Eagle Bulk Shipping Inc.
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Prospectus Supplement
(To Prospectus dated January 9, 2007)

5,000,000 Shares

Common Stock

We are offering 5,000,000 shares of our common stock. Our common stock is quoted on The Nasdaq Global Select Market under the symbol ‘‘EGLE.’’ The last reported sales price of our shares on The Nasdaq Global Select Market on September 18, 2007 was $26.88 per share.

Investing in our common stock involves a high degree of risk. Please read ‘‘Risk Factors’’ in our report on Form 10-K filed on February 28, 2007 and incorporated herein by reference and ‘‘Risk Factors’’ beginning on page 4 of the accompanying prospectus.

	PER SHARE	TOTAL
Public Offering Price	$25.90	$129,500,000
Underwriting Discount and Commissions	$0.50	$ 2,500,000
Proceeds to Eagle Bulk Shipping Inc. (Before Expenses)	$25.40	$127,000,000

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

Delivery of the shares is expected to be made on or about September 21, 2007.

Jefferies & Company

September 18, 2007

Table of Contents

You should rely only on the information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized anyone to give you different or additional information. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus supplement and the accompanying prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information in this prospectus supplement and accompanying prospectus is accurate as of any date after their respective dates.

The Offering

Common stock offered by this prospectus supplement	5,000,000 shares

Common stock outstanding prior to this offering[1]	41,727,153 shares
Common stock to be outstanding after this offering	46,727,153 shares
Use of proceeds	We estimate that the net proceeds from this offering, after deducting the underwriting discount and estimated expenses relating to this offering payable by us, will be approximately $126,800,000. We plan to use the net proceeds of this offering for general corporate purposes, which may include the purchasing and/or construction of new vessels. See ‘‘Use of proceeds.’’
Nasdaq Global Select Market symbol	‘‘EGLE’’

(1) Based on shares outstanding as of September 18, 2007.

Recent Developments

$1.6 Billion Credit Facility

On August 29, 2007, we finalized an underwriting commitment from the Royal Bank of Scotland plc for an amended revolving credit facility increasing availability to $1.6 billion. Under the terms of the underwriting commitment, the new facility will include a term of ten years, availability in full until July 2012, interest on borrowed amounts payable at LIBOR plus 0.80% or 0.90%, and a commitment fee of 0.25% annually on unused amounts. The actual terms and conditions of the credit facility are subject to the execution of definitive credit documents.

Fleet Expansion and Options for Additional Vessels

On August 10, 2007, we acquired contracts for the construction of 26 newbuild Supramax vessels for $1.1 billion. The sister-ship fleet will consist of 21 vessels of 58,000 dwt each and five vessels of 53,100 dwt each. The vessels are expected to be delivered to us between 2008 and 2012. Of the 26 vessels, 21 are secured by long-term charters up to 2018 with average charter duration of approximately 10 years from today. A profit sharing component on 17 of the charters provides us with a potential source of additional revenue. In addition, we have secured options from the same shipyard to build an additional nine 58,000 dwt Supramax sister vessels.

The following table sets forth information with respect to the 26 vessels for which we have acquired construction contracts, including their expected delivery dates, time charter employment and expiration dates, base time charter rates and profit sharing arrangements.

Vessel	Expected Delivery [1]	Time Charter Commencement	Time Charter Employment Expiration [2]	Base Time Charter Rate [3]	50% Profit Share Threshold [4]
53,100 dwt Series					
Wren	August 2008	August 2008 February 2012	February 2012 December 2018 to April 2019	$24,750 $18,000	n.a. $22,000

Vessel	Expected Delivery [1]	Time Charter Commencement	Time Charter Employment Expiration [2]	Base Time Charter Rate [3]	50% Profit Share Threshold [4]
Woodstar	October 2008	October 2008	January 2014	$18,300	n.a.
		January 2014	December 2018 to April 2019	$18,000	$22,000
Thrush	September 2009	Charter Free	Charter Free	n.a.	n.a.
Thrasher	November 2009	November 2009	February 2016	$18,400	n.a.
		February 2016	December 2018 to April 2019	$18,000	$22,000
Avocet	December 2009	December 2009	March 2016	$18,400	n.a.
		March 2016	December 2018 to April 2019	$18,000	$22,000
58,000 dwt Series					
Bittern	September 2009	September 2009	December 2014	$18,850	n.a.
		December 2014	December 2018 to April 2019	$18,000	$22,000
Canary	October 2009	October 2009	January 2015	$18,850	n.a.
		January 2015	December 2018 to April 2019	$18,000	$22,000
Crane	November 2009	November 2009	February 2015	$18,850	n.a.
		February 2015	December 2018 to April 2019	$18,000	$22,000
Egret [5]	December 2009	December 2009	September 2012 to January 2013	$17,650	$20,000
Gannet [5]	January 2010	January 2010	October 2012 to February 2013	$17,650	$20,000
Grebe [5]	February 2010	February 2010	November 2012 to March 2013	$17,650	$20,000
Ibis [5]	March 2010	March 2010	December 2012 to April 2013	$17,650	$20,000
Jay	April 2010	April 2010	September 2015	$18,500	$21,500
		September 2015	December 2018 to April 2019	$18,000	$22,000
Kingfisher	May 2010	May 2010	October 2015	$18,500	$21,500
		October 2015	December 2018 to April 2019	$18,000	$22,000
Martin	June 2010	June 2010	December 2016 to December 2017	$18,400	n.a.
Nighthawk	March 2011	March 2011	September 2017 to September 2018	$18,400	n.a.
Oriole	July 2011	July 2011	January 2018 to January 2019	$18,400	n.a.
Owl	August 2011	August 2011	February 2018 to February 2019	$18,400	n.a.
Petrel [5]	September 2011	September 2011	June 2014 to October 2014	$17,650	$20,000

Puffin [5]	October 2011	October 2011	July 2014 to November 2014	$17,650	$20,000
Roadrunner [5]	November 2011	November 2011	August 2014 to December 2014	$17,650	$20,000

Vessel	Expected Delivery [1]	Time Charter Commencement	Time Charter Employment Expiration [2]	Base Time Charter Rate [3]	50% Profit Share Threshold [4]
Sandpiper [5]	December 2011	December 2011	September 2014 to January 2015	$17,650	$20,000
Snipe	January 2012	Charter Free	Charter Free	n.a.	n.a.
Swift	February 2012	Charter Free	Charter Free	n.a.	n.a.
Raptor	March 2012	Charter Free	Charter Free	n.a.	n.a.
Saker	April 2012	Charter Free	Charter Free	n.a.	n.a.

(1) Vessel build and delivery dates are estimates based on guidance received from sellers and shipyard.
(2) The date range represents the earliest and latest date on which the charterer may redeliver the vessel to us upon the termination of the charter.
(3) The time charter hire rate presented are gross daily charter rates before brokerage commissions ranging from 2.25% to 6.25% to third party ship brokers.
(4) We will receive 50% of amounts by which the charterers' actual earnings exceed the threshold rates specified in this column.
(5) The charterer has an option to extend the charter by two periods of 11 to 13 months each at the same daily charter hire rate.

New Long-Term Charters

On August 14, 2007, we secured a long-term time charter for our Falcon vessel. Upon completion of its current charter, the Falcon will commence a new time charter at a rate of $39,500 per day for 21 to 23 months. The charterers have an option to extend the charter period by 11 to 13 months at a rate of $41,000 per day.

Use of Proceeds

We estimate that the net proceeds from this offering, after deducting the underwriting discount and estimated expenses relating to this offering payable by us, will be approximately $126,800,000. We plan to use the net proceeds of this offering for general corporate purposes, which may include the purchasing and/or construction of new vessels.

Capitalization

The following table provides, as of June 30, 2007, our capitalization (1) on an actual basis and (2) on an as adjusted basis to give effect to this offering and the application of net proceeds of this offering, as described under ‘‘Use of Proceeds.’’ Neither the actual nor the as adjusted capitalization reflect the proposed amendment to its revolving credit facility discussed under ‘‘Recent Developments—$1.6 Billion Credit Facility.’’

You should read this table in conjunction with the financial statements and the related notes, ‘‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’’ incorporated by reference and ‘‘Use of Proceeds’’ elsewhere in this prospectus supplement.

	As of June 30, 2007	
	Actual	As Adjusted
	(in thousands)	
Debt:		
Secured bank debt	$ 302,377	$ 302,377
Total debt[(1)]	302,377	302,377
Stockholders’ Equity:		
Preferred stock $0.01 par value 25,000,000 authorized, none issued and outstanding	$ —	$ —
Common stock, $0.01 par value 100,000,000 shares authorized; 41,713,820 shares issued and outstanding, actual and 46,727,153 shares issued and outstanding, as adjusted	417	467
Additional paid-in capital	474,885	601,635
Retained earnings	(64,689)	(64,689)
Accumulated other comprehensive income	127	127
Total stockholders’ equity	410,740	537,540
Total capitalization	$ 713,117	$ 839,917

(1) As of September 17, 2007, our debt consisted of $527.8 million in borrowings under our revolving credit facility.

Tax Considerations

The following is a discussion of the material Marshall Islands and United States federal income tax considerations relevant to an investment decision by a United States Holder and a Non-United States Holder, each as defined below,

with respect to the common shares. This discussion does not purport to deal with the tax consequences of owning the common shares to all categories of investors, some of which (such as financial institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, insurance companies, persons holding our common shares as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that have elected the mark-to-market method of accounting for their securities, persons liable for alternative minimum tax, persons who are investors in pass-through entities, dealers in securities or currencies, persons who own 10% or more of our common shares and investors whose functional currency is not the United States dollar) may be subject to special rules. This discussion deals only with holders who purchase common shares and own the common shares as a capital asset. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under United States federal, state, local or foreign law of the ownership of our common shares.

Marshall Islands Tax Considerations

In the opinion of Seward & Kissel LLP, the following are the material Marshall Islands tax consequences of our activities to us and shareholders of our common shares. We are incorporated in the Marshall Islands. Under current Marshall Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payments of dividends by us to our shareholders.

United States Federal Income Tax Considerations

In the opinion of Seward & Kissel LLP, our United States counsel, the following are the material United States federal income tax consequences to us of our activities and to United States Holders and to Non-United States Holders of our common shares. The following discussion of United States federal income tax matters is based on the Internal Revenue Code of 1986, as amended, or the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the United States Department of the Treasury, all of which are subject to change, possibly with retroactive effect. In addition, the discussion below is based, in part, on the description of our business as described in ‘‘Business’’ in our report on Form 10-K for the year ended December 31, 2006, filed with the Commission on February 28, 2007 and assumes that we conduct our business as described in that section.

We have made, or will make, special United States federal income tax elections in respect of each of our ship owning or operating subsidiaries that is potentially subject to tax as a result of deriving income attributable to the transportation of cargoes to or from the United States. The effect of the special U.S. tax elections is to ignore or disregard the subsidiaries for which elections have been made as separate taxable entities and to treat them as part of their parent, the ‘‘Company.’’ Therefore, for purposes of the following discussion, the Company, and not the subsidiaries subject to this special election, will be treated as the owner and operator of the vessels and as receiving the income therefrom.

United States Federal Income Taxation of Our Company

Taxation of Operating Income: In General

The Company currently earns, and we anticipate that the Company will continue to earn, substantially all its income from the hiring or leasing of vessels for use on a time or voyage charter basis or from the performance of services directly related to those uses, all of which we refer to as ‘‘shipping income.’’

Unless exempt from United States federal income taxation under the rules of Section 883 of the Code, or Section 883, as discussed below, a foreign corporation such as ourselves will be subject to United States federal income taxation on its ‘‘shipping income’’ that is treated as derived from sources within the United States, to which we refer as ‘‘United States source shipping income.’’ For tax purposes, ‘‘United States source shipping income’’ includes 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States.

S-6

Shipping income attributable to transportation exclusively between non-United States ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax.

Shipping income attributable to transportation exclusively between United States ports is considered to be 100% derived from United States sources. However, the Company is not permitted by United States law to engage in the transportation of cargoes that produce 100% United States source income.

Unless exempt from tax under Section 883, the Company's gross United States source shipping income would be subject to a 4% tax imposed without allowance for deductions as described below.

Exemption of Operating Income from United States Federal Income Taxation

Under Section 883 and the regulations thereunder, a foreign corporation will be exempt from United States federal income taxation on its United States source shipping income if:

(1) it is organized in a qualified foreign country, which is one that grants an ''equivalent exemption'' from tax to corporations organized in the United States in respect of each category of shipping income for which exemption is being claimed under Section 883 and to which we refer as the ''Country of Organization Test''; and
(2) one of the following tests is met:
    (A) more than 50% of the value of its shares is beneficially owned, directly or indirectly, by qualified shareholders, which as defined includes individuals who are ''residents'' of a qualified foreign country, to which we refer as the ''50% Ownership Test;''
    (B) its shares are ''primarily and regularly traded on an established securities market'' in a qualified foreign country or in the United States, to which we refer as the ''Publicly-Traded Test''; or
    (C) it is a ''controlled foreign corporation'' and satisfies an ownership test, to which, collectively, we refer as the ''CFC Test.''

The Republic of the Marshall Islands, the jurisdiction where the Company is incorporated, has been officially recognized by the IRS as a qualified foreign country that grants the requisite ''equivalent exemption'' from tax in respect of each category of shipping income the Company earns and currently expects to earn in the future. Therefore, the Company will be exempt from United States federal income taxation with respect to its United States source shipping income if it satisfies any one of the 50% Ownership Test, the Publicly-Traded Test, or the CFC Test.

Both before and after the issuance of the common shares to which the registration statement of which this prospectus forms a part relates, we believe that we will satisfy the Publicly-Traded Test, as discussed below. The Company does not currently anticipate a circumstance under which it would be able to satisfy the 50% Ownership Test or the CFC Test before or after the issuance of the common shares to which the registration statement of which this prospectus forms a part relates.

Publicly-Traded Test

The regulations under Section 883 provide, in pertinent part, that shares of a foreign corporation will be considered to be ‘‘primarily traded’’ on an established securities market in a country if the number of shares of each class of shares that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. The Company’s common shares, which will be its sole class of issued and outstanding shares, are ‘‘primarily traded’’ on the Nasdaq Global Select Market.

Under the regulations, the Company’s common shares will be considered to be ‘‘regularly traded’’ on an established securities market if one or more classes of its shares representing more than 50% of its outstanding shares, by both total combined voting power of all classes of shares entitled to vote and total value, are listed on such market, to which we refer as the ‘‘listing threshold.’’ Since all our common shares are listed on the Nasdaq Global Select Market, we believe that we satisfy the listing threshold.

It is further required that with respect to each class of shares relied upon to meet the listing threshold, (i) such class of shares is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or 1/6 of the days in a short taxable year; and (ii) the aggregate number of shares of such class of shares traded on such market during the taxable year is at least 10% of the average number of shares of such class of shares outstanding during such year or as appropriately adjusted in the case of a short taxable year. We believe the Company will satisfy the trading frequency and trading volume tests. Even if this were not the case, the regulations provide that the trading frequency and trading volume tests will be deemed satisfied if, as is the case with the Company’s common shares, such class of shares is traded on an established market in the United States and such shares are regularly quoted by dealers making a market in such shares.

Notwithstanding the foregoing, the regulations provide, in pertinent part, that a class of shares will not be considered to be ‘‘regularly traded’’ on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified share attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of outstanding shares, to which we refer as the ‘‘5 Percent Override Rule.’’

For purposes of being able to determine the persons who actually or constructively own 5% or more of the vote and value of the Company’s common shares, or ‘‘5% Shareholders,’’ the regulations permit the Company to rely on those persons that are identified on Schedule 13G and Schedule 13D filings with the Commission, as owning 5% or more of the Company’s common shares. The regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

In the event the 5 Percent Override Rule is triggered, the regulations provide that the 5 Percent Override Rule will nevertheless not apply if the Company can establish that within the group of 5% Shareholders, there are sufficient qualified shareholders for purposes of Section 883 to preclude non-qualified shareholders in such group from owning 50% or more of the Company’s common shares for more than half the number of days during the taxable year, which we refer to as the ‘‘5 Percent Override Exception.’’

The Company does not believe that it is currently subject to the 5 Percent Override Rule. Therefore, the Company believes that it currently qualifies for the Publicly-Traded Test. However, there is no assurance that the Company will continue to satisfy the Publicly-Traded Test. For example, the Company’s shareholders could change in the future, and

thus the Company could become subject to the 5 Percent Override Rule.

Taxation In Absence of Section 883 Exemption

If the benefits of Section 883 are unavailable, the Company's United States source shipping income would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, to the extent that such income is not considered to be ''effectively connected'' with the conduct of a United States trade or business, as described below. Since under the sourcing rules described above, no more than 50% of the Company's shipping income would be treated as being United States source shipping income, the maximum effective rate of United States federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime. Based on the current operation of our vessels, if we were subject to 4% gross basis tax, our United States federal income tax liability would be approximately $200,000 per year. However, we can give no assurance that the operation of our vessels, which are under the control of third party charterers, will not change such that our United States federal income tax liability would be substantially higher.

To the extent the Company's United States source shipping income is considered to be ''effectively connected'' with the conduct of a United States trade or business, as described below, any such ''effectively connected'' United States source shipping income, net of applicable deductions, would be subject to United States federal income tax, currently imposed at rates of up to 35%. In addition, the Company may be subject to the 30% ''branch profits'' tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of the Company's United States trade or business.

The Company's United States source shipping income would be considered ''effectively connected'' with the conduct of a United States trade or business only if:

- the Company has, or is considered to have, a fixed place of business in the United States involved in the earning of United States source shipping income; and

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- substantially all of the Company's United States source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

The Company does not intend to have, or permit circumstances that would result in having, any vessel sailing to or from the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of the Company's shipping operations and other activities, we believe that none of the Company's United States source shipping income will be ''effectively connected'' with the conduct of a United States trade or business.

United States Taxation of Gain on Sale of Vessels

If the Company qualifies for exemption from tax under Section 883 in respect of the shipping income derived from the international operation of its vessels, then gain from the sale of any such vessel should likewise be exempt from tax under Section 883. If, however, the Company's shipping income from such vessels does not for whatever reason qualify for exemption under Section 883 and assuming that any decision on a vessel sale is made from and attributable to the United States office of the Company, as we believe likely to be the case as the Company is currently structured,

then any gain derived from the sale of any such vessel will be treated as derived from United States sources and subject to United States federal income tax as ‘‘effectively connected’’ income (determined under rules different from those discussed above) under the above described net income tax regime.

United States Federal Income Taxation of United States Holders

As used herein, the term ‘‘United States Holder’’ means a beneficial owner of common shares that is an individual United States citizen or resident, a United States corporation or other United States entity taxable as a corporation, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership holds our common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common shares, you are encouraged to consult your tax advisor.

Distributions

Subject to the discussion of passive foreign investment companies below, any distributions made by the Company with respect to its common shares to a United States Holder will generally constitute dividends to the extent of the Company’s current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions in excess of such earnings and profits will be treated first as a nontaxable return of capital to the extent of the United States Holder’s tax basis in his common shares on a dollar-for-dollar basis and thereafter as capital gain. Because the Company is not a United States corporation, United States Holders that are corporations will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us. Dividends paid with respect to the Company’s common shares will generally be treated as ‘‘passive category income’’ for purposes of computing allowable foreign tax credits for United States foreign tax credit purposes.

Dividends paid on the Company’s common shares to a United States Holder who is an individual, trust or estate (a ‘‘United States Non-Corporate Holder’’) will generally be treated as ‘‘qualified dividend income’’ that is taxable to such United States Non-Corporate Holder at preferential tax rates (through 2010) provided that (1) the common shares are readily tradable on an established securities market in the United States (such as the Nasdaq Global Select Market on which the Company’s common shares are traded); (2) the Company is not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we have been, are or will be); (3) the United States Non-Corporate Holder has owned the common shares for more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend; and (4) the United States Non-Corporate Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. There is no assurance that any dividends paid on the Company’s common shares will be eligible for these preferential rates

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in the hands of a United States Non-Corporate Holder, although we believe that they will be so eligible. Legislation has been recently introduced in the U.S. Congress which, if enacted in its present form, would preclude our dividends from qualifying for such preferential rates prospectively from the date of enactment. Any dividends out of earnings and profits the Company pays which are not eligible for these preferential rates will be taxed as ordinary income to a

United States Non-Corporate Holder.

Special rules may apply to any ‘‘extraordinary dividend’’—generally, a dividend in an amount which is equal to or in excess of 10% of a shareholder’s adjusted basis in a common share—paid by the Company. If the Company pays an ‘‘extraordinary dividend’’ on its common shares that is treated as ‘‘qualified dividend income,’’ then any loss derived by a United States Non-Corporate Holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

Sale, Exchange or Other Disposition of Common Shares

Assuming the Company does not constitute a passive foreign investment company for any taxable year, a United States Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of the Company’s common shares in an amount equal to the difference between the amount realized by the United States Holder from such sale, exchange or other disposition and the United States Holder’s tax basis in such shares. Such gain or loss will be treated as long-term capital gain or loss if the United States Holder’s holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as United States source income or loss, as applicable, for United States foreign tax credit purposes. Long-term capital gains of United States Non-Corporate Holders are currently eligible for reduced rates of taxation. A United States Holder’s ability to deduct capital losses is subject to certain limitations.

Passive Foreign Investment Company Status and Significant Tax Consequences

Special United States federal income tax rules apply to a United States Holder that holds shares in a foreign corporation classified as a ‘‘passive foreign investment company’’ for United States federal income tax purposes. In general, the Company will be treated as a passive foreign investment company with respect to a United States Holder if, for any taxable year in which such holder holds the Company’s common shares, either:

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or
- at least 50% of the average value of our assets during such taxable year produce, or are held for the production of, passive income.

Income earned, or deemed earned, by the Company in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute ‘‘passive income’’ unless the Company was treated under specific rules as deriving its rental income in the active conduct of a trade or business.

Based on the Company’s current operations and future projections, we do not believe that the Company has been or is, nor do we expect the Company to become, a passive foreign investment company with respect to any taxable year. Although there is no legal authority directly on point, our belief is based principally on the position that, for purposes of determining whether the Company is a passive foreign investment company, the gross income it derives from its time chartering and voyage chartering activities should constitute services income, rather than rental income. Accordingly, such income should not constitute passive income, and the assets that the Company owns and operates in connection with the production of such income, in particular, the vessels, should not constitute passive assets for purposes of determining whether the Company is a passive foreign investment company. We believe there is substantial legal authority supporting our position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. In addition, we have obtained an opinion from our counsel, Seward & Kissel LLP, that, based upon the Company’s operations as described herein, its income from time charters and voyage charters should not be treated as passive income for purposes of determining whether it is a passive foreign investment company. However, in the absence of any legal authority specifically relating to the statutory provisions governing passive foreign investment companies, the IRS or a court could disagree with our position. In addition, although the Company intends to conduct its affairs in

a manner to avoid being classified as a passive foreign investment company with respect to any taxable year, we cannot assure you that the nature of its operations will not change in the future.

As discussed more fully below, if the Company were to be treated as a passive foreign investment company for any taxable year, a United States Holder would be subject to different taxation rules depending on whether the United States Holder makes an election to treat the Company as a ''Qualified Electing Fund,'' which election we refer to as a ''QEF election.'' As an alternative to making a QEF election, a United States Holder should be able to make a ''mark-to-market'' election with respect to the Company's common shares, as discussed below.

Taxation of United States Holders Making a Timely QEF Election

If a United States Holder makes a timely QEF election, which United States Holder we refer to as an ''Electing Holder,'' the Electing Holder must report for United States federal income tax purposes its pro rata share of the Company's ordinary earnings and net capital gain, if any, for each taxable year of the Company for which it is a passive foreign investment company that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from the Company by the Electing Holder. No portion of any such inclusions of ordinary earnings will be treated as ''qualified dividend income.'' Net capital gain inclusions of United States Non-Corporate Holders would be eligible for preferential capital gains tax rates. The Electing Holder's adjusted tax basis in the common shares will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common shares and will not be taxed again once distributed. An Electing Holder would not, however, be entitled to a deduction for its pro rata share of any losses that the Company incurs with respect to any year. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of the Company's common shares. A United States Holder would make a timely QEF election for shares of the Company by filing one copy of IRS Form 8621 with his United States federal income tax return for the first year in which he held such shares when the Company was a passive foreign investment company. If the Company were to be treated as a passive foreign investment company for any taxable year, the Company would provide each United States Holder with all necessary information in order to make the QEF election described above.

Taxation of United States Holders Making a ''Mark-to-Market'' Election

Alternatively, if the Company were to be treated as a passive foreign investment company for any taxable year and, as we anticipate, its shares are treated as ''marketable stock,'' a United States Holder would be allowed to make a ''mark-to-market'' election with respect to the Company's common shares, provided the United States Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury regulations. If that election is made, the United States Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common shares at the end of the taxable year over such holder's adjusted tax basis in the common shares. The United States Holder would also be permitted an ordinary loss in respect of the excess, if any, of the United States Holder's adjusted tax basis in the common shares over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A United States Holder's tax basis in his common shares would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of the Company's common shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the

United States Holder. No ordinary income inclusions under this election will be treated as ‘‘qualified dividend income.’’

Taxation of United States Holders Not Making a Timely QEF or Mark-to-Market Election

Finally, if the Company were to be treated as a passive foreign investment company for any taxable year, a United States Holder who does not make either a QEF election or a ‘‘mark-to-market’’ election for that year, whom we refer to as a ‘‘Non-Electing Holder,’’ would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the common shares in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder’s holding period for the common shares), and (2) any gain realized on the sale, exchange or other disposition of the Company’s common shares. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder’s aggregate holding period for the common shares;

- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company was a passive foreign investment company, would be taxed as ordinary income and would not be ‘‘qualified dividend income’’; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These special rules would not apply to a qualified pension, profit sharing or other retirement trust or other tax-exempt organization that did not borrow money or otherwise utilize leverage in connection with its acquisition of the Company’s common shares. If the Company is a passive foreign investment company and a Non-Electing Holder who is an individual dies while owning the Company’s common shares, such holder’s successor generally would not receive a step-up in tax basis with respect to such shares.

United States Federal Income Taxation of ‘‘Non-United States Holders’’

A beneficial owner of common shares (other than a partnership) that is not a United States Holder is referred to herein as a ‘‘Non-United States Holder.’’

If a partnership holds our common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common shares, you are encouraged to consult your tax advisor.

Dividends on Common Shares

Non-United States Holders generally will not be subject to United States federal income tax or withholding tax on dividends received from the Company with respect to its common shares, unless that income is effectively connected with the Non-United States Holder’s conduct of a trade or business in the United States. If the Non-United States Holder is entitled to the benefits of a United States income tax treaty with respect to those dividends, that income is taxable only if it is attributable to a permanent establishment maintained by the Non-United States Holder in the United States.

Sale, Exchange or Other Disposition of Common Shares

Non-United States Holders generally will not be subject to United States federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of the Company's common shares, unless:

- the gain is effectively connected with the Non-United States Holder's conduct of a trade or business in the United States (and, if the Non-United States Holder is entitled to the benefits of an income tax treaty with respect to that gain, that gain is attributable to a permanent establishment maintained by the Non-United States Holder in the United States); or
- the Non-United States Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-United States Holder is engaged in a United States trade or business for United States federal income tax purposes, the income from the common shares, including dividends and the gain from the sale, exchange or other disposition of the shares, that is effectively connected with the conduct of that trade or business will generally be subject to regular United States federal income tax in the same manner as discussed in the previous section relating to the taxation of United States Holders. In addition, if you are a corporate Non-United States Holder, your earnings and profits that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, made within the United States to you will be subject to information reporting requirements if you are a non-corporate United States Holder. Such payments or distributions may also be subject to backup withholding tax if you are a non-corporate United States Holder and you:

- fail to provide an accurate taxpayer identification number;
- are notified by the IRS that you have failed to report all interest or dividends required to be shown on your federal income tax returns; or
- in certain circumstances, fail to comply with applicable certification requirements.

Non-United States Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on IRS Form W-8BEN, W-8ECI or W-8IMY, as applicable.

If you are a Non-United States Holder and you sell your common shares to or through a United States office of a broker, the payment of the proceeds is subject to both United States backup withholding and information reporting unless you certify that you are a non-United States person, under penalties of perjury, or you otherwise establish an exemption. If you sell your common shares through a non-United States office of a non-United States broker and the sales proceeds are paid to you outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, United States information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to you outside the United States, if you sell your common shares through a non-United States office of a broker that is a United States person or has some other contacts with the United States. Such information reporting requirements will not apply, however, if the broker has documentary evidence in its records that you are a non-United States person and certain other conditions are met, or you otherwise establish an exemption.

Backup withholding tax is not an additional tax. Rather, you generally may obtain a refund of any amounts withheld under backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

Underwriting

We are offering 5,000,000 shares of our common stock in this offering. We have entered into an underwriting agreement with Jefferies & Company, Inc., as underwriter. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriter, and the underwriter has agreed to purchase all the shares of our common stock, if any are purchased at the public offering price less the underwriting discount included on the cover page of this prospectus supplement.

The underwriting agreement provides that the underwriter's obligation to purchase shares of our common stock from us depends on the satisfaction of the conditions contained in the underwriting agreement, including that:

- the representations and warranties made by us to the underwriter are true;
- there has been no material adverse change in our condition; and
- we deliver customary closing documents to the underwriter.

Underwriting Discount and Expenses

We have been advised by the underwriter that it proposes to offer the shares of common stock initially at the public offering price on the cover page of this prospectus supplement. After the initial common stock offering, the underwriter may change the public offering price and concession and discount to brokers and dealers.

The following table shows the underwriting discounts paid to the underwriter by us in connection with this offering. The underwriting discount is the difference between the initial price to the public and the amount the underwriter pays us to purchase the shares.

Discounts and commissions payable by us, per share	$ 0.50
Discounts and commissions payable by us, total	$ 2,500,000

We estimate that the expenses of this offering to be paid by us, not including underwriting discounts and commissions, will be approximately $200,000.

Stabilization and Short Positions

The offering price of our common stock may not correspond to the price at which our common stock will trade in the public market subsequent to this offering.

In connection with this offering, the underwriter may engage in stabilizing transactions, overallotment transactions, covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934, as amended.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Overallotment transactions involve sales by the underwriter of shares in excess of the number of shares the underwriter is obligated to purchase, which create a short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares of common stock over-allotted by the underwriter is not greater than the number of shares of common stock that they may purchase in the overallotment option. In a naked short position, the number of shares of common stock involved is greater than the number of shares in the overallotment option. The underwriter may close out any short position by exercising its overallotment option or purchasing shares in the open market.
- Penalty bids permit the underwriter to reclaim a selling concession from a selling group member when the common stock originally sold by the selling group member is purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, overallotment transactions, covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The Nasdaq Global Select Market or otherwise and, if commenced, may be discontinued at any time.