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Eagle Bulk Shipping Inc.
Form 8-K
July 31, 2006

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

FORM 8-K

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

Date of Report (Date of earliest event reported): July 31, 2006

EAGLE BULK SHIPPING INC.
(Exact name of each Registrant as specified in its Charter)

Marshall Islands (State or other jurisdiction of incorporation or organization)	000-51366 (Commission File Number)	98-0453513 (IRS employer identification no.)
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477 Madison Avenue New York, New York	10022 (Zip Code)
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(Address of principal executive offices)

(Registrant's telephone number, including area code): (212) 785-2500

(Former name or former address, if changed since last report.)
Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

On July 28, 2006 Eagle Bulk Shipping Inc. (the "Company"), along with its vessel owning subsidiaries as guarantors, entered into an amended and restated credit agreement (the "Agreement") with The Royal Bank of Scotland PLC ("RBS") which amended and supplemented the previous credit facility between the Company and

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RBS by increasing the amount of revolving credit available to the Company from \$300,000,000 to \$450,000,000. The Company expects to use proceed from the credit facility to continue financing delivered vessels, to provide working capital in an amount up to \$15,000,000, and to finance a portion of the purchase price of additional vessels. The Form of Agreement (without exhibits or schedules) is being filed as Exhibit 10.1 to this Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

July 31, 2006

EAGLE BULK SHIPPING INC.

By: /s/ Sophocles N. Zoullas

Sophocles N. Zoullas
Chief Executive Officer and President

Exhibit 10.1

\$450,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of July 28, 2006

Among

EAGLE BULK SHIPPING INC.

as Borrower,

CARDINAL SHIPPING LLC
CONDOR SHIPPING LLC
FALCON SHIPPING LLC
GRIFFON SHIPPING LLC
HARRIER SHIPPING LLC
HAWK SHIPPING LLC
HERON SHIPPING LLC
JAEGER SHIPPING LLC
KESTREL SHIPPING LLC
KITE SHIPPING LLC
MERLIN SHIPPING LLC
OSPREY SHIPPING LLC
PEREGRINE SHIPPING LLC
SHIKRA SHIPPING LLC
SPARROW SHIPPING LLC
TERN SHIPPING LLC

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and the Additional Guarantors party hereto from time to time,

as Guarantors,

and

THE ROYAL BANK OF SCOTLAND PLC

as Lender

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Exhibit A	-	Form of Notice of Drawdown
Exhibit B	-	Form of Note
Exhibit C	-	Form of Account Charge
Exhibit D	-	Form of Cash Pooling Deed
Exhibit E	-	Form of Mortgage
Exhibit F	-	Form of Assignment of Earnings
Exhibit G	-	Form of Assignment of Insurances
Exhibit H	-	Form of Approved Manager's Undertaking
Exhibit I	-	Form of Credit Agreement Supplement
Exhibit J	-	Form of Compliance Certificate
Exhibit K	-	Form of Security Interest Deed

AMENDED AND RESTATED CREDIT AGREEMENT dated as of July 28, 2006 (as such may be amended, supplemented (including, without limitation, by way of each Credit Agreement Supplement executed and delivered from time to time), or otherwise modified, this "Agreement") among (i) EAGLE BULK SHIPPING INC., a Marshall Islands corporation (the "Borrower"), (ii) CARDINAL SHIPPING LLC, CONDOR SHIPPING LLC, FALCON SHIPPING LLC, GRIFFON SHIPPING LLC, HARRIER SHIPPING LLC, HAWK SHIPPING LLC, HERON SHIPPING LLC, JAEGER SHIPPING LLC, KESTREL SHIPPING LLC, KITE SHIPPING LLC, MERLIN SHIPPING LLC, OSPREY SHIPPING LLC, PEREGRINE SHIPPING LLC, SHIKRA SHIPPING LLC, SPARROW SHIPPING LLC and TERN SHIPPING LLC, each a Marshall Islands limited liability company (collectively, the "Initial Guarantors"), and the Additional Guarantors party hereto from time to time, and (iii) THE ROYAL BANK OF SCOTLAND PLC, as Lender (the "Lender").

PRELIMINARY STATEMENTS:

1. The Borrower, the Initial Guarantors and the Lender are parties to a Credit Agreement dated as of June 28, 2005 as heretofore amended and supplemented (the "Existing Credit Agreement") providing for a reducing revolving credit facility in the original principal amount of \$330,000,000.

2. The Borrower has requested that the Lender amend and restate the Existing Credit Agreement to increase the principal amount of the reducing revolving credit facility under the Existing Credit Agreement from \$330,000,000 to \$450,000,000 in order (a) to continue financing Delivered Vessels, (b) to provide working capital in an amount up to \$15,000,000 at any time, and (c) to finance a portion of the purchase price of Additional Vessels.

3. The Initial Guarantors have agreed, in order to induce the Lender to make such additional amounts available to the Borrower hereunder, to guarantee all of the obligations of the Borrower under this Agreement, the Note and the other Loan Documents.

4. The Lender has agreed to amend and restate the Existing Credit Agreement to make available a reducing revolving credit facility in the aggregate principal amount of up to \$450,000,000 to the Borrower upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual

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covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account Charges" means each of the deeds containing, among other things, a first priority account charge made or to be made by a Guarantor in favor of the Lender in respect of such Guarantor's Operating Account and in substantially the form of Exhibit C (as amended from time to time in accordance with its terms).

"Accounting Information" means the quarterly financial statements and/or the annual audited financial statements to be provided by the Borrower to the Lender in accordance with Section 7.01(h).

"Accounting Period" means each consecutive period of approximately three months (ending on the last day in March, June, September and December of each year) for which quarterly Accounting Information is required to be delivered in accordance with Section 7.01(h).

"Additional Guarantor" means any wholly-owned Subsidiary of the Borrower formed under the laws of the Republic of the Marshall Islands that (i) is acceptable to the Lender in its sole and absolute discretion, and (ii) shall execute and deliver to the Lender a Credit Agreement Supplement.

"Additional Vessel" means any dry bulk carrier (other than a Delivered Vessel) which the Borrower notifies to the Lender pursuant to Section 2.02 as a vessel which the Borrower wishes to finance or purchase with the assistance of an Advance, and which the Lender, in its sole and absolute discretion, shall notify to the Borrower as being acceptable to the Lender, in accordance with Section 2.02, and which is or is to be registered in the ownership of a Guarantor under the laws and flag of the Marshall Islands, and everything belonging to such vessel; and "Additional Vessels" means, collectively, all such vessels approved by the Lender in accordance with Section 2.02.

"Adjusted Net Worth" means, in respect of an Accounting Period, the amount of Total Assets less Consolidated Debt.

"Advance" has the meaning specified in Section 2.01.

"Advance Ratio" has the meaning specified in Section 2.07(a).

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 50% or more of the voting stock, membership or partnership interests, or other similar interests of such Person or to direct or cause direction of the management and policies of such Person, whether through the ownership of voting stock, membership or partnership interests, or other similar interests, by contract or otherwise.

"Agreement" has the meaning specified in the recital hereto.

"Applicable Margin" means, in relation to each Accounting Period (or

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relevant portion thereof), (i) if the Advance Ratio for such Accounting Period is less than fifty percent (50%), seventy-five hundredths of one percent (0.75%) per annum, and (ii) if the Advance Ratio for such Accounting Period is equal to or greater than fifty percent (50%), eighty-five hundredths of one percent (0.85%) per annum.

"Approved Broker" means, as the context may require, any of H. Clarkson & Company, Galbraiths Limited, Braemar Seascope or such other independent London based sale and purchase ship broker as may from time to time be appointed by the Lender.

"Approved Manager" means, as the context may require, either of (i) Eagle Shipping International (USA) LLC, a Marshall Islands limited liability company with offices currently at 477 Madison Avenue, New York, New York, or any other company approved by the Lender from time to time as the commercial manager of a Vessel, which approval shall not unreasonably be withheld, and (ii) V Ships Management Ltd., an Isle of Man company with offices at Eaglehurst, Belmont Hill, Douglas, Isle of Man, or any other company approved by the Lender from time to time as the technical manager of a Vessel, which approval shall not unreasonably be withheld.

"Approved Manager's Undertakings" means each of the undertakings made or to be made by an Approved Manager in favor of the Lender in respect of a Vessel and in substantially the form of Exhibit H (as amended from time to time in accordance with its terms).

"Assignments of Earnings" means each of the first priority assignments of earnings made or to be made by a Guarantor in favor of the Lender in respect of a Vessel and in substantially the form of Exhibit F (as amended from time to time in accordance with its terms).

"Assignments of Insurances" means each of the first priority assignments of insurances made or to be made by a Guarantor in favor of the Lender in respect of a Vessel and in substantially the form of Exhibit G (as amended from time to time in accordance with its terms).

"Available Free Cash" means, for any Accounting Period, (i) EBITDA less Interest Expenses for such Accounting Period, minus (ii) a reasonable reserve for drydocking and maintenance for all Vessels during the twelve months following such Accounting Period, plus (iii) the amount of any non-cash charges relating to compensation payable to management of the Borrower pursuant to the limited liability company agreement of Eagle Ventures.

"Borrower" has the meaning specified in the recital hereof.

"Business Day" means a day of the year on which dealings are carried on in the London interbank market and banks are open for business in London and not required or authorized to close in New York City.

"Cash Pooling Deeds" means each of the deeds containing, among other things, instructions regarding an Operating Account made or to be made by the Borrower and the relevant Guarantor in favor of the Lender in substantially the form of Exhibit D (as amended from time to time in accordance with its terms).

"Change of Control" means the occurrence of any of the following: (a) the Borrower ceases directly to own one hundred percent (100%) of the membership interests of each of the Guarantors, or (b) a Person or group (as such term is defined in Section 13(d) (3) of the Securities Exchange Act of 1934, as amended) other than Kelso & Company shall at any time become the owner, directly or indirectly, beneficially or of record, of shares representing more than 30% of the outstanding voting or economic equity interests of the Borrower and such Person or group shall at such time own more shares of the Borrower than Kelso &

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Company, or (c) the board of directors of the Borrower ceases to consist of a majority of the existing directors who constitute the board of directors as of the date hereof or directors nominated by such existing directors or Kelso & Company, or (d) Sophocles Zoullas shall cease to be the chief executive officer of the Borrower.

"Classification Society" means in respect of any Vessel, Bureau Veritas, Det norske Veritas, Nippon Kaiji Kyokai or, in any case, such other classification society as is selected by the Borrower with the prior consent of the Lender.

"Collateral" means all "Collateral" referred to in the Collateral Documents and all other property that is or is intended to be subject to any Lien in favor of the Lender.

"Collateral Documents" means (a) this Agreement (where the context so admits), (b) the Account Charges, (c) the Master Agreement Security Deed, (d) the Mortgages, (e) the Assignments of Earnings, (f) the Assignments of Insurances, (g) the Approved Manager's Undertakings, (h) the Security Interest Deed, and (i) any other document that provides for the guarantee of the obligations of any Person under any Loan Document or that creates, or purports to create, a Lien in favor of, or for the benefit of, the Lender.

"Commitment" means, at any time, the maximum sum available to be advanced at such time by the Lender to the Borrower pursuant to Section 2.01 of this Agreement, as such amount may be reduced from time to time pursuant to Sections 2.05, 2.10, 2.11 or 8.01.

"Commitment Period" has the meaning specified in Section 2.01.

"Commitment Termination Date" means (i) the tenth anniversary of the Effective Date or, if such day is not a Business Day, the next succeeding Business Day, provided that, if such succeeding Business Day would fall in the next following calendar month, the Commitment Termination Date shall be the immediately preceding Business Day, or (ii) such earlier day as the Commitment shall have been canceled in full pursuant to the provisions of this Agreement.

"Compliance Certificate" means, as of any relevant date, a certificate of the chief financial officer of the Borrower which sets forth the calculations required to establish whether the Borrower was in compliance with the provisions of Article VI as of such date in substantially the form of Exhibit J.

"Consolidated Debt" means, in respect of an Accounting Period, the aggregate amount of Debt due by the members of the Group (other than any such Debt owing by any member of the Group to another member of the Group) as stated in the then most recent Accounting Information.

"Credit Agreement Supplement" means a supplement to this Agreement made or to be made by an Additional Guarantor by which it becomes a Guarantor hereunder, substantially the form of Exhibit I (as amended from time to time in accordance with its terms).

"Current Assets" means, in respect of each Accounting Period on a consolidated basis for the Group, the aggregate of the cash and marketable securities, trade and other receivables from persons other than a member of the Group realizable within one year, inventories and prepaid expenses which are to be charged to income within one year less any doubtful debts and any discounts or allowances given as stated in the then most recent Accounting Information.

"Debt" means in relation to any member of the Group (the "debtor"):

- (a) Financial Indebtedness of the debtor;

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(b) liability for any credit to the debtor from a supplier of goods or services or under any instalment purchase or payment plan or other similar arrangement;

(c) contingent liabilities of the debtor (including without limitation any taxes or other payments under dispute) which have been or, under GAAP, should be recorded in the notes to the Accounting Information;

(d) deferred tax of the debtor; and

(e) liability under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person who is not a member of the Group which would fall within (a) to (d) if the references to the debtor referred to the other person.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Delivered Vessels" means, collectively, the vessels described in Schedule II hereto.

"Dollars" and the sign "\$" each means lawful money of the United States of America.

"Drawdown Date" means each requested date for the borrowing of an Advance, which shall not be later than the Commitment Termination Date.

"Eagle Ventures" means Eagle Ventures LLC, a Marshall Islands limited liability company.

"Early Termination Date" has the meaning ascribed thereto in Section 14 of the Master Agreement.

"EBITDA" means, in respect of an Accounting Period, the aggregate amount of consolidated pre-tax profits of the Group before extraordinary or exceptional items, depreciation, interest, rentals under finance leases and similar charges payable as stated in the then most recent Accounting Information.

"Effective Date" means the first date on which the conditions precedent set forth in Section 3.01 shall be satisfied (or waived in writing by the Lender).

"Environmental Action" means any administrative, regulatory or judicial action, suit, demand, demand letter, claim, notice of non-compliance or violation, investigation, proceeding, consent order or consent agreement based upon or arising out of any Environmental Law including without limitation (a) any claim by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions, or fines, penalties or damages pursuant to any Environmental Law, and (b) any claim by any third party seeking damages, contribution, or injunctive relief arising from alleged injury or threat of injury to health, safety or the environment.

"Environmental Laws" means any and all applicable federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous

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substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

"Environmentally Sensitive Material" means oil, oil products, any other substance which is polluting, toxic or hazardous or any substance the release of which into the environment is regulated, prohibited or penalized by or pursuant to any Environmental Law.

"Event of Loss", means any of the following events: (x) the actual or constructive total loss or the agreed or compromised total loss of a Vessel; or (y) the capture, condemnation, confiscation, requisition (excluding any requisition for hire for a fixed period not in excess of ninety (90) days), purchase, seizure or forfeiture of, or any taking of title to, a Vessel. An Event of Loss shall be deemed to have occurred (i) in the event of an actual loss of a Vessel, at noon Greenwich Mean Time on the date of such loss or if that is not known on the date which such Vessel was last heard from; (ii) in the event of damage which results in a constructive or compromised or arranged total loss of a Vessel, at noon Greenwich Mean Time on the date of the event giving rise to such damage; or (iii) in the case of an event referred to in clause (y) above, at noon Greenwich Mean Time on the date on which such event is expressed to take effect by the Person making the same. Notwithstanding the foregoing, if the relevant Vessel shall have been returned to the relevant Borrower following any capture, requisition or seizure referred to in clause (y) above prior to the date upon which payment is required to be made under Section 2.04(c), no Event of Loss shall be deemed to have occurred by reason of such capture, requisition or seizure.

"Events of Default" has the meaning specified in Section 8.01.

"Existing Credit Agreement" has the meaning specified in the Preliminary Statements hereof.

"Fair Market Value" means, in relation to any Vessel, the fair market value of such Vessel determined by means of a valuation made (at the expense of the Borrower) at any relevant time by an Approved Broker. Such valuation shall be made with or without physical inspection of such Vessel (as the Lender may require), on the basis of a sale for prompt delivery for cash at arms' length on normal commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contracts of employment, and shall be conclusive evidence of the fair market value of such Vessel at the date of such valuation.

"Financial Indebtedness" means, in relation to any member of the Group (the "debtor"), a liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;

(d) under a financial lease, a deferred purchase consideration arrangement (in each case, other than in respect of assets or services obtained on normal commercial terms in the ordinary course of business) or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

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(e) under any foreign exchange transaction, interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or

(f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within (a) to (e) if the references to the debtor referred to the other person.

"GAAP" means accounting principles, concepts, bases and policies generally adopted and accepted in the United States of America consistently applied.

"Group" means the Borrower and its Subsidiaries (whether direct or indirect and including, but not limited to, the Guarantors) from time to time and "member of the Group" shall be construed accordingly.

"Guaranteed Obligations" has the meaning specified in Section 5.01.

"Guarantors" means, collectively, the Initial Guarantors and each Additional Guarantor, if any, and "Guarantor" means any of them as the context may require.

"Guaranty" means the joint and several guaranty of the Guarantors provided in Article V as supplemented by each Credit Agreement Supplement executed and delivered from time to time.

"Indemnified Party" has the meaning specified in Section 9.04(c).

"Initial Guarantors" has the meaning specified in the recital hereto.

"Interest Expenses" means, in respect of an Accounting Period, the aggregate on a consolidated basis of all interest incurred by any member of the Group (excluding any amounts owing by one member of the Group to another member of the Group) and any net amounts payable under interest rate hedge agreements.

"Interest Period" means, in relation to each Advance (or any relevant portion thereof), (x) in the case of the first such period, the period commencing on the Drawdown Date for such Advance (or any relevant portion thereof) and ending on the last day of the period selected by the Borrower pursuant to the provisions below and (y) thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be three, six or twelve months (or such other period as may be requested by the Borrower and consented to by the Lender so as to ensure that the Commitment Termination Date is the last day of an Interest Period) as the Borrower may, upon notice received by the Lender not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select or request; provided, however, that:

(a) the Borrower may not select any Interest Period that ends after (A) any Scheduled Commitment Reduction Date, unless the aggregate outstanding principal amount of Advances which have Interest Periods which end or are deemed to end after such Scheduled Commitment Reduction Date will not exceed the aggregate amount of the Lender's Commitment on such Scheduled Commitment Reduction Date or (B) the Commitment Termination Date;

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(b) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;

(c) whenever the first day of any Interest Period occurs on a day in a calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month;

(d) any notice given by the Borrower selecting the duration of an Interest Period shall be irrevocable and, if the Borrower fails to select an Interest Period then, subject as provided herein, the Borrower shall be deemed to have selected an Interest Period of three (3) months; and

(e) the Lender, in its sole and absolute discretion, is satisfied that deposits in Dollars for a period equal to such Interest Period will be available to the Lender in the London Interbank Market at the commencement of such Interest Period and, if the Lender is not so satisfied, such Interest Period shall be of such duration as the Lender and the Borrower shall agree (or, in the absence of such agreement, as the Lender shall specify).

"ISM Code" means in relation to its application to each Guarantor, any relevant Approved Manager, each Vessel and its operation, the International Safety Management Code (including the guidelines on its implementation) adopted by the International Maritime Organization ("IMO") as Resolution A.741(18) and Resolution A.913(22) (superseding Resolution A.788(19)), as the same may be amended, supplemented or replaced from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the meanings specified in the ISM Code).

"ISPS Code" means in relation to its application to each Guarantor, any relevant Approved Manager, each Vessel and its operation, the International Ship and Port Facility Security Code constituted pursuant to resolution A.924(22) of the IMO adopted by a Diplomatic Conference of the IMO on Maritime Security on 13 December 2002 and now set out in Chapter XI-2 of the Safety of Life at Sea Convention (SOLAS) 1974 (as amended).

"Kelso & Company" means, collectively, Kelso & Company, L.P., a Delaware limited partnership, and its Affiliates.

"Lender" has the meaning ascribed thereto in the recital hereof.

"Lender's Account" means the account of the Lender maintained by the Lender with American Express Bank Limited, 3 World Financial Center, 23rd Floor, New York, New York 10285-2300, Account No. 00261123, SWIFT: AEIBUS33, or such other account as may from time to time be notified by the Lender to the Borrower.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor.

"Loan Documents" means this Agreement, the Master Agreement, the Cash Pooling Deeds, the Note and the Collateral Documents.

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"Mandatory Cost Rate" means the percentage rate which represents the cost to the Lender, relative to the Advances, of compliance with the requirements of the Bank of England, the Financial Services Authority or any other regulatory authority, as determined by the Lender in accordance with the formula detailed in Schedule I hereto.

"Margin Stock" has the meaning specified in Regulation U of the Board of Governors of the Federal Reserve System and any successor regulations thereto, as in effect from time to time.

"Master Agreement" means the Master Agreement (on the 1992 ISDA (Multicurrency-Cross Border) form as amended) dated as of June 28, 2005 between the Borrower and the Lender pursuant to which the Borrower and the Lender may enter into one or more interest rate swap transactions to hedge the Borrower's exposure under this Agreement to interest rate fluctuations, and includes all transactions from time to time entered into and confirmations from time to time exchanged under such Master Agreement, and any amending, supplementing or replacement agreements made from time to time.

"Master Agreement Security Deed" means the deed dated July 7, 2005 made by the Borrower in favor of the Lender containing, among other things, a charge in respect of the Master Agreement (as amended from time to time in accordance with its terms).

"Material Adverse Effect" means, with respect to any Person, a material adverse effect upon (a) the condition (financial or otherwise), operations, assets or business of such Person and its Subsidiaries, taken as a whole, (b) the ability of such Person to perform any of its material obligations under any Loan Document to which it is a party, or (c) the material rights and remedies of the Lender under any Loan Document to which such Person is a party.

"Memorandum of Agreement" means, in relation to an Additional Vessel, a memorandum of agreement executed by the owner of such Vessel, as seller, and a Guarantor, as buyer, providing for the purchase by such Guarantor of such Vessel (as amended from time to time in accordance with its terms).

"Mortgage" means each of the first preferred mortgages made or to be made by a Guarantor in favor of the Lender in respect of a Vessel and in substantially the form of Exhibit E, as the same may be amended in accordance with this Agreement (as amended from time to time in accordance with its terms).

"Note" means the promissory note of the Borrower payable to the order of the Lender, in substantially the form of Exhibit B hereto, evidencing the aggregate indebtedness of the Borrower to the Lender resulting from the Advances made or to be made by the Lender.

"Notice of Drawdown" has the meaning specified in Section 2.03(a).

"Obligors" means, collectively, the Borrower and the Guarantors, and "Obligor" means any of them as the context may require.

"Operating Accounts" means each of the accounts opened or to be opened in the name of a Guarantor with the Lender (or such other account with any other branch of the Lender or with a bank or financial institution other than the Lender (whether associated with the Lender or not) substituted therefor pursuant to this Agreement).

"Other Taxes" has the meaning specified in Section 2.13(b).

"Permitted Encumbrances" has the meaning specified in the Mortgages.

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"Person" means an individual, partnership, corporation (including a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"RBS LIBOR" means, for any Interest Period, the rate per annum at which deposits in Dollars in an amount approximately equal to the Advances (or any relevant portion thereof) are (or would have been) offered by the Lender to leading banks in the London Interbank Dollar Market at or about 11:00 a.m. (London time) on the second Business Day prior to the commencement of such Interest Period for a period equal to such Interest Period and for delivery on the first Business Day thereof.

"Relevant Interest Rate" means RBS LIBOR, or, in the case where a Transaction is to be, or has been entered into under the Master Agreement and the Borrower has not made an election pursuant to Section 2.06(d), TELERATE.

"Relevant Percentage" means, in relation to any Vessel that is sold or becomes the subject of an Event of Loss, a fraction (expressed as a percentage, rounded up to the nearest tenth of a percent) where (i) the numerator is the Fair Market Value of the Vessel sold or lost, and (ii) the denominator is the aggregate amount of the Fair Market Values of all Vessels (including the Vessel sold or lost) subject to a Mortgage immediately prior to such sale or loss, in each case determined on the basis of the most recent valuation delivered pursuant to Section 3.02(c)(iv) or Section 7.01(l).

"Scheduled Commitment Reduction Date" means the sixth anniversary of the Effective Date and each day every six (6) months thereafter until and including the Commitment Termination Date or, if any such day is not a Business Day, the next succeeding Business Day, provided that, if such succeeding Business Day would fall in the next following calendar month, the Scheduled Commitment Reduction Date shall be the immediately preceding Business Day.

"Securities and Exchange Commission" shall mean the United States Securities and Exchange Commission or any other governmental authority of the United States of America at the time administering the Securities Act of 1933, as amended, the Investment Company Act of 1940, as amended, or the Securities Exchange Act of 1934, as amended.

"Security Interest Deed" means the deed to be made by the Borrower and the Guarantors in favor of the Lender containing, among other things, a charge in respect of the Designated Account of the Borrower with the Lender described therein and in substantially the form of Exhibit K (as amended from time to time in accordance with its terms).

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subsidiary" of any Person means any corporation, limited liability

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company, partnership, joint venture, trust or estate or other entity of which (or in which) more than 50% of (a) the voting stock or membership interests of such corporation or company, (b) the interest in the capital or profits of such partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Tangible Fixed Assets" means, in respect of an Accounting Period, the value (less depreciation computed in accordance with GAAP) on a consolidated basis of all tangible fixed assets of the Group as stated in the then most recent Accounting Information; provided that, for the purposes of determining compliance with the covenants set forth in Article VI, the amount of Tangible Fixed Assets attributable to the Vessels shall be equal to the aggregate market value of the Vessels (as determined by an independent London shipbroker acceptable to the Lender) rather than the value of the Vessels as stated in the then most recent Accounting Information.

"Taxes" has the meaning specified in Section 2.13(a).

"TELERATE" means, for any Interest Period:

(a) the rate per annum equal to the offered quotation for deposits in Dollars for a period equal to, or as near as possible equal to, that Interest Period or other relevant period which appears on REUTERS BBA Page LIBOR 01 at or about 11:00 a.m. (London time) on the second Business Day prior to the commencement of that Interest Period or other period (and, for the purposes of this Agreement, "REUTERS BBA Page LIBOR 01" means the display designated as "REUTERS BBA Page LIBOR 01" on the Reuters Money News Service or such other page as may replace REUTERS BBA Page LIBOR 01 on that service for the purpose of displaying rates comparable to that rate or on such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for Dollars); or

(b) if no rate is quoted on REUTERS BBA Page LIBOR 01, the rate per annum determined by the Lender to be the rate per annum which leading banks in the London Interbank Market offer for deposits in Dollars in the London Interbank Market at or about 11:00 a.m. (London time) on the second Business Day prior to the commencement of that Interest Period or other period for a period equal to that Interest Period or other period and for delivery on the first Business Day of it.

"Total Assets" means, in respect of an Accounting Period, the aggregate of Current Assets and Tangible Fixed Assets.

"Transaction" has the meaning ascribed thereto in the introductory paragraph of the Master Agreement.

"Vessels" means, collectively, the Delivered Vessels and the Additional Vessels, and everything belonging to each such vessel, and, in the case of each Additional Vessel, to be purchased by a Guarantor, and in each case registered or to be registered by such Guarantor in its ownership under the laws and flag of the Republic of the Marshall Islands, and "Vessel" means any of them as the context may require.

"Working Capital Advances" has the meaning specified in Section 2.01(b).

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SECTION 1.02. Interpretation. When used in this Agreement, (i) the words "herein", "hereof" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any provision of this Agreement, and the words "Article", "Section", "Schedule" and "Exhibit" shall refer to Articles and Sections of, and Schedules and Exhibits to, this Agreement unless otherwise specified and (ii) whenever the context so requires, the neuter gender includes the masculine or feminine, the masculine gender includes the feminine, and the singular number includes the plural, and vice versa.

SECTION 1.03. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.04. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Commitment. The Lender agrees, on the terms and conditions hereinafter set forth, to make available advances (each an "Advance") to the Borrower from time to time on any Business Day during the period from the Effective Date until the Commitment Termination Date (the "Commitment Period") in an aggregate amount not to exceed at any time an aggregate principal amount of \$450,000,000 as follows:

(a) Effective as of the Effective Date, all "Advances" outstanding under the Existing Credit Agreement shall automatically be deemed Advances made and outstanding hereunder;

(b) Up to an aggregate principal amount of \$15,000,000, in one or more Advances for working capital purposes (collectively, the "Working Capital Advances"); and

(c) The balance of the Commitment, after deducting the aggregate principal amount of all Advances outstanding as of the date of any Notice of Drawdown, in one or more Advances, whereof each such Advance shall be applied by the Borrower to assist a Guarantor to finance a portion of the purchase price of an Additional Vessel under the relevant Memorandum of Agreement, and shall be an amount which, together with all other Advances of the Commitment then outstanding, shall not exceed seventy-five percent (75%) of the aggregate amount of the Fair Market Values of all Vessels which would be subject to a Mortgage immediately after the making of such Advance (determined on the basis of the most recent valuation for each Vessel delivered pursuant to Section 3.02(c)(iv)).

Within the limits of the Commitment, and of Section 2.02, the Borrower may borrow under this Section 2.01, repay pursuant to Section 2.04 and reborrow under this Section 2.01.

SECTION 2.02. Additional Vessels. Where the Borrower wishes to borrow an Advance other than a Working Capital Advance in relation to the proposed purchase of a vessel by a Guarantor, the Borrower shall notify the Lender (i) the name of such vessel (ii) the general description and deadweight tonnage (which shall be between 25,000 and 85,000 deadweight tons), (iii) the age of such vessel (which shall not be greater than ten years at the time of delivery to such Guarantor), (iv) the identity of the current owner, (v) the identity of the Guarantor, (vi) the purchase price of such vessel paid or to be paid by such Guarantor, and (vii) such further information as the Lender may require. If available, the Borrower shall also provide the Lender with a true and complete

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copy of the relevant Memorandum of Agreement for such vessel. The Lender shall, as soon as reasonably practical, notify the Borrower of the Lender's acceptance or rejection of such vessel for the purposes of an Advance, which acceptance or rejection shall be in the absolute discretion of the Lender.

SECTION 2.03. Drawdown. (a) Each Advance shall be made on notice given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the proposed Drawdown Date by the Borrower to the Lender. Each such notice of drawdown (a "Notice of Drawdown") shall be in writing, in substantially the form of Exhibit A hereto, specifying therein (i) the requested Drawdown Date, which shall be a Business Day during the Commitment Period, (ii) the aggregate principal amount of the Advance requested on such Drawdown Date, and if it is a Working Capital Advance, (iii) the duration of the initial Interest Period applicable to such Advance, and (iv) the recipients (including payment instructions) of the proceeds of such Advance. Upon fulfillment of the applicable conditions set forth in Article III, the Lender will make such funds available to, or for the account of, the Borrower according to the payment instructions set forth in the Notice of Drawdown. Each Advance shall be \$5,000,000 (\$1,000,000 in the case of any Working Capital Advance) or an integral multiple of \$1,000,000 in excess thereof.

(b) Each Notice of Drawdown shall be irrevocable and binding on the Borrower. The Borrower shall indemnify the Lender against any loss, cost or expense incurred by the Lender as a result of any failure to fulfill on or before the Drawdown Date specified in any Notice of Drawdown the applicable conditions set forth in Article III, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by the Lender to fund the Advance to be made by the Lender on such Drawdown Date when such Advance, as a result of such failure, is not made on such date.

SECTION 2.04. Repayment. (a) On any day on which the aggregate principal amount of the Advances exceeds the aggregate amount of the Lender's Commitment, the Borrower shall repay the principal amount of Advances in an amount equal to such excess.

(b) The Borrower shall repay in full all outstanding Advances immediately upon the occurrence of a Change of Control.

(c) In addition to, and without limitation of, the provisions of Section 7.01(1), on (i) the date of any transfer of title of a Vessel by the relevant Guarantor, and (ii) the earlier of (A) the date which is one hundred fifty (150) days following an Event of Loss of a Vessel, and (B) the date of receipt by the relevant Guarantor, the Borrower or the Lender of the insurance proceeds relating to such Event of Loss, the Borrower shall repay the Advances in an amount equal to the Relevant Percentage of the Advances outstanding immediately prior to such sale or Event of Loss.

(d) The Borrower may, upon not less than fourteen (14) Business Days' notice to the Lender identifying the Advance to be prepaid in whole or in part and stating the proposed date and aggregate principal amount of such prepayment (which notice shall be irrevocable), and if such notice is given the Borrower shall, prepay the outstanding principal amount of such Advance in whole or in part; provided, however, that each partial prepayment shall be in an aggregate principal amount not less than \$5,000,000 or an integral multiple of \$5,000,000 in excess thereof (or, if the aggregate outstanding principal amount of such Advance is less, such aggregate principal amount).

(e) Anything contained in this Agreement to the contrary notwithstanding, all then outstanding Advances shall be repaid on the Commitment Termination Date.

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(f) With respect to each repayment of Advances required by this Section 2.04, the Borrower may designate the specific Advance or Advances pursuant to which a repayment is made, provided that all Advances with Interest Periods ending on such date of required repayment shall be paid in full prior to the payment of any other Advances. In the absence of a designation by the Borrower as described in the preceding sentence, the Lender shall, subject to the preceding provisions of this subsection (g), make such designation in its sole reasonable discretion with a view, but no obligation, to minimize breakage costs owing pursuant to Section 9.04(b).

(g) Each such repayment of any Advance or relevant part thereof shall be accompanied by accrued interest to the date of such prepayment on the principal amount so repaid plus any amount payable pursuant to Section 9.04(b).

SECTION 2.05. Reduction of Commitment. (a) On each Scheduled Commitment Reduction Date prior to the Commitment Termination Date, the Lender's Commitment shall be reduced by an amount equal to \$25,000,000, and the Lender's Commitment shall be reduced to nil on the Commitment Termination Date.

(b) The Commitment shall be cancelled in full immediately upon the occurrence of a Change of Control.

(c) The Borrower may, upon not less than five (5) Business Days' notice to the Lender, terminate in whole or reduce in part the unused portion of the Commitment; provided, however, that each partial reduction of the Commitment shall be in an aggregate principal amount of \$5,000,000 or an integral multiple of \$5,000,000 in excess thereof.

SECTION 2.06. Interest. (a) Ordinary Interest. Subject to subsection (c) of this Section 2.06, the Borrower shall pay interest on the aggregate unpaid principal amount of each Advance from the relevant Drawdown Date until such principal amount shall be paid in full, at a rate per annum equal at all times during each Interest Period for such Advance to the sum of (i) the Relevant Interest Rate for such Interest Period plus (ii) the Applicable Margin in effect from time to time, plus (iii) the Mandatory Cost Rate in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three (3) months, on each day that occurs during such Interest Period every three (3) months from the first day of such Interest Period.

(b) Default Interest. The Borrower shall pay on demand interest on the unpaid principal amount of each Advance and on the unpaid amount of all interest, fees and other amounts then due and payable hereunder that is not paid when due from the due date thereof to the date paid, at a rate per annum equal at such time to two percent (2%) per annum above the rate per annum required to be paid on such Advance pursuant to clause (a) above.

(c) Interest Upon Default. Upon the occurrence and during the continuance of any Event of Default (or, in the case of any involuntary proceeding described in Section 8.01(f), a Default), the Borrower shall pay interest on the aggregate unpaid principal amount of each Advance from the date of the occurrence of such Event of Default or Default, as the case may be, until such Event of Default or Default, as the case may be, shall have been cured or waived, at a rate per annum equal to two percent (2%) per annum above the rate per annum required to be paid on such Advance pursuant to clause (a) above.

(d) Interest Rate when Transactions under Master Agreement. If a Transaction is to be entered into under the Master Agreement, the Relevant Interest Rate for each Interest Period applicable to any Advance the subject of the Transaction (commencing with the first Interest Period relating to such Transaction) shall be TELERATE unless the Borrower, by giving written notice (which shall be irrevocable) to the Lender not later than 11.00 A.M. (New York

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City time) three Business Days before the commencement of such first Interest Period, elects that the Relevant Interest Rate shall be RBS LIBOR rather than TELERATE.

SECTION 2.07. Interest Rate Determination. (a) The Lender shall calculate in relation to each Accounting Period the ratio (expressed as a percentage) (the "Advance Ratio") of (i) the aggregate amount of Advances outstanding on the first day of such Accounting Period, to (ii) the aggregate amount of the Fair Market Value of all Vessels then subject to a Mortgage and which have not become the subject of an Event of Loss, determined on the basis of valuations delivered to the Lender pursuant to Section 7.01(1) not more than twenty-one (21) days prior to the first day of such Accounting Period; provided, however, if valuations are not timely delivered for such purpose, then the aggregate amount of the Fair Market Value of all Vessels for such Accounting Period shall be deemed to be one (1); and provided further, however, that the Advance Ratio for the Accounting Period in which the Effective Date falls shall be calculated on the basis of the aggregate amount of Advances outstanding on the Effective Date and the valuation(s) delivered pursuant to Section 3.01(a) (xvii).

(b) The Lender shall give prompt notice to the Borrower of the applicable interest rate determined by the Lender for purposes of Section 2.06(a).

SECTION 2.08. Fees. (a) The Borrower agrees to pay to the Lender a non-refundable arrangement fee of \$900,000 on the date hereof.

(b) The Borrower agrees to pay to the Lender a commitment fee on the unused portion of the Lender's Commitment from the Effective Date until the Commitment Termination Date, calculated on a 360 day year basis, at a rate per annum equal to 0.25%, payable quarterly in arrears.

SECTION 2.09. Master Agreement. (a) If for any reason any Advance is not drawn down under this Agreement but nonetheless a Transaction has been entered into under the Master Agreement in relation thereto then, subject to Section 2.09(c), the Lender shall be entitled but not obliged to amend, supplement, cancel, net out, terminate, liquidate, transfer or assign all or any part of the rights, benefits and obligations created by the Master Agreement and/or to obtain or re-establish any hedge or related trading position in any manner and with any Person the Lender in its absolute discretion decides, and in the event of the Lender exercising any part of its entitlement aforesaid the Borrower's continuing obligations under the Master Agreement shall, unless agreed otherwise by the Lender, be calculated so far as the Lender considers it practicable by reference to the reduction schedule for the Commitment taking into account the fact that such Advance has not been advanced.

(b) In the case of repayment of all or part of any Advance under this Agreement or a reduction of the Commitment (whether scheduled or not) then, subject to Section 2.09(c), the Lender shall be entitled but not obliged to amend, supplement, cancel, net out, transfer or assign all or such part of the rights, benefits and obligations created by the Master Agreement which equate or relate to the Advance so repaid or prepaid or the part of the Commitment so reduced and/or to obtain or re-establish any hedge or related trading position in any manner and with any person the Lender in its absolute discretion decides, and in the case of such repayment or a partial prepayment or reduction of part of the Commitment and the Lender exercising any part of its entitlement as aforesaid the Borrower's continuing obligations under the Master Agreement shall, unless agreed otherwise by the Lender, be calculated so far as the Lender considers it practicable by reference to the reduction schedule (as it may be amended) for the Commitment taking account of the fact that more or less than the originally scheduled amount of the Commitment remains outstanding.

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(c) If either (i) less than the full amount of any Advance is drawn down under this Agreement, or (ii) more or less than the originally scheduled amount of the Commitment remains outstanding following a repayment or a reduction of the Commitment under this Agreement, and the Lender in its absolute discretion agrees, following a written request of the Borrower, that the Borrower may be permitted to maintain all or part of a Transaction in an amount not wholly matched with or linked to all or part of an Advance, the Borrower shall within ten (10) days of being notified by the Lender of such requirement provide the Lender with, or procure the provision to the Lender of, such additional security as shall in the opinion of the Lender acting reasonably be adequate to secure the performance of such Transaction, which additional security shall take such form, be constituted by such documentation, and be entered into between such parties, as the Lender in its absolute discretion may approve or require, and each document comprising such additional security shall constitute a Credit Support Document (as defined in Section 14 of the Master Agreement).

(d) The Borrower shall on the first written demand of the Lender indemnify the Lender in respect of all loss, cost and expense (including the fees of legal advisers) incurred or sustained by the Lender as a consequence of or in relation to the effecting of any matters or transactions referred to in this Section 2.09.

(e) Without prejudice to or limitation of the obligation of the Borrower under Section 2.09(d), in the event that the Lender exercises any of its rights under Section 2.09(a) or (b) and such exercise results in all or part of a Transaction being terminated, such termination shall be treated under the Master Agreement in the same manner as if it were a Terminated Transaction (as defined in Section 14 of the Master Agreement) effected by the Lender after an Event of Default by the Borrower and, accordingly, the Lender shall be permitted to recover from the Borrower payment for early termination calculated in accordance with the provisions of Section 6(e)(i) of the Master Agreement.

SECTION 2.10. Increased Costs. (a) If, due to either (i) the introduction of or any change (other than any change in the Mandatory Cost Rate) in or in the interpretation of any law or regulation or (ii) the compliance by the Lender with any guideline or request from any central bank or other governmental authority in any case introduced, changed, interpreted or requested after the date hereof (whether or not having the force of law), there shall be (x) imposed, modified or deemed applicable any reserve, special deposit or similar requirement against assets held by, or deposits in or for the account of, the Lender or (y) imposed on the Lender any other condition relating to this Agreement or the Advances, and the result of any event referred to in clause (x) or (y) shall be to increase the cost to the Lender of agreeing to make or making, funding or maintaining the Advances, then the Borrower shall from time to time, upon demand by the Lender, pay to the Lender additional amounts sufficient to compensate the Lender for such increased cost; provided, however, that, before making any such demand, the Lender agrees to use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different lending office for making and maintaining the Advances if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of the Lender, be otherwise disadvantageous to the Lender. A certificate as to the amount of such increased cost, submitted to the Borrower by the Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If the Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental or monetary authority in regard to capital adequacy (whether or not having the force of law), in any case in which such law, regulation, guideline or request became effective or was made after the date hereof, has or would have the effect of reducing the rate of return on the capital of, or maintained by, the Lender

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or any corporation controlling the Lender as a consequence of the Lender's Commitment or the Advances hereunder and other commitments of such type, by increasing the amount of capital required or expected to be maintained by the Lender or any corporation controlling the Lender, to a level below that which the Lender or any corporation controlling the Lender could have achieved but for such adoption, effectiveness, change or compliance (taking into account the Lender's or such corporation's policies with respect to capital adequacy) then the Borrower shall, from time to time, pay the Lender, upon demand by the Lender, such additional amount as may be specified by the Lender as being sufficient to compensate the Lender for such reduction in return, to the extent that the Lender reasonably determines such reduction to be attributable to the existence of the Lender's commitment to lend hereunder; provided however, that before making such demand, the Lender agrees to use its best efforts (consistent with its internal policy and legal and regulatory restrictions) to enter into consultations with the Borrower in good faith and without prejudice to the rights of the Lender under this Agreement and the other Loan Documents with regard to the impact of such law, regulation, guideline or request and the amount of compensation required by the Lender as aforesaid. A certificate as to such amounts submitted to the Borrower by the Lender shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.11. Illegality. Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for the Lender to perform its obligations hereunder to make the Advances or to fund or maintain the Advances or any portion thereof hereunder, then, upon written notice by the Lender to the Borrower, the Lender and the Borrower shall negotiate in good faith to agree on terms for the Lender to continue the Advances or any portion thereof on a basis which is not unlawful. If no agreement shall be reached between the Borrower and the Lender within a period which in the sole discretion of the Lender is reasonable, the Lender shall be entitled to give notice to the Borrower that the obligation of the Lender to make or maintain the Advances or any portion thereof shall be forthwith terminated and the amount of the Lender's Commitment shall be reduced accordingly, and thereupon the aggregate outstanding principal amount of the Advances or any relevant portion thereof shall become due and payable in full, together with accrued interest thereon and other sums payable hereunder, and such amounts as the Borrower shall be obligated to reimburse the Lender pursuant to Section 9.04(b) if earlier prepayment is required by any law, regulation and/or regulatory requirement; provided, however, that, before making any such demand, the Lender shall designate a different lending office for monitoring the Advances if the making of such a designation would avoid the need for giving such notice and demand and would not, in the judgment of the Lender, be otherwise disadvantageous to the Lender.

SECTION 2.12. Payments and Computations. (a) The Borrower shall make each payment hereunder and under the Note not later than 11:00 A.M. (New York City time) on the day when due in Dollars to the Lender at the Lender's Account in same day funds. Partial payments of overdue amounts in respect of fees, expenses, interest and/or principal shall (unless specifically provided for elsewhere herein or in any other Loan Document) be applied to the payment of such overdue fees, expenses, interest and/or principal, as the case may be, in such order as the Lender may determine.

(b) The Borrower hereby authorizes the Lender, if and to the extent payment of principal, interest or fees owed to the Lender is not made when due hereunder or under the Note, to charge from time to time against any or all of the accounts of the Borrower with the Lender any amount so due.

(c) All computations of interest shall be made by the Lender, on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest

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is payable. Each determination by the Lender of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Note shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, if such extension would cause payment of interest on or principal of the Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

SECTION 2.13. Taxes. (a) All payments by the Borrower of principal of, and interest on, the Advances, the Note and all other amounts payable by the Borrower hereunder shall be made free and clear of, and without deduction or withholding for or on account of any present or future income or franchise taxes and other taxes, fees, levies, duties, withholdings or other charges of any nature whatsoever now or hereafter imposed, withheld, collected or assessed by any taxing authority, but excluding (such non-excluded items being called "Taxes"), in the case of the Lender, (i) net income, capital, doing business, and franchise taxes imposed on the Lender by the jurisdiction under the laws of which the Lender is organized or any political subdivision or taxing authority thereof or therein, or by any jurisdiction in which the Lender's lending office with respect to this Agreement is located, as the case may be, or any political subdivision or taxing authority thereof or therein; and (ii) any taxes, fees, levies, duties, withholdings or other charges that would not have been imposed but for the failure of the Lender to comply with any certification, identification or other similar requirement with which the Lender is in its reasonable judgment eligible to comply, to establish entitlement to exemption from such tax. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under the Note to the Lender, (i) the sum payable shall be increased as may be necessary so that after making all required deductions of Taxes (including deductions of Taxes applicable to additional sums payable under this Section 2.13) the Lender receives an amount equal to the sum it would have received had no such deductions of Taxes been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law; provided, however, that the Lender shall designate a different lending office for making or maintaining the Advances if, in the judgment of the Lender, such designation would avoid the need for, or reduce the amount of, any Taxes required to be deducted from or in respect of any sum payable hereunder to the Lender and would not, in the judgment of the Lender, be otherwise disadvantageous to the Lender.

(b) In addition, the Borrower agree to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Note or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Note (hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify the Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.13) paid by the Lender and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 45 days from the date the Lender makes written demand therefor.

(d) Within 30 days (or as soon thereafter as available) after the date of any payment of Taxes under this Section 2.13, the Borrower will furnish to the Lender, at its address referred to in Section 9.02, appropriate evidence of payment thereof.

(e) The Lender shall, on or prior to the Effective Date and from time

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to time thereafter if requested in writing by the Borrower (but only so long as the Lender is and remains lawfully able to do so), provide the Borrower with two duly completed copies of Internal Revenue Service Form W-8BEN or W-8ECI, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that the Lender is entitled to benefits under an income tax treaty to which the United States is a party that reduces the rate of withholding tax on payments under this Agreement or the Note or certifying that the income receivable pursuant to this Agreement or the Note is effectively connected with the conduct of a trade or business in the United States.

(f) For any period with respect to which the Lender has failed to provide the Borrower with the appropriate forms described in subsection (e) above (other than if such failure is due to a change in law occurring after the date on which the Lender was originally required to provide such forms, or if such forms are otherwise not required under subsection (e) above), the Lender shall not be entitled to increased payments or indemnification under subsection (a) or (c) above with respect to Taxes imposed by the United States; provided, however, that should the Lender become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes if, in the judgment of the Borrower such steps would avoid the need for, or reduce the amount of, any Taxes required to be deducted from or in respect of any sum payable hereunder to the Lender and would not, in the judgment of the Borrower, be disadvantageous to the Borrower.

(g) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.13 shall survive the payment in full of principal and interest hereunder and under the Note.

ARTICLE III

CONDITIONS OF EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness. The amendment and restatement of the Existing Credit Agreement pursuant hereto shall become effective on and as of the first date (the "Effective Date") not later than July 31, 2006 on which all the following conditions precedent shall have been satisfied (or waived in writing by the Lender):

(a) the Lender shall have received, in form and substance satisfactory to the Lender (unless otherwise specified):

(i) certified copies of the resolutions of the board of directors of the Borrower approving (for itself and as sole member of each Initial Guarantor) this Agreement and each other document contemplated hereby to which any Obligor is or is to be a party, and of all documents evidencing other necessary corporate or company action and governmental approvals of each Obligor, if any, with respect to this Agreement and other documents to which it is or is to be a party;

(ii) a certificate of an officer of the Borrower (for itself and as sole member of each Initial Guarantor, as the case may be) certifying the names and true signatures of the respective officers and attorneys-in-fact of each Obligor authorized to sign this Agreement and each other document contemplated thereby to which it is or is to be a party;

(iii) a copy of the articles of incorporation and by-laws, or certificate of formation and limited liability company agreement, as the case may be, of each Obligor and each amendment thereto,

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certified (as of a date reasonably near the Effective Date) by an officer of the Borrower (for itself or as sole member of each Initial Guarantor, as the case may be) as being a true and correct copy thereof;

(iv) a copy of a certificate of goodstanding of each Obligor dated as of a date reasonably near the Effective Date, certifying that such Obligor is duly formed and in good standing under the laws of its jurisdiction of incorporation;

(v) a written confirmation from the Borrower as to which individuals are authorized to give verbal and/or written instructions to the Lender on behalf of the Borrower in respect of the selection of any Interest Period pursuant to this Agreement;

(vi) a certificate of an officer of the Borrower (for itself and as sole member of each Guarantor), dated as of the Effective Date (the statements made in such certificate shall be true on and as of the Effective Date), certifying as to (A) the veracity of the representations and warranties of the Obligors contained in this Agreement mutatis mutandis on and as of the Effective Date, unless such representation or warranty shall expressly relate to a different date, and (B) the absence of any event occurring and continuing that constitutes a Default;

(vii) a satisfactory review by the Lender's counsel of the equity structure of the Borrower, including confirmation that the rights of equity holders of the Borrower shall be legally or effectively subordinated to the right of the Lender to payment of any and all amounts due to the Lender under this Agreement, the Note and the Security Documents;

(viii) the Note evidencing the Advances dated the date of the Effective Date, duly executed by the Borrower to the order of the Lender;

(ix) the Security Interest Deed, duly executed by the Borrower and the Initial Guarantors;

(x) an amendment to each Mortgage relating to a Delivered Vessel, duly executed by the relevant Initial Guarantor;

(xi) evidence of insurance in respect of each of the Delivered Vessels naming the Lender as loss payee and, if required by the Lender, as co-assured with such responsible and reputable insurance companies or associations, and in such amounts and covering such risks, as is required pursuant to the relevant Mortgages;

(xii) a favorable opinion from an independent insurance consultant acceptable to the Lender on such matters relating to the insurances for each of the Delivered Vessels as the Lender may require;

(xiii) a Certificate of Ownership and Encumbrance issued by the maritime administrator for the Marshall Islands (or other relevant authority) stating that each of the Delivered Vessels is owned by the relevant Initial Guarantor and that there are on record no Liens on such Delivered Vessel except the relevant Mortgage as amended in accordance herewith;

(xiv) evidence of the completion of all other recordings and filings of, or with respect to, the Collateral Documents executed in

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connection with the making of the first Advance that the Lender may deem necessary or desirable in order to perfect and protect the Liens created thereby, including under the Uniform Commercial Code of New York (or such other jurisdiction where the relevant Initial Guarantor and/or any Collateral may be located);

(xv) a copy of a certificate duly issued by the Classification Society, dated within seven (7) days of the Effective Date, to the effect that each of the Delivered Vessels has received the highest classification and rating for vessels of the same age and type, free of all recommendations and notations of the Classification Society affecting class;

(xvi) evidence that each of the Delivered Vessels will, as from the Effective Date, be managed by an Approved Manager on terms acceptable to the Lender, together with copies of the Document of Compliance and Safety Management Certificate issued pursuant to the ISM Code in respect of such Delivered Vessel;

(xvii) one or more valuation(s), each dated no more than twenty one (21) days prior to the date of delivery to the Lender, addressed to the Lender (at the expense of the Borrower) by an Approved Broker indicating the Fair Market Value of each of the Delivered Vessels;

(xviii) such other certificates relating any of the Delivered Vessels, or the operation thereof, as may be reasonably requested by the Lender;

(xix) a favorable opinion of Messrs. Seward & Kissel LLP, counsel for the Obligors, in respect of the Loan Documents executed on or before the Effective Date and as to such other matters as the Lender may reasonably request addressed to the Lender in form and substance satisfactory to the Lender;

(xx) a favorable opinion of Watson, Farley & Williams, counsel for the Lender, addressed to the Lender and in form and substance satisfactory to the Lender; and

(xxi) such documents and evidence as the Lender shall require, based on applicable law and regulations and the Lender's own internal guidelines, relating to the Lender's knowledge of its customers.

(b) The Obligors shall have paid all accrued and unpaid fees of the Lender under the Existing Credit Agreement.

(c) The Obligors shall have paid all accrued and unpaid fees of the Lender in connection herewith which are payable on or prior to the Effective Date.

SECTION 3.02. Conditions Precedent to Each Advance for Additional Vessels. The obligation of the Lender to make an Advance in relation to any Additional Vessel is subject to the following conditions precedent having been satisfied (or waived in writing by the Lender) on or prior to the relevant Drawdown Date (for purposes of this Section 3.02, "relevant Advance" means, in relation to an Additional Vessel, the Advance to be used to assist in financing such Vessel, "relevant Vessel" refers to the Additional Vessel to be financed by the relevant Advance, and "relevant Guarantor" refers to the Guarantor acquiring the relevant Vessel):

(a) the amount of the relevant Advance shall not exceed the purchase

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price of such Vessel under the Memorandum of Agreement for such Vessel;

(b) the amount of the relevant Advance shall not exceed the amount permitted for such Advance under Section 2.01(c);

(c) the Lender shall have received on or before the relevant Drawdown Date the following, each dated as of such Drawdown Date (unless otherwise specified), in form and substance satisfactory to the Lender (unless otherwise specified):

(i) if the relevant Guarantor is an Additional Guarantor, a Credit Agreement Supplement duly executed by such Additional Guarantor;

(ii) if the relevant Guarantor is an Additional Guarantor, documentation respecting such Additional Guarantor specified mutatis mutandis in Section 3.01(a)(i), (ii), (iii) and (iv);

(iii) a copy of the Memorandum of Agreement (together with all amendments and addenda thereto) for such Additional Vessel, duly executed by the relevant Guarantor and the relevant seller, together with evidence of any address or similar commission arrangements, all of which shall be on terms acceptable to the Lender (certified by an officer of the Borrower to be a true, correct and complete copy thereof);

(iv) one or more valuation(s), each dated no more than twenty one (21) days prior to the date of delivery to the Lender, addressed to the Lender (at the expense of the Borrower) by an Approved Broker indicating the Fair Market Value of each of the Vessels and the relevant Vessel;

(v) such evidence as the Lender and its counsel shall require in relation to the due authorization and execution by the relevant seller of the Memorandum of Agreement relating to the relevant Vessel and all documents to be executed by the relevant seller pursuant thereto;

(vi) evidence that (i) the relevant Vessel has been unconditionally delivered by the relevant seller to the relevant Guarantor in accordance with all the terms of the relevant Memorandum of Agreement, warranted free and clear of all Liens, (ii) the relevant seller shall have been paid in full under the terms of the relevant Memorandum of Agreement; and (iii) the relevant Vessel has been duly registered in the ownership of the relevant Guarantor under the laws and flag of the Republic of the Marshall Islands;

(vii) if the relevant Guarantor is an Additional Guarantor, evidence that the relevant Guarantor has duly opened an Operating Account and has delivered to the Lender all resolutions, signature cards and other documents or evidence required in connection with the opening, maintenance and operation of such Operating Account;

(viii) if the relevant Guarantor is an Additional Guarantor, an Account Charge and a Cash Pooling Deed relating to the Operating Account of such Additional Guarantor, duly executed by such Additional Guarantor;

(ix) a Mortgage relating to the relevant Vessel, duly executed by the relevant Guarantor;

(x) an Assignment of Earnings relating to the relevant Vessel, duly executed by the relevant Guarantor;

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(xi) an Assignment of Insurances relating to the relevant Vessel, duly executed by the relevant Guarantor, together with a signed Notice of Assignment, substantially in the form attached thereto;

(xii) an Approved Manager's Undertakings relating to the relevant Vessel, duly executed by each Approved Manager of the relevant Vessel;

(xiii) evidence of insurance in respect of the relevant Vessel naming the Lender as loss payee and, if required by the Lender, as co-assured with such responsible and reputable insurance companies or associations, and in such amounts and covering such risks, as is required pursuant to the relevant Mortgage;

(xvi) a favorable opinion from an independent insurance consultant acceptable to the Lender on such matters relating to the insurances for the relevant Vessel as the Lender may require;

(xv) a Certificate of Ownership and Encumbrance issued by the maritime administrator for the Marshall Islands (or other relevant authority) stating that the relevant Vessel is owned by the relevant Guarantor and that there are on record no Liens on such Vessel except the relevant Mortgage;

(xvi) evidence of the completion of all other recordings and filings of, or with respect to, the Collateral Documents executed in connection with the making of the relevant Advance that the Lender may deem necessary or desirable in order to perfect and protect the Liens created thereby, including under the Uniform Commercial Code of New York (or such other jurisdiction where the relevant Guarantor and/or any Collateral may be located);

(xvii) a copy of a certificate duly issued by the Classification Society, dated within seven (7) days of the relevant Drawdown Date, to the effect that the relevant Vessel has received the highest classification and rating for vessels of the same age and type, free of all recommendations and notations of the Classification Society affecting class;

(xviii) evidence that the relevant Vessel will, as from the relevant Drawdown Date, be managed by an Approved Manager on terms acceptable to the Lender, together with copies of the Document of Compliance and Safety Management Certificate issued pursuant to the ISM Code in respect of the relevant Vessel;

(xix) a copy of any charter to which the relevant Vessel is subject as of the relevant Drawdown Date;

(xx) such other certificates relating to the relevant Vessel, or the operation thereof, as may be reasonably requested by the Lender;

(xxi) a favorable opinion of Messrs. Seward & Kissel LLP, counsel for the Obligors, in respect of the Loan Documents executed in connection with the advance of the relevant Advance and as to such other matters as the Lender may reasonably request addressed to the Lender in form and substance satisfactory to the Lender; and

(xxii) a favorable opinion of Watson, Farley & Williams, counsel for the Lender, addressed to the Lender and in form and substance satisfactory to the Lender.

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SECTION 3.03. Conditions Precedent to Each Advance. The obligation of the Lender to make each Advance is subject to the following conditions precedent having been satisfied (or waived in writing by the Lender) on or prior to the relevant Drawdown Date:

the Lender shall have received a Notice of Drawdown as required by Section 2.03(a);

the Borrower shall have paid the fees due pursuant to Section 2.08 and any other fees payable pursuant hereto;

immediately after the making of the relevant Advance, (i) the aggregate outstanding principal amount of Working Capital Advances will not exceed \$15,000,000, and (ii) the aggregate outstanding principal amount of all Advances will not exceed the Commitment;

evidence that, if the test set out in Section 7.01(1)(i) were applied immediately following the making of the relevant Advance, the Borrower would not be obliged to provide additional security or repay part of the Advances as therein provided (determined on the basis of the most recent valuation for each Vessel delivered pursuant to Section 3.02(c)(iv) or Section 7.01(1)(ii), as the case may be);

immediately after the making of the relevant Advance, no Default or Event of Default shall have occurred and be continuing;

the representations and warranties of the Obligors contained in this Agreement shall be true mutatis mutandis on and as of the date of the relevant Advance, unless such representation or warranty shall expressly relate to a different date;

the Lender shall have received on or before the relevant Drawdown Date the following, each dated as of such Drawdown Date (unless otherwise specified), in form and substance satisfactory to the Lender (unless otherwise specified):

a certificate of an officer of the Borrower (for itself and as sole member of each Guarantor), dated as of the relevant Drawdown Date (the statements made in such certificate shall be true on and as of such Drawdown Date), certifying as to (A) the absence of any amendments to the articles of incorporation and by-laws, or certificate of formation and limited liability company agreement of each Obligor certified to the Lender pursuant to Sections 3.01(a)(iii) or 3.02(c)(ii) above, (B) the due incorporation or formation, as the case may be, and good standing of each Obligor, as a corporation or limited liability company formed under the laws of the Republic of The Marshall Islands and the absence of any proceeding for the dissolution or liquidation of such Obligor, (C) the veracity of the representations and warranties of the Obligors contained in this Agreement mutatis mutandis on and as of the date of the relevant Advance, unless such representation or warranty shall expressly relate to a different date, and (D) the absence of any event occurring and continuing, or resulting from the making of the relevant Advance that constitutes a Default;

a duly signed and completed Compliance Certificate confirming that the Borrower shall be in compliance with the provisions of Article VI immediately after the making of the relevant Advance;

the original of any power of attorney issued in favor of any Person executing any Loan Document (or any other document delivered pursuant to a Loan Document) on behalf of any Obligor in relation to the relevant Advance;

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true and complete copies of any governmental or regulatory consents, filings, registrations, approvals and waivers required in connection with the execution, delivery and performance of (A) each Loan Document executed in relation to the relevant Advance, and (B) the consummation of the transactions contemplated thereby;

if applicable, the relevant confirmation exchanged under the Master Agreement and which evidences a Transaction entered into between the Borrower and the Lender in connection with the relevant Advance, and any mandates required in connection therewith; and

such opinions, consents, agreements and documents in connection with this Agreement, the Master Agreement and the Collateral Documents as the Lender may reasonably request by notice to the Borrower prior to the relevant Drawdown Date; and

(h) to the extent required by any change in applicable law and regulation or any changes in the Lender's own internal guidelines since the date on which the applicable documents and evidence were delivered to the Lender pursuant to Section 3.01(a)(xxi), such further documents and evidence as the Lender shall require relating to the Lender's knowledge of its customers.

The making of each Advance hereunder shall be deemed to be a representation and warranty by the Obligors on the date of such Advance as to the facts specified in clauses (c), (d), (e) and (f) of this Section 3.03.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties. Each of the Obligors, jointly and severally, represents and warrants as follows:

(a) Existence and Power. Each Obligor (i) is a corporation or limited liability company duly organized or formed, validly existing and in good standing under the laws of the Republic of the Marshall Islands, (ii) is duly qualified and in good standing as a foreign company in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed, and (iii) has all requisite corporate or company power and authority to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted.

(b) Authorization; No Violation. The execution, delivery and performance by each Obligor of this Agreement, the Note and each other Loan Document to which it is or is to be a party, and the consummation of other transactions contemplated thereby, are within such Obligor's corporate or company powers, have been duly authorized by all necessary company action, and do not (i) contravene such Obligor's articles of incorporation or by-laws, or certificate of formation or limited liability company agreement, as the case may be, (ii) violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any loan agreement, contract, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting such Obligor or any of its properties, or (iv) except for the Liens created by the Collateral Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of such Obligor. None of the Obligors is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such loan agreement, contract, indenture, mortgage, deed of trust, lease or other instrument.

(c) Governmental Consents, Etc. Except for the recording of the

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Mortgages and filing of proper financing statements in respect of the Assignments of Earnings specified in Section 4.01(s), no authorization, approval, consent or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other consent or approval of any other Person is required for (i) the due execution, delivery and performance by any Obligor of this Agreement or the Note or any other Loan Document to which it is or is to be a party or for the consummation of the transactions contemplated thereby, (ii) the grant by any Obligor of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created by the Collateral Documents (including the first priority nature thereof), or (iv) the exercise by the Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents.

(d) Binding Effect. This Agreement has been, and the Note, and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Obligor party thereto. This Agreement is, and the Note and each other Loan Document when delivered hereunder will be, the legal, valid and binding obligations of each Obligor party thereto, enforceable against each such Obligor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforceability of creditor's rights generally.

(e) Compliance with Laws. Each Obligor is in compliance with all applicable statutes, regulations and laws, including, without limitation, all Environmental Laws.

(f) Financial Information; Other Obligations. The audited consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2005, a copy of which has been delivered to the Lender by the Borrower, fairly presents, in all material respects, the financial condition of the Borrower and its Subsidiaries as at such date. None of the Obligors has engaged in any business other than that contemplated by this Agreement and the Existing Credit Agreement. Except for the Existing Credit Agreement and the "Collateral" described therein, none of the Obligors is a party to any other loan or security agreement and none has filed or permitted to be filed any financing statement, mortgage, pledge or charge with respect to any assets owned by it and, as of the date hereof, there is (except as aforesaid) no Lien of any kind on any of the properties or assets of any of the Obligors.

(g) No litigation. There is no pending or (to the knowledge of any Obligor) threatened action, proceeding, governmental investigation or arbitration affecting any Obligor or any of its properties before any court, governmental agency or arbitrator which may affect the legality, validity or enforceability of this Agreement, the Note or any other Loan Document, or the consummation of the transactions contemplated hereby or thereby.

(h) Margin Stock. None of the Obligors is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock and no proceeds of any Advance will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

(i) ERISA. None of the Obligors has ever established or maintained any employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended.

(j) Not "Investment Company". None of the Obligors is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(k) Subsidiaries. None of the Guarantors has any direct or indirect

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Subsidiaries.

(l) Not "National". None of the Obligors is a "national" of any "designated foreign country", within the meaning of the Foreign Asset Control Regulations or the Cuban Asset Control Regulations of the U.S. Treasury Department, 31 C.F.R., Subtitle B, Chapter V, as amended, or any regulations or rulings issued thereunder.

(m) No Restriction. Neither the making or any Advance nor the use of the proceeds thereof nor the performance by the Obligors of this Agreement violates any statute, regulation or executive order restricting loans to, investments in, or the export of assets to, foreign countries or entities doing business there.

(n) Ownership of Obligors. All of the outstanding limited liability company interests of each of the Initial Guarantors is, and each Additional Guarantor shall be, directly owned and controlled by the Borrower.

(o) Solvency. Each of the Obligors is, individually, and the Borrower and its Subsidiaries are, together, Solvent.

(p) Use of Proceeds. The Borrower is using the proceeds of the Advances solely for the purposes set forth in the Preliminary Statements hereof.

(q) Place of Business. The Borrower has a place of business in New York City. None of the Obligors (other than the Borrower) has a place of business in the United States of America, the District of Columbia, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States of America.

(r) Veracity of Statements. No representation, warranty or statement made or certificate, document or financial statement provided by any of the Obligors in or pursuant to this Agreement, the Note or any other Loan Document, or in any other document furnished in connection therewith, is untrue or incomplete in any material respect or contains any misrepresentation of a material fact or omits to state any material fact necessary to make any such statement herein or therein not misleading.

(s) Collateral Documents. The provisions of each of the Collateral Documents create, or when delivered will create, in favor of the Lender, (i) in the case of the Mortgages, a valid first "preferred mortgage" within the meaning of Chapter 3 of the Marshall Islands Maritime Act, 1990, as amended, on the Vessels in favor of the Lender, subject to the recording of the Mortgages as described in the following sentence, and (ii) in the case of the Assignments of Earnings and the Assignments of Insurances, a valid, binding and executed and enforceable security interest and Lien in all right, title and interest in the Collateral therein described, and shall constitute a fully perfected first priority security interest in favor of the Lender in all right, title and interest in such Collateral, subject to no other Liens and subject in the case of (A) the Assignments of Earnings, to notice being given to account parties and to filing proper financing statements in the District of Columbia, and (B) the Assignments of Insurances, to notice being given to underwriters and protection and indemnity clubs, and their consent being obtained where policy provisions or club rules so require. Upon execution and delivery by the relevant Guarantor and recording in accordance with the laws of the Republic of The Marshall Islands, each of the Mortgages will be a first "preferred mortgage" within the meaning of Chapter 313 of Title 46 of the United States Code and will qualify for the benefits accorded a "preferred mortgage" under Chapter 313 of Title 46 of the United States Code and no other filing or recording or refileing or rerecording or any other act is necessary or advisable to create or perfect such security interest under the Mortgages or in the mortgaged property therein described.

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(t) No Money Laundering. Without prejudice to the generality of the foregoing provisions of this Section 4.01, in relation to the borrowing by the Borrower of the Advances, the performance and discharge of its obligations under this Agreement and the other Loan Documents and the transactions and other arrangements affected or contemplated by this Agreement and the other Loan Documents, the Borrower confirms that it is acting for its own account and that the foregoing will not involve or lead to contravention of any law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of the Directive (91/308/EEC) of the Council of the European Communities).

ARTICLE V

GUARANTY

SECTION 5.01. Guaranty. In order to induce the Lender to make Advances to the Borrower, each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, the performance and punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of the Borrower now or hereafter existing under this Agreement, the Note and any other Loan Document, whether for principal, interest, fees, expenses or otherwise (collectively the "Guaranteed Obligations") due or owing to the Lender, and agrees to pay any and all expenses (including, without limitation, counsel fees and expenses) incurred by the Lender in enforcing any rights under this Guaranty. Each of the Guarantors hereby unconditionally and irrevocably agrees to indemnify the Lender immediately on demand against any cost, loss or liability suffered by the Lender (i) if any Guaranteed Obligation is or becomes unenforceable, invalid or illegal, or (ii) by operation of law as a consequence of the transactions contemplated by the Loan Documents. The amount of the cost, loss or liability shall be equal to the amount which the Lender would otherwise have been entitled to recover. The obligations of the Guarantors under this Article V are in addition to and shall not in any way be prejudiced by any other guaranty or security now or subsequently held by the Lender.

SECTION 5.02. Obligations Absolute. Each of the Guarantors guarantees that the Guaranteed Obligations will be performed and paid to the Lender strictly in accordance with the terms of any applicable agreement, express or implied, with the Borrower, regardless of any law, regulation or order of any jurisdiction affecting any term of any Guaranteed Obligation or the rights of the Lender with respect thereto, including, without limitation, any law, rule or policy which is now or hereafter promulgated by any governmental authority (including, without limitation, any central bank) or regulatory body any of which may adversely affect the Borrower's ability or obligation to make, or right of the Lender to receive, such payments, including, without limitation, any sovereign act or circumstance which might otherwise constitute a defense to, or a legal or equitable discharge of, the Borrower.

SECTION 5.03. Guaranty Unconditional. The liability of each Guarantor under this Guaranty shall be unconditional irrespective of (i) any amendment or waiver or consent to departure from the terms of any Guaranteed Obligation, including any extension of the time or change of the manner or place of payment, (ii) any exchange, release, or non-perfection of any collateral securing payment of any Guaranteed Obligation, (iii) any change in the corporate existence, structure or ownership of the Borrower, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or its assets or any resulting release or discharge of any of the Guaranteed Obligations, (iv) the existence of any claim, set-off or other rights which any of the Guarantors may have at any time against the Borrower, the Lender or any other corporation or person, whether in connection herewith or any unrelated transactions, and (v) any other circumstance whatsoever that might otherwise constitute a defense available to, or a legal or equitable discharge of, the Borrower.

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SECTION 5.04. Waiver of Subrogation; Contribution. Notwithstanding any other provision of this Guaranty, until payment in full of the Guaranteed Obligations in cash after termination of any of the Lender's commitments with respect thereto, (i) each of the Guarantors hereby irrevocably waives any right to assert, enforce, or otherwise exercise any right of subrogation to any of the rights, security interests, claims, or liens which the Lender have against the Borrower in respect of the Guaranteed Obligations, (ii) none of the Guarantors shall have any right of recourse, reimbursement, contribution, indemnification, or similar right (by contract or otherwise) against the Borrower in respect of the Guaranteed Obligations, and (iii) each of the Guarantors hereby irrevocably waives any and all of the foregoing rights and also irrevocably waives the benefit of, and any right to participate in, any collateral or other security given to the Lender to secure payment of the Guaranteed Obligations.

SECTION 5.05. Reinstatement. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Lender.

SECTION 5.06. Waiver. Each of the Guarantors waives promptness, diligence, notice of acceptance, presentment, demand, protest and notice of dishonor with respect to any Guaranteed Obligation and this Guaranty and any requirement that the Lender exhaust any right or take any action against the Borrower or any other entity or any Collateral.

SECTION 5.07. Payments; No Reductions. (a) All payments under this Guaranty shall be made in accordance with Section 2.12 of this Agreement (concerning payments) free and clear of and without deduction for any and all present or future Taxes. If any Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this paragraph) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Guarantor shall make such deductions and (iii) such Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. In addition, each of the Guarantors agrees to pay any Other Taxes which arise from any payment made hereunder or from the execution, delivery or registration by the Guarantors of, or otherwise with respect to, this Agreement. Each of the Guarantors will indemnify the Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this paragraph) paid by the Lender and any liability (including, without limitation, penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 45 days from the date the Lender makes written demand therefor. Within 30 days after the date of any payment of Taxes the Guarantors will furnish to the Lender the original or a certified copy of a receipt evidencing payment thereof. If no Taxes are payable in respect of any payment, the Guarantors will furnish to the Lender a certificate from each appropriate taxing authority, or an opinion of counsel acceptable to the Lender, in either case stating that such payment is exempt from or not subject to Taxes. Without prejudice to the survival of any other agreement contained herein, the agreements and obligations of the Guarantors contained in this Section shall survive the payment in full of the Guaranteed Obligations and principal and interest hereunder and any termination or revocation of this Guaranty.

SECTION 5.08. Set-Off. If any of the Guarantors shall fail to pay any of its obligations hereunder when the same shall become due and payable, the Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or

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special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the Guarantor's credit or account against any and all of the Guaranteed Obligations, whether or not the Lender shall have made any demand under this Guaranty. The Lender agrees promptly to notify the relevant Guarantor after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Lender under this paragraph are in addition to any other rights and remedies (including, without limitation, other rights of set-off) which the Lender may have.

SECTION 5.09. Continuing Guaranty. This Guaranty is a continuing guaranty, is joint and several with any other guaranty given in respect of the Guaranteed Obligations, and shall remain in full force and effect until the later of the termination of any commitment of the Lender under this Agreement and the payment in full of the Guaranteed Obligations and all other amounts payable hereunder and shall be binding upon each of the Guarantors, and their respective successors and permitted assigns. The obligations of each of the Guarantors under this Guaranty shall rank pari passu with all other unsecured obligations of such Guarantor.

SECTION 5.10. Right of Contribution. At any time a payment in respect of the Guaranteed Obligations is made under this Guaranty, the right of contribution of each Guarantor against each other Guarantor shall be determined as provided in the immediately following sentence, with the right of contribution of each Guarantor to be revised and restated as of each date on which a payment (a "Relevant Payment") is made on the Guaranteed Obligations under this Guaranty. At any time that a Relevant Payment is made by a Guarantor that results in the aggregate payments made by such Guarantor in respect of the Guaranteed Obligations to and including the date of the Relevant Payment exceeding such Guarantor's Contribution Percentage (as defined below) of the aggregate payments made by all Guarantors in respect of the Guaranteed Obligations to and including the date of the Relevant Payment (such excess, the "Aggregate Excess Amount"), each such Guarantor shall have a right of contribution against each other Guarantor who has made payments in respect of the Guaranteed Obligations to and including the date of the Relevant Payment in an aggregate amount less than such other Guarantor's Contribution Percentage of the aggregate payments made to and including the date of the Relevant Payment by all Guarantors in respect of the Guaranteed Obligations (the aggregate amount of such deficit, the "Aggregate Deficit Amount") in an amount equal to (x) a fraction the numerator of which is the Aggregate Excess Amount of such Guarantor and the denominator of which is the Aggregate Excess Amount of all Guarantors multiplied by (y) the Aggregate Deficit Amount of such other Guarantor. A Guarantor's right of contribution pursuant to the preceding sentences shall arise at the time of each computation, subject to adjustment to the time of each computation; provided that no Guarantor may take any action to enforce such right until the Guaranteed Obligations have been paid in full in cash, it being expressly recognized and agreed by all parties hereto that any Guarantor's right of contribution arising pursuant to this Section 5.10 against any other Guarantor shall be expressly junior and subordinate to such other Guarantor's obligations and liabilities in respect of the Guaranteed Obligations and any other obligations under this Guaranty. As used in this Section 5.10: (i) each Guarantor's "Contribution Percentage" shall mean the percentage obtained by dividing (x) the Relevant Net Worth (as defined below) of such Guarantor by (y) the aggregate Relevant Net Worth of all Guarantors; (ii) the "Relevant Net Worth" of each Guarantor shall mean the greater of (x) the Net Worth (as defined below) of such Guarantor and (y) zero; and (iii) the "Net Worth" of each Guarantor shall mean the amount by which the fair saleable value of such Guarantor's assets on the date of any Relevant Payment exceeds its existing debts and other liabilities (including contingent liabilities, but without giving effect to any Guaranteed Obligations arising under this Guaranty) on such date. All parties hereto recognize and agree that, except for any right of contribution arising pursuant to this Section 5.10, each Guarantor who makes any

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payment in respect of the Guaranteed Obligations shall have no right of contribution or subrogation against any other Guarantor in respect of such payment until all of the Guaranteed Obligations have been irrevocably paid in full in cash. Each Guarantor recognizes and acknowledges that the rights to contribution arising hereunder shall constitute an asset in favor of the party entitled to such contribution. In this connection, each Guarantor has the right to waive its contribution right against any Guarantor to the extent that after giving effect to such waiver such Guarantor would remain Solvent, in the determination of the Lender.

SECTION 5.11. Limitation of Liability. Each Guarantor and the Lender hereby confirms that it is its intention that the Guaranteed Obligations not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar Federal or state law. To effectuate the foregoing intention, each Guarantor and the Lender hereby irrevocably agrees that the Guaranteed Obligations guaranteed by each Guarantor shall be limited to such amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Guarantor that are relevant under such laws and after giving effect to any rights to contribution pursuant to any agreement providing for an equitable contribution among such Guarantor and the other Guarantors, result in the Guaranteed Obligations of such Guarantor in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

ARTICLE VI

FINANCIAL COVENANTS

SECTION 6.01. Financial Covenants. So long as any Advance shall remain unpaid or the Lender shall have any Commitment hereunder, the Borrower shall maintain, and each of the Guarantors jointly and severally covenants and undertakes to cause the Borrower to maintain:

(a) Minimum Adjusted Net Worth: At all times on or after the date hereof Adjusted Net Worth at an amount not less than (i) \$100,000,000 during any Accounting Period that Consolidated Debt is less than \$250,000,000, and (ii) \$150,000,000 during any Accounting Period that Consolidated Debt is greater than or equal to \$250,000,000;

(b) Minimum Interest Coverage Ratio: For each Accounting Period ending after the date hereof, EBITDA at an amount not less than 200% of Interest Expenses; and

(c) Minimum Liquidity: At all times on or after the date hereof, for each Vessel owned by a Guarantor, free cash in an amount of \$400,000 in one or more accounts with the Lender.

ARTICLE VII

COVENANTS OF THE BORROWER

SECTION 7.01. Affirmative Covenants. So long as any Advance shall remain unpaid or the Lender shall have any Commitment hereunder, each of the Obligors shall:

(a) Compliance with Laws, Etc. Comply with all applicable laws, rules, regulations and orders, including Environmental Laws, the ISM Code and the ISPS Code in all material respects.

(b) Compliance with Agreements. Comply with, observe and perform all of the terms, covenants and provisions of the Loan Documents to which it is a party.

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(c) Preservation of Corporate/Company Existence, Etc. Preserve and maintain its corporate or company existence, as the case may be, as well as its material rights and franchises.

(d) Visitation Rights. Permit at any reasonable time and from time to time, upon reasonable prior notice, the Lender or its representatives, at the Lender's risk and cost, to the extent reasonably requested, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, such Obligor and to discuss the affairs, finances and accounts of such Obligor with any of its officers or representatives and with its independent certified public accountants.

(e) Keeping of Books. Keep, and cause to be kept, proper books of record and account, in which full and correct entries shall be made in accordance with GAAP of all financial transactions and the assets and business of such Obligor to the extent necessary to permit the preparation of the financial statements required to be delivered hereunder.

(f) Maintenance of Properties, Etc. Maintain and preserve all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(g) Approvals and Other Consents. Obtain all such governmental licenses, authorizations, consents, permits and approvals as are required, by applicable law or otherwise, for (a) such Obligor to perform its obligations under this Agreement and all other Loan Documents and (b) the operation of the Vessels.

(h) Reporting Requirements. Furnish, or cause to be furnished, to the Lender:

(i) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower and its Subsidiaries, the consolidated balance sheet of Borrower and its Subsidiaries as of the end of such year, and the related consolidated statements of profit and loss, and changes in financial position of the Borrower and its Subsidiaries for the fiscal year then ended, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, and in each case certified by Ernst & Young or by another independent public or chartered accountant satisfactory to the Lender stating that in making the examination necessary for the audit of such financial statements it has obtained no knowledge of the existence of any condition, event or act which constitutes a Default or Event of Default, or if it has obtained knowledge of the existence of any such condition, event or act, specifying the same;

(ii) as soon as available and in any event within 60 days after the close of each of the first three quarterly accounting periods in each fiscal year of the Borrower, the consolidated balance sheet of Borrower and its Subsidiaries as of the end of such quarterly period, and the related consolidated statements of profit and loss, and changes in financial position of the Borrower and its Subsidiaries for the period then ended, setting forth in each case in comparative form the corresponding figures for the corresponding periods in the preceding fiscal year, all of which shall be certified by an officer of the Borrower and subject only to normal year-end adjustments;

(iii) simultaneously with the delivery of each set of financial statements referred to in clauses (i) and (ii) above, (A) a certificate of an officer of the Borrower stating whether any Default

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or Event of Default exists on the date of such certificate and, if any Default or Event of Default then exists, setting forth the details thereof and the action which the Boa, Sans-Serif; margin: 0pt 0">

Product Supplement for PLUS dated November 16, 2017

Index Supplement dated November 16, 2017

Prospectus dated November 16, 2017

Terms used but not defined in this document are defined in the product supplement for PLUS, in the index supplement or in the prospectus.

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