



January 11, 2018

BY UNITED PARCEL SERVICE DELIVERY AND ELECTRONIC MAIL

StealthGas Inc.
331 Kifissias Avenue
Erithrea 14561
Athens, Greece
Attention: Michael G. Jolliffe, Chairman

Re: Shareholder Dissatisfaction – Open Letter to the Board of Directors

Dear Mr. Jolliffe:

Global Value Investment Corp. (GVIC or the “Firm”) is a value-oriented investment research and advisors firm located in Mequon, Wisconsin. The Firm, on behalf of its clients, has maintained a long equity position in StealthGas Inc. (“GASS or the “Company”) since 2007. Employing a long-term, value-oriented investment discipline, GVIC is a patient investor willing to work with company management to improve operations with an expectation that its efforts will translate into a higher share price.

GASS has established itself as a dominant operator in the niche liquified petroleum gas (LPG) short- and mid-range seaborne transportation market (costal carrier market). The global supply/demand outlook remains very favorable in this sector of the energy shipping market, and GVIC believes that an opportunity exists for GASS to capitalize on positive trends to provide attractive shareholder returns for the foreseeable future.

Over the past five years, GASS has been unable to leverage its leading market position and healthy financial condition to provide meaningful investment returns for shareholders. In its quarterly investor presentations, the Company regularly references its price-to-net asset value (P/NAV) ratio against a group of self-selected peers. GASS consistently holds the lowest P/NAV ratio in this group, and as of September 30, 2017, traded for 26% of its net asset value. GVIC prefers to evaluate the Company using a price-to-book value (P/BV) ratio against a smaller set of appropriate peers. GASS also consistently holds the lowest P/BV ratio in this group, and as of September 30, 2017, traded for 23% of book value. Given this persistent and steep discount, GVIC finds it somewhat surprising that the Company has not been the subject of an outside offer.

As Figure 1 (below) shows, since the third quarter of 2012, the Company’s book value has declined from \$16.27 per share to as low as \$14.10 per share. At the end of the third quarter of 2017, book value stood at \$14.38 per share, while the Company’s common stock traded at \$3.31 per share. Although the Company was actively engaged in the purchasing and sale of vessels over this time period, book value remained stagnant. This lack of value creation is disappointing.

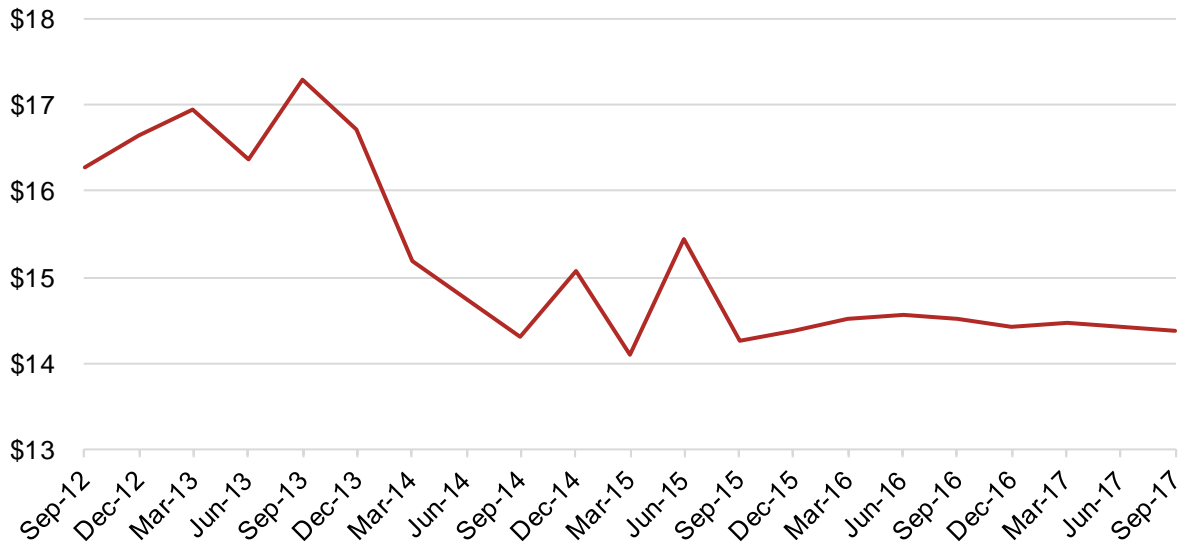


Figure 1. Book value per share. Source: GASS financial statements, GVIC calculations.

Figures 2 and 3 (below) show trailing twelve-month (TTM) revenue, gross profit and operating profit for the past five years. While revenue has increased 31%, gross profit has only increased 3% and operating profit has declined 73%.

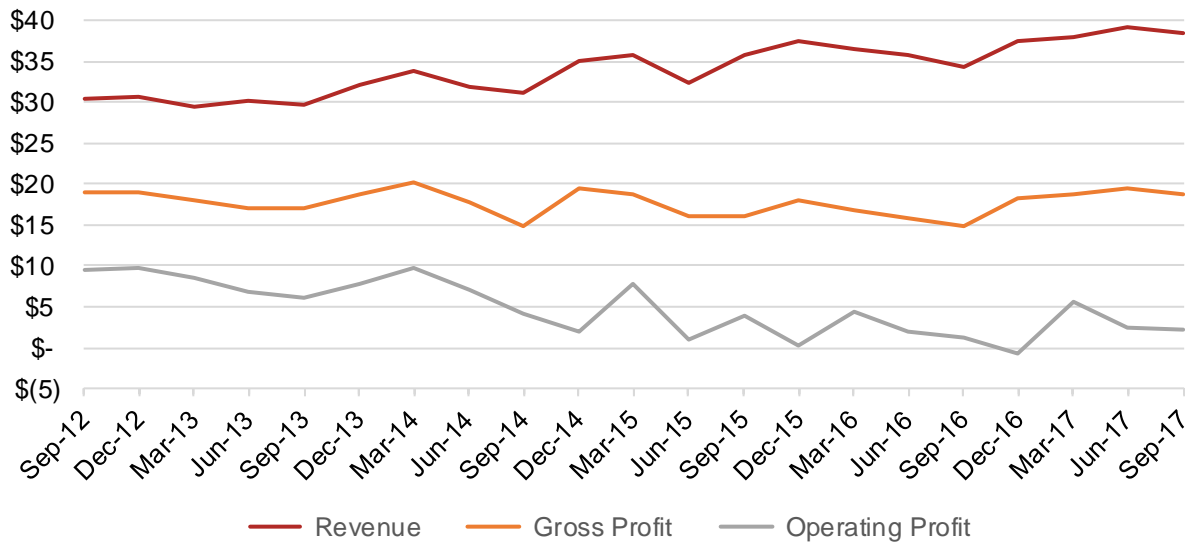


Figure 2. TTM revenue, gross profit and operating profit, in millions of US dollars. Source: GASS financial statements, GVIC calculations.

	Q3 2012	Margin	Q3 2017	Margin	Change
Revenue	\$ 118		\$ 153		31%
Gross Profit	\$ 73	67%	\$ 75	49%	3%
Operating Profit	\$ 36	36%	\$ 10	6%	-73%
BV/Share	\$ 16.27		\$ 14.38		-12%

Revenue, Gross Profit and Operating Profit are presented in millions of US dollars.

Figure 3. TTM revenue, gross profit and operating profit. Source: GASS financial statements, GVIC calculations.

As financial fundamentals deteriorated, market participants took a dim view on the Company's outlook and discounted the stock accordingly. Figures 4 and 5 (below) show the Company's P/BV ratio and share price over the past five years.

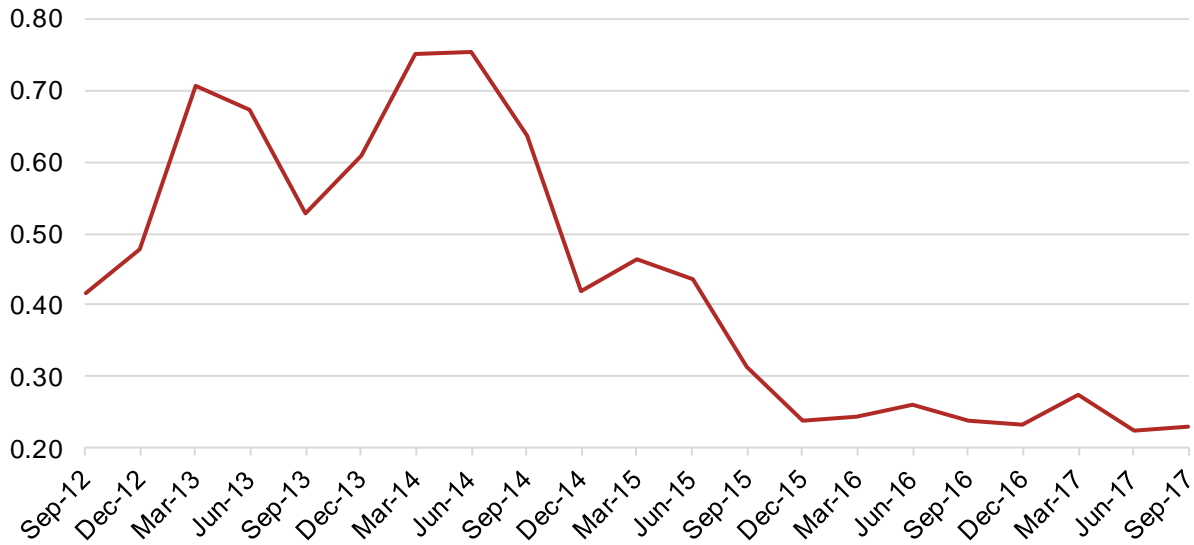


Figure 4. P/BV. Source: GASS financial statements, GVIC calculations.

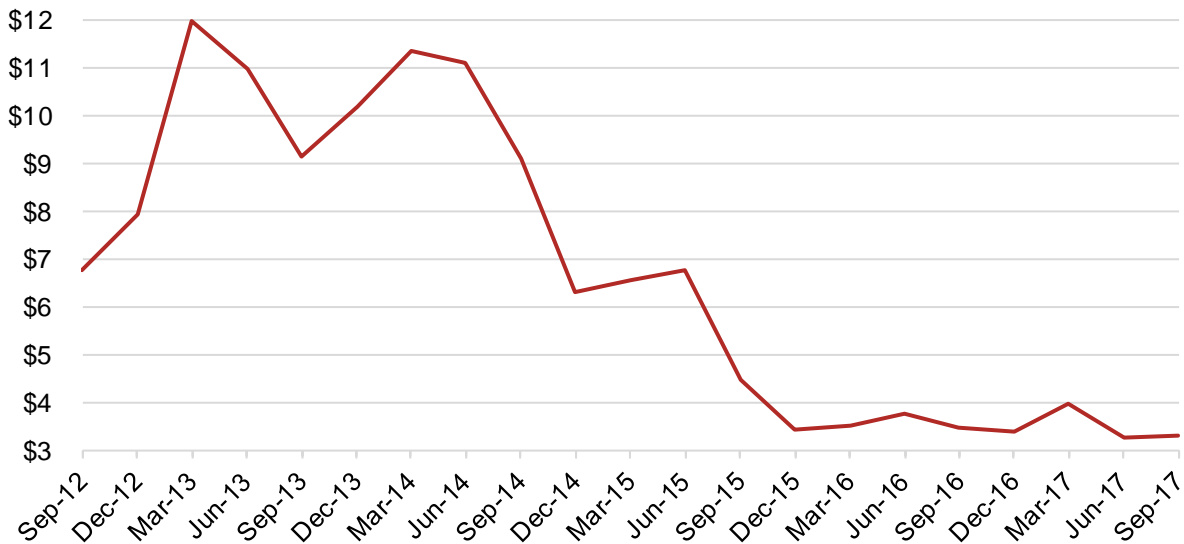


Figure 5. Share price. Source: S&P Capital IQ.

Not only have the past five years yielded a precipitous drop in share price, but the discount to book value has widened. Long-term shareholders are understandably frustrated by both the Company's failure to create value and the impairment of their invested capital. The current senior management team has led GASS since the Company's 2005 IPO, and should accept full responsibility for its performance.

As a well-informed long-term holder of the Company's equity, GVIC believes that significant intrinsic value exists, but has been suppressed due to mismanagement. Therefore, GVIC proposes the following set of constructive improvements:

1. Immediately begin a search for a qualified CFO with public company experience, independent of the Vafias group of shipping companies.

Two individuals have served as the Company's CFO over the past five years. Konstantinos Sistovaris assumed the role in February 2011 and stepped down in September 2013. Harry Charogiannis, who boasted impressive professional credentials, joined the Company in October 2013 and left in December 2013.

In the interim periods, the Company's current CEO, Harry Vafias, has filled the CFO position as well. However, by his own admission, Mr. Vafias has limited accounting acumen:

From the February 26, 2015 Company earnings call: "That's not, as you know, my job. I'm not a financial expert, I'm a shipping guy."

Not only will a CFO provide financial guidance and oversight, but relieving Mr. Vafias of the duties of this role will provide him the opportunity to focus on other operationally critical tasks.

2. Immediately retain a US-based investor relations firm with experience representing NASDAQ-listed companies.

The Company's communication to the marketplace has been subpar since its 2005 IPO. Investor presentations are rudimentary, data is presented inconsistently, and as such, GVIC believes market participants have a low degree of confidence in its accuracy. GASS participates in limited investor-facing events, and shareholders lack a suitable point of communication at the Company.

An IR firm can ensure that the Company's financial and operating results are presented in an accurate, consistent and consumable manner. Furthermore, market interaction will be enhanced with the addition an IR contact that is available during US market hours and can offer the Company's CEO and/or CFO opportunities to present at US investor events.

3. Implement metrics to measure executive performance, and regularly communicate the management team's performance against these metrics to shareholders.

The current management team has proven ineffective at driving long-term shareholder value creation, a failure that is painfully evident in the price of the common stock.

Effective executive management teams measure success against a common set of performance metrics. In the case of GASS, retention of the current management team should be based on consistent satisfactory achievement of following metrics:

- Return on Equity and Return on Assets – these basic measurements of performance should compare favorably to the Company’s peer group
- Free Cash Flow per Share – this should be adequate so as to consistently return capital to shareholders before extraneous internal investment
- Debt-to-Capital Ratio – as an asset-intensive business, the Company should increase its debt/capital from its current level of 37% to 50% or above
- Strategic Capital Allocation – sensibly repurchasing stock and increasing leverage

Achievement of these performance metrics should be reported to the Board of Directors and the Company’s shareholders on a quarterly basis to inform on the efficacy of the current management team, or any prospective new management team.

GVIC reminds the Board of Directors that they represent the interests of all owners of the Company’s common stock, including the 89% that is not held by insiders.

The ultimate measure of management performance will be in the creation of shareholder value by closing the wide gap between the Company’s common stock price and book value per share.

4. **Immediately initiate a cash dividend to provide a tangible return to shareholders. Begin with a small dividend that can be sustained and increased in the future, consistently returning a portion of excess cash.**

GASS has been unable to create meaningful shareholder value through the returns of its common stock. Over the past five years, the Company’s stock has traded at an increasing discount to book value. While cash balances have been more than adequate to meet working capital needs, internal investment of this cash has not produced attractive results.

A \$30 million share buyback program that began in the fourth quarter of 2014 was suspended in the second quarter of 2016 after only \$20.3 million worth of shares were bought. At the same time, the Company opted to invest internally in new vessels, which now look to be a looming financial drag. Considering the discount to book value at which the stock has traded since then, GVIC finds it curious that this program has not be reinitiated or expanded.

GASS has not paid a cash dividend since 2009.

As patient investors, GVIC has committed capital to GASS for several years. The Company, its Board of Directors and the executive management team have been poor stewards of this capital, struggling to create value. GVIC believes that a focused effort to increase the Company’s book value per share will result in stock price appreciation as the persistent gap between price and book value narrows.

GVIC reminds the Board of Directors that the Company is owned by and run for the benefit of its shareholders, not its executives or directors. GVIC strongly believes that change is not only warranted, but necessary, for it and other shareholders to be rewarded for their patience in the form of enhanced investment returns.

As always, GVIC is willing to discuss these issues with you at any time. However, in the absence of a tangible return to the Company's shareholders, the Firm stands ready to take whatever actions it may deem necessary to ensure that the best interests of all shareholders are served.

Jeffrey R. Geygan
President/CEO
Global Value Investment Corp.

Cc: Harry Vafias
Lambros Babilis
Markos Drako
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