a reasonable opportunity to review and comment thereon. Star Bulk will advise Star Maritime, promptly after it receives notice thereof, of the time when the Star Bulk Registration Statement has become effective or any supplement or amendment has been filed to the Star Bulk Registration Statement or the Proxy Statement, the issuance of any stop order, the suspension of the qualification of Star Bulk Shares issuable in connection with the Merger for offering or sale in any jurisdiction, or any request by the SEC for amendment of the Star Bulk Registration Statement, the Proxy Statement or comments thereon and responses thereto or requests by the SEC for additional information. If at any time prior to the Effective Time any information relating to Star Maritime or Star Bulk, or any of their respective Affiliates, officers or directors, should be discovered by Star Maritime or Star Bulk which should be set forth in an amendment or supplement to any of the Star Bulk Registration Statement or the Proxy Statement, so that any of such documents would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party which discovers such information shall promptly notify the other parties hereto and an appropriate amendment or supplement describing such information shall be promptly filed with the SEC and, to the extent required by law, disseminated to the stockholders of Star Maritime.

(b) Star Maritime and Star Bulk shall promptly furnish to each other all information, and take such other actions, as may reasonably be requested in connection with any action by any of them in connection with the preparation and filing of the Star Bulk Registration Statement and the Proxy Statement and shall cooperate with one another and use their respective best efforts to facilitate the expeditious consummation of the transactions contemplated by this Agreement.

6.3 *SEC Filings by Star Maritime.*

Star Maritime shall file with the SEC, as soon as reasonably practicable following the filing of the Star Bulk Registration Statement, any document required to be filed by it in connection with the Merger and the Star Maritime Stockholders' Approval contemplated by this Agreement, including, without limitation, any documents required under the SEC's Regulation 14A.

6.4 *Stockholders' Approval.*

Star Maritime shall use its reasonable best efforts to obtain Star Maritime stockholder approval and adoption of this Agreement and the transactions contemplated hereby (the "*Star Maritime Stockholders' Approval*"), as soon as practicable in accordance with applicable Delaware law and the Star Maritime Bylaws following the date on which the Star Bulk Registration Statement is declared effective by the SEC, as follows: (i) the Merger shall have been approved by a majority of Star Maritime Shares issued and outstanding and entitled to vote thereon; (ii) the Merger shall have been

approved by a majority of the Transaction Shares (as defined below), including the Private Placement Shares (as defined below); and (iii) holders of less than 6,600,000 Star Maritime Shares, such number representing 33.0% of the Transaction Shares, vote against the Merger and elect to exercise redemption rights. "Transaction Shares" shall mean (i) the 18,867,500 Star Maritime Shares issued as part of the units sold in Star Maritime's initial public offering which closed on December 21, 2005; and (ii) the 1,132,500 Star Maritime Shares acquired by certain officers and directors of Star Maritime in the private placement which closed on December 15, 2005 (the "*Private Placement*"). Holders of the Private Placement Shares have agreed to vote such shares in favor of the Merger. Star Maritime shall, through its board of directors, recommend to the holders of Star Maritime Common Stock approval of this Agreement and the transactions contemplated by this Agreement. Prokopios (Akis) Tsirigakis, George Syllantavos, Petros Pappas, Koert Erhardt and Tom Søfteland (the "*Star Maritime Directors*"), in their capacities as members of the board of directors of Star Maritime but subject to their fiduciary duty to the stockholders of Star Maritime, in connection with the solicitation of proxies pursuant to the Proxy Statement, shall unanimously recommend the approval and adoption of the Merger and this Agreement by the stockholders of Star Maritime.

6.5 *Stock Exchange Listing/Exchange Act Listing.*

Star Maritime and Star Bulk shall each use its reasonable best efforts to file, at or before the Effective Time, authorization for listing of the Star Bulk Shares and the Star Bulk Exchange Securities on the NASDAQ National Market (the "*Stock Exchange Listing*"). In addition, Star Bulk shall, as soon as reasonably practicable, file a registration statement under the Exchange Act and use its reasonable best efforts to cause the SEC to declare such registration statement effective with respect to the listing of the Star Bulk Shares issued in the Merger, the Star Bulk Warrants and the shares of Star Bulk common stock underlying the Star Bulk Exchange Securities (the "*Exchange Act Listing*").

6.6 *Star Maritime Warrants.*

At the Effective Time, Star Bulk shall assume each Star Maritime Warrant in accordance with the terms of the agreement under which it was issued and all rights with respect to Star Maritime Shares under each Star Maritime Warrant then outstanding shall be converted into and become Star Bulk. Accordingly, after the Effective Time, each holder of Star Bulk Warrants at the time of exercise shall receive a number of Star Bulk Shares (rounded up to the nearest whole share) equal to the number of shares of Star Maritime Share subject to such Star Maritime Warrant immediately prior to the Effective Time multiplied by the Exchange Ratio at an exercise price per Star Bulk Share (rounded up to the nearest whole cent) equal to the exercise price in effect prior to the Effective Time divided by the Exchange Ratio. The Star Bulk Warrants shall contain the same terms, conditions and restrictions that were applicable to the Star Maritime Warrants. Prior to the Effective Time, Star Bulk shall take all necessary action to assume as of the Effective Time all obligations undertaken by Star Bulk under this Section 6.6, including the reservation, issuance and listing of a number of Star Bulk Shares at least equal to the number of Star Bulk Shares subject to the assumed Star Maritime Warrants.

6.7 *Agreement to Cooperate.*

Subject to the terms and conditions herein provided, each of the parties hereto shall cooperate and use their respective best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including using its reasonable efforts to obtain all necessary or appropriate waivers, consents and approvals to effect all necessary registrations, filings and submissions and to lift any injunction or other legal bar to the Merger (and, in such case, to proceed with the Merger as expeditiously as possible), subject, however, to obtaining the Star Maritime Stockholders' Approval; and provided that nothing in this Section 6.7 shall affect any responsibility or obligation specifically allocated to any party in this Agreement.

6.8 *Corrections to the Proxy Statement and the Star Bulk Registration Statement.*

Prior to the Closing Date, each of Star Bulk and Star Maritime shall correct promptly any information provided by it to be used specifically in the Proxy Statement and the Star Bulk Registration Statement that shall have become false or misleading in any material respect and shall take all steps necessary to file with the SEC and have cleared by the SEC any amendment or supplement to the Proxy Statement and the Star Bulk Registration Statement so as to correct the same and to cause appropriate dissemination thereof to the stockholders of Star Maritime, to the extent required by applicable Law.

6.9 *Disclosure Supplements.*

From time to time prior to the Closing Date, and in any event immediately prior to the Closing Date, each of Star Maritime and Star Bulk shall promptly supplement or amend its Schedule s hereto with respect to any matter hereafter arising that, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in such Schedule or that is necessary to correct any information in such Schedule that is or has become inaccurate. Notwithstanding the foregoing, if any such supplement or amendment discloses a Material Adverse Effect, the conditions to the other party's obligations to consummate the Merger set forth in Article VII hereof shall be deemed not to have been satisfied.

Article VII.

CONDITIONS

7.1 *Conditions to Each Party's Obligations to Effect the Merger.*

The respective obligation of each party to effect the Merger shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) Star Maritime shall have obtained the Star Maritime Stockholders' Approval;

(b) The Star Bulk Registration Statement shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order;

(c) The Star Bulk Shares issuable to Star Maritime's stockholders pursuant to Section 2.9 hereof, the Star Bulk Warrants issuable to Star Maritime shareholders pursuant to Section 2.10 hereof and the Star Bulk Shares issuable upon exercise of such Star Bulk Warrants shall have been approved for the Stock Exchange Listing and the Exchange Act Listing, subject to any notice of issuance or similar requirement.

(d) The Vessel Acquisition Agreements shall be in full force and effect;

(e) No preliminary or permanent injunction or other order or decree by any Governmental Authority which prevents or materially burdens the consummation of the Merger shall have been issued and remain in effect (each party agreeing to use its reasonable efforts to have any such injunction, order or decree lifted);

(f) No action shall have been taken, and no statute, rule or regulation shall have been enacted, by any Governmental Authority, which would prevent or materially burden the consummation of the Merger;

(g) All consents, orders and approvals legally required for the consummation of the Merger and the transactions contemplated hereby shall have been obtained and be in effect at the Effective Time without any material limitations or conditions.

7.2 *Conditions to Obligations of Star Bulk to Effect the Merger.*

Unless waived by Star Bulk, the obligation of Star Bulk to effect the Merger shall also be subject to the fulfillment at or prior to the Closing Date of the following additional conditions:

(a) Star Maritime shall have performed in all material respects its agreements contained in this Agreement required to be performed on or prior to the Closing Date and the representations and warranties of Star Maritime contained in this Agreement shall be true and correct in all material respects (except for those representations and warranties which are themselves limited by a reference to materiality, which shall be true and correct in all respects other than as modified) on and as of (i) the date made and (ii) the Closing Date (in each case except in the case of representations and warranties expressly made solely with reference to a particular date which shall be true and correct in all material respects as of such date); and Star Bulk shall have received a certificate of the president of Star Maritime to that effect;

(b) Since the date of this Agreement there shall not have been any Material Adverse Effect with respect to Star Maritime, the likelihood of which was not previously disclosed to Star Bulk by Star Maritime as contemplated by this Agreement and Star Maritime shall have engaged in no business activity since the date of its incorporation other than conducting a public offering of its securities and, thereafter, seeking to effect a merger or similar business combination with an operating business;

(c) Star Bulk shall have received a certificate from the corporate Secretary of Star Maritime, together with a certified copy of the resolutions duly authorized by Star Maritime's board of directors authorizing the Merger and, if applicable, the transactions contemplated by this Agreement;

(d) Star Bulk shall have received a certificates of good standing for Star Maritime from the Secretary of State of the State of Delaware dated as of a date that is within five (5) days of the Closing Date;

(e) Star Maritime shall have furnished to Star Bulk such additional certificates and other customary closing documents as Star Bulk may have reasonably requested as to any of the conditions set forth in this Section 7.2;

(f) At Closing, the Star Maritime capitalization shall be unchanged from that set forth in Section 4.2;

(g) Star Maritime shall have conducted the operation of its business in material compliance with all applicable Laws and all approvals required of Star Maritime under applicable law to enable Star Maritime to perform its obligations under this Agreement shall have been obtained; and

(h) All corporate proceedings of Star Maritime in connection with the Merger and the other transactions contemplated by this Agreement and all agreements, instruments, certificates, and other documents delivered to Star Bulk by or on behalf of Star Maritime pursuant to this Agreement shall be reasonably satisfactory to Star Bulk and its counsel.

7.3 *Conditions to Obligations of Star Maritime to Effect the Merger.*

Unless waived by Star Maritime, the obligations of Star Maritime to effect the Merger shall also be subject to the fulfillment at or prior to the Closing Date of the additional following conditions:

(a) Star Bulk shall have performed in all material respects their agreements contained in this Agreement required to be performed on or prior to the Closing Date and the representations and warranties of Star Bulk contained in this Agreement shall be true and correct in all material respects (except for those representations and warranties which are themselves limited by a reference to materiality, which shall be true and correct in all respects, other than as modified) on and as of (i) the date made and (ii) the Closing Date (in each case except in the case of representations and warranties expressly made solely with reference to a particular date which shall be true and correct in all material

respects as of such date); and Star Maritime shall have received a certificate of the president of Star Bulk to that effect;

(b) Star Maritime shall have received an opinion from Seward & Kissel LLP, U.S. counsel to Star Maritime, dated the Closing Date, in form and substance reasonably satisfactory to Star Maritime, which shall include, among other things, an opinion that (i) the Merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code, (ii) each of Star Bulk and Star Maritime will be treated as a "party to a reorganization" within the meaning of Section 368(b) of the Code, and (iii) neither Star Maritime nor the stockholders of Star Maritime (except to the extent of any cash received by such stockholders) will recognize any taxable gain or loss for U.S. federal income tax purposes upon consummation of the Merger.

(c) Star Maritime shall have received a certificate from the president of Star Bulk that the Vessel Acquisition Agreements are in full force and effect;

(d) Immediate prior to Closing, Star Bulk's capitalization shall be unchanged from that as set forth in Section 3.3;

(e) Star Maritime shall have received a certificate of the corporate Secretary of Star Bulk together with a certified copy of the resolutions duly authorized by the board of directors and the sole Star Bulk shareholder authorizing the Merger and the transactions contemplated by this Agreement;

(f) Star Maritime shall have received a certificate of good standing for Star Bulk from the Registrar of Corporations of the Republic of the Marshall Islands dated as of a date that is within five (5) days of the Closing Date;

(g) Star Bulk shall have furnished to Star Maritime such additional certificates and other customary closing documents as Star Maritime may have reasonably requested as to any of the conditions set forth in this Section 7.3;

(h) Since the date of this Agreement there shall not have been any Material Adverse Effect with respect to Star Bulk, the likelihood of which was not previously disclosed to Star Maritime by Star Bulk;

(i) Star Bulk shall have amended its Articles of Incorporation and By-laws on terms reasonably satisfactory to Star Maritime, including, but not limited to, removing any ability of such company to issue bearer shares, and such documents shall be in full force and effect;

(j) Star Bulk shall be the sole registered and beneficial shareholder of the Subsidiaries;

(k) Star Maritime shall be the sole registered and beneficial shareholder of Star Bulk; and

(l) All corporate proceedings of Star Bulk in connection with the Merger and the other transactions contemplated by this Agreement and all agreements, instruments, certificates and other documents delivered to Star Maritime by or on behalf of Star Bulk pursuant to this Agreement shall be in substantially the form called for hereunder or otherwise reasonably satisfactory to Star Maritime and its counsel.

Article VIII.

TERMINATION, AMENDMENT AND WAIVER

8.1 *Termination.*

This Agreement may be terminated at any time prior to the Closing Date, whether before or after approval by the stockholders of Star Maritime:

(a) by mutual consent in writing of Star Maritime and Star Bulk;

(b) unilaterally upon written notice by Star Maritime to Star Bulk in the event a material breach of any material representation or warranty of Star Bulk contained in this Agreement (unless such breach shall have been cured within ten (10) days after the giving of such notice by Star Maritime), or the willful failure of Star Bulk to comply with or satisfy any material covenant or condition of Star Bulk contained in this Agreement; or

(c) unilaterally upon written notice by Star Bulk to Star Maritime in the event of a material breach of any material representation or warranty of Star Maritime contained in this Agreement (unless such breach shall have been cured by Star Maritime within ten (10) days after the giving of such notice by Star Bulk), or Star Maritime's willful failure to comply with or satisfy any material covenant or condition of Star Maritime contained in this Agreement, or if Star Maritime fails to obtain the Star Maritime Stockholders' Approval.

8.2 *Effect of Termination.*

In the event of termination of this Agreement by either Star Maritime or Star Bulk, as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no further obligation on the part of either Star Bulk or Star Maritime (except as set forth in the penultimate sentence of Section 6.1 (with respect to confidential and nonpublic information) and Section 8.5, which shall survive such termination). Nothing in this Section 8.2 shall relieve any party from liability for any breach of this Agreement.

8.3 *Amendment.*

This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto and in compliance with applicable law.

8.4 *Waiver.*

At any time prior to the Effective Time, the parties hereto may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant thereto and (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

8.5 *Expenses.*

Whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, except as otherwise specifically provided for herein.

Article IX.

GENERAL PROVISIONS

9.1 *Notices.*

All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally (effective upon delivery), sent by a reputable overnight courier service for next business day delivery (effective the next business day) or sent via facsimile (effective upon receipt of the telecopy in complete, readable form) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to Star Maritime to:

Star Maritime Acquisition Corp.
103 Foulk Road
Wilmington, DE 19803

with a copy to:

Seward & Kissel LLP
One Battery Park Plaza
New York, New York 10004
Attention: Robert E. Lustrin, Esq.
FAX: (212) 480-8421

(b) If to Star Bulk, to:

Star Bulk Carriers Corp.
40 Ag. Konstantinou Avenue
Aethrion Center, Suite B34
Maroussi 15124
Athens, Greece

with a copy to:

Seward & Kissel LLP
One Battery Park Plaza
New York, New York 10004
Attention: Robert E. Lustrin, Esq.
FAX: (212) 480-8421

9.2 *Interpretation.*

The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.3 *Miscellaneous.*

This Agreement (including the documents and instruments referred to herein) (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof; (ii) shall not be assigned by contract, operation of law or otherwise, and any attempt to do so shall be void; and (iii) shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of New York (without giving effect to the provisions thereof relating to conflicts of law).

9.4 *Submission to Jurisdiction.*

Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in the Borough of Manhattan in The City of New York and of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan in The City of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any matter set forth in this Agreement, and each of the parties hereto hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. Star Maritime and Star Bulk hereby irrevocably waive, to the fullest extent that they may legally do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. Star Maritime and Star Bulk irrevocably consent to the service of any and all process in any action or proceeding by the delivery of copies of such process to it at its notice address in Section 9.1. Star Maritime and Star Bulk agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

9.5 *Waiver of Jury Trial.*

THE PARTIES HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY (BUT NO OTHER JUDICIAL REMEDIES) IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY.

9.6 *Counterparts.*

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. In pleading or proving this Agreement, it shall not be necessary to produce or account for more than one fully executed original.

9.7 *Benefits of Agreement.*

Nothing in this Agreement, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the stockholders of Star Maritime, any benefit or any legal or equitable right, remedy or claim under this Agreement.

9.8 *Parties in Interest.*

This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement, except as otherwise provided in Section 9.7 of this Agreement.

9.9 *Captions.*

The captions of sections and subsections of this Agreement are for reference only, and shall not affect the interpretation or construction of this Agreement.

IN WITNESS WHEREOF, Star Maritime, and Star Bulk have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

STAR MARITIME ACQUISITION CORP.

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: Chairman, Chief Executive Officer and President

STAR BULK CARRIERS CORP.

By: /s/ PROKOPIOS TSIRIGAKIS

Name: Prokopios Tsirigakis
Title: President

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SCHEDULE 2.5

Directors of Surviving Corporation

Prokopios (Akis) Tsirigakis

George Syllantavos

Petros Pappas

Nobu Su

Peter Espig

Koert Erhardt

Tom Søfteland

SCHEDULE 2.6

Star Bulks Shares Post Merger

	Securities Outstanding Immediately Before Merger	Securities Outstanding Immediately After Merger(1)
Star Maritime common shares	29,026,924	0
Star Maritime preferred shares	0	0
Star Maritime warrants	20,000,000	0
Star Bulk common shares	500(2)	29,026,924
Star Bulk preferred shares	0	0
Star Bulk warrants	0	20,000,000

(1) Assumes all outstanding securities in Star Maritime and Star Bulk are exchanged for, or converted to, Star Bulk Shares.

(2) Cancelled in merger.

SCHEDULE 3.1

Jurisdictions In Which Star Bulk Is Qualified

Marshall Islands.

SCHEDULE 3.5(a)

Material Agreements Of Star Bulk

Supplemental Agreement dated January 12, 2007 by and among Star Maritime, Star Bulk and TMT.

Memorandum of Agreement relating to the A Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and A Duckling Corporation, as seller.

Memorandum of Agreement relating to the B Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and B Duckling Corporation, as seller.

Memorandum of Agreement relating to the C Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and C Duckling Corporation, as seller.

Memorandum of Agreement relating to the F Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and F Duckling Corporation, as seller.

Memorandum of Agreement relating to the G Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and G Duckling Corporation, as seller.

Memorandum of Agreement relating to the I Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and I Duckling Corporation, as seller.

Memorandum of Agreement relating to the J Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and J Duckling Corporation, as seller.

Memorandum of Agreement relating to the Mommy Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and Mommy Management Corp., as seller.

SCHEDULE 3.14

Material Adverse Changes

None.

SCHEDULE 4.1

Jurisdictions In Which Star Maritime Is Qualified

Delaware.

Appendix L

FORM OF PROXY

STAR MARITIME ACQUISITION CORP.
PROXY FOR THE SPECIAL MEETING
TO BE HELD ON NOVEMBER 27, 2007

The undersigned stockholder of Star Maritime Acquisition Corp., a Delaware corporation (the "Company"), hereby acknowledges receipt of the Notice of the Special Meeting of Stockholders and Proxy Statement and hereby appoints Prokopios (Akis) Tsirigakis and George Syllantavos, or any of them, proxies and attorneys-in-fact, with full power to each of substitution and revocation, on behalf and in the name of the undersigned, to represent the undersigned at the Special Meeting of Stockholders of the Company to be held on November 27, 2007 at the offices of Seward & Kissel LLP, One Battery Park Plaza, 23rd floor, New York, New York at 10:00 a.m. or at any adjournment or postponement thereof, and to vote, as designated below, all shares of common stock of the Company which the undersigned would be entitled to vote if then and there personally present, on the matters set forth below.

The Board of Directors recommends that you vote "FOR" the proposals.

1. To consider and vote upon a proposal to approve and authorize the acquisition of eight drybulk carriers by Star Bulk Carriers Corp., or Star Bulk, a wholly-owned Marshall Islands subsidiary of Star Maritime, from certain wholly-owned subsidiaries of TMT Co., Ltd., or TMT, pursuant to definitive agreements, for an aggregate purchase price of $345,237,520, consisting of $224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued at the time of the Redomiciliation Merger and an additional 1,606,962 shares of common stock of Star Bulk to be issued in two installments, which we refer to as the Asset Acquisition. Star Maritime has also entered into related agreements with TMT in connection with the Asset Acquisition.

FOR	AGAINST	ABSTAIN
o	o	o

2. To consider and vote upon a proposal to approve and authorize the merger, which we refer to as the Redomiciliation Merger, pursuant to the Agreement and Plan of Merger, dated March 14, 2007, by and between Star Maritime and its wholly-owned Marshall Islands subsidiary, Star Bulk Carriers Corp., or Star Bulk, whereby Star Maritime will merge with and into Star Bulk, with Star Bulk as the surviving corporation. As a result of the Redomiciliation Merger: (i) the separate corporate existence of Star Maritime will cease; (ii) each share of Star Maritime common stock, par value $0.0001 per share, will be converted into the right to receive one share of Star Bulk common stock, par value $0.01 per share; and (iii) each outstanding warrant Star Maritime will be assumed by Star Bulk with the same terms and restrictions, except that each will be exercisable for common stock of Star Bulk.

FOR	AGAINST	ABSTAIN
o	o	o

The approval of the Asset Acquisition is conditioned upon the approval of the Redomiciliation Merger. Star Bulk cannot complete the Asset Acquisition unless the Redomiciliation Merger is approved and completed. Only if you vote "AGAINST" Proposal 2, you may exercise redemption rights and demand that Star Maritime redeem your shares of common stock for a pro rata portion of the Trust Account by marking the "Exercise Redemption Rights" box below. If you exercise your redemption rights, then you will be exchanging your shares of Star Maritime common stock for cash and will no longer own these shares. You will be entitled to receive cash for these shares

if the Redomiciliation Merger is completed, you continue to hold your shares through the effective time of the Redomiciliation Merger and tender your stock certificate to Star Bulk. If the Redomiciliation Merger is consummated, you will receive instructions on how to tender your shares.

Exercise Redemption Rights o

3. To adjourn the special meeting in order for Star Maritime to solicit proxies in the event Star Maritime has not received the requisite shareholder vote to approve the Asset Acquisition and the Redomiciliation Merger.

FOR	AGAINST	ABSTAIN
o	o	o

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED "FOR" THE PROPOSALS SPECIFICALLY IDENTIFIED ABOVE.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

Date: , 2007

PLEASE DATE AND SIGN ABOVE exactly as name appears at the left, indicating, where proper, official position or representative capacity. For stock held in joint tenancy, each joint owner should sign.

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