



**EARNINGS CONFERENCE CALL**  
Fourth Quarter & Year Ended December 31, 2010

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# Forward Looking Statements

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**This presentation contains certain statements that may be deemed to be “forward-looking statements” within the meaning of the Securities Acts. Forward-looking statements reflect management's current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historic facts. The forward-looking statements in this presentation 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 Paragon Shipping Inc. believes 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, Paragon Shipping Inc. can not assure you that it will achieve or accomplish these expectations, beliefs or projections. 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 the world economies and currencies, general market conditions, including changes in charter hire rates and vessel values, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled drydockings, changes in our vessel operating expenses, including drydocking, crewing and insurance costs, or actions taken by regulatory authorities, ability of our counterparties to perform these obligations under sales agreements and charter contracts on a timely basis, potential liability form future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists. Risks and uncertainties are further described in reports filed by Paragon Shipping Inc. with the Securities and Exchange Commission.**

# Agenda

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- **4Q & Full Year 2010 Financial Highlights**
- **Company Update**
- **Industry Overview**
- **Financial Update**
- **Investment Summary**

# 4Q & Full Year 2010 - Financial Highlights

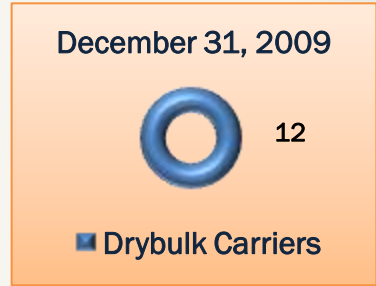
|                                 | 4th Quarter    |           | Full Year      |           |
|---------------------------------|----------------|-----------|----------------|-----------|
|                                 | 2010           | 2009      | 2010           | 2009      |
| Time Charter Revenues           | \$28.7m        | \$37.1m   | \$118.4m       | \$161.1m  |
| EBITDA                          | \$13.9m        | \$22.4m   | \$66.5m        | \$109.8m  |
| <b>EBITDA Adjusted</b>          | <b>\$15.0m</b> | \$17.6m   | <b>\$68.6m</b> | \$96.4m   |
| Net Income                      | \$2.3m         | \$12.7m   | \$22.9m        | \$65.7m   |
| <b>Adjusted Net Income</b>      | <b>\$4.1m</b>  | \$8.6m    | <b>\$27.7m</b> | \$55.0m   |
| EPS                             | \$ 0.04        | \$ 0.26   | \$ 0.44        | \$ 1.69   |
| <b>EPS Adjusted</b>             | <b>\$ 0.08</b> | \$ 0.17   | <b>\$ 0.54</b> | \$ 1.42   |
| No. of Vessels                  | 13.1           | 12.0      | 12.1           | 12.0      |
| Average Daily TCE Rate Adjusted | \$ 23,053      | \$ 28,007 | \$ 24,683      | \$ 30,942 |

# Fleet Developments

➤ Fleet as of December 31, 2009:

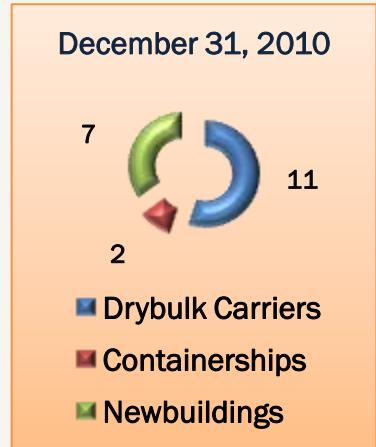
**12 Drybulk Carriers**

- Q1 2010: Sale of M/V Blue Seas – Oldest Vessel
- + Q2 2010: Newbuilding Contracts for 4 Handysize & 3 Kamsarmax Drybulk Carriers – Competitive Contract Prices
- + Q3 2010: Acquisition of M/V Dream Seas
- + Q3 2010: Acquisition of Box Voyager & Box Trader – Diversified Operation
- Q4 2010: Sale of M/V Clean Seas – 2<sup>nd</sup> Oldest Vessel



➤ Fleet as of December 31, 2010:

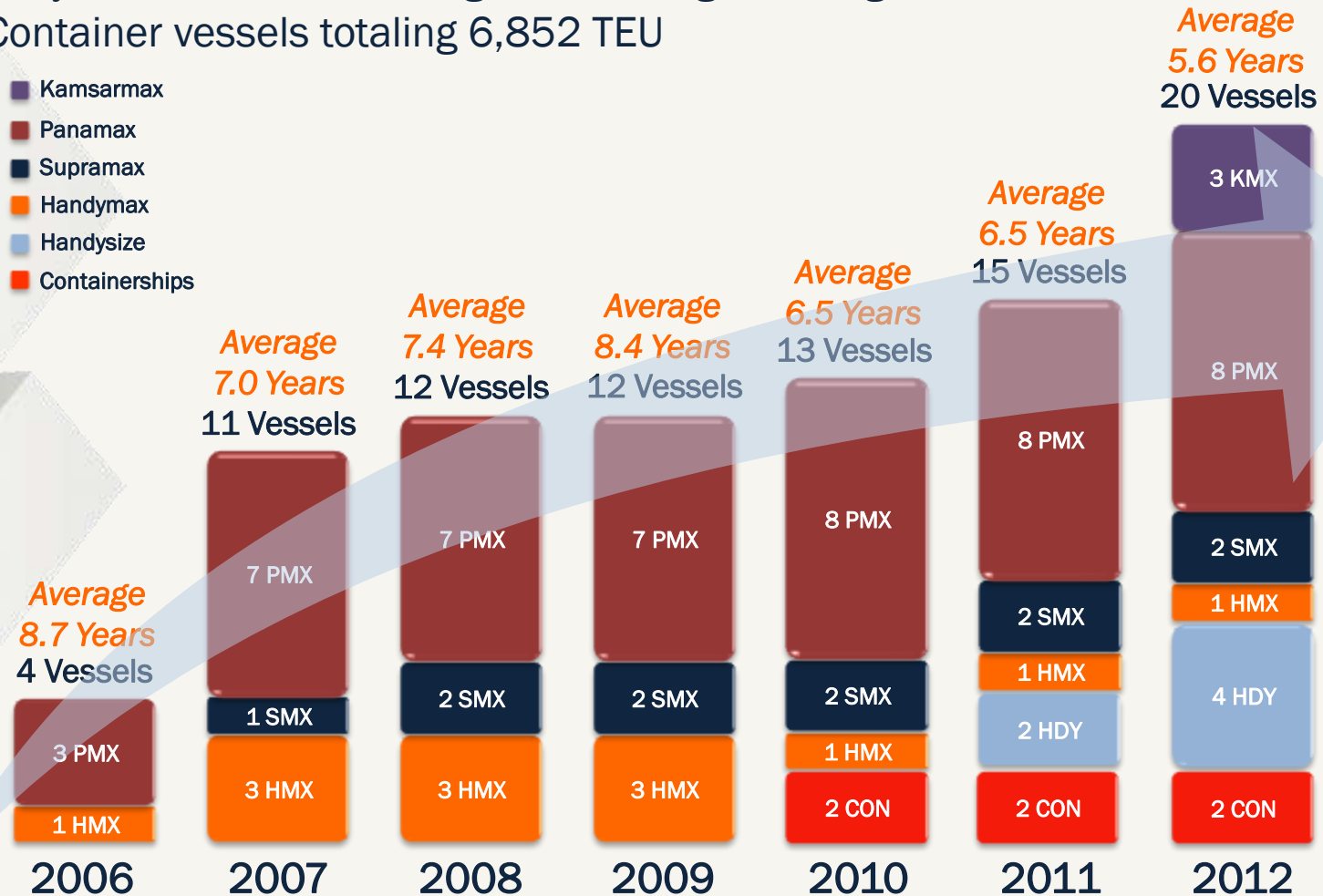
**11 Drybulk Carriers, 2 Containerships, 7 Newbuildings**



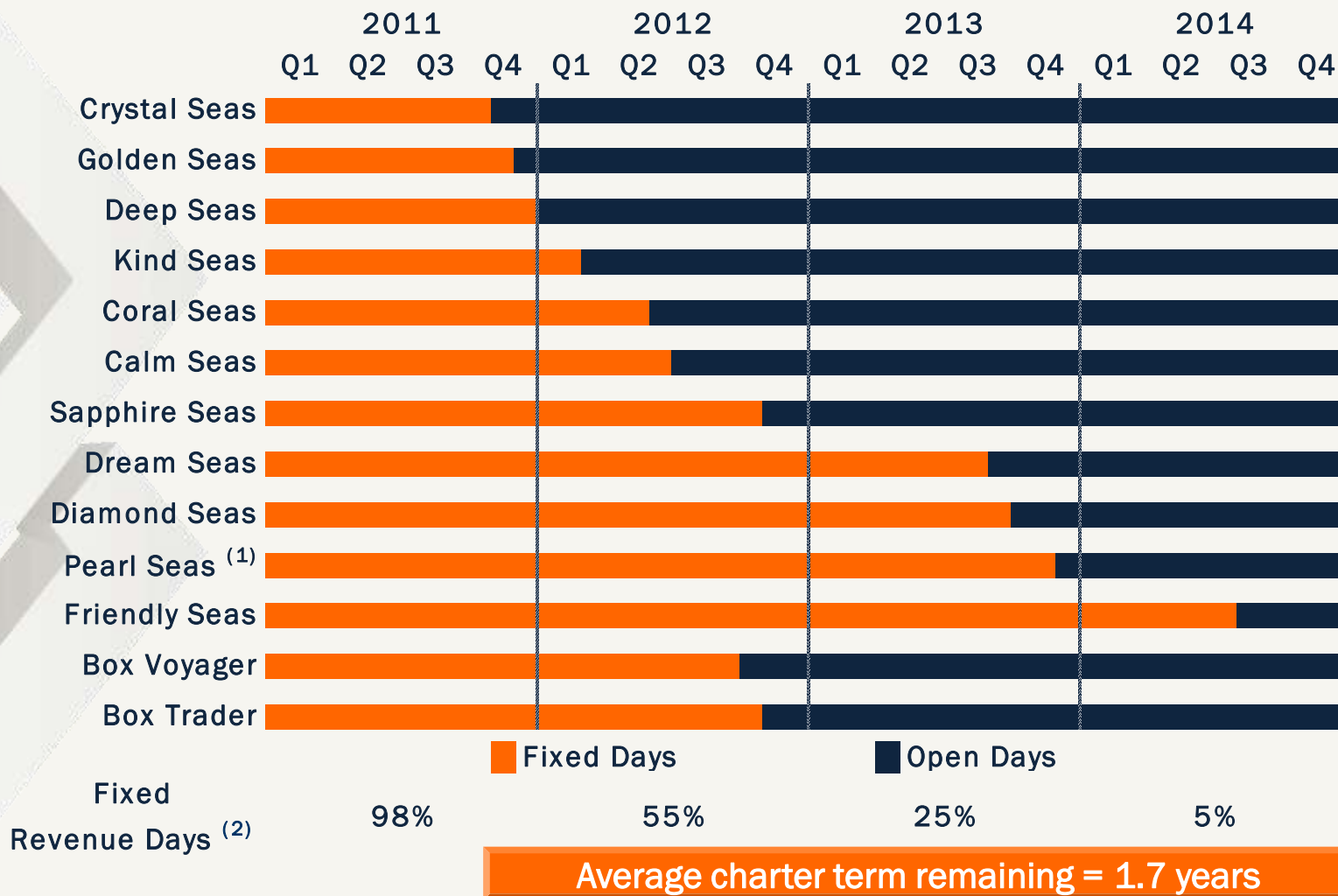
# Company Growth

- ✓ Average age of Paragon's current fleet – 6.5 years
- ✓ 18 Drybulk vessels, including newbuildings totaling 1.15 million Dwt
- ✓ 2 Container vessels totaling 6,852 TEU

- Kamsarmax
- Panamax
- Supramax
- Handymax
- Handysize
- Containerships



# Chartering Update

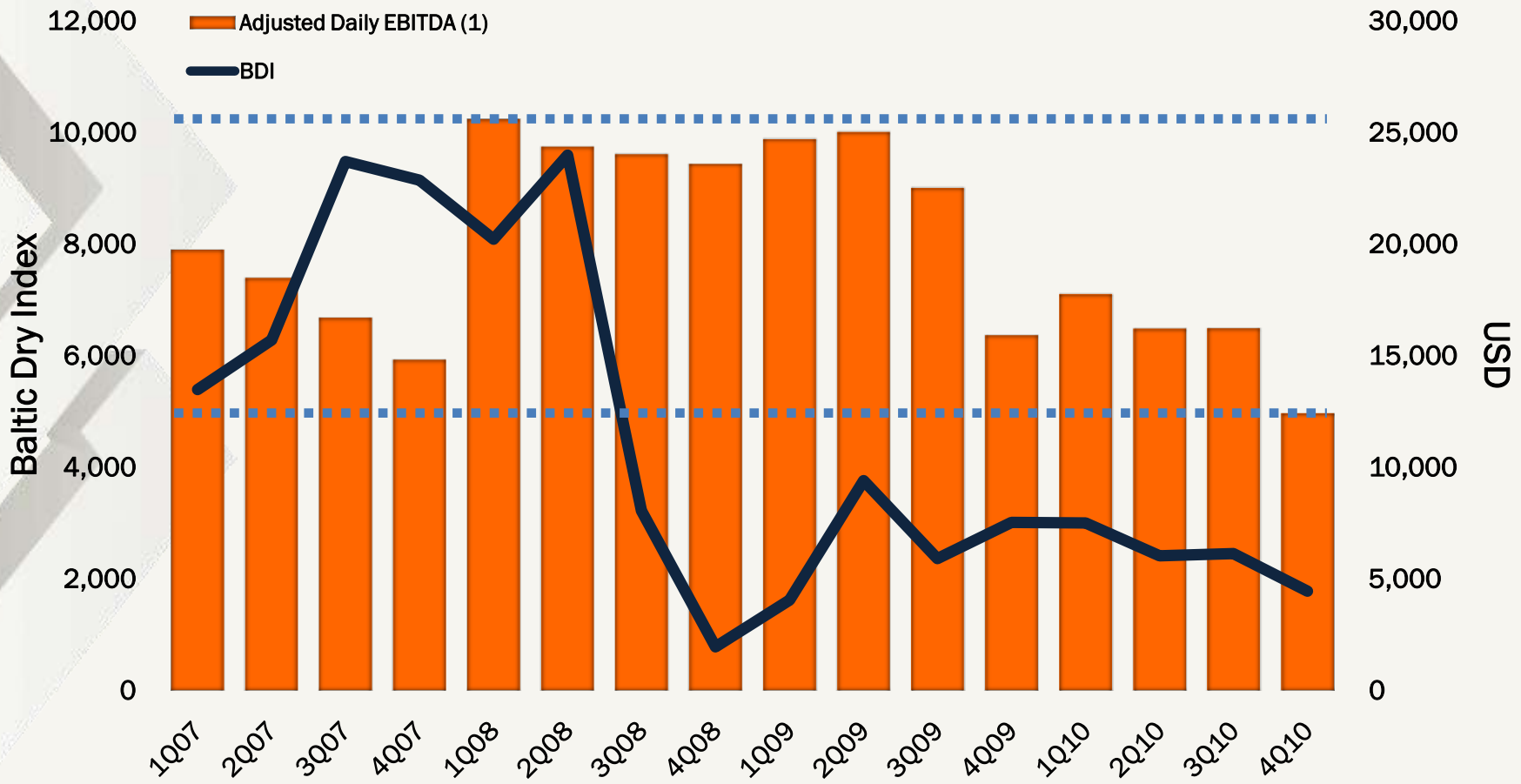


(1) Includes our fixture with KLC, which represents 365, 366 and 345 days in 2011, 2012 and 2013 respectively

(2) Assumes all extensions options are exercised

# Average Daily EBITDA

✓ Resilience to changing market conditions



(1) Adjusted for non cash items

# Appropriate Leverage

- ✓ \$35 million of scheduled debt repayments through the end of 2011
- ✓ New \$135 million credit facility to finance our newbuilding program

## Leverage Ratio

|                           |          |
|---------------------------|----------|
| Market Capitalization     | \$ 190 m |
| Total Debt                | \$ 311 m |
| Cash                      | \$ 75 m  |
| Enterprise Value          | \$ 426 m |
| Net Debt/Enterprise Value | 55%      |

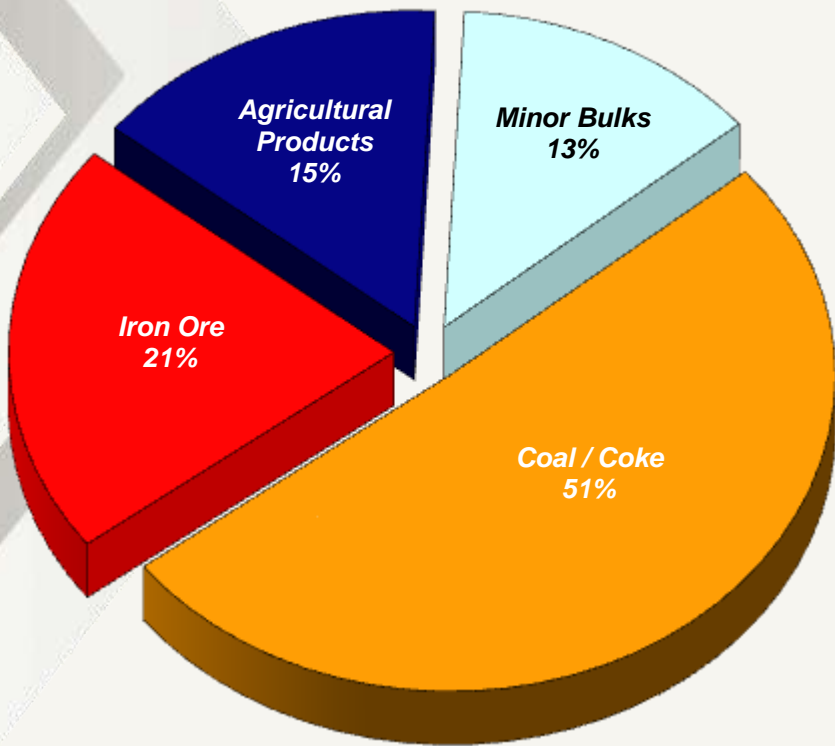
## Newbuilding Financing

- 65% financing up to \$135 million for our 4 Handysize & 3 Kamsarmax vessels
- LIBOR, plus a Margin of 2.75%
- Loan term of 6 years with 15 year repayment profile

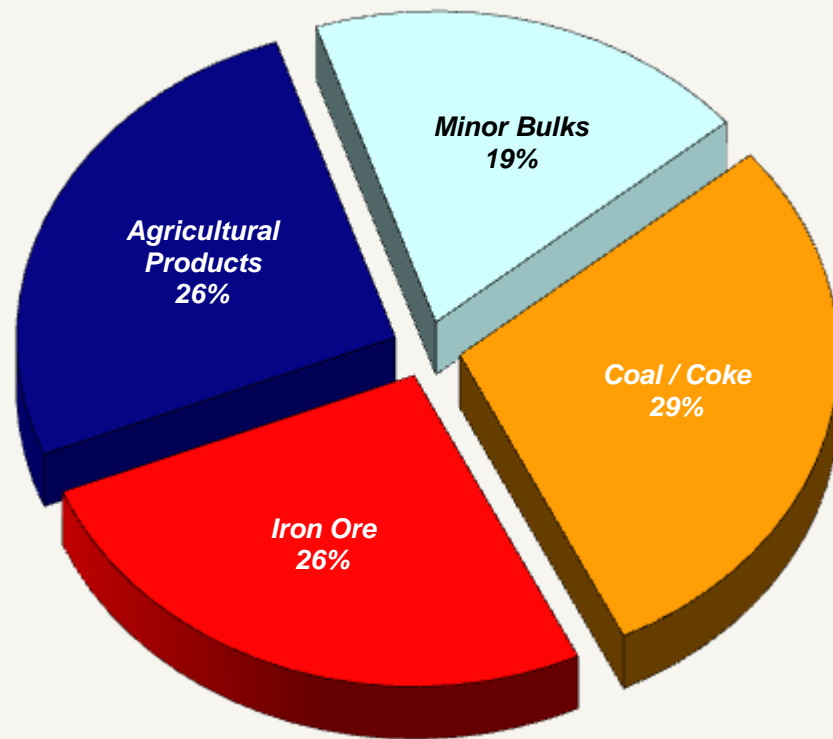
*The Company's actual performance may vary significantly from these projections*

# Paragon Trading Pattern

Full Year 2010

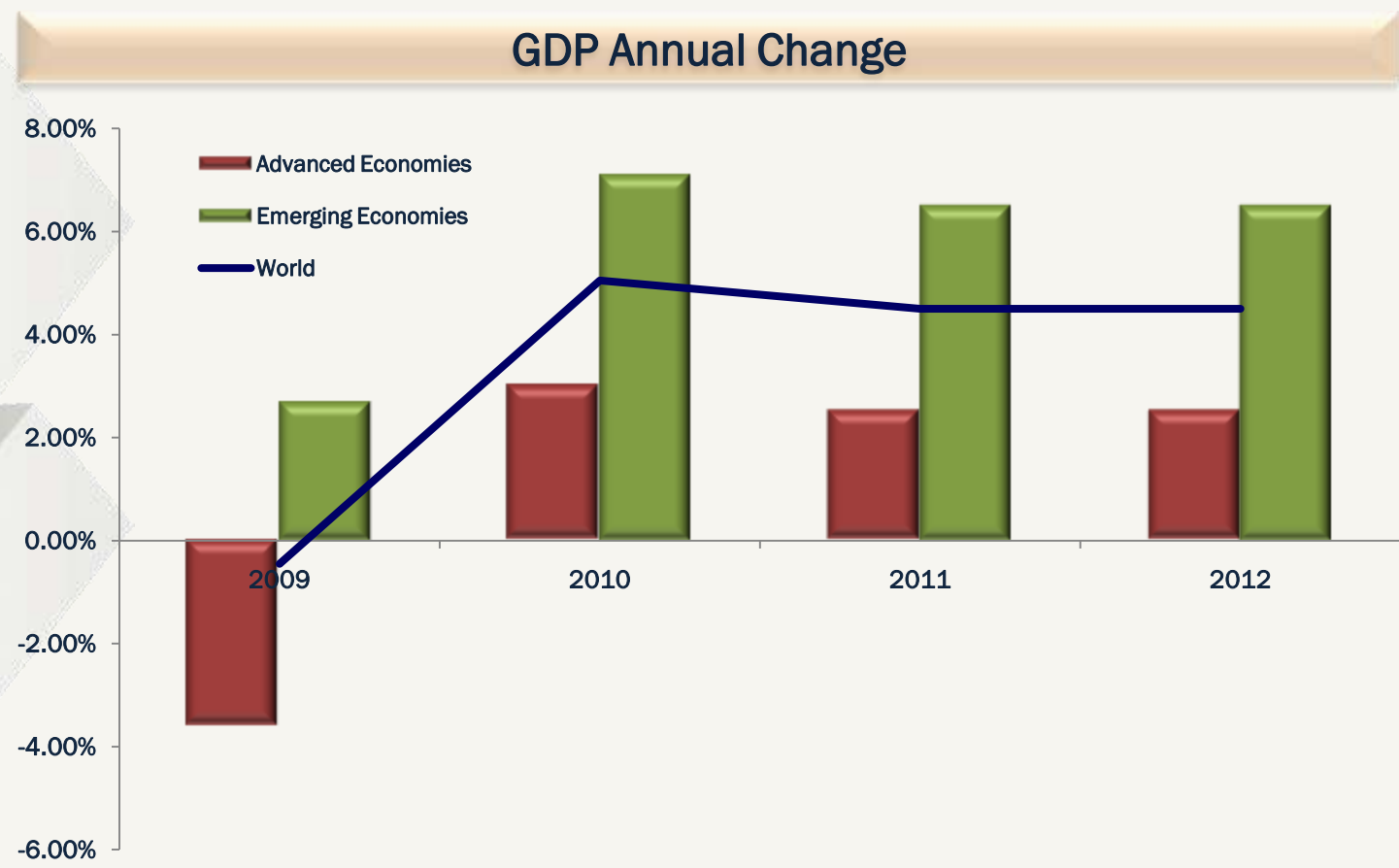


Full Year 2009



# Global GDP Projections

✓ Emerging Economies are leading the global recovery

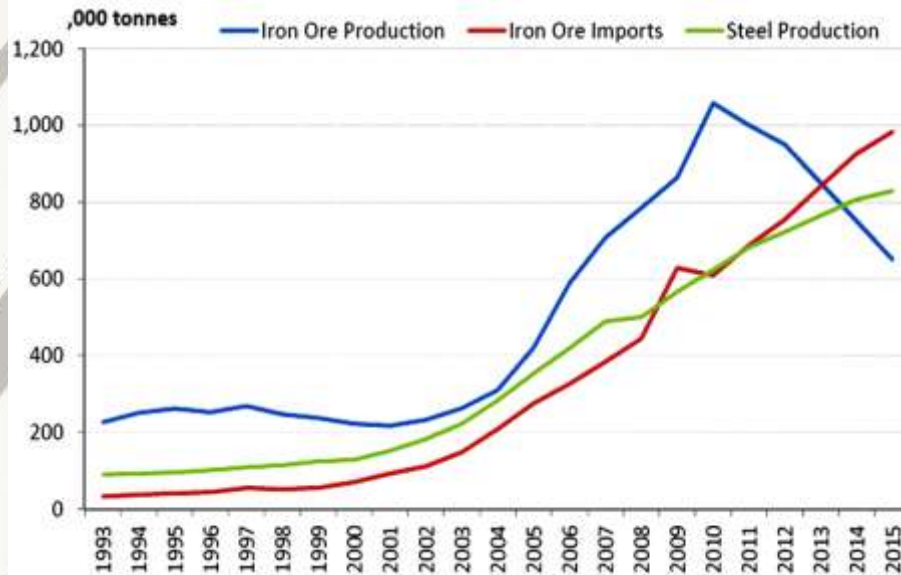


Source: Braemar Seascope Research, IMF World Economic Outlook Jan-2011

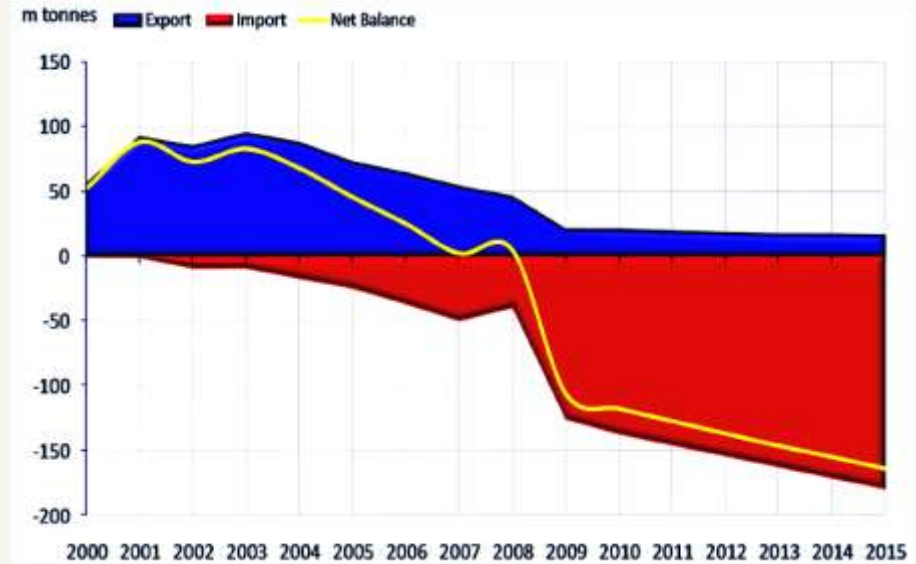
# China – Iron Ore & Coal Demand Prospects

- ✓ Global coal consumption is expected to rise by 20% during the next 25 years
- ✓ Chinese Steel production increased by 9.3% in 2010 compared to previous year, while it is expected to increase even further in the coming years
- ✓ IEA expects China's electricity production from coal to increase by 500 GW though 2015
- ✓ Chinese domestic production will not be sufficient to meet the needs of the increased demand
- ✓ In the long-run, a further increase in imports is implied

## Chinese Steel Production & Iron Ore Supply



## Chinese Coal Imports vs Coal Exports

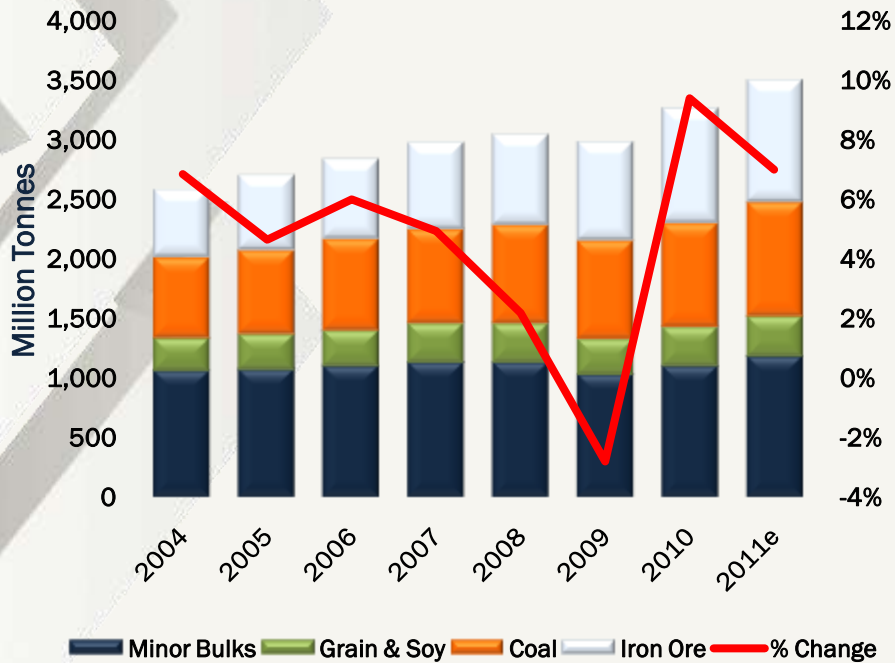


Source: Braemar Seascope Research

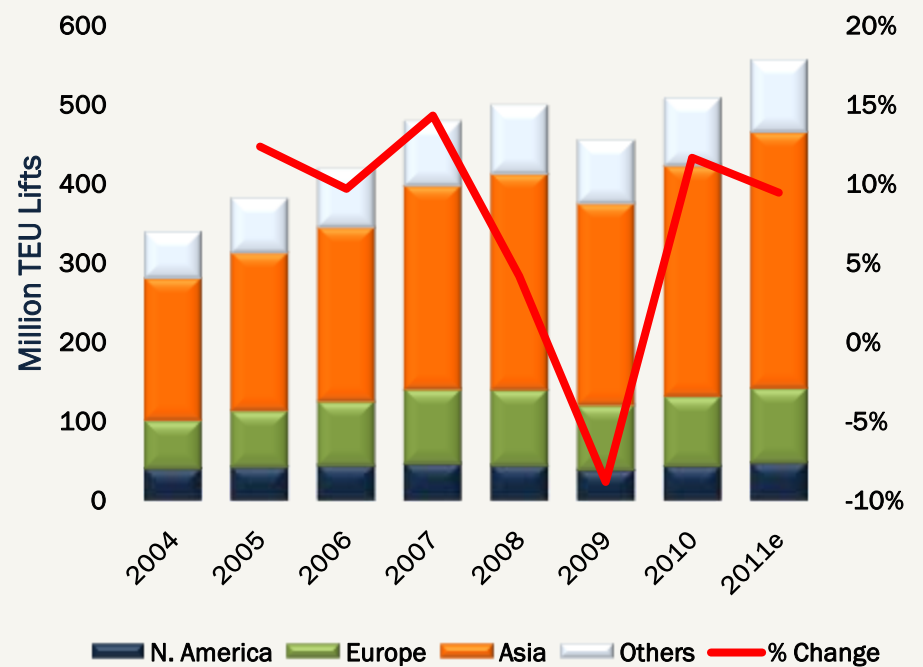
# Demand - Seaborne Trade Estimations

✓ Expecting strong demand in both sectors

## Drybulk Demand



## Container Demand

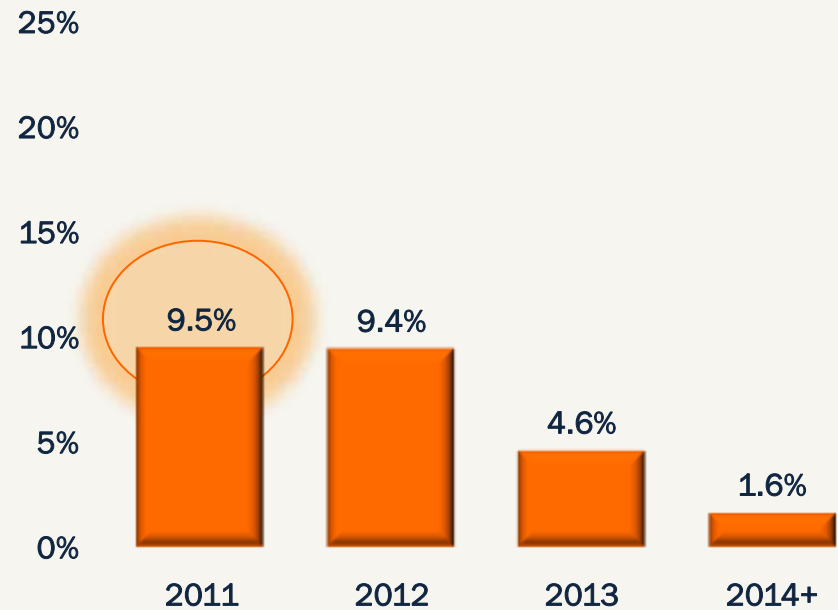
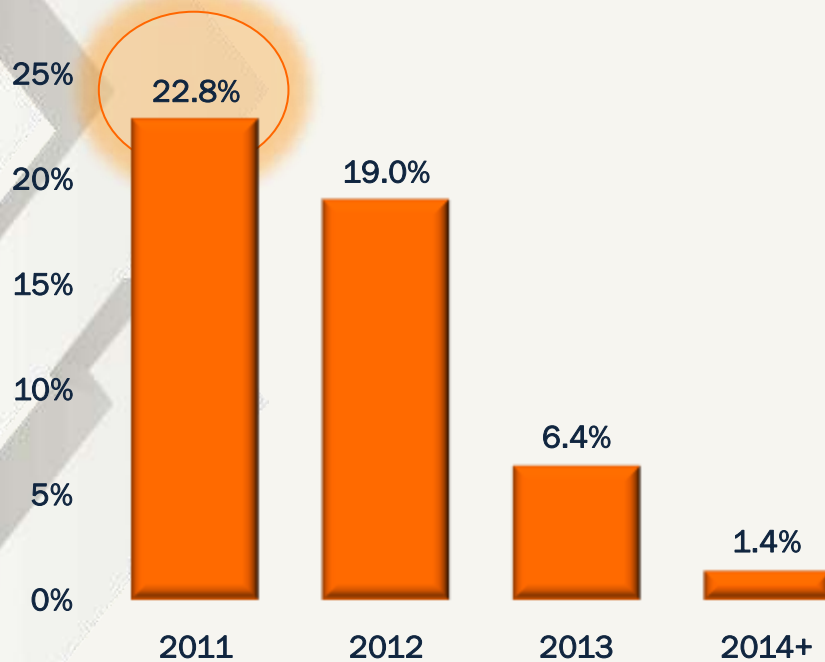


Source: MSI Research, Clarkson's Research

# Supply - Current Fleet vs Current Orderbook

## Bulk Carriers Orderbook 49% of Existing Fleet

## Containership Orderbook 25% of Existing Fleet



Source: Clarkson's Research

# Income Statement 4Q10

| 000's                                    | 3 Months Ended<br>Dec. 31, 2010 | Adjustments<br>3 Months Ended<br>Dec. 31, 2010 | Adjusted<br>3 Months Ended<br>Dec. 31, 2010 |                    |
|--|---------------------------------|--|---|--------------------|
| <b>Revenue</b>                           |                                 |  |   |                    |
| Time charter revenue                     | \$28,745                        |  | \$28,745                                    |                    |
| Less: Commissions                        | 1,629                           |  | 1,629                                       |                    |
| <b>Net Revenue</b>                       | <b>27,116</b>                   |  | <b>27,116</b>                               |                    |
| <b>Expenses</b>                          |                                 |  |   |                    |
| Voyage expenses                          | 167                             |  | 167   |                    |
| Vessel operating expenses                | 5,539                           |  | 5,539                                       |                    |
| Dry-docking expenses                     | 587                             |  | 587   |                    |
| Management fees                          | 1,421                           | 226  | 1,194                                       | Non-cash           |
| Depreciation                             | 8,949                           | 696  | 8,253                                       | Non-cash recurring |
| General & administrative                 | 6,621                           | 3,165  | 3,456                                       | Non-cash recurring |
| Gain on sale of assets                   | (213)                           | (213)  |   | Non-cash           |
| <b>Total Operating Expenses</b>          | <b>23,071</b>                   | <b>3,874</b>                                   | <b>19,196</b>                               |                    |
| <b>Operating Income</b>                  | <b>4,045</b>                    | <b>3,874</b>                                   | <b>7,920</b>                                |                    |
| <b>Other Income / (Expense)</b>          |                                 |  |   |                    |
| Interest and finance costs               | (2,667)                         |  | (2,667)                                     |                    |
| Gain on derivatives                      | 913                             | (2,063)  | (1,150)                                     | Non-cash recurring |
| Interest income                          | 32                              |  | 32  |                    |
| Foreign currency loss                    | (26)                            |  | (26)  |                    |
| <b>Total Other Expenses, net</b>         | <b>(1,748)</b>                  | <b>(2,063)</b>                                 | <b>(3,811)</b>                              |                    |
| <b>Net Income</b>                        | <b>\$2,297</b>                  | <b>\$1,811</b>                                 | <b>\$4,109</b>                              |                    |
| <b>Weighted average number of shares</b> | <b>50,796</b>                   | <b>50,796</b>                                  | <b>50,796</b>                               |                    |
| <b>Earnings per Common Share</b>         | <b>\$0.04</b>                   | <b>\$0.04</b>                                  | <b>\$0.08</b>                               |                    |

# Income Statement Full Year 2010

| 000's                                    | Full Year Ended<br>Dec. 31, 2010 | Adjustments<br>Full Year Ended<br>Dec. 31, 2010 | Adjusted<br>Full Year Ended<br>Dec. 31, 2010 |                    |
|--|----------------------------------|---|--|--------------------|
| <b>Revenue</b>                           |                                  |   |  |                    |
| Time charter revenue                     | \$118,383                        | \$(5,273)                                       | \$113,110                                    | Non-cash           |
| Less: Commissions                        | 6,682                            |   | 6,682  |                    |
| <b>Net Revenue</b>                       | <b>111,700</b>                   | <b>(5,273)</b>                                  | <b>106,427</b>                               |                    |
| <b>Expenses</b>                          |                                  |   |  |                    |
| Voyage expenses                          | 413                              |   | 413  |                    |
| Vessel operating expenses                | 19,975                           |   | 19,975                                       |                    |
| Dry-docking expenses                     | 2,632                            |   | 2,632  |                    |
| Management fees                          | 4,292                            | 226   | 4,066  | Non-cash           |
| Depreciation                             | 33,720                           | 2,761   | 30,959                                       | Non-cash recurring |
| General & administrative                 | 17,724                           | 10,461  | 7,263  | Non-cash recurring |
| Gain on sale of assets                   | (1,064)                          | (475)   | (589)  | Non-cash           |
| Gain on vessel early redelivery          | (113)                            |   | (113)  |                    |
| <b>Total Operating Expenses</b>          | <b>77,579</b>                    | <b>12,973</b>                                   | <b>64,606</b>                                |                    |
| <b>Operating Income</b>                  | <b>34,121</b>                    | <b>7,700</b>                                    | <b>41,821</b>                                |                    |
| <b>Other Income / (Expense)</b>          |                                  |   |  |                    |
| Interest and finance costs               | (10,235)                         |   | (10,235)                                     |                    |
| Loss on derivatives                      | (2,612)                          | (2,872)   | (5,484)                                      | Non-cash recurring |
| Interest income                          | 321                              |   | 321  |                    |
| Foreign currency gain                    | 1,300                            |   | 1,300  |                    |
| <b>Total Other Expenses, net</b>         | <b>(11,226)</b>                  | <b>(2,872)</b>                                  | <b>(14,098)</b>                              |                    |
| <b>Net Income</b>                        | <b>\$22,895</b>                  | <b>\$4,828</b>                                  | <b>\$27,723</b>                              |                    |
| <b>Weighted average number of shares</b> | <b>49,813</b>                    | <b>49,813</b>                                   | <b>49,813</b>                                |                    |
| <b>Earnings per Common Share</b>         | <b>\$0.44</b>                    | <b>\$0.10</b>                                   | <b>\$0.54</b>                                |                    |

# Operating Performance Full Year 2010

|   | Full Year Ended<br>Dec. 31, 2010 |                 |
|---|----------------------------------|-----------------|
| <b>Fleet Data</b>                             |                                  |                 |
| Average number of vessels                     | 12.1                             |                 |
| Available days for fleet                      | 4,295                            |                 |
| Calendar days for fleet                       | 4,419                            |                 |
| Fleet utilization                             | 97%                              |                 |
| Drydocking days                               | 82                               |                 |
| Fleet utilization excluding DD days           | 99%                              |                 |
| <b>Average Daily Results</b>                  |                                  |                 |
| <b>Time Charter Equivalent - Adjusted</b>     | <b>24,683</b>                    | <b>% of TCE</b> |
| Vessel operating expenses                     | 4,520                            | 18.31%          |
| Dry-docking                                   | 596                              | 2.41%           |
| Management fees (ex. non-cash items)          | 920                              | 3.73%           |
| G&A expenses (ex. non-cash items)             | 1,644                            | 6.66%           |
| <b>Total Vessel Operating Expenses (TVOE)</b> | <b>7,680</b>                     | <b>31.11%</b>   |
| <b>EBITDA</b>                                 | <b>17,003</b>                    | <b>68.89%</b>   |
| Loan interest                                 | 2,316                            | 9.38%           |
| Loan repayments <sup>(1)</sup>                | 9,142                            | 37.04%          |
| <b>Free Cash Flow</b>                         | <b>5,545</b>                     | <b>22.46%</b>   |

1. Excluding liability associated with vessels sold and loan prepayments

# Balance Sheet & Cash Flow Statement

| (US\$ 000's)  | December 31,<br>2010 | December 31,<br>2009 |
|---|----------------------|----------------------|
| Cash  | 34,788               | 133,960              |
| Current assets, excluding cash                      | 20,715               | 56,089               |
| Fixed assets, net                                   | 753,840              | 604,784              |
| Other long term assets                              | 11,933               | 17,859               |
| <b>TOTAL ASSETS</b>                                 | <b>821,276</b>       | <b>812,693</b>       |
| Current liabilities, excluding short-term debt      | 10,134               | 14,890               |
| Current portion of long-term debt                   | 35,078               | 64,100               |
| Long-term debt                                      | 282,757              | 270,235              |
| Long-term liabilities                               | 2,835                | 7,202                |
| <b>TOTAL LIABILITIES</b>                            | <b>330,804</b>       | <b>356,427</b>       |
| Shareholders' equity                                | 490,472              | 456,266              |
| <b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b> | <b>821,276</b>       | <b>812,693</b>       |
| (US\$ 000's)  | December 31,<br>2010 | December 31,<br>2009 |
| Net cash from operating activities                  | 60,614               | 80,407               |
| Net cash used in investing activities               | (142,151)            | (40,500)             |
| Net cash (used in) / from financing activities      | (17,635)             | 25,612               |
| <b>Net (decrease) / increase in cash</b>            | <b>(99,172)</b>      | <b>65,518</b>        |

# Investment Summary

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- ✓ **Diversified operation - Drybulk & Containership Market**
- ✓ **7 Newbuildings – Secured fleet growth**
- ✓ **The majority of our revenue days covered in 2011**
- ✓ **\$35m debt repayment from cash flow thru 2011**
- ✓ **Moderately leveraged balance sheet**

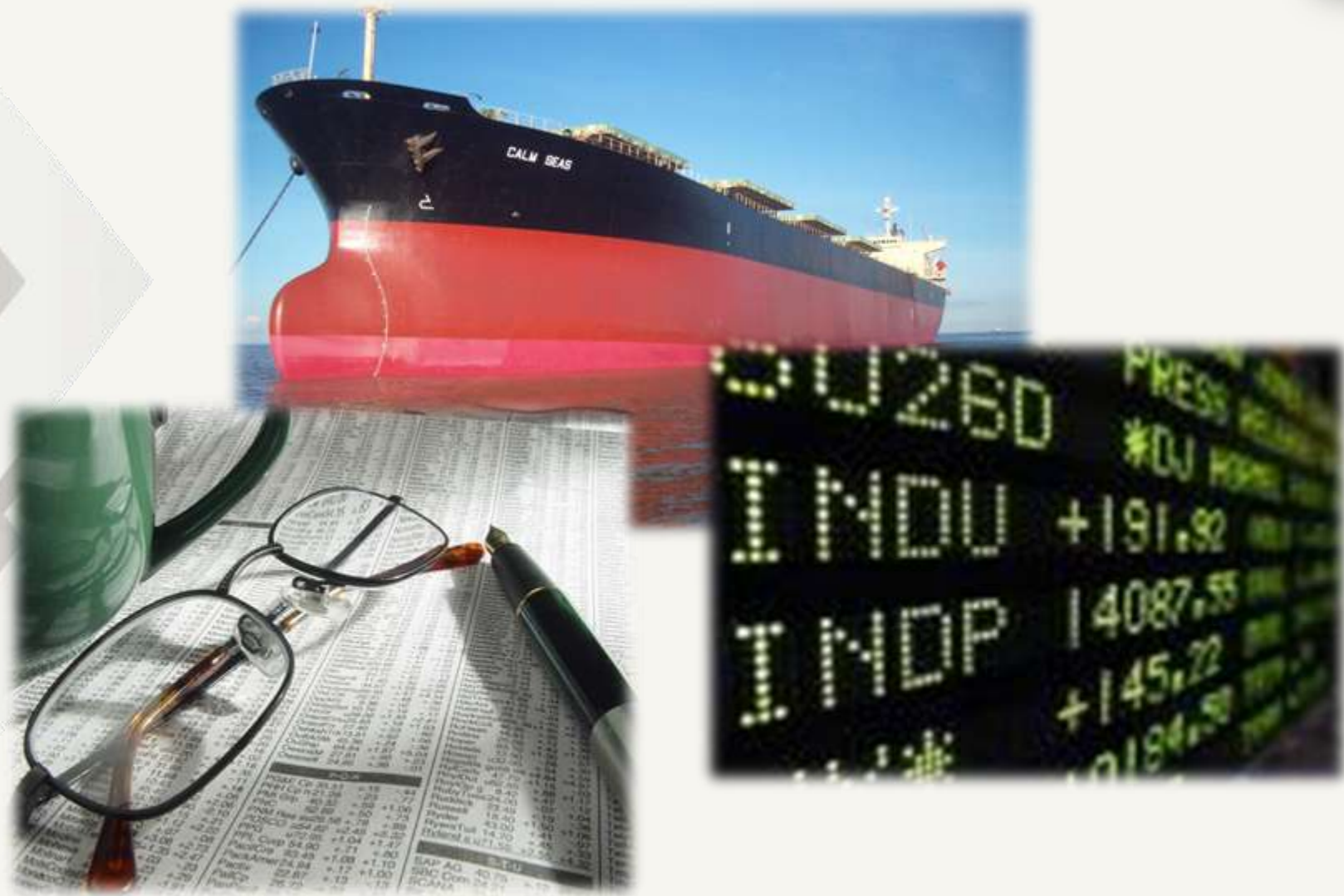


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# Appendices

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# Current Fleet List

| <i>DRYBULK FLEET</i>       | Type     | DWT            | Year Built | Country of Build | Date Acquired  |
|----------------------------|----------|----------------|------------|------------------|----------------|
| Calm Seas                  | Panamax  | 74,047         | 1999       | Japan            | December 2006  |
| Deep Seas                  | Panamax  | 72,891         | 1999       | Korea            | December 2006  |
| Kind Seas                  | Panamax  | 72,493         | 1999       | Japan            | December 2006  |
| Crystal Seas               | Handymax | 43,222         | 1995       | Korea            | January 2007   |
| Pearl Seas                 | Panamax  | 74,483         | 2006       | China            | August 2007    |
| Sapphire Seas              | Supramax | 53,702         | 2005       | China            | August 2007    |
| Diamond Seas               | Panamax  | 74,274         | 2001       | Japan            | September 2007 |
| Coral Seas                 | Panamax  | 74,477         | 2006       | China            | November 2007  |
| Golden Seas                | Panamax  | 74,475         | 2006       | China            | December 2007  |
| Friendly Seas              | Supramax | 58,779         | 2008       | China            | August 2008    |
| Dream Seas                 | Panamax  | 75,151         | 2009       | China            | July 2010      |
| <b>TOTAL</b>               |          | <b>747,994</b> |            |                  |                |
| <i>CONTAINERSHIP FLEET</i> |          | TEU            | Year Built | Country of Build | Date Acquired  |
| Box Voyager                |          | 3,426          | 2010       | Germany          | July 2010      |
| Box Trader                 |          | 3,426          | 2010       | Germany          | August 2010    |
| <b>TOTAL</b>               |          | <b>6,852</b>   |            |                  |                |

# Newbuildings

| Vessel Name  | Type      | DWT            | LOA     | Draft  | Country of Build | Delivery Date |
|--------------|-----------|----------------|---------|--------|------------------|---------------|
| Hull no. 619 | Kamsarmax | 82,000         | 229.0 m | 14.5 m | China            | Q2 2012       |
| Hull no. 622 | Kamsarmax | 82,000         | 229.0 m | 14.5 m | China            | Q3 2012       |
| Hull no. 624 | Kamsarmax | 82,000         | 229.0 m | 14.5 m | China            | Q4 2012       |
| Hull no. 604 | Handysize | 37,200         | 189.9 m | 10.5 m | China            | Q4 2011       |
| Hull no. 605 | Handysize | 37,200         | 189.9 m | 10.5 m | China            | Q4 2011       |
| Hull no. 612 | Handysize | 37,200         | 189.9 m | 10.5 m | China            | Q3 2012       |
| Hull no. 625 | Handysize | 37,200         | 189.9 m | 10.5 m | China            | Q3 2012       |
| <b>TOTAL</b> |           | <b>394,800</b> |         |        |                  |               |

# Current Fleet Employment

| PARAGON FLEET EMPLOYMENT   |                                 |                                   |                             |               |                 |
|----------------------------|---------------------------------|-----------------------------------|-----------------------------|---------------|-----------------|
| VESSEL                     | CHARTERER                       | GROSS HIRE                        | DURATION                    | T/C COMMENCED | T/C EXPIRES     |
| <b>PANAMAX FLEET</b>       |                                 |                                   |                             |               |                 |
| Calm Seas                  | Intermare Transport             | \$ 15,775                         | 23-26 Months                | Apr-10        | Mar-12 / Jun-12 |
| Deep Seas                  | Morgan Stanley                  | \$ 15,000                         | 24-28 Months                | Sep-09        | Sep-11 / Dec-11 |
| Kind Seas                  | Deiulemar Shipping              | \$ 45,500                         | 34-37 Months                | Jan-09        | Nov-11 / Feb-12 |
| Pearl Seas                 | Korea Line Corp. <sup>(1)</sup> | \$ 51,300 till 23rd June 09       | 35-37 Months                | Sep-08        | Aug-11 / Oct-11 |
|                            |                                 | \$ 37,300 for Balance Prd         |                             |               |                 |
|                            |                                 | \$ 32,500 Plus Profit Share 50/50 | 26-28 Months                | Aug-11        | Oct-13 / Dec-13 |
| Diamond Seas               | Bunge                           | \$ 16,250                         | 23-25 Months                | Jul-10        | Jun-12 / Sep-12 |
|                            |                                 | \$ 18,500                         | 11-13 Months <sup>(2)</sup> | Jul-12        | Jun-13 / Sep-13 |
| Coral Seas                 | Intermare Transport             | \$ 15,775                         | 23-26 Months                | Mar-10        | Feb-12 / May-12 |
| Golden Seas                | Deiulemar Shipping              | \$ 43,500                         | 34-36 Months                | Nov-08        | Sep-11 / Nov-11 |
| Dream Seas                 | Intermare Transport             | \$ 20,000                         | 35-37 Months                | Jul-10        | May-13 / Aug-13 |
| <b>SUPRAMAX FLEET</b>      |                                 |                                   |                             |               |                 |
| Sapphire Seas              | STX Panocean                    | \$ 13,700                         | 23-25 Months                | Jul-10        | Jun-12 / Sep-12 |
| Friendly Seas              | Deiulemar Compagnia             | \$ 33,750                         | 58-62 Months                | Jun-09        | Apr-14 / Aug-14 |
| <b>HANDYMAX FLEET</b>      |                                 |                                   |                             |               |                 |
| Crystal Seas               | Cosco Bulk                      | \$33,000 until 30th Apr 09        | 35-37 Months                | Sep-08        | Aug-11 / Nov-11 |
|                            |                                 | \$23,000 until 31st Dec 09        |                             |               |                 |
|                            |                                 | \$33,000 for Balance Prd          |                             |               |                 |
| <b>CONTAINERSHIP FLEET</b> |                                 |                                   |                             |               |                 |
| Box Voyager                | CSAV                            | \$ 20,000                         | 24 Months                   | Aug-10        | Jun-12 / Sep-12 |
| Box Trader                 | CSAV                            | \$ 20,000                         | 24 Months                   | Aug-10        | Jul-12 / Oct-12 |

(1) On January 25, 2011, KLC filed a petition for rehabilitation

(2) Charterer's option

# Drydockings 2011 - 2012

|               | Vessel Type | Next DD Quarter   | Estimated Budget <sup>(1)</sup> | Estimated Offhire Days <sup>(1)</sup> |           |
|---------------|-------------|-------------------|---------------------------------|---------------------------------------|-----------|
| Friendly Seas | Supramax    | Q1 2011           |                                 |                                       | Completed |
| Pearl Seas    | Panamax     | Q1 2011           |                                 |                                       | Completed |
| Coral Seas    | Panamax     | Q2 2011           | \$ 850,000                      | 25                                    |           |
| Calm Seas     | Panamax     | Q3 2011           | \$ 850,000                      | 25                                    |           |
| Golden Seas   | Panamax     | Q3 2011           | \$ 850,000                      | 25                                    |           |
|               |             | <b>Total 2011</b> | <b>\$ 2,550,000</b>             | <b>75</b>                             |           |
| Deep Seas     | Panamax     | Q1 2012           | \$ 850,000                      | 25                                    |           |
| Kind Seas     | Panamax     | Q4 2012           | \$ 850,000                      | 25                                    |           |
|               |             | <b>Total 2012</b> | <b>\$ 1,700,000</b>             | <b>50</b>                             |           |

1. The costs reflected are estimates based on drydocking our vessels in China. We estimate that each drydock will result in 25 days off-hire.

Actual costs may vary on various factors. We expect to fund these costs with cash from operations