Star Bulk Carriers Corp.
Form F-3/A
November 03, 2008

Registration Statement No. 333 - 153304

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2

FORM F-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

STAR BULK CARRIERS CORP.
(Exact name of registrant as specified in its charter)

Republic of the Marshall Islands (State or other jurisdiction of incorporation or organization)	N/A (I.R.S. Employer Identification No.)
7, Fragoklisias Street, 2nd floor Maroussi 151 25 Athens, Greece 011-30-210-617-8400 (Address and telephone number of Registrant's principal executive offices)	Seward & Kissel LLP Attention: Gary J. Wolfe, Esq. Robert Lustrin, Esq. One Battery Park Plaza New York, New York 10004 (212) 574-1200 (Name, address and telephone number of agent for service)

Copies to:
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New York, New York 10004
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Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective as determined by market conditions and other factors.

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

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Aggregate Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Shares, par value $ 0.01 per share	4,606,962	$10.18	$46,898,873.16	$1,850

(1) Includes 3,803,481 common shares which are beneficially owned by F5 Capital and 803,481 common shares reserved for issuance to TMT Co., Ltd. or its nominee pursuant to the Master Agreement by and among TMT Co., Ltd., Star Bulk Carriers Corp. and Star Maritime Acquisition Corp.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act based upon the average high and low prices of the registrant's Common Shares on August 26, 2008 on the NASDAQ Global Market.

(3) Previously paid.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated November 3, 2008

4,606,962 Common Shares

This prospectus relates to the offer and resale by the selling stockholder identified in this prospectus of up to 4,606,962 shares of our common stock, or the Common Shares.

The selling stockholder identified in this prospectus, may offer these securities or interests therein from time to time through public or private transactions at prevailing market prices, at prices related to prevailing market prices or at privately negotiated prices.

Although we will incur expenses in connection with the registration of the Common Shares, we will not receive any of the proceeds from the sale of the Common Shares by the selling stockholder.

Shares of our common stock and warrants to purchase shares of our common stock are listed on the NASDAQ Global Market under the symbols “SBLK” and “SBLKW,” respectively.

An investment in these securities involves risks. See the section of this prospectus entitled “Risk Factors” beginning on page 8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2008

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You should only rely on the information in this prospectus. We have not authorized any other person to provide you with additional or different information or to make any representations other than those contained in this prospectus. Do not rely upon any information or representations made outside of this prospectus. This prospectus is not an offer to sell, and it is not soliciting an offer to buy, (1) any securities other than our Common Shares or (2) our Common Shares in any circumstances in which our offer or solicitation is unlawful. The information contained in this prospectus may change after the date of this prospectus. Do not assume after the date of this prospectus that the information contained in this prospectus is still correct.

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PROSPECTUS SUMMARY

This section summarizes some of the key information that appears later in this prospectus. You should review carefully the risk factors and the more detailed information, the financial statements included in this registration statement and the financial information that is derived from financial statements incorporated by reference. Unless otherwise indicated, all references to currency amounts in this prospectus are to U.S. dollars and financial information presented in this prospectus and the financial information that is derived from financial statements incorporated by reference is prepared in accordance with accounting principles generally accepted in the United States. Unless the context otherwise requires, when used in this registration statement, the terms "Star Bulk," the "Company," "we," "our" and "u refer to Star Bulk Carriers Corp. and its subsidiaries.

Our Company

We were incorporated in the Marshall Islands on December 13, 2006 as a wholly-owned subsidiary of Star Maritime Acquisition Corp., or Star Maritime. Our executive offices are located at 7, Fragoklisias Street, 2nd floor, Maroussi 151 25, Athens, Greece and our telephone number is 011-30-210-617-8400. We merged with Star Maritime on November 30, 2007 and commenced operations on December 3, 2007, which is the date we took delivery of our first vessel.

Star Maritime was organized under the laws of the State of Delaware on May 13, 2005 as a blank check company formed to acquire, through a merger, capital stock exchange, asset acquisition or similar business combination, one or more assets or target businesses in the shipping industry. Star Maritime's common stock and warrants started trading on the American Stock Exchange under the symbols, SEA and SEA.WS, respectively, on December 21, 2005.

On November 27, 2007, Star Maritime obtained shareholder approval for the acquisition of the initial fleet of eight drybulk carriers and for effecting a redomiciliation merger whereby Star Maritime merged with and into Star Bulk with Star Bulk as the surviving entity, which we refer to throughout this prospectus as the Redomiciliation Merger. The Redomiciliation Merger was completed on November 30, 2007 as a result of which each outstanding share of Star Maritime common stock was converted into the right to receive one share of Star Bulk common stock and each outstanding warrant of Star Maritime was assumed by Star Bulk with the same terms and restrictions except that each became exercisable for common stock of Star Bulk. Star Bulk's common stock and warrants are listed on the NASDAQ Global Market under the symbols "SBLK" and "SBLKW," respectively.

As of December 31, 2007, we paid no dividends to our shareholders. On February 14, April 16, and July 29, 2008, the Company declared dividends amounting to approximately $4.6 million ($0.10 per share, paid on February 28, 2008 to the stockholders of record on February 25, 2008), approximately $18.8 million ($0.35 per share, paid on May 23, 2008 to the shareholders of record on May 16, 2008), and approximately $19.4 million ($0.35 per share, paid on August 18, 2008 to the shareholders of record on August 8, 2008), respectively.

For a more detailed summary of our dividend policy, we refer you to the section of this prospectus entitled "Our Dividend Policy."

Our Fleet

We own and operate a fleet of 12 vessels consisting of four Capesize and eight Supramax drybulk carriers with an average age of 9.4 years and a combined cargo carrying capacity of approximately 1.1 million dwt.

Our fleet carries a variety of drybulk commodities including coal, iron ore, and grains, or major bulks, as well as bauxite, phosphate, fertilizers and steel products, or minor bulks. We charter all of our vessels pursuant to medium- to long-term time charters with terms of approximately one to five years other than the Star Beta, which is currently employed on a short-term time charter for a term of two to four months.

The following table represents a list of all of the vessels in our fleet as of October 30, 2008:

Vessel Name	Vessel Type	Size (dwt.)	Year Built	Average Daily Hire Rate	Type/Remaining Term	Vessel Delivery Date
Star Alpha (ex A Duckling)	Capesize	175,075	1992	$ 47,500	Time charter/0.9 years	January 9, 2008
Star Beta (ex B Duckling)(2)	Capesize	174,691	1993	$ 17,803	Time charter/0.17 years	December 28, 2007
Star Gamma (ex C Duckling)	Supramax	53,098	2002	$ 28,500	Time charter/3.4 years	January 4, 2008
Star Delta (ex F Duckling)	Supramax	52,434	2000	$ 25,800	Time charter/0.5 year	January 2, 2008
Star Epsilon (ex G Duckling)	Supramax	52,402	2001	$ 25,550	Time charter/5.4 year	December 3, 2007
Star Zeta (ex I Duckling)	Supramax	52,994	2003	$ 42,500	Time charter/2.6 years	January 2, 2008
Star Theta (ex J Duckling)	Supramax	52,425	2003	$ 32,500	Time charter/0.6 year	December 6, 2007
Star Kappa (ex E Duckling)	Supramax	52,055	2001	$ 47,800	Time charter/2.0 years	December 14, 2007
Star Sigma (ex Sinfonia)	Capesize	184,403	1991	$ 100,000	Time charter/3.5 years	April 15, 2008
Star Omicron (ex Nord Wave)	Supramax	53,489	2005	$ 43,000	Time charter/2.4 years	April 17, 2008
Star Cosmo (ex Victoria)	Supramax	52,200	2005	$ 41,900	Time charter/2.5 years	July 1, 2008
Star Ypsilon (ex Falcon Cape)	Capesize	150,940	1991	$ 93,333	Time charter/2.9 years	September 18, 2008
Recently Sold						
Star Iota (ex Mommy Duckling)(1)	Panamax	78,585	1983	$ 18,000	Time charter/0.1 year	March 7, 2008

(1) On April 24, 2008, we entered into an agreement to sell Star Iota for $18.4 million. We delivered this vessel to its purchasers on October 6, 2008.

(2) On October 30, 2008, we entered into a time charter with Companhia Vale do Rio Doce (Vale) for the Star Beta for a minimum of two months and maximum of four months at the gross daily rate of $15,500 for the first fifty days and $25,000 for the balance of the time charter plus a repositioning fee of $525,000.

The Star Beta had been time chartered by us to Industrial Carriers Inc. (“ICI”). Under that time charter ICI was obligated to pay us a gross daily charter hire rate of $106,500 until February 2010. In January 2008, ICI sub-chartered the vessel for one year to Oldendorff Gmbh & Co. KG of Germany (“Oldendorff”) at a gross daily charter hire rate of $130,000 until February 2009. In October, ICI assigned its rights and obligations under the sub-charter to us in exchange for it being released from the remaining term of the ICI charter. Oldendorff notified us that it considers the assignment of the sub-charter to be an effective repudiation of the sub-charter by ICI. We believe that the assignment was valid and that Oldendorff has erroneously repudiated the sub-charter. Star Bulk intends to pursue its rights against Oldendorff under the sub-charter.

We actively manage the deployment of our fleet on time charters, which generally can last up to several years. Currently, all of our vessels are employed on medium to long-term time charters other than the Star Beta, which is currently employed on a short-term time charter for a term of two to four months. A time charter is generally a contract to charter a vessel for a fixed period of time at a set daily rate. Under time charters, the charterer pays voyage expenses such as port, canal and fuel costs. We pay for vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs, as well as for commissions. We are also responsible for the drydocking costs relating to each vessel.

Our vessels operate worldwide within the trading limits imposed by our insurance terms and do not operate in areas where United States, European Union or United Nations sanctions have been imposed.

As of October 30, 2008, we had 20 employees. Eighteen of our employees, through Star Bulk Management Inc., or Star Bulk Management, are engaged in the day to day management of the vessels in our fleet. Our wholly-owned subsidiary, Star Bulk Management performs operational and technical management services for the vessels in our fleet. Our Chief Executive Officer and our Chief Financial Officer are also the senior management of Star Bulk Management. Star Bulk Management employs such number of additional shore-based executives and employees designed to ensure the efficient performance of its activities.

We reimburse and/or advance funds as necessary to Star Bulk Management in order for it to conduct its activities and discharge its obligations, at cost. We also maintain working capital reserves as may be agreed between Star Bulk and Star Bulk Management from time to time.

Star Bulk Management is responsible for the management of the vessels. Star Bulk Management's responsibilities include, among other things, locating, purchasing, financing and selling vessels, deciding on capital expenditures for the vessels, paying vessels' taxes, negotiating charters for the vessels, managing the mix of various types of charters, developing and managing the relationships with charterers and the operational and technical management of the vessels. Technical management includes maintenance, drydocking, repairs, insurance, regulatory and classification society compliance, arranging for and managing crews, appointing technical consultants and providing technical support.

We do not intend to pay commissions to our affiliates in connection with the chartering of vessels to or from any of our affiliates or for the purchase of vessels from or sale to our affiliates.

Star Bulk Management subcontracts the technical and crew management of our vessels to Combine Marine S.A., or Combine, Bernhardt Schulte Shipmanagement Ltd., or Bernhardt, and Union Commercial Inc., or Union.

On September 17, 2008, we entered into an agreement with Bernhardt for the technical management of the Star Ypsilon. Under this agreement we pay Bernhardt an aggregate annual management fee of $90,000. The agreement continues indefinitely unless either party terminates the agreement upon three months' written notice or a certain termination event occurs.

On June 18, 2008, we entered into an agreement with Union for the technical management of the Star Cosmo. Under the agreement, we pay a daily fee of $450, which is reviewed two months before the beginning of each calendar year. The agreement continues indefinitely unless either party terminates the agreement after the first voyage upon two months' written notice or a certain termination event occurs.

On March 24, 2008, we entered into an agreement with Bernhardt for the technical management of Star Omicron. Under this agreement we pay Bernhardt an aggregate annual management fee of $110,000.

On November 2 and December 5, 2007, we entered into agreements with Bernhardt for the technical management of the Star Alpha, the Star Beta, the Star Delta, the Star Epsilon and the Star Theta and the Star Kappa, respectively. Under these agreements, we pay Bernhardt an aggregate annual management fee of $110,000 per vessel. The agreements continue indefinitely unless either party terminates the agreements upon three months' written notice or a certain termination event occurs.

Under an agreement dated May 4, 2007, we appointed Combine, a company affiliated with Mr. Tsirigakis, our Chief Executive Officer, Mr. Pappas, the Chairman of our Board and one of our directors and Mr. Christos Anagnostou, a former officer of Star Maritime, as interim manager of the vessels in the initial fleet. Under the agreement, Combine provides interim technical management and associated services, including legal services, to the vessels in exchange for a flat fee of $10,000 per vessel prior to delivery and at a daily fee of $450 U.S. dollars per vessel during the term of the agreement until such time as the technical management of the vessel is transferred to another technical management company. Combine is entitled to be reimbursed at cost by us for any and all expenses incurred by them in the management of the vessels, but shall provide us the full benefit of all discounts and rebates enjoyed by them. The term of the agreement is for one year from the date of delivery of each vessel. Either party may terminate the agreement upon thirty days' written notice. The Star Gamma, the Star Zeta and the Star Sigma are currently managed by Combine.

Certain Risks

Our business is dependant on our ability to manage a number of risks relating to our industry and our operations. These risks include the following:

- Cyclical nature of charter hire rates. The cyclical nature of the drybulk shipping industry and the volatility in charter hire rates for our vessels may affect our ability to successfully charter our vessels in the future or renew existing charters at rates sufficient to allow us to meet our obligations or to pay dividends. Charter rates are affected by, among other factors, the demand for carriage of drybulk cargo and the supply of drybulk vessels in the global fleet, which, according to Drewry, as of September 2008, amounted to 69.8% of the existing drybulk carried fleet based on current newbuilding orders. Charter hire rates have decreased sharply from their historical highs and the value of secondhand vessels has also decreased sharply from their historically high levels. The Baltic Dry Index, or BDI, a daily average of charter rates in 26 shipping routes measured on a time charter and voyage basis and covering Supramax, Panamax, and Capesize drybulk carriers, has fallen over 90% from May 2008 through October 2008.

- Our operations are subject to international laws and regulations. Our business and the operation of our vessels are materially affected by applicable government regulation in the form of international conventions and national, state and local laws and regulations. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with them or with additional regulations that may be applicable to our operations that are adopted in the future.

- Servicing our current and future debt limits funds available for other purposes, including the payment of dividends. To finance our future fleet expansion, we expect to incur additional secured debt. We must dedicate a portion of our cash flow from operations to pay the principal and interest on our debt. These payments limit funds otherwise available for working capital, capital expenditures and other purposes and may limit funds available for other purposes, including distributing cash to our shareholders, and our inability to service debt could lead to acceleration of our debt payments and foreclosure on our fleet.

Prospective investors in our Common Shares should also carefully consider the factors set forth in the section of this prospectus entitled "Risk Factors" beginning on page 8.

Drybulk Shipping Industry Trends

The maritime shipping industry is fundamental to international trade with ocean-going vessels representing the most efficient and often the only method of transporting large volumes of many essential commodities, finished goods and crude and refined petroleum products between the continents and across the seas. It is a global industry whose performance is closely tied to the level of economic activity in the world.

The drybulk shipping industry involves the carriage of bulk commodities. According to Drewry Shipping Consultants, Ltd., or Drewry, since the fourth quarter of 2002, the drybulk shipping industry has experienced the highest charter rates and vessel values in its modern history due to the favorable imbalance between the supply of drybulk carriers and demand for drybulk transportation service. Charter hire rates have been volatile since the start of 2008 and have fallen sharply from the highs recorded in 2007. The Baltic Dry Index, or BDI, a daily average of charter rates in 26 shipping routes measured on a time charter and voyage basis and covering Supramax, Panamax, and Capesize drybulk carriers, has fallen over 90% from May 2008 through October 2008.

Corporate Structure

Star Bulk is a holding company that owns its vessels through separate wholly-owned subsidiaries. Star Bulk's wholly-owned subsidiary, Star Bulk Management, performs operational and technical management services for the vessels in the initial fleet, including chartering, marketing, capital expenditures, personnel, accounting, paying vessel taxes and maintaining insurance.

Star Maritime Acquisition Corp., or Star Maritime, was organized under the laws of the State of Delaware on May 13, 2005 as a blank check company formed to acquire, through a merger, capital stock exchange, asset acquisition or similar business combination, one or more assets or target businesses in the shipping industry. Following the formation of Star Maritime, our officers and directors were the holders of 9,026,924 shares of common stock representing all of our then issued and outstanding capital stock. On December 21, 2005, Star Maritime consummated its initial public offering of 18,867,500 units, at a price of $10.00 per unit, each unit consisting of one share of Star Maritime common stock and one warrant to purchase one share of Star Maritime common stock at an exercise price of $8.00 per share. In addition, Star Maritime completed during December 2005 a private placement of an aggregate of 1,132,500 units, or the Private Placement, each unit consisting of one share of common stock and one warrant, to Messrs. Tsirigakis and Syllantavos, our Chief Executive Officer and Chief Financial Officer, respectively, and Messrs. Pappas and Erhardt, our Chairman of the Board and one of our directors. The gross proceeds of the private placement of $11.3 million were used to pay all fees and expenses of the initial public offering and as a result, the entire gross proceeds of the initial public offering amounting to $188.7 million were deposited in a trust account maintained by American Stock Transfer & Trust Company, or the Trust Account. Star Maritime's common stock and warrants started trading on the American Stock Exchange under the symbols, SEA and SEA.WS, respectively on December 21, 2005.

On January 12, 2007, Star Maritime and Star Bulk entered into definitive agreements to acquire a fleet of eight drybulk carriers with a combined cargo-carrying capacity of approximately 692,000 dwt. from certain subsidiaries of TMT Co. Ltd., or TMT, a shipping company headquartered in Taiwan. These eight drybulk carriers are referred to as the initial fleet, or initial vessels. The aggregate purchase price specified in the Master Agreement by and among the Company, Star Maritime and TMT, or the Master Agreement for the initial fleet was $224.5 million in cash and 12,537,645 shares of common stock of Star Bulk. As additional consideration for eight vessels, we are obligated to issue 1,606,962 shares of common stock of Star Bulk to TMT in two installments as follows: (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, 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.

On November 2, 2007, the U.S. Securities and Exchange Commission, SEC or Commission, declared effective our joint proxy/registration statement filed on Forms F-1/F-4 and on November 27, 2007 we obtained shareholder approval for the acquisition of the initial fleet and for effecting the Redomiciliation Merger as a result of which Star Maritime merged into Star Bulk with Star Maritime merging out of existence and Star Bulk being the surviving entity. Each share of Star Maritime common stock was exchanged for one share of Star Bulk common stock and each warrant of Star Maritime was assumed by Star Bulk with the same terms and conditions except that each became exercisable for common stock of Star Bulk. The Redomiciliation Merger became effective after stock markets closed on Friday, November 30, 2007 and the common shares and warrants of Star Maritime ceased trading on the American Stock Exchange under the symbols SEA and SEAU, respectively. Star Bulk shares and warrants started trading on the NASDAQ Global Market on Monday, December 3, 2007 under the ticker symbols SBLK and SBLKW, respectively. Immediately following the effective date of the Redomiciliation Merger, TMT and its affiliates owned 30.2% of Star Bulk's outstanding common stock.

We began operations on December 3, 2007 with the delivery of our first vessel the Star Epsilon. Of the initial fleet of eight drybulk vessels Star Bulk agreed to acquire, three of such eight vessels were delivered by the end of December 2007. Additionally, on December 3, 2007, we entered into an agreement to acquire an additional Supramax vessel, the Star Kappa from TMT, which was not included in the initial fleet and was delivered to us on December 14, 2007. On July 17, 2008, we issued 803,481 additional shares to TMT as the first installment of additional shares in accordance with the Master Agreement.

We maintain our principal executive offices at 7, Fragoklisias Street, 2nd floor, Maroussi 151 25, Athens, Greece. Our telephone number at that address is 30-210-617-8400.

Our Dividend Policy

Based upon and subject to the assumptions contained in this section, we currently intend to pay quarterly dividends to the holders of our common shares, in February, May, August and November, in amounts that will allow us to retain a portion of our cash flows to fund vessel or fleet acquisitions, and for debt repayment and other corporate purposes, as determined by our management and board of directors. The payment of dividends is not guaranteed or assured and may be discontinued at the sole discretion of our board of directors and may not be paid in the anticipated amounts and frequency set forth in this prospectus. Our board of directors will continually review its dividend policy and make adjustments that it believes appropriate.

The timing and amount of dividend payments will be dependent upon our earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in our credit facility, the provisions of Marshall Islands law affecting the payment of distributions to stockholders and other factors. Our ability to pay dividends will be limited by the amount of cash we can generate from operations, primarily the charterhire, net of commissions, received by the Company under the charters for our vessels during the preceding calendar quarter, less expenses for that quarter, consisting primarily of vessel operating expenses (including management fees), general and administrative expenses, debt service, maintenance expenses and the establishment of any reserves as well as additional factors unrelated to its profitability. These reserves may cover, among other things, future dry-docking, repairs, claims, liabilities and other obligations, interest expense and debt amortization, acquisitions of additional assets and working capital.

Because we are a holding company with no material assets other than the shares of our subsidiaries which directly own the vessels in our fleet, our ability to pay dividends depends on the earnings and cash flow of our subsidiaries and their ability to pay dividends to us. We cannot assure you that, after the expiration or earlier termination of our charters, we will have any sources of income from which dividends may be paid. If there is a substantial decline in the charter market, this would negatively affect our earnings and limit our ability to pay dividends. In particular, our ability to pay dividends is subject to our ability to satisfy certain financial covenants that are contained in our credit facility.

We believe that, under current law, our dividend payments from earnings and profits will constitute "qualified dividend income" and as such will generally be subject to a 15% United States federal income tax rate with respect to non-corporate individual stockholders. Distributions in excess of our earnings and profits will be treated first as a non-taxable return of capital to the extent of a United States stockholder's tax basis in our common stock on a dollar-for-dollar basis and thereafter as capital gain.

On February 14, April 16, and July 29, 2008, the Company declared dividends amounting to approximately $4.6 million ($0.10 per share, paid on February 28, 2008 to the stockholders of record on February 25, 2008), approximately $18.8 million ($0.35 per share, paid on May 23, 2008 to the shareholders of record on May 16, 2008), and approximately $19.4 million ($0.35 per share, paid on August 18, 2008 to the shareholders of record on August 8, 2008), respectively.

The Offering

This prospectus relates to the resale by the selling stockholder of up to 4,606,962 shares of our common stock. Shares of our common stock are traded on the NASDAQ Global Market under the symbol “SBLK.”

RISK FACTORS

Some of the following risks relate principally to the industry in which we operate and our business in general. Other risks relate principally to the securities market and ownership of our common stock. The occurrence of any of the events described in this section could significantly and negatively affect our business, financial condition, operating results or cash available for dividends or the trading price of our common stock.

Industry Specific Risk Factors

Charterhire rates for drybulk carriers are volatile and may decrease in the future, which would adversely affect our earnings and ability to pay dividends

The drybulk shipping industry is cyclical with attendant volatility in charterhire rates and profitability. The degree of charterhire rate volatility among different types of drybulk carriers varies widely. According to Drewry, charterhire rates for Capesize, Panamax and Supramax drybulk carriers have decreased sharply from their historically high levels. The Baltic Dry Index, or BDI, a daily average of charter rates in 26 shipping routes measured on a time charter and voyage basis and covering Supramax, Panamax, and Capesize drybulk carriers, has fallen over 90% from May 2008 through October 2008. The decline in charter rates is due to various factors, including the lack of trade financing for purchases of commodities carried by sea, which has resulted in a significant decline in cargo shipments, and the excess supply of iron ore in China which has resulted in falling iron ore prices and increased stockpiles in Chinese ports. If the drybulk shipping market is depressed in the future our earnings and available cash flow may decrease. Our ability to re-charter our vessels on the expiration or termination of their current time charters and the charter rates payable under any renewal or replacement charters will depend upon, among other things, economic conditions in the drybulk shipping market. Fluctuations in charter rates and vessel values result from changes in the supply and demand for drybulk cargoes carried internationally at sea, including coal, iron, ore, grains and minerals.

The factors affecting the supply and demand for vessel capacity are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

The factors that influence demand for vessel capacity include:

- demand for and production of drybulk products;
- global and regional economic and political conditions;
- the distance drybulk cargo is to be moved by sea; and
- changes in seaborne and other transportation patterns.

The factors that influence the supply of vessel capacity include:

- the number of new building deliveries;
- port and canal congestion;
- the scrapping of older vessels;
- vessel casualties; and
- the number of vessels that are out of service.

We anticipate that the future demand for our drybulk carriers will be dependent upon continued economic growth in the world's economies, including China and India, seasonal and regional changes in demand, changes in the capacity of the global drybulk carrier fleet and the sources and supply of drybulk cargo to be transported by sea. The capacity of the global drybulk carrier fleet seems likely to increase and economic growth may not continue. Adverse economic, political, social or other developments could have a material adverse effect on our business and operating results.

The market values of our vessels may decrease, which could limit the amount of funds that we can borrow or trigger certain financial covenants under our current or future credit facilities and or we may incur a loss if we sell vessels following a decline in their market value

The fair market values of our vessels have generally experienced high volatility. According to Drewry, the market prices for secondhand Capesize, Panamax and Supramax drybulk carriers have recently decreased sharply from their historically high levels.

The fair market value of our vessels may increase and decrease depending on a number of factors including:

- prevailing level of charter rates;
- general economic and market conditions affecting the shipping industry;
- types and sizes of vessels;
- supply and demand for vessels;
- other modes of transportation;
- cost of newbuildings;
- governmental or other regulations; and
- technological advances.

In addition, as vessels grow older, they generally decline in value. If the fair market value of our vessels declines, we may not be in compliance with certain provisions of our term loans and we may not be able to refinance our debt or obtain additional financing. In addition, if we sell one or more of our vessels at a time when vessel prices have fallen and before we have recorded an impairment adjustment to our consolidated financial statements, the sale may be less than the vessel's carrying value on our consolidated financial statements, resulting in a loss and a reduction in earnings. Furthermore, if vessel values fall significantly we may have to record an impairment adjustment in our financial statements which could adversely affect our financial results.

World events could affect our results of operations and financial condition

Terrorist attacks in New York on September 11, 2001 and in London on July 7, 2005 and the continuing response of the United States and others to these attacks, as well as the threat of future terrorist attacks in the United States or elsewhere, continues to cause uncertainty in the world's financial markets and may affect our business, operating results and financial condition. The continuing conflict in Iraq may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs.

Terrorist attacks on vessels, such as the October 2002 attack on the M.V. Limburg, a very large crude carrier not related to us, may in the future also negatively affect our operations and financial condition and directly impact our vessels or our customers. Future terrorist attacks could result in increased volatility of the financial markets in the United States and globally and could result in, or pooling, an economic recession affecting the United States or the entire world. Any of these occurrences could have a material adverse impact on our revenues and costs.

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a material adverse impact on our results of operations, financial condition and cash flows, and could cause the market price of our common stock to decline.

There are signs that the United States and other parts of the world are exhibiting deteriorating economic trends and may be entering into a recession. For example, the credit markets in the United States have experienced significant contraction, de-leveraging and reduced liquidity, and the United States federal government and state governments have implemented and are considering a broad variety of governmental action and/or new regulation of the financial markets. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The SEC, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may effect changes in law or interpretations of existing laws.

Recently, a number of financial institutions have experienced serious financial difficulties and, in some cases, have entered bankruptcy proceedings or are in regulatory enforcement actions. These difficulties have resulted, in part, from declining markets for assets held by such institutions, particularly reduction in the value of their mortgage and asset-backed securities portfolios. These difficulties have been compounded by a general decline in the willingness by banks and other financial institutions to extend credit to originators and banks in the asset-backed securities industry and the resulting difficulty for such originators and banks to obtain credit and liquidity.

We face risks attendant to changes in economic environments, changes in interest rates, and instability in securities markets, around the world, among other factors. Major market disruptions and the current adverse changes in market conditions and regulatory climate in the United States and worldwide may adversely affect our business or impair our ability to borrow amounts under our credit facilities or any future financial arrangements. We cannot predict how long the current market conditions will last. However, these recent and developing economic and governmental factors may have a material adverse effect on our results of operations, financial condition or cash flows and could cause the price of our common stock to decline significantly.

An economic slowdown in the Asia Pacific region could materially reduce the amount and/or profitability of our business

A significant number of the port calls made by our vessels involve the loading or discharging of raw materials and semi-finished products in ports in the Asia Pacific region. As a result, a negative change in economic conditions in any Asia Pacific country, particularly in China, may have an adverse effect on our business, financial position and results of operations, as well as our future prospects. In particular, in recent years, China has been one of the world's fastest growing economies in terms of gross domestic product. Such growth may not be sustained and the Chinese economy may experience contraction in the future. Moreover, any continued slowdown in the economies of the United States of America, the European Union or certain Asian countries may adversely effect economic growth in China and elsewhere. Our business, financial position, results of operations, and cash flows as well as our future prospects, will likely be materially and adversely affected by an economic downturn in any of these countries.

Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on our business, financial condition and results of operations

The Chinese economy differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development, or OECD, in such respects as structure, government involvement, level of development, growth rate, capital reinvestment, allocation of resources, rate of inflation and balance of payments position. Prior to 1978, the Chinese economy was a planned economy. Since 1978, increasing emphasis has been placed on the utilization of market forces in the development of the Chinese economy. Annual and five year State Plans are adopted by the Chinese government in connection with the development of the economy. Although state-owned enterprises still account for a substantial portion of the Chinese industrial output, in general, the Chinese government is reducing the level of direct control that it exercises over the economy through State Plans and other measures. There is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a "market economy" and enterprise reform. Limited price reforms were undertaken, with the result that prices for certain commodities are principally determined by market forces. Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. If the Chinese government does not continue to pursue a policy of economic reform the level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government, such as changes in laws, regulations or export and import restrictions, all of which could, adversely affect our business, operating results and financial condition.

Charter rates are subject to seasonal fluctuations and market volatility, which may adversely affect our financial condition and ability to pay dividends

We own and operate a fleet of 12 vessels consisting of four Capesize and eight Supramax drybulk carriers with an average age of 9.4 years and a combined cargo carrying capacity of approximately 1.1 million dwt. We employ all of our vessels on medium-to long-term time charters other than the Star Beta, which is currently employed on a short-term time charter for a term of two to four months. We may in the future employ certain of our vessels in the spot market. Demand for vessel capacity has historically exhibited seasonal variations and, as a result, in charter rates. This seasonality may result in quarter-to-quarter volatility in our operating results for vessels trading in the spot market. The drybulk sector is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere. As a result, our revenues from our drybulk carriers may be weaker during the fiscal quarters ended June 30 and September 30, and, conversely, our revenues from our drybulk carriers may be stronger in fiscal quarters ended December 31 and March 31. Seasonality in the sector in which we operate could materially affect our operating results and cash available for dividends in the future.

Rising fuel prices may adversely affect our profits

Fuel is a significant, if not the largest, expense in our shipping operations when vessels are not under period charter. Changes in the price of fuel may adversely affect our profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel may become much more expensive in the future, which may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

We are subject to international safety regulations and the failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports

Our business and the operation of our vessels are materially affected by government regulation in the form of international conventions, national, state and local laws and regulations in force in the jurisdictions in which the vessels operate, as well as in the country or countries of their registration. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with such conventions, laws and regulations or the impact thereof on the resale prices or useful lives of our vessels. Additional conventions, laws and regulations may be adopted which could limit our ability to do business or increase the cost of our doing business and which may materially adversely affect our operations. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, certificates, and financial assurances with respect to our operations.

The operation of our vessels is affected by the requirements set forth in the United Nations' International Maritime Organization's International Management Code for the Safe Operation of Ships and Pollution Prevention, or ISM Code. The ISM Code requires shipowners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a shipowner or bareboat charterer to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. If we are subject to increased liability for noncompliance or if our insurance coverage is adversely impacted as a result of noncompliance, we may have less cash available for distribution to our stockholders as dividends. If any of our vessels are denied access to, or are detained in, certain ports, this may decrease our revenues.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination. Inspection procedures may result in the seizure of contents of our vessels, delays in the loading, offloading or delivery and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and results of operations.

Maritime claimants could arrest one or more of our vessels, which could interrupt our cash flow

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a claimant may seek to obtain security for its claim by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of money to have the arrest or attachment lifted. In addition, in some jurisdictions, such as South Africa, under the “sister ship” theory of liability, a claimant may arrest both the vessel which is subject to the claimant’s maritime lien and any “associated” vessel, which is any vessel owned or controlled by the same owner. Claimants could attempt to assert “sister ship” liability against one vessel in our fleet for claims relating to another of our vessels.

Governments could requisition our vessels during a period of war or emergency, resulting in a loss of earnings

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of our vessels may negatively impact our revenues and reduce the amount of cash we have available for distribution as dividends to our stockholders.

Company Specific Risk Factors

Star Bulk has a limited operating history and may not operate profitably in the future

Star Bulk was formed December 13, 2006 and in January 2007 entered into agreements to acquire eight drybulk carriers. Star Bulk took delivery of its first vessel in December 2007. Accordingly, the consolidated financial statements do not provide a meaningful basis for you to evaluate its operations and ability to be profitable in the future. Star Bulk may not be profitable in the future.

We are dependent on medium- to long-term time charters in a volatile shipping industry and a decline in charterhire rates would affect our results of operations and ability to pay dividends

We charter all of our vessels pursuant to medium- to long-term time charters with remaining terms of approximately one to five years other than the Star Beta, which is currently employed on a short-term time charter for a term of two to four months. The time charter market is highly competitive and spot market charterhire rates (which affect time charter rates) may fluctuate significantly based upon available charters and the supply of, and demand for, seaborne shipping capacity. Our ability to re-charter our vessels on the expiration or termination of their current time charters and the charter rates payable under any renewal or replacement charters will depend upon, among other things, economic conditions in the drybulk shipping market. The drybulk carrier charter market is volatile, and in the past, time charter and spot market charter rates for drybulk carriers have declined below operating costs of vessels. If future charterhire rates are depressed, we may not be able to operate our vessels profitably or to pay you dividends.

Our earnings may be adversely affected if we are not able to take advantage of favorable charter rates

We charter our drybulk carriers to customers pursuant to medium- to long-term time charters, which generally last from one to five years other than the Star Beta, which is currently employed on a short-term time charter for a term of two to four months. We may in the future extend the charter periods for the vessels in our fleet. Our vessels that are committed to longer-term charters may not be available for employment on short-term charters during periods of increasing short-term charterhire rates when these charters may be more profitable than long-term charters.

If we fail to manage our planned growth properly, we may not be able to successfully expand our fleet which would adversely affect our overall financial position

We intend to continue to expand our fleet. Our growth will depend on:

- locating and acquiring suitable vessels;
- identifying and consummating acquisitions or joint ventures;
- integrating any acquired vessels successfully with our existing operations;
- enhancing our customer base;
- managing our expansion; and
- obtaining required financing.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty experienced in obtaining additional qualified personnel and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. We may not be successful in executing our growth plans and may incur significant expenses and losses.

Our loan agreements may contain restrictive covenants that may limit our liquidity and corporate activities

Our current term loan agreements with Commerzbank AG and Piraeus Bank A.E., and any future loan agreements may impose operating and financial restrictions on us. These restrictions may limit our ability to:

- incur additional indebtedness;
- create liens on our assets;
- sell capital stock of our subsidiaries;
- make investments;
- engage in mergers or acquisitions;

- pay dividends;
- make capital expenditures;
- change the management of our vessels or terminate or materially amend the management agreement relating to each vessel; and
- sell our vessels.

Therefore, we may need to seek permission from our lenders in order to engage in some important corporate actions. The lenders' interests may be different from ours, and we cannot guarantee that we will be able to obtain the lenders' permission when needed. This may prevent us from taking actions that are in our best interest.

Servicing debt will limit funds available for other purposes, including capital expenditures and payment of dividends

As of October 30, 2008, we had $120.0 million outstanding under our term loan agreement with Commerzbank AG in connection with the purchase of the vessels in our initial fleet and $183.5 million outstanding under our term loan agreements with Piraeus Bank A.E. in connection with the purchase of four additional vessels in our current fleet: the Star Omicron, the Star Sigma, the Star Cosmo and Star Ypislon. On April 14, 2008, we entered into a loan agreement, which was subsequently amended on April 17, 2008 and September 18, 2008, for up to $150.0 million with Piraeus Bank A.E. in order to partially finance the acquisition cost of vessels the Star Omicron, the Star Sigma and the Star Ypsilon and also to provide us with additional liquidity. The loan is secured by a first priority mortgage on the Star Omicron, the Star Beta, and the Star Sigma. The loan bears interest at LIBOR plus a margin and is repayable in twenty-four quarterly installments through September 2014. As of October 30, 2008, we had outstanding borrowings in the amount of $150.0 million under this loan. On July 1, 2008, the Company entered into a loan agreement of up to $35.0 million with Piraeus Bank A.E. to partially finance the acquisition of the Star Cosmo. The loan bears interest at LIBOR plus a margin and is repayable in twenty-four quarterly installments through July 2014. As of October 30, 2008, we had outstanding borrowings in the amount of $33.5 million under this loan facility.

We may be required to dedicate a portion of our cash flow from operations to pay the principal and interest on our debt. These payments limit funds otherwise available for working capital expenditures and other purposes, including payment of dividends. If we are unable to service our debt, it may have a material adverse effect on our financial condition and results of operations.

Default by our charterers may lead to decreased revenues and a reduction in earnings

We have entered into a time charter with each of Worldlink Shipping Limited for the Star Alpha, Companhia Vale do Rio Doce (Vale) for the Star Beta, North China Shipping Limited Bahamas for the Star Epsilon, Essar for the Star Delta, Norden A/S for the Star Zeta, Hyundai Merchant Marine for the Star Theta, TMT Co. Ltd., or TMT, for the Star Gamma, Ishaar Overseas for the Star Kappa, Sun God Navigation S.A. for the Star Sigma and GMI Ltd. for the Star Omicron and K. Line Corp. for the Star Cosmo. Consistent with drybulk shipping industry practice, we have not independently analyzed the creditworthiness of the charterers. Our revenues may be dependent on the performance of our charterers and, as a result, defaults by our charterers may materially adversely affect our revenues.

In the highly competitive international drybulk shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources which may adversely affect our results of operations

We employ our vessels in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than us. Competition for the transportation of drybulk cargoes can be intense and depends on price, location, size, age, condition and the acceptability of the vessel and its managers to the charterers. Due in part to the highly fragmented market, competitors with greater resources could operate larger fleets through consolidations or acquisitions and may be able to offer more favorable terms.

We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively affect the effectiveness of our management and our results of operations

Our success depends to a significant extent upon the abilities and efforts of our management team. As of October 30, 2008, we had 20 employees. Eighteen of our employees, through Star Bulk Management, are engaged in the day to day management of the vessels in our fleet. Our success depends upon our ability to retain key members of our management team and the ability of Star Bulk Management to recruit and hire suitable employees. The loss of any members of our senior management team could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining personnel could adversely affect our results of operations. We do not maintain “key-man” life insurance on any of our officers or employees of Star Bulk Management.

As we expand our fleet, we will need to expand our operations and financial systems and hire new shoreside staff and seafarers to staff our vessels; if we cannot expand these systems or recruit suitable employees, our performance may be adversely affected

Our operating and financial systems may not be adequate as we expand our fleet, and our attempts to implement those systems may be ineffective. In addition, we rely on our wholly-owned subsidiary, Star Bulk Management, to recruit shoreside administrative and management personnel. Shoreside personnel are recruited by Star Bulk Management through referrals from other shipping companies and traditional methods of securing personnel, such as placing classified advertisements in shipping industry periodicals. Star Bulk Management has sub-contracted crew management, which includes the recruitment of seafarers, to Combine, Bernhardt, a major international third-party technical management company, and Union. Star Bulk Management and its crewing agent may not be able to continue to hire suitable employees as Star Bulk expands its fleet. If we are unable to operate our financial and operations systems effectively, recruit suitable employees or if Star Bulk Management's unaffiliated crewing agent encounters business or financial difficulties, our performance may be materially adversely affected.

Risks involved with operating ocean going vessels could affect our business and reputation, which would adversely affect our revenues

The operation of an ocean-going vessel carries inherent risks. These risks include the possibility of:

- crew strikes and/or boycotts;
- marine disaster;
- piracy;
- environmental accidents;
- cargo and property losses or damage; and
- business interruptions caused by mechanical failure, human error, war, terrorism, political action in various countries or adverse weather conditions.

Any of these circumstances or events could increase our costs or lower our revenues.

Our vessels may suffer damage and may face unexpected drydocking costs, which could adversely affect our cash flow and financial condition

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. We may have to pay drydocking costs that our insurance does not cover. The loss of earnings while these vessels are being repaired and reconditioned, as well as the actual cost of these repairs, would decrease our earnings.

Purchasing and operating secondhand vessels may result in increased operating costs and vessel off-hire, which could adversely affect our earnings

Our inspection of secondhand vessels prior to purchase does not provide us with the same knowledge about their condition and cost of any required or anticipated repairs that we would have had if these vessels had been built for and operated exclusively by us. We will not receive the benefit of warranties on secondhand vessels.

Typically, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to our vessels and may restrict the type of activities in which the vessels may engage. As our vessels age, market conditions may not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

We inspected the nine vessels that we acquired from TMT and the three vessels that we acquired from third parties, considered the age and condition of the vessels in budgeting for their operating, insurance and maintenance costs, and if we acquire additional secondhand vessels in the future, we may encounter higher operating and maintenance costs due to the age and condition of those additional vessels.

We may not have adequate insurance to compensate us for the loss of a vessel, which may have a material adverse effect on our financial condition and results of operation

We have procured hull and machinery insurance, protection and indemnity insurance, which includes environmental damage and pollution insurance coverage and war risk insurance for our fleet. We do not maintain, for our vessels, insurance against loss of hire, which covers business interruptions that result from the loss of use of a vessel. We may not be adequately insured against all risks. We may not be able to obtain adequate insurance coverage for our fleet in the future. The insurers may not pay particular claims. Our insurance policies may contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenue. Moreover, insurers may default on claims they are required to pay. If our insurance is not enough to cover claims that may arise, the deficiency may have a material adverse effect on our financial condition and results of operations.

We may not be able to pay dividends

We intend to pay a regular quarterly dividend however, we may incur other expenses or liabilities that would reduce or eliminate the cash available for distribution as dividends. Our loan agreements, including future credit facilities we may enter into, may also prohibit or restrict the declaration and payment of dividends under some circumstances.

In addition, the declaration and payment of dividends will be subject at all times to the discretion of our board of directors. The timing and amount of dividends will depend on our earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in our loan agreements, the provisions of Marshall Islands law affecting the payment of dividends and other factors. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or would be rendered insolvent upon the payment of such dividends, or if there is no surplus, dividends may be declared or paid out of net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year.

We are a holding company, and depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations or to make dividend payments

We are a holding company and our wholly-owned subsidiaries, conduct all of our operations and own all of our operating assets. We will have no significant assets other than the equity interests in our wholly-owned subsidiaries. As a result, our ability to make dividend payments depends on our subsidiaries and their ability to distribute funds to us. If we are unable to obtain funds from our subsidiaries, our board of directors may exercise its discretion not to pay dividends. We and our subsidiaries will be permitted to pay dividends under our credit facilities only for so long as we are in compliance with all applicable financial covenants, terms and conditions.

We depend on officers who may engage in other business activities in the international shipping industry which may create conflicts of interest

Prokopios Tsirigakis, our Chief Executive Officer and a member of our board of directors, and George Syllantavos, our Chief Financial Officer, Secretary and member of our board of directors participate in business activities not associated with the Company. As a result, Mr. Tsirigakis and Mr. Syllantavos may devote less time to the Company than if they were not engaged in other business activities and may owe fiduciary duties to the shareholders of both the Company as well as shareholders of other companies which they may be affiliated, which may create conflicts of interest in matters involving or affecting the Company and its customers. It is not certain that any of these conflicts of interest will be resolved in our favor.

In accordance with Star Bulk's Code of Ethics, all ongoing and future transactions between Star Bulk and any of its officers and directors or their respective affiliates, including loans by Star Bulk's officers and directors, if any, will be on terms believed by Star Bulk to be no less favorable than are available from unaffiliated third parties, and such transactions or loans, including any forgiveness of loans, will require prior approval, in each instance by a majority of Star Bulk's uninterested "independent" directors or the members of Star Bulk's board who do not have an interest in the transaction, in either case who had access, at Star Bulk's expense, to its attorneys or independent legal counsel.

We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law, which may negatively affect the ability of public shareholders to protect their interests

We are incorporated under the laws of the Republic of the Marshall Islands, and our corporate affairs are governed by our Articles of Incorporation and bylaws and by the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain United States jurisdictions. Shareholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, public shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction.

Our directors and officers are non-U.S. residents, and although shareholders may bring an original action in the courts of the Marshall Islands or obtain a judgment against us, our directors or our management based on U.S. laws in the event you believe your rights as a shareholder have been infringed, it may be difficult to enforce judgments against us, our directors or our management

All of our assets are located outside of the United States. Our business is operated primarily from our offices in Athens, Greece. In addition, our directors and officers are non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or the assets of our directors and officers. Although you may bring an original action against us, our officers and directors in the courts of the Marshall Islands based on U.S. laws, and the courts of the Marshall Islands may impose civil liability, including monetary damages, against us, our officers or directors for a cause of action arising under Marshall Islands law, it may be impracticable for you to do so given the geographic location of the Marshall Islands.

There is a risk that we could be treated as a U.S. domestic corporation for U.S. federal income tax purposes after the merger of Star Maritime with and into Star Bulk, with Star Bulk as the surviving corporation, or Redomiciliation Merger, which would adversely affect our earnings

Section 7874(b) of the U.S. Internal Revenue Code of 1986, or the Code, provides that, unless certain requirements are satisfied, a corporation organized outside the United States which acquires substantially all of the assets (through a plan or a series of related transactions) of a corporation organized in the United States will be treated as a U.S. domestic corporation for U.S. federal income tax purposes if shareholders of the U.S. corporation whose assets are being acquired own at least 80% of the non-U.S. acquiring corporation after the acquisition. If Section 7874(b) of the Code were to apply to Star Maritime and the Redomiciliation Merger, then, among other consequences, the Company, as the surviving entity of the Redomiciliation Merger, would be subject to U.S. federal income tax as a U.S. domestic corporation on its worldwide income after the Redomiciliation Merger. Upon completion of the Redomiciliation Merger and the concurrent issuance of stock to TMT under the acquisition agreements, the stockholders of Star Maritime owned less than 80% of the Company. Therefore, the Company believes that it should not be subject to Section 7874(b) of the Code after the Redomiciliation Merger. Star Maritime obtained an opinion of its counsel, Seward & Kissel LLP, that Section 7874(b) should not apply to the Redomiciliation Merger. However, there is no authority directly addressing the application of Section 7874(b) to a transaction such as the Redomiciliation Merger where shares in a foreign corporation such as the Company are issued concurrently with (or shortly after) a merger. In particular, since there is no authority directly applying the "series of related transactions" or "plan" provisions to the post-acquisition stock ownership requirements of Section 7874(b), the United States Internal Revenue Service, or IRS, may not agree with Seward & Kissel's opinion on this matter. Moreover, Star Maritime has not sought a ruling from the IRS on this point. Therefore, IRS may seek to assert that we are subject to U.S. federal income tax for taxable on our worldwide income for taxable years after the Redomiciliation Merger although Seward & Kissel is of the opinion that such an assertion should not be successful.

We may have to pay tax on United States source income, which would reduce our earnings

Under the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as the Company and its subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States is characterized as U.S. source shipping income and such income is subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the Treasury regulations promulgated thereunder.

We expect that we will qualify for this statutory tax exemption and we intend to take this position for U.S. federal income tax return reporting purposes for our 2007 taxable year. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption and thereby become subject to U.S. federal income tax on our U.S. source income.

If we are not entitled to this exemption under Section 883 for any taxable year, we would be subject for those years to a 4% U.S. federal income tax on its U.S.-source shipping income. The imposition of this taxation could have a negative effect on our business and would result in decreased earnings.

The preferential tax rates applicable to qualified dividend income are temporary, and the enactment of proposed legislation could affect whether dividends paid by us constitute qualified dividend income eligible for the preferential rate.

Certain of our distributions may be treated as qualified dividend income eligible for preferential rates of U.S. federal income tax to U.S. shareholders. In the absence of legislation extending the term for these preferential tax rates, all dividends received by such U.S. taxpayers in tax years beginning on January 1, 2011 or later will be taxed at graduated tax rates applicable to ordinary income.

In addition, legislation has been proposed in the U.S. Congress that would, if enacted, deny the preferential rate of U.S. federal income tax currently imposed on qualified dividend income with respect to dividends received from a non-U.S. corporation if the non-U.S. corporation is created or organized under the laws of a jurisdiction that does not have a comprehensive income tax system. Because the Marshall Islands imposes only limited taxes on entities organized under its laws, it is likely that if this legislation were enacted, the preferential tax rates of federal income tax may no longer be applicable to distributions received from us. As of the date hereof, it is not possible to predict with certainty whether this proposed legislation will be enacted.

U.S. tax authorities could treat us as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. holders

We will be treated as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (2) at least 50% of the average value of its assets produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. shareholders of a PFIC may be subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our method of operation, we take the position for United States federal income tax purposes we are not a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we will derive or will be deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we take the position that our income from our time chartering activities does not constitute "passive income," and the assets that we will own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing our method of operation. In addition, we have not received an opinion of counsel with respect to this issue. Accordingly, the U.S. Internal Revenue Service, or the IRS, or a court of law may not accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, may constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of its operations. For example, if we were treated as earning rental income from our chartering activities rather than services income, we would be treated as a PFIC.

If the IRS were to find that we are or have been a PFIC for any taxable year, its U.S. shareholders will face adverse U.S. tax consequences. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders), such shareholders would be liable to pay U.S. federal income tax at the then highest income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common shares, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of our common shares.

Our internal controls over financial reporting do not currently meet all of the standards contemplated by Section 404 of the Sarbanes-Oxley Act of 2002, Section 404. Since we failed to achieve and maintain effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act, we may be unable to accurately report our consolidated financial results or prevent fraud and could be required to restate our historical financial statements, any of which could have a material adverse effect on our business and the price of our common stock

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the effectiveness 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 amended (the "Exchange Act")) as of December 31, 2007. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2007, the Company's disclosure controls and procedures were not effective because of the material weaknesses in internal control over financial reporting described below. Management has assessed the effectiveness of the Company's internal control over financial reporting at December 31, 2007, based on the framework established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the aforementioned assessment, the management concluded that internal control over financial reporting was not effective due to material weaknesses identified in the Company's internal control over financial reporting.

Star Bulk took delivery of its first vessel in December 2007 and as a result, management began the process to replace the internal controls over financial reporting which previously existed while the Company was a blank check company with those of a company that owns and operates vessels. Although progress was made, the Company did not have sufficient time to complete designing and implementing a comprehensive system of internal controls over financial reporting that would prevent or timely detect material adjustments and identify financial statement disclosure requirements. Consequently, adjustments and disclosures that were material in the aggregate to the consolidated financial statements and necessary to present the consolidated financial statements for the year ended December 31, 2007 in accordance with U.S. GAAP were made by the Company after being identified by the Company's independent registered public accounting firm. Specifically, we did not have in place adequate internal controls over our financial close and reporting processes and we lacked sufficient accounting personnel with the necessary level of US GAAP expertise which resulted in the Company not being able to:

- Properly evaluate and account for non-routine or complex transactions, including the determination of the purchase price of the vessels fair value of time charter agreements acquired, the application of SFAS 123(R), the classification of expenses related to the target acquisition process, and the completeness of the accrual of general and administrative expenses; and

- Properly identify all financial statement disclosure requirements in accordance with U.S. GAAP including disclosure surrounding related party transactions.

We have determined that these adjustments were not prevented or detected due to material weaknesses in our controls due to the absence of sufficient time for management to (1) design and implement a comprehensive system of internal controls and (2) hire sufficient accounting personnel with the requisite US GAAP expertise that are required to support our operation as a shipping company. However, management has made the necessary adjustments to present the annual consolidated financial statements for the year ended December 31, 2007 in accordance with U.S. GAAP.

We will continue to evaluate the effectiveness of our disclosure controls and procedures and internal control over financial reporting on an ongoing basis, including consideration of the material weaknesses identified above, or other deficiencies we may identify. The Company has already and will further implement actions as necessary in its continuing assessment of disclosure controls and internal controls over financial reporting.

We may be unable to successfully complete the procedures and attestation requirements of Section 404 or our auditors may identify significant deficiencies, as well as material weaknesses, in internal control over financial reporting in future reporting periods. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent registered public accounting firm may not be able to certify as to the adequacy of our internal controls over financial reporting. Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of NASDAQ Global Market listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our consolidated financial statements. Confidence in the reliability of our financial statements could also suffer if our independent registered public accounting firm were to report material weaknesses in our internal controls over financial reporting. This could materially adversely affect us and lead to a decline in the price of our common stock. We believe that the out-of-pocket costs, the diversion of management's attention from running our day-to-day operations and operational changes caused by the need to comply with the requirements of Section 404 will be significant. If the time and costs associated with such compliance exceed our current expectations, our profitability could be affected.

Risks Relating to Our Common Stock

There may be no continuing public market for you to resell our common stock

Our common shares commenced trading on the NASDAQ Global Market in December 2007. We cannot assure you that an active and liquid public market for our common shares will continue. The price of our common stock may be volatile and may fluctuate due to factors such as:

- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;
- mergers and strategic alliances in the drybulk shipping industry;
- market conditions in the drybulk shipping industry and the general state of the securities markets;
- changes in government regulation;
- shortfalls in our operating results from levels forecast by securities analysts; and

- announcements concerning us or our competitors.

You may not be able to sell your shares of our common stock in the future at the price that you paid for them or at all.

Certain stockholders hold registration rights, which if exercised, may have an adverse effect on the market price of our common stock

Initial Stockholders of Star Maritime who purchased common stock prior to Star Maritime's initial public offering are entitled to demand that we register the resale of their shares at any time after the shares are released from escrow which, except in limited circumstances, will not be before December 15, 2008. If such stockholders exercise their registration rights with respect to all of their shares, there will be an additional 9,026,924 shares of common stock eligible for trading in the public market. In addition, certain of Star Maritime's officers and directors who purchased units in Star Maritime's private placement in December 2005 are entitled to demand the registration of the securities underlying the 1,132,500 units, with each unit consisting of one share and one warrant. If all of these stockholders exercise their registration rights with respect to all of their shares of common stock and warrants, there will be an additional 1,132,500 shares of common stock and 1,132,500 warrants eligible for trading in the public market. The presence of these additional shares and warrants may have an adverse effect on the market price of our common stock and warrants.

Future sales of our common stock or warrants could cause the market price of our common stock or warrants to decline

Sales of a substantial number of shares of our common stock or warrants in the public market, or the perception that these sales could occur, may depress the market price for our common stock. These sales could also impair our ability to raise additional capital through the sale of our equity securities in the future.

We may issue additional shares of our common stock, warrants or other equity securities or securities convertible into our equity securities in the future and our stockholders may elect to sell large numbers of shares held by them from time to time. Our amended and restated articles of incorporation authorize us to issue 100,000,000 common shares with par value $0.01 per share of which 42,516,433 shares and warrants to purchase 19,048,136 common shares were outstanding as of December 31, 2007 and 54,427,400 shares and warrants to purchase 5,916,150 common shares were outstanding as of October 30, 2008.

Anti-takeover provisions in our organizational documents could make it difficult for our stockholders to replace or remove our current board of directors or have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of our common stock

Several provisions of our amended and restated articles of incorporation and bylaws could make it difficult for our stockholders to change the composition of our board of directors in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable.

These provisions include:

- authorizing our board of directors to issue "blank check" preferred stock without stockholder approval;
- providing for a classified board of directors with staggered, three year terms;
- prohibiting cumulative voting in the election of directors; and
- authorizing the board to call a special meeting at any time.

USE OF PROCEEDS

All of the Common Shares offered hereby are being sold by the selling stockholder. We will not receive any proceeds from the sale of the Common Shares by the selling stockholder.

SELLING STOCKHOLDER

The Common Shares being sold by F5 Capital were issued by us in a series of private transactions to F5 Capital, as the nominee of TMT Co., Ltd. In connection with those transactions, we granted certain registration rights to F5 Capital with respect to the resale or other disposal of the securities listed below.

In accordance with the registration rights granted to F5 Capital, we have filed with the Commission a registration statement on Form F-3, of which this prospectus forms a part, with respect to the resale or other disposal of the shares listed below.

The following tables set forth certain information with respect to the beneficial ownership of our common shares by the selling stockholder as of October 30, 2008.

Selling Securityholder	Total Number of Shares Owned Prior to This Offering	Maximum Number of Shares Which May Be Sold in This Offering	Number of Shares Owned Following This Offering(1)(3)	Percentage of Outstanding Shares Owned Following This Offering(1)(3)
F5 Capital(2)	4,606,962(3)	4,606,962(3)	-	0%

(1) Assumes that the selling stockholder will sell all of its common shares offered pursuant to this prospectus.

(2) Mr. Nobu Su, a former director of the Company, may be deemed the beneficial owner of F5 Capital and he exercises sole voting and dispositive power over the common shares beneficially owned and held of record by F5 Capital.

(3) Includes 803,481 Common Shares reserved for issuance to TMT or its nominee in 2009 pursuant to the Master Agreement.

CAPITALIZATION

The following table sets forth our consolidated capitalization:

- on an actual basis, as of June 30, 2008; and
- on an adjusted basis, as of October 30, 2008, to give effect to (i) the loan installment payments of $4.0 million and $1.5 million paid in July 2008 and October 2008, respectively, (ii) the aggregate payment of $19.4 million of dividends paid in August 18, 2008, (iii) the additional borrowings of $35.0 million under the Piraeus Bank facility dated July 1, 2008, (iv) the additional borrowings of $69.0 million under the Piraeus Bank loan agreement dated April 14, 2008, as amended, (v) the issuance of 803,481 shares of Star Bulk common stock, par value $0.01 per common share, and (vi) the repurchase of 925,000 shares of our common stock at an aggregate purchase price of $6.9 million.

There have been no significant adjustments to our capitalization since October 30, 2008, as so adjusted.

	Actual	As adjusted
	(in thousands of U.S. dollars)	
Current portion of long-term debt	22,000	31,000
Total long-term debt, net of current portion	183,000	272,500
Total debt	205,000	303,500
Preferred Stock; $0.01 par value, authorized 25,000,000 shares; none issued or outstanding at June 30, 2008		
Common Stock, $0.01 par value, 100,000,000 shares authorized; 54,532,989 shares and 54,411,470 shares issued and outstanding at June 30, 2008 on an actual and as adjusted basis.	545	544
Additional paid-in capital	477,472	470,619
Retained earnings	31,348	11,977
Total shareholders' equity	509,365	483,140
Total capitalization	714,365	786,640

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of our financial condition and results of operations of Star Bulk for the six months ended June 30, 2008. You should read the following discussion and analysis together with the financial statements and related notes included elsewhere in this prospectus and documents incorporated by reference into the Registration Statement of which this prospectus is a part. This discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those currently anticipated and expressed or implied by such forward-looking statements. For a discussion of some of those risks and uncertainties, see the sections of this prospectus entitled "Forward-Looking Statements" and "Risk Factors."

Overview

We are an international company providing worldwide transportation of drybulk commodities through our vessel-owning subsidiaries for a broad range of customers of major and minor bulk cargoes including iron ore, coal, grain, cement, fertilizer, along worldwide shipping routes. We were incorporated in the Marshall Islands on December 13, 2006 as a wholly-owned subsidiary of Star Maritime. Our executive offices are located at 7, Fragoklisias Street, 2nd floor, Maroussi 151 25, Athens, Greece and our telephone number is 011-30-210-617-8400. We merged with Star Maritime Acquisition Corp., or Star Maritime, on November 30, 2007 and commenced operations on December 3, 2007, which is the date we took delivery of our first vessel.

Star Maritime Acquisition Corp. or Star Maritime was organized under the laws of the State of Delaware on May 13, 2005 as a blank check company formed to acquire, through a merger, capital stock exchange, asset acquisition or similar business combination, one or more assets or target businesses in the shipping industry. Following the formation of Star Maritime, our officers and directors were the holders of 9,026,924 shares of common stock representing all of our then issued and outstanding capital stock. On December 21, 2005, Star Maritime consummated its initial public offering of 18,867,500 units, at a price of $10.00 per unit, each unit consisting of one share of Star Maritime common stock and one warrant to purchase one share of Star Maritime common stock at an exercise price of $8.00 per share. In addition, Star Maritime completed during December 2005 a private placement of an aggregate of 1,132,500 units, or Private Placement, each unit consisting of one share of common stock and one warrant, to Messrs. Tsirigakis and Syllantavos, our Chief Executive Officer and Chief Financial Officer, respectively, and Messrs. Pappas and Erhardt, our Chairman of the Board and one of our directors. The gross proceeds of the private placement of $11.3 million were used to pay all fees and expenses of the initial public offering and as a result, the entire gross proceeds of the initial public offering amounting to $188.7 million were deposited in a trust account maintained by American Stock Transfer & Trust Company, or the Trust Account. Star Maritime's common stock and warrants started trading on the American Stock Exchange under the symbols, SEA and SEA.WS, respectively on December 21, 2005.

On January 12, 2007, Star Maritime and Star Bulk entered into definitive agreements to acquire a fleet of eight drybulk carriers with a combined cargo-carrying capacity of approximately 692,000 dwt. from certain subsidiaries of TMT Co. Ltd., or TMT, a shipping company headquartered in Taiwan. These eight drybulk carriers are referred to as the initial fleet, or initial vessels. The aggregate purchase price specified in the Master Agreement by and among the Company, Star Maritime and TMT, or the Master Agreement for the initial fleet was $224.5 million in cash and 12,537,645 shares of common stock. As additional consideration for eight vessels, we are obligated to issue 1,606,962 shares of common stock of Star Bulk to TMT in two installments as follows: (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, 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.

On November 2, 2007, the SEC declared effective our joint proxy/registration statement filed on Forms F-1/F-4 and on November 27, 2007 we obtained shareholder approval for the acquisition of the initial fleet and for effecting the Redomiciliation Merger as a result of which Star Maritime merged into Star Bulk with Star Maritime merging out of existence and Star Bulk being the surviving entity. Each share of Star Maritime common stock was exchanged for one share of Star Bulk common stock and each warrant of Star Maritime was assumed by Star Bulk with the same terms and conditions except that each became exercisable for common stock of Star Bulk. The Redomiciliation Merger became effective after stock markets closed on Friday, November 30, 2007 and the common shares and warrants of Star Maritime ceased trading on the American Stock Exchange under the symbols SEA and SEAU, respectively. Star Bulk shares and warrants started trading on the NASDAQ Global Market on Monday, December 3, 2007 under the ticker symbols SBLK and SBLKW, respectively. Immediately following the effective date of the Redomiciliation Merger, TMT and its affiliates owned 30.2% of Star Bulk's outstanding common stock.

We began operations on December 3, 2007 with the delivery of our first vessel the Star Epsilon. Of the initial fleet of eight drybulk vessels Star Bulk agreed to acquire, three of such eight vessels were delivered by the end of December 2007. Additionally, on December 3, 2007, we entered into an agreement to acquire an additional Supramax vessel, the Star Kappa from TMT, which was not included in the initial fleet and was delivered to us on December 14, 2007. On July 17, 2008, we issued the first 803,481 additional shares installment to TMT in accordance with the Master Agreement.

We maintain our principal executive offices at 7, Fragoklisias Street, 2nd floor, Maroussi 151 25, Athens, Greece. Our telephone number at that address is 30-210-617-8400.

Vessel Management

We actively manage the deployment of our fleet on time charters, which generally can last up to several years. Currently, all of our vessels are employed on medium to long-term time charters other than the Star Beta, which is currently employed on a short-term time charter for a term of two to four months. A time charter is generally a contract to charter a vessel for a fixed period of time at a set daily rate. Under time charters, the charterer pays voyage expenses such as port, canal and fuel costs. We pay for vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs, as well as for commissions. We are also responsible for the drydocking costs relating to each vessel.

Our vessels operate worldwide within the trading limits imposed by our insurance terms and do not operate in areas where United States, European Union or United Nations sanctions have been imposed.

As of October 30, 2008, we had 20 employees. Eighteen of our employees, through Star Bulk Management Inc., or Star Bulk Management, are engaged in the day to day management of the vessels in our fleet. Our wholly-owned subsidiary, Star Bulk Management performs operational and technical management services for the vessels in our fleet. Our Chief Executive Officer and our Chief Financial Officer are also the senior management of Star Bulk Management. Star Bulk Management employs such number of additional shore-based executives and employees designed to ensure the efficient performance of its activities.

We reimburse and/or advance funds as necessary to Star Bulk Management in order for it to conduct its activities and discharge its obligations, at cost. We also maintain working capital reserves as may be agreed between Star Bulk and Star Bulk Management from time to time.

Star Bulk Management is responsible for the management of the vessels. Star Bulk Management's responsibilities include, inter alia, locating, purchasing, financing and selling vessels, deciding on capital expenditures for the vessels, paying vessels' taxes, negotiating charters for the vessels, managing the mix of various types of charters, developing and managing the relationships with charterers and the operational and technical management of the vessels. Technical management includes maintenance, drydocking, repairs, insurance, regulatory and classification society compliance, arranging for and managing crews, appointing technical consultants and providing technical support.

We do not intend to pay commissions to our affiliates in connection with the chartering of vessels to or from any of our affiliates or for the purchase of vessels from or sale to its affiliates.

Star Bulk Management subcontracts the technical and crew management of our vessels to Combine Marine S.A., or Combine, Bernhardt Schulte Shipmanagement Ltd., or Bernhardt, and Union Commercial Inc, or Union.

On September 17, 2008, we entered into an agreement with Bernhardt for the technical management of the Star Ypsilon. Under this agreement we pay Bernhardt an aggregate annual management fee of $90,000. The agreement continues indefinitely unless either party terminates the agreement upon three months’ written notice or a certain termination event occurs.

On June 18, 2008, we entered into an agreement with Union for the technical management of the Star Cosmo. Under the agreement, we pay a daily fee of $450, which is reviewed two months before the beginning of each calendar year. The agreement continues indefinitely unless either party terminates the agreement after the first voyage upon two months' written notice or a certain termination event occurs.

On March 24, 2008, we entered into an agreement with Bernhardt for the technical management of Star Omicron. Under this agreement we pay Bernhardt an aggregate annual management fee of $110,000.

On November 2 and December 5, 2007, we entered into agreements with Bernhardt for the technical management of the Star Alpha, the Star Beta, the Star Delta, the Star Epsilon and the Star Theta and the Star Kappa, respectively. Under these agreements, we pay Bernhardt an aggregate annual management fee of $110,000 per vessel. The agreements continue indefinitely unless either party terminates the agreements upon three months' written notice or a certain termination event occurs.

Under an agreement dated May 4, 2007, we appointed Combine, a company affiliated with Mr. Tsirigakis, our Chief Executive Officer, Mr. Pappas, the Chairman of our Board and one of our directors and Mr. Christos Anagnostou, a former officer of Star Maritime, as interim manager of the vessels in the initial fleet. Under the agreement, Combine provides interim technical management and associated services, including legal services, to the vessels in exchange for a flat fee of $10,000 per vessel prior to delivery and at a daily fee of $450 U.S. dollars per vessel during the term of the agreement until such time as the technical management of the vessel is transferred to another technical management company. Combine is entitled to be reimbursed at cost by us for any and all expenses incurred by them in the management of the vessels, but shall provide us the full benefit of all discounts and rebates enjoyed by them. The term of the agreement is for one year from the date of delivery of each vessel. Either party may terminate the agreement upon thirty days' written notice. The Star Gamma, the Star Zeta and the Star Sigma are currently managed by Combine.

Factors Affecting Our Results of Operations

We charter all of our vessels, primarily pursuant to medium- to long-term time charters with terms of approximately one to five years other than the Star Beta, which is currently employed on a short-term time charter for a term of two to four months. Under our time charters, the charterer typically pays us a fixed daily charterhire rate and bears all voyage expenses, including the cost of bunkers (fuel oil) and port and canal charges. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses, and we also pay commissions to one or more unaffiliated ship brokers and to in-house brokers associated with the charterer for the arrangement of the relevant charter. Although the vessels in our fleet are primarily employed on medium- to long-term time charters ranging from one to five years, we may employ these and additional vessels under bareboat charters or in drybulk carrier pools in the future.

Star Bulk believes that the important measures for analyzing trends in the results of operations consist of the following:

- Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the period divided by the number of calendar days in that period.

- Ownership days are the total calendar days each vessel in the fleet was owned by Star Bulk for the relevant period.

- Available days for the fleet are the total calendar days the vessels were in possession for the relevant period after subtracting for off-hire days with major repairs dry-docking or special or intermediate surveys or transfer of ownership.

- Voyage days are the total days the vessels were in our possession for the relevant period after subtracting all off-hire days incurred for any reason (including off-hire for dry-docking, major repairs, special or intermediate surveys).

- Fleet utilization is calculated by dividing voyage days by ownership days for the relevant period and takes into account the dry-docking periods.

- Time charter equivalent rate, or TCE rate, is a measure of the average daily revenue performance of a vessel on a per voyage basis. Our method of calculating TCE rate is determined by dividing voyage revenues (net of voyage expenses) or time charter equivalent revenue or TCE revenue by voyage days for the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charterer under a time charter contract, as well as commissions. TCE rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods.

The following table reflects our voyage days, calendar days, fleet utilization and TCE rates for the six months ended June 30, 2008 and the year ended December 31, 2007.

	Year Ended December 31, 2007	Six Months ended June 30, 2008
Average number of vessels	0.21	9.4
Total voyage days for fleet	69	1,543
Total ownership days for fleet	78	1,702
Fleet Utilization	88%	91%
Time charter equivalent rate	$ 52,029	$ 64,378

Voyage Revenues

Voyage revenues are driven primarily by the number of vessels in our fleet, the number of voyage days and the amount of daily charterhire, or time charter equivalent, that our vessels earn under period charters, which, in turn, are affected by a number of factors, including our decisions relating to vessel acquisitions and disposals, the amount of time that we spend positioning our vessels, the amount of time that our vessels spend in dry-dock undergoing repairs, maintenance and upgrade work, the age, condition and specifications of our vessels, levels of supply and demand in the seaborne transportation market and other factors affecting spot market charter rates for vessels.

Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating in the spot charter market during periods characterized by favorable market conditions. Vessels operating in the spot charter market generate revenues that are less predictable but may enable us to capture increased profit margins during periods of improvements in charter rates although we are exposed to the risk of declining vessel rates, which may have a materially adverse impact on our financial performance. If we employ vessels on period time charters, future spot market rates may be higher or lower than the rates at which we have employed our vessels on period time charters.

Time Charter Equivalent (TCE)

A standard maritime industry performance measure used to evaluate performance is the daily time charter equivalent, or daily TCE. Daily TCE revenues, a non-GAAP measure, are voyage revenues minus voyage expenses divided by the number of voyage days during the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by a charterer under a time charter, as well as commissions. We believe that the daily TCE neutralizes the variability created by unique costs associated with particular voyages or the employment of vessels on time charter or on the spot market and presents a more accurate representation of the revenues generated by our vessels.

Vessel Operating Expenses

Vessel operating expenses include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes, regulatory fees, technical management fees and other miscellaneous expenses. Other factors beyond Star Bulk's control, some of which may affect the shipping industry in general, including, for instance, developments relating to market prices for crew wages and insurance, may also cause these expenses to increase. Technical vessel managers established an operating expense budget for each vessel and perform the day-to-day management of the vessels. Star Bulk Management monitors the performance of each of the technical vessel managers by comparing actual vessel operating expenses with the operating expense budget for each vessel. Star Bulk is responsible for the costs of any deviations from the budgeted amounts.

Depreciation

We depreciate our vessels on a straight-line basis over their estimated useful lives determined to be 25 years from the date of their initial delivery from the shipyard. Depreciation is based on cost less the estimated residual value.

Management Fees

Star Bulk Management subcontracts the technical and crew management of our vessels to Combine Marine S.A., or Combine, Bernhardt, and Union Commercial Inc, or Union.

On September 17, 2008, we entered into an agreement with Bernhardt for the technical management of the Star Ypsilon. Under this agreement we pay Bernhardt an aggregate annual management fee of $90,000. The agreement continues indefinitely unless either party terminates the agreement upon three months' written notice or a certain termination event occurs.

On June 18, 2008, we entered into an agreement with Union for the technical management of the Star Cosmo. Under the agreement, we pay a daily fee of $450 dollars, which is reviewed two months before the beginning of each calendar year. The agreement continues indefinitely unless either party terminates the agreement after the first voyage upon two months' written notice or a certain termination event occurs.

On March 24, 2008, we entered into an agreement with Bernhardt for the technical management of Star Omicron. Under this agreement we pay Bernhardt an aggregate annual management fee of $110,000.

On November 2 and December 5 2007, we entered into agreements with Bernhardt for the technical management of the Star Alpha, the Star Beta, the Star Delta, the Star Epsilon and the Star Theta and the Star Kappa, respectively. Under these agreements, we pay Bernhardt an aggregate annual management fee of $110,000, per vessel.

Under an agreement dated May 4, 2007, we appointed Combine, a company affiliated with Mr. Tsirigakis, our Chief Executive Officer, Mr. Pappas, the Chairman of our Board and one of our directors and Mr. Christos Anagnostou, the former officer of Star Maritime as interim manager of the vessels in the initial fleet. Under the agreement, Combine provides interim technical management and associated services to the vessels in exchange for a flat fee of $10,000 per vessel and at a daily fee of $450 per vessel during the term of the agreement until such time as the technical management of the vessel is transferred to another technical management company. Combine is entitled to be reimbursed at cost by us for any and all expenses incurred by them in the management of the vessels, but shall provide us the full benefit of all discounts and rebates enjoyed by them. The term of the agreement was for one year from the date of delivery of each vessel. Either party may terminate the agreement upon thirty days' written notice. The Star Gamma, the Star Zeta and the Star Sigma are currently managed by Combine.

General and Administrative Expenses

We incur general and administrative expenses, including our onshore personnel related expenses, legal and accounting expenses.

Interest and Finance Costs

We defer financing fees and expenses incurred upon entering into our credit facility and amortize them to interest and financing costs over the term of the underlying obligation using the effective interest method. We also expect to incur interest expenses and other financing fees under our new credit facilities in connection with borrowings during 2008 to partially finance new vessel acquisitions and to provide additional liquidity to the Company.

Interest income

We did not have any operations for the period from May 13, 2005 to December 3, 2007. During this period, all of our income was derived from interest income, the majority of which was earned on funds held in the Trust Account which consisted of the entire gross proceeds of the initial public offering in the amount of $188.7 million. The gross proceeds of the private placement in the amount of $11.3 million were used to pay all fees and expenses of the initial public offering.

Inflation

Inflation does not have a material effect on our expenses given current economic conditions. In the event that significant global inflationary pressures appear, these pressures would increase our operating, voyage, administrative and financing costs.

Special or Intermediate Survey and Drydocking Costs

We have not incurred drydocking costs in 2007. Beginning with our first fiscal quarter ended March 31, 2008, we elected to change our policy for accounting for vessel drydocking costs from the deferral method, under which we deferred and amortized our drydocking costs over the estimated period of benefit between drydockings, to the direct expense method, under which we expense all drydocking costs as incurred.

There have been no drydocking costs that the Company has incurred prior to the first quarter of 2008, therefore, there will be no impact on the Company's prior consolidated financial statements as a result of the adoption of this change in policy. The Company believes that the new direct expensing method eliminates the significant amount of subjectivity that is needed to determine which costs and activities related to drydocking should be deferred. The first effect of this change in accounting policy, appeared in the Company's results for the quarter ended March 31, 2008. The Company believes that this change in accounting policy will not impact its dividend distributions per share, given that the Company has a fixed dividend policy.

Lack of Historical Operating Data for Vessels Before Their Acquisition By Us

Consistent with shipping industry practice, other than inspection of the physical condition of the vessels and examinations of classification society records, there is no historical financial due diligence process when we acquire vessels. Accordingly, we do not obtain the historical operating data for the vessels from the sellers because that information is not material to our decision to make vessel acquisitions, nor do we believe it would be helpful to potential investors in our stock in assessing our business or profitability. Most vessels are sold under a standardized agreement, which, among other things, provides the buyer with the right to inspect the vessel and the vessel's classification society records. The standard agreement does not give the buyer the right to inspect, or receive copies of, the historical operating data of the vessel. Prior to the delivery of a purchased vessel, the seller typically removes from the vessel all records, including past financial records and accounts related to the vessel. In addition, the technical management agreement between the seller's technical manager and the seller is automatically terminated and the vessel's trading certificates are revoked by its flag state following a change in ownership.

Consistent with shipping industry practice, we treat the acquisition of a vessel (whether acquired with or without charter) as the acquisition of an asset rather than a business, which we believe to be in accordance with applicable U.S. GAAP and SEC rules. Where a vessel has been under a voyage charter, the vessel is delivered to the buyer free of charter, and it is rare in the shipping industry for the last charterer of the vessel in the hands of the seller to continue as the first charterer of the vessel in the hands of the buyer. All of the vessels in our current fleet have been acquired with time charters attached, with the exception of the Star Beta. In most cases, when a vessel is under time charter and the buyer wishes to assume that charter, the vessel cannot be acquired without the charterer's consent and the buyer entering into a separate direct agreement (called a "novation agreement") with the charterer to assume the charter. The purchase of a vessel itself does not transfer the charter because it is a separate service agreement between the vessel owner and the charterer.

Where we identify any intangible assets or liabilities associated with the acquisition of a vessel, we allocate the purchase price of acquired tangible and intangible assets based on their relative fair values. Where we have assumed an existing charter obligation or entered into a time charter with the existing charterer in connection with the purchase of a vessel with the time charter agreement at charter rates that are less than market charter rates, we record a liability, based on the difference between the assumed charter agreement rate and the market charter rate for an equivalent charter agreement. Conversely, where we assume an existing charter obligation or enter into a time charter with the existing charterer in connection with the purchase of a vessel with the charter agreement at charter rates that are above prevailing market charter rates, we record an asset, based on the difference between the market charter rate and the assumed contracted charter rate for an equivalent vessel. This determination is made at the time the vessel is delivered to us, and such assets and liabilities are amortized to revenue over the remaining period of the charter.

We own and operate a fleet of 12 vessels consisting of four Capesize and eight Supramax drybulk carriers with an average age of 9.4 years and a combined cargo carrying capacity of approximately 1.1 million dwt.

Following the consummation of the Redomiciliation Merger, Star Bulk took delivery from TMT, the vessels indicated in Note 1 of our consolidated financial statements pursuant to the Master Agreement (except from the Star Kappa which was acquired from TMT separately). The aggregate purchase price paid to TMT consisted of both cash and

12,537,645 of our common shares. The fair value of the common shares issued to TMT was based on the closing share price of Star Bulk's shares on the delivery date of each vessel. The total consideration for the Star Epsilon, the Star Theta and the Star Beta, three vessels of initial fleet delivered to us during

December 2007, was $166.8 million. In addition, on December 3, 2007, we entered into an agreement to acquire the Star Kappa from TMT for $72.0 million, an additional vessel not included in the initial fleet, which was delivered to us on December 14, 2007.

During 2007, we acquired three drybulk carriers, the Star Epsilon, the Star Theta and the Star Kappa, with attached time charter contracts, which we agreed to assume through arrangements with the respective charterers. Upon delivery of the above vessels, we evaluated the charter contract and assumed and recognized (a) an asset of approximately $2.0 million for one of the vessels with a corresponding decrease in the vessel' purchase price and (b) a liability of approximately $26.8 million for the other two vessels with a corresponding increase in the vessels' purchase price.

On January 22, 2008, we entered into an agreement to acquire the Star Sigma, a 1991 built Capesize drybulk carrier with a cargo carrying capacity of approximately 184,403 dwt for a purchase price of $83.74 million. This vessel was delivered to us in April 2008, following which the vessel will be employed on a year time charter at a daily hire rate of $100,000. On March 6, 2008, the Star Sigma was committed to a further three year time charter commencing in April 2009 with an average daily rate of $63,000.

On March 11, 2008, we entered into an agreement to acquire, the Star Omicron, a 2005 built Supramax drybulk carrier with a cargo carrying capacity of 53,489 dwt for a purchase price of $72.0 million. Following the delivery its delivery to us in April 2008, the Star Omicron was employed on a three year time charter at a gross daily charterhire rate of $43,000.

On May 22, 2008, we entered into an agreement to acquire the Star Cosmo, a 2005 built Supramax drybulk carrier for the aggregate purchase price of $68.8 million with a cargo carrying capacity of approximately 52,200 dwt. We entered into a three year time charter agreement to employ this vessel at an average daily hire rate of $41,900 following its delivery to us on July 1, 2008.

On June 3, 2008, we entered into an agreement with a company affiliated with Oceanbulk Maritime, S.A., or Oceanbulk Affiliate, a company founded by our Chairman, Mr. Petros Pappas, to acquire the Star Ypsilon, a 1991 built Capsize drybulk carrier with a cargo carrying capacity of approximately 150,940 dwt for the aggregate purchase price of $87.2 million, which was the same price Oceanbulk Affiliate paid when it acquired the vessel from Dutch interests. We entered into a three year time charter agreement with Vinyl Navigation, a company controlled by Mr. Pappas, to employ the Star Ypsilon at an average daily hire rate of $93,333 following its delivery to us on September 18, 2008. Vinyl Navigation has a back-to-back charter agreement with TMT, a company controlled by a former director of the Company, Mr. Nobu Su, on the same terms as our charter agreement with Vinyl Navigation. No commissions were charged to Star Bulk either on the sale or the chartering of the Star Ypsilon.

When we purchase a vessel and assume or renegotiate a related time charter, we must take the following steps before the vessel will be ready to commence operations:

- obtain the charterer's consent to us as the new owner;
- obtain the charterer's consent to a new technical manager;
- in some cases, obtain the charterer's consent to a new flag for the vessel;
- arrange for a new crew for the vessel, and where the vessel is on charter, in some cases, the crew must be approved by the charterer;
- replace all hired equipment on board, such as gas cylinders and communication equipment;
- negotiate and enter into new insurance contracts for the vessel through our own insurance brokers;
- register the vessel under a flag state and perform the related inspections in order to obtain new trading certificates from the flag state;
- implement a new planned maintenance program for the vessel; and
-

ensure that the new technical manager obtains new certificates for compliance with the safety and vessel security regulations of the flag state.

The following discussion is intended to help you understand how acquisitions of vessels affect our business and results of operations.

Our business is comprised of the following main elements:

- employment and operation of our drybulk vessels; and
- management of the financial, general and administrative elements involved in the conduct of our business and ownership of our drybulk vessels.
- The employment and operation of our vessels require the following main components:
- vessel maintenance and repair;
- crew selection and training;
- vessel spares and stores supply;

- contingency response planning;
- onboard safety procedures auditing;
- accounting;
- vessel insurance arrangement;
- vessel chartering;
- vessel security training and security response plans (ISPS);
- obtain ISM certification and audit for each vessel within the six months of taking over a vessel;
- vessel hire management;
- vessel surveying; and
- vessel performance monitoring.

The management of financial, general and administrative elements involved in the conduct of our business and ownership of our vessels requires the following main components:

- management of our financial resources, including banking relationships (i.e., administration of bank loans and bank accounts);
- management of our accounting system and records and financial reporting;
- administration of the legal and regulatory requirements affecting our business and assets; and
- management of the relationships with our service providers and customers. The principal factors that affect our profitability, cash flows and shareholders' return on investment include:
- rates and periods of charterhire;
- levels of vessel operating expenses;
- depreciation and amortization expenses;
- financing costs; and
- fluctuations in foreign exchange rates.

Star Maritime was organized under the laws of the State of Delaware on May 13, 2005 as a blank check company formed to acquire, through a merger, capital stock exchange, asset acquisition or similar business combination, one or more assets or target businesses in the shipping industry.

On November 27, 2007, the Company obtained shareholder approval for the acquisition of the initial fleet of eight drybulk carriers and for effecting the Redomiciliation Merger whereby Star Maritime merged with and into Star Bulk with Star Bulk as the surviving entity. The Redomiciliation Merger was completed on November 30, 2007. Our first vessel was delivered on December 3, 2007. Thus, we can not present a meaningful comparison of our results of operations for the period from December 3, 2007 to December 31, 2007.

During the period from the Company's inception to the date it commenced operations, the Company was a development stage enterprise in accordance with Statement of Financial Accounting Standards ("SFAS") No. 7 "Accounting and Reporting By Development Stage Companies".

Six months ended June 30, 2008

We began operations in December 2007 and therefore we cannot present a meaningful comparison of our results of operations for the six month period ended June 30, 2008 with the same period in 2007. During the period from the Company's inception to the date it commenced operations, the Company was a development stage enterprise in accordance with Statement of Financial Accounting Standards ("SFAS") No. 7 "Accounting and Reporting By Development Stage Companies."

Voyage Revenues: Voyage revenues for the six months ended June 30, 2008 were approximately $100.9 million. This amount includes the amortization of the fair value of below/above market time charters in the amount of $34.9 million, associated with time charters attached to vessels acquired, which are amortized over the remaining period of the time charter as increases to net revenue and depreciation expense.

This amount is offset by charterers commission amounting to $1.9 million. Consistent with drybulk industry practice, charterer commissions ranging from 0% to 3.75% of the total daily charter hire rate of each charter. All of our revenues for six months ended June 30, 2008 were earned from time charters.

Voyage Expenses: Voyage expenses, which mainly consist of commissions payable to brokers, were approximately $1.6 million for the six months ended June 30, 2008. Consistent with drybulk industry practice, we pay broker commissions ranging from 1.0% to

2.5% of the total daily charter hire rate of each charter to ship brokers associated with the charterers, depending on the number of brokers involved with arranging the charter.

Vessel Operating Expenses: For the six months ended June 30, 2008, our vessel operating expenses were approximately $10.3 million. Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, management fees, tonnage taxes and other miscellaneous expenses. Other factors beyond our control, some of which may affect the shipping industry in general, including, for instance, developments relating to market prices for insurance, may also cause these expenses to increase.

Drydocking Expenses: For the six months ended June 30, 2008, our drydocking expenses were $6.4 million. During this period three vessels undertook their periodic dry docking survey.

Vessel Impairment Loss: As of June 30, 2008, the vessel Star Iota was classified as an asset held for sale and recorded at the lower of its carrying amount or fair value less cost to sell. The resulting impairment loss of $4.6 million was recorded in the six months ended June 30, 2008.

General and Administrative Expenses: For the six months ended June 30, 2008, we incurred approximately $5.4 million of general and administrative expenses. Our general and administrative expenses include the salaries and other related costs of the executive officers and other employees, our office rents, legal and accounting costs, regulatory compliance costs and long-term compensation costs.

Depreciation: We depreciate our vessels based on a straight line basis over the expected useful life of each vessel, which is 25 years from the date of their initial delivery from the shipyard. Depreciation is based on the cost of the vessel less its estimated residual value, which is estimated at $200 per lwt, at the date of the vessel's acquisition. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is adjusted to end at the date such regulations become effective. For six months ended June 30, 2008, we recorded approximately $21.0 million of vessel depreciation charges.

Interest Expense: For the six months ended June 30, 2008, our interest payments under our term-loan facilities totaled approximately $3.2 million.

Interest Income: Interest income was $0.7 million for the six months ended June 30, 2008.

Liquidity and Capital Resources

Our principal source of funds has been equity provided by our shareholders, operating cash flow and long-term borrowing. Our principal use of funds has been capital expenditures to establish and grow our fleet, maintain the quality of our drybulk carriers, comply with international shipping standards and environmental laws and regulations, fund working capital requirements, make interest repayments on outstanding loan facilities, and pay dividends. We expect to rely upon operating cash flow, long-term borrowing, and future equity financing to implement our growth plan and meet our liquidity requirements going forward. We believe that we will have sufficient liquidity to meet all of our current working capital requirements.

We believe that our current cash balance, as well as operating cash flow, is sufficient to meet our current liquidity needs, assuming the charter market does not deteriorate to the low-rate environment. If we do acquire additional vessels, we may rely on new debt, proceeds from future offerings and revenue from operations to meet our liquidity needs going forward.

Our practice has been to acquire drybulk carriers using a combination of funds received from equity investors and bank debt secured by mortgages on our drybulk carriers. Our business is capital-intensive and its future success will depend on our ability to maintain a high-quality fleet through the acquisition of newer drybulk carriers and the selective sale of older drybulk carriers. These acquisitions will be principally subject to management's expectation of future market conditions as well as our ability to acquire drybulk carriers on favorable terms.

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

Our medium and long-term liquidity requirements include funding the equity portion of investments in new or additional vessels and repayment of long-term debt balances. Sources of funding our long-term liquidity requirements include new loans or equity issues or vessel sales. As of October 30, 2008, we had outstanding borrowings of $303.5 million, which is the maximum amount permitted under our current credit facilities. We may not be able to refinance our existing credit facilities or secure new credit facilities at all or on terms agreeable to us.

As of June 30, 2008 and December 31, 2007, we had cash and cash equivalents of $49.1 million ($11.0 million of which restricted) and $19.0 million, respectively. As of December 31, 2006 and 2005, Star Maritime had cash and cash equivalents of $2.1 million and $0.6 million, respectively

On May 22, 2008, we entered into an agreement to acquire the Star Cosmo, a 2005 built Supramax drybulk carrier for the aggregate purchase price of $68.8 million with a cargo carry capacity of approximately 52,200 dwt. We finance the purchase price through a combination of the proceeds received from the conversion of our warrants and borrowings under our new Piraeus Bank A.E. term loan facility dated July 1, 2008.

On June 3, 2008, we entered into an agreement with Oceanbulk Affiliate to acquire the Star Ypsilon, a 1991 built Capsize drybulk carrier for the aggregate purchase price of $87.2 million with a cargo carry capacity of approximately 150,940 dwt. We financed the purchase price through a combination of the proceeds received from the conversion of our warrants and borrowings under our Piraeus Bank A.E. term loan agreement dated April 14, 2008 and September 18, 2008, as amended.

As of December 31, 2007, we paid no dividends to our shareholders. On February 14, April 16, and July 29, 2008, the Company declared dividends amounting to approximately $4.6 million ($0.10 per share, paid on February 28, 2008 to the stockholders of record on February 25, 2008), approximately $18.8 million ($0.35 per share, paid on May 23, 2008 to the shareholders of record on May 16, 2008), and approximately $19.4 million ($0.35 per share, paid on August 18, 2008 to the shareholders of record on August 8, 2008), respectively.

Cash Flows

Six months ended June 30, 2008

The following table presents cash flow information for the six months ended June 30, 2008. The information was derived from the unaudited interim condensed consolidated statements of cash flows of Star Bulk and is expressed in thousands of U.S. Dollars.

Net cash provided by operating activities	$	47,647
Net cash used in investing activities		(297,006)
Net cash provided by financing activities		268,417
Increase in cash and cash equivalents		19,058
Cash and cash equivalents beginning of period		18,985
Cash and cash equivalents end of period	$	38,043

Cash from operating activities is mainly composed of revenues generated under our time charters and interest income.

Net cash used in investing activities was $297.0 million of which $270.4 million represented amounts paid for our initial fleet. We also paid $15.6 million in advance for the purchase of vessels the Star Ypsilon and the Star Cosmo, and $11.0 million was the increase in restricted cash due to loan covenants.

Net cash provided by financing activities was $268.4 million for the period ended June 30, 2008 representing $120.0 million from borrowings under our Commerzbank AG loan facility, $85.0 million from borrowings under our Piraeus

Bank A.E. term loan facilities and $94.0 million received from the exercise of warrants, offset mainly by $23.4 million of cash dividends paid, $8.5 million of repayments under our loan agreements and payments of $6.1 million in connection with the Company's repurchase of its common stock and warrants.

Senior Secured Credit Facilities

As of October 30, 2008, we had three senior secured credit facilities with a total borrowing capacity of up to approximately $303.5 million.

Commerzbank AG

On December 27, 2007, we entered into a term loan agreement with Commerzbank AG in the amount of $120.0 million to partially finance the Star Gamma, the Star Delta, the Star Epsilon, the Star Zeta, and the Star Theta, which also provide the security for this loan agreement. Upon signing the term loan facility agreement we committed to paying a management fee of 0.5% of the loan amount and a commitment fee of 0.35% per annum payable quarterly in arrears over the committed but un-drawn portion of the loan.

Under the terms of this term loan facility, the repayment of $120.0 million which is the maximum amount we are able to borrow, is over a nine year term and divided into two tranches. The first tranche incorporates up to the first $50.0 million that is borrowed and is repayable in twenty-eight consecutive quarterly installments commencing twenty-seven months after our initial borrowings but no later than March 31, 2010: (i) the first four installments amount to $2.25 million each, (ii) the next thirteen installments amount to $1.0 million each and (iii) the remaining eleven installments amount to $1.3 million each and a final balloon payment of $13.7 million payable together with the last installment. The second tranche incorporates the balance of the loan up to the full amount of $120.0 million. The balance of our borrowings is repayable in twenty-eight consecutive quarterly installments commencing twenty-seven months after draw down but no later than March 31, 2010: (i) the first four installments amount to $4.0 million each and (ii) the remaining twenty-four installments amount to $1.75 million each and a final balloon payment of $12.0 million payable together with the last installment. Should any tranche not be drawn down with the maximum amount specified above, the repayment installments are reduced in the inverse order of maturity. Our term loan bears interest at LIBOR plus a margin at a minimum of 0.8% to a maximum of 1.25% depending on whether our aggregate drawdown ranges from 60% up to 75% of the aggregate market value of our initial fleet.

As of October 30, 2008, we had outstanding borrowings of $120.0 million, which is the maximum amount of borrowings permitted under this loan facility.

Piraeus Bank A.E. Loan Facility dated April 14, 2008, as amended

On April 14, 2008, we entered into a term loan agreement with Piraeus Bank A.E. which was subsequently amended on April 17, 2008 and September 18, 2008. Under the amended terms, the agreement provides for a term loan of $150.0 million to partially finance the acquisition of the Star Omicron, the Star Sigma and Star Ypsilon and to provide additional liquidity to the Company. This loan agreement is secured by the Star Omicron, the Star Beta, and the Star Sigma. Upon signing the term loan facility agreement we committed to paying a management fee of 0.5% of the loan amount and a commitment fee of 0.25% per annum payable quarterly in arrears over the committed but un-drawn portion of the loan.

Under the terms of this term loan facility, the repayment of $150.0 million (a) begins three months after we draw down $69.0 million under this facility to partially finance the Star Ypsilon and (b) is divided into 24 consecutive quarterly installments: (i) the first installment amounts to $7.0 million, (ii) the second through fifth installments amount to $10.5 million each, (iii) the sixth to eighth installments amount to $8.8 million each, (iv) the ninth through fourteenth installments amount to $4.4 million each, (v) the fifteenth through twenty-fourth installments amount to $2.7 million each, and a final balloon payment in the amount of $21.2 million. The term of this loan facility is six years. Our term loan bears interest at LIBOR plus a margin of 1.3%.

As of October 30, 2008, we had outstanding borrowings of $150.0 million, which is the maximum amount of borrowings permitted under this loan facility.

Piraeus Bank A.E. Loan Facility dated July 1, 2008

On July 1, 2008, we entered into a term loan agreement with Piraeus Bank A.E. in the amount of $35.0 million to partially finance the acquisition of the Star Cosmo. Upon signing the term loan facility agreement we committed to pay a non refundable arrangement fee of 0.4% of the facility amount.

Under the terms of this term loan facility, the repayment of $35.0 million (a) begins three months after we draw down the full amount but no later than July 30, 2008 and (b) is divided into 24 consecutive quarterly installments: (i) the first through fourth installments amounts to $1.5 million, (ii) the fifth through eighth installments amount to $1.3 million each, (iii) the ninth to twelfth installments amount to $0.9 million each, (iv) the thirteenth through twenty-fourth installments amount to $0.5 million each of and a final balloon payment in the amount of $14.5 million. The term of this loan facility is six years. Our term loan bears interest at LIBOR plus a margin of 1.325%.

Our term loan agreements with Piraeus Bank A.E. contain financial covenants, including requirements to maintain (i) a minimum liquidity of $0.5 million per vessel, (ii) the total indebtedness of the borrower over the market value of all vessels owned shall not be greater than 0.6 to 1.0, and (iii) the interest coverage ratio shall not be less than 2.0 to 1.0.

As of October 30, 2008, we had outstanding borrowings of $33.5 million, which is the maximum amount of borrowings permitted under this loan facility.

Quantitative and Qualitative Disclosure of Market Risk

Interest Rate Risk

The international drybulk industry is a capital intensive industry, requiring significant amounts of investment. Much of this investment is provided in the form of long term debt. Our debt usually contains interest rates that fluctuate with LIBOR. Increasing interest rates could adversely impact future earnings.

During 2007, we had no outstanding borrowings under our credit facility and did not make any interest payments. Under our term loan with Commerzebank AG we pay an interest rate of LIBOR plus a margin of up to 1.25%. Under our term loan with Piraeus Bank A.E. dated April 14, 2008, as amended, we pay an interest rate of LIBOR plus a margin of 1.3%. Under our term loan with Piraeus Bank A.E. dated July 1, 2008, we pay an interest rate of LIBOR plus a margin of 1.325%. As of October 30, 2008, we had $120.0 million outstanding under our term loan with Commerzebank AG, and $183.5 million outstanding under our term loans with Piraeus Bank A.E.

Our estimated interest expense for the year ended December 31, 2008 is $8.6 million. Our interest expense estimate is based on the amount of our outstanding borrowings under our term loan facilities as at October 30, 2008 and the average interest rate of our term loan facilities for the six months ended June 30, 2008, in the amount of 3.9%.

Our interest expense is affected by changes in the general level of interest rates. As an indication of the extent of our sensitivity to interest rate changes, an increase of 100 basis points will increase our income expense for the year ended December 31, 2008 by $1.4 million assuming the same debt profile throughout the year.

The following table sets forth the sensitivity of loans in millions of U.S. dollars to a 100 basis points increase in LIBOR during the next five years:

For the year ended December 31,	Estimated amount of interest expense	Estimated amount of interest expense after an increase of 100 basis points	Sensitivity
2008	8.6	10.0	1.4
2009	10.9	13.7	2.8
2010	8.8	11.1	2.2
2011	6.9	8.7	1.8
2012	5.7	7.2	1.5
	41.0	50.7	9.7

Currency and Exchange Rates

We generate all of our revenues in dollars and there were no operating expenses in currencies other than the U.S. dollar. However, 10% of our general and administrative expenses including consulting fees, salaries and traveling expenses were incurred in Euros. For accounting purposes, expenses incurred in Euros are converted into Dollars at the exchange rate prevailing on the date of each transaction. Because a significant portion of our expenses are incurred in currencies other than the U.S. dollar, our expenses may from time to time increase relative to our revenues as a result of fluctuations in exchange rates, particularly between the U.S. dollar and the Euro, which could affect the amount of net income that we report in future periods. As of December 31, 2007, the effect of a 1%

adverse movement in U.S. dollar/Euro exchange rates would have resulted in an increase of $7,756 in our general and administrative expense. While we historically have not mitigated the risk associated with exchange rate fluctuations through the use of financial derivatives, we may determine to employ such instruments from time to time in the future in order to minimize this risk. Our use of financial derivatives, including interest rate swaps, would involve certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results.

Recent Developments

On July 1, 2008, we entered into a term loan agreement with Piraeus Bank A.E. in the amount of $35.0 million to partially finance the acquisition of the Star Cosmo. Upon signing the term loan facility agreement we committed to pay a non refundable arrangement fee of 0.4% of the facility amount.

As of July 17, 2008, 803,481 shares of common stock of Star Bulk were issued to TMT pursuant to the Master Agreement.

In August 2008, TMT Co. Ltd., an indirect shareholder of Star Bulk through its nominee (F5 Capital), alleged that it had suffered unspecified damages arising from an alleged breach by Star Bulk of a purported obligation under the Master Agreement to maintain a registration statement in effect so as to permit TMT to sell its 12,537,645 Star Bulk shares freely on the open market. Among other things, TMT had demanded that Star Bulk repurchase approximately 3.8 million shares from TMT at a share price of $14.04 per share, which was the closing price of Star Bulk's common shares on the NASDAQ Global Market on June 2, 2008, which demand was withdrawn by TMT in connection with discussions between Star Bulk and TMT. Star Bulk denies that it has any such obligation under the Master Agreement and is currently discussing the matter with TMT.

On September 18, 2008, we entered into an agreement to amend our Piraeus Bank loan agreement dated April 14, 2008. We drew down $69.0 million to partially finance the acquisition of the Star Ypsilon. This loan bears interest at Libor plus a margin, is repayable in twenty-four quarterly installments through September 2014 and is secured by a first priority mortgage on the Star Omicron, the Star Beta and the Star Sigma.

On October 6, 2008, we delivered the Star Iota to its purchasers.

On October 20, 2008, Mr. Nobu Su resigned from the Company’s board of directors.

As of October 30, 2008, we repurchased under the Company's stock repurchase plan an additional 925,000 shares of our common stock at an aggregate purchase price of approximately $6.9 million.

As of October 30, 2008, 12,721,350 warrants have been converted into shares of common stock resulting in proceeds to the Company of $101,770,800. As of November 30, 2007, the date of the Redomiciliation Merger, we had 41,564,569 shares of common stock and 20,000,000 warrants outstanding.

On October 30, 2008, we entered into a time charter with Companhia Vale do Rio Doce (Vale) for the Star Beta for a minimum of two months and maximum of four months at the gross daily rate of $15,500 for the first fifty days and $25,000 for the balance of the time charter plus a repositioning fee of $525,000.

The Star Beta had been time chartered by us to Industrial Carriers Inc. (“ICI”). Under that time charter ICI was obligated to pay us a gross daily charter hire rate of $106,500 until February 2010. In January 2008, ICI sub-chartered the vessel for one year to Oldendorff Gmbh & Co. KG of Germany (“Oldendorff”) at a gross daily charter hire rate of

$130,000 until February 2009. In October, ICI assigned its rights and obligations under the sub-charter to us in exchange for it being released from the remaining term of the ICI charter. Oldendorff notified us that it considers the assignment of the sub-charter to be an effective repudiation of the sub-charter by ICI. We believe that the assignment was valid and that Oldendorff has erroneously repudiated the sub-charter. Star Bulk intends to pursue its rights against Oldendorff under that sub-charter.

Related Party and Other Transactions

On June 3, 2008, we entered into an agreement with a company affiliated with Oceanbulk Maritime, S.A., or Oceanbulk Affiliate, a company founded by our Chairman, Mr. Petros Pappas, to acquire the Star Ypsilon, a 1991 built Capsize drybulk carrier with a cargo carrying capacity of approximately 150,940 dwt for the aggregate purchase price of $87.2 million, which was the same price Oceanbulk Affiliate paid when it acquired the vessel from Dutch interests. We entered into a three year time charter agreement with Vinyl Navigation, a company controlled by Mr. Pappas, to employ the Star Ypsilon at an average daily hire rate of $93,333 following its delivery to us on September 18, 2008. Vinyl Navigation has a back-to-back charter agreement with TMT, a company controlled by a former director of the Company, Mr. Nobu Su, on the same terms as our charter agreement with Vinyl Navigation. No commissions were charged to Star Bulk either on the sale or the chartering of the Star Ypsilon.

According to an amended Schedule 13D filed by F5 Capital with the SEC on July 29, 2008, on June 20, 2008, TMT and certain of its affiliates entered into a private agreement (the “Agreement”) with Oceanbulk Shipping and Trading, or OBST, a company founded by our non-executive Chairman and director, Mr. Petros Pappas, to transfer shares of Star Bulk common stock to certain parties nominated by OBST in settlement of certain commercial obligations of TMT (which obligations were and are unrelated to Star Bulk and its business), and pursuant to the Agreement, on July 10, 2008, F5 Capital, TMT’s nominee, transferred an aggregate of 9,537,645 shares of Star Bulk common stock to Glassy Sea Navigation Limited (2,384,411 shares), Legion Finance Inc. (2,384,412 shares), Marquis Shipholding Ltd (2,384,411 shares) and Venere Shipholding S.A (2,384,411 shares). Mr. Nobu Su, the sole director and shareholder of F5 Capital, is a former member of the board of directors of Star Bulk. Star Bulk was not a party to this transaction.

Recent Developments in Environmental and Other Regulations

International Maritime Organization

Air Emissions

The United Nation’s International Maritime Organization, or IMO, has negotiated international conventions that impose liability for oil pollution in international waters and a signatory’s territorial waters. In September 1997, the IMO adopted Annex VI to the International Convention for the Prevention of Pollution from Ships, or MARPOL, to address air pollution from ships. Annex VI was ratified in May 2004, and became effective in May 2005. Annex VI sets limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions. We believe that all our vessels are currently compliant in all material respects with these regulations. In October 2008, IMO’s Maritime Environment Protection Committee is expected to vote on proposed amendments to the Annex VI regulations that would implement a progressive reduction of sulfur oxide levels in heavy bunker fuels and create more stringent nitrogen oxide emissions standards for marine engines. If these amendments are implemented, we may incur costs to comply with these revised standards.

Oil Pollution Liability

Although the U.S. is not a party to these conventions, many countries have ratified and follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended in 2000, or the CLC. Under this convention and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel’s registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain complete defenses. Under an amendment to the Protocol that became effective on November 1, 2003, for vessels of 5,000 to 140,000 gross tons (a unit of measurement for the total enclosed spaces within a vessel), liability will be limited to approximately $7.1 million plus $987 for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability will be limited to approximately $140 million. As the convention calculates liability in terms of a basket of currencies, these figures are based on currency exchange rates on September 1, 2008. The right to limit liability is forfeited under the CLC where the spill is caused by the owner’s actual fault and under the 1992 Protocol where the spill is caused by the owner’s intentional or reckless conduct. Vessels trading to states that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the International Convention on Civil Liability for Oil Pollution Damage has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that convention. We believe that our P&I insurance will cover the liability under the plan adopted by the IMO.

In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, which imposes strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). The Bunker Convention has been ratified by a sufficient number of nations for entry into force, and it will become effective on November 21, 2008. Until the Bunker Convention comes into force, liability for spills or releases of oil carried as fuel in ship’s bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

In 2005, the European Union adopted a directive on ship-source pollution, imposing criminal sanctions for intentional, reckless or negligent pollution discharges by ships. The directive could result in criminal liability for pollution from vessels in waters of European countries that adopt implementing legislation. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims.

U.S. Oil Pollution Act of 1990 and Comprehensive Environmental Response, Compensation, and Liability Act

In 1990, the U.S. Congress enacted the Oil Pollution Act, or OPA, to establish an extensive regulatory and liability regime for environmental protection and cleanup of oil spills. OPA affects all owners and operators whose vessels trade with the U.S. or its territories or possessions, or whose vessels operate in the waters of the U.S., which include the U.S. territorial sea and the 200 nautical mile exclusive economic zone around the U.S. The Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, was adopted in 1980 and it imposes liability for cleanup and natural resource damage from the release of hazardous substances (other than oil) whether on land or at sea. Both OPA and CERCLA impact our operations.

Under OPA, vessel owners, operators and bareboat charterers are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels. OPA defines these other damages broadly to include:

- natural resources damage and the costs of assessment thereof;
- real and personal property damage;
- net loss of taxes, royalties, rents, fees and other lost revenues;
- lost profits or impairment of earning capacity due to property or natural resources damage; and
- net cost of public services necessitated by a spill response, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

Amendments to OPA that came into effect on July 11, 2006 increased the liability limits for responsible parties for any vessel other than a tank vessel to $950 per gross ton or $800,000, whichever is greater. These limits of liability do not apply if an incident was directly caused by violation of applicable U.S. federal safety, construction or operating regulations or by a responsible party's gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with oil removal activities.

In addition, the Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, applies to the discharge of hazardous substances (other than oil) whether on land or at sea, contains a liability regime similar to OPA and provides for cleanup, removal and natural resource damages. Liability per vessel under CERCLA is limited to the greater of $300 per gross ton or $0.5 million, unless the incident is caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case liability is unlimited.

OPA requires owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet their potential liabilities under the OPA. Current U.S. Coast Guard regulations require evidence of financial responsibility in the amount of $900 per gross ton for non-tank vessels, which includes the OPA limitation on liability of $600 per gross ton and the CERCLA liability limit of $300 per gross ton. We expect the U.S. Coast Guard to increase the amounts of financial responsibility to reflect the July 2006 increases in liability. Under the regulations, vessel owners and operators may evidence their financial responsibility by showing proof of insurance, surety bond, self-insurance or guaranty. Under OPA, an owner or operator of a fleet of vessels is required only to demonstrate evidence of financial responsibility in an amount sufficient to cover the vessels in the fleet having the greatest maximum liability under OPA. We have complied with the U.S. Coast Guard regulations by providing a certificate of responsibility from third party entities that are acceptable to the U.S. Coast Guard evidencing sufficient self-insurance.

We currently maintain pollution liability coverage insurance in the amount of $1 billion per incident for each of our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage it could have an adverse effect on our business and results of operation.

The U.S. Coast Guard's regulations concerning certificates of financial responsibility provide, in accordance with OPA, that claimants may bring suit directly against an insurer or guarantor that furnishes certificates of financial responsibility. In the event that such insurer or guarantor is sued directly, it is prohibited from asserting any contractual defense that it may have had against the responsible party and is limited to asserting those defenses available to the responsible party and the defense that the incident was caused by the willful misconduct of the responsible party. Certain organizations, which had typically provided certificates of financial responsibility under pre-OPA laws, including the major protection and indemnity organizations, have declined to furnish evidence of insurance for vessel owners and operators if they are subject to direct actions or are required to waive insurance policy defenses.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states, which have enacted such legislation, have not yet issued implementing regulations defining vessels owners' responsibilities under these laws. We intend to comply with all applicable state regulations in the ports where our vessels call.

The U.S. Clean Water Act

The U.S. Clean Water Act, or CWA, prohibits the discharge of oil or hazardous substances in navigable waters and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA.

The U.S. Environmental Protection Agency, or EPA, historically exempted the discharge of ballast water and other substances incidental to the normal operation of vessels in U.S. ports from CWA permitting requirements. However, pursuant to a U.S. District Court ruling that was upheld on appeal to the Ninth Circuit on July 23, 2008, the courts have held that the EPA exceeded its authority in creating such an exemption for ballast water. Pursuant to the court rulings and recent legislation, the EPA has drafted a proposed vessel general permit, or VGP, that would apply to commercial vessels and large recreational vessels beginning on September 30, 2008 in order to apply CWA requirements to ballast water discharges from such vessels. On August 31, 2008, the District Court ordered that the date for implementation of the VGP for discharges incidental to normal operation be postponed until December 19, 2008. Owners and operators of vessels visiting U.S. ports will be required to comply with this CWA permitting program to be finalized by the EPA or face penalties. Subjecting our vessels to CWA permit requirements including ballast water treatment obligations could increase the cost of operating in the U.S. For example, this could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters. Various states have also enacted legislation restricting ballast water discharges and the introduction of non-indigenous species considered to be invasive. These and any similar restrictions enacted in the future could increase the costs of operating in the relevant waters.

Other Environmental Initiatives

The European Union is considering legislation that will affect the operation of vessels and the liability of owners for oil pollution. It is difficult to predict what legislation, if any, may be promulgated by the European Union or any other country or authority.

In addition to the requirements of MARPOL Annex VI (described above), the U.S. Clean Air Act of 1970, as amended by the Clean Air Act Amendments of 1977 and 1990, or the CAA, required the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas. Our vessels that operate in such port areas with restricted cargoes are equipped with vapor recovery systems that satisfy these requirements. The CAA also requires states to draft State Implementation Plans, or SIPs, designed to attain national health-based air quality standards in primarily major metropolitan and/or industrial areas. Several SIPs regulate emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. As indicated above, our vessels operating in covered port areas are already equipped with vapor recovery systems that satisfy these existing requirements. The EPA and some states, however, have each proposed more stringent regulations of air emissions from ocean-going vessels. For example, on July 24, 2008, the California Air Resources Board of the State of California, or CARB, approved clean-fuel regulations applicable to all vessels sailing within 24 miles of the California coastline whose itineraries call for them to enter any California ports, terminal facilities, or internal or estuarine waters. The new CARB regulations require such vessels to use low sulfur marine fuels rather than bunker fuel. By July 1, 2009, such vessels are required to switch either to marine gas oil with a sulfur content of no more than 1.5% or marine diesel oil with a sulfur content of no more than 0.5%. By 2012, only marine gas oil and marine diesel oil fuels with 0.1% sulfur will be allowed. In the event our vessels were to travel to such destinations, these new regulations may increase our costs.

Additionally, EPA has proposed new emissions standards for new Category 3 marine diesel engines. These are engines with per-cylinder displacement at or above 30 liters and are typically found on large oceangoing vessels such as drybulk vessels. EPA proposes to require the application of advanced emission control technologies as well as controls on the sulfur content of fuels.

The U.S. National Invasive Species Act, or NISA, was enacted in 1996 in response to growing reports of harmful organisms being released into U.S. ports through ballast water taken on by vessels in foreign ports. The U.S. Coast Guard adopted regulations under NISA in July 2004 that impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters. These requirements can be met by performing mid-ocean ballast exchange, by retaining ballast water on board the vessel, or by using environmentally sound alternative ballast water management methods approved by the U.S. Coast Guard. Mid-ocean ballast exchange is the primary method for compliance with the U.S. Coast Guard regulations, since holding ballast water can prevent vessels from performing cargo operations upon arrival in the U.S., and alternative methods are still under development. Vessels that are unable to conduct mid-ocean ballast exchange due to voyage or safety concerns may discharge minimum amounts of ballast water, provided that they comply with recordkeeping requirements and document the reasons they could not follow the required ballast water management requirements. The U.S. Coast Guard is developing a proposal to establish ballast water discharge standards, which could set maximum acceptable discharge limits for various invasive species, and/or lead to requirements for active treatment of ballast water. The U.S. House of Representatives has recently passed a bill that amends NISA by prohibiting the discharge of ballast water unless it has been treated with specified methods or acceptable alternatives. Similar bills have been introduced in the U.S. Senate, but we cannot predict which bill, if any, will be enacted into law. In the absence of federal standards, states have enacted legislation or regulations to address invasive species through ballast water and hull cleaning management and permitting requirements. For instance, the state of California has recently enacted legislation extending its ballast water management program to regulate the management of “hull fouling” organisms attached to vessels and adopted regulations limiting the number of organisms in ballast water discharges.

Resource Conservation and Recovery Act

Our operations occasionally generate and require the transportation, treatment and disposal of both hazardous and non-hazardous solid wastes that are subject to the requirements of the U.S. Resource Conservation and Recovery Act or comparable state, local or foreign requirements. In addition, from time to time we arrange for the disposal of hazardous waste or hazardous substances at offsite disposal facilities. If such materials are improperly disposed of by third parties, we may still be held liable for clean up costs under applicable laws.

Greenhouse Gas Regulation

In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which we refer to as the Kyoto Protocol, entered into force. Pursuant to the Kyoto Protocol, adopting countries are required to implement national programs to reduce emissions of certain gases, generally referred to as greenhouse gases, which are suspected of contributing to global warming. Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol. However, the European Union has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from vessels. In the U.S., the California Attorney General and a coalition of environmental groups in October 2007 petitioned the EPA to regulate greenhouse gas emissions from ocean-going vessels under the Clean Air Act. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union or individual countries where we operate that restrict emissions of greenhouse gases could entail financial impacts on our operations that we cannot predict with certainty at this time.

We refer you to the section of our Annual Report on Form 20-F for the year ended December 31, 2007 entitled "Environmental and Other Regulations" for a discussion of the government regulations and laws which significantly affect the ownership and opertion of our fleet.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002, or the MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the U.S. Similarly, in December 2002, amendments to the International Convention for the Safety of Life at Sea, or SOLAS, created a new chapter of the convention dealing specifically with maritime security. The new chapter came into effect in July 2004 and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created International Ship and Port Facilities Security Code or ISPS Code. Among the various requirements are:

- on-board installation of automatic information systems, or AIS, to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The U.S. Coast Guard regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures provided such vessels have on board a valid International Ship Security Certificate, or ISSC, that attests to the vessel’s compliance with SOLAS security requirements and the ISPS Code as ratified by the ship’s flag state. We have implemented the various security measures addressed by the MTSA, SOLAS and the ISPS Code.

Inflation

Inflation had not a material effect on our expenses given current economic conditions. In the event that significant global inflationary pressures appear, these pressures would increase our operating, voyage, administrative and financing costs.

Off-Balance Sheet Arrangements

As of the date of this prospectus, we do not have any off-balance sheet arrangements.

Critical Accounting Policies

We make certain estimates and judgments in connection with the preparation of our consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. We have described below what we believe will be the most critical accounting policies that involve a high degree of judgment and the methods of their application.

Impairment of long-lived assets. The Company follows SFAS No. 144 "Accounting for the Impairment or Disposal of Long-lived Assets," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The standard requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asset is less than its carrying amount, the Company should evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value. In this respect, management regularly reviews the carrying amount of the vessels on vessel by vessel basis when events and circumstances indicate that the carrying amount of the vessels might not be recoverable. No impairment losses were recorded in any of the periods presented.

Depreciation. Vessels are stated at cost, which consists of the contract price and any material expenses incurred upon acquisition, such as (initial repairs, improvements, delivery expenses and other expenditures to prepare the vessel for its initial voyage).

The cost of each of the Company's vessels is depreciated beginning when the vessel is ready for its intended use, on a straight-line basis over the vessel's remaining economic useful life, after considering the estimated residual value (vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate per ton). Management estimates the useful life of the Company's vessels to be 25 years from the date of initial delivery from the shipyard. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations are adopted. Depreciation expense is calculated based on cost less the estimated residual scrap value. Scrap value is estimated by the Company by taking the cost of steel times the weight of the ship noted in lightweight ton, or lwt.

Certain vessels are purchased by assuming existing time charter agreement. Such acquired time charter agreements are recorded at fair value by separately measuring such intangible assets acquired. Fair value of above or below market acquired time charters was determined by comparing existing charter rates in the acquired time charter agreements with the market rates for equivalent time charter agreements prevailing at the time the foregoing vessels are delivered. The present values representing the fair value of the above or below market time charters is recorded as an intangible asset or liability, respectively.

Revenue recognition. The Company generates its revenues from time charterers for the charterhire of its vessels. Vessels are chartered using time charters, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate. All of the Company's time charter agreements are classified as operating leases. Revenues under operating lease arrangements are recognized when a charter agreement exists, charter rate is fixed and determinable, the vessel is made available to the lessee, and collection of the related revenue is reasonably assured. Revenues are recognized ratably on a straight line basis over the period of the respective time charter agreement in accordance with SFAS No. 13 "Accounting for Leases."

Deferred revenue includes cash received prior to the consolidated balance sheet date and is related to revenue earned after such date.

Voyage related and vessel operating costs are expensed as incurred. Under time charter, specified voyage costs, such as fuel and port charges are borne and paid by the charterer and other non-specified voyage expenses, such as commission are paid by the Company. Vessel operating costs including crews, maintenance and insurance are paid by the Company.

Recent Accounting Pronouncements

1. In September 2006 the FASB issued SFAS No. 157 "Fair Value Measurements" (SFAS No. 157). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. Under the standard, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, the standard establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under the standard, fair value measurements will be required to be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for consolidated financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Early adoption is permitted. The Company will adopt this pronouncement beginning in fiscal year 2008. The adoption of the standard is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

2. In February 2007, the FASB issued SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS No. 159), which permits the entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157. This statement will be effective for the Company for the fiscal year beginning on January 1, 2008. The Company has not opted to fair value any of its financial assets and liabilities.

THE INTERNATIONAL DRY BULK SHIPPING INDUSTRY

The information and data in this section relating to the international dry bulk shipping industry has been provided by Drewry Shipping Consultants (Drewry), and is taken from Drewry databases and other sources available in the public domain. Drewry has advised us that it accurately describes the international dry bulk shipping industry, subject to the availability and reliability of the data supporting the statistical and graphical information presented. In particular, the data contained in this section is compiled on a periodic basis and may not reflect the most recent events and current trends in the drybulk shipping market. Drewry's methodologies for collecting information and data, and therefore the information discussed in this section, may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the dry bulk shipping industry. The source of all tables and charts is Drewry unless otherwise indicated.

Introduction

The marine industry is a vital link in international trade, with oceangoing vessels representing the most efficient, and often the only means of transporting large volumes of basic commodities and finished products. Seaborne cargo is categorized as dry cargo or liquid cargo. Dry cargo includes dry bulk cargo, container cargo and non container cargo. Container cargo is shipped in 20 or 40 foot containers and includes a wide variety of finished products. Non-container cargo includes other dry cargo that cannot be shipped in a container due to size, weight or handling requirements, such as large manufacturing equipment or large industrial vehicles. Liquid cargo, includes crude oil, refined oil products, liquefied gases, chemicals and associated products, all of which are shipped in tankers.

In 2007, approximately 5.1 billion tons of dry cargo was transported by sea, of which dry bulk cargo accounted for 2.96 billion tons. The following table presents the breakdown of the global trade by type of cargo in 2000 and 2007.

World Seaborne Trade 2000 and 2007

	Millions of Tons		CAGR(1)	% Total Seaborne Trade	
	2000	2007(p)	2000-2007	2000	2007
Drybulk Cargo					
Major Bulks	1,249	1,809	5.4%	19.1%	20.2%
Coal	539	769	5.0%	8.2%	8.6%
Iron Ore	489	812	7.5%	7.5%	9.1%
Grain	221	228	0.4%	3.4%	2.6%
Minor Bulks	901	1,155	3.6%	13.8%	12.9%
Total Drybulk	2,150	2,964	4.6%		
Container Cargo	620	1,272	10.8%	9.5%	14.2%
Non Container/General Cargo	720	820	1.9%	11.0%	9.2%
Total Dry Cargo	3,490	5,056	5.4%	53.4%	56.6%
Liquid Cargo	3,051	3,881	3.5%	46.6%	43.4%
TOTAL ALL CARGO	6,541	8,937	4.5%	100.0%	100.0%

(p) Provisional.

(1) Compound annual growth rate.

Source: Drewry

Dry bulk cargo can be further defined as either major bulk cargo or minor bulk cargo, all of which is shipped in bulk carriers. Major bulk cargo includes, among other things, iron ore, coal and grain. Minor bulk cargo includes agricultural products, mineral cargo (including metal concentrates), cement, forest products and metal products. Dry bulk cargo is normally shipped in large quantities and can be easily stowed in a single hold with little risk of cargo damage.

Dry Bulk Shipping

Drybulk Carrier Demand

The demand for drybulk carriers is determined by the volume and geographical distribution of seaborne dry bulk trade, which in turn is influenced by trends in the global economy. During the 1980s and 1990s seaborne dry bulk trade increased by slightly more than 2% per annum. However, between 2000 and 2007, seaborne dry bulk trade increased at a CAGR of 4.7%.

The following chart illustrates the changes in seaborne trade between the major and minor bulks in the period 2000 to 2007.

Dry Bulk Trade Development

(Millions of Tons)

P=provisional
Source: Drewry

Historically, certain economies have acted as the "primary driver" of dry bulk trade. In the 1990s Japan was the driving force, when buoyant Japanese industrial production stimulated demand for imported bulk commodities. More recently China has been the main driver behind the recent increase in seaborne dry bulk trade as high levels of economic growth have generated increased demand for imported raw materials. The following table illustrates China's gross domestic product growth rate compared to that of the United States and the world during the periods indicated.

Real GDP Growth

(% change previous period)

GNP	2000	2001	2002	2003	2004	2005	2006	2007(p)
Global Economy	4.8	2.4	3.0	4.1	5.3	4.4	5.1	5.0
USA	3.8	0.3	1.6	2.7	3.9	3.1	2.9	2.2
Europe	3.4	1.7	1.1	1.1	2.1	1.8	3.0	2.7
Japan	2.8	0.4	-0.3	1.8	2.7	1.9	2.4	2.1
China	8.0	7.5	8.3	10.0	10.1	10.4	11.6	11.9
India	5.1	4.4	4.7	7.4	7.0	9.1	9.8	9.3

P = provisional

Source: Drewry

In particular Chinese imports or iron ore alone increased from 70.0 million tons in 2000 to 384.0 million tons in 2007, which has generated much additional employment for the larger vessels in the drybulk carrier fleet. In addition to coal and iron ore, Chinese imports of steel products have also increased sharply in the last five years, thereby creating additional demand for drybulk carriers.

Chinese Iron Ore Imports

(Millions of Tons)

Year	Imports	% of Change
2000	70.0	26.6
2001	92.5	32.1
2002	111.3	20.3
2003	148.2	33.2
2004	208.1	40.4
2005	275.2	32.2
2006	326.0	18.5
2007(p)	383.7	17.6

P = provisional
Source: Drewry

The extent to which increases in dry bulk trade have affected demand for drybulk carriers is shown in estimates of ton-mile demand. Ton-mile demand is calculated by multiplying the volume of cargo moved on each route by the distance of the voyage.

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The following table and chart below detail the changes in trade and ton-mile demand for the primary dry bulk commodities.

Drybulk Carrier Seaborne Trade: 2000-2007

(Millions of Tons)

	2000	2001	2002	2003	2004	2005	2006	2007	CAGR 2000/2007 %
Coal	539	587	590	619	650	675	709	761	5.0%
Iron Ore	489	503	544	580	644	715	759	812	7.5%
Grain	221	213	210	211	208	212	221	228	0.4%
Minor Bulks	901	890	900	957	1,025	1,049	1,103	1,155	3.6%
Total	2,151	2,193	2,244	2,367	2,526	2,651	2,793	2,956	4.6%
Annual Change %	8.3	2.0	2.3	5.5	6.7	4.9	5.3	5.9	

(1) Compound annual growth rate.

Source: Drewry

Ton Mile Demand: 2000-2007

(Billion Ton-Miles)

	2000	2001	2002	2003	2004	2005	2006	2007	CAGR 2000/2007 %
Coal	2,831	3,082	3,098	3,250	3,412	3,544	3,547	3,845	4.5%
Iron Ore	2,690	2,766	2,990	3,192	3,525	3,899	4,097	4,383	7.2%
Grain	1,161	1,118	1,103	1,108	1,089	1,112	1,161	1,196	0.4%
Minor Bulks	4,457	4,404	4,452	4,724	5,059	5,172	5,431	5,697	3.6%
Total	11,139	11,370	11,643	12,274	13,085	13,727	14,236	15,121	4.5%

Source: Drewry

Between 2000 and 2007, ton-mile demand in the dry bulk sector increased by a CAGR of 4.5%. This is however above the long term growth rate in ton mile demand in the dry bulk sector and reflects the rise in long haul movements, especially for commodities such as iron ore.

Drybulk carriers are one of the most versatile elements of the global shipping fleet in terms of employment alternatives. They seldom operate on round trip voyages and the norm is often triangular or multi-leg voyages. Hence, trade distances assume greater importance in the demand equation and increases in long haul shipments will have greater impact on overall vessel demand. The following map represents the major global dry bulk trade routes.

Major Dry Bulk Seaborne Trade Routes

Source: Drewry

Demand for drybulk carrier capacity is also affected by the operating efficiency of the global fleet. In recent years the growth in trade has led to port congestion, with ships at times being forced to wait outside port to either load or discharge due to limited supply of berths at major ports. This inefficiency has been a further factor contributing to the general tightness in the market.

Seasonal variations in the commodity markets, including iron ore, steam coal and grain can also have a further impact on demand for drybulk carriers. For example, steam coal's link to the energy and electricity markets results in increased demand when power companies increase their stock in winter months and when refrigeration and air conditioning increase electricity demand in summer months.

Drybulk Carrier Supply

The world drybulk fleet is generally divided into six major categories, based on a vessel's cargo carrying capacity. These categories consist of: Very Large Ore Carrier, Capesize, Post Panamax, Panamax, Handymax and Handysize.

Category	Size Range - Dwt
Handysize	10-39,999
Handymax	40-59,999
Panamax	60-79,999
Post Panamax	80-109,999
Capesize	110-199,999
VLOC	200,000 +

- Handysize. Handysize vessels have a carrying capacity of up to 39,999 dwt. These vessels almost exclusively carry minor bulk cargo. Increasingly, ships of this type operate on regional trading routes, and may serve as trans-shipment feeders for larger vessels. Handysize vessels are well suited for small ports with length and draft restrictions. Their cargo gear enables them to service ports lacking the infrastructure for cargo loading and unloading.

- Handymax. Handymax vessels have a carrying capacity of between 40,000 and 59,999 dwt. These vessels operate on a large number of geographically dispersed global trade routes, carrying primarily grains and minor bulks. Within the Handymax category there is also a sub-sector known as Supramax. Supramax bulk carriers are ships between 50,000 to 59,999 dwt, normally offering cargo loading and unloading flexibility with on-board cranes, while at the same time possessing the cargo carrying capability approaching conventional Panamax bulk carriers. Hence, the earnings potential of a Supramax drybulk carrier, when compared to a conventional Handymax vessel of 45,000 dwt, is greater.

- Panamax. Panamax vessels have a carrying capacity of between 60,000 and 79,999 dwt. These vessels carry coal, grains, and, to a lesser extent, minor bulks, including steel products, forest products and fertilizers. Panamax vessels are able to pass through the Panama Canal, making them more versatile than larger vessels.

- Post Panamax. Typically between 80,000 and 109,999 dwt, they tend to be shallower and have a larger beam than a standard Panamax vessel with a higher cubic capacity. They have been designed specifically for loading high cubic cargoes from draught restricted ports.

- Capesize. Capesize vessels have carrying capacities 110,000 and 199,999 dwt. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size. Capesize vessels are mainly used to transport iron ore or coal and, to a lesser extent, grains, primarily on long-haul routes.

- VLOC. Very large ore carriers are in excess of 200,000 dwt and are a comparatively new sector of the drybulk carrier fleet. VLOCs are built to exploit economies of scale on long-haul iron ore. The following table illustrates the size and breakdown of the global dry bulk fleet as of September 2008.

Drybulk Carrier Fleet – September 2008

Size Category	Deadweight Tonnes	Number of Vessels	% of Total Fleet (number)	Total Capacity (million dwt)	% of Total Fleet (dwt)
Handysize	10-39,999	2,981	42.6	79.7	19.3
Handymax	40-59,999	1,670	23.9	80.8	19.6
Panamax	60-79,999	1,361	19.4	97.4	23.6
Post Panamax	80-109,999	189	2.7	16.5	4.0
Capesize	110-199,999	681	9.7	111.9	27.1
Vloc	200,000+	116	1.7	26.4	6.4
Total		6,998	100.0	412.7	100.0

Source: Drewry

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The supply of drybulk carriers is dependent on the delivery of new vessels from the orderbook and the removal of vessels from the global fleet, either through scrapping or loss. As of September 2008, the global dry bulk orderbook amounted to 288.1 million dwt, or 69.8% of the existing drybulk carrier fleet.

Drybulk Carrier Orderbook – September 2008

Size Category	Deadweight Tonnes	Number of Vessels	Orderbook as % of Existing Fleet (number)	Total Capacity (million dwt)	Orderbook as % of Existing Fleet (dwt)
Handysize	10-39,999	863	29.0	27.1	34.0
Handymax	40-59,999	946	56.6	53.0	65.6
Panamax	60-79,999	238	17.5	17.0	17.5
Post Panamax	80-109,999	488	258.2	42.3	256.7
Capesize	110-199,999	642	94.3	108.7	97.2
Vloc	200,000+	146	125.9	39.6	151.1
Total		3,323	47.5	288.1	69.8

Source: Drewry

The number of ships removed from the fleet in any period is dependent upon prevailing market conditions, scrap prices in relation to current and prospective charter market conditions and the age profile of the existing fleet. Generally, as a vessel ages, its operational efficiency declines due to rising maintenance requirements to the point where it becomes unprofitable to keep the ship in operation. The following chart illustrates the age profile of the global drybulk carrier fleet in September 2008.

Drybulk Carrier Age Profile – September 2008

Source: Drewry

The average age at which a drybulk carrier has been scrapped over the last five years has been 28 years. However, due to recent strength in the dry bulk shipping industry, over the last two years the average age at which dry bulk carriers have been scrapped has increased and a number of well-maintained vessels have continued to operate past the age of 30.

Drybulk Carrier Scrapping

Year	Handysize		Handymax		Panamax		Capesize		Total		% of Fleet
	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	Scrapped
2000	50	1,192,000	40	1,454,000	11	667,000	4	452,000	105	3,765,000	1.4
2001	62	1,408,000	40	1,492,000	28	1,870,000	3	401,000	133	5,171,000	1.9
2002	64	1,556,000	25	938,000	18	1,200,000	8	997,000	115	4,691,000	1.6
2003	25	597,000	29	1,103,000	7	465,000	2	248,000	63	2,413,000	0.8
2004	5	113,000	0	0	1	95,000	1	123,000	7	331,000	0.1
2005	4	109,000	4	165,000	3	202,000	2	247,000	13	723,000	0.2
2006	21	474,843	10	380,439	8	538,785	2	296,000	41	1,690,067	0.5
2007	9	198,792	1	33,527	2	141,346	0	0	12	373,665	0.1

* Total fleet – end period
Source: Drewry

Charter Hire Rates

Drybulk carriers are employed in the market through a number of different chartering options. The general terms typically found in these types of contracts are described below.

- A bareboat charter involves the use of a vessel usually over longer periods of time ranging up to several years. In this case, all voyage related costs, including vessel fuel, or bunker, and port dues as well as all vessel operating expenses, such as day-to-day operations, maintenance, crewing and insurance, transfer to the charterer's account. The owner of the vessel receives monthly charter hire payments on a per day basis and is responsible only for the payment of capital costs related to the vessel.

- A time charter involves the use of the vessel, either for a number of months or years or for a trip between specific delivery and redelivery positions, known as a trip charter. The charterer pays all voyage related costs. The owner of the vessel receives semi-monthly charter hire payments on a per day basis and is responsible for the payment of all vessel operating expenses and capital costs of the vessel.

- A single or spot voyage charter involves the carriage of a specific amount and type of cargo on a load-port to discharge-port basis, subject to various cargo handling terms. Most of these charters are of a single or spot voyage nature, as trading patterns do not encourage round voyage trading. The owner of the vessel receives one payment derived by multiplying the tons of cargo loaded on board by the agreed upon freight rate expressed on a per cargo ton basis. The owner is responsible for the payment of all expenses including voyage, operating and capital costs of the vessel.

- A contract of affreightment, or COA, relates to the carriage of multiple cargoes over the same route and enables the COA holder to nominate different ships to perform individual voyages. Essentially, it constitutes a number of voyage charters to carry a specified amount of cargo during the term of the COA, which usually spans a number of years. All of the ship's operating, voyage and capital costs are borne by the ship owner. The freight rate normally is agreed on a per cargo ton basis.

Charter hire rates fluctuate by varying degrees amongst the drybulk carrier size categories. The volume and pattern of trade in a small number of commodities (major bulks) affect demand for larger vessels. Because demand for larger dry bulk vessels is affected by the volume and pattern of trade in a relatively small number of commodities, charter hire rates (and vessel values) of larger ships tend to be more volatile. Conversely, trade in a greater number of commodities (minor bulks) drives demand for smaller drybulk carriers. Accordingly, charter rates and vessel values for those vessels are subject to less volatility.

Charter hire rates paid for drybulk carriers are primarily a function of the underlying balance between vessel supply and demand, although at times other factors, such as sentiment may play a role. Furthermore, the pattern seen in charter rates is broadly mirrored across the different charter types and between the different drybulk carrier categories.

In the time charter market, rates vary depending on the length of the charter period and vessel specific factors such as age, speed and fuel consumption.

In the voyage charter market, rates are influenced by cargo size, commodity, port dues and canal transit fees, as well as delivery and redelivery regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates than routes with low port dues and no canals to transit. Voyages with a load port within a region that includes ports where vessels usually discharge cargo or a discharge port within a region that includes ports where vessels load cargo also are generally quoted at lower rates. This is because such voyages generally increase vessel utilization by reducing the unloaded portion (or ballast leg) that is included in the calculation of the return charter to a loading area.

Within the dry bulk shipping industry, the charter hire rate references most likely to be monitored are the freight rate indices issued by the Baltic Exchange. These references are based on actual charter hire rates under charter entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers. The Baltic Panamax Index is the index with the longest history.

Baltic Exchange Freight Indices

(Index points)

The BSI replaced the BHMI on 03.01.06, although the index has been calculated since 01.07.05

Source: Baltic Exchange

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The following chart illustrates one-year time charter rates for Handysize, Handymax, Panamax and Capesize drybulk carriers between 1996 and September 2008.

Time Charter Rates – 1 Year

(US Dollars per Day)

Source: Drewry

In 2003 and 2004, rates for drybulk carriers of all sizes strengthened appreciably in comparison to historical levels as vessel supply and demand were finely balanced. The main driver of this dramatic upsurge in charter rates was primarily the high level of demand for raw materials imported by China.

During 2006, rates stabilized above historically high levels. In 2007, rates rose to new highs, reflecting the very tight balance between vessel supply and demand. In 2008, rates remained at comparatively high levels in the first half of the year, but have fallen sharply since August in the face of weaker demand, rising supply and market perception.

Vessel Prices

Newbuilding prices are determined by a number of factors, including the underlying balance between shipyard output and capacity, raw material costs, freight markets and sometimes exchange rates. In the last few years high levels of new ordering were recorded across all sectors of shipping. As a result, most of the major shipyards in Japan, South Korea and China have full orderbooks until the end of 2010, although the downturn in freight rates and the lack of funding to the wider global financial crisis might lead to some of these orders being cancelled.

The following chart indicates the change in newbuilding prices for drybulk carriers in the period from 1996. As can be seen newbuilding prices have increased significantly since 2003, due to tightness in shipyard capacity, high levels of new ordering and stronger freight rates.

Drybulk Carrier Newbuilding Prices

(Millions of U.S. Dollars)

Source: Drewry

In the secondhand market, the steep increase in newbuilding prices and the strength of the charter market have also affected values, to the extent that prices rose sharply in 2004/2005, before dipping in the early part of 2006, only to rise thereafter to new highs in the first half of 2008. However, the sudden and sharp downturn in freight rates since August has also had a negative impact on secondhand values, as the chart below indicates.

Drybulk Carrier Secondhand Prices – 5 Year Old Vessels

(Millions U.S. Dollars)

Source: Drewry

PLAN OF DISTRIBUTION

The selling stockholder and any of its pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of its Common Shares on any stock exchange, market or trading facility on which the Common Shares are traded or in private transactions. The offering price of the Common Shares by the selling stockholder will be based on prevailing market or privately negotiated prices. The selling stockholder may use any one or more of the following methods when selling Common Shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits investors;
- block trades in which the broker-dealer will attempt to sell the Common Shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- to cover short sales made after the date that this registration statement is declared effective by the Commission;
- broker-dealers may agree with the selling stockholder to sell a specified number of Common Shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling stockholder may also sell shares of our common stock under Rule 144 under the Securities Act, if available, rather than under this prospectus.

In connection with sales of the Common Shares or otherwise, the selling stockholder may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of shares of our common stock in the course of hedging in positions the selling stockholder assumes. The selling stockholder may also sell its Common Shares short and deliver Common Shares covered by a prospectus filed as part of a registration statement to close out short positions and to return borrowed Common Shares in connection with such short sales. The selling stockholder may also loan or pledge its Common Shares to broker-dealers that in turn may sell such Common Shares.

Broker-dealers engaged by the selling stockholder may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholder (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling stockholder does not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling stockholder may from time to time pledge or grant a security interest in some or all of the Common Shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell Common Shares from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholder under this prospectus.

Upon us being notified in writing by a selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of Common Shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such selling stockholder and of the participating broker-dealer(s), (ii) the number of Common Shares involved, (iii) the price at which such Common Shares were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, upon being notified in writing by a selling stockholder that a donee or pledgee intends to sell more than 500 Common Shares, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The selling stockholder also may transfer Common Shares in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The selling stockholder and any broker-dealers or agents that are involved in selling the Common Shares may be deemed to be an "underwriter" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of Common Shares will be paid by the selling stockholder and/or the purchasers.

We have advised the selling stockholder that it may not use Common Shares registered on this registration statement to cover short sales of Common Shares made prior to the date on which this registration statement shall have been declared effective by the Commission. If the selling stockholder uses this prospectus for any sale of the Common Shares, it will be subject to the prospectus delivery requirements of the Securities Act. The selling stockholder will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such selling stockholder in connection with sales of their respective Common Shares under this registration statement.

We will pay all fees and expenses incident to the registration of the Common Shares covered by this Registration Statement, but we will not receive any proceeds from the sale of the Common Shares. We have agreed to indemnify the selling stockholder against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

At the time that any particular offering of securities is made, to the extent required by the Securities Act, a prospectus supplement will be distributed, setting forth the terms of the offering, including the aggregate number of securities being offered, the purchase price of the securities, the initial offering price of the securities, the names of any underwriters, dealers or agents, any discounts, commissions and other items constituting compensation from us and any discounts, commissions or concessions allowed or re-allowed or paid to dealers.

Underwriters or agents could make sales in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an at-the-market offering as defined in Rule 415 promulgated under the Securities Act, which includes sales made directly on or through the NASDAQ Global Market, the existing trading market for our common stock, or sales made to or through a market maker other than on an exchange.

We will bear costs relating to all of the securities being registered under this Registration Statement except that the selling stockholder shall be responsible for any fees, discounts or commissions to any underwriter or any fees or disbursements of counsel for any underwriter.

As a result of requirements of the Financial Industry Regulatory Authority (FINRA), formerly the National Association of Securities Dealers, Inc., or NASD, the maximum commission or discount to be received by any FINRA member or independent broker/dealer may not be greater than eight percent (8%) of the gross proceeds received by the selling stockholder for the sale of any securities being registered pursuant to SEC Rule 415 under the Securities Act.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Our disclosure and analysis in this prospectus concerning our operations, cash flows and financial condition, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “projects,” “fo “may,” “should,” and similar expressions are forward-looking statements.

All statements in this prospectus that are not statements of historical fact are forward-looking statements. Forward-looking statements include, but are not limited to, such matters as:

- our future operating or financial results;
- economic and political conditions;
- our pending acquisitions, our business strategy and expected capital spending or operating expenses, including dry-docking and insurance costs;
- competition in the seaborne transportation industry;
- statements about seaborne transportation trends, including charter rates and factors affecting supply and demand;
- our financial condition and liquidity, including our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities; and
- our expectations of the availability of vessels to purchase, the time that it may take to construct new vessels, or vessels’ useful lives.

Many of these statements are based on our assumptions about factors that are beyond our ability to control or predict and are subject to risks and uncertainties that are described more fully in the “Risk Factors” section of this prospectus. Any of these factors or a combination of these factors could materially affect future results of operations and the ultimate accuracy of the forward-looking statements. Factors that might cause future results to differ include, but are not limited to, the following:

- changes in law, governmental rules and regulations, or actions taken by regulatory authorities;
- changes in economic and competitive conditions affecting our business;
- potential liability from future litigation;
- length and number of off-hire periods and dependence on third-party managers; and
- other factors discussed in the “Risk Factors” section of this prospectus.

You should not place undue reliance on forward-looking statements contained in this prospectus, because they are statements about events that are not certain to occur as described or at all. All forward-looking statements in this prospectus are qualified in their entirety by the cautionary statements contained in this prospectus. These forward-looking statements are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements.

Except to the extent required by applicable law or regulation, we undertake no obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

EXPENSES

The following are the estimated expenses of the issuance and distribution of the securities being registered under the Registration Statement of which this prospectus forms a part, all of which will be paid by us.

SEC registration fee	$	1,850
Printing and engraving expenses	$	10,000
Legal fees and expenses	$	275,000
Accounting fees and expenses	$	175,000
Miscellaneous	$	10,000
Total	$	471,850

ENFORCEMENT OF CIVIL LIABILITIES

Star Bulk Carriers Corp. is a Marshall Islands company and our executive offices are located outside of the U.S. in Athens, Greece. A majority of our directors, officers and the experts named in the prospectus reside outside the U.S. In addition, a substantial portion of our assets and the assets of our directors, officers and experts are located outside of the U.S. As a result, you may have difficulty serving legal process within the U.S. upon us or any of these persons. You may also have difficulty enforcing, both in and outside the U.S., judgments you may obtain in U.S. courts against us or these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws.

Furthermore, there is substantial doubt that the courts of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws.

LEGAL MATTERS

The validity of the securities offered by this prospectus will be passed upon for us by Seward & Kissel LLP, New York, New York with respect to matters of U.S. and Marshall Islands law.

EXPERTS

The consolidated financial statements appearing in the Annual Report on Form 20-F for the year ended December 31, 2007 of Star Bulk Carriers Corp. and incorporated herein by reference have been audited as follows:

The historical financial information was derived from the audited consolidated financial statements of Star Maritime and its subsidiaries for the period from May 13, 2005 (date of Star Maritime's inception) through December 31, 2005, and for the fiscal year ended December 31, 2006. The financial statements of Star Maritime Acquisition Corp. included in the Annual Report were audited by Goldstein Golub Kessler LLP, independent registered public accounting firm, to the extent and for the period set forth in their report. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements as of and for the year ended December 31, 2007 incorporated in this prospectus by reference from Star Bulk's Annual Report on Form 20-F for the year ended December 31, 2007, and the effectiveness of Star Bulk's internal control over financial reporting have been audited by Deloitte Hadjipavlou Sofianos & Cambanis S.A, an independent registered public accounting firm, as stated in their reports, which reports express an unqualified opinion on the financial statements and express an adverse opinion on the effectiveness of internal control over financial reporting because of a material weakness and are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The statements of revenue and direct operating expenses of: A Duckling Corporation, F Duckling Corporation, G Duckling Corporation, I Duckling Corporation, and J Duckling Corporation have been audited by Deloitte & Touche in Taipei, Taiwan, the Republic of China, an independent registered public accounting firm, as stated in their reports appearing herein (which reports express unqualified opinions and include explanatory paragraphs relating to the basis of presentation as discussed in Note 2). Such statements of revenue and direct operating expenses have been so included in reliance upon the reports of such firm given on their authority as experts in accounting and auditing.

The statements in section in this prospectus entitled ''The International Dry Bulk Shipping Industry'' has been reviewed by Drewry Shipping Consultants Ltd., or Drewry, which has confirmed to us that they accurately describe the international drybulk shipping market, subject to the availability and reliability of the data supporting the statistical and graphical information presented in this prospectus, as indicated in the consent of Drewry filed as an exhibit to the registration statement on Form F-3 under the Securities Act of which this prospectus is a part.

INDUSTRY AND MARKET DATA

The industry-related statistical and graphical information we use in this prospectus has been compiled by Drewry, from its database. Some of the industry information in this prospectus is based on estimates or subjective judgments in circumstances where data for actual market transactions either does not exist or is not publicly available, and consequently, Drewry cannot assure us that it reflects actual industry and market experience. Drewry compiles and publishes data for the benefit of its customers. Its methodologies for collecting data, and therefore the data collected, may differ from those of other sources, and its data does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the market. The published information of other maritime data collection experts may differ from the data presented in this prospectus.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

As required by the Securities Act we filed a registration statement relating to the securities offered by this prospectus with the Commission. This prospectus is a part of that registration statement, which includes additional information.

Additional Information

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and therefore file annual, quarterly and current reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information filed by us may be inspected and copied at the Public reference section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Our SEC filings are available to the public over the Internet at the SEC's website at http://www.sec.gov.

Information Provided by the Company

We will furnish holders of our common stock with annual reports containing audited financial statements and a report by our independent registered public accounting firm. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles. As a “foreign private issuer,” we are exempt from the rules under the Securities Exchange Act prescribing the furnishing and content of proxy statements to shareholders. While we furnish proxy statements to shareholders in accordance with the rules of the NASDAQ Global Market, those proxy statements do not conform to Schedule 14A of the proxy rules promulgated under the Securities Exchange Act. In addition, as a “foreign private issuer,” our officers and directors are exempt from the rules under the Securities Exchange Act relating to short swing profit reporting and liability.

INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” certain information that we file with it. This means that we can disclose important information to you by referring you to those filed documents. The information incorporated by reference is considered to be a part of this prospectus, and information that we file later with the SEC prior to the termination of this offering will also be considered to be part of this prospectus and will automatically update and supersede previously filed information, including information contained in this document.

We incorporate by reference the documents listed below and any future filings made with the Commission under Section 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934:

- Annual Report on Form 20-F for the year ended December 31, 2007, filed with the Commission on June 30, 2008, which contains audited consolidated financial statements for the most recent fiscal year for which those statements have been filed.

- The description of our securities contained in our Registration Statement on Forms F-1/F-4, (File No. 333- 141296) as amended, originally filed with the SEC on March 14, 2007 and any amendment or report filed for the purpose of updating that description.

We are also incorporating by reference all subsequent annual reports on Form 20-F that we file with the Commission and certain Reports on Form 6-K that we furnish to the Commission after the date of this prospectus (if they state that they are incorporated by reference into this prospectus) until we file a post-effective amendment indicating that the offering of the securities made by this prospectus has been terminated. In all cases, you should rely on the later information over different information included in this prospectus or the prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus and any accompanying prospectus supplement. We have not, and any underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and any accompanying prospectus supplement as well as the information we previously filed with the Commission and incorporated by reference, is accurate as of the dates on the front cover of those documents only. Our business, financial condition and results of operations and prospects may have changed since those dates.

You may request a free copy of the above mentioned filing or any subsequent filing we incorporated by reference to this prospectus by writing or telephoning us at the following address:

Star Bulk Carriers Corp.
Attn: Prokopios Tsirigakis
7, Fragoklisias street, 2nd floor,
Maroussi 151 25,
Athens, Greece.
Telephone: 011-210-617-8400

Commission Position on Indemnification for Securities Act Liabilities

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

STAR BULK CARRIERS CORP.
INDEX TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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STAR BULK CARRIERS CORP.
Unaudited Interim Condensed Consolidated Balance Sheets
As of December 31, 2007 and June 30, 2008
(Expressed in thousands of U.S. dollars except for share and per share data)

	December 31, 2007	June 30, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	18,985	38,043
Trade accounts receivable, net	-	40
Inventories (Note 4)	598	804
Prepaid expenses and other receivables	299	830
Due from managers	-	1,045
Vessel held-for-sale (Note 6)	-	15,562
Total Current Assets	19,882	56,324
FIXED ASSETS		
Advances for vessels to be acquired (Note 5)	118,242	15,611
Vessels and other fixed assets, net (Note 6)	262,946	704,459
Total Fixed Assets	381,188	720,070
OTHER NON-CURRENT ASSETS		
Deferred finance charges (Note 7)	600	1,029
Due from managers	120	180
Fair value of above market acquired time charter agreements (Note 8)	1,952	1,585
Restricted cash (Note 9)	-	11,010
TOTAL ASSETS	403,742	790,198
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt (Note 9)	-	22,000
Accounts payable	168	1,636
Due to related party (Note 3)	480	1,262
Accrued liabilities	1,493	3,136
Due to managers	-	168
Deferred revenue	916	4,293
Total Current Liabilities	3,057	32,495
NON-CURRENT LIABILITIES		
Long term debt (Note 9)	-	183,000
Fair value of below market acquired time charter agreements (Note 8)	25,307	65,264
Other non-current liabilities	-	74
Total Non-current Liabilities	25,307	248,338
STOCKHOLDERS’ EQUITY		

Preferred Stock; $0.01 par value, authorized 25,000,000 shares; none issued or outstanding at December 31, 2007 and June 30, 2008 (Note 10)	-	-
Common Stock, $0.01 par value, 100,000,000 shares authorized; 42,516,433 and 54,532,989 shares issued and outstanding at December 31, 2007 and June 30, 2008, respectively (Note 10)	425	545
Additional paid in capital (Note 10)	368,454	477,472
Retained earnings	6,499	31,348
Total Stockholders' Equity	375,378	509,365
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	403,742	790,198

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

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STAR BULK CARRIERS CORP.
Unaudited Interim Condensed Consolidated Statements of Income
For the six months ended June 30, 2007 and 2008
(Expressed in thousands of U.S. dollars except for share and per share data)

	Six months ended June 30,							
	2007	2008						
REVENUES:								
Voyage revenues	-	100,921						
Voyage expenses	-	1,585	269,485		21,469	1,010,093		
Chief Operating Officer SeaWorld & Discovery Cove	2012	297,000		135,567		219,921	331,029	983,517
	2011	297,000		195,617		280,655	21,129	794,401
Donald W. Mills, Jr. Chief Operating Officer Busch Gardens	2013	329,502	20,280	364,902		266,761	11,912	993,357
	2012	280,008				207,339	18,442	505,789
	2011	280,008		266,750		264,608	20,420	831,786
G. Anthony (Tony) Taylor Chief Legal Officer and General Counsel	2013	337,500	20,865	145,941		274,455	16,040	794,801

(1) Amounts included in this column reflect the salary earned during fiscal 2013, which includes salary increases made in connection with our IPO. See Compensation Discussion and Analysis Compensation Determination Process Role of the Compensation Consultant.

(2) Amounts reported for fiscal 2013 reflect the discretionary portion of our annual cash incentive award under our 2013 Bonus Plan. See Compensation Discussion and Analysis Compensation Elements Bonuses.

(3) Amounts included in this column reflect the aggregate grant date fair value of restricted stock granted in 2013 and Employee Units granted in 2012 and 2011 calculated in accordance with FASB ASC Topic 718 (Topic 718), utilizing the assumptions discussed in Note 18 to our consolidated financial statements for the years ended December 31, 2013 and 2012, respectively. Achievement of the performance conditions for the 2.25x and 2.75x exit-vesting portions for the restricted stock awards and Employee Units was not deemed probable on the date of grant, and, accordingly, pursuant to the SEC s disclosure rules, no value is included in this table for those portions of the awards. The fair value at the grant date of the restricted stock granted in 2013 assuming achievement of the performance conditions was as follows: Mr. Atchison $2,697,157; Mr. Heaney $872,836; Mr. Brown $899,039; Mr. Mills $899,039; and Mr. Taylor $359,606. The fair value at grant date of the Employee Units granted in 2012 assuming achievement of the performance conditions was as follows: Mr. Heaney $542,750 and Mr. Brown $240,000. The fair value at grant date of the Employee Units granted in 2011 assuming achievement of the performance conditions was as follows: Mr. Atchison $1,607,625; Mr. Brown $392,975; and Mr. Mills $535,875.
As described in Compensation Discussion and Analysis Compensation Elements Long Term Incentive Compensation, in connection with our IPO in 2013, the named executive officers surrendered their time-vesting Employee Units in exchange for time-vesting restricted stock. There was incremental fair value calculated in accordance with Topic 718 with respect to the time-vesting awards that were modified in connection with the IPO. Therefore, amounts included in this column also reflect the incremental fair value calculated in accordance with Topic 718 for each of the named executive officers as follows: Mr. Atchison $90,715; Mr. Heaney $4,035; Mr. Brown $30,238; Mr. Mills $30,238; and Mr. Taylor $12,096.
With respect to the 2.25x and the 2.75x exit-vesting portions of the Employee Units that were surrendered in exchange for exit-vesting restricted stock, there was no incremental fair value calculated in accordance with Topic 718 as a result of the modification since achievement of the performance conditions was not deemed probable before or after the modification.

(4) We have no pension benefits, nonqualified defined contribution or other nonqualified deferred compensation plans for executive officers.

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(5) Amounts reported under All Other Compensation for fiscal 2013 include contributions to our 401(k) plan on behalf of our named executive officers as follows: Mr. Atchison $8,925; Mr. Heaney $8,925; Mr. Brown $8,925; Mr. Mills $408; and Mr. Taylor $8,925. Amounts reported also include life and long-term disability insurance premiums paid by us on behalf of our named executive officers as follows: Mr. Atchison $1,430; Mr. Heaney $1,134; Mr. Brown $1,121; Mr. Mills $1,070; and Mr. Taylor $1,023. Amounts reported for Messrs. Atchison, Brown, Mills and Taylor for fiscal 2013 also include the dollar value of vacation days sold to pay for personal health insurance premiums and other benefits under our vacation sell benefit program, along with other miscellaneous benefits, are as follows: Mr. Atchison $12,153; Mr. Brown $11,423; Mr. Mills $10,434; and Mr. Taylor $6,092. In addition, the named executive officers (and their spouses) each receive a Corporate Executive Card that entitles them and an unlimited number of guests to complimentary access to our theme parks. There is no incremental cost to us associated with the use of the Corporate Executive Card. Amount reported for Mr. Brown for fiscal 2012 also includes a tax gross-up of $309,725 with respect to the taxable income on his June 7, 2012 Employee Unit grant.

Grants of Plan-Based Awards in 2013

The following table provides supplemental information relating to grants of plan-based awards made to our named executive officers during 2013.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)[2]**	**Maximum (#)**	**(#)**	**($)[3]**
Jim Atchison		291,720	884,000	1,149,200					
	4/19/2013					59,896		29,950	1,003,924
James M. Heaney		106,673	323,250	420,225					
	4/19/2013					19,964		9,984	334,664
Daniel B. Brown		104,012	315,188	409,744					
	4/19/2013					19,964		9,984	334,664
Donald W. Mills, Jr.		102,961	312,002	405,602					
	4/19/2013					19,964		9,984	334,664
G. Anthony (Tony) Taylor		105,930	321,000	417,300					
	4/19/2013					7,986		3,993	133,845

(1) Reflects possible payouts under our 2013 Bonus Plan. See Compensation Discussion and Analysis Compensation Elements Bonuses Annual Cash Incentive Compensation for a discussion of threshold, target and maximum cash incentive compensation payouts. The actual amounts paid to our named executive officers under our 2013 Bonus Plan are disclosed in the Bonus and Non-Equity Incentive Plan Compensation columns of the Summary Compensation Table. The annual cash incentive awards earned for fiscal 2013 are pro-rated for the period from January 1, 2013 through March 31, 2013 at the named executive officer s former base salary and bonus potential percentage and for the period from April 1, 2013 through the end of the 2013 fiscal year, based on the named executive officer s new base salary and bonus potential percentage.

(2) As described in more detail in the Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards-Terms of Restricted Stock Awards section that follows, amounts reported reflect grants of restricted stock that are divided into three tranches for vesting purposes; one third are time-vesting and two-thirds are exit-vesting (of which one-third are 2.25x exit- vesting and one-third are 2.75x exit-vesting). The exit vesting shares are reported as an equity incentive plan award in the Estimated Future Payouts Under Equity Incentive Plan Awards column, while the time-vesting tranche of the awards are reported as an all other stock award in the All Other Stock Awards: Number of Shares of Stock or Units column.

(3) Represents the grant date fair value of the restricted stock, calculated in accordance with Topic 718 and utilizing the assumptions discussed in Note 18 to our consolidated financial statements for the year ended December 31, 2013. The value at the grant date for the 2.25x and 2.75x exit-vesting portions of the restricted stock awards is based upon the probable outcome of the performance conditions. See footnote (3) to the Summary Compensation Table.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards

Terms of Restricted Stock Awards

Employee Units Surrendered for Restricted Stock

In connection with our IPO, our directors, officers and employees surrendered all Class D Units and Employee Units of the Partnerships held by them and received vested shares of our common stock and unvested shares of restricted stock from the Partnerships. Class D Units and vested Employee Units were surrendered for vested shares of common stock and unvested Employee Units were surrendered for unvested restricted shares of our common stock, which are subject to vesting terms substantially similar to those applicable to the unvested Employee Units immediately prior to such transaction, as described below under Vesting Terms. The number of shares of our vested common stock and unvested shares of restricted stock delivered to such equity holders of the Partnerships was determined in a manner intended to replicate the economic benefit provided by the Class D Units and Employee Units based upon the valuation of us derived from the IPO price, and the number of shares had substantially the same value as the Class D Units or Employee Units that were held by the equity holder immediately prior to such transaction.

Vesting Terms

The shares of restricted stock are divided into a time-vesting portion (1/3 of the restricted shares granted), a 2.25x exit-vesting portion (1/3 of the restricted shares granted), and a 2.75x exit-vesting portion (1/3 of the restricted shares granted).

Time-Vesting Restricted Shares: Prior to the IPO, 12 months after the initial vesting reference date, 20% of the named executive officer s time-vesting Employee Units became vested. Thereafter, an additional 20% of each named executive officer s time-vesting Employee Units vested or would have vested every year until all such Employee Units were fully vested, subject to the named executive officer s continued employment through each vesting date. At the time of the IPO, a portion of the time-vesting Employee Units (equal to 60% for Messrs. Atchison and Mills; 60% and 20% for Mr. Brown s two grants, respectively; 20% for Mr. Heaney; and 40% for Mr. Taylor) was vested, and each executive received vested shares of common stock in respect of such vested Employee Units. The restricted stock granted in respect of the unvested time-vesting Employee Units vest on the date such unvested time-vesting Employee Units would have otherwise become vested. Notwithstanding the foregoing, the time-vesting shares of restricted stock will become fully vested on an accelerated basis upon a change of control (as defined in the 2013 Omnibus Incentive Plan) that occurs while the named executive officer is still employed by us.

2.25x Exit-Vesting Restricted Shares: The 2.25x exit-vesting shares of restricted stock vest if the named executive officer is employed by us when and if Blackstone receives cash proceeds in respect of its interests in the Partnerships equal to (x) a 20% annualized effective compounded return rate on its investment and (y) a 2.25x multiple on its investment.

2.75x Exit-Vesting Restricted Shares: The 2.75x exit-vesting shares of restricted stock vest if the named executive officer is employed by us when and if Blackstone receives cash proceeds in respect of its interests in the Partnerships equal to (x) a 15% annualized effective compounded return rate on its investment and (y) a 2.75x multiple on its investment.

Each of the award agreements also contains restrictive covenants, including an indefinite covenant on confidentiality of information and covenants related to non-competition and non-solicitation of employees and customers of the Company and its affiliates at all times during the executive s employment, and for one year after any termination of employment.

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If a named executive officer s employment is terminated for any reason or the named executive officer violates any of the restrictive covenants, then any restricted shares that are not already vested will be immediately forfeited.

Additional Restricted Stock Awards

In connection with the IPO, we granted each of our named executive officers additional shares of restricted stock. These restricted shares were intended to have vesting terms and conditions substantially similar to the Employee Units that were held by these officers prior to the IPO. In other words, each named executive officer s additional award will vest as to one third of the award on the first five anniversaries of the vesting reference date for such named executive officer s original grant of Employee Units, and be eligible to exit-vest as to the remaining two-thirds of the award on the same exit-vesting terms described above, except that any shares that would otherwise have been vested at the time of the IPO or that would become vested within six months following the closing of our IPO instead became vested on the day following the six month anniversary of the grant date. As a result, because the vesting reference dates for Messrs. Atchison and Mills are December 1, 2009; for Mr. Brown are December 1, 2009 and January 1, 2012; for Mr. Heaney is April 1, 2012; and for Mr. Taylor is May 3, 2010; a portion of their time-vesting restricted stock awards equal to the portion of Employee Units that were vested at the time of the IPO (equal to 60%, 60% and 20%, 20%, and 40%, respectively) became vested on the six-month anniversary of the grant date.

Outstanding Equity Awards at 2013 Fiscal-Year End

The following table provides information regarding outstanding equity awards made to our named executive officers as of December 31, 2013. All information presented below reflects the surrender of the Employee Units for shares of restricted stock in connection with the IPO. For more information see Compensation Discussion and Analysis Compensation Elements Long-Term Incentive Compensation .

Name	Number of Shares or Units That Have Not Vested (#)(1)	Market Value of Shares or Units That Have Not Vested ($)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3)
Jim Atchison	51,542	1,482,863	515,406	14,828,231
James M. Heaney	48,723	1,401,761	121,800	3,504,186
Daniel B. Brown	30,927	889,770	171,798	4,942,628
Donald W. Mills, Jr.	17,181	494,297	171,800	4,942,686
G. Anthony (Tony) Taylor	13,746	395,472	68,720	1,977,074

(1) Reflects time-vesting shares of restricted stock that had not vested as of December 31, 2013. The following provides information with respect to the remaining vesting schedule of the time-vesting shares of restricted stock that had not vested as of December 31, 2013:
Mr. Atchison these outstanding restricted shares will vest on December 1, 2014.

Mr. Heaney these outstanding restricted shares vest in substantially equal installments on April 1, 2014, 2015, 2016 and 2017.

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Mr. Brown of these outstanding restricted shares, 4,581 vested on January 1, 2014, 12,600 will vest on December 1, 2014 and the remainder will vest in substantially equal installments on January 1, 2015, 2016 and 2017.

Mr. Mills these outstanding restricted shares will vest on December 1, 2014.

Mr. Taylor these outstanding shares will vest in equal installments on May 3, 2014 and 2015.

Vesting of the time-vesting restricted shares would have been accelerated if a change of control occurred while the named executive officer was still employed by us, as described under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards-Terms of Restricted Stock Awards.

(2) Reflects exit-vesting shares of restricted stock. One-half of the outstanding exit-vesting restricted shares are 2.25x exit-vesting and one-half are 2.75x exit-vesting. Unvested exit-vesting restricted shares vest as described under the Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards- Terms of Restricted Stock Awards section above.

(3) Market value is based upon the closing market price of our common stock on December 31, 2013.

Option Exercises and Stock Vested in 2013

The following table provides information regarding the number of shares of restricted stock held by our named executive officers that vested during 2013. In addition, with respect to Messrs. Heaney and Brown, amounts reported reflect the value realized on vesting with respect to Employee Units that vested prior to the IPO. For more information see Compensation Discussion and Analysis Compensation Elements Long-Term Incentive Compensation.

	Equity Awards	
Name	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)[1]**
Jim Atchison	69,511	2,075,693
James M. Heaney	[2]	[2]
Daniel B. Brown	[3]	[3]
Donald W. Mills, Jr.	23,171	691,918
G. Anthony (Tony) Taylor	8,468	273,001

(1) Unless otherwise indicated, the value realized on vesting is based on the closing market price of our common stock on the applicable vesting date (or the previous trading day if the vesting date was not a trading day).

(2) Prior to the IPO, Mr. Heaney vested in 2,500 Employee Units with a zero value realized on vesting, based on the appreciation in the value of our business from the date of grant through June 2012, the date of the Company s most recent valuation for the Employee Units. Additionally, Mr. Heaney also vested in 1,996 shares of restricted stock with a value realized on vesting of $59,840.

(3) Prior to the IPO, Mr. Brown vested in 667 Employee Units with a value realized on vesting of $36,018, based on the appreciation in the value of our business from the date of grant through June 2012, the date of the Company s most recent valuation for the Employee Units. Additionally, Mr. Brown also vested in 17,524 shares of common stock with a value realized on vesting of $523,354.

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Pension Benefits

We have no pension benefits for the executive officers.

Nonqualified Deferred Compensation for 2013

We have no nonqualified defined contribution or other nonqualified deferred compensation plans for executive officers.

Potential Payments Upon Termination

The following table describes the potential payments and benefits that would have been payable to our named executive officers under existing plans assuming a termination of their employment for reasons other than willful misconduct or a voluntary resignation on December 31, 2013.

The amounts shown in the table do not include payments and benefits to the extent they are provided generally to all salaried employees upon termination of employment and do not discriminate in scope, terms or operation in favor of the named executive officers. These include accrued but unpaid salary and distributions of plan balances under our 401(k) savings plan.

Name	Cash Severance Payment ($)(1)	Continuation of Group Health Plans ($)(2)	Accrued but Unused Vacation ($)(3)	Executive Outplacement Services ($)(4)	Value of Restricted Stock Acceleration ($)(5)	Total ($)
Jim Atchison						
Termination under the Severance Plan	2,443,000	40,268	72,485	10,000		2,565,753
Change of Control					1,482,863	1,482,863
James M. Heaney						
Termination under the Severance Plan	890,000	29,400	13,692	10,000		943,092
Change of Control					1,401,761	1,401,761
Daniel B. Brown						
Termination under the Severance Plan	692,000	20,134	26,615	10,000		748,749
Change of Control					889,770	889,770
Donald W. Mills, Jr.						
Termination under the Severance Plan	692,000	14,115	31,938	10,000		748,053
Change of Control					494,297	494,297
G. Anthony (Tony) Taylor						
Termination under the Severance Plan	724,000	20,134	16,708	10,000		770,842
Change of Control					395,472	395,472

(1) Cash severance payment includes the following:

Mr. Atchison two times the sum of his annual base salary ($698,000) plus his targeted bonus under the 2013 Bonus Plan ($1,047,000);

Mr. Heaney eighteen months base salary ($534,000) plus his targeted bonus under the 2013 Bonus Plan ($356,000);

Mr. Brown twelve months base salary ($346,000) plus his targeted bonus under the 2013 Bonus Plan ($346,000);

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Mr. Mills twelve months base salary ($346,000) plus his targeted bonus under the 2013 Bonus Plan ($346,000); and

Mr. Taylor twelve months base salary ($362,000) plus his targeted bonus under the 2013 Bonus Plan ($362,000).

(2) Reflects the cost of providing the executive officer with continued health, dental, vision, prescription drug and mental health coverage as enrolled at the time of his termination for a period of twenty-four months for Mr. Atchison, for a period of eighteen months for Mr. Heaney and for a period of twelve months for Messrs. Brown, Mills and Taylor, in each case, assuming 2014 rates.

(3) Amounts shown represent the following number of accrued but unused vacation days: Mr. Atchison, 27 days; Mr. Heaney, 10 days; Mr. Brown, 20 days; Mr. Mills, 24 days; and Mr. Taylor, 12 days.

(4) Amounts shown assume that executive outplacement services are provided to each of the named executive officers for a period of nine months.

(5) Upon a change of control, our named executive officers unvested time-vesting shares of restricted stock would become immediately vested. The amounts reported are based on the closing market price of our stock on December 31, 2013. Amounts reported also assume that the exit-vesting shares of restricted stock would not have vested upon a change of control. If the exit- vesting restricted shares would have vested upon a change of control, the amounts reported would have reflected the following additional amounts: Mr. Atchison, $14,828,231; Mr. Heaney, $3,504,186; Mr. Brown, $4,942,628; Mr. Mills, $4,942,686; and Mr. Taylor, $1,977,074.

Severance Arrangements and Restrictive Covenants

We have adopted the Severance Plan for the benefit of certain key employees. Each of the named executive officers is a member of our Strategy Committee and is eligible for severance pay and benefits under the Severance Plan. All severance pay and benefits must be approved by the Chief Human Resources Officer and our Chairman of the Board of Directors.

Mr. Atchison

If Mr. Atchison s employment terminates as a result of (1) job elimination resulting from a business reorganization, reduction in force, facility closure or business consolidation; (2) job elimination resulting from a sale or merger; (3) lack of an available position following a return from a certified medical leave of absence or work related injury or illness; or (4) unsatisfactory job performance, Mr. Atchison will be entitled to receive:

a lump sum payment equal to two times his annual base pay at the time of termination;

any remaining accrued but unused vacation;

the targeted bonus for the plan year in which he is terminated;

continued health, dental, vision, prescription drug and mental health coverage as enrolled at the time of his termination for a period of twenty four months; and

executive outplacement services (as determined by us), which services must be engaged within thirty days of the termination of employment.

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Mr. Heaney

If Mr. Heaney s employment terminates as a result of (1) job elimination resulting from a business reorganization, reduction in force, facility closure or business consolidation; (2) job elimination resulting from a sale or merger; (3) lack of an available position following a return from a certified medical leave of absence or work related injury or illness; or (4) unsatisfactory job performance, Mr. Heaney will be entitled to receive:

- a lump sum payment equal to eighteen months of his annual base pay at the time of termination;
- any remaining accrued but unused vacation;
- the targeted bonus for the plan year in which he is terminated;
- continued health, dental, vision, prescription drug and mental health coverage as enrolled at the time of his termination for a period of eighteen months; and
- executive outplacement services (as determined by us), which services must be engaged within thirty days of the termination of employment.

Messrs. Brown, Mills and Taylor

If either Messrs. Brown, Mills or Taylor employment terminates as a result of (1) job elimination resulting from a business reorganization, reduction in force, facility closure or business consolidation; (2) job elimination resulting from a sale or merger; (3) lack of an available position following a return from a certified medical leave of absence or work related injury or illness; or (4) unsatisfactory job performance, Messrs. Brown, Mills or Taylor will be entitled to receive:

- a lump sum payment equal to twelve months of his annual base pay at the time of termination;
- any remaining accrued but unused vacation;
- the targeted bonus for the plan year in which he is terminated;
- continued health, dental, vision, prescription drug and mental health coverage as enrolled at the time of his termination for a period of twelve months; and
- executive outplacement services (as determined by us), which services must be engaged within thirty days of the termination of employment.

In order to be eligible for the Severance Plan benefits, the key employee must sign and return a release and waiver of claims that will include but is not limited to (1) a one-year non-compete covenant; (2) a two-year non-solicitation covenant; (3) a non-disparagement covenant; (4) an agreement to cooperate in any current or future legal matters relating to activities or matters occurring during such key employee s term of employment; and (5) the release of any and all claims that such key employee may have in connection with their employment with us or with the termination of employment.

No benefits are payable under the Severance Plan if (1) the eligible key employee fails or refuses to return the release and waiver of claims; (2) the eligible key employee voluntarily terminates their employment for any reason; or (3) the eligible key employee engages in willful misconduct as determined at the discretion of the Chief Human Resources Officer and our Chairman of the Board of Directors.

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Director Compensation for Fiscal 2013

The following table summarizes all compensation for our non-employee directors for fiscal year 2013. The employee directors and Blackstone-affiliated directors did not receive additional compensation for serving on the Board of Directors or the committees of the Board of Directors and, as a result, are not listed in the table below.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Total ($)
David F. D Alessandro(2)	210,000	42,334	252,334
Joseph P. Baratta			
Bruce McEvoy			
Judith A. McHale(3)	73,011	120,000	193,011
Peter F. Wallace			
Deborah M. Thomas(4)	8,315	120,000	128,315

(1) Amounts included in this column reflect the aggregate grant date fair value of restricted stock awards granted during fiscal year 2013, calculated in accordance with Topic 718, utilizing the assumptions discussed in Note 18 to our consolidated financial statements for the year ended December 31, 2013. The aggregate number of unvested restricted stock owned by our non-employee directors at December 31, 2013 was as follows: Mr. D Alessandro, 232,499 shares of unvested restricted stock; Ms. McHale, 4,444 shares of unvested restricted stock; and Ms. Thomas, 3,846 shares of unvested restricted stock. For Mr. D Alessandro, there was $42,334 incremental fair value calculated in accordance with Topic 718 with respect to his time-vesting awards that were modified in connection with the IPO. With respect to the 2.25x and the 2.75x exit-vesting portions of his Employee Units that were surrendered in exchange for exit-vesting restricted stock, there was no incremental fair value calculated in accordance with Topic 718 as a result of the modification since achievement of the performance conditions was not deemed probable before or after the modification.

(2) In addition to an annual retainer of $200,000, Mr. D Alessandro received a fee $10,000 for his service on a special committee of the Board of Directors that was formed to negotiate the repurchase of shares of our common stock from Blackstone that was completed concurrently with a secondary offering of our common stock by Blackstone on December 17, 2013.

(3) Ms. McHale was appointed to the Board of Directors on March 8, 2013 and the amount reported under the Fees Earned or Paid in Cash column reflects (a) the portion of her annual retainer for service on the Board of Directors and as Chairperson of the Audit Committee of the Board of Directors earned in fiscal year 2013 from such date, plus (b) a fee $10,000 for her service on a special committee of the Board of Directors that was formed to negotiate the repurchase of shares of our common stock from Blackstone that was completed concurrently with a secondary offering of our common stock by Blackstone on December 17, 2013.

(4) Ms. Thomas was appointed to the Board of Directors on November 11, 2013 and the amount reported under the Fees Earned or Paid in Cash column reflects the portion of her annual retainer for service on the Board of Directors earned in fiscal year 2013 from such date.

Description of Director Compensation

This section contains a description of the material terms of our compensation arrangements for Mr. D Alessandro, Ms. McHale and Ms. Thomas. As noted above, Messrs. Baratta, McEvoy and Wallace are employees of Blackstone and do not receive any compensation from us for their services on our Board of Directors. All of our directors, including Messrs. Baratta, McEvoy and Wallace, are reimbursed for the out-of-pocket expenses they incur in connection with their service as directors. We

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pay a cash retainer to our independent directors for serving as directors and an additional cash payment for serving as a committee chair, and we grant equity-based awards to our independent directors under the 2013 Omnibus Incentive Plan.

Mr. D Alessandro

Mr. D Alessandro, who serves as Chairman of the Board of Directors, receives an annual cash retainer of $200,000. In addition, Mr. D Alessandro was provided the opportunity to invest in Class D Units of the Partnerships and, in fiscal 2010, he was granted 52,500 Employee Units as part of his compensation. Similar to the Employee Units granted to our named executive officers, Mr. D Alessandro s Employee Units were divided into a time-vesting portion (one-third of the Employee Units granted), a 2.25x exit- vesting portion (one-third of the Employee Units granted), and a 2.75x exit-vesting portion (one-third of the Employee Units granted).

In connection with our IPO, Mr. D Alessandro surrendered his Class D Units and Employee Units of the Partnerships and received vested shares of our common stock and unvested shares of restricted stock from the Partnerships. The number of shares of our vested common stock and unvested shares of restricted stock delivered to Mr. D Alessandro was determined in a manner intended to replicate the economic benefit provided by the Class D Units and Employee Units based upon the valuation of us derived from the IPO price, and the number of shares had the same value as the Class D Units or Employee Units that were held by Mr. D Alessandro immediately prior to such transaction. Class D Units and vested Employee Units were converted into vested shares of common stock and unvested Employee Units were converted into unvested shares of our common stock, which are subject to vesting terms substantially similar to those applicable to the unvested Employee Units immediately prior to such transaction, as described below under Vesting Terms. The vesting terms of Mr. D Alessandro s Employee Units and restricted shares are set forth below.

Vesting Terms

Time-Vesting Restricted Shares: Prior to the IPO 25% of Mr. D Alessandro s time-vesting Employee Units vested on the date Mr. D Alessandro joined our board of directors, which was September 7, 2010, and the remaining 75% vested or would have vested in equal annual installments on each of the first four anniversaries of that date. At the time of the IPO, 62.5% of his time-vesting Employee Units were vested, so Mr. D Alessandro received vested common stock in respect of such Employee Units. Of the restricted shares Mr. D Alessandro received in respect of the remaining time-vesting Employee Units 18.75% vested on September 10, 2013 and the remaining 18.75% will be vested on September 10, 2014. Notwithstanding the foregoing, the time-vesting shares of restricted stock will become fully vested on an accelerated basis if a change of control (as defined in the 2013 Omnibus Incentive Plan) occurs while Mr. D Alessandro is still serving as our Chairman of the Board of Directors.

2.25x Exit-Vesting Restricted Shares: The 2.25x exit-vesting restricted shares vest based on a double trigger that includes both time-vesting and exit-vesting criteria. The time-vesting criteria are the same as the portion of his award that was solely time-vesting described above. The 2.25x exit-vesting shares of restricted stock vest if Blackstone receives cash proceeds in respect of its interests in the Partnerships equal to (x) a 20% annualized effective compounded return rate on its investment and (y) a 2.25x multiple on its investment. Upon Mr. D Alessandro s departure as Chairman of the Board of Directors, all 2.25x exit-vesting restricted shares which satisfied the time-vesting criteria, would remain outstanding subject to achievement of the exit-vesting criteria.

2.75x Exit-Vesting Restricted Shares: The 2.75x exit-vesting restricted shares vest based on a double trigger that includes both time-vesting and exit-vesting criteria. The time-vesting criteria

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are the same as the time-vesting criteria applicable to the 2.25x exit-vesting restricted shares described above. The 2.75x exit-vesting shares of restricted stock vest if Blackstone receives cash proceeds in respect of its interests in the Partnerships equal to (x) a 15% annualized effective compounded return rate on its investment and (y) a 2.75x multiple on its investment. Upon Mr. D Alessandro s departure as Chairman of the Board of Directors, all 2.75x exit-vesting restricted shares which satisfied the time-vesting criteria, would remain outstanding subject to achievement of the exit-vesting criteria.

Mses. McHale and Thomas

On March 8, 2013, Ms. McHale was appointed to the Board of Directors. We entered into a letter agreement with Ms. McHale pursuant to which she receives an annual retainer of $80,000 (representing $60,000 for her service as a non-employee director and $20,000 for her service as the Chair of the Audit Committee) payable in cash in four installments on the date of each quarterly scheduled Board meeting; provided, however, her retainer installment payable in respect of her first quarter of service was pro-rated to reflect the partial service during such quarter. In addition, she receives an annual equity award comprised of shares of our restricted common stock valued at $120,000, based on the closing price of shares of our common stock on the applicable date of grant; provided, however, with respect to the initial award, the value was based upon the price of shares of our common stock offered to the public in connection with our IPO.

On November 11, 2013, Ms. Thomas was appointed to the Board of Directors. We entered into a letter agreement with Ms. Thomas pursuant to which she receives an annual retainer of $60,000 for her service as a non-employee director payable in cash in four installments on the date of each quarterly scheduled Board meeting; provided, however, her retainer installment payable in respect of her first quarter of service was pro-rated to reflect the partial service during such quarter. In addition, she receives an annual equity award comprised of shares of our restricted common stock valued at $120,000, based on the closing price of shares of our common stock on the applicable date of grant.

Vesting Terms and Forfeiture

Ms. McHale s annual equity award is subject to vesting in three annual installments on each anniversary of the applicable date of grant (or with respect to the initial award, March 8, 2013), subject to her continued service on the Board of Directors; provided, that if the stockholders fail to re-elect her to the Board of Directors, or she is otherwise removed from the Board of Directors without cause, any unvested portion of an annual equity award will vest in full. Upon any other termination of her service prior to the completion of the applicable vesting period, she will forfeit the unvested portion of any annual equity award.

Ms. Thomas annual equity award is subject to vesting in three annual installments on each anniversary of the applicable date of grant (or with respect to the initial award, November 11, 2013), subject to her continued service on the Board of Directors; provided, that if the stockholders fail to re-elect her to the Board of Directors, or she is otherwise removed from the Board of Directors without cause, any unvested portion of an annual equity award will vest in full. Upon any other termination of her service prior to the compensation of the applicable vesting period, she will forfeit the unvested portion of any annual equity award.

Outside Director Compensation Policy

On March 4, 2014, our Board of Directors adopted the Outside Director Compensation Policy to formalize our practices regarding cash and equity compensation to non-employee directors (excluding any Blackstone-affiliated directors) and to supersede and replace the existing letter agreements with our non-employee directors.

Cash Compensation

Under the Outside Director Compensation Policy, each non-employee director will receive annual cash retainers for service in the following positions:

Position	**Annual Cash Retainer**
Chairperson of the Board of Directors	$ 200,000
Member of the Board of Directors other than Chairperson of the Board of Directors	60,000
Audit Committee Chairperson	20,000
Compensation Committee Chairperson	10,000
Nominating and Corporate Governance Committee Chairperson	10,000

Equity Compensation

Non-employee directors are eligible to receive all types of equity awards (except incentive stock options) under our 2013 Omnibus Incentive Plan including discretionary awards not covered under the Outside Director Compensation Policy. The Outside Director Compensation Policy provides that upon election or appointment of a non-employee director to our Board of Directors, such non-employee director will be granted an initial award of restricted stock under the 2013 Omnibus Incentive Plan having a Fair Market Value (as defined in the 2013 Omnibus Incentive Plan) equal to $120,000. The Outside Director Compensation Policy also provides that on the date of each annual meeting of stockholders following our IPO, each non-employee director, will be granted an annual award of restricted stock under the 2013 Omnibus Incentive Plan having a Fair Market Value (as defined in the 2013 Omnibus Incentive Plan) equal to $120,000. Each initial award and annual award will vest in three equal installments, with one-third vesting on each of the first, second and third anniversaries of the date of grant, subject to the non-employee director s continued service on the Board through each such vesting date.

Notwithstanding the vesting schedule described above, the vesting of all equity awards granted to a non-employee director will vest in full upon a change in control (as defined in the 2013 Omnibus Incentive Plan).

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PRINCIPAL AND SELLING STOCKHOLDERS

The following table and accompanying footnotes set forth information with respect to the beneficial ownership of our common stock, as of March 17, 2014, for:

- each person known by us to own beneficially more than 5% of our outstanding shares of common stock;
- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each selling stockholder.

For further information regarding material transactions between us and the selling stockholders, see Certain Relationships and Related Party Transactions.

Each of the selling stockholders acquired shares of the Company s common stock in the ordinary course of business and, at the time of its acquisition of shares of the Company s common stock, did not have any agreements or understanding, directly or indirectly, with any person to distribute such shares.

In connection with this offering and depending on the applicable facts and circumstances, a selling stockholder may be deemed to be an underwriter within the meaning of such term under the Securities Act.

The number of shares and percentages of beneficial ownership prior to this offering set forth below are based on the number of shares of our common stock issued and outstanding immediately prior to the consummation of this offering and the share repurchase. The number of shares and percentages of beneficial ownership after this offering and the share repurchase set forth below are based on the number of shares of our common stock issued and outstanding immediately after the consummation of this offering and the share repurchase assuming the selling stockholders sell 15,000,000 shares of common stock offered by this prospectus and assuming that the share repurchase of 1.75 million shares is consummated concurrently with the closing of this offering.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. A person is a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security or has the right to acquire such powers within 60 days.

Unless otherwise noted in the footnotes to the following table, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to their beneficially owned common stock.

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Except as otherwise indicated in the footnotes below, the address of each beneficial owner is c/o SeaWorld Entertainment, Inc., 9205 South Park Center Loop, Suite 400, Orlando, Florida 32819.

Name of Beneficial Owner	Common Stock Beneficially Owned Prior to this Offering and the Share Repurchase Number	%	Shares of Common Stock Offered	Common Stock Beneficially Owned After this Offering and the Share Repurchase: Assuming the Underwriters Option is not Exercised Number	%	Assuming the Underwriters Option is Exercised in Full Number	%
Principal and Selling Stockholders:							
The Partnerships affiliated with The Blackstone Group L.P.[(1)(2)]	39,245,708	42.8	15,000,000	22,495,708	25.0	20,245,708	22.5
Directors and Named Executive Officers:							
Jim Atchison	632,852	*		632,852	*	632,852	*
David F. D Alessandro	251,420	*		251,420	*	251,420	*
Joseph P. Baratta[(3)]							
Bruce McEvoy[(3)]							
Judith A. McHale	4,444	*		4,444	*	4,444	*
Peter Wallace[(3)]							
Deborah M. Thomas	3,846	*		3,846	*	3,846	*
James M. Heaney	180,706	*		180,706	*	180,706	*
Dan Brown	264,621	*		264,621	*	264,621	*
Donald Mills	261,193	*		261,193	*	261,193	*
G. Anthony (Tony) Taylor	92,767	*		92,767	*	92,767	*
All directors and executive officers as a group (11 persons)	1,691,849	1.8		1,691,849	1.9	1,691,849	1.9

* Less than 1%.

(1) As of March 17, 2014, the Partnerships owned 42.8% of our outstanding common stock. The shares to be sold in this offering by the Partnerships, including any additional shares that the underwriters have the option to purchase, will be purchased from the Partnerships pro rata, based on their current ownership percentages.

(2) Reflects shares of our common stock held by the Partnerships as follows: 30,668,178 shares of our common stock held by SW Delaware L.P. (SWD), 957,268 shares of our common stock held by SW Delaware A L.P. (SWDA), 1,076,614 shares of our common stock held by SW Delaware B L.P. (SWDB), 982,244 shares of our common stock held by SW Delaware C L.P. (SWDC), 352,879 shares of our common stock held by SW Delaware D L.P. (SWDD), 1,105,873 shares of our common stock held by SW Delaware E L.P. (SWDE), 864,274 shares of our common stock held by SW Delaware F L.P. (SWDF), 1,316,333 shares of our common stock held by SW Delaware Co-Invest L.P. (SWDCI), 1,441,534 shares of our common stock held by SW Delaware (GS) L.P. (SWDGS) and 480,511 shares of our common stock held by SW Delaware (GSO) L.P. Blackstone and other members of the Investor Group own various classes of interests in the Partnerships as described under Certain Relationships and Related Party Transactions Limited Partnership Agreements. Investors in SWDGS include certain affiliates of Goldman, Sachs & Co.

Under the terms of the partnership agreements of the Partnerships, the general partner determines any voting and dispositions decisions with respect to the shares of our common stock held by the Partnerships. In certain circumstances, Blackstone and certain other members of the Investor Group are permitted to surrender their interests in the Partnerships to the Partnerships and receive shares of our common stock held by the Partnerships. The general partner of each of the Partnerships is SW Cayman Limited. SW Cayman Limited is wholly owned by Blackstone Capital Partners (Cayman III) V L.P. The general partner of Blackstone Capital Partners (Cayman III) V L.P. is Blackstone Management Associates (Cayman) V L.P. The general partner of Blackstone Management Associates (Cayman) V L.P. is BCP V GP L.L.C. The sole member of BCP V GP L.L.C. is Blackstone Holdings III L.P. The general partner of Blackstone Holdings III L.P. is Blackstone Holdings III GP L.P. The general partner of Blackstone Holdings III GP L.P. is Blackstone Holdings III GP Management L.L.C. The sole member of Blackstone Holdings III GP Management L.L.C. is The Blackstone Group L.P. The general partner of The Blackstone Group L.P. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly owned by Blackstone s senior managing directors and controlled by its founder, Stephen A. Schwarzman. As a result of his control of Blackstone Group Management L.L.C., Mr. Schwarzman has voting and investment power with respect to the shares held by the Partnerships. Each of such Blackstone entities (other than the Partnerships to the extent of their direct holdings) and Mr. Schwarzman may be deemed to beneficially own the shares beneficially owned by the Partnerships directly or indirectly controlled by it or him, but each disclaims beneficial ownership of such shares. The address of each of Mr. Schwarzman and each of the other entities listed in this footnote is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

(3) Messrs. Baratta, McEvoy and Wallace are each employees of Blackstone, but each disclaims beneficial ownership of the shares beneficially owned by the Partnerships. The address for Messrs. Baratta, McEvoy and Wallace is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Stockholders Agreement

In connection with our initial public offering, we entered into a stockholders agreement with the Partnerships, which are affiliates of Blackstone. This agreement granted the Partnerships the right to nominate to our Board of Directors a number of designees equal to: (i) at least a majority of the total number of directors comprising our Board of Directors as long as the Partnerships and their affiliates beneficially own at least 50% of the shares of our common stock entitled to vote generally in the election of our directors; (ii) at least 40% of the total number of directors comprising our Board of Directors at such time as long as the Partnerships and their affiliates beneficially own at least 40% but less than 50% of the shares of our common stock entitled to vote generally in the election of our directors; (iii) at least 30% of the total number of directors comprising our Board of Directors at such time as long as the Partnerships and their affiliates beneficially own at least 30% but less than 40% of the shares of our common stock entitled to vote generally in the election of our directors; (iv) at least 20% of the total number of directors comprising our Board of Directors at such time as long as the Partnerships and their affiliates beneficially own at least 20% but less 30% of the shares of our common stock entitled to vote generally in the election of our directors; and (v) at least 10% of the total number of directors comprising our Board of Directors at such time as long as the Partnerships and their affiliates beneficially own at least 5% but less than 20% of the shares of our common stock entitled to vote generally in the election of our directors. For purposes of calculating the number of directors that the Partnerships are entitled to nominate pursuant to the formula outlined above, any fractional amounts would be rounded up to the nearest whole number (e.g., one and one quarter directors shall equate to two directors) and the calculation would be made on a pro forma basis after taking into account any increase in the size of our Board of Directors.

In addition, in the event a vacancy on the Board of Directors is caused by the death, retirement or resignation of a Partnership s director-designee, the Partnerships shall, to the fullest extent permitted by law, have the right to have the vacancy filled by a new Partnership s director-designee.

Limited Partnership Agreements and Equityholders Agreement

Investment funds affiliated with Blackstone and other co-investors hold Class A Units and Class B Units of the Partnerships. In addition, ABI holds Class C Units in the Partnerships, which entitle ABI to receive, subject to certain conditions, a specified portion of distributions from the Partnerships.

As of March 17, 2014, Blackstone beneficially owned 8,600,000 Class A Units in the Partnerships consisting of 6,870,315.17 Class A Units in SWD, 248,783.61 Class A Units in SWDA, 279,799.84 Class A Units in SWDB, 255,273.63 Class A Units in SWDC, 91,709.15 Class A Units in SWDD, 287,403.79 Class A Units in SWDE, 224,615.11 Class A Units in SWDF and 342,099.70 Class A Units in SWDCI. Other members of the Investor Group, including certain of our directors and officers, affiliates of Goldman, Sachs & Co. and other investors, own the remaining limited partnership units in the Partnerships, consisting of 101,000 Class B Units and ten Class C Units. In connection with our initial public offering, our directors, officers and employees surrendered all Class D Units and Employee Units to the Partnerships held by them and received shares of our common stock with substantially equivalent value to such Class D Units and the Employee Units. Shares of our common stock issued in respect of the unvested Employee Units are subject to vesting terms substantially similar to those described above under Management Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Terms of Equity Award Grants Employee Units Vesting Terms.

Pursuant to the limited partnership agreements of each of the Partnerships (referred to herein as the Partnership Agreements), Blackstone, through its affiliate SW Cayman Limited, the general partner of the Partnerships, has the right to determine when dispositions of shares of our common stock held by the Partnerships will be made and, subject to certain exceptions, when distributions will be made to the limited partners of the Partnerships and the amount of any such distributions. If SW Cayman Limited authorizes a distribution, such distribution will be made to the partners of the Partnerships (1) in the case of a tax distribution (as described below), to the holders of limited partnerships units in proportion to the amount of taxable income of the Partnerships allocated to such holders and (2) in the case of other distributions, pro rata in accordance with the percentages of their respective partnership interests, subject to vesting requirements of certain Employee Units held by members of our management. ABI holds Class C Units in the Partnerships, which entitle ABI to receive, subject to certain conditions, a specified portion of distributions from the Partnerships. ABI has consent rights with respect to certain amendments to the Partnership Agreements.

The Partnership Agreements provide that SW Cayman Limited, as the general partner, will be entitled in its sole discretion and without the approval of the other partners to perform or cause to be performed all management and operational functions relating to the Partnerships and shall have the sole power to bind the Partnerships. The limited partners may not participate in the management or control of the Partnerships.

The Partnership Agreements provide that, subject to certain exceptions, the general partner will not withdraw from the Partnerships or resign as a general partner. The general partner is not permitted to transfer its general partnership interests except to an affiliate of the general partner. The Partnership Agreements also provide that, subject to certain exceptions, the limited partners will not transfer their limited partnership interests. Under the terms of the Partnership Agreements, an affiliate of Blackstone determines any voting and disposition decisions with respect to the shares of our common stock held by the Partnerships. In certain circumstances, Blackstone and certain other members of the Investor Group are permitted to surrender their interests in the Partnerships to the Partnerships and receive shares our common stock held by the Partnerships.

The Partnership Agreements contain a covenant limiting the Partnerships ability to enter into transactions with their affiliates, which is similar to the affiliate transactions covenant contained in the indenture governing the Senior Notes.

The Partnership Agreements provide that each of the Partnerships will be dissolved upon the earliest of (i) the determination of the general partner to dissolve the Partnerships, (ii) such date when there are no limited partners, (iii) at such times as all of the assets of the Partnership have been converted into cash and cash equivalents, (iv) the entry of a decree of judicial dissolution of the Partnership or (v) the dissolution, resignation, expulsion or bankruptcy of the general partner.

In connection with the 2009 Transactions, we entered into an equityholders agreement with the Partnerships and certain equity holders of the Partnerships. Pursuant to the agreement, in the event that we propose to redeem or repurchase any of our equity interests held by the Partnerships, we are required to offer each Partnership the right to participate in such redemption or repurchase on a pro rata basis.

Registration Rights Agreement

In connection with the 2009 Transactions, we entered into a registration rights agreement with the Partnerships and certain equity holders of the Partnerships. Subject to certain conditions, this agreement provides to the Partnerships an unlimited number of demand registrations and customary piggyback registration rights. The registration rights agreement also provides that we will pay certain expenses of the Partnerships and certain of its equity holders relating to such registrations and indemnify them against certain liabilities which may arise under the Securities Act.

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2009 Advisory Agreement

In connection with the 2009 Transactions, SWPEI, SeaWorld Parks & Entertainment LLC and Sea World LLC entered into an advisory agreement with Blackstone Management Partners L.L.C. (BMP) pursuant to which BMP provided certain strategic and structuring advice and assistance to us. This agreement was amended and restated in March 2013 and terminated in connection with our initial public offering, provided that provisions relating to indemnification and certain other provisions survive termination. In the year ended December 31, 2013, we paid approximately $6.6 million (excluding expense reimbursement), to Blackstone pursuant to the 2009 Advisory Agreement and in connection with the termination of the 2009 Advisory Agreement, we paid BMP total fees of $46.3 million. The termination fee was calculated by determining the present value (using a discount rate equal to the yield to maturity on the business day immediately preceding the date on which such termination fee is payable of the class of outstanding U.S. government bonds having a final maturity closest to the tenth anniversary of the date of the 2009 Advisory Agreement) of all then-current and future monitoring fees payable under the agreement (assuming that the agreement terminated on its tenth anniversary).

Debt and Interest Payments

As of December 31, 2013, approximately $65 million aggregate principal amount of the Senior Notes and approximately $90 million of aggregate principal amount of Term B-2 Loan under our Senior Secured Credit Facilities were owned by affiliates of Blackstone. We make periodic interest payments on such debt in accordance with its terms. See Description of Indebtedness Senior Notes.

Repurchase of Securities

As market conditions warrant, we and our major stockholders, including Blackstone and its affiliates, may from time to time, depending upon market conditions, seek to repurchase our debt securities or loans in privately negotiated or open market transactions, by tender offer or otherwise.

2013 Share Repurchase

Concurrently with the secondary offering by selling stockholders affiliated with Blackstone on December 17, 2013, the Company repurchased 1,500,000 shares of our common stock directly from such selling stockholders in a private, non-underwritten transaction at a price per share equal to the price per share paid to the selling stockholders by the underwriters in the secondary offering. This repurchase was approved by a special committee comprised of two of our independent, disinterested directors as being in the best interests of the Company and our stockholders other than the selling stockholders. All repurchased shares were recorded as treasury stock at a cost of $44.2 million.

Equity Investment by Directors and Executive Officers

Our management employees, including our named executive officers, received long-term incentive awards that are designed to promote our interests by providing our management employees with the opportunity to acquire an equity interest in the Partnerships as an incentive for the person to remain in our service. Our named executive officers received grants of such awards in the form of Employee Units in the Partnerships in fiscal 2011 and fiscal 2012 and in the form of restricted stock awards in fiscal 2013. In addition, certain directors and members of management, including Messrs. Atchison, Brown, Mills and Taylor, purchased Class D Units of the Partnerships. The Employee Units and Class D Units were subsequently surrendered for shares of common stock in our company from the Partnerships in connection with our initial public offering.

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Equity Healthcare Program Agreement

Effective as of January 1, 2012, we entered into an employer health program agreement with Equity Healthcare LLC (Equity Healthcare), an affiliate of Blackstone, pursuant to which Equity Healthcare provides to us certain negotiating, monitoring and other services in connection with our health benefit plans. Because of the combined purchasing power of its client participants, Equity Healthcare is able to negotiate pricing terms for providers that are believed to be more favorable than the companies could obtain for themselves on an individual basis.

In consideration for Equity Healthcare s services, we paid Equity Healthcare a fee of $2.50 per participating employee per month for benefit plans beginning on or after January 1, 2012 and we pay a fee of $2.60 per participating employee per month for plans beginning on or after January 1, 2013 and $2.70 per participating employee per month for plans beginning on or after January 1, 2014. As of December 31, 2013, we had approximately 3,500 employees enrolled in Equity Healthcare health benefit plans.

Core Trust Purchasing Group Participation Agreement

Effective May 1, 2010, we entered into a five year participation agreement with Core Trust Purchasing Group (CPG), which designates CPG as our exclusive group purchasing organization for the purchase of certain products and services from third party vendors. CPG secures from vendors pricing terms for goods and services that are believed to be more favorable than participants in the group purchasing organization could obtain for themselves on an individual basis. Under the participation agreement, we must purchase 80% of the requirements of our participating locations for core categories of specified products and services, from vendors participating in the group purchasing arrangement with CPG or CPG may terminate the contract.

We do not pay any fees to participate in this group arrangement, and we can terminate participation in any category of products and services at any time prior to the expiration of the agreement without penalty with a reasonable business justification, including if pricing under the agreement becomes uncompetitive or uneconomical, customer service is not satisfactory or participation negatively impacts our corporate governance or compliance policies.

In connection with purchases by its participants (including us), CPG receives a commission from the vendors in respect of such purchases. Additionally, Blackstone has entered into a separate agreement with CPG whereby Blackstone receives a portion of the gross fees vendors pay to CPG based on the volume of purchases made by us. CPG is not a Blackstone affiliate and Blackstone is not a party to our participation agreement with CPG. A portion of the fees CPG remits to Blackstone is intended to reimburse Blackstone for a portion of the costs it incurs in connection with facilitating our participation in CPG and monitoring the services CPG provides to us. Our purchases through CPG were approximately $25.0 million and $22.2 million for the fiscal year ended December 31, 2012 and 2011, respectively, and approximately $31.0 million for the fiscal year ended December 31, 2013.

Other

Mr. Thomas J. Valley, the Director of Domestic Sales of a subsidiary of the Company, is the brother-in-law of our Chief Executive Officer and President. Mr. Valley s total compensation for fiscal 2013 was $122,878.

From time to time, we do business with a number of other companies affiliated with Blackstone. We believe that all such arrangements have been entered into in the ordinary course of business and have been conducted on an arms-length basis.

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Related Persons Transaction Policy

Our Board of Directors recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests and/or improper valuation (or the perception thereof). In connection with our initial public offering, our Board of Directors adopted a written policy on transactions with related persons that is in conformity with the requirements upon issuers having publicly-held common stock that is listed on the NYSE. Under this policy:

- any related person transaction, and any material amendment or modification to a related person transaction, must be reviewed and approved or ratified by a committee of the Board of Directors composed solely of independent directors who are disinterested or by the disinterested members of the Board of Directors; and

- any employment relationship or transaction involving an executive officer and any related compensation must be approved by the compensation committee of the Board of Directors or recommended by the compensation committee to the Board of Directors for its approval.

In connection with the review and approval or ratification of a related person transaction:

- management must disclose to the committee or disinterested directors, as applicable, the name of the related person and the basis on which the person is a related person, the material terms of the related person transaction, including the approximate dollar value of the amount involved in the transaction, and all the material facts as to the related person s direct or indirect interest in, or relationship to, the related person transaction;

- management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction complies with the terms of our agreements governing our material outstanding indebtedness that limit or restrict our ability to enter into a related person transaction;

- management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction will be required to be disclosed in our applicable filings under the Securities Act or the Exchange Act, and related rules, and, to the extent required to be disclosed, management must ensure that the related person transaction is disclosed in accordance with such Acts and related rules; and

- management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction constitutes a personal loan for purposes of Section 402 of the Sarbanes-Oxley Act of 2002.

In addition, the related person transaction policy provides that the committee or disinterested directors, as applicable, in connection with any approval or ratification of a related person transaction involving a non-employee director or director nominee, should consider whether such transaction would compromise the director or director nominee s status as an independent, outside, or non-employee director, as applicable, under the rules and regulations of the SEC, the NYSE and the Code.

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ORGANIZATIONAL STRUCTURE

The following diagram illustrates our organizational structure immediately prior to the consummation of this offering and the share repurchase.

(1) Includes shares of our common stock held by our current and former employees and directors.
(2) SWPEI is the borrower under our Senior Secured Credit Facilities and the issuer of the Senior Notes. See Description of Indebtedness.
(3) The obligations under our Senior Secured Credit Facilities and the Senior Notes are guaranteed by SeaWorld Entertainment, Inc. and all of the existing and future material domestic subsidiaries of SeaWorld Parks & Entertainment, Inc.

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DESCRIPTION OF INDEBTEDNESS

Senior Secured Credit Facilities

SWPEI is the borrower under our Senior Secured Credit Facilities with Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line lender, and the other agents and lenders from time to time party thereto. We entered into several amendments to our Senior Secured Credit Facilities prior to the date hereof with Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line lender, and the other agents and lenders from time to time party thereto.

At December 31, 2013, our Senior Secured Credit Facilities consisted of:

- $1,398.0 million senior secured term loan facility (the Term B-2 Loans), which will mature on May 14, 2020 and

- $192.5 million senior secured revolving credit facility (the Revolving Credit Facility), which was not drawn upon at December 31, 2013. The Revolving Credit Facility will mature on the earlier of (a) April 24, 2018 and (b) the 91st day prior to the earlier of (1) the maturity date of Senior Notes with an aggregate principal amount greater than $50.0 million outstanding and (2) the maturity date of any indebtedness incurred to refinance the Term B-2 Loans or the Senior Notes, and includes borrowing capacity available for letters of credit and for short-term borrowings referred to as the swingline borrowings. As of December 31, 2013, we had approximately $23.5 million of outstanding letters of credit.

The obligations under our Senior Secured Credit Facilities are fully, unconditionally and irrevocably guaranteed by each of the Company or any subsidiary of the Company that directly or indirectly owns 100% of the issued and outstanding equity interests of SWPEI, and, subject to certain exceptions, each of SWPEI s existing and future material domestic wholly-owned subsidiaries (collectively, the Guarantors).

The Revolving Credit Facility includes borrowing capacity available for letters of credit and for short-term borrowings referred to as the swing line borrowings. In addition, our Senior Secured Credit Facilities also provide us with the option to raise incremental credit facilities, refinance the loans with debt incurred outside our Senior Secured Credit Facilities and extend the maturity date of the revolving loans and term loans, subject to certain limitations.

Interest Rate and Fees

Borrowings under our Senior Secured Credit Facilities bear interest, at SWPEI s option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) Bank of America s prime lending rate and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBOR rate determined by reference to the British Bankers Association LIBOR rate for the interest period relevant to such borrowing. The applicable margin for the Term B-2 Loans is 1.25%, in the case of base rate loans, and 2.25%, in the case of LIBOR rate loans, subject to a base rate floor of 1.75% and a LIBOR floor of 0.75%. The applicable margin for the Term B-2 Loans is subject to one 25 basis point step-down upon achievement by SEA of a certain total net leverage ratio.

At December 31, 2013, we selected the LIBOR rate (interest rate of 3.00% at December 31, 2013). The applicable margin for borrowings under the Revolving Credit Facility is 1.75%, in the case of base rate loans, and 2.75%, in the case of LIBOR rate loans, subject to one 25 basis point step-down based on SWPEI s corporate credit ratings.

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In addition to paying interest on outstanding principal under our Senior Secured Credit Facilities, SWPEI is required to pay a commitment fee to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder at a rate of 0.50% per annum. SWPEI is also required to pay customary letter of credit fees.

Prepayments

SWPEI is required to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of SWPEI s annual excess cash flow (with step-downs to 25% and 0%, as applicable, based upon achievement by SWPEI of a certain total net leverage ratio), subject to certain exceptions;

- 100% of the net cash proceeds of certain non-ordinary course asset sales or other dispositions, subject to reinvestment rights and certain exceptions; and

- 100% of the net cash proceeds of any incurrence of debt by SWPEI or any of its restricted subsidiaries, other than debt permitted to be incurred or issued under our Senior Secured Credit Facilities.

Notwithstanding any of the foregoing, each lender of term loans has the right to reject its pro rata share of mandatory prepayments described above, in which case we may retain the amounts so rejected.

The foregoing mandatory prepayments will be applied pro rata to installments of term loans in direct order of maturity.

SWPEI may voluntarily repay amounts outstanding under our Senior Secured Credit Facilities at any time without premium or penalty, other than prepayment premium on voluntary prepayment of Term B-2 Loans pursuant to a repricing event on or prior to May 14, 2014 and customary breakage costs with respect to LIBOR loans.

Amortization

Term B-2 Loans will amortize in equal quarterly installments in an aggregate annual amount equal to 1.0% per annum of the original principal amount of the Term B-2 Loans, with the balance due on the maturity date.

Collateral

Our Senior Secured Credit Facilities are collateralized by first priority or equivalent security interests in (i) all the capital stock of, or other equity interests in, substantially all of SWPEI s direct or indirect material domestic subsidiaries (subject to certain exceptions and qualifications) and 65% of the capital stock of, or other equity interests in, any of SWPEI s first tier foreign subsidiaries and (ii) certain tangible and intangible assets of SWPEI and those of the Guarantors (subject to certain exceptions and qualifications).

Certain Covenants and Events of Default

Our Senior Secured Credit Facilities contain a number of customary negative covenants. Such covenants, among other things, restrict, subject to certain exceptions, the ability of SWPEI and its restricted subsidiaries to:

- incur additional indebtedness and make guarantees;

- create liens on assets;

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- enter into sale and leaseback transactions;
- engage in mergers or consolidations;
- sell assets;
- make fundamental changes;
- pay dividends and distributions or repurchase SWPEI s capital stock;
- make investments, loans and advances, including acquisitions;
- engage in certain transactions with affiliates;
- make changes in nature of the business; and
- make prepayments of junior debt.

Our Senior Secured Credit Facilities also contain covenants requiring SWPEI to maintain specified maximum annual capital expenditures, a maximum total net leverage ratio and a minimum interest coverage ratio.

In addition, our Senior Secured Credit Facilities contain certain customary representations and warranties, affirmative covenants and events of default.

As of December 31, 2013, we were in compliance with all covenants in the provisions contained in the documents governing our Senior Secured Credit Facilities.

Senior Notes

General

On December 1, 2009, SWPEI issued $400.0 million aggregate principal amount of 13.5% Senior Notes due 2016. On March 30, 2012, pursuant to an amendment to the indenture governing the Senior Notes, the interest rate was reduced from 13.5% to 11.0%. Interest on the Senior Notes is payable semi-annually in arrears. The obligations under the Senior Notes are guaranteed by the same entities as those that guarantee our Senior Secured Credit Facilities. As of December 31, 2013, we had $260.0 million aggregate principal amount of the Senior Notes outstanding.

Ranking

The Senior Notes are senior unsecured obligations and:

- rank senior in right of payment to all existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the Senior Notes;

- rank equally in right of payment to all existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the Senior Notes; and

- are effectively subordinated in right of payment to all existing and future secured debt (including obligations under our Senior Secured Credit Facilities), to the extent of the value of the assets securing such debt, and are structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the Senior Notes.

Optional Redemption

We may redeem some or all of the Senior Notes at any time prior to December 1, 2014 at a price equal to 100% of the principal amount of the Senior Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, the redemption date, subject to the right of the holders of record

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on the relevant record date to receive interest due on the relevant interest payment date. The Applicable Premium is defined as the greater of (1) 1.0% of the principal amount of the Senior Notes and (2) the excess, if any, of (a) the present value at such redemption date of (i) the redemption price of the Senior Notes at December 1, 2014 or plus (ii) all required interest payments due on the Senior Notes through December 1, 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over (b) the principal amount of the Senior Notes.

On or after December 1, 2014, we may redeem the Senior Notes at the redemption prices listed below, if redeemed during the 12-month period beginning on December 1 of each of the years indicated below:

Year	Percentage
2014	105.50%
2015	102.75%

In addition, under the indenture we had the right, until December 1, 2014, to redeem up to 35% of the aggregate principal amount of the Senior Notes at a redemption price equal to 111.0% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, subject to the right of holders of the Senior Notes of record on the relevant record date to receive interest due on the relevant interest payment date, with the net cash proceeds received by us from one or more equity offerings; provided that (i) at least 65% of the sum of the aggregate principal amount of the Senior Notes originally issued under the indenture remains outstanding immediately after the occurrence of each such redemption and (ii) each such redemption occurs within 90 days of the date of closing of each such equity offering. Pursuant to such provisions, we used a portion of the net proceeds received by us in our initial public offering to redeem $140.0 million in aggregate principal amount of the Senior Notes in April 2013 at a redemption price of 111.0% plus accrued interest thereon.

Change of Control Offer

Upon the occurrence of a change of control (as defined in the indenture governing the Senior Notes), SWPEI will be required to offer to repurchase some or all of the Senior Notes at 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

Covenants

The indenture governing the Senior Notes contains a number of covenants that, among other things, restrict SWPEI s ability and the ability of its restricted subsidiaries to, among other things:

- dispose of certain assets;
- incur additional indebtedness;
- pay dividends;
- prepay subordinated indebtedness;
- incur liens;
- make capital expenditures;

- make investments or acquisitions;
- engage in mergers or consolidations; and
- engage in certain types of transactions with affiliates.

These covenants are subject to a number of important limitations and exceptions.

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Events of Default

The indenture governing the Senior Notes provides for certain events of default which, if any of them were to occur, would permit or require the principal of and accrued interest, if any, on the Senior Notes to become or be declared due and payable (subject, in some cases, to specified grace periods).

As of December 31, 2013, we were in compliance with all covenants and the provisions contained in the indenture governing the Senior Notes.

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DESCRIPTION OF CAPITAL STOCK

The following is a description of the material terms of, and is qualified in its entirety by, our amended and restated certificate of incorporation and amended and restated bylaws.

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the General Corporation Law of the State of Delaware (the DGCL). Our authorized capital stock consists of 1,000,000,000 shares of common stock, par value $0.01 per share, and 100,000,000 shares of preferred stock, par value $0.01 per share. No shares of preferred stock will be issued or outstanding immediately after the public offering contemplated by this prospectus. Unless our Board of Directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

Common Stock

Holders of our common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our common stock do not have cumulative voting rights in the election of directors.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common stock do not have preemptive, subscription, redemption or conversion rights. The common stock will not be subject to further calls or assessment by us. There will be no redemption or sinking fund provisions applicable to the common stock. All shares of our common stock that will be outstanding at the time of the completion of the offering will be fully paid and non-assessable. The rights, powers, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock we may authorize and issue in the future.

Preferred Stock

Our amended and restated certificate of incorporation authorizes our Board of Directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or by the NYSE, the authorized shares of preferred stock will be available for issuance without further action by you. Our Board of Directors is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our Board of Directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares then outstanding);
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;

- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Company;

- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of the Company or any other corporation, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;

- restrictions on the issuance of shares of the same series or of any other class or series; and

- the voting rights, if any, of the holders of the series.

We could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium for your common stock over the market price of the common stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Dividends

The DGCL permits a corporation to declare and pay dividends out of surplus or, if there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Surplus is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the Board of Directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Declaration and payment of any dividend will be subject to the discretion of our Board of Directors. The time and amount of dividends will be dependent upon our financial condition, operations, cash requirements and availability, debt repayment obligations, capital expenditure needs and restrictions in our debt instruments, industry trends, the provisions of Delaware law affecting the payment of distributions to stockholders and any other factors our Board of Directors may consider relevant.

In June 2013, our Board of Directors adopted a policy to pay a regular quarterly cash dividend. Pursuant to this policy, we paid quarterly cash dividends of $0.20 per share on July 1, 2013, October 1, 2013 and January 3, 2014. On March 4, 2014, we declared a cash dividend of $0.20 per share payable on April 1, 2014.

We intend to continue to pay cash dividends on our common stock, subject to our compliance with applicable law, and depending on, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in our debt agreements and in any preferred stock, business prospects and other factors that our Board of Directors may deem relevant. However, the payment of any future dividends will be at the discretion of our Board of Directors and our Board of Directors may, at any time, modify or revoke our dividend policy on our common stock.

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Annual Stockholder Meetings

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that annual stockholder meetings will be held at a date, time and place, if any, as exclusively selected by our Board of Directors. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and Certain Provisions of Delaware Law

Our amended and restated certificate of incorporation, amended and restated bylaws and the DGCL contain provisions, which are summarized in the following paragraphs, that are intended to enhance the likelihood of continuity and stability in the composition of our Board of Directors. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control and enhance the ability of our Board of Directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these provisions may have an anti-takeover effect and may delay, deter or prevent a merger or acquisition of the Company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by stockholders.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the NYSE, which would apply if and so long as our common stock remains listed on the NYSE, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of common stock. Additional shares that may be used in the future may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

Our Board of Directors may generally issue preferred shares on terms calculated to discourage, delay or prevent a change of control of the Company or the removal of our management. Moreover, our authorized but unissued shares of preferred stock will be available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, to facilitate acquisitions and employee benefit plans.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our Board of Directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Classified Board of Directors

Our amended and restated certificate of incorporation provides that our Board of Directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors serving three-year terms. As a result, approximately one-third of our Board of Directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our Board of Directors. Our amended and restated certificate of incorporation and amended and restated bylaws provide that, subject to any

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rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the Board of Directors.

Business Combinations

We have opted out of Section 203 of the DGCL; however, our amended and restated certificate of incorporation contains similar provisions providing that we may not engage in certain business combinations with any interested stockholder for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our Board of Directors and by the affirmative vote of holders of at least 66 $^{2}/_{3}$% of our outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an interested stockholder is a person who, together with that person s affiliates and associates, owns, or within the previous three years owned, 15% or more of our outstanding voting stock. For purposes of this section only, voting stock has the meaning given to it in Section 203 of the DGCL.

Under certain circumstances, this provision will make it more difficult for a person who would be an interested stockholder to effect various business combinations with the Company for a three-year period. This provision may encourage companies interested in acquiring the Company to negotiate in advance with our Board of Directors because the stockholder approval requirement would be avoided if our Board of Directors approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our Board of Directors and may make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

Our amended and restated certificate of incorporation provides that Blackstone and its affiliates, and any of their respective direct or indirect transferees and any group as to which such persons are a party, do not constitute interested stockholders for purposes of this provision.

Removal of Directors; Vacancies

Under the DGCL, unless otherwise provided in our amended and restated certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our amended and restated certificate of incorporation provides that directors may be removed with or without cause upon the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote thereon, voting together as a single class; provided, however, at any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66 $^{2}/_{3}$% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class. In addition, our amended and restated certificate of incorporation also provides that, subject to the rights granted to one or more series of preferred stock then outstanding or the rights granted under the stockholders agreement with affiliates of Blackstone, any newly created directorship on the Board of Directors that results from an increase in the number of directors and any vacancies on our Board of Directors will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, by a sole remaining director or by the stockholders; provided, however, at any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, any newly created directorship on the Board of Directors that results from an increase in the number of directors and any vacancy occurring in the Board of Directors may only be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director (and not by the stockholders). Following this offering, affiliates of Blackstone will own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote in the election of directors.

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation does not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of our stock entitled to vote generally in the election of directors will be able to elect all our directors.

Special Stockholder Meetings

Our amended and restated certificate of incorporation provides that special meetings of our stockholders may be called at any time only by or at the direction of the Board of Directors or the chairman of the Board of Directors; provided, however, at any time when Blackstone and its affiliates beneficially own, in the aggregate, at least 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, special meetings of our stockholders shall also be called by the Board of Directors or the chairman of the Board of Directors at the request of Blackstone and its affiliates. Our amended and restated bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of the Company. Following this offering, affiliates of Blackstone will own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote in the election of directors.

Requirements for Advance Notification of Director Nominations and Stockholder Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board of Directors or a committee of the Board of Directors. In order for any matter to be properly brought before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Generally, to be timely, a stockholder s notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of stockholders. Our amended and restated bylaws also specify requirements as to the form and content of a stockholder s notice. Our amended and restated bylaws allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions will not apply to Blackstone and its affiliates so long as the stockholders agreement remains in effect. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer s own slate of directors or otherwise attempting to influence or obtain control of the Company.

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Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will preclude stockholder action by written consent at any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors. Following this offering, affiliates of Blackstone will own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote in the election of directors.

Supermajority Provisions

Our amended and restated certificate of incorporation and amended and restated bylaws provide that the Board of Directors is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, our bylaws without a stockholder vote in any matter not inconsistent with the laws of the State of Delaware and our amended and restated certificate of incorporation. For as long as Blackstone and its affiliates beneficially own, in the aggregate, at least 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, any amendment, alteration, recission or repeal of our bylaws by our stockholders will require the affirmative vote of a majority in voting power of the outstanding shares of our stock present in person or represented by proxy at the meeting of stockholders and entitled to vote on such amendment, alteration, change, addition, recission or repeal. At any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of all outstanding shares of the stock of the Company entitled to vote generally in the election of directors, any amendment, alteration, recission or repeal of our bylaws by our stockholders will require the affirmative vote of the holders of at least $66\,^2/_3\%$ in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class. Following this offering, affiliates of Blackstone will own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote in the election of directors.

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a corporation s certificate of incorporation, unless the certificate of incorporation requires a greater percentage.

Our amended and restated certificate of incorporation provides that at any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, the following provisions in our amended and restated certificate of incorporation may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least $66\,^2/_3\%$ in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class:

- the provision requiring a $66\,^2/_3\%$ supermajority vote for stockholders to amend our amended and restated bylaws;
- the provisions providing for a classified Board of Directors (the election and term of our directors);
- the provisions regarding resignation and removal of directors;
- the provisions regarding competition and corporate opportunities;
- the provisions regarding entering into business combinations with interested stockholders;

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- the provisions regarding stockholder action by written consent;
- the provisions regarding calling special meetings of stockholders;
- the provisions regarding filling vacancies on our Board of Directors and newly created directorships;
- the provisions eliminating monetary damages for breaches of fiduciary duty by a director; and
- the amendment provision requiring that the above provisions be amended only with a $66\,^{2}/_{3}\%$ supermajority vote.

The combination of the classification of our Board of Directors, the lack of cumulative voting and the supermajority voting requirements will make it more difficult for our existing stockholders to replace our Board of Directors as well as for another party to obtain control of us by replacing our Board of Directors. Because our Board of Directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

These provisions may have the effect of deterring hostile takeovers or delaying or preventing changes in control of our management or the Company, such as a merger, reorganization or tender offer. These provisions are intended to enhance the likelihood of continued stability in the composition of our Board of Directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of the Company. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. These provisions are also intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts.

Dissenters Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder s stock thereafter devolved by operation of law.

Exclusive Forum

Our amended and restated certificate of incorporation provides that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf, to the fullest extent permitted by law, of the Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Company to the Company or the Company s stockholders, creditors or other constituents, (iii) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or our amended and restated bylaws, or (iv) action asserting a claim against the

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Company or any director or officer of the Company governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. However, the enforceability of similar forum provisions in other companies certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be unenforceable.

Conflicts of Interest

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation, to the maximum extent permitted from time to time by Delaware law, renounces any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are our or our subsidiaries employees. Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, none of Blackstone or any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates has any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that Blackstone or any non-employee director acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person has no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our amended and restated certificate of incorporation does not renounce our interest in any business opportunity that is expressly offered to a non-employee director solely in his or her capacity as a director or officer of the Company. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted, to undertake the opportunity under our amended and restated certificate of incorporation, we have sufficient financial resources to undertake the opportunity and the opportunity would be in line with our business.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors fiduciary duties, subject to certain exceptions. Our amended and restated certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of us and our stockholders, through stockholders derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director.

Our amended and restated bylaws provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also are expressly authorized to carry directors and officers liability insurance providing indemnification for our directors, officers and

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certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability, indemnification and advancement provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

We currently are party to indemnification agreements with certain of our directors and officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Listing

Our common stock is listed on the NYSE under the symbol SEAS.

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SHARES ELIGIBLE FOR FUTURE SALE

General

We cannot predict what effect, if any, market sales of shares of common stock or the availability of shares of common stock for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of common stock, including shares issued upon the exercise of outstanding options, in the public market, or the perception that such sales could occur, could materially and adversely affect the market price of our common stock and could impair our future ability to raise capital through the sale of our equity or equity-related securities at a time and price that we deem appropriate. See Risk Factors Risks Related to this Offering and Ownership of Our Common Stock Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our common stock to decline.

As of March 17, 2014, we had a total of 91,764,580 shares of common stock outstanding. Of the outstanding shares, the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144, may be sold only in compliance with the limitations described below.

The remaining outstanding shares of common stock will be deemed restricted securities as that term is defined under Rule 144. Restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration, including the exemptions under Rule 144 under the Securities Act.

The restricted shares held by our affiliates will be available for sale in the public market at various times after the date of this prospectus pursuant to Rule 144 following the expiration of the applicable lock-up period.

In addition, a total of 15,000,000 shares of our common stock was reserved for issuance under our 2013 Omnibus Incentive Plan (subject to adjustments for stock splits, stock dividends and similar events), of which 14,528,669 shares of common stock remain available for future issuance at March 17, 2014. We filed a registration statement on Form S-8 under the Securities Act to register common stock issued or reserved for issuance under the 2013 Omnibus Incentive Plan. Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions or the lock-up restrictions described below.

Rule 144

In general, under Rule 144, as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to be or have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate, is entitled to sell such shares without registration, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of a prior owner other than an affiliate, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

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In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates, who have met the six month holding period for beneficial ownership of restricted shares of our common stock, are entitled to sell within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 0.9 million shares immediately after this offering and the share repurchase; or

- the average reported weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our common stock after this offering because a great supply of shares would be, or would be perceived to be, available for sale in the public market.

Lock-Up Agreements

In connection with this offering, we, our officers, directors and the selling stockholders, each have agreed with the underwriters, subject to certain exceptions (including with respect to any shares to be sold in the share repurchase), not to sell, dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of common stock during the period ending 60 days after the date of this prospectus, except with the prior written consent of the representatives of the underwriters.

The 60-day restricted period described in the preceding paragraph will be automatically extended if:

- during the last 17 days of the 60-day restricted period we issue an earnings release or announce material news or a material event; or

- prior to the expiration of the 60-day restricted period, we announce that we will release earnings results during the 15-day period following the last day of the 60-day period,

in which case the restrictions described in this paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event. See Underwriting.

Rule 10b5-1 Plans

Some of our directors and employees, including some of our executive officers, have entered into or intend to enter into trading plans pursuant to Rule 10b5-1 under the Exchange Act regarding sales of shares of our common stock. These plans permit the automatic trading of our common stock by an independent person (such as a stockbroker) who is not aware of material, nonpublic information at the time of the trade. Sales of shares by our directors and executive officers under plans that were established prior to the execution of the 60-day lock-up agreements described above may be made during the 60-day lock-up period.

Registration Rights

Pursuant to a registration rights agreement, we have granted the Partnerships and certain equity holders of the Partnerships the right to cause us, subject to certain conditions, at our expense, to file registration statements under the Securities Act covering resales of our common stock held by them.

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Following the completion of the offering of all shares covered by this prospectus and the share repurchase, the shares covered by registration rights would represent approximately 25.0% of our outstanding common stock. These shares also may be sold under Rule 144 under the Securities Act, depending on their holding period and subject to restrictions in the case of shares held by persons deemed to be our affiliates and subject to the applicable lock-up period. For a description of rights the Partnerships and certain equity holders of the Partnerships have to require us to register the shares of common stock they own, see Certain Relationships and Related Party Transactions Registration Rights Agreement.

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MATERIAL UNITED STATES FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of the material United States federal income and estate tax consequences to a non-U.S. holder (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering as of the date hereof. Except where noted, this summary deals only with common stock that is held as a capital asset.

A non-U.S. holder means a person (other than a partnership) that is not for United States federal income tax purposes any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Code and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income and estate tax consequences different from those summarized below. This summary does not address all aspects of United States federal income and estate taxes and does not deal with foreign, state, local or other tax considerations that may be relevant to non-U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including if you are a United States expatriate, controlled foreign corporation, passive foreign investment company, a person who holds or receives our common stock pursuant to the exercise of any employee stock option or otherwise as compensation or a partnership or other pass-through entity for United States federal income tax purposes). We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary.

If a partnership holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common stock, you should consult your tax advisors.

If you are considering the purchase of our common stock, you should consult your own tax advisors concerning the particular United States federal income and estate tax consequences to you of the ownership of the common stock, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Dividends

Distributions on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder s adjusted tax basis in the common stock, but not below zero. Any remaining excess will be treated as capital gain subject to the rules discussed under Gain on Disposition of Common Stock.

Dividends paid to a non-U.S. holder of our common stock generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to United States federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder of our common stock who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to complete Internal Revenue Service Form W-8BEN (or other applicable form) and certify under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if our common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable United States Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder of our common stock eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the Internal Revenue Service.

Gain on Disposition of Common Stock

Any gain realized on the disposition of our common stock generally will not be subject to United States federal income tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);

- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or

- we are or have been a United States real property holding corporation for United States federal income tax purposes at any time during the shorter of the five-year period ending on the date of the disposition or such non-U.S. holder s holding period for our common stock.

An individual non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the sale under regular graduated United States federal income tax rates. If a non-U.S. holder that is a foreign corporation falls under the first bullet point immediately above, it will be subject to tax on its net gain in the same manner as if it were a United States person as defined under the Code and, in addition, may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by United States source capital losses (even though the individual is not considered a resident of the United States) provided such a non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

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We believe that we are currently a United States real property holding corporation for United States federal income tax purposes. So long as our common stock continues to be regularly traded on an established securities market, only a non-U.S. holder who holds or held (at any time during the shorter of the five year period preceding the date of disposition or the holder s holding period) more than 5% of our common stock will be subject to United States federal income tax on the disposition of our common stock.

Federal Estate Tax

Common stock held by an individual non-U.S. holder at the time of death will be included in such holder s gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

We must report annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will be subject to backup withholding for dividends paid to such holder unless such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of our common stock within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder s United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Additional Withholding Requirements

Under legislation enacted in 2010 and administrative guidance, a 30% United States federal withholding tax may apply to dividends paid after June 30, 2014, and the gross proceeds from a disposition of our common stock occurring after December 31, 2016, in each case paid to (i) a foreign financial institution (as specifically defined in the legislation), whether such foreign financial institution is the beneficial owner or an intermediary, unless such foreign financial institution agrees to verify, report and disclose its United States account holders (as specifically defined in the legislation) and meets certain other specified requirements or (ii) a non-financial foreign entity, whether such non-financial foreign entity is the beneficial owner or an intermediary, unless such entity provides a certification that the beneficial owner of the payment does not have any substantial United States owners or provides the name, address and taxpayer identification number of each such substantial United States owner and certain other specified requirements are met. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be

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deemed to be in compliance with, these rules. Prospective investors should consult their own tax advisors regarding this legislation and whether it may be relevant to their ownership and disposition of our common stock.

Tax on Investment Income

Legislation enacted in 2010 requires certain taxpayers to pay a 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of our common stock, but exempts from such tax non-resident alien individuals. Recently issued Treasury regulations also exempt from the tax non-U.S. trusts and estates (although distributions of any such income by non-U.S. estates to U.S. beneficiaries may be subject to the tax and future guidance may provide for similar treatment for distributions by non-U.S. trusts to U.S. beneficiaries). Prospective investors should consult their tax advisors regarding the tax consequences of the legislation and the regulations on the ownership and disposition of our common stock.

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UNDERWRITING

We, the selling stockholders and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. and J.P. Morgan Securities LLC are the representatives of the underwriters.

Underwriter	Number of Shares
Goldman, Sachs & Co	
J.P. Morgan Securities LLC	
Total	15,000,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 2,250,000 shares from the selling stockholders to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

If the share repurchase is approved by the special committee, we would expect to enter into an agreement with the selling stockholders to repurchase, concurrently with the closing of this offering, 1.75 million shares of our common stock directly from such selling stockholders in a private, non-underwritten transaction at a price per share equal to the price paid by the underwriters in this offering. The completion of the share repurchase would be conditioned upon, among other things, the completion of this offering, but the completion of this offering will not be conditioned upon the completion of the share repurchase.

Pursuant to the registration rights agreement entered into in connection with the 2009 Transactions, we will pay all expenses (other than the underwriting discount and commissions) of the selling stockholders in connection with this offering. The following table shows the per share and total underwriting discount and commissions to be paid to the underwriters by the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase 2,250,000 additional shares.

<u>Paid by the Selling Stockholders</u>

	No Exercise	Full Exercise
Per Share ..	$	$
Total .	$	$

Shares sold by the underwriters to the public will initially be offered at the offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

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We, our officers and directors and the selling stockholders have agreed with the underwriters, subject to certain exceptions (including with respect to any shares to be sold in the share repurchase), not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 60 days after the date of this prospectus, except with the prior written consent of the representatives. See Shares Eligible for Future Sale for a discussion of certain transfer restrictions.

The 60-day restricted period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the 60-day restricted period, we issue an earnings release or announce material news or a material event; or (2) prior to the expiration of the 60-day restricted period, we announce that we will release earnings results during the 15-day period following the last day of the 60-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release of the announcement of the material news or material event.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A covered short position is a short position that is not greater than the amount of additional shares for which the underwriters option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. Naked short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of shares may be made to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

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(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant portion of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative;

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of shares to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

We estimate that the total expenses of the offering, excluding underwriting discount and commissions, will be approximately $0.9 million and are payable by us. We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to $25,000 as set forth in the underwriting agreement.

We and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

Discretionary Sales

The underwriters have informed us that they do not intend to confirm sales to discretionary accounts that exceed 5% of the total number of shares offered by them.

Other Relationships

The underwriters and their respective affiliates may be full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates may have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they may have received or will receive customary fees and expenses. In particular, affiliates of each of Goldman, Sachs & Co. and J.P. Morgan Securities LLC are lenders under our Senior Secured Credit Facilities and have received and will receive fees from us.

In connection with their investments in the Senior Notes, affiliates of Goldman, Sachs & Co. have certain information rights, including the right to receive monthly updates on our financial and operational performance and copies of certain materials provided to our Board of Directors.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and

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other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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VALIDITY OF THE SHARES

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Simpson Thacher & Bartlett LLP, New York, New York. Certain legal matters relating to this offering will be passed upon for the underwriters by Latham & Watkins LLP, New York, New York. An investment vehicle comprised of selected partners of Simpson Thacher & Bartlett LLP, members of their families, related persons and others owns an interest representing less than 1% of the capital commitments of funds affiliated with The Blackstone Group L.P.

EXPERTS

The financial statements included in this prospectus and the related financial statement schedule included elsewhere in the registration statement, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements and financial statement schedule are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus is a part of the registration statement and does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common stock, you should refer to the registration statement and its exhibits and schedules.

We file annual, quarterly and special reports and other information with the SEC. Our filings with the SEC are available to the public on the SEC s website at *http://www.sec.gov*. Those filings are also available to the public on, or accessible through, our website under the heading Investor Relations at *www.seaworldentertainment.com*. The information we file with the SEC or contained on or accessible through our corporate website or any other website that we may maintain is not part of this prospectus or the registration statement of which this prospectus is a part. You may also read and copy, at SEC prescribed rates, any document we file with the SEC, including the registration statement (and its exhibits) of which this prospectus is a part, at the SEC s Public Reference Room located at 100 F Street, N.E., Washington D.C. 20549. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room.

We intend to make available to our common stockholders annual reports containing consolidated financial statements audited by an independent registered public accounting firm.

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SEAWORLD ENTERTAINMENT, INC.

Index to Consolidated Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

SeaWorld Entertainment, Inc.

Orlando, Florida

We have audited the accompanying consolidated balance sheets of SeaWorld Entertainment, Inc. and subsidiaries (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of comprehensive income, changes in stockholders equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Page F-1. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits 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 financial statements are 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 audits 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of SeaWorld Entertainment, Inc. and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

Certified Public Accountants

Tampa, Florida

March 20, 2014

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	December 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 116,841	$ 45,675
Accounts receivable, net	41,509	41,149
Inventories	36,209	36,587
Prepaid expenses and other current assets	19,613	17,817
Deferred tax assets, net	28,887	17,405
Total current assets	243,059	158,633
Property and equipment, net	1,771,500	1,774,643
Goodwill	335,610	335,610
Trade names, net	163,508	164,608
Other intangible assets, net	27,843	31,120
Deferred tax assets, net		6,356
Other assets	40,753	50,082
Total assets	$ 2,582,273	$ 2,521,052
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 98,500	$ 89,743
Current maturities on long-term debt	14,050	21,330
Accrued salaries, wages and benefits	23,996	33,088
Deferred revenue	82,945	82,567
Dividends payable	17,939	203
Other accrued expenses	15,264	19,350
Total current liabilities	252,694	246,281
Long-term debt	1,627,183	1,802,644
Deferred tax liabilities, net	29,776	
Other liabilities	18,488	22,279
Total liabilities	1,928,141	2,071,204
Commitments and contingencies (Note 14)		
Stockholders Equity:		
Preferred stock, $0.01 par value authorized, 100,000,000 shares, no shares issued or outstanding at December 31, 2013 and 2012		
Common stock, $0.01 par value authorized, 1,000,000,000 shares; 89,900,453 shares issued at December 31, 2013 and 82,737,008 shares issued and outstanding at December 31, 2012	899	827
Additional paid-in capital	689,394	456,923
Accumulated other comprehensive income (loss)	11	(1,254)
Retained earnings (accumulated deficit)	7,991	(6,648)
Treasury stock, at cost (1,500,000 shares at December 31, 2013 and no shares at December 31, 2012)	(44,163)	
Total stockholders equity	654,132	449,848

Total liabilities and stockholders equity	$ 2,582,273	$ 2,521,052

See accompanying notes to consolidated financial statements.

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

(In thousands, except per share amounts)

	Year Ended December 31, 2013	2012	2011
Net revenues:			
Admissions	$ 921,016	$ 884,407	$ 824,937
Food, merchandise and other	539,234	539,345	505,837
Total revenues	1,460,250	1,423,752	1,330,774
Costs and expenses:			
Cost of food, merchandise and other revenues	114,192	118,559	112,498
Operating expenses (exclusive of depreciation and amortization shown separately below)	739,989	726,509	687,999
Selling, general and administrative	187,298	184,920	172,368
Termination of advisory agreement	50,072		
Secondary offering costs	1,407		
Depreciation and amortization	166,086	166,975	213,592
Total costs and expenses	1,259,044	1,196,963	1,186,457
Operating income	201,206	226,789	144,317
Other income, net	241	1,563	(1,679)
Interest expense	93,536	111,426	110,097
Loss on early extinguishment of debt and write-off of discounts and deferred financing costs	32,429		
Income before income taxes	75,482	116,926	32,541
Provision for income taxes	25,004	39,482	13,428
Net income	$ 50,478	$ 77,444	$ 19,113
Other comprehensive income:			
Unrealized gain (loss) on derivatives, net of tax	1,265	(1,254)	
Comprehensive income	$ 51,743	$ 76,190	$ 19,113
Earnings per share:			
Net income per share, basic	$ 0.58	$ 0.94	$ 0.23
Net income per share, diluted	$ 0.57	$ 0.93	$ 0.23
Weighted average commons shares outstanding:			
Basic	87,537	82,480	81,392
Diluted	88,152	83,552	82,024

See accompanying notes to consolidated financial statements.

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

(In thousands, except per share and share amounts)

	Shares of Common Stock Issued	Common Stock	Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock, at Cost	Total Stockholders Equity
Balance at December 31, 2010	80,800,000	$ 808	$ 1,052,192	$ (103,205)	$	$	$ 949,795
Issuance of common stock	1,041,920	10	12,826				12,836
Equity-based compensation	576,888	6	817				823
Cash dividends declared to stockholders ($1.34 per share)			(110,100)				(110,100)
Net income				19,113			19,113
Balance at December 31, 2011	82,418,808	824	955,735	(84,092)			872,467
Equity-based compensation	318,200	3	1,188				1,191
Unrealized loss on derivatives, net of tax benefit of $627					(1,254)		(1,254)
Cash dividends declared to stockholders ($6.07 per share)			(500,000)				(500,000)
Net income				77,444			77,444
Balance at December 31, 2012	82,737,008	827	456,923	(6,648)	(1,254)		449,848
Equity-based compensation	74,561	1	6,025				6,026
Unrealized gain on derivatives, net of tax expense of $632					1,265		1,265
Issuance of common stock in initial public offering, net of underwriter commissions and offering costs	10,000,000	100	245,341				245,441
Conversion of common stock into unvested restricted shares	(3,216,719)	(32)	32				
Vesting of restricted shares	334,066	3	(3)				
Shares withheld for tax witholdings	(28,463)	0	(852)				(852)
Cash dividends declared to stockholders ($0.60 per share)			(18,072)	(35,839)			(53,911)
Repurchase of 1,500,000 shares of treasury stock, at cost						(44,163)	(44,163)
Net income				50,478			50,478
Balance at December 31, 2013	89,900,453	$ 899	$ 689,394	$ 7,991	$ 11	$ (44,163)	$ 654,132

See accompanying notes to consolidated financial statements.

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

(In thousands)

	Year Ended December 31, 2013	2012	2011
Cash Flows From Operating Activities:			
Net income	$ 50,478	$ 77,444	$ 19,113
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	166,086	166,975	213,592
Amortization of debt issuance costs and discounts	13,783	14,757	18,446
Loss on sale or disposal of assets	10,100	11,223	11,346
Loss on early extinguishment of debt and write-off of discounts and deferred financing costs	32,429		
Deferred income tax provision	24,018	38,979	12,197
Equity-based compensation	6,025	1,191	823
Changes in assets and liabilities:			
Accounts receivable	(3,215)	4,651	11,574
Inventories	(166)	(4,156)	(4,089)
Prepaid expenses and other current assets	(5,343)	(1,327)	(3,711)
Accounts payable	4,293	(6,247)	(6,223)
Accrued salaries, wages and benefits	(9,092)	899	6,514
Deferred revenue	94	(1,444)	(13,983)
Other accrued expenses	(824)	(760)	1,186
Other assets and liabilities	1,128	1,328	1,464
Net cash provided by operating activities	289,794	303,513	268,249
Cash Flows From Investing Activities:			
Capital expenditures	(166,258)	(191,745)	(225,316)
Acquisition of Knott s Soak City Water Park		(12,000)	
Change in restricted cash	(118)	(573)	
Net cash used in investing activities	(166,376)	(204,318)	(225,316)
Cash Flows From Financing Activities:			
Repayment of long-term debt	(189,255)	(57,680)	(586,248)
Repayment of note payable	(3,000)		
Redemption premium payment	(15,400)		
Proceeds from the issuance of debt	1,455	487,163	550,291
Proceeds from issuance of common stock			12,836
Proceeds from issuance of common stock in initial public offering, net of underwriter commissions	253,800		
Purchase of treasury stock	(44,163)		
Repayment of revolving credit facility, net		(36,000)	36,000
Dividends paid to stockholders	(36,175)	(502,977)	(106,920)
Payment of tax withholdings on equity-based compensation through shares withheld	(852)		
Debt issuance costs	(13,968)	(7,024)	(5,926)
Offering costs	(4,694)	(3,665)	

Net cash used in financing activities	(52,252)	(120,183)	(99,967)
Change in Cash and Cash Equivalents	71,166	(20,988)	(57,034)
Cash and Cash Equivalents Beginning of period	45,675	66,663	123,697
Cash and Cash Equivalents End of period	$ 116,841	$ 45,675	$ 66,663
Supplemental Disclosures of Noncash Investing and Financing Activities			
Dividends declared, but unpaid	$ 17,939	$ 203	$ 3,180
Capital expenditures in accounts payable	$ 27,160	$ 22,696	$ 28,441
Issuance of notes payable related to business acquisition	$	$ 3,000	$

See accompanying notes to consolidated financial statements.

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

1. DESCRIPTION OF THE BUSINESS

SeaWorld Entertainment, Inc., through its wholly-owned subsidiary, SeaWorld Parks & Entertainment, Inc. (SEA) (collectively, the Company), owns and operates eleven theme parks within the United States. Prior to December 1, 2009, the Company did not have any operations. On December 1, 2009, the Company acquired all of the outstanding equity interests of Busch Entertainment LLC and affiliates from Anheuser-Busch Companies, Inc. and Anheuser-Busch InBev SA/NV (ABI). At that time, the Company was owned by ten limited partnerships (the Partnerships or the selling stockholders), ultimately owned by affiliates of The Blackstone Group L.P. (Blackstone) and certain co-investors.

On April 24, 2013, the Company completed an initial public offering in which it sold 10,000,000 shares of common stock and the selling stockholders sold 19,900,000 shares of common stock, including 3,900,000 shares pursuant to the exercise in full of the underwriters option to purchase additional shares. The offering generated net proceeds of approximately $245,400 to the Company after deducting underwriting discounts and commissions, expenses and transaction costs. The Company did not receive any proceeds from shares sold by the selling stockholders.

On December 17, 2013, the selling stockholders completed a registered secondary offering of 18,000,000 shares of common stock at a price of $30.00 per share. The selling stockholders received all of the net proceeds from the offering and no shares were sold by the Company. Concurrently with the closing of the secondary offering, the Company repurchased 1,500,000 shares of its common stock directly from the selling stockholders in a private, non-underwritten transaction at a price per share equal to the price per share paid to the selling stockholders by the underwriters in the secondary offering. See further discussion in Note 19-Stockholders Equity.

The Company operates SeaWorld theme parks in Orlando, Florida; San Antonio, Texas; and San Diego, California, and Busch Gardens theme parks in Tampa, Florida, and Williamsburg, Virginia. The Company operates water park attractions in Orlando, Florida (Aquatica); San Diego, California (Aquatica), Tampa, Florida (Adventure Island), and Williamsburg, Virginia (Water Country USA). The Company also operates a reservations-only attraction offering interaction with marine animals (Discovery Cove) and a seasonal park in Langhorne, Pennsylvania (Sesame Place).

During the years ended December 31, 2013, 2012 and 2011 approximately 55%, 55% and 56% of the Company s revenues were generated in the State of Florida, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). All intercompany accounts have been eliminated in consolidation.

Use of Estimates The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions include, but are not limited to, the accounting for self-insurance,

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deferred tax assets, deferred revenue, equity compensation and the valuation of goodwill and other indefinite-lived intangible assets. Actual results could differ from those estimates.

Reclassifications Certain prior year amounts have been reclassified to conform to the 2013 presentation, in particular dividends payable, on the accompanying consolidated balance sheet.

Cash and Cash Equivalents Cash and cash equivalents include cash held at financial institutions as well as operating cash onsite at each theme park to fund daily operations and amounts due from third-party credit card companies with settlement terms of less than four days. The amounts due from third-party credit card companies totaled $9,776 and $15,076 at December 31, 2013 and 2012, respectively. The cash balances in non-interest bearing accounts held at financial institutions are fully insured by the Federal Deposit Insurance Corporation (FDIC) through December 31, 2013. Interest bearing accounts are insured up to $250. At times, cash balances may exceed federally insured amounts and potentially subject the Company to a concentration of credit risk. Management believes that no significant concentration of credit risk exists with respect to these cash balances because of its assessment of the creditworthiness and financial viability of the respective financial institutions.

Accounts Receivable Net Accounts receivable are reported at net realizable value and consist primarily of amounts due from customers for the sale of admission products. The Company is not exposed to a significant concentration of credit risk. The Company does record an allowance for estimated uncollectible receivables, based on the amount and status of past-due accounts, contractual terms of the receivables and the Company s history of uncollectible accounts. For all periods presented, the allowance for uncollectible accounts and the related provision were insignificant.

Inventories Inventories are stated at the lower of cost or market value with the cost being determined by the weighted average cost method. Inventories consist primarily of products for resale, including merchandise, culinary items and miscellaneous supplies. Obsolete or excess inventories are recorded at their estimated realizable value.

Restricted Cash Restricted cash is recorded in other current assets and consists of funds received from strategic partners for use in approved marketing and promotional activities.

Property and Equipment Net Property and equipment are recorded at cost. The cost of ordinary or routine maintenance, repairs, spare parts and minor renewals is expensed as incurred. Internal development costs associated with new attractions, rides and product development are capitalized after necessary feasibility studies have been completed and final concept or contracts have been approved. The cost of assets is depreciated using the straight-line method based on the following estimated useful lives:

Land improvements	10-40 years
Buildings	5-40 years
Rides, attractions and equipment	3-20 years
Animals	1-50 years

Material costs to purchase animals exhibited in the theme parks are capitalized and amortized over their estimated lives (1-50 years). All costs to maintain animals and animal collections are expensed as incurred, including in-house animal breeding costs, as they are insignificant to the consolidated financial statements. Construction in process assets consist primarily of new rides, attractions and infrastructure improvements that have not yet been placed in service. These assets are stated at cost and are not depreciated. Once construction of the assets is completed and placed into

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service, assets are reclassified to the appropriate asset class based on their nature and depreciated in accordance with the useful lives above. Debt interest is capitalized on all construction projects. Total interest capitalized for the years ended December 31, 2013 and 2012, was $4,347 and $5,791, respectively.

Computer System Development Costs The Company capitalizes computer system development costs that meet established criteria and amortizes those costs to expense on a straight-line basis over five years. The capitalized costs related to the computer system development costs were $3,708 and $2,694 for the years ended December 31, 2013 and 2012, respectively, and are recorded in other assets in the accompanying consolidated balance sheets. Systems reengineering costs do not meet the proper criteria for capitalization and are expensed as incurred.

Impairment of Long-Lived Assets All long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. An impairment loss may be recognized when estimated undiscounted future cash flows expected to result from the use of the asset, including disposition, are less than the carrying value of the asset. The measurement of the impairment loss to be recognized is based upon the difference between the fair value and the carrying amounts of the assets. Fair value is generally determined based upon a discounted cash flow analysis. In order to determine if an asset has been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available (generally a theme park). No impairment losses were recognized during the years ended December 31, 2013, 2012 and 2011.

Goodwill and Indefinite-Lived Intangible Assets Goodwill and indefinite-lived intangible assets are not amortized, but instead reviewed for impairment at least annually on December 1, with ongoing recoverability based on applicable reporting unit performance and consideration of significant events or changes in the overall business environment. In assessing goodwill for impairment, the Company will initially evaluate qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company considers several factors, including macroeconomic conditions, industry and market conditions, overall financial performance of the reporting unit, changes in management, strategy or customers, and relevant reporting unit specific events such as a change in the carrying amount of net assets, a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit, and the testing for recoverability of a significant asset group within a reporting unit. If this qualitative assessment results in a conclusion that it is more likely than not that the fair value of a reporting unit exceeds the carrying value, then no further testing is performed for that reporting unit. If the qualitative assessment is not conclusive and it is necessary to calculate the fair value of a reporting unit, then the impairment analysis for goodwill is performed at the reporting unit level using a two-step approach. The first step is a comparison of the fair value of the reporting unit, determined using future cash flow analysis, to its recorded amount. If the recorded amount exceeds the fair value, the second step quantifies any impairment write-down by comparing the current implied value of goodwill to the recorded goodwill balance. The Company s indefinite-lived intangible assets consist of certain trade names which, after considering legal, regulatory, contractual, and other competitive and economic factors, are determined to have indefinite lives and are valued using the relief from royalty method. The Company performed a qualitative assessment of goodwill and indefinite lived intangible assets at December 1, 2013 and 2011 and a quantitative assessment at December 1, 2012, and found no impairments.

Other Intangible Assets The Company s other intangible assets consist primarily of certain trade names, relationships with ticket resellers, a favorable lease asset and a non-compete agreement. These intangible assets are amortized on the straight-line basis over their estimated remaining lives.

Self-Insurance Reserves Reserves are recorded for the estimated amounts of guest and employee claims and expenses incurred each period that are not covered by insurance. Reserves are established for both identified claims and incurred but not reported (IBNR) claims. Such amounts are accrued for when claim amounts become probable and estimable. Reserves for identified claims are based upon the Company s historical claims experience and third-party estimates of settlement costs. Reserves for IBNR claims are based upon the Company s claims data history, actuarially determined loss development factors and qualitative considerations such as claims management activities. The Company maintains self-insurance reserves for healthcare, auto, general liability and workers compensation claims. Total claims reserves were $24,643 at December 31, 2013, of which $2,905 is recorded in accrued salaries, wages and benefits, $7,800 is recorded in other accrued expenses and the remaining long-term portion is recorded in other liabilities in the accompanying consolidated balance sheets. Total claims reserves were $23,509 at December 31, 2012, of which $3,090 is recorded in accrued salaries, wages and benefits, $7,800 is recorded in other accrued expenses and the remaining long-term portion is recorded in other liabilities in the accompanying consolidated balance sheets. All reserves are periodically reviewed for changes in facts and circumstances and adjustments are made as necessary.

Debt Financing Costs Direct costs incurred in issuance of long-term debt are being amortized to interest expense using the effective interest method over the term of the related debt.

Treasury Stock From time to time, the Company s Board of Directors (the Board) may authorize share repurchases of common stock. Shares repurchased under Board authorizations are held in treasury for general corporate purposes. The Company accounts for treasury stock under the cost method. Treasury stock at December 31, 2013 is recorded as a reduction to stockholders equity as the Company does not currently intend to retire the treasury stock held. See further discussion in Note 19-Stockholders Equity.

Revenue Recognition The Company recognizes revenue upon admission into a park or when products are delivered to customers. For season passes and other multi-use admissions, deferred revenue is recorded and the related revenue is recognized over the terms of the admission product and its related use. Deferred revenue includes a current and long-term portion. At December 31, 2013 and 2012, long-term deferred revenue of $3,176 and $6,315, respectively, is included in other liabilities in the accompanying consolidated balance sheets. The Company has entered into agreements with certain external theme park, zoo and other attraction operators to jointly market and sell admission products. These joint products allow admission to both a Company park and an external park, zoo or other attraction. The agreements with the external parks, specify the allocation of revenue to the Company from any jointly sold products. The Company s portion of revenue is deferred and recognized over its related use. The Company barters theme park admission products and sponsorship opportunities for advertising, employee recognition awards, and various other services. The fair value of the admission products is recognized into revenue and related expense at the time of the exchange and approximates the fair value of the goods or services received. For the years ended December 31, 2013, 2012 and 2011, $19,959, $19,628 and $19,734, respectively, were included within admissions revenue and selling, general and administrative expenses in the accompanying consolidated statements of comprehensive income related to bartered ticket transactions.

Advertising and Promotional Costs Advertising production costs are deferred and expensed the first time the advertisement is shown. Advertising and media costs are expensed as incurred and for the years ended December 31, 2013, 2012 and 2011, totaled approximately $112,000, $116,700 and $113,300, respectively, and are included in selling, general nd administrative expenses in the accompanying consolidated statements of comprehensive income.

Equity-Based Compensation The Company measures the cost of employee services rendered in exchange for share-based compensation based upon the grant date fair market value. The

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cost is recognized over the requisite service period, which is generally the vesting period. See further discussion in Note 18 Equity-Based Compensation.

Income Taxes Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is established for deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Realization is dependent on generating future taxable income or the reversal of deferred tax liabilities during the periods in which those temporary differences become deductible. The Company evaluates its tax positions by determining if it is more likely than not a tax position is sustainable upon examination, based upon the technical merits of the position, before any of the benefit is recorded for financial statement purposes. The benefit is measured as the largest dollar amount of position that is more likely than not to be sustained upon settlement. Previously recorded benefits that no longer meet the more-likely than not threshold are charged to earnings in the period that the determination is made. Interest and penalties accrued related to uncertain positions are charged to the provision/benefit for income taxes.

Fair Value Measurements Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

An entity is permitted to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. The Company has not elected to use the fair value option for any of its financial assets and financial liabilities that are not already recorded at fair value. Carrying values of financial instruments classified as current assets and current liabilities approximate fair value, due to their short-term nature.

A description of the Company s policies regarding fair value measurement is summarized below.

Fair Value Hierarchy Fair value is determined for assets and liabilities, which are grouped according to a hierarchy, based upon significant levels of observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company s market assumptions. This hierarchy requires the use of observable market data when available. These two types of inputs have created the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Determination of Fair Value The Company generally uses quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access to determine fair value, and classifies such items in Level 1. Fair values determined by Level 2 inputs utilize inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, and inputs other than quoted market prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest and currency rates, and the like. Assets or liabilities valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Segment Reporting The Company maintains discrete financial information for each of its eleven theme parks, which is used by the Chief Operating Decision Maker (CODM), identified as the Chief Executive Officer, as a basis for allocating resources. Each theme park has been identified as an operating segment and meets the criteria for aggregation due to similar economic characteristics. In addition, all of the theme parks provide similar products and services and share similar processes for delivering services. The theme parks have a high degree of similarity in the workforces and target the same consumer group. Accordingly, based on these economic and operational similarities and the way the CODM monitors the operations, the Company has concluded that its operating segments may be aggregated and that it has one reportable segment.

Derivative Instruments and Hedging Activities During fiscal year 2012, the Company entered into certain derivative transactions, as detailed in Note 12-Derivative Instruments and Hedging Activities, and elected the related derivative instruments and hedging activities accounting policy described herein. Accounting Standards Codification Topic (ASC) 815, *Derivatives and Hedging*, provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity s financial position, results of operations and cash flows. Further, qualitative disclosures are required that explain the Company s objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-02, Reporting Amounts Reclassified Out of Accumulated Other

Comprehensive Income, which amends ASC 220, *Comprehensive Income*. The amended guidance requires entities to provide information about the amounts reclassified out of accumulated other comprehensive income by component. Additionally, entities are required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. The amended guidance does not change the current requirements for reporting net income or other comprehensive income. The amendments are effective prospectively for reporting periods beginning after December 15, 2012. The adoption of ASU No. 2013-02 did not have a significant impact on the Company s consolidated financial statements.

4. ACQUISITIONS

In November 2012, the Company acquired Knott s Soak City, a stand-alone Southern California water park, from an affiliate of Cedar Fair L.P, for a total price of $15,000. The Company paid $12,000 at closing and had a note payable for the remaining $3,000 which was due and paid in the third quarter of 2013. For the year ended December 31, 2012, there were no material revenues or expenses associated with the park included in the accompanying consolidated financial statements because the park was closed for the season. The Company rebranded the water park as Aquatica San Diego and re-opened in June 2013.

The Company allocated the cost of the acquisition to the assets acquired based upon their respective fair values. These fair values are based on management s estimates and assumptions, including variations of the income approach, the market approach and the cost approach, resulting in a purchase price allocation as follows:

Land	$ 12,100
Other property and equipment	2,400
Non-compete agreement	500
Total assets acquired	$ 15,000

5. EARNINGS PER SHARE

Earnings per share is computed as follows (in thousands, except per share data):

	Year Ended December 31,								
	2013			2012			2011		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic earnings per share	$ 50,478	87,537	$ 0.58	$ 77,444	82,480	$ 0.94	$ 19,113	81,392	$ 0.23
Effect of dilutive incentive-based awards		615			1,072			632	
Diluted earnings per share	$ 50,478	88,152	$ 0.57	$ 77,444	83,552	$ 0.93	$ 19,113	82,024	$ 0.23

In accordance with the *Earnings Per Share* Topic of the FASB ASC, basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period (excluding nonvested restricted stock). Diluted earnings per share is determined based on the dilutive effect of unvested restricted stock probable of vesting using the treasury stock method. During the years ended December 31, 2013, 2012 and 2011, there were no anti-dilutive shares of common stock excluded from the computation of diluted earnings per share. The weighted average number of repurchased shares during the period that are held as treasury stock are excluded from common stock outstanding.

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6. INVENTORIES

Inventories as of December 31, 2013 and 2012, consisted of the following:

	2013	2012
Merchandise	$ 30,586	$ 31,435
Food and beverage	5,623	5,152
Total inventories	$ 36,209	$ 36,587

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of December 31, 2013 and 2012, consisted of the following:

	2013	2012
Prepaid insurance	$ 8,418	$ 8,157
Prepaid marketing and advertising costs	6,817	2,500
Deferred offering costs		3,665
Other	4,378	3,495
Total prepaid expenses and other current assets	$ 19,613	$ 17,817

8. PROPERTY AND EQUIPMENT NET

The components of property and equipment net as of December 31, 2013 and 2012, consisted of the following:

	2013	2012
Land	$ 286,200	$ 286,200
Land improvements	259,722	238,860
Buildings	537,532	468,647
Rides, attractions and equipment	1,173,746	1,100,423
Animals	157,160	161,194
Construction in process	71,445	88,237
Less accumulated depreciation	(714,305)	(568,918)
Total property and equipment, net	$ 1,771,500	$ 1,774,643

Depreciation expense was approximately $159,700, $161,700 and $209,300 for the years ended December 31, 2013, 2012 and 2011, respectively.

9. TRADE NAMES AND OTHER INTANGIBLE ASSETS NET

Trade names, net are comprised of the following at December 31, 2013:

	Weighted Average Amortization	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value

	Period			
Trade names indefinite lives		$ 157,000	$	$ 157,000
Trade names definite lives	10 years	11,000	4,492	6,508
Total Trade names, net		$ 168,000	$ 4,492	$ 163,508

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Trade names-net are comprised of the following at December 31, 2012:

	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Trade names indefinite lives		$ 157,000	$	$ 157,000
Trade names definite lives	10 years	11,000	3,392	7,608
Total Trade names, net		$ 168,000	$ 3,392	$ 164,608

Other intangible assets-net at December 31, 2013, consisted of the following:

	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Favorable lease asset	39 years	$ 18,200	$ 1,867	$ 16,333
Reseller agreements	8.1 years	22,300	11,232	11,068
Non-compete agreement	5 years	500	58	442
Total other intangible assets, net		$ 41,000	$ 13,157	$ 27,843

Other intangible assets-net at December 31, 2012, consisted of the following:

	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Favorable lease asset	39 years	$ 18,200	$ 1,397	$ 16,803
Reseller agreements	8.1 years	22,300	8,483	13,817
Non-compete agreement	5 years	500		500
Total other intangible assets, net		$ 41,000	$ 9,880	$ 31,120

Total amortization was approximately $4,400 for the year ended December 31, 2013 and $4,300 for both the years ended December 31, 2012 and 2011. The total weighted average amortization period of all finite-lived intangibles is 19.3 years. Total expected amortization of the finite-lived intangible assets for the succeeding five years and thereafter is as follows:

Years Ending December 31	
2014	$ 4,418
2015	4,418
2016	4,418
2017	4,213
2018	1,870
Thereafter	15,014
	$ 34,351

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10. OTHER ACCRUED EXPENSES

Other accrued expenses at December 31, 2013 and 2012, consisted of the following:

	2013	2012
Accrued property taxes	$ 2,113	$ 1,974
Accrued interest	2,636	3,877
Note payable		3,000
Self-insurance reserve	7,800	7,800
Other	2,715	2,699
Total other accrued expenses	$ 15,264	$ 19,350

In 2013, the Company paid $3,000 related to a note payable due on September 1, 2013 for the Company s November 2012 acquisition of Knott s Soak City, a stand-alone Southern California water park, from an affiliate of Cedar Fair L.P.

11. LONG-TERM DEBT

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	2013	2012
Term A Loan	$	$ 152,000
Term B Loan		1,293,774
Term B-2 Loans	1,397,975	
Revolving credit agreement		
Senior Notes	260,000	400,000
Total long-term debt	1,657,975	1,845,774
Less discounts	(16,742)	(21,800)
Less current maturities	(14,050)	(21,330)
Total long-term debt, net of current maturities	$ 1,627,183	$ 1,802,644

In conjunction with the Company s initial public offering completed on April 24, 2013, the Company used $37,000 of the net proceeds received from the offering to repay a portion of the outstanding indebtedness under the then existing Term B Loan and $140,000 to redeem a portion of its Senior Notes at a redemption price of 111.0%, plus accrued and unpaid interest thereon, pursuant to a provision in the indenture governing the Senior Notes that permitted the Company to redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings and pay estimated premiums and accrued interest thereon. The redemption premium of $15,400 along with a write-off of approximately $5,500 in related discounts and deferred financing costs is included in loss on early extinguishment of debt and write-off of discounts and deferred financing costs on the Company s consolidated statement of comprehensive income for the year ended December 31, 2013. See further discussion in Note 19-Stockholders Equity.

On December 1, 2009, SEA entered into both senior secured credit facilities (Senior Secured Credit Facilities) and issued $400,000 of 13.5% unsecured senior notes due December 1, 2016 (the Senior Notes).

Senior Secured Credit Facilities

SEA is the borrower under the Company s Senior Secured Credit Facilities pursuant to a credit agreement dated as of December 1, 2009, by and among SEA, as borrower, Bank of America, N.A., as

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administrative agent, collateral agent, letter of credit issuer and swing line lender and the other agents and lenders party thereto, as the same may be amended, restated, supplemented or modified from time to time. Effective on February 17, 2011, April 15, 2011, March 30, 2012, April 24, 2013 and May 14, 2013, SEA entered into Amendments No. 1, 2, 3, 4 and 5, respectively, of the Senior Secured Credit Facilities (collectively, the Amendments).

As a result of Amendment No. 1, the original term loan was refinanced into two tranches of term loans, Term A Loans (original balance of $150,000), and Term B Loans (original balance of $900,000). As a result of Amendment No. 2, $17,000 of the Term B Loan was refinanced to the Term A Loan. In addition, the revolving credit commitment availability under the Senior Secured Credit Facilities increased to $172,500.

Amendment No. 3 increased the amount of Term B Loans (Additional Term B Loans) by $500,000 for the purposes of financing a dividend payment to the stockholders in the same amount during the three months ended March 31, 2012. The Additional Term B Loans were issued at a discount which was being amortized to interest expense using the weighted average interest method.

Amendment No. 4 amended the terms of the existing Senior Secured Credit Facilities to, among other things, permit SEA to pay certain distributions following an initial public offering and replace the then existing $172,500 senior secured revolving credit facility with a new $192,500 senior secured revolving credit facility. The new senior secured revolving credit facility will mature on the earlier of (a) April 24, 2018 or (b) the 91st day prior to the earlier of (1) the maturity date of Senior Notes with an aggregate principal amount greater than $50,000 outstanding and (2) the maturity date of any indebtedness incurred to refinance any of the Term Loans or the Senior Notes. Amendment No. 5 amended the terms of the existing Senior Secured Credit Facilities to, among other things, refinance Term A Loan and Term B Loan into new Term B-2 Loans, extend the final maturity date of the term loan facilities, reduce future principal and interest payments, and provide for additional future borrowings.

The Term B-2 Loans were borrowed in an aggregate principal amount of $1,405,000. Borrowings under the Term B-2 Loans bear interest, at SEA s option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the Bank of America s prime lending rate and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBOR rate determined by reference to the British Bankers Association (BBA) LIBOR rate for the interest period relevant to such borrowing. The margin for the Term B-2 Loans is 1.25%, in the case of base rate loans, and 2.25%, in the case of LIBOR rate loans, subject to a base rate floor of 1.75% and a LIBOR floor of 0.75%. The applicable margin for the Term B-2 Loans (under either a base rate or LIBOR rate) is subject to one 25 basis point step-down upon achievement by SEA of a certain leverage ratio. At December 31, 2013, the Company selected the LIBOR rate (interest rate of 3.00% at December 31, 2013).

Term B-2 Loans amortize in equal quarterly installments in an aggregate annual amount equal to 1.0% of the original principal amount of the Term B-2 Loans on the Amendment No. 5 effective date, with the first payment due and paid on September 30, 2013 and the balance due on the final maturity date. The Term B-2 Loans have a final maturity date of May 14, 2020. Amendment No. 5 also permits SEA to add one or more incremental term loan facilities to the Senior Secured Credit Facilities and/or increase commitments under the Revolving Credit Facility in an aggregate principal amount of up to $350,000. SEA may also incur additional incremental term loans provided that, among other things, on a pro forma basis after giving effect to the incurrence of such incremental term loans, the first lien secured leverage ratio, as defined in the Senior Secured Credit Facility, is no greater than 3.50 to 1.00.

As a result of Amendment No. 5, approximately $11,500 of debt issuance costs were written off and included as loss on early extinguishment of debt and write-off of discounts and deferred financing

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costs on the Company s consolidated statement of comprehensive income for the year ended December 31, 2013. As a result of Amendments No. 4 and 5, the Company capitalized fees totaling approximately $14,000.

In addition to paying interest on outstanding principal under the Senior Secured Credit Facilities, the Company is required to pay a commitment fee to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder. The commitment fee rate is 0.50% per annum. SEA is also required to pay customary letter of credit fees.

SEA had no amounts outstanding at December 31, 2013 and 2012, relating to the Revolving Credit Facility. The revolving credit commitment includes up to $20,000 in short-term loans (five days in duration) and up to $50,000 in letters of credit. Any amounts borrowed under the short-term loans or as letters of credit reduce the total amount available under the revolving credit loan. All amounts outstanding under the revolving credit commitment are due on the Revolving Credit Facility maturity date, except for borrowings under the short term loans, which are payable within five business days of the original borrowing. As of December 31, 2013, the Company had approximately $23,500 of outstanding letters of credit, leaving approximately $169,000 available for borrowing.

On August 9, 2013, SEA entered into Amendment No. 6 of the Senior Secured Credit Facilities. Amendment No. 6 amends the calculation of the Company s covenant Adjusted EBITDA to allow the add back of the termination fee paid in connection with the termination of the 2009 Advisory Agreement between the Company and affiliates of Blackstone (see Note 16-Related-Party Transactions).

SEA is required to prepay the outstanding Term B-2 loans, subject to certain exceptions, in the event of:

- 50% of SEA s annual excess cash flow (with step-downs to 25% and 0%, as applicable, based upon SEA s total net leverage ratio), subject to certain exceptions;

- 100% of the net cash proceeds of certain non-ordinary course asset sales or other dispositions subject to reinvestment rights and certain exceptions; and

- 100% of the net cash proceeds of any incurrence of debt by SEA or any of its restricted subsidiaries, other than debt permitted to be incurred or issued under the Senior Secured Credit Facilities.

Notwithstanding any of the foregoing, each lender of term loans has the right to reject its pro rata share of mandatory prepayments described above, in which case SEA may retain the amounts so rejected. The foregoing mandatory prepayments will be applied pro rata to installments of term loans in direct order of maturity. There were no mandatory prepayments during the year ended December 31, 2013 or 2012 since none of the events indicated above occurred during the year.

SEA may voluntarily repay amounts outstanding under the Senior Secured Credit Facilities at any time without premium or penalty, other than prepayment premium on voluntary prepayment of Term B-2 Loans on or prior to May 14, 2014 and customary breakage costs with respect to LIBOR loans.

The obligations under the Senior Secured Credit Facilities are fully, unconditionally and irrevocably guaranteed by the Company, any subsidiary of the Company that directly or indirectly owns 100% of the issued and outstanding equity interests of SEA, and, subject to certain exceptions, each of SEA s existing and future material domestic wholly-owned subsidiaries. The Senior Secured Credit Facilities are collateralized by first priority or equivalent security interests, subject to certain exceptions, in (i) all the capital stock of, or other equity interests in, substantially all of the Company s direct or indirect material domestic subsidiaries and 65% of the capital stock of, or other equity interests in, any first tier foreign subsidiaries and (ii) certain tangible and intangible assets of SEA and the Company. Certain financial, affirmative and negative covenants, including a maximum total net leverage ratio, minimum interest coverage ratio and maximum capital expenditures are included in the Senior Secured Credit Facilities. If an event of default occurs, the lenders under the Senior Secured Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the Senior Secured Credit Facilities and all actions permitted to be taken by a secured creditor.

Senior Notes

On March 30, 2012, in conjunction with the execution of Amendment No. 3 to the Senior Secured Credit Facilities, SEA also entered into the Second Supplemental Indenture (the Second Supplemental Indenture) which, among other matters, reduced the interest rate on the Senior Notes to 11.0% per annum. Interest is payable semi-annually in arrears. The obligations under the Senior Notes are guaranteed by the same entities as those that guarantee the Senior Secured Credit Facilities. The Second Supplemental Indenture also granted waivers to allow SEA to issue the additional $500,000 of Term B Loans to fund the dividend payment discussed above.

SEA can redeem some or all of the Senior Notes at any time prior to December 1, 2014, at a price equal to 100% of the principal amount of the Senior Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, the redemption date, subject to the right of the holders of record on the relevant record date to receive interest due on the relevant interest payment date. The Applicable Premium is defined as the greater of (1) 1.0% of the principal amount of the Senior Notes and (2) the excess, if any, of (a) the present value at such redemption date of (i) the redemption price of the Senior Notes at December 1, 2014 plus (ii) all required interest payments due on the Senior Notes through December 1, 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over (b) the principal amount of the Senior Notes. On or after December 1, 2014, the Senior Notes may be redeemed at 105.5% and 102.75% of the principal balance beginning on December 1, 2014 and 2015, respectively. The Second Supplemental Indenture also increased the covenant leverage ratio, as defined, from 2.75 to 1.00 to 3.00 to 1.00.

In conjunction with the execution of Amendment No. 4 to the Senior Secured Credit Facilities, SEA also entered into the Fourth Supplemental Indenture, dated April 5, 2013 (the Fourth Supplemental Indenture). The Fourth Supplemental Indenture, among other matters, amended the transactions with affiliates covenant to allow for the payment of a termination fee, not to exceed $50,000, in connection with the termination of the 2009 Advisory Agreement between the Company and affiliates of Blackstone (see Note 16-Related-Party Transactions).

On November 22, 2013, SEA entered into the Fifth Supplemental Indenture in order to conform certain provisions of the limitation on restricted payments covenant of the Indenture to the corresponding provisions of the Senior Secured Credit Facilities.

In connection with the issuance of the Senior Notes, the holders of the Senior Notes received warrants to purchase 101,000 (not in thousands) Partnerships units for $100 (not in thousands) per unit. The Partnerships, in turn, received warrants to acquire 808,000 (not in thousands) shares of the Company s common stock. The total value of the warrants at December 1, 2009 was $5,000 and was recorded by the Company as additional paid-in capital and a discount on the Senior Notes. The additional discount is being amortized to interest expense over the term of the Senior Notes. The unamortized discount at December 31, 2013 and 2012, of $2,083 and $2,798, respectively, is presented as a reduction of the carrying value of the Senior Notes in the accompanying consolidated financial statements. During 2011, all the warrants were exercised for cash in accordance with the

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underlying warrant agreement, the holders of the Senior Notes received 101,000 (not in thousands) limited partnership units of the Partnerships and the Company issued a total of 808,000 (not in thousands) shares of common stock to the Partnerships.

As of December 31, 2013, the Company was in compliance with all covenants in the provisions contained in the documents governing the Senior Secured Credit Facilities and in the indenture governing the Senior Notes.

Deferred financing costs, net of accumulated amortization and amounts written-off for early extinguishment of debt, were $32,317 and $44,103 as of December 31, 2013 and 2012, respectively, are being amortized to interest expense using the effective interest method over the term of the Senior Secured Credit Facilities or the Senior Notes and are included in other assets in the accompanying consolidated balance sheets. Financing costs paid to the creditors amounting to $13,968 and $15,046 in 2013 and 2012, respectively, directly related to the Amendments noted above were recorded as deferred financing costs.

Interest Rate Swap Agreements

On August 23, 2012, SEA executed two interest rate swap agreements (the Interest Rate Swap Agreements) to effectively fix the interest rate on $550,000 of the Term B Loans. Each interest rate swap had a notional amount of $275,000; was scheduled to mature on September 30, 2016; required the Company to pay a fixed rate of interest of 1.247% per annum; paid swap counterparties a variable rate of interest based upon three month BBA LIBOR; and had interest settlement dates occurring on the last day of December, March, June and September through maturity. SEA had designated such interest rate swap agreements as qualifying cash flow hedge accounting relationships. As a result of Amendment No. 5, in May 2013, the Interest Rate Swap Agreements were restructured into two interest rate swaps totaling $550,000 to match the refinanced debt. Each restructured interest rate swap has a notional amount of $275,000; matures on September 30, 2016; requires the Company to pay a fixed rate of interest between 1.049% and 1.051% per annum; pays swap counterparties a variable rate of interest based upon the greater of 0.75% or three month BBA LIBOR; and has interest settlement dates occurring on the last day of December, March, June and September through maturity. SEA designated such interest rate swap agreements as qualifying cash flow hedge accounting relationships as further discussed in Note 12-Derivative Instruments and Hedging Activities which follows.

In March 2014, the Company executed a new interest rate swap agreement to effectively fix the interest rate on $450,000 of the Term B-2 Loans. The interest rates swap has an effective date of March 31, 2014, has a notional amount of $450,000 and is scheduled to mature on September 30, 2016.

Cash paid for interest relating to the Senior Secured Credit Facilities and the Senior Notes discussed above as well as the Interest Rate Swap Agreements was $85,514, $102,551 and $97,575 during the years ended December 31, 2013, 2012 and 2011, respectively.

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Long-term debt at December 31, 2013, is repayable as follows, not including any possible prepayments described above:

Years Ending December 31,	
2014	$ 14,050
2015	14,050
2016	14,050
2017	274,050
2018	14,050
Thereafter	1,327,725
Total	$ 1,657,975

12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk primarily by managing the amount, sources and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company s derivative financial instruments are used to manage differences in the amount, timing and duration of the Company s known or expected cash receipts and its known or expected cash payments principally related to the Company s borrowings.

As of December 31, 2013 and 2012, the Company did not have any derivatives outstanding that were not designated in hedge accounting relationships.

Cash Flow Hedges of Interest Rate Risk

The Company s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. During the year ended December 31, 2013, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. As of December 31, 2013, the Company had two outstanding interest rate swaps with a combined notional value of $550,000 that were designated as cash flow hedges of interest rate risk. In connection with Amendment No. 5 to the Senior Secured Credit Facility on May 14, 2013, the Company restructured the interest rate swaps to match the refinanced debt. The restructuring of the interest rate swaps required a re-designation of the hedge accounting relationship. The re-designation is expected to result in the recognition of a minimal amount of ineffectiveness throughout the remaining term of the interest rate swaps.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the year ended December 31, 2013, there was no ineffective portion recognized in earnings. Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on the Company s variable-rate debt. As of December 31, 2013, the Company estimates that an additional $1,567 will be reclassified as an increase to interest expense during the next 12 months.

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Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company s derivative financial instruments as well as their classification on the consolidated balance sheet as of December 31, 2013 and 2012:

	Asset Derivatives As of December 31, 2013		**Liability Derivatives As of December 31, 2012**	
	Balance Sheet Location	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Derivatives designated as hedging instruments:				
Interest rate swaps	Other assets	$ 71	Other liabilities	$ 1,880
Total derivatives designated as hedging instruments		$ 71		$ 1,880

The unrealized gain on derivatives is recorded net of a tax expense of $632 for the year ended December 31, 2013, and is included within the accompanying consolidated statements of comprehensive income. The unrealized loss on derivatives is recorded net of a tax benefit of $627 for the year ended December 31, 2012, and is included within the accompanying consolidated statements of comprehensive income.

Tabular Disclosure of the Effect of Derivative Instruments on the Statements of Comprehensive Income

The table below presents the pre-tax effect of the Company s derivative financial instruments on the consolidated statements of comprehensive income for the years ended December 31, 2013 and 2012:

	2013	**2012**
Derivatives in Cash Flow Hedging Relationships:		
Gain (loss) related to effective portion of derivatives recognized in accumulated other comprehensive income	$ 386	$ (1,522)
Gain (loss) related to effective portion of derivatives reclassified from accumulated other comprehensive income to interest expense	$ 1,511	$ (358)
Gain (loss) related to ineffective portion of derivatives recognized in other income (expense)	$	$

Credit Risk-Related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. As of December 31, 2013, the Company has posted no collateral related to these agreements.

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Changes in Accumulated Other Comprehensive Income (Loss)

The following table reflects the changes in accumulated other comprehensive income (loss) for the year ended December 31, 2013, net of tax:

	Gains (Losses) on Cash Flow Hedges
Accumulated other comprehensive income (loss):	
Balance at December 31, 2012	$ (1,254)
Other comprehensive income before reclassifications	257
Amounts reclassified from accumulated other comprehensive income to interest expense	1,008
Unrealized gain on derivatives, net of tax	1,265
Balance at December 31, 2013	$ 11

13. INCOME TAXES

For the years ended December 31, 2013, 2012 and 2011, the provision for income taxes is comprised of the following:

	2013	2012	2011
Current income tax (benefit) provision			
Federal	$ (113)	$ (70)	$ (70)
State	1,086	542	1,277
Foreign	13	31	24
Total current income tax provision	986	503	1,231
Deferred income tax provision (benefit):			
Federal	27,852	37,873	11,429
State	(3,834)	1,106	768
Total deferred income tax provision	24,018	38,979	12,197
Total income tax provision	$ 25,004	$ 39,482	$ 13,428

The deferred income tax provision represents the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Cash paid for income taxes totaled $923, $767 and $513, for the years ended December 31, 2013, 2012 and 2011, respectively.

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The components of deferred income tax assets and liabilities as of December 31, 2013 and 2012 are as follows:

	2013	2012
Deferred income tax assets:		
Acquisition and debt related costs	$ 4,534	$ 22,651
Net operating loss	270,467	222,702
Self-insurance	8,686	7,912
Deferred revenue	2,134	1,077
Other	8,156	5,736
Total deferred income tax assets	293,977	260,078
Deferred income tax liabilities:		
Property and equipment	(245,418)	(199,836)
Goodwill	(28,242)	(21,028)
Amortization	(12,613)	(11,307)
Other	(8,593)	(4,146)
Total deferred income tax liabilities	(294,866)	(236,317)
Net deferred income tax (liabilities) assets	$ (889)	$ 23,761

The Company files federal, state and provincial income tax returns in various jurisdictions with varying statute of limitation expiration dates. Under the tax statute of limitations applicable to the Internal Revenue Code, the Company is no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for years before 2010. However, because the Company is carrying forward income tax attributes, such as net operating losses and tax credits from 2010 and earlier tax years, these attributes can still be audited when utilized on returns filed in the future. The Company has determined that there are no positions currently taken that would rise to a level requiring an amount to be recorded or disclosed as an uncertain tax position. If such positions do arise, it is the Company s intent that any interest or penalty amount related to such positions will be recorded as a component of tax expense to the applicable period.

As of December 31, 2013, the Company has federal tax net operating loss carryforwards of approximately $660,000 and state net operating loss carryforwards with a combined total of approximately $850,000 spread across various jurisdictions. These net operating loss carryforwards, if not used to reduce taxable income in future periods, will begin to expire in 2029, for both state and federal tax purposes. Realization of the deferred income tax assets, primarily arising from these net operating loss carryforwards and other charitable contribution carryforwards, is dependent upon generating sufficient taxable income prior to expiration of the carryforwards, which may include the reversal of deferred tax liability components.

Due to the secondary offering in December 2013, there was an ownership shift of more than 50 percent, as defined by the Internal Revenue Code (IRC) Section 382. The Company determined that, while an ownership shift occurred and limits were determined under IRC Section 382 and the regulations and guidance thereunder, the applicable limit would not impair the value or anticipated use of the Company s federal and state net operating losses. Although realization is not assured, management believes it is more likely than not that all of the deferred income tax assets will be realized.

The provision for income taxes for the years ended December 31, 2013, 2012 and 2011 differs from the amount computed by applying the U.S. federal statutory income tax rate to the Company s income before income taxes primarily due to state income taxes, prior year true-ups, and federal tax

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credits. In addition to these items, for the year ended December 31, 2013, non-deductible offering costs, certain officer compensation and certain equity compensation awards also impacted the provision for income taxes. The reconciliation between the U.S. federal statutory income tax rate and the Company s effective income tax provision (benefit) rate for the years ended December 31, 2013, 2012 and 2011, is as follows:

	2013	2012	2011
Income tax rate at federal statutory rates	35.00%	35.00%	35.00%
State taxes, net of federal benefit	(0.93)	1.36	5.57
Other	(0.94)	(2.59)	0.69
Income tax rate	33.13%	33.77%	41.26%

14. COMMITMENTS AND CONTINGENCIES

At December 31, 2013, the Company has commitments under long-term operating leases requiring annual minimum lease payments as follows:

Years Ending December 31,	
2014	$ 14,403
2015	14,415
2016	13,523
2017	13,520
2018	13,356
Thereafter	311,238
Total	$ 380,455

Rental expense was $24,338, $23,886 and $22,119 for the years ended December 31, 2013, 2012 and 2011, respectively.

The SeaWorld theme park in San Diego, California, leases the land for the theme park from the City of San Diego. The lease term is for 50 years ending on July 1, 2048. Lease payments are based upon gross revenue from the San Diego theme park subject to certain minimums. On January 1, 2014, the minimum annual rent payment was recalculated in accordance with the lease agreement as approximately $10,400 and is included in the table above for all periods presented. This annual rent will remain in effect until January 1, 2017, at which time the next recalculation will be completed in accordance with the lease agreement.

Pursuant to license agreements with Sesame Workshop, the Company pays a specified annual license fee, as well as a specified royalty based on revenues earned in connection with sales of licensed products, all food and beverage items utilizing the licensed elements and any events utilizing such elements if a separate fee is paid for such event.

ABI has granted the Company a perpetual, exclusive, worldwide, royalty-free license to use the Busch Gardens trademark and certain related domain names in connection with the operation, marketing, promotion and advertising of certain of the Company s theme parks, as well as in connection with the production, use, distribution and sale of merchandise sold in connection with such theme parks. Under the license, the Company is required to indemnify ABI against losses related to the use of the marks.

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The Company has commenced construction of certain new theme park attractions and other projects under contracts with various third parties. At December 31, 2013, additional capital payments of approximately $59,000 are necessary to complete these projects. The majority of these projects are expected to be completed in 2014.

In addition, the Company is a party to various claims and legal proceedings arising in the normal course of business. From time to time, third-party groups may also make claims before government agencies, bring lawsuits against the Company, and/or attempt to generate negative publicity associated with the Company s business. Matters where an unfavorable outcome to the Company is probable and which can be reasonably estimated are accrued. Such accruals, which are not material for any period presented, are based on information known about the matters, the Company s estimate of the outcomes of such matters, and the Company s experience in contesting, litigating and settling similar matters. Matters that are considered reasonably possible to result in a material loss are not accrued for, but an estimate of the possible loss or range of loss is disclosed, if such amount or range can be determined. Management does not expect any known claims or legal proceedings to have a material adverse effect on the Company s consolidated financial position, results of operations or cash flows.

15. FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement is required to be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The Company has determined that the majority of the inputs used to value its derivative financial instruments using the income approach fall within Level 2 of the fair value hierarchy. The Company uses readily available market data to value its derivatives, such as interest rate curves and discount factors. ASC 820, *Fair Value Measurements and Disclosures,* also requires consideration of credit risk in the valuation. The Company uses a potential future exposure model to estimate this credit valuation adjustment (CVA). The inputs to the CVA are largely based on observable market data, with the exception of certain assumptions regarding credit worthiness which make the CVA a Level 3 input. Based on the magnitude of the CVA, it is not considered a significant input and the derivatives are classified as Level 2. Of the Company s long-term obligations, the Term B-2 Loans are classified in Level 2 of the fair value hierarchy. The fair value of the term loans as of December 31, 2013 approximates their carrying value due to the variable nature of the underlying interest rates and the frequent intervals at which such interest rates are reset. The Senior Notes are classified in Level 3 of the fair value hierarchy and have been valued using significant inputs that are not observable in the market including a discount rate of 10.06% and projected cash flows of the underlying Senior Notes.

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There were no transfers between Levels 1, 2 or 3 during the year ended December 31, 2013. The following table presents the Company s estimated fair value measurements and related classifications as of December 31, 2013:

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
Assets:				
Derivative financial instruments [(a)]	$	$ 71	$	$ 71
Liabilities:				
Long-term obligations [(b)]	$	$ 1,397,975	$ 264,781	$ 1,662,756

(a) Reflected at fair value in the consolidated balance sheet as other assets of $71.
(b) Reflected at carrying value in the consolidated balance sheet as current maturities on long-term debt of $14,050 and long-term debt of $1,627,183 as of December 31, 2013.

The Company did not have any assets measured at fair value at December 31, 2012. There were no transfers between Levels 1, 2 or 3 during the year ended December 31, 2012. The following table presents the Company s estimated fair value measurements and related classifications as of December 31, 2012:

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
Liabilities:				
Long-term obligations [(a)]	$	$ 1,445,774	$ 416,317	$ 1,862,091
Derivative financial instruments [(b)]	$	$ 1,880	$	$ 1,880

(a) Reflected at carrying value in the consolidated balance sheet as current maturities on long-term debt of $21,330 and long-term debt of $1,802,644 as of December 31, 2012.
(b) Reflected at fair value in the consolidated balance sheet as other liabilities of $1,880 at December 31, 2012.

16. RELATED-PARTY TRANSACTIONS

Certain affiliates of Blackstone provided monitoring, advisory and consulting services to the Company under an advisory fee agreement (the 2009 Advisory Agreement), which was terminated on April 24, 2013 in connection with the completion of the initial public offering (see Note 19-Stockholders Equity). Fees related to these services, which were based upon a multiple of Adjusted EBITDA as defined in the 2009 Advisory Agreement, amounted to $2,799, $6,201 and $6,012 for the years ended December 31, 2013, 2012 and 2011, respectively. These amounts are included in selling, general and administrative expenses in the accompanying consolidated statements of comprehensive income.

In connection with the completion of the initial public offering in April 2013 (see Note 19-Stockholders Equity), the 2009 Advisory Agreement between the Company and affiliates of Blackstone was terminated (except for certain provisions relating to indemnification and certain other provisions, which survived termination). In connection with such termination, the Company paid a termination fee of $46,300 to Blackstone using a portion of the net proceeds from the offering and wrote-off $3,772 of the 2013 prepaid advisory fee. The combined expense of $50,072 is recorded as termination of advisory agreement in the accompanying consolidated statements of comprehensive income.

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In December 2013, the Company repurchased shares of its common stock from the selling stockholders concurrently with the closing of the secondary offering. See further discussion in Note 19-Stockholders Equity.

In June, September and December 2013, the Company s Board of Directors declared a cash dividend of $0.20 per share to all common stockholders of record at the close of business on June 20, September 20 and December 20, 2013, respectively (see Note 19-Stockholders Equity). In connection with these dividend declarations, certain affiliates of Blackstone were paid dividends in the amount of $11,749, $11,749 and $7,849, on July 1, 2013, October 1, 2013, and January 3, 2014, respectively.

In March 2012 and September 2011, respectively, the Company declared and subsequently paid a $500,000 and $110,100 cash dividend to its common stockholders, which at that time consisted of entities controlled by certain affiliates of Blackstone.

The Company had an arrangement with another former Blackstone portfolio theme park company to sell admission tickets on a combined basis. The Company earned revenue of approximately $7,400 (through June 2011) during the year ended December 31, 2011, under the combined ticket arrangement. Blackstone sold its interest in such theme park company in June 2011.

17. RETIREMENT PLAN

The Company sponsors a defined contribution plan, under Section 401(k) of the Internal Revenue Code, that it established in March 2010. The plan is a qualified automatic contributions arrangement, which automatically enrolls employees, once eligible, unless they opt out. The Company makes matching cash contributions subject to certain restrictions, structured as a 100% match on the first 1% contributed by the employee and a 50% match on the next 5% contributed by the employee. Employer-matching contributions for the years ended December 31, 2013, 2012 and 2011, totaled $8,956, $8,767 and $7,345, respectively.

18. EQUITY-BASED COMPENSATION

In accordance with ASC 718, *Compensation-Stock Compensation,* the Company measures the cost of employee services rendered in exchange for share-based compensation based upon the grant date fair market value. The cost is recognized over the requisite service period, which is generally the vesting period.

Employee Units Surrendered for Common Stock

Prior to April 18, 2013, the Company had an Employee Unit Incentive Plan (Employee Unit Plan). Under the Employee Unit Plan, the Partnerships granted Employee Units to certain key employees of SEA (Employee Units). The Employee Units which were granted were accounted for as equity awards and were divided into three tranches, Time-Vesting Units (TVUs), 2.25x Performance Vesting Units (PVUs) and 2.75x PVUs. Upon vesting of the Employee Units, the Company issued the corresponding number of shares of common stock of the Company to the Partnerships. There was no related cost to the employee upon vesting of the units. As of April 18, 2013, 669,293 Employee Units had been granted under the Employee Unit Plan, net of forfeitures. Separately, certain members of management in 2011 also purchased an aggregate of 29,240 Class D Units of the Partnerships (Class D Units).

Prior to the consummation of the Company s initial public offering, on April 18, 2013, the Employee Units and Class D Units held by certain of the Company s directors, officers, employees and

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consultants were surrendered to the Partnerships and such individuals received an aggregate of 4,165,861 shares of the Company s issued and outstanding common stock from the Partnerships. The number of shares of the Company s common stock received by such individuals from the Partnerships was determined in a manner intended to replicate the economic value to each equity holder immediately prior to the transaction. The Class D Units and vested Employee Units were surrendered for an aggregate of 949,142 shares of common stock. The unvested Employee Units were surrendered for an aggregate of 3,216,719 unvested restricted shares of the Company s common stock, which are subject to vesting terms substantially similar to those applicable to the unvested Employee Units immediately prior to the transaction. These unvested restricted shares consist of Time Restricted shares, and 2.25x and 2.75x Performance Restricted shares, which, for accounting purposes, were removed from issued shares until their restrictions are met, as shown on the accompanying consolidated statement of changes in stockholders equity. The following table sets forth the number of Class D Units and Employee Units surrendered for shares of common stock prior to the consummation of the Company s initial public offering:

	Units	Shares of Common Stock
	(not in thousands)	
Vested TVUs surrendered for shares of stock	121,206	727,852
Class D Units surrendered for shares of stock	29,240	221,290
Total Class D Units and vested TVUs surrendered for shares of stock	150,446	949,142
Unvested TVUs surrendered for unvested Time Restricted shares of stock	103,913	599,215
2.25x PVUs surrendered for 2.25x Performance Restricted shares of stock	222,087	1,308,752
2.75x PVUs surrendered for 2.75x Performance Restricted shares of stock	222,087	1,308,752
Total unvested TVUs and PVUs surrendered for shares of unvested restricted stock	548,087	3,216,719
Total units surrendered for shares of stock and unvested restricted stock	698,533	4,165,861

Time-Vesting Units (TVUs) and Time Restricted Shares

One-third of the Employee Units originally granted vested over five years (20% per year). Generally, the vesting began on the earlier of December 1, 2009, or the grant date. Vesting was contingent upon continued employment. In the event of a change of control (defined as a sale or disposition of the assets of the limited partnership to other than a Blackstone affiliated group or, if any group other than a Blackstone-affiliated entity, becomes the general partner or the beneficial owner of more than 50% interest), the TVUs immediately 100% vested. The TVUs were originally recorded at the fair market value at the date of grant and were being amortized to compensation expense over the vesting period.

The shares of stock received upon surrender of the Employee Units contain substantially identical terms, conditions and vesting schedules as the previously outstanding Employee Units. In accordance with the guidance in ASC 718-20, *Compensation-Stock Compensation,* the surrender of the Employee Units for shares of common stock and Time Restricted shares qualifies as a modification of an equity compensation plan. As such, the Company calculated the incremental fair value of the TVU awards immediately prior to and after their modification and determined that $282 of incremental equity compensation cost would be recorded upon surrender of the vested TVUs for vested shares of stock in the year ended December 31, 2013. The remaining incremental compensation cost of $220 which represents the incremental cost on the unvested TVUs which were surrendered for unvested Time Restricted shares of restricted stock, was added to the original grant date fair value of the TVU awards and amortized to compensation expense over the remaining vesting period.

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Total combined compensation expense related to these TVU and Time Restricted share awards was $1,938, $1,191 and $823 for the years ended December 31, 2013, 2012 and 2011and is included in selling, general and administrative expenses in the accompanying consolidated statement of comprehensive income and as contributed capital in the accompanying consolidated statements of stockholders equity. Total unrecognized compensation cost related to these unvested Time Restricted shares, expected to be recognized over the remaining vesting term was approximately $1,305 as of December 31, 2013.

The activity related to the TVU and Time Restricted share awards for the year ended December 31, 2013, is as follows:

	Employee Units	Shares	Weighted Average Grant Date Fair Value per Unit/Share	Weighted Average Remaining Contractual Term
	(not in thousands)			
Outstanding unvested TVUs at December 31, 2012	112,701		$ 21.70	
Vested units	(8,788)		$ 22.71	
TVUs surrendered for unvested Time Restricted shares of stock	(103,913)	599,215	$ 4.06	
Vested shares		(221,710)	$ 3.83	
Forfeited		(2,025)	$ 3.82	
Outstanding unvested Time Restricted shares of stock at December 31, 2013		375,480	$ 4.19	13 months

2.25x and 2.75x Performance Vesting Units (PVUs) and Performance Restricted Shares

Two tranches of the Employee Units vested only if certain events occur. The 2.25x PVUs under the Employee Unit Plan vested if the employee is employed by the Company when and if Blackstone receives cash proceeds (not subject to any clawback, indemnity or similar contractual obligation) in respect of its Partnerships units equal to (x) a 20% annualized effective compounded return rate on Blackstone s investment and (y) a 2.25x on Blackstone s investment. The 2.75x PVUs under the Employee Unit Plan vested if the employee is employed by the Company when and if Blackstone received cash proceeds (not subject to any clawback, indemnity or similar contractual obligation) in respect of its Partnerships units equal to (x) a 15% annualized effective compounded return rate on Blackstone s investment and (y) a 2.75x multiple on Blackstone s investment. The PVUs had no termination date other than termination of employment from the Company and there were no service or period vesting conditions associated with the PVUs other than employment at the time the benchmark was reached; no compensation was recorded related to these PVUs prior to the modification since their exercise was not considered probable. The unvested 2.25x and 2.75x Performance Restricted shares received upon surrender of the Employee Unit PVUs contain substantially the same terms and conditions as the previously outstanding PVUs. No compensation expense will be recorded related to the 2.25x and 2.75x Performance Restricted shares until their vesting is probable, accordingly, no compensation expense has been recorded during the years ended December 31, 2013, 2012 or 2011 related to these PVUs or Performance Restricted share awards. In accordance with the guidance in ASC 718-20, *Compensation-Stock Compensation,* the surrender of the Employee Units for unvested performance restricted shares of stock qualifies as a modification of an equity compensation plan. As the 2.25x and 2.75x Performance Restricted shares were not considered probable of vesting before or after the modification, the Company will use the modification date fair value to record compensation expense related to these awards if the performance conditions become probable within a future

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reporting period. Unrecognized compensation expense as of December 31, 2013, was approximately $28,125 and $18,846 for these 2.25x and 2.75x Performance Restricted shares, respectively.

The activity related to the 2.25x Performance Restricted shares for the year ended December 31, 2013, is as follows:

	Employee Units	Shares	Weighted Average Grant Date Fair Value per Share
	(not in thousands)		
Outstanding 2.25x PVUs at December 31, 2012	225,051		
Forfeited	(2,964)		
2.25x PVUs surrendered for unvested 2.25x Performance Restricted shares of stock	(222,087)	1,308,752	
Vested			
Outstanding unvested 2.25x Performance Restricted shares of stock at December 31, 2013		1,308,752	$ 21.49

The activity related to the 2.75x Performance Restricted shares for the year ended December 31, 2013, is as follows:

	Employee Units	Shares	Weighted Average Grant Date Fair Value per Share
	(not in thousands)		
Outstanding 2.75x PVUs at December 31, 2012	225,051		
Forfeited	(2,964)		
2.75x PVUs surrendered for unvested 2.75x Performance Restricted shares of stock	(222,087)	1,308,752	
Vested			
Outstanding unvested 2.75x Performance Restricted shares of stock at December 31, 2013		1,308,752	$ 14.40

The fair value of each Employee Unit originally granted was estimated on the date of grant using a composite of the discounted cash flow model and the guideline public company approach to determine the underlying enterprise value. The discounted cash flow model was based upon significant inputs that are not observable in the market. Key assumptions included projected cash flows, a discount rate of 10.5%, and a terminal value. The guideline public company approach uses relevant public company valuation multiples to determine fair value. The value of the individual equity tranches was allocated based upon the Option-Pricing Method model. Significant assumptions included a holding period of 2.6 to 3.6 years, a risk free rate of 0.33% to 1.22%, volatility of approximately 49% to 57%, a discount for lack of marketability, depending upon the units, from 31% to 53% and a 0 dividend yield. Volatility for SEA s stock at the date of grant was estimated using the average volatility calculated for a peer group, which is based upon daily price observations over the estimated term of units granted.

In order to calculate the incremental fair value at the modification date, the Option-Pricing Method model was used to estimate the fair value prior to the modification. For the fair value after the modification, the initial public offering price of $27.00 per share was used to calculate the fair value of the TVUs while the fair value of the PVUs was estimated using an asset-or-nothing call option approach. Significant assumptions used in both the Option Pricing Method model and the asset-or-nothing call option approach included a holding period of approximately 2 years from the initial public

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offering date, a risk free rate of 0.24%, a volatility of approximately 37.6% based on re-levered historical and implied equity volatility of comparable companies and a 0 dividend yield.

2013 Omnibus Incentive Plan

The Company reserved 15,000,000 shares of common stock for future issuance under the Company s new 2013 Omnibus Incentive Plan (2013 Omnibus Incentive Plan). The 2013 Omnibus Incentive Plan is administered by the compensation committee of the Board of Directors, and provides that the Company may grant equity incentive awards to eligible employees, directors, consultants or advisors in the form of stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based and performance compensation awards. If an award under the 2013 Omnibus Incentive Plan terminates, lapses, or is settled without the payment of the full number of shares subject to the award, the undelivered shares may be granted again under the 2013 Omnibus Incentive Plan.

On April 19, 2013, 494,557 shares of restricted stock were granted to the Company s directors, officers and employees under the 2013 Omnibus Incentive Plan (the 2013 Grant). The shares granted were in the form of time vesting restricted shares (Time Restricted Omnibus shares), 2.25x performance restricted shares (2.25x Performance Restricted Omnibus shares) and 2.75x performance restricted shares (2.75x Performance Restricted Omnibus shares). The activity related to the Time Restricted Omnibus shares for the year ended December 31, 2013, is as follows:

	Shares (not in thousands)	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining Contractual Term
Time Restricted Omnibus shares			
Granted	171,783	$ 33.45	
Vested	(112,356)	$ 33.51	
Forfeited	(267)	$ 33.52	
Outstanding unvested Time Restricted Omnibus shares at December 31, 2013	59,160	$ 33.35	15 months

The activity related to the 2.25x Performance Restricted Omnibus shares for the year ended December 31, 2013, is as follows:

	Shares (not in thousands)	Weighted Average Grant Date Fair Value per Share
2.25x Performance Restricted Omnibus shares		
Granted	163,310	$ 30.46
Vested		
Forfeited		
Outstanding unvested 2.25x Performance Restricted Omnibus shares of stock at December 31, 2013	163,310	$ 30.46

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The activity related to the 2.75x Performance Restricted Omnibus shares for the year ended December 31, 2013, is as follows:

	Shares (not in thousands)	Weighted Average Grant Date Fair Value per Share
2.75x Performance Restricted Omnibus shares		
Granted	163,310	$ 23.05
Vested		
Forfeited		
Outstanding unvested 2.75x Performance Restricted Omnibus shares of stock at December 31, 2013	163,310	$ 23.05

The vesting terms and conditions of the Time Restricted Omnibus shares, the 2.25x Performance Restricted Omnibus shares, and the 2.75x Performance Restricted Omnibus shares included in the 2013 Grant are substantially the same as those of the previous Employee Unit Plan TVUs, 2.25x PVUs, and 2.75x PVUs, respectively, (see 2.25x and 2.75x Performance Vesting Units (PVUs) and Performance Restricted Shares section). For the Time Restricted Omnibus shares, after an initial 180 day post initial public offering lock up period, the vesting schedule from the Employee Unit Plan carries over so that each recipient will vest in the 2013 Grant in the same proportion as they were vested in the previous Employee Unit Plan. The remaining unvested shares vest over the remaining service period, subject to substantially the same vesting conditions which carried over from the previous Employee Unit Plan.

The grant date fair value for the Time Restricted Omnibus shares awarded was determined based on the closing market price of the Company s stock at the date of grant applied to the total number of shares that are anticipated to fully vest. The fair value of the restricted shares will be recognized as equity compensation on a straight-line basis over the requisite service period as if the award was, in substance, multiple awards consisting of the Time Restricted Omnibus shares which vested at the end of the initial public offering 180 day lock up period, and the remaining Time Restricted Omnibus shares which vest over the requisite service period. As a result, approximately $4,088 of equity compensation expense was recognized in the year ended December 31, 2013, related to the 2013 Grant. As of December 31, 2013, unrecognized equity compensation expense related to the Time Restricted Omnibus shares was $1,651 to be recognized over the remaining requisite service period.

The grant date fair value of the 2.25x and 2.75x Performance Restricted Omnibus shares was measured using the asset-or-nothing option pricing model. Significant assumptions included a holding period of approximately 2 years from the initial public offering date, a risk free rate of 0.24%, a volatility of approximately 33.2% based on re-levered historical and implied equity volatility of comparable companies and a 0 dividend yield. There is no compensation expense recorded related to the Performance Restricted Omnibus shares until their issuance is probable. Total unrecognized compensation expense as of December 31, 2013 for the 2013 Grant was approximately $4,974 and $3,764 for the 2.25x Performance Restricted Omnibus shares and 2.75x Performance Restricted Omnibus shares, respectively.

For the year ended December 31, 2013, the Company withheld an aggregate of 28,463 shares of its common stock from employees to satisfy minimum tax withholding obligations relating to the vesting of restricted stock awards. As a result, these shares were added back to the number of shares of common stock available for future issuance under the Company s 2013 Omnibus Incentive Plan. As of December 31, 2013, there were 14,530,327 shares of common stock available for future issuance under the Company s 2013 Omnibus Incentive Plan.

19. STOCKHOLDERS EQUITY

As of December 31, 2013, 89,900,453 shares of common stock were issued on the accompanying consolidated balance sheet, which excludes 3,378,764 unvested shares of common stock held by certain participants in the Company s equity compensation plan (see Note 18 Equity Compensation) and includes 1,500,000 shares of treasury stock held by the Company (see Secondary Offering and Concurrent Share Repurchase discussion which follows).

Stock Split

On April 7, 2013, the Company s Board of Directors authorized an eight-for-one split of the Company s common stock, which was effective on April 8, 2013. The Company retained the current par value of $0.01 per share for all shares of common stock after the stock split, and accordingly, stockholders equity on the accompanying consolidated balance sheets and the consolidated statements of changes in stockholders equity reflects the stock split. The Company s historical share and per share information has been retroactively adjusted to give effect to this stock split.

Contemporaneously with the stock split, the Company s Board of Directors approved an increase in the number of authorized shares of common stock to 1 billion shares. Additionally, upon the consummation of the initial public offering, the Board of Directors authorized 100,000,000 shares of preferred stock at a par value of $0.01 per share.

Initial Public Offering and Use of Proceeds

On April 24, 2013, the Company completed its initial public offering of its common stock in which it offered and sold 10,000,000 shares of common stock and the selling stockholders offered and sold 19,900,000 shares of common stock including, 3,900,000 shares of common stock pursuant to the exercise in full of the underwriters option to purchase additional shares. The shares offered and sold in the offering were registered under the Securities Act pursuant to the Company s Registration Statement on Form S-1, which was declared effective by the SEC on April 18, 2013. The common stock is listed on the New York Stock Exchange under the symbol SEAS .

The Company s shares of common stock were sold at an initial public offering price of $27.00 per share, which generated net proceeds of approximately $245,400 to the Company after deducting underwriting discounts and commissions, expenses and transaction costs. The Company did not receive any proceeds from shares sold by the selling stockholders. The Company used a portion of the net proceeds received in the offering to redeem $140,000 in aggregate principal amount of its Senior Notes at a redemption price of 111.0% plus accrued and unpaid interest thereon, pursuant to a provision in the indenture governing the Senior Notes that permits the Company to redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings. In addition, the Company used approximately $46,300 of the net proceeds received from the offering to make a one-time payment to an affiliate of Blackstone in connection with the termination of the 2009 Advisory Agreement (see Note 16 Related-Party Transactions). Of the net proceeds received from the offering, $37,000 was used to repay a portion of the outstanding indebtedness under the Term B Loan.

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Secondary Offering and Concurrent Share Repurchase

On December 17, 2013, the selling stockholders completed an underwritten secondary offering of 18,000,000 shares of common stock at a price of $30.00 per share. The selling stockholders received all of the net proceeds from the offering and no shares were sold by the Company. The Company incurred fees and expenses of $1,407 in connection with the secondary offering which is shown as secondary offering expenses on the accompanying consolidated statement of comprehensive income for the year ended December 31, 2013.

Concurrently with the closing of the secondary offering, the Company repurchased 1,500,000 shares of its common stock directly from the selling stockholders in a private, non-underwritten transaction. All repurchased shares are recorded as treasury stock at a cost of $44,163 and reflected as a reduction to stockholders equity at December 31, 2013 on the accompanying consolidated balance sheet.

Dividends

In September 2011 and March 2012, respectively, the Company declared a $110,100 and $500,000 cash dividend to its common stockholders, which at that time consisted of entities controlled by certain affiliates of Blackstone. These dividends were considered a return of capital for both accounting and tax purposes.

In 2013, the Company s Board of Directors (the Board) adopted a policy to pay, subject to legally available funds, a regular quarterly dividend. The Board declared quarterly cash dividends of $0.20 per share to all common stockholders of record at the close of business on June 20, September 20 and December 20, 2013, which were paid on July 1, 2013, October 1, 2013 and January 3, 2014, respectively. As the Company had an accumulated deficit at the time the June 20 dividend was declared, this dividend was accounted for as a return of capital and recorded as a reduction to additional paid-in capital on the accompanying consolidated statement of changes in stockholders equity.

On March 4, 2014, the Board declared a cash dividend of $0.20 per share to all common stockholders of record at the close of business on March 20, 2014, payable on April 1, 2014.

Unvested restricted shares carry dividend rights and therefore the dividends are payable as the shares vest in accordance with the underlying stock compensation grants. As of December 31, 2013, the Company had $17,939 of cash dividends payable recorded as dividends payable in the accompanying consolidated balance sheet, of which $17,680 was paid on January 3, 2014 and the remainder will be paid as certain restricted shares vest. Accumulated dividends on the 2.25x and 2.75x Performance Restricted shares, including the 2.25x and 2.75x Performance Restricted Omnibus shares (collectively, the Performance Restricted shares), were approximately $883 for each tranche and will accumulate and be paid only if and to the extent the Performance Restricted shares vest in accordance with their terms. The Company has not recorded a payable related to these dividends as the vesting of the Performance Restricted shares is not probable.

Other

In 2011, the Company sold 233,920 shares of common stock to the Partnership (not in thousands) for net cash consideration of $2,736.

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20. SUMMARY QUARTERLY FINANCIAL DATA (UNAUDITED)

Unaudited summary quarterly financial data for the year ended December 31, 2013 was as follows:

	2013			
	First Quarter	Second Quarter (a)	Third Quarter	Fourth Quarter
	(Unaudited)			
Total revenues	$ 238,610	$ 411,292	$ 538,389	$ 271,959
Operating (loss) income	$ (35,873)	$ 30,980	$ 205,594	$ 505
Net (loss) income	$ (40,360)	$ (15,854)	$ 120,199	$ (13,507)
(Loss) earnings per share:				
Net (loss) income per share, basic	$ (0.49)	$ (0.18)	$ 1.34	$ (0.15)
Net (loss) income per share, diluted	$ (0.49)	$ (0.18)	$ 1.33	$ (0.15)

(a) During the second quarter of 2013, the Company recorded $50,072 in fees related to the termination of the 2009 Advisory Agreement and $32,429 related to a loss on early extinguishment of debt and write-off of discounts and deferred financing costs.

	2012			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Unaudited)			
Total revenues	$ 212,442	$ 425,882	$ 522,255	$ 263,173
Operating (loss) income	$ (48,279)	$ 93,086	$ 183,862	$ (1,880)
Net (loss) income	$ (45,134)	$ 39,120	$ 92,257	$ (8,799)
(Loss) earnings per share:				
Net (loss) income per share, basic	$ (0.55)	$ 0.47	$ 1.12	$ (0.11)
Net (loss) income per share, diluted	$ (0.55)	$ 0.47	$ 1.11	$ (0.11)

Based upon historical results, the Company typically generates its highest revenues in the second and third quarters of each year and incurs a net loss in the first and fourth quarters, in part because six of its theme parks are only open for a portion of the year.

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Schedule I-Registrant s Condensed Financial Statements

SEAWORLD ENTERTAINMENT, INC.

PARENT COMPANY ONLY

CONDENSED BALANCE SHEETS

(In thousands, except share and per share amounts)

	December 31, 2013	December 31, 2012
Assets		
Current Assets:		
Cash	$ 172	$ 203
Due from wholly owned subsidiary	17,767	
Total current assets	17,939	203
Investment in wholly owned subsidiary	654,121	451,102
Total assets	$ 672,060	$ 451,305
Liabilities and Stockholders Equity		
Current Liabilities:		
Dividends payable	$ 17,939	$ 203
Total current liabilities	17,939	203
Total liabilities	17,939	203
Commitments and contingencies		
Stockholder Equity:		
Preferred stock, $0.01 par value-authorized, 100,000,000 shares, no shares issued or outstanding at December 31, 2013 and 2012		
Common stock, $0.01 par value-authorized, 1,000,000,000 shares; 89,900,453 shares issued at December 31, 2013 and 82,737,008 shares issued and outstanding at December 31, 2012	899	827
Additional paid-in capital	689,394	456,923
Retained earnings (accumulated deficit)	7,991	(6,648)
Treasury stock, at cost (1,500,000 shares at December 31, 2013)	(44,163)	
Total stockholders equity	654,121	451,102
Total liabilities and stockholders equity	$ 672,060	$ 451,305

See accompanying notes to condensed financial statements.

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SEAWORLD ENTERTAINMENT, INC.

PARENT COMPANY ONLY

CONDENSED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

(In thousands)

	Year Ended December 31,		
	2013	2012	2011
Equity in net income of subsidiary	$ 50,478	$ 77,444	$ 19,113
Net income	$ 50,478	$ 77,444	$ 19,113

See accompanying notes to condensed financial statements.

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SEAWORLD ENTERTAINMENT, INC.

PARENT COMPANY ONLY

CONDENSED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

(In thousands)

	For the Year Ended December 31,		
	2013	**2012**	**2011**
Cash Flows From Operating Activities:			
Net income	$ 50,478	$ 77,444	$ 19,113
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in net income of subsidiary	(50,478)	(77,444)	(19,113)
Dividend received from subsidiary-return on capital	18,072		
Net cash provided by operating activities	18,072		
Cash Flows From Investing Activities:			
Capital contributed to subsidiary	(249,106)		(2,736)
Restricted payment from subsidiary	44,163		
Dividend received from subsidiary-return of capital	18,072	500,000	100,000
Net cash (used in) provided by investing activities	(186,871)	500,000	97,264
Cash Flows From Financing Activities:			
Net proceeds from issuance of common stock			12,836
Proceeds from issuance of common stock, net of underwriter commissions	253,800		
Purchase of treasury stock	(44,163)		
Dividend paid to common stockholders	(36,175)	(502,977)	(106,920)
Offering costs	(4,694)		
Net cash provided by (used in) financing activities	168,768	(502,977)	(94,084)
Change in Cash and Cash Equivalents	(31)	(2,977)	3,180
Cash and Cash Equivalents Beginning of year	203	3,180	
Cash and Cash Equivalents End of year	$ 172	$ 203	$ 3,180
Supplemental Disclosures of Noncash Financing Activities			
Dividends declared, but unpaid	$ 17,939	$ 203	$ 3,180

See accompanying notes to condensed financial statements.

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SEAWORLD ENTERTAINMENT, INC.

NOTES TO CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

1. DESCRIPTION OF SEAWORLD ENTERTAINMENT, INC.

SeaWorld Entertainment, Inc. (the Parent) was incorporated in Delaware on October 2, 2009. At that time, the Parent was owned by ten limited partnerships (the Partnerships or the selling stockholders), ultimately owned by affiliates of The Blackstone Group L.P. (Blackstone) and certain co-investors. The Parent has no operations or significant assets or liabilities other than its investment in SeaWorld & Parks Entertainment, Inc. (SEA), which owns and operates eleven theme parks within the United States. Accordingly, the Parent is dependent upon distributions from SEA to fund its obligations. However, under the terms of SEA s various debt agreements, SEA s ability to pay dividends or lend to the Parent is restricted, except that SEA may pay specified amounts to the Parent to fund the payment of the Parent s tax obligations.

On April 24, 2013, the Parent completed an initial public offering in which it sold 10,000,000 shares of common stock and the selling stockholders sold 19,900,000 shares of common stock, including 3,900,000 shares pursuant to the exercise in full of the underwriters option to purchase additional shares. On December 17, 2013, the selling stockholders completed an underwritten secondary offering of 18,000,000 shares of common stock at a price of $30.00 per share. The selling stockholders received all of the net proceeds from the offering and no shares were sold by the Parent. Concurrently with the closing of the secondary offering, the Parent repurchased 1,500,000 shares of its common stock directly from the selling stockholders in a private, non-underwritten transaction at a price per share equal to the price per share paid to the selling stockholders by the underwriters in the secondary offering. See further discussion in Note 5-Stockholders Equity, which follows.

2. BASIS OF PRESENTATION

The accompanying condensed financial statements (the parent company only financial statements) include the accounts of the Parent and its investment in SEA accounted for in accordance with the equity method, and do not present the financial statements of the Parent and its subsidiary on a consolidated basis. 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 since this information is included with the SeaWorld Entertainment, Inc. consolidated financial statements included elsewhere in this prospectus (the consolidated financial statements). These parent company only financial statements should be read in conjunction with the consolidated financial statements.

Certain prior year amounts have been reclassified to conform to the 2013 presentation, in particular dividends payable, on the accompanying condensed balance sheets.

3. GUARANTEES

On December 1, 2009, SEA entered into senior secured credit facilities (the Senior Secured Credit Facilities) and issued senior notes (the Senior Notes). The Senior Secured Credit Facilities were amended effective on February 17, 2011, April 15, 2011, March 30, 2012, April 24, 2013, May 14, 2013 and August 9, 2013. See further discussion in Note 11-Long-Term Debt of the accompanying consolidated financial statements.

Under the terms of the Senior Secured Credit Facilities, the obligations of SEA are fully, unconditionally and irrevocably guaranteed by Parent, any subsidiary of Parent that directly or

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indirectly owns 100% of the issued and outstanding equity interest of SEA, and subject to certain exceptions, each of SEA s existing and future material domestic wholly-owned subsidiaries (collectively, the Guarantors).

The obligations under the Senior Notes are guaranteed by the same Guarantors as under the Senior Secured Credit Facilities. In the event of a default under the Senior Notes, the principal and accrued interest would become immediately due and payable (subject to, in some cases, grace periods).

4. DIVIDENDS FROM SUBSIDIARIES

The Parent received dividends in the amount of $500,000 and $100,000 from SEA on March 30, 2012 and September 29, 2011, respectively, which have been reflected as a return of capital in the accompanying condensed financial statements. On those same dates, the Parent declared dividends (defined as a restricted payment in the Senior Secured Credit Facilities) of $500,000 and $110,100 to the Partnerships, of which $609,897 was paid as of December 31, 2012 and the remainder was paid in 2013. This dividend has also been reflected as a return of capital in the accompanying condensed financial statements.

In June 2013, SEA s Board of Directors (the Board) adopted a policy to pay a regular quarterly dividend to the Parent. As a result, a cash dividend of $18,072, $18,072 and $17,767 was paid on July 1, 2013, October 1, 2013 and January 2, 2014, respectively. As SEA had an accumulated deficit at the time the July 1 dividend was declared to the Parent, this dividend was accounted for as a return of capital by the Parent. The remaining dividends from SEA have been reflected as a return on capital in the accompanying condensed financial statements.

Also in June 2013, the Parent s Board adopted a policy to pay a regular quarterly dividend (defined as a restricted payment in the Senior Secured Credit Facilities). As a result, quarterly cash dividends of $0.20 per share were declared to all common stockholders of record at the close of business on June 20, September 20 and December 20, 2013, which were paid on July 1, 2013, October 1, 2013 and January 3, 2014, respectively. As of December 31, 2013, the Parent had $17,939 of cash dividends payable included in dividends payable in the accompanying condensed balance sheet, of which $17,680 was paid on January 3, 2014. See Note 19-Stockholders Equity of the accompanying consolidated financial statements for further discussion.

On March 4, 2014, SEA s Board declared a cash dividend of up to $18,352 to the Parent, payable on April 1, 2014. Additionally, the Parent s Board declared a cash dividend of $0.20 per share to all common stockholders of record at the close of business on March 20, 2014, payable on April 1, 2014.

5. STOCKHOLDERS EQUITY

Stock Split and Authorized Shares

On April 7, 2013, the Parent s Board authorized an eight-for-one split of the Parent s common stock which was effective on April 8, 2013. The Parent retained the current par value of $0.01 per share for all shares of common stock after the stock split, and accordingly, stockholders equity on the accompanying condensed balance sheet reflects the stock split. The Parent s historical share information has been retroactively adjusted to give effect to this stock split.

Contemporaneously with the stock split, on April 8, 2013, the Parent s Board approved an increase in the number of authorized shares of common stock to 1 billion shares. Additionally, upon the consummation of the initial public offering, the Parent s Board authorized 100,000,000 shares of preferred stock at a par value of $0.01 per share.

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2013 Omnibus Incentive Plan

The Parent reserved 15,000,000 shares of common stock for future issuance under a new 2013 Omnibus Incentive Plan (2013 Omnibus Incentive Plan). The 2013 Omnibus Incentive Plan is administered by the compensation committee of the Parent s Board, and provides that the Parent may grant equity incentive awards to eligible employees, directors, consultants or advisors of the Parent or its subsidiary, SEA, in the form of stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based and performance compensation awards. If an award under the 2013 Omnibus Incentive Plan terminates, lapses, or is settled without the payment of the full number of shares subject to the award, the undelivered shares may be granted again under the 2013 Omnibus Incentive Plan.

See further discussion in Note 18- Equity-Based Compensation of the accompanying consolidated financial statements.

Initial Public Offering and Use of Proceeds

On April 24, 2013, the Parent completed an initial public offering of its common stock in which it offered and sold 10,000,000 shares of common stock and the selling stockholders of the Parent offered and sold 19,900,000 shares of common stock including, 3,900,000 shares of common stock pursuant to the exercise in full of the underwriters option to purchase additional shares. The shares offered and sold in the offering were registered under the Securities Act pursuant to the Parent s Registration Statement on Form S-1, which was declared effective by the Securities and Exchange Commission on April 18, 2013. The common stock is listed on the New York Stock Exchange under the symbol SEAS .

The Parent s shares of common stock were sold at an initial public offering price of $27.00 per share, which generated net proceeds of approximately $245,400 to the Parent after deducting underwriting discounts and commissions, expenses and transaction costs. Subsequent to the initial public offering, the Parent transferred the net proceeds to SEA as a capital contribution and increased its investment in SEA. The Parent did not receive any proceeds from shares sold by the selling stockholders.

Secondary Offering and Concurrent Share Repurchase

On December 17, 2013, the selling stockholders completed a registered secondary offering of 18,000,000 shares of common stock at a price of $30.00 per share. The selling stockholders received all of the net proceeds from the offering and no shares were sold by the Parent. Concurrently with the closing of the secondary offering, the Parent repurchased 1,500,000 shares of its common stock directly from the selling stockholders in a private, non-underwritten transaction. All repurchased shares are recorded as treasury stock at a cost of $44,163 and reflected as a reduction to stockholders equity at December 31, 2013 on the accompanying condensed balance sheet. SEA transferred $44,163 as a restricted payment to the Parent for the payment of the repurchased shares.

15,000,000 shares

SeaWorld Entertainment, Inc.

Common Stock

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses payable by the Registrant expected to be incurred in connection with the issuance and distribution of common stock being registered hereby (other than underwriting discounts and commissions. All of such expenses are estimates, except for the Securities and Exchange Commission (the SEC) registration fee and the Financial Industry Regulatory Authority Inc. (FINRA) filing fee.

SEC registration fee	$ 70,075.57
FINRA filing fee	82,109.75
Printing fees and expenses	95,000
Legal fees and expenses	400,000
Registrar and transfer agent fees	5,000
Accounting fees and expenses	200,000
Miscellaneous expenses	47,814.68
Total	$ 900,000

Item 14. Indemnification of Directors and Officers.

Section 102(b)(7) of the Delaware General Corporation Law (the DGCL) allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our amended and restated certificate of incorporation provides for this limitation of liability.

Section 145 of the DGCL (Section 145), provides, among other things, that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation s best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. A Delaware corporation may indemnify any persons who were or are a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation s best interests, provided further that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses (including attorneys fees) which such officer or director has actually and reasonably incurred.

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Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify such person under Section 145.

Our amended and restated bylaws provides that we must indemnify and advance expenses to our directors and officers to the full extent authorized by the DGCL.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, any provision of our amended and restated certificate of incorporation, our amended and restated bylaws, agreement, vote of stockholders or disinterested directors or otherwise. Notwithstanding the foregoing, we shall not be obligated to indemnify a director or officer in respect of a proceeding (or part thereof) instituted by such director or officer, unless such proceeding (or part thereof) has been authorized by the Board of Directors pursuant to the applicable procedure outlined in the amended and restated bylaws.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held jointly and severally liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the Board of Directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

We maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers.

The underwriting agreement to be entered into in connection with this offering will provide for indemnification by the underwriters of us and our officers and directors and the selling stockholders, and by us and the selling stockholders of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Item 15. Recent Sales of Unregistered Securities.

Following the 2009 Transactions, the Registrant issued an aggregate of 2,011,569 shares of its common stock to the Partnerships for aggregate proceeds to the Registrant of approximately $13.0 million. Such securities were issued in reliance on the exemption contained in Section 4(2) of the Securities Act as transactions by the issuer not involving a public offering. No underwriters were involved in any of these sales of securities.

In the first and second quarters of 2013, the Company issued an aggregate of 33,228 shares and 41,333 shares of its common stock, respectively, to the Partnerships in connection with its long-term incentive compensation program. The Company did not receive any proceeds related to these transactions. Such securities were issued in reliance on the exemption contained in Section 4(2) of the Securities Act as transactions by the issuer not involving a public offering. No underwriters were involved in any of these transactions.

Item 16. Exhibits and Financial Statement Schedules.

(a) *Exhibits*. See the Exhibit Index immediately following the signature page hereto, which is incorporated by reference as if fully set forth herein.

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(b) *Financial Statement Schedules*. Schedule I Registrant s Condensed Financial Statements is included in the registration statement beginning on page F-37.

Item 17. Undertakings.

(1) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(2) The undersigned Registrant hereby undertakes:

(A) That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(B) That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Orlando, Florida, on March 21, 2014.

SeaWorld Entertainment, Inc.

By: /s/ JAMES ATCHISON
Name: James Atchison
Title: Chief Executive Officer and President

POWER OF ATTORNEY

The undersigned directors and officers of SeaWorld Entertainment, Inc. hereby constitute and appoint G. Anthony (Tony) Taylor, James M. Heaney, Paul B. Powers and Carlos Clark and each of them, any of whom may act without joinder of the other, the individual s true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign this Registration Statement and any or all amendments, including post-effective amendments to the Registration Statement, including a prospectus or an amended prospectus therein and any Registration Statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and all other documents in connection therewith to be filed with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact as agents or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on March 21, 2014.

Signature	Capacity
/s/ JAMES ATCHISON James Atchison	Chief Executive Officer, President and Director (Principal Executive Officer)
/s/ JAMES M. HEANEY James M. Heaney	Chief Financial Officer (Principal Financial Officer)
/s/ MARC G. SWANSON Marc G. Swanson	Chief Accounting Officer (Principal Accounting Officer)
/s/ DAVID F. D ALESSANDRO David F. D Alessandro	Director
/s/ BRUCE MCEVOY Bruce McEvoy	Director
/s/ PETER WALLACE Peter Wallace	Director
/s/ JOSEPH BARATTA Joseph Baratta	Director

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Signature	Capacity
/s/ JUDITH A. MCHALE	Director
Judith A. McHale	
/s/ DEBORAH M. THOMAS	Director
Deborah M. Thomas	

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EXHIBIT INDEX

Exhibit No.	Description
1.1	Form of Underwriting Agreement
3.1	Amended and Restated Certificate of Incorporation of SeaWorld Entertainment, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant s Current Report on Form 8-K filed on April 24, 2013)
3.2	Amended and Restated Bylaws of SeaWorld Entertainment, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant s Current Report on Form 8-K filed on April 24, 2013)
4.1	Stockholders Agreement, dated as of April 24, 2013, among SeaWorld Entertainment, Inc. and the other parties thereto (incorporated by reference to Exhibit 4.1 to the Registrant s Current Report on Form 8-K filed on April 24, 2013)
5.1	Opinion of Simpson Thacher & Bartlett LLP
10.1	Indenture, dated as of December 1, 2009, among SW Acquisitions Co., Inc., the guarantors named therein and Wilmington Trust FSB, as trustee (incorporated by reference to Exhibit 10.1 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.2	First Supplemental Indenture, dated as of August 30, 2011, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors named therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee (incorporated by reference to Exhibit 10.2 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.3	Second Supplemental Indenture, dated as of March 30, 2012, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors named therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee (incorporated by reference to Exhibit 10.3 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.4	Third Supplemental Indenture, dated as of December 17, 2012, among SeaWorld Parks & Entertainment, Inc., (f/k/a SW Acquisitions Co., Inc.), the guarantors named therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee (incorporated by reference to Exhibit 10.4 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.5	Fourth Supplemental Indenture, dated as of April 12, 2013, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors named therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee (incorporated by reference to Exhibit 10.42 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.6	Fifth Supplemental Indenture, dated as of November 22, 2013, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors named therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee (incorporated by reference to Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed on November 25, 2013)
10.7	Amendment No. 4, dated as of April 5, 2013, to the Credit Agreement, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors party thereto from time to time, Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line lender, Bank of America, N.A., as lead arranger and bookrunner, and the other agents and lenders from time to time party thereto (the amended and restated Credit Agreement is included as Exhibit A hereto) (incorporated by reference to Exhibit 10.41 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))

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Exhibit No.	Description
10.8	Amendment No. 5, dated as of May 14, 2013, to the Credit Agreement, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors party thereto from time to time, Bank of America, N.A., as administrative agent, collateral agent, Letter of Credit issuer and swing line lender, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A., as joint lead arrangers, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital, Deutsche Bank Securities Inc., Goldman Sachs Lending Partners LLC, J.P. Morgan Securities LLC, Macquarie Capital (USA) Inc. and Mizuho Corporate Banks, Ltd. as joint bookrunners, Deutsche Bank Securities Inc. and Barclays Bank plc, as co-syndication agents, and the other agents and lenders from time to time party thereto (the amended and restated Credit Agreement is included as Exhibit A hereto) (incorporated by reference to Exhibit 10.1 to the Registrant s Quarterly Report on Form 10-Q filed on May 23, 2013)
10.9	Amendment No. 6, dated as of August 9, 2013, to the Credit Agreement, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors party thereto from time to time, Bank of America, N.A., as administrative agent, collateral agent, Letter of Credit issuer and swing line lender, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A., as joint lead arrangers, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital, Deutsche Bank Securities Inc., Goldman Sachs Lending Partners LLC, J.P. Morgan Securities LLC, Macquarie Capital (USA) Inc. and Mizuho Corporate Banks, Ltd. as joint bookrunners, Deutsche Bank Securities Inc. and Barclays Bank plc, as co-syndication agents, and the other agents and lenders from time to time party thereto (incorporated by reference to Exhibit 10.7 to the Registrant s Quarterly Report on Form 10-Q filed on August 14, 2013)
10.10	Joinder Agreement, dated as of December 17, 2012, under the Credit Agreement, among SeaWorld of Texas Holdings, LLC, SeaWorld of Texas Management, LLC, SeaWorld of Texas Beverage, LLC and Bank of America, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.6 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.11	Security Agreement, dated as of December 1, 2009, among SW Acquisitions Co., Inc., the other grantors named therein and Bank of America, N.A., as collateral agent (incorporated by reference to Exhibit 10.7 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.12	Supplement No. 1, dated as of December 17, 2012, to the Security Agreement among the grantors identified therein and Bank of America, N.A., as collateral agent (incorporated by reference to Exhibit 10.8 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.13	Pledge Agreement, dated as of December 1, 2009, between SeaWorld Entertainment, Inc. (f/k/a/SW Holdco, Inc.) and Bank of America, N.A., as collateral agent (incorporated by reference to Exhibit 10.9 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.14	Patent Security Agreement, dated as of December 1, 2009, by SeaWorld Parks & Entertainment (f/k/a Busch Entertainment LLC) in favor of Bank of America, N.A., as collateral agent (incorporated by reference to Exhibit 10.10 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.15	Trademark Security Agreement, dated as of December 1, 2009, by SeaWorld Parks & Entertainment (f/k/a Busch Entertainment LLC) in favor of Bank of America, N.A., as collateral agent (incorporated by reference to Exhibit 10.11 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.16	Trademark Security Agreement, dated as of December 1, 2009, by Sea World LLC in favor of Bank of America, N.A., as collateral agent (incorporated by reference to Exhibit 10.12 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))

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Exhibit No.	Description
10.17	Copyright Security Agreement, dated as of December 1, 2009, by SeaWorld Parks & Entertainment (f/k/a Busch Entertainment LLC) in favor of Bank of America, N.A., as collateral agent (incorporated by reference to Exhibit 10.13 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.18	Copyright Security Agreement, dated as of December 1, 2009, by Sea World LLC in favor of Bank of America, N.A., as collateral agent (incorporated by reference to Exhibit 10.14 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.19	Registration Rights Agreement, dated December 1, 2009, by and among SeaWorld Entertainment, Inc. (f/k/a SW Holdco, Inc.), SW Cayman L.P. and the equityholders named therein (incorporated by reference to Exhibit 10.17 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.20	Lease Amendment, dated January 9, 1978, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.18 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.21	Lease Amendment, dated March 6, 1979, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.19 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.22	Lease Amendment, dated December 12, 1983, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.20 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.23	Lease Amendment, dated June 24, 1985, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.21 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.24	Lease Amendment, dated September 22, 1986, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.22 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.25	Lease Amendment, dated June 29, 1998, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.23 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.26	Lease Amendment, dated July 9, 2002, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.24 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.27	Trademark License Agreement, dated December 1, 2009, by and between Anheuser-Busch Incorporated and Busch Entertainment LLC (incorporated by reference to Exhibit 10.25 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.28	Amended and Restated Agreement, dated April 1, 1983, by and between SeaWorld Parks & Entertainment LLC (f/k/a SPI, Inc.) and Sesame Workshop (f/k/a Children s Television Workshop) (Portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.26 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.29	Amendment, dated August 24, 2006, to the Amended and Restated Agreement, dated April 1, 1983, by and between SeaWorld Parks & Entertainment LLC (f/k/a SPI, Inc.) and Sesame Workshop (f/k/a Children s Television Workshop) (incorporated by reference to Exhibit 10.27 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.30	License Agreement, dated August 24, 2006, by and between Sesame Workshop and SeaWorld Parks & Entertainment LLC (f/k/a Busch Entertainment Corporation) (Portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.28 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))

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Exhibit No.	Description
10.31	Change in Control Notification and Consent, dated October 6, 2009, pursuant to the license agreement, dated April 1, 1983, as amended on August 24, 2006, between SeaWorld Parks & Entertainment LLC (f/k/a Busch Entertainment Corporation) and Sesame Workshop (incorporated by reference to Exhibit 10.29 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.32	Change in Control Notification and Consent, dated October 6, 2009, pursuant to the license agreement, dated August 24, 2006, between SeaWorld Parks & Entertainment LLC (f/k/a Busch Entertainment Corporation) and Sesame Workshop (incorporated by reference to Exhibit 10.30 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.33	Second Amended and Restated Equityholders Agreement, dated as of April 11, 2011 (incorporated by reference to Exhibit 10.38 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.34	Amended and Restated 2009 Advisory Agreement, dated as of March 22, 2013 (incorporated by reference to Exhibit 10.32 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.35	2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.31 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.36	Form of Restricted Stock Grant and Acknowledgment (incorporated by reference to Exhibit 10.15 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.37	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.40 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.38	SeaWorld Parks & Entertainment, Inc. Key Employee Severance Plan, effective August 1, 2010 (incorporated by reference to Exhibit 10.37 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.39	Offer Letter to James M. Heaney, dated January 17, 2012 (incorporated by reference to Exhibit 10.33 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.40	Offer Letter to Scott D. Helmstedter, dated February 16, 2011 (incorporated by reference to Exhibit 10.34 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.41	Offer Letter to David D Alessandro, dated September 1, 2010 (incorporated by reference to Exhibit 10.35 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.42	Summary Compensation Letter to Donald W. Mills Jr., dated April 22, 2010 (incorporated by reference to Exhibit 10.36 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.43	Offer Letter to Judith McHale, dated January 17, 2013 (incorporated by reference to Exhibit 10.39 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.44	Offer Letter to Deborah Thomas, dated September 26, 2013 (incorporated by reference to Exhibit 10.44 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))
10.45	Form of Share Repurchase Agreement between SeaWorld Entertainment, Inc. and the Partnerships
10.46	Outside Director Compensation Policy (incorporated by reference to Exhibit 10.46 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2013)
21.1	List of Subsidiaries (incorporated by reference to Exhibit 21.1 to the Registrant s Registration Statement on Form S-1 (No. 333-185697))

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Exhibit No.	Description
23.1	Consent of Simpson Thacher & Bartlett LLP (included in Exhibit 5.1)
23.2	Consent of Deloitte & Touche LLP
24.1	Power of Attorney (included in the signature page to this Registration Statement)
101.INS	XBRL Instance Document (A)
101.SCH	XBRL Taxonomy Extension Schema Document (A)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (A)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (A)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (A)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (A)

Identifies exhibits that consist of a management contract or compensatory plan or arrangement.

(A) XBRL (Extensible Business Reporting Language) information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.