

Eagle Bulk Shipping Inc.
Form 424B3
November 13, 2006
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Registration File No. 333-137003

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS SUPPLEMENT Subject to completion November 13, 2006
(To Prospectus dated September 6, 2006)

2,700,000 Shares

Common Stock

The selling shareholder is offering all of the shares of common stock offered by this prospectus supplement.

Our common stock is quoted on The Nasdaq Global Select Market under the symbol "EGLE." The last reported sales price of our common stock on The Nasdaq Global Select Market on November 10, 2006 was \$16.85 per share. We will not receive any proceeds from the sale of the shares of common stock by the selling shareholder.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should read the discussion of material risks of investing in our common stock in "Risk factors" in our report on Form 10-K filed on March 15, 2006 and incorporated herein by reference and in "Risk Factors" beginning on page 5 of the accompanying prospectus.

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

	Per share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to selling shareholder	\$	\$

The underwriter is offering the common stock as set forth under "Underwriting." Delivery of the shares will be made on or about November , 2006.

UBS Investment Bank

The date of this prospectus supplement is November , 2006.

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

The offering

Common stock offered by the selling shareholder	2,700,000 shares
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Common stock outstanding and to be outstanding after this offering 35,900,000 shares
 Nasdaq Global Select Market symbol EGLE

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Use of proceeds

All of the shares of common stock offered hereby are being sold by the selling shareholder. We will not receive any proceeds from the sale of shares by the selling shareholder.

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Selling shareholder

Name	Shares Beneficially Owned (1)		Number of Shares That Will Be Offered	Number of Common Stock Beneficially Owned Following the Offering	Percentage of Shares of Common Stock to be Beneficially Owned After Completion of the Offering	
	Number	Percentage				
	Eagle Ventures LLC (2)(3)	10,125,000				28.20
Kelso Investment Associates VII, L.P. (2)(4)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
KEP VI, LLC (2)(4)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
Frank T. Nickell (2)(4)(5)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
Thomas R. Wall, IV (2)(4)(5)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
George E. Matelich (2)(4)(5)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
Michael B. Goldberg (2)(4)(5)(6)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
David I. Wahrhaftig (2)(4)(5)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
Frank K. Bynum, Jr. (2)(4)(5)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
Philip E. Berney (2)(4)(5)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
Frank J. Loverro (2)(4)(5)(6)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%
James J. Connors, II (2)(4)(5)	7,939,171	22.11	% 2,212,678	5,726,494	15.95	%

(1)

Numbers and percentages for Eagle Ventures LLC, KIA VII, KEP VI and Messrs. Nickell, Wall, Matelich, Goldberg, Wahrhaftig, Bynum, Berney, Loverro and Connors are reflective of beneficial ownership of Eagle Ventures LLC common interests.

(2)

The business address for these persons is c/o Kelso & Company, L.P., 320 Park Avenue, 24th Floor, New York, NY 10022.

(3)

The members of Eagle Ventures LLC include Kelso Investment Associates VII, L.P., KEP VI, LLC, Sophocles Zoullas, Alan Ginsberg and David Hiley. Members of Eagle Ventures LLC will receive a distribution from the net proceeds received by Eagle Ventures LLC from the offering pursuant to this prospectus supplement in accordance with the Fifth Amended and Restated Limited Liability Company Agreement of Eagle Ventures LLC. Assuming a share price of \$16.85 per share, the closing price of our common stock on November 10, 2006, for the shares sold in this offering, our named executive officers would receive distributions (in respect of vested profits interests) as follows: Sophocles Zoullas (\$4,458,835) and Alan Ginsberg (\$307,393). Assuming a share price of \$16.85 per share, the closing price of our common stock on November 10, 2006, for the shares sold in this offering, our named executive officers would receive distributions (in respect of their common ownership interests in Eagle Ventures LLC) as follows: Sophocles Zoullas (\$612,816) and Alan Ginsberg (\$3,854).

(4)

Includes shares of common stock held by: (i) Kelso Investment Associates VII, L.P., a Delaware limited partnership, or KIA VII, and (ii) KEP VI, LLC, or KEP VI. KIA VII and KEP VI may be deemed to share beneficial ownership of shares of common stock owned of record by Eagle Ventures LLC, by virtue of their ownership interests in Eagle Ventures LLC. KIA VII and KEP VI, due to their common control, could be deemed to beneficially own each of the other's shares. Shares and percentages indicated represent the upper limit of the expected ownership of our equity securities by these persons and entities and are based on a share price of \$16.85, the closing price of a share of our common stock on November 10, 2006. Each of KIA VII and KEP VI disclaim such beneficial ownership.

(5)

Messrs. Nickell, Wall, Matelich, Goldberg, Wahrhaftig, Bynum, Berney, Loverro and Connors may be deemed to share beneficial ownership of shares of common stock owned of record by Eagle Ventures LLC, by virtue of their status as managing members of KEP VI and of Kelso GP VII, LLC, a Delaware limited liability company, the principal business of which is serving as the general partner of Kelso GP VII, L.P., a Delaware limited partnership, the principal business of which is serving as the general partner of KIA VII. Each of Messrs. Nickell, Wall, Matelich, Goldberg, Wahrhaftig, Bynum, Berney, Loverro and Connors share investment and voting power with respect to the ownership interests owned by KIA VII and KEP VI but disclaim beneficial ownership of such interests.

(6)

Member of our board of directors.

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Tax Considerations

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

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

Marshall Islands Tax Considerations

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

United States Federal Income Tax Considerations

In the opinion of Seward & Kissel LLP, our United States counsel, the following are the material United States federal income tax consequences to us of our activities and to United States Holders and to Non-United States Holders of our common stock. The following discussion of United States federal income tax matters is based on the Internal Revenue Code of 1986, as amended (the "Code"), judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the United States Department of the Treasury, all of which are subject to change, possibly with retroactive effect. In addition, the discussion below is based, in part, on the description of our business as described in "Business" in our report on Form 10-K filed on March 15, 2006 and assumes that we conduct our business as described in that section.

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

United States Federal Income Taxation of Our Company

Taxation of Operating Income: In General

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

Unless exempt from United States federal income taxation under the rules of Section 883 of the Code, or Section 883, as discussed below, a foreign corporation such as ourselves will be subject to United States federal income taxation on its "shipping income" that is treated as derived from sources within the United

Tax Considerations

States, to which we refer as “United States source shipping income.” For tax purposes, “United States source shipping income” includes 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States.

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

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

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

Exemption of Operating Income from United States Federal Income Taxation

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

(1)

it is organized in a qualified foreign country, which is one that grants an “equivalent exemption” from tax to corporations organized in the United States in respect of each category of shipping income for which exemption is being claimed under Section 883 and to which we refer as the “Country of Organization Test”; and

(2)

one of the following tests is met:

(A)

more than 50% of the value of its stock is beneficially owned, directly or indirectly, by qualified stockholders, which as defined includes individuals who are “residents” of a qualified foreign country, to which we refer as the “50% Ownership Test;”

(B)

its stock is “primarily and regularly traded on an established securities market” in a qualified foreign country or in the United States, to which we refer as the “Publicly-Traded Test”; or

(C)

it is a “controlled foreign corporation”, or CFC, as described below and satisfies an ownership test, to which, collectively, we refer as the “CFC Test.”

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

Both before and after this offering, we believe that we will satisfy the Publicly-Traded Test, as discussed below. The Company does not currently anticipate a circumstance under which it would be able to satisfy the 50% Ownership Test or the CFC Test before or after the offering.

Publicly-Traded Test

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

Under the regulations, the Company's common stock will be considered to be “regularly traded” on an established securities market if one or more classes of its stock representing more than 50% of our

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outstanding shares, by both total combined voting power of all classes of stock entitled to vote and total value, are listed on such market, to which we refer as the “listing threshold.” Since all our common shares are listed on the Nasdaq Global Select Market, we believe that we satisfy the listing threshold.

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

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

For purposes of being able to determine the persons who actually or constructively own 5% or more of the vote and value of the Company's common stock, or “5% Stockholders,” the regulations permit the Company to rely on those

persons that are identified on Schedule 13G and Schedule 13D filings with the United States Securities and Exchange Commission, or the “SEC,” as owning 5% or more of the Company's common stock. The regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Stockholder for such purposes.

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

After the offering, the Company anticipates that Eagle Ventures LLC will own approximately 20.68% of its outstanding common shares. If Eagle Ventures LLC alone or together with other 5% Stockholders were to own 50% or more of the Company's outstanding common shares on more than half the days of any taxable year, the 5 Percent Override Rule would be triggered. If the 5% Override Rule were triggered, the Company believes that it would have significant difficulty in satisfying the 5 Percent Override Exception and hence would not qualify for the Publicly-Traded Test because United States persons are non-qualified stockholders for purposes of Section 883 and substantially all of the beneficial owners of Eagle Ventures LLC are United States persons.

Taxation In Absence of Section 883 Exemption

If the benefits of Section 883 are unavailable, the Company's United States source shipping income would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, to the extent that such income is not considered to be “effectively connected” with the conduct of a United States trade or business, as described below. Since under the sourcing rules described above, no more than 50% of the Company's shipping income would be treated as being United States source shipping income, the maximum effective rate of United States federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime. Based on the current operation of our vessels, if we were subject to 4% gross basis tax, our United States federal income tax liability would be

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approximately \$200,000 per year. However, we can give no assurance that the operation of our vessels, which are under the control of third party charterers, will not change such that our United States federal income tax liability would be substantially higher.

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

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

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

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

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

United States Taxation of Gain on Sale of Vessels

If the Company qualifies for exemption from tax under Section 883 in respect of the shipping income derived from the international operation of its vessels, then gain from the sale of any such vessel should likewise be exempt from tax under Section 883. If, however, the Company's shipping income from such vessels does not for whatever reason qualify for exemption under Section 883 and assuming that any decision on a vessel sale is made from and attributable to the United States office of the Company, as we believe likely to be the case as the Company is currently structured, then any gain derived from the sale of any such vessel will be treated as derived from United States sources and subject to United States federal income tax as "effectively connected" income (determined under rules different from those discussed above) under the above described net income tax regime.

United States Federal Income Taxation of United States Holders

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

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

Distributions

Subject to the discussion of passive foreign investment companies below, any distributions made by the Company with respect to its common stock to a United States Holder will generally constitute dividends to the extent of the Company's current or accumulated earnings and profits, as determined under United

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States federal income tax principles. Distributions in excess of such earnings and profits will be treated first as a nontaxable return of capital to the extent of the United States Holder's tax basis in his common stock on a dollar-for-dollar basis and thereafter as capital gain. Because the Company is not a United States corporation, United States Holders that are corporations will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us. Dividends paid with respect to the Company's common stock will generally be treated as "passive income" for purposes of computing allowable foreign tax credits for United States foreign tax credit purposes.

Dividends paid on the Company's common stock to a United States Holder who is an individual, trust or estate (a "United States Non-Corporate Holder") will generally be treated as "qualified dividend income" that is taxable to such United States Non-Corporate Holder at preferential tax rates (through 2010) provided that (1) the common stock is readily tradable on an established securities market in the United States (such as the Nasdaq National Market on which the Company's common stock is traded); (2) the Company is not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we have been, are or will be); (3) the United States Non-Corporate Holder has owned the common stock for more than 60 days in the 121-day period beginning 60 days before the date on which the common stock becomes ex-dividend; and (4) the United States Non-Corporate Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. There is no assurance that any dividends paid on the Company's common stock will be eligible for these preferential rates in the hands of a United States Non-Corporate Holder, although we believe that they will be so eligible. Legislation has been recently introduced in the U.S. Senate which, if enacted in its present form, would preclude our dividends from qualifying for such preferential rates prospectively from the date of enactment. This legislation has been referred to the Senate Finance Committee and no further action has been taken with respect to it. Any dividends out of earnings and profits the Company pays which are not eligible for these preferential rates will be taxed as ordinary income to a United States Non-Corporate Holder.

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

Sale, Exchange or Other Disposition of Common Stock

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

Passive Foreign Investment Company Status and Significant Tax Consequences

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

at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), or

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