Star Bulk Carriers Corp.
Form 424B5
November 03, 2014

Filed Pursuant to Rule 424(b)(5)
Registration Number 333-197886

PROSPECTUS SUPPLEMENT

(To Prospectus dated September 5, 2014)

$50,000,000

8.00% Senior Notes due 2019

We are offering $50,000,000 aggregate principal amount of our 8.00% Senior Notes due 2019 (the Notes). We have granted the underwriters a 30-day option to purchase up to an additional $7,500,000 aggregate principal amount of the Notes. The Notes will bear interest from November 6, 2014 at a rate of 8.00% per year. The Notes will mature on November 15, 2019. Interest on the Notes will be payable quarterly in arrears on the 15th day of February, May, August and November of each year, commencing on February 15, 2015. We may redeem the Notes at our option, in whole or in part, at any time on or after November 15, 2016 at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, as described in Description of Notes Optional Redemption. Prior to November 15, 2016, we may redeem the Notes, in whole or in part, at a price equal to 100% of the principal amount plus a make-whole premium and accrued interest to the date of redemption. In addition, we may redeem the Notes in whole, but not in part, at any time at our option, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if certain events occur involving changes in taxation, as described in this prospectus under Description of Notes Optional Redemption for Changes in Withholding Taxes.

The Notes will be our senior unsecured obligations and will rank equally with all of our existing and future senior unsecured and unsubordinated debt. The Notes will not be guaranteed by any of our subsidiaries. The Notes will be effectively subordinated to our existing and future secured debt, to the extent of the value of the assets securing such debt, and will be structurally subordinated to all existing and future debt and other liabilities of our subsidiaries. The Notes will be issued in minimum denominations of $25.00 and integral multiples of $25.00 in excess thereof.

An investment in the Notes involves risks. See the section entitled "Risk Factors" of this prospectus to read about factors you should consider before buying the Notes. You should also consider the risk factors described in the documents incorporated by reference in this prospectus.

	Per Note	*Total*
Public offering price(1)(2)	*$ 25.0000*	*$ 50,000,000.00*
Underwriting discounts and commissions(2)(3)	*$ 0.7875*	*$ 1,575,000.00*
Proceeds, before expenses, to us(2)	*$ 24.2125*	*$ 48,425,000.00*

(1) Plus accrued interest from November 6, 2014, if settlement occurs after such date.
(2) Assumes no exercise of the underwriters option described below.
(3) We have agreed to reimburse the underwriters for certain legal expenses incurred in connection with the offering. See Underwriting.

We have applied for the listing of the Notes on the Nasdaq Global Select Market (NASDAQ) under the symbol SBLKL . If approved for listing, trading on NASDAQ is expected to commence within 30 days after the Notes are first issued.

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

We have granted the underwriters an option to purchase up to an additional $7,500,000 aggregate principal amount of Notes within 30 days after the date of this prospectus at the public offering price, less underwriting discounts and commissions.

We expect that delivery of the Notes will be made to investors on or about November 6, 2014, through the book-entry system of The Depository Trust Company for the accounts of its participants.

Morgan Stanley Stifel Jefferies Deutsche Bank Securities

The date of this prospectus is October 30, 2014

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains specific information about the terms on which we are offering and selling the Notes. The second part is the accompanying prospectus dated September 5, 2014, which contains and incorporates by reference important business and financial information about us and other information about the offering. If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recently dated document shall control. All references in this prospectus supplement to this prospectus refer to this prospectus supplement together with the accompanying prospectus.

As permitted under the rules of the Securities and Exchange Commission, or the Commission, this prospectus incorporates important business information about us that is contained in documents that we have previously filed with the Commission but that are not included in or delivered with this prospectus. You may obtain copies of these documents, without charge, from the website maintained by the Commission at www.sec.gov, as well as other sources. You may also obtain copies of the incorporated documents, without charge, upon written or oral request to Star Bulk Carriers Corp., c/o Star Bulk Management Inc., 40 Agiou Konstantinou Str., Maroussi, 15124, Athens, Greece. See Where You Can Find Additional Information.

We do not authorize any person to provide information other than that provided in this prospectus and the documents incorporated by reference. We are not making an offer to sell the Notes in any state or other jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus and the documents incorporated by reference is accurate only as of their respective dates, and you should not consider any information in this prospectus or in the documents incorporated by reference herein to be investment, legal or tax advice. We encourage you to consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding an investment in our securities.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus supplement to Star Bulk, the Company, we, us, our, or similar references, mean Star Bulk Carriers Corp. and, where applicable consolidated subsidiaries. In addition, we use the term deadweight, or dwt, in describing the size of vessels. Dwt expressed in metric tons, each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry.

Except as otherwise indicated, the statistical information and industry and market data contained in this prospectus under the heading Summary Market Opportunity (the data) is based on or derived from statistical information and industry and market data collated and prepared by SSY Consultancy & Research Ltd. (SSY). The data is based on SSY s review of such statistical information and market data available at the time (including internal surveys and sources, independent financial information, independent external industry publications, reports or other publicly available information). Due to the incomplete nature of the statistical information and market data available, SSY has had to make some estimates where necessary when preparing the data. The data is subject to change and may differ from similar assessments obtained from other analysts of shipping markets.

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INFORMATION INCORPORATED BY REFERENCE

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

We incorporate by reference the documents listed below and any future filings made with the Commission under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act):

Annual Report on Form 20-F (the 2013 20-F) for the year ended December 31, 2013, filed with the Commission on March 21, 2014, containing our audited consolidated financial statements for the most recent fiscal year for which those statements have been filed; and

Report on Form 6-K (the Transaction 6-K), filed with the Commission on September 5, 2014, including the exhibits thereto, which contain (i) our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2014 and 2013 and the associated Management s Discussion and Analysis of Financial Condition and Results of Operations (Exhibit 99.1), (ii) unaudited pro forma condensed combined financial information of Star Bulk, Oceanbulk (as defined herein) and the Pappas Companies (as defined herein) giving effect to the Transactions (as defined herein), summary historical combined financial and other operating data of Oceanbulk, combined historical financial statements of Oceanbulk as of and for the year ended December 31, 2013 and the period from October 4, 2012 (date of inception) through December 31, 2012 and as of and for the six months ended June 30, 2014 and 2013 and the associated Management s Discussion and Analysis of Financial Condition and Results of Operations (Exhibit 99.2), (iii) descriptions of the merger agreement and various shareholder and registration rights agreements entered into in connection with the July 2014 Transactions (as defined herein) and certain related party transactions (Exhibit 99.3) and (iv) a description of the agreements entered into in connection with the Excel Transactions (as defined herein) (Exhibit 99.4).

We are also incorporating by reference all subsequent Annual Reports on Form 20-F that we file with the Commission and certain reports on Form 6-K that we furnish to the Commission after the date of this prospectus that state that they are incorporated by reference into this prospectus until this offering is terminated. In all cases, you should rely on the later information over different information included in this prospectus.

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

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

Star Bulk Carriers Corp.

c/o Star Bulk Management Inc.

40 Agiou Konstantinou Str.

Maroussi 15124, Athens, Greece

011-30-210-617-8400 (telephone number)

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

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

We file annual and special reports with the Commission. You may read and copy any document that we file and obtain copies at prescribed rates from the Commission s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling 1 (800) SEC-0330. The Commission maintains a website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. Our filings are also available on our website at http://www.starbulk.com. The information on our website, however, is not, and should not be deemed to be, a part of this prospectus.

This prospectus supplement is part of the registration statement and does not contain all of the information in the registration statement. The full registration statement may be obtained from the Commission or us, as indicated below. Documents establishing the terms of the offered securities are filed as exhibits to the registration statement. Statements in this prospectus supplement about these documents are summaries and each statement is qualified in all respects by reference to the document to which it refers. You should refer to the actual documents for a more complete description of the relevant matters. You may inspect a copy of the registration statement at the Commission s Public Reference Room in Washington, D.C., as well as through the Commission s website.

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SUMMARY

This summary highlights information contained or incorporated by reference in this prospectus and is qualified in its entirety by the more detailed information and financial statements included or incorporated by reference elsewhere in this prospectus. This summary does not contain all of the information that may be important to you. As an investor or prospective investor, you should carefully review this entire prospectus and the documents incorporated by reference herein, including the sections of this prospectus entitled Risk Factors, before making an investment in the Notes. Where we refer to information on a fully delivered basis, we are referring to such information after giving effect to the delivery of all newbuilding vessels and all vessels being acquired from Excel Maritime Carriers Ltd. (Excel) in the Excel Transactions (as defined below).

OUR BUSINESS

We are an international shipping company with extensive operational experience that owns and operates a fleet of dry bulk carrier vessels. On a fully delivered basis, we will have a fleet of 103 vessels consisting primarily of Capesize as well as Kamsarmax, Ultramax and Supramax vessels with a carrying capacity between 38,900 dwt and 209,000 dwt. Our fleet included, as of October 21, 2014, 46 existing vessels, two vessels to be distributed to us from Heron (as defined below) by the end of 2014, 20 vessels to be acquired from Excel by the end of 2014, and 35 vessels currently under construction at leading shipyards in Japan and China. Our vessels transport a broad range of major and minor bulk commodities, including ores, coal, grains and fertilizers, along worldwide shipping routes. Our highly experienced executive management team, with a combined 120 years of shipping industry experience, is led by Mr. Petros Pappas, who has more than 35 years of shipping industry experience and has managed more than 260 vessel acquisitions and dispositions.

On July 11, 2014, we closed transactions with entities affiliated with Oaktree Capital Management, L.P. and the family of Mr. Pappas, in which we acquired Oceanbulk Carriers LLC and Oceanbulk Shipping LLC (collectively Oceanbulk), two entities affiliated with the family of Mr. Pappas, as well as a loan that is expected to be converted into a 50% interest in a joint venture, Heron Ventures Limited (Heron) by the end of October 2014 (collectively, the July 2014 Transactions). As a result of the July 2014 Transactions, as of October 21, 2014 we added to our fleet 15 operating vessels (including two vessels, *Peloreus* and *Leviathan*, that were being built and were delivered on July 22, 2014 and September 19, 2014, respectively), with an average age of 5.1 years as of October 21, 2014 and an aggregate capacity of approximately 1.9 million dwt, two vessels to be distributed to us from Heron by the end of 2014 (the Heron Vessels) with an average age of 8.6 years as of October 21, 2014 and an aggregate capacity of approximately 165,000 dwt, and contracts for the construction of 24 vessels under construction, which have an aggregate capacity of approximately 3.4 million dwt. In connection with the July 2014 Transactions, Mr. Pappas became our Chief Executive Officer, and our former Chief Executive Officer, Mr. Spyros Capralos, became our Non-Executive Chairman. See Recent Developments The July 2014 Transactions.

On August 19, 2014, we entered into definitive agreements with Excel pursuant to which we will acquire 34 operating dry bulk vessels, consisting of six Capesize vessels, 14 sistership Kamsarmax vessels, 12 Panamax vessels and two Handymax vessels (the Excel Vessels). The transfers of the Excel Vessels are expected to occur by the end of 2014 on a vessel-by-vessel basis, in general upon reaching port after their current voyages and cargoes are discharged. As of October 21, 2014, 14 of the Excel Vessels (*Star Kamila* (ex *Iron Bradyn*)*, Star Nasia (ex Iron Anne*)*, Star Natalie (ex Angela Star*)*, Star Aline (ex Iron Knight*), *Star Tatianna* (*ex Fortezza*), *Star Iris (ex Grain Express*), *Star Emily (ex Grain Harvester*), *Star Mariella (ex Santa Barbara*), *Star Markella (ex Iron Brooke*), *Star Christianna (ex Isminaki*)*, Star Monika* (ex *Birthday*)*, Star Georgia* (ex *Coal Hunter*), *Star Danai (ex Pascha*) and *Star Michele (ex Emerald*) had been delivered to us. We refer to the foregoing transactions, together, as the Excel Transactions , and we refer to the July 2014 Transactions and the Excel Transactions, together, as the Transactions. See Recent Developments The

Excel Transactions.

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As of October 21, 2014, our existing fleet of 46 vessels, had an aggregate capacity of approximately 4.6 million dwt, which will be increased by approximately 2.3 million dwt with the addition of the 20 remaining Excel Vessels and the two Heron Vessels. We have also entered into or acquired contracts for the construction of 35 of the latest generation Eco-type vessels, which we define as vessels that are designed to be more fuel-efficient than standard vessels of similar size and age. As of October 21, 2014, the total payments for our 35 newbuilding vessels were expected to be $1,506.9 million, of which we had already paid $231.6 million. As of October 21, 2014, we had obtained commitments for $530.2 million of secured debt for 16 newbuilding vessels, we were in negotiations for an additional $317.3 million of secured debt for 13 newbuilding vessels, and we were targeting an additional $193.1 million of secured debt for the remaining six newbuilding vessels. By the end of the second quarter of 2016, we expect our fleet to consist of 103 wholly owned vessels, with an average age of 7.8 years and an aggregate capacity of 11.9 million dwt. As of October 21, 2014, the average age of our existing fleet was 8.8 years. On a fully delivered basis and based on publicly available information, we believe our fleet will make us the largest U.S. publicly traded dry bulk shipping company by deadweight tonnage.

Our fleet is well-positioned to take advantage of economies of scale in commercial, technical and procurement management, with all the Excel Vessels and the Heron Vessels to be delivered during 2014 and 29 of our 35 newbuilding vessels expected to be delivered during 2014 and 2015. For our existing fleet, the Excel Vessels and our newbuildings, we have focused on vessels built at leading Japanese and Chinese shipyards, which, in our experience, are more reliable and less expensive to operate and are accordingly preferred by charterers. Currently, because of prevailing market conditions, we primarily employ our vessels in the spot market, under short term time charters or voyage charters. While employing the vessels under a voyage charter may require more management attention than under time charters, the vessel owner benefits from any fuel savings it can achieve because fuel is paid for by the vessel owner. On a fully-delivered basis, we will have a large, modern, fuel-efficient and high-quality fleet, which emphasizes the largest Eco-type Capesize and Newcastlemax vessels, built at leading shipyards and featuring the latest technology. As a result, we believe we will have an opportunity to capitalize on rising market demand during a period of reduced fleet growth, customer preferences for our ships and economies of scale, while enabling us to capture the benefits of fuel cost savings through spot time charters or voyage charters.

OUR FOUNDER AND HIS TRACK RECORD

Our founder and Chief Executive Officer, Mr. Pappas, has an established track record in the dry bulk industry, with more than 35 years of experience and more than 260 vessel acquisitions and dispositions. Entities under his management and control owned up to 30 vessels in 2001, most of which were acquired during the first quarter of 1997, the second quarter of 1998 and the second quarter of 2001, periods corresponding to low asset values and freight rates. Substantially all of these vessels were sold by the end of 2005, during a period of vessel values and levels of the Baltic Dry Index (BDI) (a daily average of charter rates for key dry bulk routes) that were record highs at the time.

As further described in Management, Mr. Pappas has extensive experience in operating and investing in shipping, including through his principal shipping operations and investment vehicle, Oceanbulk Maritime S.A. (Oceanbulk Maritime).

MARKET OPPORTUNITY

We believe that the current demand and supply fundamentals of the dry bulk shipping industry create a favorable environment to support a cyclical recovery in freight rates. Freight rates in the dry bulk shipping industry have historically been primarily determined by the relationship between the demand for the transportation of dry bulk commodities and the distances over which those commodities are transported as it relates to the total carrying capacity and speed of vessels that transport these commodities.

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As the chart below illustrates, after a protracted period of weakness for Capesize spot earnings during 2012 and the first half of 2013, the past 16 months have been extremely volatile. The swings in 12-month period charter rates, though less severe, have followed a similar pattern, increasing from an average of $13,000 per day in July 2013 to approximately $30,000 per day in March 2014 before slipping to $14,000 per day earlier in October 2014 and subsequently rebounding to $18,000 per day. We believe that the responsiveness of spot rates to changing short term chartering requirements reflects the underlying influence of rising demand for seaborne transportation of commodities, principally iron ore, as well as a reduction in the growth rate of incremental Capesize vessel capacity (as measured in deadweight tonnage). The asset values for five-year old Capesize vessels have also been subject to fluctuation but, at an end-September 2014 level of approximately $45 million, have appreciated since summer 2013, as has the price for Japanese-built newbuildings.

Capesize Charterhire Rates and Asset Values

Source: SSY

We believe that the following industry trends, coupled with the improving demand and supply fundamentals mentioned above, represent an attractive market environment that creates significant growth opportunities for us.

Demand for seaborne transportation of dry bulk commodities continues to increase.

International seaborne dry bulk volume reached an estimated new annual record of 3.97 billion tons in 2013, an increase in volume of 7.1% compared to 2012 and 33% compared to 2008, led by demand for both iron ore and steam coal. Demand for these commodities, in particular, has surged as a result of strong Chinese demand driven by China s continued gross domestic product (GDP) growth and its industrialization and urbanization.

Available export and import data for 2014 shows a more uneven growth pattern than 2013, but indicate a fifth consecutive year of positive growth in world dry bulk trade, driven by a record increase in seaborne iron ore cargo volumes.

The Chinese-led growth in iron ore demand has mainly been to the benefit of Capesize and Newcastlemax vessels, hauling cargoes from West Australia, South Africa and Brazil to China, creating increased ton-mile demand for these larger vessels.

The growth in the supply of vessels that transport dry bulk products has slowed.

Though vessel supply growth was significant during the global financial crisis, net fleet growth slowed to approximately 5.9% in 2013. The sharpest slowdown in growth was in the Capesize fleet, where the net increase

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in 2013 was only 5.3%. This trend has been maintained in 2014, with net growth of approximately 3.8% in both the total dry bulk carrier fleet and its Capesize component. The total dwt of vessels on order at the end of September 2014 represented approximately 21.1% of the existing global fleet, which is significantly below the average for the past decade. Continued strong demolition of older tonnage has also helped stabilize the net growth in the global fleet.

The global dry bulk market remains fragmented, facilitating further consolidation in a relatively low asset price environment.

Relatively low vessel values. Prices for newbuilding vessels, re-sales and secondhand ships remain low relative to long-term historical averages. This creates an opportunity for well- capitalized dry bulk operators like us to continue acquiring tonnage at relatively low price levels and increasing our scale and market share, as we recently did through the July 2014 Transactions and the Excel Transactions.

Market fragmentation. Unlike other sub-sectors of the world shipping fleet, ownership in the dry bulk segment is highly fragmented, with approximately 2,000 different owners of a global fleet of over 10,000 vessels. The largest 50 owners account for approximately 37% of the dry bulk fleet in terms of dwt carrying capacity. This sector fragmentation presents a growth opportunity for us to further consolidate the sector while growing our fleet.

Charterers focus on scale, vessel quality and fuel-efficiency.

Scale and quality remain important factors for our customers. Based on our experience, stringent customer standards favor larger, experienced operators with modern fleets and the ability to comply with increasingly rigorous and comprehensive environmental and regulatory requirements.

Charterers putting more value on fuel-efficient vessels. As fuel costs have risen considerably over the past several years due to an increase in bunker prices, charterers and owners are increasingly focused on fuel efficient vessels built at leading shipyards that adhere to the increasingly stringent environmental standards that are required by certain end users and ports. Given our focus on vessels built by leading Japanese and Chinese shipyards and the fact that all of our newbuildings are Eco-type vessels, we believe we are well-positioned to benefit from charterers increased focus on more fuel efficient vessels.

OUR FLEET

We have built a fleet through timely and selective acquisitions of secondhand and newbuilding vessels. Because of the industry reputation and extensive relationships of Mr. Pappas and the other members of our senior management, we have been able to contract for our newbuilding vessels with leading shipyards at prices that we believe reflect the recent bulk shipping downturn. We believe that owning a modern, well-maintained fleet reduces operating costs, improves the quality of service we deliver and provides us with a competitive advantage in securing favorable spot time charters and voyage charters with high-quality counterparties. Each of our newbuilding vessels will be equipped with a vessel remote monitoring system that will provide data to a central location in order to monitor fuel and lubricant consumption and efficiency on a real-time basis. We expect to retrofit all of our existing vessels and Excel Vessels with a similar monitoring system. While these monitoring systems are generally available in the shipping industry, we believe that they can be cost-effectively employed only by large-scale shipping operators, such as us.

Our fleet, which emphasizes large Capesize vessels, primarily transports minerals from the Americas and Australia to East Asia, particularly China, but also Japan, Korea, Taiwan, Indonesia and Malaysia. Our Supramax vessels carry minerals, grain products and steel between the Americas, Europe, Africa, Australia and Indonesia and from these areas to China, Korea, Japan, Taiwan, the Philippines and Malaysia.

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Our newbuilding vessels are being built at leading Japanese and Chinese shipyards. The following tables summarize key information about our fully delivered fleet, as of October 28, 2014:

Existing Fleet

	Vessel Name	Dry bulk Vessel Type	Capacity (dwt.)	Year Built	Charter Type/ Month of Contract Expiry
1.	*Leviathan*	Capesize	182,000	2014	Voyage charter/January 2015
2.	*Peloreus*	Capesize	182,000	2014	Voyage charter/November 2014
3.	*Obelix*(3)	Capesize	181,433	2011	Time charter/December 2014
4.	*Pantagruel*	Capesize	180,181	2004	Time charter/October 2014
5.	*Star Borealis*	Capesize	179,678	2011	Voyage charter/November 2014
6.	*Star Polaris*	Capesize	179,600	2011	Voyage charter/November 2014
7.	*Big Fish*	Capesize	177,662	2004	Time charter/November 2014
8.	*Kymopolia*	Capesize	176,990	2006	
9.	*Big Bang*	Capesize	174,109	2007	Time charter/November 2014
10.	*Star Aurora*	Capesize	171,199	2000	Voyage charter/January 2015
11.	*Star Mega*	Capesize	170,631	1994	Voyage charter/November 2014
12.	*Star Big*	Capesize	168,404	1996	Time charter/November 2015
13.	*Amami*(1)	Post Panamax	98,681	2011	Time charter/February 2016
14.	*Madredeus*(1)	Post Panamax	98,681	2011	Time charter/April 2016
15.	*Star Sirius*(1)	Post Panamax	98,681	2011	Time charter/June 2016
16.	*Star Vega* (1)	Post Panamax	98,681	2011	Time charter/August 2016
17.	*Pendulum*(3)	Kamsarmax	82,619	2006	Time charter/December 2014
18.	*Star Kamila*(2)	Kamsarmax	82,500	2005	Time charter/January 2015
19.	*Star Nasia*(2)	Kamsarmax	82,500	2006	Time charter/December 2014
20.	*Star Mariella*(2)	Kamsarmax	82,500	2006	Time charter/November 2014
21.	*Star Markella*(2)	Kamsarmax	82,500	2007	Time charter/November 2014
22.	*Star Georgia*(2)	Kamsarmax	82,500	2006	Time charter/November 2014
23.	*Star Danai*(2)	Kamsarmax	82,500	2006	Time charter/November 2014
24.	*Mercurial Virgo*	Kamsarmax	81,545	2013	Time charter/February 2015
25.	*Magnum Opus*	Kamsarmax	81,022	2014	Time charter/November 2014
26.	*Tsu Ebisu*	Kamsarmax	81,001	2014	Time charter/December 2014
27.	*Star Aline*(2)	Panamax	76,500	2004	Time charter/November 2014
28.	*Star Iris*(2)	Panamax	76,500	2004	Time charter/November 2014
29.	*Star Emily*(2)	Panamax	76,500	2004	Time charter/November 2014
30.	*Star Christianna*(2)	Panamax	74,600	1998	
31.	*Star Natalie*(2)	Panamax	73,800	1998	Time charter/November 2014
32.	*Star Monika*(2)	Panamax	71,500	1993	Time charter/January 2015
33.	*Star Tatianna*(2)	Panamax	69,600	1993	Time charter/November 2014
34.	*Star Challenger*	Ultramax	61,462	2012	
35.	*Star Fighter*	Ultramax	61,455	2013	Time charter/December 2014
36.	*Maiden Voyage*	Supramax	58,722	2012	Time charter/January 2015
37.	*Strange Attractor*	Supramax	55,742	2006	Time charter/January 2015

38.	*Star Omicron*	Supramax	53,489	2005	Time charter/December 2014
39.	*Star Gamma*	Supramax	53,098	2002	Time charter/November 2014
40.	*Star Zeta*	Supramax	52,994	2003	Time charter/November 2014
41.	*Star Delta*	Supramax	52,434	2000	Time charter/January 2015
42.	*Star Theta*	Supramax	52,425	2003	Time charter/November 2014
43.	*Star Epsilon*	Supramax	52,402	2001	Time charter/December 2014
44.	*Star Cosmo*(3)	Supramax	52,247	2005	Time charter/January 2015
45.	*Star Kappa*	Supramax	52,055	2001	Time charter/November 2014
46.	*Star Michele*(2)	Handymax	45,600	1998	[redacted]

Total liabilities	21,696.7	20,604.8	18,463.8
Stockholders' equity	3,256.9	3,163.2	3,942.4
Total liabilities and stockholders' equity	$ 24,953.6	$ 23,768.0	22,406.2

See Notes to Interim Financial Statements.

DEERE & COMPANY
CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS
For the Three Months Ended January 31, 2003 and 2002
(In millions of dollars) Unaudited

	2003	2002
Cash Flows from Operating Activities		
Net income (loss)	$ 68.0	$ (38.1)
Adjustments to reconcile net income (loss) to net cash used for operating activities	(605.4)	(305.0)
Net cash used for operating activities	(537.4)	(343.1)
Cash Flows from Investing Activities		
Collections of receivables	2,233.3	2,220.5
Proceeds from sales of financing receivables	292.0	1,702.8
Proceeds from maturities and sales of marketable securities	9.8	10.8
Proceeds from sales of equipment on operating leases	107.7	75.4
Proceeds from sales of businesses	22.5	50.3
Cost of receivables acquired	(2,282.7)	(2,413.8)
Purchases of marketable securities	(7.4)	(40.9)
Purchases of property and equipment	(48.4)	(68.2)
Cost of operating leases acquired	(76.9)	(68.6)
Acquisitions of businesses, net of cash acquired	(4.0)	(4.6)
	(4.6)	5.2

Decrease (increase) in receivables with unconsolidated affiliates		
Other	(.4)	132.5
Net cash provided by investing activities	240.9	1,601.4
Cash Flows from Financing Activities		
Increase in short-term borrowings	62.4	118.1
Proceeds from long-term borrowings	1,842.4	734.4
Principal payments on long-term borrowings	(857.2)	(728.3)
Proceeds from issuance of common stock	19.8	11.2
Repurchases of common stock	(.4)	(.7)
Dividends paid	(52.5)	(51.7)
Other	(1.2)	(1.2)
Net cash provided by financing activities	1,013.3	81.8
Effect of Exchange Rate Changes on Cash	21.7	(5.3)
Net Increase in Cash and Cash Equivalents	738.5	1,334.8
Cash and Cash Equivalents at Beginning of Period	2,814.9	1,030.0
Cash and Cash Equivalents at End of Period	$ 3,553.4	$ 2,364.8

See Notes to Interim Financial Statements.

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Notes to Interim Financial Statements (Unaudited)

(1) Dividends declared and paid on a per share basis were as follows:

	Three Months Ended January 31	
	2003	2002
Dividends declared	$ .22	$ .22
Dividends paid	$ .22	$ .22

(2) The calculation of basic net income per share is based on the average number of shares outstanding during the three months ended January 31, 2003 and 2002 of 239.2 million and 237.5 million, respectively. The calculation of diluted net income per share recognizes primarily the dilutive effect of the assumed exercise of stock options.

(3) Comprehensive income (loss), which includes all changes in the Company's equity during the period except transactions with stockholders, was as follows in millions of dollars:

	Three Months Ended January 31	
	2003	2002
Net income (loss)	$ 68.0	$ (38.1)
Other comprehensive income (loss), net of tax:		
Change in cumulative translation adjustment	58.2	11.4
Unrealized gain on investments	3.3	.1
Unrealized gain (loss) on derivatives	(3.5)	17.7
Comprehensive income (loss)	$ 126.0	$ (8.9)

(4) The consolidated financial statements represent the consolidation of all Deere & Company's subsidiaries. In the supplemental consolidating data in Note 5 to the financial statements, "Equipment Operations" (Deere & Company with Financial Services on the Equity Basis) include the Company's agricultural equipment, commercial and consumer equipment, construction and forestry and special technologies operations, with Financial Services reflected on the equity basis. The supplemental "Financial Services" data in Note 5 include Deere & Company's credit and health care operations.

(5) SUPPLEMENTAL CONSOLIDATING DATA
STATEMENT OF INCOME
For the Three Months Ended January 31, 2003 and 2002

(In millions of dollars) Unaudited	EQUIPMENT OPERATIONS*		FINANCIAL SERVICES	
	2003	2002	2003	2002
Net Sales and Revenues				
Net sales	$ 2,273.7	$ 1,937.5		
Finance and interest income	20.2	17.8	$ 339.6	$ 362.7
Health care premiums and fees			155.7	165.8
Other income	38.3	43.5	30.8	51.0
Total	2,332.2	1,998.8	526.1	579.5

Costs and Expenses				
Cost of sales	1,861.2	1,682.0		
Research and development expenses	117.5	127.2		
Selling, administrative and general expenses	254.5	258.9	104.2	109.1
Interest expense	54.5	53.8	105.7	115.2
Interest compensation to Financial Services	40.7	34.0		
Health care claims and costs			120.4	133.3
Other operating expenses	11.8	21.7	82.3	96.6
Total	2,340.2	2,177.6	412.6	454.2
Income (Loss) of Consolidated Group				
Before Income Taxes	(8.0)	(178.8)	113.5	125.3
Provision (credit) for income taxes	(2.8)	(68.3)	40.3	43.8
Income (Loss) of Consolidated Group	(5.2)	(110.5)	73.2	81.5
Equity in Income (Loss) of Unconsolidated				
Subsidiaries and Affiliates				
Credit	69.0	76.0	.1	(.9)
Other	4.2	(3.6)		
Total	73.2	72.4	.1	(.9)
Net income (loss)	$ 68.0	$ (38.1)	$ 73.3	$ 80.6

* Deere & Company with Financial Services on the equity basis.

The supplemental consolidating data is presented for informational purposes. Transactions between the "Equipment Operations" and "Financial Services" have been eliminated to arrive at the consolidated financial statements.

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SUPPLEMENTAL CONSOLIDATING DATA (Continued)

CONDENSED BALANCE SHEET (In millions of dollars) Unaudited	EQUIPMENT OPERATIONS *	FINANCIAL SERVICES

	January 31 2003	October 31 2002	January 31 2002	January 31 2003	October 31 2002	January 31 2002
Assets						
Cash and cash equivalents	$ 3,148.2	$ 2,638.5	$ 1,868.4	$ 405.3	$ 176.3	$ 496.4
Cash equivalents deposited with unconsolidated subsidiaries	106.5	790.8				
Cash and cash equivalents	3,254.7	3,429.3	1,868.4	405.3	176.3	496.4
Marketable securities				187.7	189.2	205.0
Receivables from unconsolidated subsidiaries and affiliates	182.1	220.1	20.3	267.7	259.8	357.7
Trade accounts and notes receivable - net	674.7	909.4	906.3	2,585.8	2,137.7	2,098.8
Financing receivables - net	14.5	60.1	44.8	8,878.9	9,007.4	7,590.8
Other receivables	117.5	279.1	238.2	165.1	147.3	183.6
Equipment on operating leases - net	12.0	12.4	9.6	1,501.9	1,596.8	1,807.5
Inventories	1,929.3	1,371.8	1,830.7			
Property and equipment - net	1,967.1	1,963.4	1,977.1	34.9	34.9	39.0
Investments in unconsolidated subsidiaries and affiliates	2,330.8	2,248.5	2,333.1	2.8	7.7	5.8
Goodwill	830.7	803.9	836.4	.2	.2	.2
Other intangible assets - net	90.1	90.4	26.8	.4	.4	.6
Prepaid pension costs	51.4	49.6	668.2			
Other assets	229.2	208.1	161.6	413.1	374.0	247.1
Deferred income taxes	1,579.7	1,576.3	973.4	1.5	1.8	1.1
Deferred charges	75.7	73.4	86.2	26.7	20.6	13.4
Total assets	$ 13,339.5	$ 13,295.8	$ 11,981.1	$ 14,472.0	$ 13,954.1	$ 13,047.0
Liabilities and Stockholders' Equity						

Short-term borrowings	$ 501.6	$ 398.1	$ 785.5	$ 3,668.5	$ 4,039.2	$ 5,670.3
Payables to unconsolidated subsidiaries and affiliates	72.1	79.4	91.3	252.7	989.7	3.6
Accounts payable and accrued expenses	2,515.2	2,800.7	2,274.2	670.5	654.9	780.0
Health care claims and reserves				102.2	92.8	112.5
Accrued taxes	96.8	83.2	50.7	20.3	4.2	15.8
Deferred income taxes	9.9	9.5	3.1	103.3	102.9	81.0
Long-term borrowings	3,008.0	2,988.8	2,202.9	7,461.7	5,961.5	4,204.5
Retirement benefit accruals and other liabilities	3,879.0	3,772.9	2,631.0	35.1	33.3	31.6
Total liabilities	10,082.6	10,132.6	8,038.7	12,314.3	11,878.5	10,899.3
Stockholders' equity	3,256.9	3,163.2	3,942.4	2,157.7	2,075.6	2,147.7
Total liabilities and stockholders' equity	$ 13,339.5	$ 13,295.8	$ 11,981.1	$ 14,472.0	$ 13,954.1	$ 13,047.0

* Deere & Company with Financial Services on the equity basis.

The supplemental consolidating data is presented for informational purposes. Transactions between the "Equipment Operations" and "Financial Services" have been eliminated to arrive at the consolidated financial statements.

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SUPPLEMENTAL CONSOLIDATING DATA (Continued)
CONDENSED STATEMENT OF CASH FLOWS
For the Three Months Ended January 31, 2003 and 2002
(In millions of dollars) Unaudited

	EQUIPMENT OPERATIONS*		FINANCIAL SERVICES	
	2003	2002	2003	2002
Cash Flows from Operating Activities				
Net income (loss)	$ 68.0	$ (38.1)	$ 73.3	$ 80.6
Adjustments to reconcile net income (loss) to net cash provided by operating activities	(370.7)	(429.4)	112.7	47.8

Net cash provided by (used for) operating activities	(302.7)	(467.5)	186.0	128.4
Cash Flows from Investing Activities				
Collections of receivables	44.6	18.2	3,631.2	3,339.6
Proceeds from sales of financing receivables			292.0	1,702.8
Proceeds from maturities and sales of marketable securities			9.8	10.8
Proceeds from sales of equipment on operating leases		.7	107.7	74.8
Proceeds from sales of businesses	22.5	50.3		
Cost of receivables acquired	(.2)	(14.3)	(4,141.3)	(3,409.5)
Purchases of marketable securities			(7.4)	(40.9)
Purchases of property and equipment	(48.0)	(66.4)	(.3)	(1.8)
Cost of operating leases acquired	(.1)	(.7)	(76.8)	(67.9)
Acquisitions of businesses, net of cash acquired	(4.0)	(2.4)		(2.3)
Decrease (increase) in receivables with unconsolidated affiliates			(7.9)	16.7
Other	2.7	5.5	(2.8)	126.9
Net cash provided by (used for) investing activities	17.5	(9.1)	(195.8)	1,749.2
Cash Flows from Financing Activities				
Increase (decrease) in short-term borrowings	84.0	56.6	(21.7)	61.6
Change in intercompany receivables/payables	51.4	288.4	(735.7)	(1,931.7)
Proceeds from long-term borrowings	.4	3.5	1,842.0	730.9
Principal payments on long-term borrowings	(6.7)	(53.3)	(850.5)	(675.0)
Proceeds from issuance of common stock	19.8	11.2		
Repurchases of common stock	(.4)	(.7)		
Dividends paid	(52.5)	(51.7)	(1.2)	(142.8)
Other	(1.2)	(1.2)		
Net cash provided by (used for) financing activities	94.8	252.8	232.9	(1,957.0)

Effect of Exchange Rate Changes on Cash	15.8	(6.4)	5.9	1.1
Net Increase (Decrease) in Cash and Cash Equivalents	(174.6)	(230.2)	229.0	(78.3)
Cash and Cash Equivalents at Beginning of Period	3,429.3	2,098.6	176.3	574.7
Cash and Cash Equivalents at End of Period	$ 3,254.7	$ 1,868.4	$ 405.3	$496.4

* Deere & Company with Financial Services on the equity basis.

The supplemental consolidating data is presented for informational purposes. Transactions between the "Equipment Operations" and "Financial Services" have been eliminated to arrive at the consolidated financial statements.