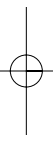
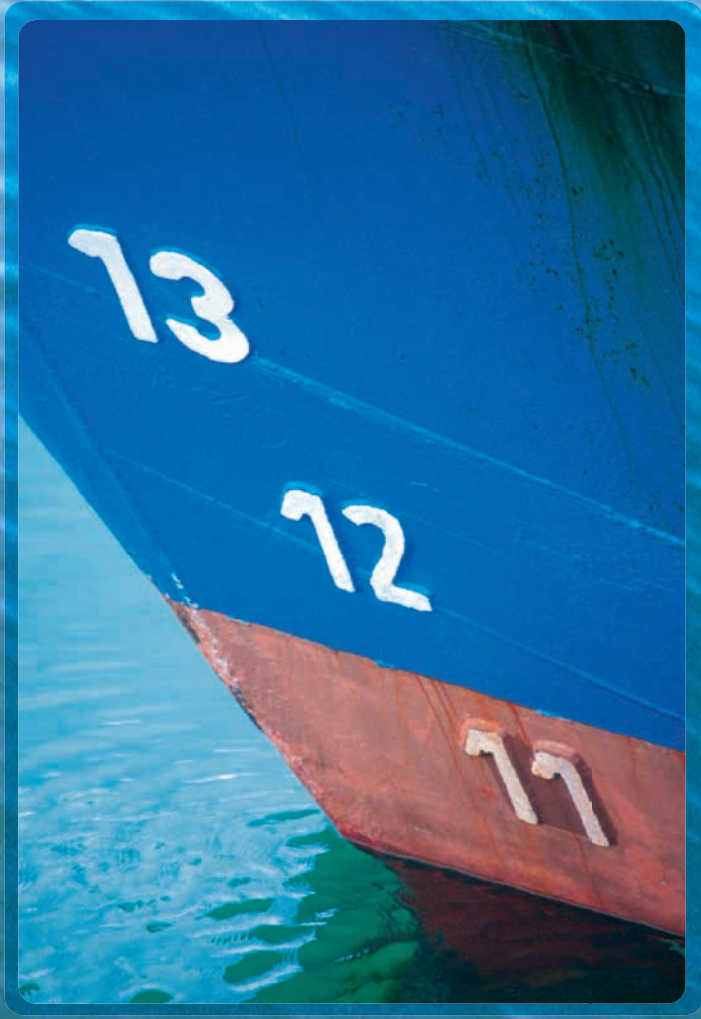


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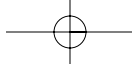


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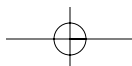
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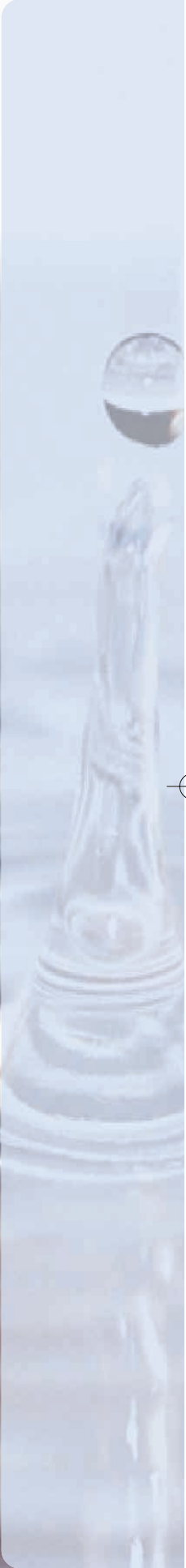
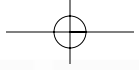
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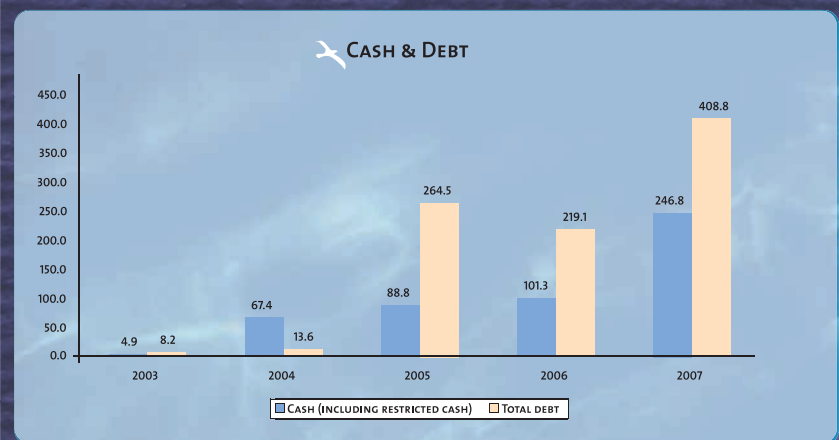
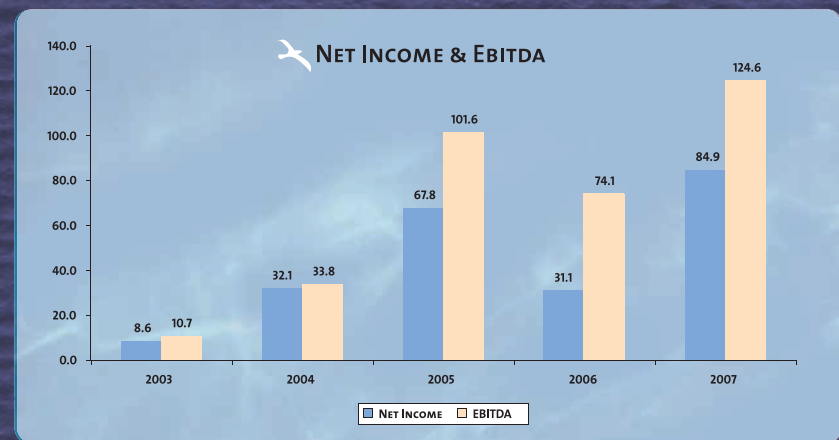
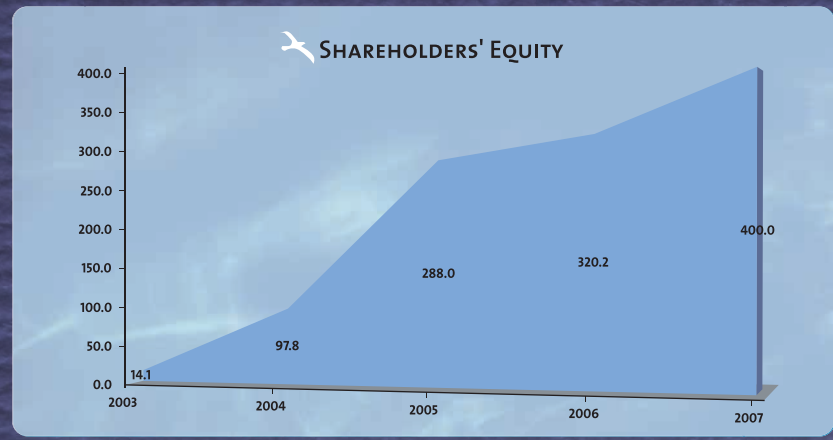
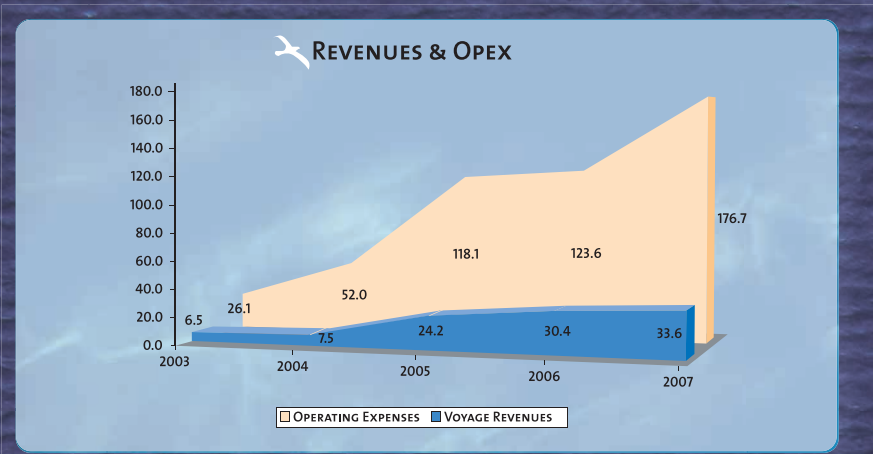
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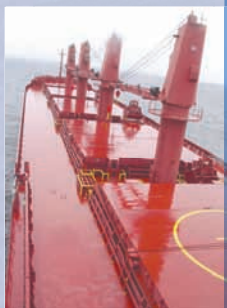
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Financial Highlights

The following table sets forth our selected historical consolidated financial data and other operating information for each of the five years in the five year period ended December 31, 2007.

SELECTED HISTORICAL FINANCIAL AND OTHER OPERATING INFORMATION

(\$ in millions except share, per share and fleet data)	2003	2004	2005	2006	2007
VOYAGE REVENUES	\$26.1	\$52.0	\$118.1	\$123.6	\$176.7
EBITDA	10.7	33.8	101.6	74.1	124.6
NET INCOME*	8.6	32.1	67.8	31.1	84.9
EARNINGS PER SHARE - DILUTED					
- BASIC	0.75	2.75	3.64	1.56	\$4.26
- DILUTED	0.75	2.75	3.64	1.56	\$4.25
WEIGHTED AVERAGE SHARES OUTSTANDING					
- BASIC	11,532,725	11,640,058	18,599,876	19,947,411	19,949,644
- DILUTED	11,532,725	11,640,058	18,599,876	19,947,411	19,965,676
At year end:					
CASH AND CASH EQUIVALENTS**	\$4.9	\$67.4	\$88.8	\$101.3	\$258.7
TOTAL ASSETS	24.1	114.0	561.0	549.4	824.4
TOTAL DEBT	8.2	13.6	264.5	219.1	408.8
TOTAL LIABILITIES***	10.0	16.5	273.0	229.2	424.6
STOCKHOLDERS' EQUITY	14.1	97.8	288.0	320.2	399.8
OUTSTANDING SHARES****	11,611,099	13,811,099	19,710,099	19,730,479	20,028,882
STOCKHOLDERS' EQUITY PER SHARE OF COMMON STOCK	1.2	7.1	14.6	16.2	20.0
Fleet data:					
AVERAGE NUMBER OF VESSELS	5.0	5.0	14.4	17.0	16.5
TOTAL DWT (in millions)	0.4	0.6	1.0	1.0	1.1
FLEET UTILIZATION	92.4%	98.0%	96.2%	95.6%	94.0%

* includes gain on sale of vessel in 2005 of \$26.8
 ** includes restricted cash
 *** includes total debt
 **** Class A and Class B shares as of December 31, 2007

Major Recent Developments



Acquisition of Quintana Maritime

On January 29, 2008, Excel entered into an Agreement and Plan of Merger (the “Merger Agreement”) as amended on February 7, 2008, with Quintana and Bird Acquisition Corp. (the “Merger Sub”), a direct wholly-owned subsidiary of Excel, incorporated on January 7, 2008.

On April 15, 2008, our acquisition of Quintana was completed. As a result of the merger, Quintana operates as a wholly owned subsidiary of Excel under the name Bird Acquisition Corp. The merger created a combined company that operates a fleet of 47 vessels with a total carrying capacity of approximately 3.7 million DWT and an average age of approximately 8.5 years.

Quintana Maritime Limited is the international provider of dry bulk marine transportation services through the ownership and management of dry bulk vessels. Its main focus is modern Capesize and Panamax vessels. Their principal objective is to transport iron ore, coal, grain and other valuable commodities within the dry bulk market, safely and efficiently.

Quintana was incorporated in the Marshall Islands on January 13, 2005 and began operations on April 12, 2005. On July 2005 the company became a publicly listed company, whose shares were traded on the NASDAQ National Market under the symbol “QMAR”.

After April 15, 2008, Quintana shareholders received approximately \$764 million in cash and 23.5 million shares of Excel’s Class A common stock in return for all outstanding shares of Quintana.

Strategic Merits of the Combined Company

- * Forms an industry leader - the largest dry bulk company publicly listed in the U.S. owned and operated in terms of dwt
- * Strong cash flow visibility, with charter coverage to protect from near term market volatility
- * Modern, diverse fleet with a full spectrum of vessel sizes to service customers
- * Enhanced growth prospects from existing newbuilding program
- * Significant synergies from fleet combination
- * Long term relationships with broad, investment grade customer base
- * Experienced management team with proven track record to lead the combined company

Attractive Attainable Synergies

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> • Enhanced technical and operational management capability • Improved purchasing and placing power • “Best of Breed” approach to cost discipline and training and motivating crews | | <ul style="list-style-type: none"> • Enhanced fleet utilization - fewer breakdown and dry docking days • Dry docking cost savings • Improved daily operating expenses • Lower general and administrative expenses through elimination or redundancies |
|--|--|---|



NAME	AGE	POSITION
Gabriel Panayotides	53	Chairman and Director
Stamatis Molaris	46	President, Chief Executive Officer and Director
George Agadakis	55	Chief Operating Officer
Eleftherios Papatrifon	38	Chief Financial Officer
Frithjof Platou	71	Non - Executive Director
Evangelos Macris	57	Non - Executive Director
Apostolos Kontoyannis	59	Non - Executive Director
Corbin J Robertson III	37	Non - Executive Director
Hans J Mende	64	Non - Executive Director
Paul Cornell	49	Non - Executive Director



Board of Directors & Officers

Committees of the Board

The Board has established an Audit Committee, a Compensation Committee and a Nomination Committee.

Audit Committee

The members of the Audit Committee are:

- * Apostolos Kontoyannis - *Chairman*
- * Frithjof Platou
- * Evangelos Macris

Compensation Committee

The members of the Compensation Committee are:

- * Frithjof Platou - *Chairman*
- * Apostolos Kontoyannis
- * Evangelos Macris

Nomination and Corporate Governance Committee

The members of the Nomination Committee are:

- * Evangelos Macris - *Chairman*
- * Apostolos Kontoyannis
- * To be nominated



AUDIT COMMITTEE

The Audit Committee is appointed by the Board of Directors to assist the Board in discharging its oversight responsibilities involving:

- * The financial reporting process to ensure the balance, transparency and integrity of published financial information.
- * The effectiveness of the Company's internal financial control and risk management system.
- * The effectiveness of the internal audit function.
- * The independent audit process including recommending the appointment and assessing the performance of the external auditor.
- * The independent auditor's qualifications and independence.
- * The Company's process for monitoring compliance with laws and regulations affecting financial reporting.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the external and internal auditors. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the external auditor. It evaluates whether management is setting the appropriate 'control culture' by communicating the importance of internal control and management of risk, as well as overall effectiveness of the internal control and risk management frameworks. The Committee needs to review periodically the Company's Code of Business Conduct and Ethics and review significant accounting and reporting issues. In order to do so the Committee meets with the management and external auditors to review financial statements and prepares an Audit Committee report as required by the United States Securities and Exchange Commission (SEC) to be included in the Company's annual proxy statement.



COMPENSATION COMMITTEE

The Compensation Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Company as they affect the CEO and the Senior Executives. The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement.

The Board authorizes the Compensation Committee, within the scope of its responsibilities, to engage independent counsel and other advisers as it deems necessary to carry out its duties, to approve their fees and other retention terms. The Committee has the sole power to retain and terminate any compensation consultant assisting in the evaluation of a director or the CEO or senior executive compensation.

The Compensation Committee reviews and approves corporate goals and objectives relevant to CEO compensation, evaluates the CEO's performance and recommends to the Board the CEO's overall compensation levels based on this evaluation. At least annually, the Committee reviews and approves the composition, the annual base salaries and the annual incentive opportunities of the Senior Management Team.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating and Corporate Governance Committee is appointed by the Board:

- * to assist the Board by identifying individuals qualified to become Board members, consistent with criteria approved by the Board and to recommend to the Board the director nominees for the next annual meeting of shareholders.
- * to recommend to the Board the corporate governance guidelines applicable to the Company.
- * to lead the Board in its annual review of the Board's performance.
- * to recommend the structure and membership of the Board's committees to the Board.

The Nominating Committee takes a leadership role in shaping the corporate governance of the Company by retaining and terminating any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms. The Committee has responsibility for identifying individuals qualified to become Board members and to make appropriate director nominee recommendations to the Board of Directors, reviewing regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary and receiving comments from all directors and report annually to the Board with an assessment of the Board's performance.

The Nominating Committee produces an annual report to the Board and annually reviews its own performance.

Biographical information with respect to each of our directors and executive officers is set forth below.

GABRIEL PANAYOTIDES has been the Chairman of the Board since February 1998. Mr. Panayotides has participated in the ownership and management of ocean going vessels since 1978. He is also a member of the Greek Committee of Bureau Veritas, an international classification society. He holds a Bachelors degree from the Piraeus University of Economics. Mr. Panayotides is a member of the Board of Directors of D/S Torm. Following the resignation of Mr. Georgakis in February 2008, Mr. Panayotides acted as Company's Chief Executive Officer until Mr. Stamatis Molaris was appointed in April 2008.

STAMATIS MOLARIS has been the Chief Executive Officer, President, and Director since April 2008. Prior thereto, Mr. Molaris served as the Chief Executive Officer of Quintana from January 2005 to April 2008, as President of Quintana from May 2005 to April 2008, as Director of Quintana from June 2005 to April 2008, and as Chief Financial Officer and as a director of Stelmar Shipping Ltd., a tanker company, from August 1993 until January 2005. Prior to that, Mr. Molaris served as an audit manager for Arthur Andersen.

GEORGE AGADAKIS has been Vice President and Chief Operating Officer of the Company since 1997. He has been holding also the position of General Manager / Shipping Director of "Maryville Maritime Inc." since 1992. From 1983 to 1992, he served as Insurance and Claims Manager for "Maryville". He has held positions as Insurance and Claims Manager and as a consultant with three other shipping companies since 1976. He holds diplomas in Shipping and Marine Insurance from the Business Centre of Athens, the London School of Foreign Trade and the London Chamber of Commerce.

ELEFTHERIOS PAPATRIFON was appointed Chief Financial Officer on January 1, 2005. Mr. Papatrifon has 15 years of experience in Corporate Finance and Asset Management. He has held various asset management positions for The Prudential Insurance Company of America and has held senior management positions in the Banking and Financial Services sectors in Greece. Prior to joining Excel, Mr. Papatrifon was Head of Investment Banking at Geniki Bank of Greece, a subsidiary of Societe Generale. Mr. Papatrifon holds undergraduate (BBA) and graduate (MBA) degrees from Baruch College (CUNY). He is also a member of the CFA Institute and a CFA charterholder.

FRITHJOF PLATOU, a Norwegian citizen, has broad experience in shipping and project finance, ship broking, ship agency and trading and has served on the Boards of several companies in the U.K. and Norway. Since 1984, he manages his own financial consulting and advisory company, Stoud & Co Limited, specialising in corporate and project finance for the shipping, offshore oil & gas and various other industries. He was head of the shipping and offshore departments at Den Norske Creditbank and Nordic Bank as well as at American Express Bank. Mr. Platou holds a degree in Business Administration from the University of Geneva, speaks and writes fluent Norwegian, English, French and German, has a reasonable knowledge of Spanish and a basic understanding of Japanese.

EVANGELOS MACRIS is a member of the Bar Association of Athens and is the founding partner of Evangelos S. Macris Law Office, a Piraeus based office specializing in Shipping Law. He holds a degree in Economics and Political Science from the Pantion University in Athens and a Law Degree from the University of Athens, as well as a post graduate degree in Shipping Law from the University of London, University College.

APOSTOLOS KONTOYANNIS is the Chairman of Investments and Finance Ltd., a financial consultancy firm he founded in 1987, that specializes in financial and structuring issues relating to the Greek maritime industry, with offices in Piraeus and London. Previously, he was employed by Chase Manhattan Bank N.A. in Frankfurt (Corporate Bank), London (Head of Shipping Finance South Western European Region) and Piraeus (Manager, Ship Finance Group) from 1975 to 1987. Mr. Kontoyannis holds a bachelors degree in Finance and Marketing and an M.B.A. in Finance from Boston University.

CORBIN J. ROBERTSON III has been a member of our Board since April 2008 and was formerly a director of Quintana. Mr. Robertson is currently a Principal of Quintana Energy Partners L.P., an energy-focused private equity fund. Prior to joining Quintana Energy Partners, Mr. Robertson was a Managing Director of Spring Street Partners, a hedge fund focused on undervalued small cap securities, a position he has held since 2002. Prior to joining Spring Street, Mr. Robertson worked for three years as a Vice President of Sandefer Capital Partners LLC, a private investment partnership focused on energy related investments, and two years as a management consultant for Deloitte and Touche LLP. Mr. Robertson is also a member of the board of Gulf Atlantic Refining and Marketing L.P., an operator of a refinery and crude and refined products storage terminals and advisory director to Main Street Bank, a regional commercial bank.

HANS J. MENDE has been a member of our Board since April 2008 and was formerly a director of Quintana. Mr. Mende also serves as Chairman of the Board of Directors of Alpha Natural Resources, Inc. and is a director of Foundation Coal Holdings, Inc., both of which are coal companies. He is President and Chief Operating Officer of AMCI International, Inc., a mining and trading company, which is a position he has held since he co-founded AMCI in 1986. Prior to founding AMCI, Mr. Mende was employed by the Thyssen Group, one of the largest German multinational companies with interests in steel making and general heavy industrial production, in various senior executive positions. At the time of his departure from Thyssen Group, Mr. Mende was President of its international trading company.

PAUL J. CORNELL has been a member of our Board since April 2008 and was formerly Chief Financial Officer of Quintana from January 2005 to April 2008. He also served as the Vice President of Finance for Quintana Minerals Corporation since 1993 and has been employed with Quintana Minerals Corporation since 1988. Mr. Cornell received his B.B.A. in Accounting from Niagara University in 1981.



Forward - Looking Statements

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this document may constitute forward-looking statements.

The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

Please note in this annual report, “we”, “us”, “our”, “the Company”, and “Excel” all refer to Excel Maritime Carriers Ltd. and its consolidated subsidiaries.

Excel Maritime Carriers Ltd., or the Company, desires to take advantage of the safe harbour provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. This document and any other written or oral statements made by us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. The words “believe”, “anticipate”, “intends”, “estimate”, “forecast”, “project”, “plan”, “potential”, “will”, “may”, “should”, “expect” and similar expressions identify forward-looking statements.

The forward-looking statements in this document are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, managements examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

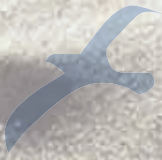
In addition to these important factors and matters discussed elsewhere herein and in the documents incorporated by reference herein, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter hire rates and vessel values, changes in the Company's operating expenses, including bunker prices, drydocking and insurance costs, changes in governmental rules and regulations, changes in income tax legislation or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission.

✳ *Cost Efficient Operations.* Excel historically operated its fleet at competitive costs by carefully selecting second hand vessels, competitively commissioning and actively supervising cost efficient shipyards to perform repair, reconditioning and systems upgrading work, together with a proactive preventive maintenance program both ashore and at sea, and employing professional, well trained masters, officers and crews. We believe that this combination has allowed the Company to minimize off-hire periods, effectively manage insurance costs and control overall operating expenses.

E. CORPORATE STRUCTURE

Excel Maritime Carriers owns each of its vessels through separate wholly-owned subsidiaries incorporated in Liberia, the Marshall Islands and Cyprus. Maryville Maritime Inc., our wholly owned subsidiary performs all technical management services for our fleet. These services are provided at market rates and include technical management, such as managing day-to-day vessel operations including supervising the crewing, supplying, maintaining and drydocking of vessels, commercial management regarding identifying suitable vessel charter and sale/purchase opportunities, and certain accounting services.





Maryville Maritime Inc.

The technical management of Excel's fleet is undertaken by Maryville Maritime Inc., a wholly owned subsidiary of the Company. Maryville is an independent management corporation, providing the owners of the vessels the following service:

1. *Technical Management*
2. *Crew Management*
3. *Financial Management*
4. *Safety and Quality Certification*

Maryville's Competitive Strengths

1. Low Cost Operator

- * Operating mainly second hand vessels
- * Operating costs compare favourably with that of its competitors
- * Capacity to manage additional vessels with low incremental cost

2. Low Turnover of Seaborne Personnel

- * Well established crewing/ manning office in Philippines
- * Well trained masters, officers and crew from Greece and the Philippines
- * Seaman's qualifications and licenses comply with the international qualifications and shipping conventions
- * Seamen have minimum 3 years of work experience
- * High retention ratio of highly qualified crew
- * English is the on-board working language
- * No International Transportation Workers Federation (ITF) claims
- * Competitive salaries and promotion from within, when possible

3. High Level of Utilization of the Fleet

- * Careful selection of vessels
- * Constant vessel upgrading to meet charterer's demands
- * Preventive maintenance programs

4. Technical Expertise

- * Developed by the management over the last 20 years
- * Comprehensive maintenance program for all ships
- * Negotiations on contracts with shipyards for repairs and dry dockings
- * ISM and ISO 9001 and 14001 accreditation



5. Insurance & Claims Management

- * Offering first class insurance services
- * Selection among A rated Insurance Companies with the most competitive rates in the market
- * Awareness and promptitude in handling of marine claims and consultation in case of serious incidents
- * Experience and efficiency in all corporate matters

6. Track Record of Timely Sale and Purchase of Vessels

- * Ability to identify suitable tonnage that corresponds to owner's needs at competitive prices
- * Ability to realize capital gains on sale of older vessels
- * Before acquisition, all vessels are inspected by highly qualified in-house technical staff

7. Operate in Markets that Require Levels of Technical Expertise

- * Increased levels of regulation and inspection by local authorities, charterers and oil terminal inspectors are forcing shipping companies to upgrade their standard capabilities

8. Differentiate by Providing Top Quality Service





Oceanaut

As of December 31, 2006 Excel Maritime Carriers owned 75% of the outstanding common stock of Oceanaut Inc. ("Oceanaut"), a corporation in the development stage, organized on May 3, 2006 under the laws of the Republic of the Marshall Islands. Oceanaut was formed to acquire, through a merger, capital stock exchange, asset acquisition, stock purchase or other similar business combination, vessels or one or more operating businesses in the shipping industry. The remaining 25% of Oceanaut is held by certain of the Company's officers and directors. Upon its incorporation, Oceanaut issued to its principal shareholders an aggregate of 4,687,500 shares of common stock and 3,000,000 warrants to purchase an aggregate of 3,000,000 shares of common stock at an exercise price of \$7.00 per share for a consideration of \$25,000.

On March 6, 2007 Oceanaut, completed its initial public offering in the United States under the United States Securities Act of 1933, as amended. In this respect, 18,750,000 units ("Units") were sold at a price of \$8.00 per unit, raising gross proceeds of \$150.0 million. Prior to the closing of the initial public offering, Oceanaut consummated a private placement of 1,125,000 units at \$8.00 per unit price and 2,000,000 warrants at \$1.00 per warrant to the Company, raising gross proceeds of \$11.0 million. Each unit issued in the initial public offering and the private placement consists of one share of Oceanaut's common stock and one warrant to purchase one share of common stock at a per share exercise price of \$ 6.00. The initial public offering and the private placement generated gross proceeds in an aggregate of \$161.0 million intended to be used to complete a business combination with a target business that has not been identified yet. Following the initial public offering and the private placement, the Company owns approximately 18.9% of the issued and outstanding shares of Oceanaut, while 3.8% is held by certain of the Company's officers and directors. Certain officers and directors of Excel serve as officers and directors for Oceanaut as well.

THE OFFERING	
ISSUER:	Oceanaut Inc.
OFFERING:	\$ 150,000,000
SECURITIES OFFERED:	18,750,000 units 1 share of common stock- 1 warrant
ISSUE PRICE:	\$ 8.00 per unit
SPONSOR:	Excel Maritime Carriers
SPONSOR INVESTMENT:	\$ 11,000,000: <ul style="list-style-type: none"> • \$ 6,000,000 in units/warrants with no liquidation rights • \$ 5,000,000 in participating units
EXCHANGE/ TICKER:	AMEX/ OKN.U
EXM OWNERSHIP:	18.89%



Fleet list of the "new" Excel

The following is a list of the operating vessels in our fleet as of May 15, 2008, including those acquired from Quintana all of which are dry bulk carriers:



VESSEL NAME	DWT	YEAR BUILT	TYPE
Lowlands Beilun	170,162	1999	Capesize
Iron Miner	177,000	2007	Capesize
Kirmar	165,500	2001	Capesize
Iron Beauty	165,500	2001	Capesize
Iron Manolis	82,300	2007	Kamsarmax
Iron Brooke	82,300	2007	Kamsarmax
Iron Lindrew	82,300	2007	Kamsarmax
Coal Hunter	82,300	2006	Kamsarmax
Pascha	82,300	2006	Kamsarmax
Coal Gypsy	82,300	2006	Kamsarmax
Iron Anne	82,000	2006	Kamsarmax
Iron Vassilis	82,000	2006	Kamsarmax
Iron Bill	82,000	2006	Kamsarmax
Santa Barbara	82,266	2006	Kamsarmax
Ore Hansa	82,229	2006	Kamsarmax
Iron Kalypso	82,204	2006	Kamsarmax
Iron Fuzeyya	82,229	2006	Kamsarmax
Iron Bradyn	82,769	2005	Kamsarmax
Grain Harvester	76,417	2004	Panamax
Grain Express	76,466	2004	Panamax
Iron Knight	76,429	2004	Panamax
Coal Pride	72,600	1999	Panamax
Iron Man ⁽¹⁾	72,861	1997	Panamax
Coal Age ⁽¹⁾	72,861	1997	Panamax
Fearless ⁽¹⁾	73,427	1997	Panamax
Barbara ⁽¹⁾	73,390	1997	Panamax
Linda Leah ⁽¹⁾	73,390	1997	Panamax
King Coal ⁽¹⁾	72,873	1997	Panamax
Coal Glory ⁽¹⁾	73,670	1995	Panamax
Isminaki	74,577	1998	Panamax
Angela Star	73,798	1998	Panamax
Elinakos	73,751	1997	Panamax
Rodon	73,670	1993	Panamax
Happy Day	71,694	1997	Panamax
Birthday	71,504	1993	Panamax
Renuar	70,128	1993	Panamax
Powerful	70,083	1994	Panamax
Fortezza	69,634	1993	Panamax
First Endeavour	69,111	1994	Panamax
July M	55,567	2005	Supramax
Mairouli	53,206	2005	Supramax
Emerald	45,588	1998	Handymax
Marybelle	42,552	1987	Handymax
Attractive	41,524	1985	Handymax
Lady	41,090	1985	Handymax
Princess I	38,858	1994	Handymax
Swift	37,687	1984	Handymax
Total	3,718,065		

(1) Indicates a vessel sold by Quintana to a third party in July 2007 and subsequently leased back to Quintana under a bareboat charter.

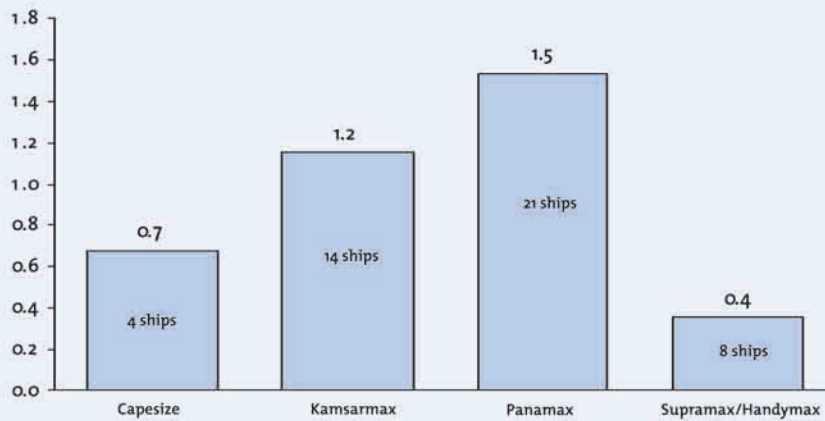
In addition to the above fleet, upon acquisition of Quintana on April 15th, 2008, the Company assumed the following newbuilding contracts for eight Capesize vessels:

VESSEL	DWT	ESTIMATED DELIVERY	OWNERSHIP
Sandra ⁽¹⁾	180,000	Dec-08	100.0 %
Christine	180,000	Mar-10	42.8 %
Hope	181,000	Nov-10	50.0 %
Lillie	181,000	Dec-10	50.0 %
Fritz ⁽²⁾	180,000	May-10	50.0 %
Benthe ⁽²⁾	180,000	Jun-10	50.0 %
Gayle Frances ⁽²⁾	180,000	Jul-10	50.0 %
Iron Lena ⁽²⁾	180,000	Aug-10	50.0 %
Total	1,442,000		

(1) Formerly M/V Iron Endurance

(2) No refund guarantees have yet been received for the newbuilding contracts owned by these subsidiaries. These vessels may be delayed in delivery or may never be delivered at all.

OUR COMBINED CURRENT FLEET



Note: Newbuildings are not included. Panamax segment includes 7 vessels sold and leased back.

VESSEL AVERAGE AGE			
5.5 Years	1.5 Years	10.6 Years	14.7 Years



Customers

The Company has many long-established customer relationships, and management believes it is well regarded within the international shipping community. During the past 17 years, vessels managed by Maryville have been repeatedly chartered by subsidiaries of major dry bulk operators. In 2007, we derived approximately 44 % of our gross revenues from five charterers listed below:

Customers	
Armada (Singapore) Pte Ltd	12%
Oldendorff Carriers GMBH and Co KG	10%
Rizzo Bottiglieri De Carlini Armatori Spa	9%
Deiulemar Shipping SPA	8%
Daeyang Shipping Co., Ltd	5%
Total	44%

GREATER ABILITY TO SERVE OUR BLUE CHIP LIST OF CUSTOMERS





Industry Information

THE DRY BULK MARKET

The dry bulk shipping market is the primary provider of global commodities transportation. Approximately one third of all seaborne trade is dry bulk related.

All text, data and graphs are provided by HSBC Shipping Services, Global Shipping Markets Review 2008.

OVERVIEW

2007 was the best ever year for the dry bulk market, although at the beginning of the year few ship-owners would have expected it to surpass 2004. In fact, the last five years have been the best on record when looking at the weighted average spot market earnings of all bulk carriers. In descending order of merit: first was 2007 at \$42,307 per day; a long way back in second was 2004 at \$27,502; third 2005 at \$22,310; fourth 2006 at 19,152 and fifth 2003 at \$13,948 daily. This Bull Run has been remarkable and unprecedented in terms of both longevity and profitability.

The fact that 2007 earnings came in 54% ahead of second-placed 2004 may be warning us that these conditions are unlikely to last forever as there has been a massive supply-side response in terms of the size and depth of the orderbook of newbuildings. However, just how much of this orderbook makes it to delivery is the subject of keen debate.

At the end of 2007 and in early 2008, back-to-back force majeure declarations by Australian and Brazilian iron ore shippers unexpectedly returned many large bulk carriers back onto the spot market, pushing down rates as they competed for replacement cargoes. In January, power shortages in both South Africa and China led to further force majeure calls and halted mining activity and mineral exports across large areas of each country. This was an unusual confluence of events that removed significant volumes of cargo from the market, causing a temporary oversupply of tonnage. The last week in January saw some return to normality with the Baltic Capesize Index recovering 25% in the week, confounding many financial market observers who had interpreted the 40% fall in the BDI since mid November as a turning point in the commodity demand cycle and a lead indicator of slower global economic growth.

As we moved into February, Chinese New Year celebrations dampened activity but there was no let-up in structural problems in the mining industry. In the middle of the month BHP Billiton, Rio Tinto, Xstrata and two smaller miners all declared force majeure on coal exports from flooded swathes of northern Queensland, interrupting exports from Haypoint, Dalrymple Bay, Abbot Point and Gladstone.

This put further pressure on other suppliers just as South Africa found itself short of coal for electricity generation, insufficient even to keep its own mines operational, and just as China invoked a coal export ban that promises to last well into the springtime. In the oil industry, rising prices were initially the product of demand-side factors in contrast to the twin supply-side oil crises of the 1970s. More recently, supply-side constraints on global oil production have served to underpin prices. This process is now being replicated in the dry bulk markets where we have strong demand but problematic supply.

Our faith in the fundamentals of the dry bulk markets are being rewarded by steady improvements in spot and period rates and a recovery in secondhand values as buyers regain confidence, but we should put this in perspective. The BDI topped out at 11,039 points on 13 November 2007 and then lost 49% of its value before bottoming out at 5,615 on 29 January 2008 - a big drop in just 6.5 weeks. By the end of the February, the BDI was at 7,613 - up 36% from its end January trough but still 31% down on the mid November peak.

The rollercoaster fourth quarter started at around 9,500 points and finished at around 9,150 points and we are now faced with the question of whether we should regard the mid Q4 spike as random noise and not expect to regain it. The market is still trying to find its appropriate level and it probably does lie in the middle of the range between recent peak and trough, in the low to mid 8,000s. Many owners would settle for that.

AVERAGE BULKER EARNINGS

SHIPTYPE	DWT / YEAR BUILT	2006 \$	2007 \$	% CHANGE
Capesize	170,000-dwt / 2000	43,178	111,827	159%
Panamax	70,000-dwt / 1998	21,427	49,349	130%
Handymax	52,000-dwt / 2000	22,679	47,582	110%
Handysize	30,000-dwt / 1998	15,720	31,346	99%
Average	25,751		60,026	133%
BDI	End-year figure	3,180	9,237	191%

Turning to the performance of the various bulk carrier segments in calendar 2007:

Spot Capesize earnings were 159% up on 2006 and 59% up on 2004 at just under \$112,000 daily. The equivalent figures for Panamax were up 130% on 2006 and 44% on 2004 at nearly \$49,500 per day and Handymax came in 110% up on 2006 and 49% up on 2004 at just over \$47,500 daily. Finally, the Handysize segment registered a 99% gain on 2006 with average earnings coming in at a little under \$31,500 daily. This was 62% up on the previous cyclical peak in 2004 of just over \$19,300 daily. The BDI ended 2007 190% up on 12 months earlier.

The main market driver continued to be China whose economy grew by 11.4% in 2007 following on from 11.1% in 2006.

The strength of Chinese demand growth for raw materials for use in steelmaking and power generation is occasionally outstripping the market's ability to supply these goods. Infrastructure capacity constraints from mine to railway to port are causing commodity supply to lag demand. When this leads to port delays, reducing effective tonnage supply, shipping rates benefit, but when this leads to shipment cancellation, shipping rates could suffer.

The reduction of backhaul cargoes from the Pacific and South Africa to the Atlantic basin resulted in increased Cape inefficiencies with longer ballasting durations, meaning extra Capes was required for the same amount of cargo volume which resulted in a very firm front-haul Cape market leading to the peak in November 2007.

The strength of the China steel production continued to grow at a high pace, and the need for steel for the building of infrastructure continues as foreign investment continues too. The production was so high that a change of trading patterns included exports of steels from China to Europe and other western countries which in turn benefitted the Handymax/Supramax market and to a small extend the Panamax.



Supply

The assessment of the dry bulk fleet and orderbook splits the segments into sizes that reflect changes in design and a creeping tendency to upsize. The fleet of Very Large Bulk Carriers over 200,000-dwt grew by 26%, in deadweight terms, during 2007 while the orderbook stands at 131% of the end-2007 fleet. The delivery schedule is stretched out over five years and its size reflects the rising importance of longhaul iron ore trades and the pursuit of economies of scale. The largest ships on order are 4 (four) 388,000-dwt vessels at Bohai for BW Ltd for delivery in 2011. These ships will perform under a contract to Vale for a long-term Brazil/China iron ore COA.

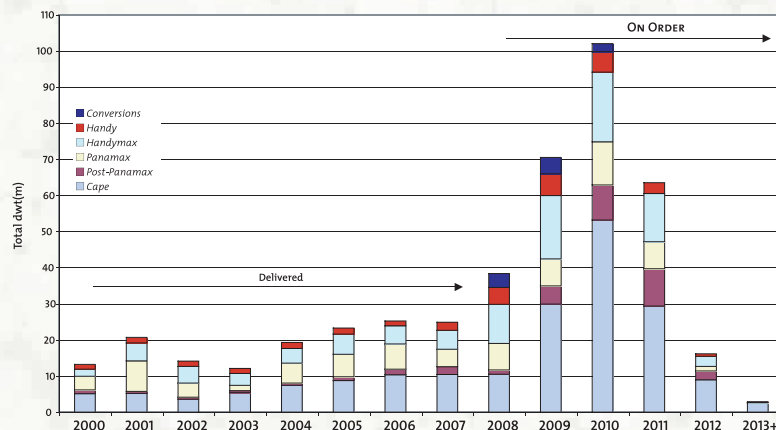
The conventional Capesize segment, falling in the 100-200,000-dwt range is most heavily populated by ships in the 170-180,000-dwt size range which still offer the greatest flexibility to both shippers and receivers. The fleet grew by 6% in 2007 while the forward orderbook sits at 79%. The newest and most popular segment is the post-Panamax 80-100,000-dwt size range where orders account for 235% of the end-2007 fleet, massive future expansion from a low base. The Kamsarmaxes within this segment are still within current Panama beam.

The conventional Panamax segment of 60-80,000-dwt expanded by almost 7% in 2007 but the orderbook stands at only 15% making it look relatively neglected. In reality, many owners now prefer ships larger than 80,000-dwt when imagining what will be the most flexible ship of the future as, after 2014, this segment will no longer be able to call itself Panamax. The Handysize segment is still the quickest to age and the slowest to grow with the orderbook at only 26% of the fleet and an age profile that offers abundant scrapping potential.

DRY BULK CARRIER SUPPLY

SHIPTYPE	31-DEC-06		31-DEC-07		ORDERBOOK IN M-DWT AT 31-DEC-07				
	m-dwt	#ships	m-dwt	#ships	as %	2008	2009	2010	2011+
Delivery Delivery 2011 + fleet									
VLBC 200,000+	17.3	77	21.8	98	131%	4.1	5.0	6.6	12.8
Capesize 100-200,000	102.9	631	109.1	667	79%	5.0	20.4	42.2	18.8
Post-panamax 80-100,000	13.3	158	13.8	159	235%	3.3	6.7	12.1	10.3
Panamax 60-80,000	88.4	1,240	94.5	1,320	15%	4.6	3.5	4.3	2.1
Handymax 40-60,000	71.2	1,492	76.6	1,592	55%	7.8	13.5	13.1	7.4
Handysize 10-40,000	73.3	2,734	75.6	2,833	26%	3.4	6.3	5.9	3.8
Total	366.5	6,255	391.4	6,669	57%	28.2	55.3	84.3	55.3

DRY BULK DELIVERIES/ORDERBOOK

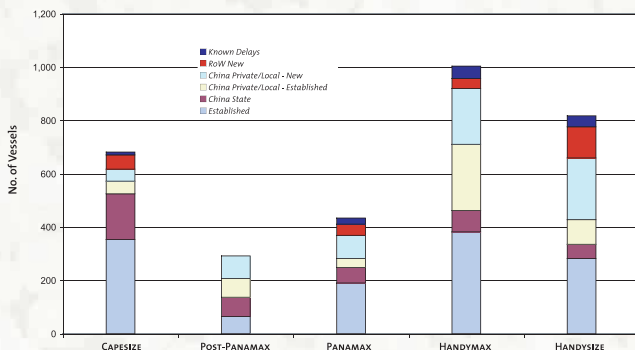


Considerations to the supply side scenario are the question if all newbuilding orders will be delivered on time as contracted. There are a large number of new yards who already now are experiencing delays in building the yards but also delay in construction of the ships. Existing yards has delays / slippage too.

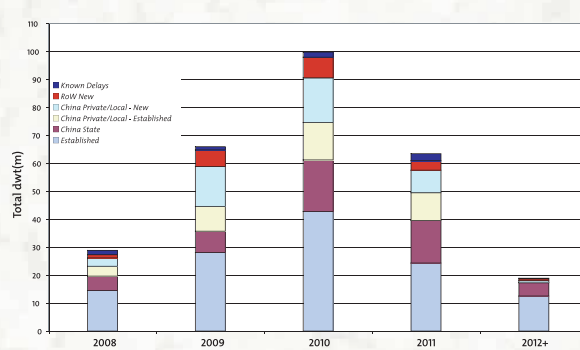
The below 2 graphs highlight the issue of the expertise of the yards which is an important parameter for timely delivery and in view of the high number of ships from new yards.

The issue of refund guarantees for these n/b contracts is important too but much more difficult to quantify. Contracts have been agreed but lacking or depending on the issuance of Refund Guaranties. Rising cost of Raw materials, Engines and equipment combined with the present state of the financial markets, only makes it more difficult for the Refund Guaranties to be issued and a number of Refund Guaranties may never be issued resulting in less contract concluded and potentially less ships due to be delivered. In particular for the new yards, it could also be expected that some yards will run into cash flow problems, as their estimated profit margins may turn into losses as the rising cost of Steel Plates, Paints, Equipment etc continues to go up and there is no way or very limited ways for the yard's to hedge these price hikes.

ORDERBOOK BY YARD EXPERIENCE BY SEGMENT

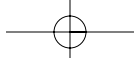


ORDERBOOK BY YARD EXPERIENCE BY YEAR



Outlook

Strong increases in cargo demand will continue in 2008, and are likely to be broadly matched by the increases on tonnage supply. Rises and falls in congestion and other imbalances are a wild card which could go either ways. There will be an uneven flow of ships leading to extreme volatility. There is a bias towards 2nd half 2008 year strength given the imbalance in Iron Ore flows. Down-side risks to the whole commodity cycle are growing from bottlenecks which might adversely affect the cycle earlier than expected, and from over investment, particular ships and shipyards, which is likely to over-shoot demand from 2009 onwards. On balance the change in trading patterns for Iron Ore, Coal, Grains in particular will have an positive impact on the market due to a possible increase of the ton-mile ratio. Taking the Oil prices will remain high will have a positive impact on the Coal trades particular in the Panamax segment.



Operating & Financial Review and Prospects

The following management's discussion and analysis of the results of our operations and our financial condition should be read in conjunction with the financial statements and the notes to those statements included elsewhere in this report. This discussion includes forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, such as those set forth in the "Risk Factors" section and elsewhere in this report.

A. OPERATING RESULTS

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

VOYAGE REVENUES FROM VESSELS

Gross revenues from vessels consist primarily of (i) hire earned under time charter contracts, where charterers pay a fixed daily hire or (ii) amounts earned under voyage charter contracts, where charterers pay a fixed amount per ton of cargo carried. Gross revenues are also affected by the proportion between voyage and time charters, since revenues from voyage charters are generally higher than equivalent time charter hire revenues, as they are of a shorter duration and cover all costs relating to a given voyage, including port expenses, canal dues and fuel (bunker) costs. Accordingly, year-to-year comparisons of gross revenues are not necessarily indicative of the fleet's performance. The time charter equivalent per vessel ("TCE"), which is defined as gross revenue per day less commissions and voyage costs, provides a more accurate measure for comparison.

VOYAGE EXPENSES AND RELATED PARTY VOYAGE EXPENSES

Voyage expenses and related party voyage expenses consist of all costs relating to a given voyage, including port expenses, canal dues, fuel costs, net of gains or losses from the sale of bunkers to charterers, and commissions. Under voyage charters, the owner of the vessel pays such expenses whereas under time charters the charterer pays such expenses excluding commissions. Therefore, voyage expenses can fluctuate significantly from period to period depending on the type of charter arrangement.

VESSEL OPERATING EXPENSES

Vessel operating expenses consist primarily of crewing, repairs and maintenance, lubricants, victualling, stores and spares and insurance expenses. The vessel owner is responsible for all vessel operating expenses under voyage charters and time charters.

DEPRECIATION

Vessel acquisition cost and subsequent improvements are depreciated on a straight-line basis over the remaining useful life of each vessel, estimated to be 28 years from the date of construction. In computing vessel depreciation, the estimated salvage value is also taken into consideration. Depreciation of office, furniture and equipment is calculated on a straight line basis over the estimated useful life of the specific asset placed in service, which ranges from 3 to 9 years.

AMORTIZATION OF DRY-DOCKING AND SPECIAL SURVEY COSTS

As of December 31, 2005, dry-docking and special survey costs were deferred and amortized on a straight-line basis over a period of 2.5 years and 5 years, respectively which approximated the next dry-docking and special survey due dates. Following management's reassessment of the service lives of these costs during 2006, the amortization period of the deferred special survey costs was changed from 5 years to the earliest between the date of the next dry-docking and 2.5 years for all surveys. The effect of this change in accounting estimate, which does not require retrospective adoption as per SFAS 154 "Accounting Changes and Error Corrections" was to decrease net income and basic and diluted earnings per share for the year ended December 31, 2006 by \$655,000 or \$0.03 per share, respectively.

MANAGEMENT FEES

B. FISCAL YEAR ENDED DECEMBER 31, 2007 COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 2006

VOYAGE REVENUES

Voyage revenues increased by \$53.2 million or 43.1%, to \$176.7 million for the year ended December 31, 2007 compared to \$123.5 million for the same period in 2006. This increase was primarily due to the increase in the time charter equivalent earned per ship per day during 2007 of \$28,942 compared to \$19,195 during 2006.



VESSEL OPERATING EXPENSES GAIN ON SALE OF VESSELS

In 2007, one vessel was sold resulting in a gain of approximately \$6.2 million. No vessels were sold during 2006.

Interest and Finance Costs, net

Interest and finance costs, net amounted to \$7.5 million in 2007, a decrease of \$5.1 million, compared to the \$12.6 million in 2006 mainly due to interest income of \$7.5 million in 2007 compared with \$4.1 million in 2006, repayment of loans within the year and the competitive interest rate of 1.875% of our \$150 million. Convertible Senior Notes offered in October 2007 (please refer to Note 8 of the accompanying consolidated financial statements). The 2007 and 2006 amounts include unrealized losses of \$0.7 million and \$0.8 million, respectively, attributable to the mark-to-market valuation of interest rate swaps that do not qualify for hedge accounting.

U.S. SOURCE INCOME TAXES

U.S source income taxes amounted to \$0.5 million for 2007 compared to \$0.4 million in 2006.

INCOME FROM INVESTMENTS

Income from investments of \$0.9 million relates to our share of the earnings of Oceanaut after March 7, 2007 when Oceanaut completed its initial public offering discussed under "Item 4 - Information on the Company - Corporate Structure". There was no income from investments during the year ended December 31, 2006.

LIQUIDITY AND CAPITAL RESOURCES

The Company operates in a capital-intensive industry, which requires extensive investment in revenue-producing assets. The liquidity requirements of the Company relate to servicing its debt, funding investments in vessels, funding working capital and maintaining cash reserves. Net cash flow generated by operations and proceeds from asset sales, bank indebtedness and sales of equity securities have historically been the main source of liquidity and have been sufficient to cover all requirements.



SUMMARY OF CONTRACTUAL OBLIGATIONS

The following table sets forth our contractual obligations and their maturity dates as of December 31, 2007 (in millions) and does not incorporate any of the new contractual obligations arising as a result of the acquisition of Quintana:

	LESS THAN ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
Long-term debt ¹	\$ 39.5	\$ 58.0	\$ 47.6	\$ 263.7	\$ 408.8
Interest Expense ²	17.1	28.2	21.1	28.5	\$ 94.9
Property Leases ³	0.7	1.4	1.6	-	\$ 3.7
	<u>\$ 57.3</u>	<u>\$ 87.6</u>	<u>\$ 70.3</u>	<u>\$ 292.2</u>	<u>\$ 507.4</u>

(1) As of December 31, 2007, we had five bank loans outstanding with varying maturities through December 2022.

(2) Our credit facilities bear interest at LIBOR plus a margin. The average interest rate (including the margin) at December 31, 2007 was 5.98 %. For the calculation of the contractual interest expense obligations in the table above, for all years a rate of 5.67% was used, based on the 3 months libor as at December 31, 2007 plus the Company's average margin for 2007 of 0.97%. In addition, we used interest of 1.875% per annum for our convertible senior notes, which is the contractual amount payable under the agreement.

(3) In 2005, Maryville entered into a lease agreement which was amended in February 2006 and further amended in March 2007, for the rental of new office premises with an unrelated party. Based on the amended lease agreement, the term of the lease has been extended through February 2015. The monthly rental payment is approximately \$55,000 adjusted annually for inflation increase plus an annual increase of 1.5% until February 2009. The monthly rental payment amount after February 2009 will be renegotiated.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are prepared based on the accounting policies described in Note 2 to the accompanying consolidated financial statements, which are included under "Item 18. Financial Statements" in this Annual Report on Form 20-F. The application of such policies may require management to make significant estimates and assumptions. We have described below what we believe are the most critical accounting estimates used in the preparation of our consolidated financial statements that involve a higher degree of judgment and could have a significant impact on our future consolidated results of operations and financial position.

IMPAIRMENT OF LONG-LIVED ASSETS

We evaluate the carrying amounts (primarily for vessels and related drydock and special survey costs) and periods over which long-lived assets are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, we review certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions. We determine undiscounted projected net operating cash flows for each vessel and compare it to the vessel's carrying value. If our estimate of undiscounted future cash flows for any vessel is lower than the vessel's carrying value.

We estimate fair market value primarily through the use of third party valuations performed on an individual vessel basis.

VESSEL'S DEPRECIATION

Depreciation begins when the vessel is ready for its intended use, on a straight-line basis over the vessel's remaining economic useful life, after considering the estimated residual value (vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate). Second hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. We estimate the useful life of our vessels to be 28 years from the date of initial delivery from the shipyard and the residual value of our vessels to be \$120 per light weight ton. A decrease in the useful life of a dry bulk vessel or in its residual value would have the effect of increasing the annual depreciation charge. When regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations become effective.

ACCOUNTING FOR DRY-DOCKING AND SPECIAL SURVEY COSTS

Our vessels are required to pass drydock and special survey periodically for major repairs and maintenance that cannot be performed while the vessels are operating. As of December 31, 2005, dry-docking and special survey costs were deferred and amortized on a straight-line basis over a period of 2.5 years and 5 years, respectively which approximated the next dry-docking and special survey due dates. Within 2006 and following management's reassessment of the service lives of these costs, the amortization period of the deferred special survey costs was changed from 5 years to the earliest between the date of the next dry-docking and 2.5 years for all surveys. Unamortized dry-docking and special survey costs of vessels that are sold are written-off and included in the calculation of the resulting gain or loss on vessel disposal in the period the sale is concluded.

ACCOUNTING FOR REVENUE AND EXPENSES

Vessels are chartered using either voyage charters, where a contract is made in the spot market for the use of a vessel for a specific voyage for a specified charter rate, or time charters, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate. If a charter agreement exists and collection of the related revenue is reasonably assured, revenue is recognized, as it is earned ratably over the duration of the period of each voyage or time charter. A voyage is deemed to commence upon the completion of discharge of the vessel's previous cargo and is deemed to end upon the completion of discharge of the current cargo. Demurrage income represents payments by the charterer to the vessel owner when loading or discharging time exceeded the stipulated time in the voyage charter and is recognized as it is earned ratably over the duration of the period of each voyage charter. Voyage expenses, primarily consisting of port, canal and bunker expenses net of gains or losses from the sales of bunkers to time charterers are paid for by the charterer under the time charter arrangements or by us under voyage charter arrangements, except for commissions, which are always paid for by us regardless of charter type. All voyage and vessel operating expenses are expensed as incurred, except for commissions. Commissions paid to brokers are deferred and amortized over the related voyage charter period to the extent revenue has been deferred since commissions are earned as our revenues are earned.



DERIVATIVES

We are exposed to the impact of interest rate changes. Our objective is to manage the impact of interest rate changes on earnings and cash flows of our borrowings. We use interest rate swaps to manage net exposure to interest rate changes related to our borrowings and to lower our overall borrowing costs. Such swap agreements, designated as “economic hedges” are recorded at fair value in accordance with the provisions of SFAS 133 “Accounting for Derivative Instruments and Hedging Activities” (as amended) which establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value, with changes in the derivatives’ fair value recognized currently in earnings unless specific hedge accounting criteria are met.

During 2006 we concluded an interest rate collar agreement and an interest rate swap agreement in order to partially hedge the exposure of interest rate fluctuations associated with our variable rate borrowings. These agreements do not meet hedge accounting criteria and the change in their fair value is recognized through earnings.



Financial Statements

EXCEL MARITIME CARRIERS LTD. • INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
EXCEL MARITIME CARRIERS LTD.

We have audited the accompanying consolidated balance sheets of Excel Maritime Carriers Ltd. (the “Company”) as of December 31, 2006 and 2007, and the related consolidated statements of income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Excel Maritime Carriers Ltd. at December 31, 2006 and 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Excel Maritime Carriers Ltd.’s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 31, 2008 expressed an unqualified opinion thereon.

Athens, Greece,
 March 31, 2008



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
EXCEL MARITIME CARRIERS LTD.

We have audited Excel Maritime Carriers Ltd.'s (the "Company") internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the Management's annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2006 and 2007, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007 of the Company and our report dated March 31, 2008 expressed an unqualified opinion thereon.

Athens, Greece,
 March 31, 2008



EXCEL MARITIME CARRIERS LTD.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2006 AND 2007
<i>(Expressed in thousands of U.S. Dollars - except for share and per share data)</i>

ASSETS	2006	2007
CURRENT ASSETS:		
Cash and cash equivalents	86,289	243,672
Restricted cash	4,534	3,175
Accounts receivable trade, net	967	1,123
Accounts receivable, other	1,679	383
Due from affiliate (Note 3)	-	105
Inventories (Note 5)	1,066	2,215
Prepayments and advances	1,253	1,562
Financial instruments (Note 9)	-	499
Total current assets	95,788	252,734
FIXED ASSETS:		
Vessels, net (Note 6)	437,418	527,164
Office furniture and equipment, net (Note 6)	983	1,466
Total fixed assets, net	438,401	528,630
OTHER NON CURRENT ASSETS:		
Investment in affiliate (Note 3)	-	15,688
Goodwill	400	400
Deferred charges, net (Note 7)	4,296	15,119
Restricted cash	10,466	11,825
Total assets	549,351	824,396
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt, net of unamortized deferred financing fees (Note 8)	32,452	39,179
Accounts payable	3,096	4,306
Due to related parties (Note 4)	248	382
Deferred revenue	1,892	3,417
Accrued liabilities	5,197	6,650
Financial Instruments (Note 9)	834	2,056
Total current liabilities	43,719	55,990
LONG-TERM DEBT, net of current portion and net of unamortized deferred financing fees (Note 8)	185,467	368,585
COMMITMENTS AND CONTINGENCIES (Note 14)	-	-
MINORITY INTEREST	4	-
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.1 par value; 5,000,000 shares authorized, none issued	-	-
Common Stock, \$0.01 par value; 100,000,000 Class A shares and 1,000,000 Class B shares authorized; 19,595,153 Class A shares and 135,326 Class B shares, issued and outstanding at December 31, 2006; 19,893,556 Class A shares and 135,326 Class B shares, issued and outstanding at December 31, 2007 (Note 10)	197	200
Additional paid-in capital (Note 10)	182,410	193,897
Shares to be issued (298,403 Class A shares) (Note 4)	6,853	-
Accumulated Other Comprehensive Loss	(79)	(65)
Due from a related party (Note 4)	(2,024)	-
Retained earnings	132,993	205,978
	320,350	400,010
Less: Treasury stock (78,650 Class A shares and 588 Class B shares) at December 31, 2006 and December 31, 2007	(189)	(189)
Total stockholders' equity	320,161	399,821
Total liabilities and stockholders' equity	549,351	824,396

The accompanying notes are an integral part of these consolidated statements.

EXCEL MARITIME CARRIERS LTD.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007
<i>(Expressed in thousands of U.S. Dollars - except for share and per share data)</i>



	<u>2005</u>	<u>2006</u>	<u>2007</u>
REVENUES:			
Voyage revenues (Note 1)	\$ 118,082	\$ 123,551	\$ 176,689
Revenue from managing related party vessels (Note 4)	522	558	818
	118,604	124,109	177,507
EXPENSES:			
Voyage expenses (Note 16)	11,693	8,109	11,077
Voyage expenses - related party (Notes 4 and 16)	1,412	1,536	2,204
Vessel operating expenses (Note 16)	24,215	30,414	33,637
Depreciation (Note 6)	20,092	28,453	27,864
Amortization of deferred dry-docking and special survey costs (Note 7)	622	1,547	3,904
Contract termination expense - related party (Note 4)	4,963	-	-
General and administrative expenses	6,520	10,049	12,953
	69,517	80,108	91,639
GAIN ON SALE OF VESSELS (Note 6)	26,795	-	6,194
Operating income	75,882	44,001	92,062
OTHER INCOME (EXPENSES):			
Interest and finance costs (Notes 8, 9 and 17)	(10,259)	(16,751)	(14,975)
Interest income	2,381	4,134	7,485
Other, net	66	145	(66)
Total other income (expenses), net	(7,812)	(12,472)	(7,556)
Net income before taxes, minority interest and income from investment in affiliate	68,070	31,529	84,506
US Source Income taxes (Note 15)	(311)	(426)	(486)
Net income before minority interest and income from investment in affiliate	67,759	31,103	84,020
Minority Interest (Note 1)	-	3	2
Income from investments	-	-	873
Net income	\$ 67,759	\$ 31,106	\$ 84,895
Weighted average shares outstanding:			
Basic (Note 13)	18,599,876	19,947,411	19,949,644
Diluted (Note 13)	18,599,876	19,947,411	19,965,676
Per share amounts			
Basic earnings per share	\$ 3.64	\$ 1.56	\$ 4.26
Diluted earnings per share	\$ 3.64	\$ 1.56	\$ 4.25
Cash dividends declared per ordinary share	\$ -	\$ -	\$ 0.60

The accompanying notes are an integral part of these consolidated statements.



EXCEL MARITIME CARRIERS LTD.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2006 AND 2007
<i>(Expressed in thousands of U.S. Dollars - except for share and per share data)</i>

COMMON STOCK

	Comprehensive income	Number of shares	Par Value	Additional Paid-in Capital	Shares to be issued	Accumulated Other Comprehensive Loss	Due from a related party	Retained Earnings	Total	
BALANCE, December 31, 2004										
	13,811,099	\$ 138	\$ 63,738	-	\$ -	\$ -	\$ 34,128	\$ 98,004	\$ (189)	\$ 97,815
• Net income	67,759	-	-	-	-	-	67,759	67,759	-	67,759
• Issuance of common stock	-	5,899,000	59	123,820	-	-	123,879	-	-	123,879
• Expenses relating to the issuance of common stock	-	-	-	(7,375)	-	-	(7,375)	-	-	(7,375)
• Stock based compensation expense	-	-	-	948	-	-	948	-	-	948
• Contract Termination	-	-	-	134	6,853	-	-	-	6,987	6,987
• Due from a related party	-	-	-	-	-	(2,024)	-	(2,024)	-	(2,024)
Comprehensive income	67,759	-	-	-	-	-	-	-	-	-
BALANCE, December 31, 2005										
	19,710,099	\$ 197	\$ 181,265	6,853	\$ --	\$ (2,024)	\$ 101,887	\$ 288,178	-	\$ 287,989
• Net income	31,106	-	-	-	-	-	31,106	31,106	-	31,106
• Issuance of common stock	-	20,380	-	225	-	-	-	-	225	-
• Stock based compensation expense	-	-	-	920	-	-	-	-	920	920
• Other Comprehensive income	-	-	-	-	-	-	-	-	-	-
• Actuarial losses	(79)	-	-	-	-	(79)	-	(79)	-	(79)
Comprehensive Income	31,027	-	-	-	-	-	-	-	-	-
BALANCE, December 31, 2006										
	19,730,479	\$ 197	\$ 182,410	6,853	\$ (79)	\$ (2,024)	\$ 132,993	320,350	-	\$ 320,161
• Net income	84,895	-	-	-	-	-	84,895	84,895	-	84,895
• Issuance of common stock	-	298,403	3	6,850	(6,853)	-	-	-	-	-
• Sale of shares of a Oceanaut (Note 3)	3,811	-	-	-	3,811	-	-	3,811	-	3,811
• Due from a related party	-	-	-	-	-	2,024	2,024	-	-	2,024
• Stock-based compensation expense	-	-	-	826	-	-	826	-	-	826
• Dividends paid	-	-	-	-	-	(11,910)	(11,910)	-	-	(11,910)
• Actuarial gains	14	-	-	-	14	-	-	-	-	14
Comprehensive Income	88,720	-	-	-	-	-	-	-	-	-
BALANCE, December 31, 2007										
	20,028,882	\$ 200	\$ 193,897	-	\$ (65)	\$ -	\$ 205,978	400,010	\$ (189)	\$ 399,821

The accompanying notes are an integral part of these consolidated statements.

EXCEL MARITIME CARRIERS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007
<i>(Expressed in thousands of U.S. Dollars)</i>



	<u>2005</u>	<u>2006</u>	<u>2007</u>
Cash Flows from Operating Activities:			
Net income	\$ 67,759	\$ 31,106	\$ 84,895
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	20,092	28,453	27,864
Amortization of deferred dry docking and special survey costs	622	1,547	3,904
Amortization and write-off of deferred financing costs	526	487	511
Gain on sale of vessels	(26,795)	-	(6,194)
Contract termination expense	4,963	-	-
Stock-based compensation expense	948	920	826
Change in fair value of financial instruments	-	834	723
Unrecognized actuarial losses	-	(79)	14
Minority Interest	-	-	(2)
Income from investment in affiliate	-	-	(873)
Changes in operating assets and liabilities:			
Accounts receivable	221	(662)	1,140
Inventories	(536)	28	(1,149)
Prepayments and advances	228	(519)	(309)
Due from related party	-	-	(105)
Accounts payable	2,045	(211)	1,210
Due to related parties	-	337	134
Accrued liabilities	3,420	343	1,453
Deferred revenue	1,893	(1)	1,525
Payments for dry docking and special survey	(1,747)	(4,239)	(6,834)
Net Cash provided by Operating Activities	\$ 73,639	\$ 58,344	\$ 108,733
Cash Flows from Investing Activities:			
Additions to vessels cost	(454,241)	-	(126,068)
Investment in affiliate	-	-	(11,004)
Proceeds from sale of vessels, net	37,022	-	15,740
Payment for business acquisition costs	-	-	(1,522)
Additions to office furniture and equipment	(524)	(662)	(755)
Net cash used in Investing Activities	\$ (417,743)	\$ (662)	\$ (123,609)
Cash Flows from Financing Activities:			
(Increase) decrease in restricted cash	(27,777)	15,270	-
Proceeds from long-term debt	282,415	-	225,600
Principal payments of long-term debt	(31,530)	(45,384)	(35,876)
Receipts from a related party	-	-	2,024
Minority interest	-	4	(2)
Dividends paid	-	-	(11,910)
Issuance of common stock, net of related issuance costs	116,504	225	-
Payment of financing costs	(1,919)	-	(7,577)
Net cash provided by (used in) Financing Activities	\$ 337,693	\$ (29,885)	\$ 172,259
Net increase (decrease) in cash and cash equivalents	(6,411)	27,797	157,383
Cash and cash equivalents at beginning of year	64,903	58,492	86,289
Cash and cash equivalents at end of the year	\$ 58,492	\$ 86,289	\$ 243,672
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest payments	\$ 8,872	\$ 14,224	\$ 14,489
U.S Source Income taxes	\$ -	\$ 748	\$ 489

The accompanying notes are an integral part of these consolidated statements.



1. BASIS OF PRESENTATION AND GENERAL INFORMATION:

The accompanying consolidated financial statements include the accounts of Excel Maritime Carriers Ltd. and its wholly owned subsidiaries (collectively, the "Company" or "Excel"). Excel was formed in 1988, under the laws of the Republic of Liberia. The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership and operation of bulk carrier vessels and is the sole owner of all outstanding shares of the following subsidiaries:

COMPANY	COUNTRY OF INCORPORATION	DATE OF INCORPORATION	VESSEL-OWNED
Ship-owning companies with vessels in operation at December 31, 2007:			
1. Centel Shipping Co. Ltd. ("Centel")	Cyprus	May 2002	Lady
2. Snapper Marine Ltd. ("Snapper")	Liberia	June 2004	Marybelle
3. Liegh Jane Navigation S.A. ("Liegh")	Liberia	July 2004	Swift
4. Teagan Shipholding S.A. ("Teagan")	Liberia	November 2004	First Endeavour
5. Fianna Navigation S.A. ("Fianna")	Liberia	November 2004	Isminkai
6. Ingram Limited ("Ingram")	Liberia	November 2004	Emerald
7. Whitelaw Enterprises Co. ("Whitelaw")	Liberia	November 2004	Birthday
8. Castalia Services Ltd. ("Castalia")	Liberia	November 2004	Princess I
9. Yasmine International Inc. ("Yasmine")	Liberia	January 2005	Elinakos
10. Candy Enterprises Inc. ("Candy")	Liberia	February 2005	Renuar
11. Barland Holdings Inc. ("Barland")	Liberia	February 2005	Attractive
12. Fountain Services Ltd. ("Fountain")	Liberia	February 2005	Powerful
13. Amanda Enterprises Ltd. ("Amanda")	Liberia	March 2005	Happy Day
14. Marias Trading Inc. ("Marias")	Liberia	March 2005	Angela Star
15. Tanaka Services Ltd. ("Tanaka")	Liberia	March 2005	Rodon
16. Harvey Development Corp. ("Harvey")	Liberia	March 2005	Fortezza
17. Minta Holdings S.A. ("Minta")	Liberia	April 2005	July M (Note 6)
18. Odell International Ltd. ("Odell")	Liberia	April 2005	Mairouli (Note 6)
Companies established to acquire vessels :			
19. Magalie Investments Corp. ("Magalie")	Liberia	March 2005	
20. Melba Management Ltd. ("Melba")	Liberia	April 2005	
21. Naia Development Corp. ("Naia")	Liberia	April 2005	
Ship-owning company with vessel sold during the year ended December 31, 2007:			
22. Pisces Shipholding Ltd.	Liberia	June 2004	Goldmar (Note 6)
Other group companies			
23. Maryville Maritime Inc. ("Maryville")	Liberia	August 1983	Management company
24. Point Holdings Ltd. ("Point")	Liberia	February 1998	Holding company
25. Thurman International Ltd ("Thurman")	Liberia	April 2002	Holding Company

During 2007, four Cypriot ship-owning companies with vessels sold during the year ended December 31, 2005 were dissolved - refer to Note 6 below for further details.

As of December 31, 2006, the Company also owned 75% of the outstanding common stock of Oceanaut Inc. ("Oceanaut"), a corporation in the development stage, organized on May 3, 2006 under the laws of the Republic of the Marshall Islands. Oceanaut was formed to acquire, through a merger, capital stock exchange, asset acquisition, stock purchase or other similar business combination, vessels or one or more operating businesses in the shipping industry. The remaining 25% of Oceanaut was held by certain of the Company's officers and directors.



1. BASIS OF PRESENTATION AND GENERAL INFORMATION - (CONTINUED):

As of December 31, 2006, the consolidated financial statements included the accounts of such majority-owned subsidiary. Following the completion of Oceanaut's initial public offering and the private placement in March 2007, as discussed under Note 3 below, the Company owns approximately 18.9% of the issued and outstanding shares of Oceanaut, an additional 4.8% interest being held by certain of the Company's officers and directors, and accounts for it under the equity method.

Effective January 1, 2005 and following the termination of an agreement with Excel Management Ltd ("Excel Management"), an affiliated corporation (Note 4), the operations of the vessels have been directly managed by Maryville Maritime Inc. ("Maryville"), a wholly-owned subsidiary, which provides the vessels with a wide range of shipping management services, such as technical support and maintenance, supervision of new buildings, insurance consulting, chartering, financial and accounting services. The fees charged by Maryville for the management of the Company's fleet, are eliminated for consolidation purposes in the accompanying consolidated statements of income.

Charterers individually accounting for more than 10% of the Company's voyage revenues during the years ended December 31, 2005, 2006 and 2007, are as follows:

Charterer	2005	2006	2007
Daeyang Shipping Co Ltd.	12 %	15 %	-
Armada (Singapore) Pte Ltd	-	-	12 %

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Principles of Consolidation: The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include in each of the three years in the period ended December 31, 2007 the accounts and operating results of Excel and its wholly-owned and majority-owned subsidiaries referred to in Note 1 above. All significant intercompany balances and transactions have been eliminated in consolidation. The Company consolidates all subsidiaries that are more than 50 percent owned. In addition, following the provisions of FASB Interpretation No. 46R Consolidation of Variable Interest Entities, an interpretation of ARB No.51, issued in December 2003, the Company evaluates any interest held in other entities to determine whether the entity is a Variable Interest Entity ("VIE") and if the Company is the primary beneficiary of the VIE. The Company's investment in Oceanaut, in which the Company believes it exercises significant influence over operating and financial policies, are accounted for using the equity method. Under this method the investment is carried at cost, and is adjusted to recognize the investor's share of the earnings or losses of the investee after the date of acquisition and is adjusted for impairment whenever facts and circumstances determine that a decline in fair value below the cost basis is other than temporary. The amount of the adjustment is included in the determination of net income by the investor and such amount reflects adjustments similar to those made in preparing consolidated financial statements including adjustments to eliminate intercompany gains and losses, and to amortize, if appropriate, any differences between investor cost and underlying equity in net assets of the investee at the date of acquisition. The investment of an investor is also adjusted to reflect the investor's share of changes in the investee's capital. In the Company's case and due to the fact that Oceanaut is a development stage company, the adjustment to reflect the difference between its carrying value of the shares sold and the proceeds from the sale has been accounted for as an equity transaction in accordance with Staff Accounting Bulletin Topic 5H "Sales of Stock of a Subsidiary" and recognized in Additional Paid-in Capital in the accompanying consolidated financial statements.



2. SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED):

(b) Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Other Comprehensive Income: The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income", which requires separate presentation of certain transactions, which are recorded directly as components of Stockholders' equity. Comprehensive income at December 31, 2005 equals net income; at December 31, 2006 comprehensive income is comprised of net income less actuarial losses related to the adoption and implementation of SFAS No. 158 (Note 2(y)); at December 31, 2007, comprehensive income is comprised of net income less actuarial losses and Company's share in capital raised by equity investee.

(d) Concentration of Credit Risk: Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents, trade accounts receivable and derivative contracts (interest rate swaps). The Company places its cash and cash equivalents, consisting mostly of deposits, with high credit qualified financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial institutions. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition. The Company does not obtain rights to collateral to reduce its credit risk. The Company is exposed to credit risk in the event of nonperformance by counter parties to derivative instruments; however, the Company limits its exposure by diversifying among counter parties with high credit ratings.

(e) Foreign Currency Translation: The functional currency of the Company is the U.S. Dollar because the Company's vessels operate in international shipping markets, and therefore primarily transact business in U.S. Dollars. The Company's accounting records are maintained in U.S. Dollars. Transactions involving other currencies during the year are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are translated into U.S. Dollars at the year-end exchange rates. Resulting gains or losses are included in general and administrative expenses in the accompanying consolidated statements of income.

(f) Cash and Cash Equivalents: The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

(g) Restricted Cash: Restricted cash includes bank deposits that are required under the Company's borrowing arrangements which are used to fund the loan installments coming due. The funds can only be used for the purposes of loan repayment. In addition, restricted cash also includes minimum cash deposits required to be maintained with certain banks under the Company's borrowing arrangements.



2. SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED):

(h) Accounts Receivable Trade, net: The amount shown as accounts receivable-trade, net at each balance sheet date, includes receivables from charterers for hire, freight and demurrage billings, net of a provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. The provision for doubtful accounts at December 31, 2006 and 2007 was \$253 and \$283, respectively.

(i) Insurance Claims: The Company records insurance claim recoveries for insured losses incurred on damage to fixed assets and for insured crew medical expenses. Insurance claim recoveries are recorded, net of any deductible amounts, at the time the Company's fixed assets suffer insured damages or when crew medical expenses are incurred, recovery is probable under the related insurance policies and the Company can make an estimate of the amount to be reimbursed following the insurance claim.

(j) Inventories: Inventories consist of consumable bunkers, lubricants and victualling stores, which are stated at the lower of cost or market value. Cost is determined by the first in, first out method.

(k) Vessels, net: Vessels are stated at cost, which consists of the contract price and any material expenses incurred upon acquisition (initial repairs, improvements, delivery expenses and other expenditures to prepare the vessel for her initial voyage). Subsequent expenditures for major improvements are also capitalized when they appreciably extend the life, increase the earnings capacity or improve the efficiency or safety of the vessels. Otherwise, these amounts are charged to expense as incurred. The cost of each of the Company's vessels is depreciated beginning when the vessel is ready for its intended use, on a straight-line basis over the vessel's remaining economic useful life, after considering the estimated residual value (vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate). Management estimates the useful life of the Company's vessels to be 28 years from the date of initial delivery from the shipyard. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life is adjusted at the date such regulations become effective.

(l) Office Furniture and Equipment, net: Office furniture and equipment, net are stated at cost less accumulated depreciation of \$0, \$203 and \$475 for 2005, 2006 and 2007, respectively. Depreciation is calculated on a straight line basis over the estimated useful life of the specific asset placed in service which range from three to nine years.

(m) Impairment of Long-Lived Assets: The Company uses SFAS No. 144 "Accounting for the Impairment or Disposal of Long-lived Assets", which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The standard requires that, long-lived assets and certain identifiable intangibles held and used or disposed of by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asset is less than its carrying amount, the Company should evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset as provided by third parties. In this respect, management regularly reviews the carrying amount of the vessels in comparison with the fair value of the asset as provided by third parties for each of the Company's vessels. The Company regularly reviews its vessels for impairment on a vessel by vessel basis. Furthermore, in the period a long-lived asset meets the "held for sale" criteria of SFAS No. 144, a loss is recognized for any reduction of the long-lived asset's carrying amount to its fair value less cost to sell. No impairment loss was recorded in the years ended December 31, 2005, 2006 and 2007.

(n) Prepaid/Deferred Charter Revenue: Where the Company identifies any assets or liabilities associated with the acquisition of a vessel, the Company records all such identified assets or liabilities at fair value. Fair value is determined by reference to market data. The Company values any asset or liability arising from the market value of the time charters assumed when a vessel is acquired. The amount to be recorded as an asset or liability at the date of vessel delivery is based on the difference between the current fair value of a charter with similar characteristics as the time charter assumed and the net present value of future contractual cash flows from the time charter contract assumed. When the present value of the time charter assumed is greater than the ascribed fair value of the charter, the difference is recorded as prepaid charter revenue. When the present value is less than the fair value, the difference is recorded as deferred revenue. The resulting assets and liabilities are amortized to revenue over the remaining period of the time charter assumed.



2. SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED):

(o) Goodwill: Goodwill represents the excess of the purchase price over the estimated fair value of net assets acquired. Goodwill is reviewed annually or more frequently if events or circumstances indicate possible impairment in accordance with SFAS No. 142 "Goodwill and Other Intangible Assets". This statement requires that goodwill and other intangible assets with an indefinite life be amortized but instead tested for impairment at least annually. The Company has determined that there is no impairment of goodwill as of and for the years ended December 31, 2005, 2006 and 2007.

(p) Accounting for Dry-Docking and Special Survey Costs: The Company follows the deferral method of accounting for dry-docking and special survey costs whereby actual costs incurred are deferred and as of December 31, 2005 were amortized on a straight-line basis over a period of 2.5 years and 5 years, respectively which approximated the next dry-docking and special survey due dates. Within 2006, and following management's reassessment of the service lives of these costs, the amortization period of the deferred special survey costs was changed from 5 years to the earliest between the date of the next dry-docking and 2.5 years for all surveys. The effect of this change in accounting estimate, which did not require retrospective adoption as per SFAS 154 "Accounting Changes and Error Corrections," was to decrease net income and basic and diluted earnings per share for the year ended December 31, 2006 by \$655 or \$0.03 per share, respectively. Unamortized dry-docking and special survey costs of vessels that are sold are written-off at the time of the respective vessels' sale and are included in the calculation of the resulting gain or loss from such sale.

(q) Business Combinations: In accordance with SFAS No. 141, Business Combinations ("SFAS No. 141"), the purchase price of acquired businesses or properties is allocated to tangible and identified intangible assets and liabilities based on their respective fair values. Costs incurred in relation to pursuing any business acquisition are capitalized when they are directly related to the business acquisition and the acquisition is probable. Following the provisions of Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations", such direct costs will be allocated to tangible and intangible assets upon the consummation of the business acquisition. Pre-acquisition costs also include fees paid to bankers in relation to obtaining related financing. Such financing costs are an element of the effective interest cost of the debt; therefore they will be classified as a contra to debt upon the business acquisition consummation and the receipt of the related debt proceeds and be amortized using the effective interest method through the term of the respective debt.

(r) Financing Costs: Direct and incremental costs related to the issuance of debt such as legal, bankers or underwriters' fees are capitalized and reflected as deferred financing costs. Amounts paid to lenders or required to be paid to third parties on the lender's behalf are classified as a contra to debt. All such financing costs are amortized to interest and finance costs using the effective interest method over the life of the related debt or for debt instruments that are puttable by the holders prior to the debt's stated maturity, over a period no longer than through the first put option date. Unamortized fees relating to loans repaid or refinanced as debt extinguishment are expensed as interest and finance costs in the period the repayment or extinguishment is made.

(s) Convertible Senior Notes: In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", EITF Issue No. 00-19 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company's Own Stock" and EITF Issue No. 01-6 "The Meaning of Indexed to a Company's Own Stock", the Company evaluated the embedded conversion option of its 1.875% Convertible Senior Notes (the "Notes") due 2027 (Note 8) and concluded that the embedded conversion option contained within the Notes should not be accounted for separately because the conversion option is indexed to its common stock and would be classified within stockholders' equity, if issued on a standalone basis. In addition, the Company evaluated the terms of the Notes for a beneficial conversion feature in accordance with EITF No. 98-5 "Accounting for Convertible Securities with Beneficial Conversion or Contingently Adjustable Conversion Ratios" and EITF No. 00-27, "Application of Issue 98-5 to Certain Convertible Instruments" and concluded that there was no beneficial conversion feature at the commitment date based on the conversion rate of the Notes relative to the commitment date stock price. The Company will continue to evaluate potential future beneficial conversion charges based upon potential future triggering conversion events.

(t) Financial Instruments: The principal financial assets of the Company consist of cash and cash equivalents and restricted cash, accounts receivable, trade (net of allowance), and prepayments and advances. The principal financial liabilities of the Company consist of accounts payable, accrued liabilities, deferred revenue, long-term debt, and interest-rate swaps. The carrying amounts reflected in the accompanying consolidated balance sheet of financial assets and liabilities approximate their respective fair values.

(u) Derivatives: The Company is exposed to the impact of interest rate changes. The Company's objective is to manage the impact of interest rate changes on earnings and cash flows of its borrowings. The Company uses interest rate swaps to manage net exposure to interest rate changes related to its borrowings and to lower its overall borrowing costs. Such swap agreements, designated as "economic hedges" are recorded at fair with changes in the derivatives' fair value recognized in earnings unless specific hedge accounting criteria are met. During the year ended December 31, 2006 the Company concluded an interest rate collar agreement and an interest rate swap agreement in order to partially hedge the exposure of interest rate fluctuations associated with its variable rate borrowings (Note 9). These agreements do not meet hedge accounting criteria and the change in their fair value is recognized in earnings.



2. SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED):

(v) Accounting for Revenues and Related Expenses: The Company generates its revenues from charterers for the charterhire of its vessels. Vessels are chartered using either voyage charters, where a contract is made in the spot market for the use of a vessel for a specific voyage for a specified charter rate, or time charters, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charterhire rate. If a charter agreement exists and collection of the related revenue is reasonably assured, revenue is recognized, as it is earned ratably over the duration of the period of each voyage or time charter. A voyage is deemed to commence upon the completion of discharge of the vessel's previous cargo and is deemed to end upon the completion of discharge of the current cargo.

Demurrage income represents payments by the charterer to the vessel owner when loading or discharging time exceeded the stipulated time in the voyage charter and is recognized as it is earned ratably over the duration of the period of each voyage charter.

Deferred revenue includes cash received prior to the balance sheet date and is related to revenue earned after such date. Voyage expenses, primarily consisting of port, canal and bunker expenses that are unique to a particular charter, are paid for by the charterer under the time charter arrangements or by the Company under voyage charter arrangements, except for commissions, which are always paid for by the Company, regardless of charter type. All voyage and vessel operating expenses are expensed as incurred, except for commissions. Commissions paid to brokers are deferred and amortized over the related voyage charter period to the extent revenue has been deferred since commissions are earned as the Company's revenues are earned.

(w) Repairs and Maintenance: All repair and maintenance expenses including underwater inspection expenses are expensed in the year incurred and are included in Vessel operating expenses in the accompanying consolidated statements of income.

(x) Pension and Retirement Benefit Obligations: Administrative employees are covered by state-sponsored pension funds. Both employees and the Company are required to contribute a portion of the employees' gross salary to the fund. Upon retirement, the state-sponsored pension funds are responsible for paying the employees retirement benefits and accordingly the Company has no such obligation. Employer's contributions for the years ended December 31, 2005, 2006 and 2007 amounted to \$0.4 million, \$0.6 million and \$0.9 million, respectively.

(y) Staff Leaving Indemnities - Administrative Personnel: The Company's employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's compensation, length of service and manner of termination (dismissed or retired). Employees who resign, or are dismissed with cause are not entitled to termination payments. The Company's liability on an actuarially determined basis, at December 31, 2006 and 2007 amounted to \$0.4 million and \$0.6 million, respectively, while, the amount recognized as Accumulated Other Comprehensive Loss at December 31, 2006 and 2007 following the adoption of SFAS No.158, amounted to \$79 and \$65, respectively.

(z) Stock-Based Compensation: Following the provisions of SFAS No. 123(R), the Company recognizes all share-based payments to employees, including grants of employee stock options, in the income statement based on their fair values on the grant date.



2. SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED):

As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet and thus the Company has determined that it operates under one reportable segment. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.

(a) Recent Accounting Pronouncements:

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

In February 2008, the FASB issued Staff Position FASB 157-1 which amends SFAS No. 157 to exclude SFAS No. 13 "Accounting for Leases" and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under Statement 13. This scope exception does not apply to assets and liabilities assumed in a business combination that are required to be measured at fair value under SFAS No. 141, "Business Combinations", or No. 141(R) "Business Combinations", regardless of whether those assets or liabilities are related to leases. In addition, in February 2008, the FASB issued Staff Position FASB 157-2 which delays the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The delay is intended to allow the Board and constituents additional time to consider the effect of various implementation issues that have arisen, or that may arise, from the application of SFAS No. 157. The Company will apply the provisions of SFAS No. 157 to non-financial assets and non-financial liabilities beginning January 1, 2009, as a result of which the Company does not expect to have any effect on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"), which permits entities to elect to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Earlier adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157. The Company evaluated the guidance contained in SFAS No. 159 and has elected not to report any existing financial assets or liabilities (other than those currently reported) at fair value, therefore, the adoption of the statement is not expected to have any impact on the Company's financial position and results of operation. The Company, however, retains the ability to elect the fair value option for certain assets and liabilities acquired under this new pronouncement.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" ("SFAS No. 141(R)"). SFAS No. 141(R), which replaces SFAS No. 141 "Business Combinations", establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is not permitted.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements-an amendment of Accounting Research Bulletin No. 51" ("SFAS No. 160"). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Early adoption is prohibited. This statement is required to be applied prospectively as of the beginning of the fiscal year in which it initially applied, except for the presentation and disclosure requirements, which must be applied retrospectively for all periods presented.

4. TRANSACTIONS WITH RELATED PARTIES - (CONTINUED):

The Company has a brokering agreement with Excel Management, under which Excel Management acts as the Company's broker to provide services for the employment and chartering of the Company's vessels, for a commission fee equal to 1.25% of the revenue of each contract Excel Management has brokered. The agreement was effective January 1, 2005 for an initial period of one year and is automatically extended for successive one year periods, unless written notice by either party is given at least one year prior to the commencement of the applicable one year extension period. Commissions charged by Excel Management during the years ended December 31, 2005, 2006 and 2007, amounted to \$1.4 million, \$1.5 million and \$2.2 million respectively and are separately reflected in the accompanying consolidated statements of income. Amounts due to Excel Management at December 31, 2006 and 2007 were \$0.2 million and \$0.2 million, respectively and are included in due to related parties in the accompanying consolidated balance sheets.

(b) Vessels under Management: Maryville (Note 1) provides shipping services to four related ship-owning companies at a fixed monthly fee per vessel of \$17,000. Such companies are affiliated with the Company's Chairman. The revenues earned for the years ended December 31, 2005, 2006 and 2007 totaled approximately \$0.5 million, \$0.6 million and \$0.8 million respectively and are separately reflected in the accompanying consolidated statements of income. Amounts due to these related ship-owning companies at December 31, 2006 and 2007 were \$0 and \$0.2 million, respectively and are included in due to related parties in the accompanying consolidated balance sheets.

(c) On April 27, 2007, the Company's Board of Directors approved the sale of vessel Goldmar for \$15.7 million, net of selling costs to a company affiliated with the Company's Chairman (Note 6).

5. INVENTORIES:

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	December 31	
	2006	2007
Bunkers	20	837
Lubricants	928	1,240
Victualling stores	118	138
	1,066	2,215

6. FIXED ASSETS, NET:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	December 31	
	2006	2007
Vessels, cost	486,395	600,486
Accumulated depreciation	(48,977)	(73,322)
Vessels, net	437,418	527,164
Office furniture and equipment, cost	1,186	1,941
Accumulated depreciation	(203)	(47)
Office furniture and equipment, net	983	1,466
Total fixed assets, net	438,401	528,630

The Company's vessels have been provided as collateral to secure the bank loans discussed in Note 8. During the year ended December 31, 2005, the Company acquired sixteen dry bulk carrier vessels for an aggregate consideration of approximately \$480.5 million. One of these vessels, M/V Powerful, which was acquired for cash consideration of \$35.3 million, was under an existing time charter contract which the Company agreed to assume through an arrangement with the respective charterer. The Company, upon delivery of the above vessel, evaluated the charter contract assumed and concluded that the fair value of the charter party equaled its present value.



6. FIXED ASSETS, NET-(CONTINUED):

During the year ended December 31, 2005, the vessels Petalis, Lucky Lady, Fighting Lady and Almar I were sold for a total consideration of approximately \$37.0 million, resulting in a gain of approximately \$26.8 million (net of \$0.9 million of unamortized dry-docking costs written-off as at the date of sale) which is separately reflected in the accompanying 2005 consolidated statement of income.

On June 3, 2006, the vessel Princess I sustained extensive hull damage over almost the full length of the hull starboard side after repeated collisions onto the quay at Port of Tubarao, Brazil, due to parting of the mooring lines in bad weather. The vessel underwent permanent repairs at Rio de Janeiro, which commenced on June 15, 2006 and were completed on July 23, 2006. The total cost of the repairs amounted to approximately \$2.0 million, which were covered by an insurance policy. The claim's outstanding balance as of December 31, 2006 of approximately \$1.0 million is included in Accounts receivable other and it was collected on various dates through July 2007.

On April 27, 2007, the Company's Board of Directors approved the sale of M/V Goldmar for approximately \$15.7 million, net of selling costs to a company affiliated to the Company's Chairman of the Board of Directors. The realized gain of approximately \$6.2 million (net of \$0.8 million of unamortized dry-docking costs written-off as at the date of sale), was recognized on delivery of the vessel to the buyer in May 2007 and is separately reflected in the accompanying 2007 consolidated statement of income as a gain from vessel sale.

On July 16, 2007, the Company entered into two Memoranda of Agreement to acquire two Supramax bulk carriers, built in 2005 and of a total capacity of 108,773 dwt, for \$63.0 million per vessel. The vessels were delivered to the Company on December 11 and 14, 2007.

7. DEFERRED CHARGES, NET:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	December 31	
	2006	2007
Unamortized dry-docking and special survey costs (i)	4,296	6,427
Unamortized issuance costs of 1.875% Convertible Senior Notes (ii)	-	4,470
Pre-acquisition costs (iii)	-	1,522
Deferred financing costs (iii)	-	2,700
	4,296	15,119

(i) During the years ended December 31, 2005, 2006 and 2007, the Company incurred dry-docking and special survey costs of approximately \$1.7 million, \$4.2 million and \$6.8 million, respectively, while amortization for the same years amounted to \$0.6 million, \$1.5 million and \$3.9 million, respectively and is separately reflected in the accompanying consolidated statements of income.

(ii) During the year ended December 31, 2007 and in relation to the 1.875% Convertible Senior Notes due 2027 discussed in Note 8 below, the Company incurred issuance costs of approximately \$4.6 million. Related amortization amounted to approximately \$0.1 million and is included in Interest and Finance costs in the accompanying 2007 consolidated statement of income.

(iii) In October 2007, the Company initiated the process of examining the potential acquisition of Quintana Maritime Limited ("Quintana"), an international provider of drybulk marine transportation services incorporated in the Marshall Islands. Direct costs relating to the contemplated acquisition and accrued by the Company as of December 31, 2007 amounted to approximately \$1.5 million. In connection with the acquisition of Quintana, the Company, on December 27, 2007, entered into a commitment letter with a group of arrangers, with respect to a senior secured credit facility under which Excel may borrow up to \$1.4 billion. Arrangement fees accrued by the Company as of December 31, 2007 in connection with the above facility, amounted to \$2.7 million. Please refer to Note 8 for discussion of the terms of this facility and to Note 18 (a) for developments relating to the acquisition of Quintana.



8. LONG-TERM DEBT, NET OF UNAMORTIZED DEFERRED FINANCING FEES:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	2006	2007
1.875% Convertible Senior Notes	-	150,000
Total term loans, net of unamortized deferred financing costs of \$1,203 and \$1,082 as of December 31, 2006 and 2007, respectively	217,919	257,764
Less-current portion	(32,452)	(39,179)
Long-term portion	<u>185,467</u>	<u>368,585</u>

Term Loans: As of December 31, 2007, the Company has outstanding five bank loans, concluded in order to partially finance the acquisition cost of certain vessels, with varying maturities through December 2022. The loans bear interest at LIBOR plus a margin and the average interest rate (including the margin) at December 31, 2006 and 2007 was 6.25% and 5.98%, respectively. In May and July 2006, two of the loans discussed above were amended to effect certain changes with respect to the interest margin, the minimum free liquidity and the definition of excess cash calculations based on which certain amounts are paid to the bank with respect to one of the loans.

During the years ended December 31, 2006 and 2007 amounts of approximately \$5.7 million and \$2.0 million, respectively, were paid to one bank as provided in the related loan agreement against part of the balloon installment and of the scheduled principal repayment installments in reverse order of their maturity. During the year ending December 31, 2008 and in accordance with the same loan provision discussed above, an amount of approximately \$6.0 million is scheduled to be paid to the bank. This amount is included in the current portion of long-term debt in the accompanying 2007 consolidated balance sheet.

The loans are secured as follows:

- First priority mortgages over the borrowers vessels;
- First priority assignment of all insurances and earnings of the mortgaged vessels;
- Pledge over the Company's bank accounts where payments for charters are deposited by the charterers; and
- Corporate guarantee of the Company.





8. LONG-TERM DEBT, NET OF UNAMORTIZED DEFERRED FINANCING FEES-(CONTINUED):

The loans, contain financial covenants, amongst others, requiring the Company to ensure that the aggregate market value of the mortgaged vessels at all times exceeds 135% of the aggregate outstanding principal amount under the loans, that total assets minus total debt will not, at any time, be less than \$150,000 and to maintain liquid funds of at least 10% of total debt as at December 31, 2005 and of at least \$15,000 as at December 31, 2006 and 2007. As a result, restricted cash included in the accompanying consolidated balance sheets represents bank deposits that are required under the loans and are used to fund the loan installments falling due, as well as minimum cash deposits required to be maintained with certain banks in accordance with loan covenants. The Company is permitted to pay dividends under certain conditions and for amounts as defined in the related loan agreements.

1.875% Convertible Senior Notes: On October 10, 2007, the Company completed its offering of \$125,000 aggregate principal amount of Convertible un-secured Senior Notes due 2027 subsequent to which, the initial purchaser exercised in full its option to acquire an additional of \$25,000 of the notes solely to cover over-allotments. The notes bear interest semi-annually at a rate of 1.875% per annum, commencing on April 15, 2008 and are convertible at a base conversion rate of approximately 10.9529 Excel Class A common shares per \$1 principal amount of notes. The initial conversion price was set at \$91.30 per share and an incremental share factor of 5.4765 Excel Class A common shares per \$1 principal amount of notes. On conversion, any amount due up to the principal portion of the notes will be paid in cash, with the remainder, if any, settled in shares of Excel Class A common shares. The notes are due October 15, 2027. The notes also contain an embedded put option that allows the holder to require the Company to purchase the notes at the option of the holder for the principal amount outstanding plus any accrued and unpaid interest (i.e. no value for any conversion premium, if applicable) on specified dates (i.e. October 15, 2014, October 15, 2017 and October 15, 2022), and a separate call option that allows for the Company to redeem the notes at any time on or after October 22, 2014 for the principal amount outstanding plus any accrued and unpaid interest (i.e. no value for any conversion premium, if applicable). Any repurchase or redemption of the notes will be for cash. The Company plans to use the proceeds for general corporate purposes, which may include potential vessel acquisitions and repayment of debt.

In addition, the Company has entered into a registration rights agreement with the initial purchaser of the notes for the benefit of the holders of the notes and the shares of its Class A common stock issuable on conversion of the notes. Under this agreement, the Company will file a shelf registration statement with the SEC covering resales of the notes and the shares of its Class A common stock issuable on conversion of the notes to be declared effective under the Securities Act within a specified grace period and to maintain the effectiveness of the registration statement for a specified period of time as provided in the related agreement. In case the Company defaults under the registration rights agreement, it shall pay interest at an annual rate of 0.5% of the principal amount of the notes as liquidated damages to Record Holders of Registrable Securities and in addition in respect of any Note submitted for conversion, it shall issue additional shares of Class A Common Stock equal to 3% of the applicable conversion rate as defined in the indenture.

Interest expense for the years ended December 31, 2005, 2006 and 2007 amounted to approximately \$9.5 million, \$15.3 million and \$13.9 million, respectively and is included in interest and finance costs in the accompanying consolidated statements of income.

The annual principal payments required to be made after December 31, 2007, are as follows:

2008	39,497
2009	31,311
2010	26,732
2011	26,015
2012	21,554
2013 and thereafter	263,737
	408,846
Less- Financing fees	(1,082)
	<u>407,764</u>



15. INCOME TAXES-(CONTINUED):

Since the Company does not qualify for exemption under section 883 of the Code for taxable years beginning on or after January 1, 2005, its United States source shipping income is subject to a 4% tax. For taxation purposes, United States source shipping income is defined as 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 from each voyage is equal to the product of (i) the number of days in each voyage and (ii) the daily charter rate paid to the Company by the Charterer. For calculating taxable shipping income, days spent loading and unloading cargo in the port were not included in the number of days in the voyage. As a result, taxes of approximately \$0.3 million, \$0.4 million and \$0.5 million were recognized in the accompanying 2005, 2006 and 2007 consolidated statements of income. The Company believes that its position of excluding days spent loading and unloading cargo in the port meets the more likely than not criterion (required by FIN 48) to be sustained upon a future tax examination; however, there can be no assurance that the Internal Revenue Service would agree with the Company's position. Had the Company included the days spent loading and unloading cargo in the port, additional taxes of \$120, \$141 and \$226 should have been recognized in the accompanying consolidated statements of income for the years ended December 31, 2005, 2006 and 2007, respectively.

16. VOYAGE AND VESSEL OPERATING EXPENSES:

The amounts in the accompanying consolidated statements of income are analyzed as follows:

Voyage expenses	2005	2006	2007
Port charges	1,330	847	848
Bunkers	3,793	290	220
Commissions charged by third parties	6,570	6,972	10,009
	11,693	8,109	11,077
Commissions charged by a related party	1,412	1,536	2,204
	<u>13,105</u>	<u>9,645</u>	<u>13,281</u>
Vessel Operating expenses	2005	2006	2007
Crew wages and related costs	9,682	13,278	13,755
Insurance	3,003	3,239	3,197
Repairs, spares and maintenance	6,306	7,986	9,460
Consumable stores	4,615	5,366	6,673
Tonnage taxes (Note 15)	113	123	121
Miscellaneous	496	422	431
	<u>24,215</u>	<u>30,414</u>	<u>33,637</u>

17. INTEREST AND FINANCE COSTS:

The amounts in the accompanying consolidated statements of income are analyzed as follows:

	2005	2006	2007
Interest on long-term debt	9,538	15,315	13,877
Financial instruments (Note 9)	-	773	439
Amortization and write-off of financing costs	526	487	511
Bank charges	195	176	148
	<u>10,259</u>	<u>16,751</u>	<u>14,975</u>

18. SUBSEQUENT EVENTS (UNAUDITED):

(a) Appointment of New Chief Executive Officer: On February 15, 2008 and following the resignation of Mr. Christopher Georgakis, Mr. Gabriel Panayotides was appointed to act as interim Chief Executive Officer, pending the consummation of its acquisition of Quintana. Following the acquisition of Quintana on April 15, 2008, Mr. Stamatis Molaris was appointed President and Chief Executive Officer of Excel.

Due to the resignation of Mr. Georgakis, the 100,000 share options that had been granted to Mr. Georgakis and vested in October 2007, were forfeited. The options were subsequently cancelled.

(b) Termination of Oceanaut's Definitive Agreements Dated October 12, 2007: On February 19, 2008, Oceanaut, Inc. and third party companies entered into an agreement on a mutual basis to terminate the definitive agreements pursuant to which Oceanaut would have purchased nine dry bulk carriers for an aggregate purchase price of \$700.0 million and issued shares of its common stock in exchange for an aggregate investment of \$82.5 million by companies associated with the third party companies. Under the terms of the Termination and Release Agreement (the "Termination and Release Agreement"), the parties agreed to release any and all claims they may have against the other, as more fully set forth in such agreement. The management of Oceanaut is currently pursuing other business opportunities.

(c) Executive Officers Bonus: In February and March 2008, based on proposals of the Compensation committee and following the approval of the Company's Board of Directors, a cash bonus of \$0.9 million was granted to the Company's executive officers and the chairman of the Board of Directors which was accrued and is included in General and administrative expenses in the accompanying 2007 consolidated statement of income. In addition, 10,996 shares were also granted to the executive officers in the form of restricted stock and 10,420 restricted shares were granted to the chairman of the Board of Directors. Half of the shares will vest on the first anniversary of the grant date and the remainder on the second anniversary of the grant date. The Chairman has the option to take the restricted stock in either Class A or Class B shares.

(d) Dividend Paid and Proposed: On 17 March, 2008, the Board approved a quarterly dividend of \$0.20 per share. This was paid on April 11, 2008. On May 19, 2008, the Board approved a quarterly dividend of \$0.20 per share. This will be paid on June 16, 2008.

(e) Special Shareholders Meeting: On April 1, 2008 the Company's shareholders approved and adopted the proposal to amend the Company's Articles of Incorporation to provide for a change in the structure and composition of the Company's Board of Directors in connection with the Company's acquisition of Quintana.

(f) Termination of Swap with Credit Suisse International: On October 17, 2006 Excel entered into a swap agreement with Credit Suisse with a notional amount of \$40.0 million and a termination date of July 19, 2015. With effect from April 2, 2008, Excel terminated this agreement and all rights, duties, claims and obligations under the agreement were released and discharged. In consideration of the cancellation, Excel received \$0.9 million from Credit Suisse.

(g) Aquisition of Quintana: On January 29, 2008, the Company entered into an Agreement and Plan of Merger with Quintana and Bird Acquisition Corp. (the "Merger Sub"), a newly established direct wholly-owned subsidiary of the Company. On April 15, 2008, the Company completed the acquisition of Quintana. As result of the acquisition, Quintana will operate as a wholly owned subsidiary of Excel under the name Bird Acquisition Corp. Under the terms of the merger agreement, each issued and outstanding share of Quintana common stock was converted into the right to receive (i) \$13.00 in cash and (ii) 0.3979 Excel Class A common shares. The merger created a combined company that operates a fleet of 47 vessels with a total carrying capacity of approximately 3.7 million DWT and an average age of approximately 8.5 years.

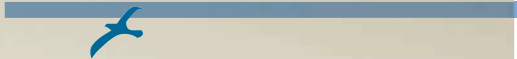
The acquisition of Quintana by Excel has created one of the largest listed dry bulk companies in the world, advancing one of Excel's strategic priorities to become one of the world's premier full service dry bulk shipping companies.

The preliminary fair values of the significant assets acquired and liabilities assumed of Quintana on April 15, 2008, are as follows:

Cash and restricted cash	81,970
Vessels	2,210,750
Other long-term assets	474,541
Current assets	8,671
Total Assets	2,775,932
Current liabilities	109,495
Long-term debt	595,950
Other long-term liabilities	901,082
Minority interest	14,332
Total Liabilities	1,620,859
Net Assets Acquired	1,155,073
Goodwill	
Cash consideration	764,489
Consideration paid in Excel Class A common shares (23,496,308 shares)	791,685
Total consideration	1,556,174
Total consideration	1,556,174
Transaction costs	10,484
Net assets acquired	(1,155,073)
Goodwill	411,585

The goodwill constitutes a premium paid by Excel over the fair value of the net assets of Quintana, which is attributable to anticipated benefits including improved purchasing and placing power, and ongoing cost savings and operating efficiencies.

The above purchase price allocation and resulting goodwill are not yet finalized. No fair values have been assigned to certain newbuilding vessel contracts nor the time charters attached to certain of these newbuilding vessels, as no refund guarantees have been received for these vessels and there are current uncertainties in connection with the shipyard which has undertaken their construction, and with their ability to deliver the vessels, on time or at all.



(h) New Credit Facility: On April 14, 2008 the Company executed the senior credit facility (the "Credit Facility") in connection with the acquisition of Quintana. The arrangers of the credit facility have successfully syndicated over 60 % of their commitments. Nordea Bank Finland plc, London Branch, one of the lead arrangers, is acting as administrative agent and syndication agent. The other lead arrangers are DVB Bank AG, Deutsche Bank AG, General Electric Capital Corporation and HSH Nordbank AG. National Bank of Greece S.A., Credit Suisse and Fortis Bank SA/NV are acting as co-arrangers for the credit facility. The Credit Facility consists of a \$1.0 billion term loan and a \$400.0 million revolving loan (the "Loans") with a maturity of eight years from the date of the execution and delivery of a definitive financing agreement (the "Financing Agreement") and related documentation. The Credit Facility was drawdown in full on April 15, 2008. The term loan shall amortize in thirty-two quarterly installments. The Loans will be maintained as Eurodollar loans bearing interest at the London Interbank Offered Rate plus 1.25% per annum with overdue principal and interest bearing interest at a rate of 2% per annum in excess of the rate applicable to the Loans. Total financing fees deferred in connection with the Credit Facility amount to approximately \$18.5 million and will be amortized over the term of the loan.

The credit facility is guaranteed by certain direct and indirect subsidiaries of Excel and the security for the credit facility includes, among other assets, mortgages on certain vessels currently owned by Excel and the vessels currently owned by Quintana and assignments of earnings with respect to certain vessels currently owned by Excel and the vessels currently owned and/or operated by Quintana.

i) Repayment of Loans: On April 15, 2008 the following loans were repaid in full:

Lender	Original Facility	Amount Repaid
HSH Nordbank	\$ 170 million	\$ 104,226
HSH Nordbank	\$ 27 million	8,730
National Bank of Greece	\$ 9.3 million	4,185
ABN Amro	\$ 95 million	58,774
Total		\$ 175,915

Upon repayment of the above loans, approximately \$0.7 million of deferred financing costs were written-off.

(j) Management Termination Agreement Anti-dilution Provision: In accordance with the provisions of the management termination agreement discussed in Note 4 (a) above and following the acquisition of Quintana discussed in (a) above, the Company will issue to Excel Management Ltd. 357,812 Class A common shares that will permit Excel Management to maintain its current 1.5% ownership of the Company's outstanding Class A common shares after the merger.

(k) Fortis Bank Swap Agreement: Upon completion of its acquisition of Quintana on April 15, 2008, the Company entered into a guarantee with Fortis, as security for the obligations of Quintana and its subsidiaries under the master swap agreement entered into by Fortis, Quintana and its subsidiaries. Under the guarantee, the Company guarantees the due payment of all amounts payable under the master agreement and fully indemnifies Fortis in respect of all claims, expenses, liabilities and losses that are made or brought against or incurred by Fortis as a result of or in connection with any obligation or liability guaranteed by the Company being or becoming unenforceable, invalid, void or illegal. Under the terms of the swap, the Company makes quarterly payments to Fortis based on the relevant notional amount at a fixed rate of 5.135%, and Fortis makes quarterly floating-rate payments at LIBOR to the Company based on the same notional amount, which ranges from \$295 million to approximately \$600 million. The swap is effective until December 31, 2010. In addition, Fortis has the option to enter into an additional swap with the Company effective December 31, 2010 to June 30, 2014. Under the terms of the optional swap, the Company will make quarterly fixed-rate payments of 5.00% to Fortis based on a decreasing notional amount of \$504 million, and Fortis will make quarterly floating-rate payments at LIBOR to the Company based on the same notional amount. The swap does not meet hedge accounting criteria and, accordingly, changes in its fair value will be reported in earnings.

(l) Issue of Restricted Stock: On 10 April, 2008, the Compensation Committee proposed and agreed that 500,000 of restricted stock were to be granted to the Chairman of Excel, Mr. Gabriel Panayotides in recognition of his initiatives and efforts deemed to be outstanding and crucial to the success of the Company up to 2007. 50% of the shares will be vested on December 31, 2008 and the remaining 50% will vest on December 31, 2009, provided that Mr. Panayotides continues to serve as a director of the Company. All stock awarded will be in Class A shares. The Board of Directors approved the grant on April 11, 2008.





NYSE Listing

Our Class A common stock trades since September 15, 2005 on the New York Stock Exchange (NYSE) under the symbol "EXM". Prior to that date our Class A common stock was trading on the American stock Exchange (AMEX) under the same symbol.

2007
Share Price Performance





THE BUILDING



committed to excellence

Management

Stamatis Molaris
President, CEO and Director

Eleftherios A. Papatrifon
Chief Financial Officer

Ismini Panayotides
Business Development

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AUDITORS:

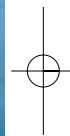
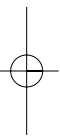
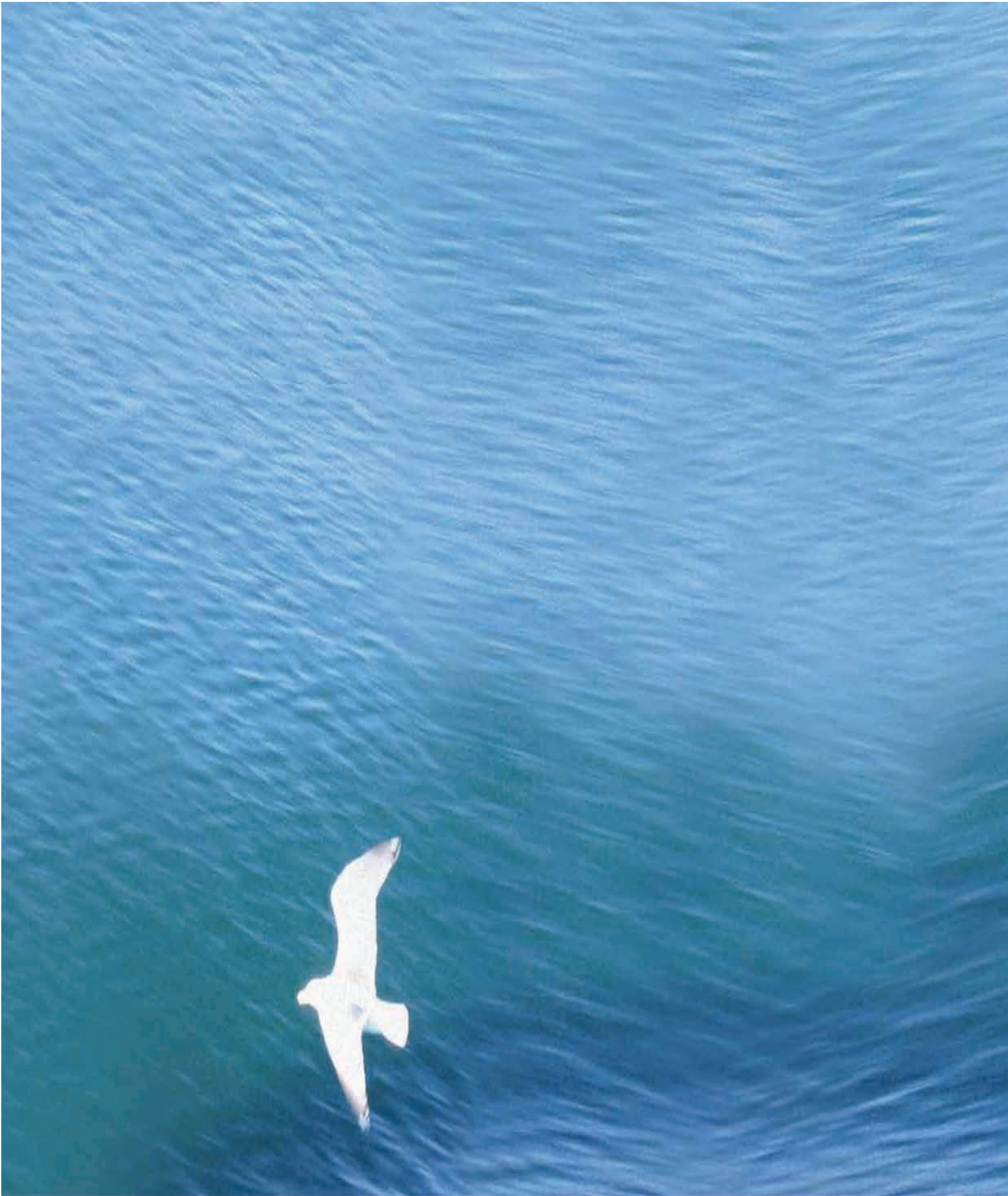
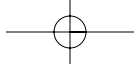
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Please visit our website at: www.excelmaritime.com, where you can download a copy of our 20-F Report, Annual Report and Accounts.

www.excelmaritime.com



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