GENCO SHIPPING & TRADING LTD
Form 10-K
March 28, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2016

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number 001-33393

GENCO SHIPPING & TRADING LIMITED

(Exact name of registrant as specified in its charter)

Republic of the Marshall Islands	98-043-9758
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
299 Park Avenue, 12th Floor, New York, New York	10171
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (646) 443-8550

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Common Stock, par value $.01 per share

Name of Each Exchange on Which Registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicated by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant’s voting common equity held by non-affiliates of the registrant on the last business day of the registrant’s most recently completed second fiscal quarter, computed by reference to the last sale price of such stock of $5.70 per share as of June 30, 2016 taking into account the one-for-ten reverse stock split, was approximately $14.6 million. The registrant has no non-voting common equity issued and outstanding. The determination of affiliate status for purposes of this paragraph is not necessarily a conclusive determination for any other purpose.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

The number of shares outstanding of the registrant's common stock as of March 28, 2017 was 34,416,305 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our Proxy Statement for the 2017 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2016, are incorporated by reference in Part III herein.

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Website Information

We intend to use our website, www.GencoShipping.com, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included in our website's Investor section. Accordingly, investors should monitor the Investor portion of our website, in addition to following our press releases, SEC filings, public conference calls, and webcasts. To subscribe to our e-mail alert service, please submit your e-mail address at the Investor Relations Home page of the Investor section of our website. The information contained in, or that may be accessed through, our website is not incorporated by reference into or a part of this document or any other report or document we file with or furnish to the SEC, and any references to our website are intended to be inactive textual references only.

PART I

ITEM 1. BUSINESS

OVERVIEW

We are a New York City-based company incorporated in the Marshall Islands in 2004. We transport iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes through the ownership and operation of drybulk carrier vessels. Excluding the Genco Wisdom, Genco Carrier, Genco Reliance and Genco Success which were sold during January, February and March 2017, our fleet currently consists of 61 drybulk carriers, including 13 Capesize, six Panamax, four Ultramax, 21 Supramax, two Handymax and 15 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 4,735,000 deadweight tons ("dwt"). The average age of our current fleet is approximately 9.2 years. All of the vessels in our fleet were built in shipyards with reputations for constructing high-quality vessels. Of the vessels in our fleet, 15 are currently on spot market-related time charters, and 27 are on fixed-rate time charter contracts. Additionally, 19 of the vessels in our fleet are operating in vessel pools. Under a pool arrangement, the vessels operate under a time charter agreement whereby the cost of bunkers and port expenses are borne by the pool and operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel. Since the members of the pool share in the revenue generated by the entire group of vessels in the pool, and the pool operates in the spot market, the revenue earned by vessels in vessel pools are subject to the fluctuations of the spot market. Most of our vessels are chartered to well-known charterers, including Swissmarine Services S.A. and its subsidiaries ("Swissmarine") and the Clipper Logger Pool and Clipper Sapphire Pool, in which Clipper Group acts as the pool manager ("Clipper").

See pages 9 - 12 for a table of all vessels that have been delivered to us.

On June 8, 2016, we entered into a Commitment Letter for a senior secured loan facility (the "$400 Million Credit Facility") for an aggregate principal amount of up to $400 million, which was subject to completion of an equity financing of at least $125 million. We entered into subsequent amendments to the Commitment Letters which extended existing waivers through November 15, 2016 and the $400 Million Credit Facility was finalized on November 10, 2016. The $400 Million Credit Facility was utilized to refinance the outstanding debt under the $100 Million Term Loan Facility, $253 Million Term Loan Facility, $148 Million Credit Facility, $22 Million Term Loan Facility, $44 Million Term Loan Facility and 2015 Revolving Credit Facility, each as defined in Note 9 — Debt of the Consolidated Financial Statements (collectively, the "Prior Facilities"). Refer to Note 9 — Debt in our Consolidated Financial Statements for further information about the $400 Million Credit Facility.

As a condition to the effectiveness of the amended Commitment Letter, we entered into stock purchase agreements (the "Purchase Agreements") effective as of October 4, 2016 with funds or related entities managed by Centerbridge

Partners, L.P. or its affiliates ("Centerbridge"), Strategic Value Partners, LLC ("SVP") and Apollo Global Management, LLC ("Apollo") for the purchase of our Series A Convertible Preferred Stock for an aggregate of up to $125 million in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. The purchase price of the Series A Preferred Stock under each of the Purchase Agreements was $4.85 per share. An additional 1,288,660 shares of Series A Preferred Stock were issued to Centerbridge, SVP and Apollo as a commitment fee on a pro rata basis. The purchase price and the other terms and conditions of the transaction were established in arm's length negotiations between an independent special committee of the Board of the Directors of the Company (the "Special Committee"). The Special Committee unanimously approved the transaction.

Subsequently, on October 27, 2016, the Company entered into a stock purchase agreement (the "Additional Purchase Agreement") with certain of the Investors; John C. Wobensmith, the Company's President; and other investors for the sale of shares of Series A Preferred Stock for an aggregate purchase price of $38.6 million at a purchase price of $4.85 per share. The purchase price and the other terms and conditions of these transactions were established in arm's

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length negotiations between an independent special committee of our board of directors (the “Special Committee”) and the investors. The Special Committee unanimously approved the transactions.

On November 15, 2016, pursuant to the Purchase Agreements, we completed the private placement of 27,061,856 shares of Series A Preferred Stock which included 25,773,196 shares at a price per share of $4.85 and an additional 1,288,660 shares issued as a commitment fee on a pro rata basis as noted above. On January 4, 2017, our shareholders approved at a Special Meeting of Shareholders the issuance of up to 27,061,856 shares of common stock of the Company upon the conversion of shares of the Series A Preferred Stock, par value $0.01 per share, which were purchased by certain investors in a private placement. As a result of such shareholder approval, all outstanding 27,061,856 shares of Series A Preferred Stock were automatically and mandatorily converted into 27,061,856 shares of common stock of the Company on January 4, 2017. Refer to Note 1 — General Information and Note 9 — Debt in our Consolidated Financial Statements.

Pursuant to the Commitment Letter entered into on June 8, 2016 and the final executed $400 Million Credit Facility, we were required to sell or scrap ten of our vessels. On April 5, 2016, the Board of Directors unanimously approved scrapping the Genco Marine. We reached an agreement on May 6, 2016 to sell the Genco Marine, a 1996-built Handymax vessel, to be scrapped with Ace Exim Pte Ltd., a demolition yard, which was completed on May 17, 2016.

During October 2016, we reached agreements with third-parties to sell three of our vessels, the Genco Pioneer (a 1999-built Handysize vessel), the Genco Sugar (a 1998-built Handysize vessel) and the Genco Leader (a 1999-built Panamax vessel). These sales were completed during October and November 2016. Additionally, during November 2016 we reached an agreement with a third-party to sell the Genco Acheron (a 1999-built Panamax vessel) for which the sale was completed during December 2016. Also, during December 2016 the Board of Directors unanimously approved the sale of the Genco Success (a 1997-built Handymax vessel), the Genco Prosperity (a 1997-built Handymax vessel) and the Genco Wisdom (a 1997-built Handymax vessel). These vessel assets were classified as held for sale in the Consolidated Balance Sheet as of December 31, 2016. The sale of the Genco Wisdom and Genco Success were completed during January and March 2017, respectively, and the Genco Prosperity is expected to be sold by June 15, 2017. Lastly, during January 2017, the Board of Directors unanimously approved the sale of the Genco Carrier (a 1998-built Handymax vessel) and the Genco Reliance (a 1999-built Handysize vessel). The sales of these vessels were completed during February 2017. Refer to Note 5 – Vessel Acquisitions and Dispositions and Note 28 — Subsequent Events in our Consolidated Financial Statements for further details.

On October 13, 2016, Peter C. Georgiopoulos resigned as our Chairman of the Board and a director of the Company. The Board of Directors appointed Arthur L. Regan, a current director of the Company, as Interim Executive Chairman of the Board. In connection with his departure, Mr. Georgiopoulos entered into a Separation Agreement and a Release Agreement with the Company on October 13, 2016. Under the terms of these agreements, subject to customary conditions, Mr. Georgiopoulos received an amount equal to the annual Chairman’s fee awarded to him in recent years of $0.5 million as a severance payment and full vesting of his unvested equity awards, which consist of grants of 68,581 restricted shares of the Company’s common stock and warrants exercisable for approximately 213,937 shares of the Company’s common stock with an exercise per share ranging $259.10 to $341.90. Refer to Note 23 — Stock-Based Compensation in our Consolidated Financial Statements. The agreements also contain customary provisions pertaining to confidential information, releases of claims by Mr. Georgiopoulos, and other restrictive covenants.

Prior to the merger with our indirect, partially owned subsidiary Baltic Trading Limited (“Baltic Trading”) on July 17, 2015 (the “Merger”), as of June 30, 2015, our wholly-owned subsidiary Genco Investments LLC owned 6,356,471 shares of Baltic Trading’s Class B Stock, which represented a 10.85% ownership interest in Baltic Trading and 64.60% of the aggregate voting power of Baltic Trading’s outstanding shares of voting stock at June 30, 2015. Baltic Trading is consolidated, as we also controlled a majority of the voting interest in Baltic Trading prior to the Merger. Management’s discussion and analysis of our results of operations and financial condition includes the results of Baltic Trading.

We report financial information and evaluate our operations by charter revenues and not by the length of ship employment for our customers, i.e., spot or time charters. Each of our vessels serve the same type of customer, have similar operations and maintenance requirements, operate in the same regulatory environment, and are subject to similar economic characteristics. Based on this, we have determined that we operate in one reportable segment, after the

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effective date of the Merger on July 17, 2015, in which we are engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. Therefore, the totals previously reported for the two segments (GS&T and Baltic Trading) is the total for the single reportable segment effective upon the Merger.

Our management team and our other employees are responsible for the commercial and strategic management of our fleet. Commercial management includes the negotiation of charters for vessels, managing the mix of various types of charters, such as time charters, voyage charters and spot market-related time charters, and monitoring the performance of our vessels under their charters. Strategic management includes locating, purchasing, financing and selling vessels. We currently contract with two independent technical managers to provide technical management of our fleet at a lower cost than we believe would be possible in-house. Technical management involves the day-to-day management of vessels, including performing routine maintenance, attending to vessel operations and arranging for crews and supplies. Members of our New York City-based management team oversee the activities of our independent technical managers.

We held an investment in the capital stock of Jinhui Shipping and Transportation Limited (“Jinhui”) and Korea Line Corporation (“KLC”). The last remaining shares held of Jinhui and KLC stock were sold during the fourth quarter of 2016. Jinhui is a drybulk shipping owner and operator focused on the Supramax segment of drybulk shipping. KLC is a marine transportation service company which operates a fleet of carriers which includes carriers for iron ore, liquefied natural gas and tankers for oil and petroleum products.

We formerly provided technical services for drybulk vessels purchased by Maritime Equity Partners LLC (“MEP”) under an agency agreement between us and MEP. These services included oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but did not include chartering services. The services were initially provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and were provided for an initial term of one year. Our arrangement with MEP was approved by an independent committee of our Board of Directors. On September 30, 2015, under the oversight of an independent committee of our Board of Directors, Genco Management (USA) Limited and MEP entered into certain agreements under which MEP paid $2.2 million of the amount of service fees in arrears (of which $0.3 million was paid in 2016 by the new owners of five of the MEP vessels sold in January 2016 as described below) and the daily service fee was reduced from $750 to $650 per day effective on October 1, 2015. During January 2016 and the three months ended September 30, 2016, five and seven of MEP’s vessels, respectively, were sold to third parties, upon which these vessels were no longer subject to the agency agreement. Based upon the September 30, 2015 agreement, termination fees were due in the amount $0.3 million and $0.8 million, respectively, which was assumed by the new owners of the MEP vessels that were sold. The amount of these termination fees has been paid in full. The daily service fees earned for the year ended December 31, 2016 have been paid in full. At December 31, 2016, all MEP vessels have been sold and the Companies have been dissolved.

Bankruptcy Reorganization

On April 21, 2014 (the "Petition Date"), Genco Shipping & Trading Limited and its subsidiaries other than Baltic Trading and its subsidiaries (the "Debtors") filed voluntary cases (the "Chapter 11 Cases") under the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). The Debtors continued to operate their businesses in the ordinary course as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. Through the Chapter 11 Cases, the Debtors implemented our Prepackaged Plan of Reorganization of the Debtors Pursuant to Chapter 11 of the Bankruptcy Code (as amended, the "Prepack Plan") for which the Company solicited votes from certain classes of its creditors prior to commencement of the Chapter 11 Cases in accordance with the Restructuring Support Agreement that the Debtors entered into with certain of its creditors on April 3, 2014. The Company subsequently emerged from bankruptcy on July 9, 2014.

On July 2, 2014, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Prepack Plan. On July 9, 2014 (the "Effective Date"), the Debtors completed their financial restructuring and emerged from Chapter 11 through a series of transactions contemplated by the Prepack Plan, and the Prepack Plan became effective pursuant to its terms. References to "Successor Company" refer to the Company after July 9, 2014, after giving effect to the application of fresh-start reporting (refer to Note 1 — General Information in the Consolidated Financial

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Statements). References to "Predecessor Company" refer to the Company prior to July 9, 2014. For key components of the Prepack Plan, refer to Note 1 — General Information in the Consolidated Financial Statements.

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy statements, and other documents with the SEC, under the Securities Exchange Act of 1934, or the Exchange Act. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC. The public can obtain any documents that we file with the SEC at www.sec.gov.

In addition, our company website can be found on the Internet at www.gencoshipping.com. The website contains information about us and our operations. Copies of each of our filings with the SEC on Form 10-K, Form 10-Q and Form 8-K, and all amendments to those reports, can be viewed and downloaded free of charge after the reports and amendments are electronically filed with or furnished to the SEC. To view the reports, access www.gencoshipping.com, click on Investor, then SEC Filings. No information on our company website is incorporated by reference into this annual report on Form 10-K.

Any of the above documents can also be obtained in print by any shareholder upon request to our Investor Relations Department at the following address:

Corporate Investor Relations

Genco Shipping & Trading Limited

299 Park Avenue, 12th Floor

New York, NY 10171

BUSINESS STRATEGY

Our strategy is to manage and expand our fleet in a manner that maximizes our cash flows from operations. To accomplish this objective, we intend to:

- Strategically expand the size of our fleet — We may acquire additional modern, high-quality drybulk carriers through timely and selective acquisitions in a manner that is accretive to our cash flows. If we make such acquisitions, we may consider additional debt or equity financing alternatives.

- Continue to operate a high-quality fleet — We intend to maintain a modern, high-quality fleet that meets or exceeds stringent industry standards and complies with charterer requirements through our technical managers' rigorous and comprehensive maintenance program. In addition, our technical managers maintain the quality of our vessels by carrying out regular inspections, both while in port and at sea.

- Pursue an appropriate combination of time and spot charters — All of our 61 vessels operate under time charters, spot market-related time charters or pool agreements. Charters under fixed rate contracts provide us with relatively stable revenues, and charters under spot market-related time charters provide us with market revenues, both of which provide us with a high fleet utilization. We may in the future pursue other market opportunities for our vessels to capitalize on market conditions, including arranging longer or shorter charter periods and entering into short-term time charters, voyage charters and use of vessel pools. Our charter strategy in the current market has been focused on signing short-term or spot market-related contracts with multinational charterers in order to preserve our ability to capitalize on possible future rate increases.

- Maintain low-cost, highly efficient operations — We currently outsource technical management of our fleet to Wallem Shipmanagement Limited ("Wallem") and Anglo-Eastern Group ("Anglo"), third-party independent

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technical managers. Our management team actively monitors and controls vessel operating expenses incurred by the independent technical managers by overseeing their activities. Finally, we seek to maintain low-cost, highly efficient operations by capitalizing on the cost savings and economies of scale that result from operating sister ships.

· Capitalize on our management team's reputation — We seek to capitalize on our management team's reputation for high standards of performance, reliability and safety, and maintain strong relationships with major international charterers, many of whom consider the reputation of a vessel owner and operator when entering into time charters. We believe that our management team's track record improves our relationships with high quality shipyards and financial institutions, many of which consider reputation to be an indicator of creditworthiness.

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OUR FLEET

The table below summarizes the characteristics of our vessels that have been delivered to us that are currently in our fleet:

Vessel	Class	Dwt	Year Built
Genco Augustus	Capesize	180,151	2007
Genco Claudius	Capesize	169,025	2010
Genco Constantine	Capesize	180,183	2008
Genco Commodus	Capesize	169,025	2009
Genco Hadrian	Capesize	169,694	2008
Genco London	Capesize	177,833	2007
Genco Maximus	Capesize	169,025	2009
Genco Tiberius	Capesize	175,874	2007
Genco Tiger	Capesize	179,185	2011
Genco Titus	Capesize	177,729	2007
Baltic Bear	Capesize	177,717	2010
Baltic Lion	Capesize	179,185	2012
Baltic Wolf	Capesize	177,752	2010
Genco Beauty	Panamax	73,941	1999
Genco Knight	Panamax	73,941	1999
Genco Raptor	Panamax	76,499	2007
Genco Surprise	Panamax	72,495	1998
Genco Thunder	Panamax	76,588	2007
Genco Vigour	Panamax	73,941	1999
Baltic Hornet	Ultramax	63,574	2014
Baltic Wasp	Ultramax	63,389	2015
Baltic Scorpion	Ultramax	63,462	2015
Baltic Mantis	Ultramax	63,470	2015
Genco Aquitaine	Supramax	57,981	2009
Genco Ardennes	Supramax	57,981	2009
Genco Auvergne	Supramax	57,981	2009
Genco Bourgogne	Supramax	57,981	2010
Genco Brittany	Supramax	57,981	2010
Genco Cavalier	Supramax	53,617	2007
Genco Hunter	Supramax	58,729	2007
Genco Languedoc	Supramax	57,981	2010
Genco Loire	Supramax	53,416	2009
Genco Lorraine	Supramax	53,416	2009
Genco Normandy	Supramax	53,596	2007
Genco Picardy	Supramax	55,257	2005
Genco Predator	Supramax	55,407	2005
Genco Provence	Supramax	55,317	2004

Genco Pyrenees	Supramax	57,981	2010
Genco Rhone	Supramax	58,018	2011
Genco Warrior	Supramax	55,435	2005
Baltic Cougar	Supramax	53,432	2009
Baltic Jaguar	Supramax	53,474	2009
Baltic Leopard	Supramax	53,447	2009

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Vessel	Class	Dwt	Year Built
Baltic Panther	Supramax	53,351	2009
Genco Muse	Handymax	48,913	2001
Genco Prosperity	Handymax	47,180	1997
Genco Avra	Handysize	34,391	2011
Genco Bay	Handysize	34,296	2010
Genco Challenger	Handysize	28,428	2003
Genco Champion	Handysize	28,445	2006
Genco Charger	Handysize	28,398	2005
Genco Explorer	Handysize	29,952	1999
Genco Mare	Handysize	34,428	2011
Genco Ocean	Handysize	34,409	2010
Genco Progress	Handysize	29,952	1999
Genco Spirit	Handysize	34,432	2011
Baltic Breeze	Handysize	34,386	2010
Baltic Cove	Handysize	34,403	2010
Baltic Fox	Handysize	31,883	2010
Baltic Hare	Handysize	31,887	2009
Baltic Wind	Handysize	34,409	2009

FLEET MANAGEMENT

Our management team and other employees are responsible for the commercial and strategic management of our fleet. Commercial management involves negotiating charters for vessels, managing the mix of various types of charters, such as time charters, voyage charters, vessel pools and spot market-related time charters, and monitoring the performance of our vessels under their charters. Strategic management involves locating, purchasing, financing and selling vessels.

We utilize the services of reputable independent technical managers, Wallem and Anglo, for the technical management of our fleet. Technical management involves the day-to-day management of vessels, including performing routine maintenance, attending to vessel operations and arranging for crews and supplies. Members of our New York City-based management team oversee the activities of our independent technical managers. The head of our technical management team has over 25 years of experience in the shipping industry.

Wallem, founded in 1971 and Anglo, founded in 1974, are among the largest ship management companies in the world. These technical managers are known worldwide for their agency networks, covering all major ports in China, Hong Kong, Japan, Vietnam, Taiwan, Thailand, Malaysia, Indonesia, the Philippines and Singapore. These technical managers provide services to over 850 vessels of all types, including Capesize, Panamax, Ultramax, Supramax, Handymax and Handysize drybulk carriers that meet strict quality standards.

Under our technical management agreements, our technical manager is obligated to:

- provide personnel to supervise the maintenance and general efficiency of our vessels;
- arrange and supervise the maintenance of our vessels to our standards to assure that our vessels comply with applicable national and international regulations and the requirements of our vessels' classification societies;
- select and train the crews for our vessels, including assuring that the crews have the correct certificates for the types of vessels on which they serve;

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- check the compliance of the crews' licenses with the regulations of the vessels' flag states and the International Maritime Organization, or IMO;

- arrange the supply of spares and stores for our vessels; and

- report expense transactions to us, and make its procurement and accounting systems available to us.

OUR CHARTERS

As of March 27, 2017, we employed 15 of our 61 drybulk carriers under spot market-related time charters, which are time charters with rates based on published Baltic Indices. These types of charters are similar to time charters with the exception of having a variable rate over the term of the time charter agreement. As such, the revenue earned by these 61 vessels is subject to the fluctuations of the spot market. Additionally, as of March 27, 2017, we employed 27 of our 61 drybulk carriers under fixed-rate time charters. A time charter involves the hiring of a vessel from its owner for a period of time pursuant to a contract under which the vessel owner places its ship (including its crew and equipment) at the disposal of the charterer. Under a time charter, the charterer periodically pays a fixed daily charterhire rate to the owner of the vessel and bears all voyage expenses, including the cost of bunkers (fuel), port expenses, agents' fees and canal dues.

The remaining 19 of our drybulk carriers are currently in vessel pools. We believe that vessel pools provide cost-effective commercial management activities for a group of similar class vessels. The pool arrangement provides the benefits of a large-scale operation and chartering efficiencies that might not be available to smaller fleets. Under the pool arrangement, the vessels operate under a time charter agreement whereby the cost of bunkers and port expenses are borne by the charterer and operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel. Since the members of the pool share in the revenue generated by the entire group of vessels in the pool, and the pool operates in the spot market, the revenue earned by these 19 vessels is subject to the fluctuations of the spot market.

Subject to any restrictions in the contract, the charterer determines the type and quantity of cargo to be carried and the ports of loading and discharging. Our vessels operate worldwide within the trading limits imposed by our insurance terms. The technical operation and navigation of the vessel at all times remains the responsibility of the vessel owner, which is generally responsible for the vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses.

Each of our current time charters, spot market-related time charters and vessel pool agreements expire within a range of dates (for example, a minimum of 11 and maximum of 13 months following delivery), with the exact end of the time charter left unspecified to account for the uncertainty of when a vessel will complete its final voyage under the time charter. The charterer may extend the charter period by any time that the vessel is off-hire. If a vessel remains off-hire for more than 30 consecutive days, the time charter may be cancelled at the charterer's option.

In connection with the charter of each of our vessels, we incur commissions generally ranging from 1.25% to 6.25% of the total daily charterhire rate of each charter to third-parties, depending on the number of brokers involved with arranging the relevant charter.

We monitor developments in the drybulk shipping industry on a regular basis and strategically adjust the charterhire periods for our vessels according to market conditions as they become available for charter.

During the beginning of 2009, the Genco Cavalier, a 2007-built Supramax vessel, was on charter to Samsun Logix Corporation ("Samsun"), when Samsun filed for the equivalent of bankruptcy protection in South Korea, otherwise referred to as a rehabilitation application. On February 5, 2010, the rehabilitation plan submitted by Samsun was approved by the South Korean courts. As part of the rehabilitation process, our claim of approximately $17.2 million was to be settled in the following manner: 34%, or approximately $5.9 million, will be paid in cash in annual installments on December 30 of each year from 2010 through 2019 ranging in percentages from eight to 17; the

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remaining 66%, or approximately $11.3 million, converted to Samsun shares at a specified value per share. During the period from July 9 to December 31, 2014, we recorded $0.5 million as Other operating income of which $0.3 million represents 50% of the portion (9%) of the cash settlement that was due on December 30, 2012 and $0.2 million which represents 50% of the portion (8%) of the cash settlement that was due on December 30, 2013.

On July 3, 2015, Samsun filed for rehabilitation proceedings for the second time with the South Korean courts due to financial distress. On April 8, 2016, the revised rehabilitation plan was approved by the South Korean court whereby 26% of the of the $4.0 million unpaid cash claim settlement from the prior rehabilitation plan, or $1.0 million, was to be settled pursuant to a payment plan over the next ten-year period. The remaining 74% of the claim was to be converted to Samsun shares. On May 2, 2016, we received $0.2 million from Samsun pursuant to this revised plan. Additionally, on October 27, 2016, we received $0.8 million from Samsun as full and final settlement of this outstanding claim that was approved on April 8, 2016. This represents the net present value of the remainder of the $1.0 million cash settlement noted above. During the years ended December 31, 2016 and 2015, we recorded Other Operating income of $1.0 million and $0, respectively.

The following table sets forth information about the current employment of the vessels in our fleet as of March 27, 2017:

Vessel	Year Built	Charterer	Charter Expiration(1)	Cash Daily Rate(2)	
Capesize Vessels					
Genco Augustus	2007	Swissmarine Services S.A.	May 2017/Jan. 2018	$7,800/106% of BCI	(3)
Genco Tiberius	2007	Cargill International S.A.	July 2017	$10,500	
Genco London	2007	Swissmarine Services S.A.	April 2017	$3,250 with 50% profit sharing	
Genco Titus	2007	Louis Dreyfus Company Freight Asia Pte. Ltd.	July 2017	$12,000	(4)
Genco Constantine	2008	Swissmarine Services S.A.	April 2017	$7,800	
Genco Hadrian	2008	Swissmarine Services S.A.	June 2017	$6,100 / 98.5% of BCI	
Genco Commodus	2009	Swissmarine Asia Pte. Ltd.	April 2017	$3,250 with 50% profit sharing	
Genco Maximus	2009	Trafigura Maritime Logistics Pte. Ltd.	July 2017	$11,000	(5)
Genco Claudius	2010	Swissmarine Services S.A.	April 2017	$8,000	
Genco Tiger	2011	Uniper Global Commodities SE.	August 2017	$10,750	(6)
Baltic Lion	2012	Swissmarine Services S.A.	April 2017	$3,250 with 50% profit sharing	
Baltic Bear	2010	Swissmarine Services S.A.	April 2017	$7,000	
Baltic Wolf	2010	Swissmarine Services S.A.	April 2017		

				$3,250 with 50% profit sharing	
Panamax Vessels					
Genco Beauty	1999	Cargill International S.A.	April 2017	$7,000	(7)
Genco Knight	1999	Swissmarine Services S.A.	April 2017	95% of BPI	
Genco Vigour	1999	Cofco Agri Freight Geneva, S.A.	May 2017	$8,000	(8)
Genco Surprise	1998	Cargill International S.A.	March 2017	$9,000	(9)
Genco Raptor	2007	M2M Panamax Pool Ltd.	April 2017	100% of BPI	
Genco Thunder	2007	Swissmarine Services S.A.	May 2017	100% of BPI	
Ultramax Vessels					
Baltic Hornet	2014	Swissmarine Asia Pte. Ltd.	Apr. 2017/Jun. 2018	115.5%/113.5% of BSI	
Baltic Wasp	2015	Pioneer Navigation Ltd.	April 2017	$3,250 with 50% profit sharing	
Baltic Scorpion	2015	Bunge S.A.	April 2017	$7,500	(10)
Baltic Mantis	2015	Pioneer Navigation Ltd.	May 2017	115% of BSI	
Supramax Vessels					
Genco Predator	2005	Cargill International S.A.	April 2017	$9,250	(11)
Genco Warrior	2005	Centurion Bulk Pte. Ltd., Singapore	April 2017	98.5% of BSI	
Genco Hunter	2007	Pioneer Navigation Ltd.	June 2017	104% of BSI	
Genco Cavalier	2007	Bulkhandling Handymax A/S	June 2017	Spot Pool	(12)
Genco Lorraine	2009	Bulkhandling Handymax A/S	July 2017	Spot Pool	(12)
Genco Loire	2009	Bulkhandling Handymax A/S	June 2017	Spot Pool	(12)
Genco Aquitaine	2009	D/S Norden A/S	April 2017	$9,000	(13)

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Vessel	Year Built	Charterer	Charter Expiration(1)	Cash Daily Rate(2)	
Genco Ardennes	2009	Clipper Sapphire Pool	August 2017	Spot Pool	(14)
Genco Auvergne	2009	Western Bulk Pte. Ltd., Singapore	June 2017	$9,350	(15)
Genco Bourgogne	2010	Clipper Sapphire Pool	August 2017	Spot Pool	(14)
Genco Brittany	2010	Clipper Sapphire Pool	August 2017	Spot Pool	(14)
Genco Languedoc	2010	Clipper Sapphire Pool	August 2017	Spot Pool	(14)
Genco Normandy	2007	Bulkhandling Handymax A/S	June 2017	Spot Pool	(12)
Genco Picardy	2005	Centurion Bulk Pte. Ltd., Singapore	July 2017	$9,000	(16)
Genco Provence	2004	D/S Norden A/S	April 2017	$8,000	(17)
Genco Pyrenees	2010	Clipper Sapphire Pool	August 2017	Spot Pool	(14)
Genco Rhone	2011	Western Bulk Carriers A/S	March 2017	$10,750	(18)
Baltic Leopard	2009	Bulkhandling Handymax A/S	June 2017	Spot Pool	(12)
Baltic Panther	2009	Bulkhandling Handymax A/S	June 2017	Spot Pool	(12)
Baltic Jaguar	2009	Centurion Bulk Pte. Ltd.	Mar./Jun. 2017	$6,300/$8,500	(19)
Baltic Cougar	2009	Bulkhandling Handymax A/S	June 2017	Spot Pool	(12)
Handymax Vessels					
Genco Prosperity	1997	TST NV, Nevis	April 2017	87.5% of BSI	
Genco Muse	2001	ED&F Man Shipping Ltd.	April 2017	$7,925	(20)
Handysize Vessels					
Genco Progress	1999	Clipper Logger Pool	September 2017	Spot Pool	(21)
Genco Explorer	1999	Clipper Logger Pool	September 2017	Spot Pool	(21)
Baltic Hare	2009	Clipper Logger Pool	September 2017	Spot Pool	(21)
Baltic Fox	2010	Clipper Logger Pool	September 2017	Spot Pool	(21)
Genco Charger	2005	Clipper Logger Pool	September 2017	Spot Pool	(21)
Genco Challenger	2003	Clipper Logger Pool	September 2017	Spot Pool	(21)
Genco Champion	2006	Clipper Logger Pool	September 2017	Spot Pool	(21)
Baltic Wind	2009	Integrity Bulk APS	April 2017	$3,400	(22)
Baltic Cove	2010	Clipper Bulk Shipping Ltd.	July 2017	$5,750	
Baltic Breeze	2010	Clipper Bulk Shipping Ltd.	June 2017	$8,000	(23)
Genco Ocean	2010	Falcon Navigation A/S	April 2017	$8,600	(24)
Genco Bay	2010	China Pacific Maritime Inc./Clipper Bulk Shipping	Mar./Jun. 2017	$3,750/$8,000	(25)
Genco Avra	2011	Ultrabulk S.A.	April 2017	104% of BHSI	
Genco Mare	2011	Pioneer Navigation Ltd.	July 2017	103.5% of BHSI	
Genco Spirit	2011	Western Bulk Carriers A/S	April 2017	$9,250	(26)

(1) The charter expiration dates presented represent the earliest dates that our charters may be terminated in the ordinary course. Under the terms of each contract, the charterer is entitled to extend the time charter from two to four months in order to complete the vessel's final voyage plus any time the vessel has been off-hire.

(2) Time charter rates presented are the gross daily charterhire rates before third-party brokerage commission generally ranging from 1.25% to 6.25%. In a time charter, the charterer is responsible for voyage expenses such as bunkers, port expenses, agents' fees and canal dues.

(3) We have agreed to an extension with Swissmarine Services S.A. on a spot market-related time charter for 8.5 to 12.5 months at a rate based on 106% of the Baltic Capesize Index (BCI), published by the Baltic Exchange, as reflected in daily reports. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. The extension is expected to begin on or about May 16, 2017.

(4) We have reached an agreement with Louis Dreyfus Company Freight Asia Pte. Ltd. on a time charter for 4.5 to 8 months at a rate of $12,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on March 6, 2017 after completion of drydocking for scheduled maintenance. The vessel redelivered to Genco on February 23, 2017.

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(5) We have reached an agreement with Trafigura Maritime Logistics Pte. Ltd. on a time charter for 4.5 to 7.5 months at a rate of $11,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on March 6, 2017.

(6) We have reached an agreement with Uniper Global Commodities SE. on a time charter for 5 to 7.5 months at a rate of $10,750 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on March 8, 2017.

(7) We have reached an agreement with Cargill International S.A. on a time charter for approximately 70 days at a rate of $7,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on February 3, 2017 after repositioning. The vessel redelivered to Genco on January 30, 2017.

(8) We have reached an agreement with Cofco Agri Freight Geneva, S.A. on a time charter for approximately 75 days at a rate of $8,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on February 18, 2017.

(9) The vessel redelivered to Genco on March 12, 2017 and is currently awaiting next employment.

(10) We have reached an agreement with Bunge S.A. on a time charter for 3.5 to 7 months at a rate of $7,500 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on December 6, 2016.

(11) We have reached an agreement with Cargill International S.A. on a time charter for approximately 40 days at a rate of $9,250 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on March 12, 2017 after repositioning. The vessel redelivered to Genco on February 23, 2017.

(12) We have reached an agreement to enter these vessels into the Bulkhandling Handymax A/S Pool, a vessel pool trading in the spot market of which Torvald Klaveness acts as the pool manager. Genco can withdraw a vessel with three months' notice.

(13) We have reached an agreement with D/S Norden A/S on a time charter for approximately 40 days at a rate of $9,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on February 18, 2017 after repositioning. The vessel redelivered to Genco on January 21, 2017.

(14) We have reached an agreement to enter these vessels into the Clipper Sapphire Pool, a vessel pool trading in the spot market of which Clipper Group acts as the pool manager. Genco can withdraw a vessel with a minimum notice of six months.

(15) We have reached an agreement with Western Bulk Pte. Ltd., Singapore on a time charter for 3 to 5.5 months at a rate of $9,350 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on March 19, 2017 after repositioning. The vessel redelivered to Genco on March 16, 2017.

(16) We have agreed to an extension with Centurion Bulk Pte. Ltd., Singapore on a time charter for 4 to 6.5 months at a rate of $9,000 per day. Hire is paid every 15 days in advances less a 5.00% third-party broker age commission. The extension began on March 8, 2017.

(17) We have reached an agreement with D/S Norden A/S on a time charter for approximately 40 days at a rate of $8,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party commission. The vessel delivered to charterers on February 25, 2017 after repositioning. The vessel redelivered to Genco on January 18, 2017.

(18) We have reached an agreement with Western Bulk Carriers A/S on a time charter for approximately 40 days at a rate of $10,750 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on February 4, 2017 after repositioning. The vessel redelivered to Genco on December 30, 2016.

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(19) We have agreed to an extension with Centurion Bulk Pte. Ltd. on a time charter for 2.5 to 5.5 months at a rate of $8,500 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The extension is expected to begin on or about March 31, 2017.

(20) We have reached an agreement with ED&F Man Shipping Ltd. on a time charter for 2.5 to 5.5 months at a rate of $7,925 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on November 27, 2016.

(21) We have reached an agreement to enter these vessels into the Clipper Logger Pool, a vessel pool trading in the spot market of which Clipper Group acts as the pool manager. Genco can withdraw the vessels with a minimum notice of six months.

(22) We have reached an agreement with Integrity Bulk APS on a time charter for approximately 50 days at a rate of $3,400 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on February 16, 2017.

(23) We have reached an agreement with Clipper Bulk Shipping on a time charter for 3 to 5.5 months at a rate of $8,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on March 15, 2017 after repositioning. The vessel redelivered to Genco on February 21, 2017.

(24) We have reached an agreement with Falcon Navigation A/S on a time charter for 3.5 to 6.5 months at a rate of $8,600 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on December 31, 2016.

(25) We have reached an agreement with Clipper Bulk Shipping on a time charter for 3 to 5.5 months at a rate of $8,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel is expected to deliver to charterers on or about March 28, 2017.

(26) We have reached an agreement with Western Bulk Carriers A/S on a time charter for approximately 60 days at a rate of $9,250 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on January 22, 2017.

CLASSIFICATION AND INSPECTION

All of our vessels have been certified as being "in class" by the American Bureau of Shipping ("ABS"), DNVGL or Lloyd's Register of Shipping ("Lloyd's"). Each of these classification societies is a member of the International Association of Classification Societies. Every commercial vessel's hull and machinery is evaluated by a classification society authorized by its country of registry. The classification society certifies that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. Each vessel is inspected by a surveyor of the classification society in three surveys of varying frequency and thoroughness: every year for the annual survey, every two to three years for the intermediate survey and every four to five years for special surveys. Special surveys always require drydocking. Vessels that are 15 years old or older are required, as part of the intermediate survey process, to be drydocked every 24 to 30 months for inspection of the underwater portions of the vessel and for necessary repairs stemming from the inspection.

In addition to the classification inspections, many of our customers regularly inspect our vessels as a precondition to chartering them for voyages. We believe that our well-maintained, high-quality vessels provide us with a competitive advantage in the current environment of increasing regulation and customer emphasis on quality.

We have implemented the International Safety Management Code, which was promulgated by the International Maritime Organization, or IMO (the United Nations agency for maritime safety and the prevention of marine pollution by ships), to establish pollution prevention requirements applicable to vessels. We obtained documents of compliance for our offices and safety management certificates for all of our vessels, which are required by the IMO.

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CREWING AND EMPLOYEES

Each of our vessels is crewed with 21 to 24 officers and seamen. Our technical managers are responsible for locating and retaining qualified officers for our vessels. The crewing agencies handle each seaman's training, travel and payroll, and ensure that all the seamen on our vessels have the qualifications and licenses required to comply with international regulations and shipping conventions. We typically man our vessels with more crew members than are required by the country of the vessel's flag in order to allow for the performance of routine maintenance duties.

As of March 28, 2017, we employed 32 shore-based personnel and approximately 1,400 seagoing personnel on our vessels.

CUSTOMERS

Our assessment of a charterer's financial condition and reliability is an important factor in negotiating employment for our vessels. We generally charter our vessels to major trading houses (including commodities traders), major producers and government-owned entities rather than to more speculative or undercapitalized entities. Our customers include national, regional and international companies, such as Cargill International S.A., Swissmarine, Pioneer Navigation Ltd. and Clipper. For the year ended December 31, 2016, three of our charterers, Swissmarine, Clipper and Pioneer Navigation Ltd., each accounted for more than 10% of our voyage revenue, or approximately 59%, in the aggregate.

COMPETITION

Our business fluctuates in line with the main patterns of trade of the major drybulk cargoes and varies according to changes in the supply and demand for these items. We operate in markets that are highly competitive and based primarily on supply and demand. We compete for charters on the basis of price, vessel location and size, age and condition of the vessel, as well as on our reputation as an owner and operator. We compete with other owners of drybulk carriers in the Capesize, Panamax, Ultramax, Supramax, Handymax and Handysize class sectors, some of whom may also charter our vessels as customers. Ownership of drybulk carriers is highly fragmented and is divided among approximately 2,095 independent drybulk carrier owners.

PERMITS AND AUTHORIZATIONS

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, certificates and other authorizations with respect to our vessels. The kinds of permits, licenses, certificates and other authorizations required for each vessel depend upon several factors, including the commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew and the age of the vessel. We believe that we have all material permits, licenses, certificates and other authorizations necessary for the conduct of our operations. However, additional laws and regulations, environmental or otherwise, may be adopted which could limit our ability to do business or increase the cost of our doing business.

INSURANCE

General

The operation of any drybulk vessel includes risks such as mechanical failure, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, piracy, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. The United States ("U.S.") Oil Pollution Act of 1990, or OPA, which imposes virtually unlimited liability upon owners, operators and demise charterers of vessels trading in the U.S.-exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for ship owners and operators trading in the U.S. market.

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While we maintain hull and machinery insurance, war risks insurance, protection and indemnity cover, and freight, demurrage and defense cover and loss of hire insurance for our fleet in amounts that we believe to be prudent to cover normal risks in our operations, we may not be able to achieve or maintain this level of coverage throughout a vessel's useful life. Furthermore, while we believe that our present insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull and Machinery, War Risks, Kidnap and Ransom Insurance

We maintain marine hull and machinery, war risks and kidnap and ransom insurance which cover the risk of actual or constructive total loss, for all of our vessels. Our vessels are each covered up to at least fair market value with deductibles, which depend primarily on the class of the insured vessel and are subject to change. We are covered, subject to limitations in our policy, to have the crew released in the case of kidnapping due to piracy in the Gulf of Aden / Somalia.

Protection and Indemnity Insurance

Protection and indemnity insurance is provided by mutual protection and indemnity associations, or P&I Associations, which insure our third-party liabilities in connection with our shipping activities. This includes third-party liability and other related expenses resulting from the injury or death of crew, passengers and other third parties, the loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs, including wreck removal. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations, or "clubs." Subject to the "capping" discussed below, our coverage, except for pollution, is unlimited.

We maintain protection and indemnity insurance coverage for pollution of $1 billion per vessel per incident. The 13 P&I Associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. We are a member of P&I Associations, which are members of the International Group. As a result, we are subject to calls payable to the associations based on the group's claim records as well as the claim records of all other members of the individual associations and members of the pool of P&I Associations comprising the International Group.

Loss of Hire Insurance

We maintain loss of hire insurance, which covers business interruptions and related losses that result from the loss of use of a vessel. Our loss of hire insurance has a 14-day deductible and provides claim coverage for up to 90 days.

ENVIRONMENTAL AND OTHER REGULATION

Government regulation significantly affects the ownership and operation of our vessels. We are subject to international conventions and treaties, national, state and local laws and regulations in force in the countries in which our vessels may operate or are registered relating to safety and health and environmental protection including the storage, handling, emission, transportation and discharge of hazardous and non-hazardous materials, and the remediation of contamination and liability for damage to natural resources. Compliance with such laws, regulations and other requirements entails significant expense, including vessel modifications and implementation of certain operating procedures.

A variety of governmental and private entities subject our vessels to both scheduled and unscheduled inspections. These entities include the local port authorities, (applicable national authorities such as the U.S. Coast Guard (the "USCG") and harbor masters), classification societies, flag state administrations (countries of registry) and charterers. Some of these entities require us to obtain permits, licenses, certificates and other authorizations for the operation of our vessels. Our failure to maintain necessary permits, licenses, certificates or authorizations could require us to incur substantial costs or temporarily suspend the operation of one or more of our vessels.

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In recent periods, heightened levels of environmental and operational safety concerns among insurance underwriters, regulators and charterers have led to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the drybulk shipping industry. Increasing environmental concerns have created a demand for vessels that conform to the stricter environmental standards. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations and that our vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations. However, because such laws and regulations are frequently changed and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels. In addition, a future serious marine incident, such as one comparable to the 2010 Deepwater Horizon oil spill, that results in significant oil pollution or otherwise causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect our profitability.

International Maritime Organization (IMO)

The United Nations International Maritime Organization (the "IMO") has adopted the International Convention for the Prevention of Pollution from Ships of 1973, as modified by the Protocol of 1978 relating thereto (collectively referred to as MARPOL 73/78 and herein as "MARPOL"). MARPOL entered into force on October 2, 1983. It has been adopted by over 150 nations, including many of the jurisdictions in which our vessels operate. MARPOL is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried, in bulk, in liquid or packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997.

In 2013, the IMO's Marine Environment Protection Committee ("MEPC") adopted by resolution amendments to the MARPOL Annex I Condition Assessment Scheme ("CAS"). These amendments, which became effective on October 1, 2014, are intended to complement inspections for bulk carriers and tankers set forth in the 2011 International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers ("ESP Code"), and enhances the programs of inspections for certain tankers. We may need to make certain financial expenditures to comply with these amendments which we do not anticipate to be material.

Air Emissions

In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution. Effective May 2005, and as subsequently revised, Annex VI sets limits on nitrogen oxide emissions from ships whose diesel engines were constructed (or underwent major conversions) on or after January 1, 2000. It also prohibits "deliberate emissions" of "ozone depleting substances," defined to include certain halons and chlorofluorocarbons. "Deliberate emissions" are not limited to times when the ship is at sea; they can for example include discharges occurring in the course of the ships repair and maintenance. Emissions of "volatile organic compounds" from certain tankers, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls (“PCBs”)) are also prohibited. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions, known as Emission Control Areas (“ECAs”) (see below).

The MEPC, adopted amendments to Annex VI on October 10, 2008, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. As of January 1, 2012, the amended Annex VI requires that fuel oil contain no more than 3.50% sulfur. On October 27, 2016, at its 70th session MEPC (“MEPC 70”) announced its decision concerning the implementation of regulations mandating a reduction in sulfur emissions from the current 3.50% to 0.5% as of the beginning of 2020 rather than pushing the deadline back to 2025. By 2020 ships will now have to either remove sulfur from emissions through the use of emission scrubbers or buy fuel with low sulfur content.

Sulfur content standards are even stricter within certain ECAs. As of January 1, 2015, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 0.10%. Amended Annex VI establishes procedures

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for designating new ECAs. The Baltic Sea and the North Sea have been so designated. Effective August 1, 2012, certain coastal areas of North America were designated ECAs, and as of January 1, 2014 the applicable areas of the U.S. Caribbean Sea were designated ECAs. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency ("EPA") or the states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

As of January 1, 2013, all ships must comply with mandatory requirements adopted by the MEPC in July 2011 relating to greenhouse gas emissions. Under those measures, by 2025, all new ships built will be 30% more energy efficient than those built in 2014. All ships are required to follow the Ship Energy Efficiency Management Plans. Now the minimum energy efficiency levels per capacity mile, outlined in the Energy Efficiency Design Index, applies to all new ships. Our fleet is already compliant with this requirement.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for new tier III marine engines, depending on their date of installation. At MEPC 70, MEPC approved the North Sea and the Baltic Sea as ECAs for nitrogen oxides, effective January 1, 2021. It is expected that these areas will be formally designated after draft amendments are presented at MEPC's next session. The EPA promulgated equivalent (and in some senses stricter) emissions standards in late 2009.

Safety Management System Requirements

The IMO also adopted the International Convention for the Safety of Life at Sea of 1974 ("SOLAS Convention") and the International Convention on Load Lines ("LL Convention"), which impose a variety of standards that regulate the design and operational features of ships. The IMO periodically revises the SOLAS Convention and LL Convention standards. The SOLAS Convention amendments that relate to the safe manning of vessels were adopted by the IMO in May 2012 and entered in force as of January 1, 2014. The Convention on Limitation of Liability for Maritime Claims of 1976, as amended ("LLMC") was recently amended, and the amendments went into effect on June 8, 2015. The foregoing amendments alter the limits of liability for loss of life or personal injury and property claims against ship owners.

Under Chapter IX of the SOLAS Convention, the International Management Code for the Safe Operation of Ships and for Pollution Prevention ("ISM Code"), our operations are also subject to environmental standards and requirements. The ISM Code requires the owner of a vessel, or any person who has taken responsibility for operation of a vessel, to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. We rely upon the safety management system that we and our technical manager have developed for compliance with the ISM Code. The failure of a ship owner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports.

The ISM Code requires that vessel operators also obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with code requirements for a safety management system. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by each flag state, under the ISM Code. We believe that we have all material requisite documents of compliance for our managers' offices and safety management certificates for all of our vessels for which such certificates are required by the IMO. We renew these documents of compliance and safety management certificates as required.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the nation's signatory to such conventions. The IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments ("BWM Convention") in February 2004. The BWM Convention requires vessels to install expensive ballast water treatment at the first MARPOL renewal survey after the convention becomes effective. The BWM Convention's implementing regulations call for a phased introduction of mandatory concentration limits. All ships will also have to carry a ballast water record book and an International Ballast Water Management Certificate. The BWM Convention enters into force 12 months after the date on which no less than 30 states, and the combined merchant fleets of which constitute no less than 35% of the gross tonnage of the world's merchant shipping, have either signed it without reservation as to ratification, acceptance or approval, or have deposited the requisite instruments of ratification, acceptance, approval or accession. The process to verify global tonnage figures to assess the BWM Convention's entry into force has completed. On September 8, 2016, this threshold was met (with 52 countries making up 35.14%). Many of the implementation dates originally written in the BWM Convention have already passed, so that once the BWM Convention enters into force, the period for installation of mandatory ballast water exchange requirements would be extremely short, with several thousand ships a year needing to install ballast water management systems, or BWMS. For this reason, on December 4, 2013, the IMO Assembly passed a resolution revising the application dates of BWM Convention so that they are triggered by the entry into force date and not the dates originally in the BWM Convention. This, in effect, makes all vessels constructed before the entry into force date "existing vessels" and allows for the installation of a BWMS on such vessels at the first International Oil Pollution Prevention ("IOPP") renewal survey following entry into force of the convention. The IMO's Marine Environment Protection Committee, or MEPC, adopted updated "guidelines for approval of ballast water management systems (G8)" at MEPC 70. Once mid-ocean ballast exchange ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers and the costs of ballast water treatments may be material. However, many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. The U.S. for example requires vessels entering its waters from another country to conduct mid-ocean ballast exchange, or undertake some alternate measure, and to comply with certain reporting requirements. The system specification requirements for trading in the U.S. have not been formalized, but we believe the ballast water treatment systems will range from $0.7 million to $1.0 million each, primarily dependent on the size of the vessel.

Many countries have ratified and follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by different Protocols in 1976, 1984, and 1992, and amended in 2000 (the "CLC"). Under the CLC and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain exceptions. The 1992 Protocol changed certain limits on liability, expressed using the International Monetary Fund currency unit of Special Drawing Rights. The limits on liability have since been amended so that the compensation limits on liability were raised. The right to limit liability is forfeited under the CLC where the spill is caused by the ship owner's personal fault and under the 1992 Protocol where the spill is caused by the ship owner's personal act or omission by intentional or reckless conduct where the ship owner knew pollution damage would probably result. The CLC requires ships covered by it to maintain insurance covering the liability of the owner in a sum equivalent to an owner's liability for a single incident. We believe that our protection and indemnity insurance will cover the liability under the plan adopted by the IMO.

The IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage (the "Bunker Convention"), to impose strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with LLMC). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship's bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

Noncompliance with the ISM Code or other IMO regulations may subject the vessel owner or bareboat charterer to increased liability, lead to decreases in available insurance coverage for affected vessels or result in the denial of access to, or detention in, some ports. The USCG and European Union ("EU") authorities have indicated that vessels not in compliance with the ISM Code by the applicable deadlines will be prohibited from trading in U.S. and EU ports, respectively. As of the date of this report, each of our vessels is ISM Code certified. However, there can be no assurance that such certificates will be maintained in the future.

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Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships (the "Anti-fouling Convention"). The Anti-fouling Convention prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. The exteriors of vessels constructed prior to January 1, 2003 that have not been in drydock must, as of September 17, 2008, either not contain the prohibited compounds or have coatings applied to the vessel exterior that act as a barrier to the leaching of the prohibited compounds. Vessels of over 400 gross tons engaged in international voyages must obtain an International Anti-fouling System Certificate and undergo a survey before the vessel is put into service or when the anti-fouling systems are altered or replaced. We have obtained Anti-fouling System Certificates for all of our vessels that are subject to the Anti-fouling Convention.

The U.S. Oil Pollution Act of 1990 and the Comprehensive Environmental Response, Compensation and Liability Act

The U.S. Oil Pollution Act of 1990 ("OPA") established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade in the U.S., its territories and possessions or whose vessels operate in U.S. waters, which includes the U.S. territorial sea and the 200 nautical mile exclusive economic zone around the U.S. The U.S. has also enacted the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") which applies to the discharge of hazardous substances other than oil, except in limited circumstances, whether on land or at sea. OPA and CERCLA both define "owner or operator" "in the case of a vessel as any person owning, operating or chartering by demise, the vessel." Accordingly, both OPA and CERCLA impact our operations.

Under OPA, vessel owners and operators are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels. OPA defines these other damages broadly to include:

· injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;

· injury to, or economic losses resulting from, the destruction of real and personal property;

· net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property or natural resources;

· loss of subsistence use of natural resources that are injured, destroyed or lost;

· lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and

· net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective December 21, 2015, the USCG adjusted the limits of OPA liability for non-tanker vessels, edible oil tank vessels, and any oil spill response vessels, to the greater of $1,100 per gross ton or $939,800 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsibility party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

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CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damage for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of $300 per gross ton or $5 million for vessels carrying a hazardous substance as cargo and the greater of $300 per gross ton or $500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA each preserve the right to recover damages under existing law, including maritime tort law.

OPA and CERCLA both require owners and operators of vessels to establish and maintain with the USCG evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee. We plan to comply with the USCG's financial responsibility regulations by providing a certificate of responsibility evidencing sufficient insurance.

The 2010 Deepwater Horizon oil spill in the Gulf of Mexico may also result in additional regulatory initiatives or statutes, including the raising of liability caps under OPA. For example, on August 15, 2012, the U.S. Bureau of Safety and Environmental Enforcement ("BSEE") implemented a final drilling safety rule for offshore oil and gas operations that strengthens the requirements for safety equipment, well control systems, and blowout prevention practices. A new rule issued by the U.S. Bureau of Ocean Energy Management ("BOEM") that increased the limits of liability of damages for offshore facilities under OPA based on inflation took effect in January 2015. In April 2015, it was announced that new regulations are expected to be imposed in the U.S. regarding offshore oil and gas drilling and the BSEE announced a new Well Control Rule in April 2016. In December 2015, the BSEE announced a new pilot inspection program for offshore facilities. Compliance with any new requirements of OPA may substantially impact our cost of operations or require us to incur additional expenses to comply with any new regulatory initiatives or statutes. Additional legislation, regulations, or other requirements applicable to the operation of our vessels that may be implemented in the future could adversely affect our business.

While we do not carry oil as cargo, we do carry bunkers in our drybulk carriers. We currently maintain pollution liability coverage insurance in the amount of $1 billion per incident for each of our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay dividends.

Other United States Environmental Regulations

The U.S. Clean Water Act ("CWA") prohibits the discharge of oil or hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. In addition, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

The EPA has enacted rules requiring a permit regulating ballast water discharges and other discharges incidental to the normal operation of certain vessels within U.S. waters under the Vessel General Permit for Discharges Incidental to the Normal Operation of vessels (the "VGP"). For a new vessel delivered to an owner or operator after September 19, 2009 to be covered by the VGP, the owner must submit a Notice of Intent ("NOI") at least 30 days before the vessel operates in U.S. waters. On March 28, 2013, the EPA re-issued the VGP for another five years; this 2013 VGP took effect December 19, 2013. The 2013 VGP contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, more stringent requirements for exhaust gas scrubbers and the use of environmentally acceptable lubricants. We will submit NOIs for our vessels where required.

USCG regulations adopted under the U.S. National Invasive Species Act also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters that require the installation of equipment to treat ballast water before it is discharged in U.S. waters or, in the alternative, the implementation of other port facility disposal arrangements or procedures. Vessels not complying with these regulations are restricted from entering. As of June 21, 2012, the USCG implemented revised regulations on ballast water management by establishing standards on the allowable concentration of living organisms in ballast water discharged from ships in U.S. waters. The USCG must approve any technology before it is placed on a vessel.

As of January 1, 2014, vessels are technically subject to the phasing-in of these standards. However, it was not until December 2016 that the USCG first approved said technology. The USCG previously provided waivers to vessels that could not install the as-yet unapproved technology and vessels now requiring a waiver will need to show why they cannot install the approved technology. The EPA, on the other hand, has taken a different approach to enforcing ballast discharge standards under the VGP. On December 27, 2013, the EPA issued an enforcement response policy in connection with the new VGP in which the EPA indicated that it would take into account the reasons why vessels do not have the requisite technology installed, but will not grant any waivers.

In October 2015, the Second Circuit Court of Appeals issued a ruling that directed the EPA to redraft the sections of the 2013 VGP that address ballast water. However, the Second Circuit stated that 2013 VGP will remain in effect until the EPA issues a new VGP. In the fall of 2016 sources reported that the EPA indicated it was working on a new VGP. It presently remains unclear how the ballast water requirements set forth by the EPA, the USCG, and IMO BWM Convention, some of which are in effect and some which are pending, will co-exist.

The USCG’s revised ballast water standards are consistent with requirements under the BWM Convention. Compliance with the EPA and the USCG regulations could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, or may otherwise restrict our vessels from entering U.S. waters. In addition, certain states have enacted more stringent discharge standards as conditions to their required certification of the VGP.

The U.S. Clean Air Act of 1970, including its amendments of 1977 and 1990 (the “CAA”), requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. The CAA also requires states to draft State Implementation Plans (“SIPs”) designed to attain national health-based air quality standards in primarily major metropolitan areas and/or industrial areas. To the extent applicable to our vessels, the operation of our vessels is in compliance with the CAA.

European Union Regulations

In October 2009, the EU amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. Member States were required to enact laws or regulations to comply with the directive by the end of 2010. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the ship is in danger.

The EU has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by type, age, and flag as well as the number of times the ship has been detained. The EU also adopted and then extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the EU with greater authority and control over classification societies by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply.

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Greenhouse Gas Regulation

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions. The 2015 United Nations Convention on Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016. The Paris Agreement does not directly limit greenhouse gas emissions from ships. The IMO is planning to implement market-based mechanisms to reduce greenhouse gas emissions from ships at an upcoming MEPC session. In April 2015, a regulation was adopted requiring that large ships (over 5,000 gross tons) calling at EU ports from January 2018 collect and publish data on carbon dioxide emissions and other information. In the U.S., the EPA has issued a finding that greenhouse gases endanger the public health and safety and has adopted regulations to limit greenhouse gas emissions from certain mobile sources and large stationary sources. The EPA enforces both the CAA and the international standards found in Annex VI of MARPOL concerning marine diesel emissions, and the sulfur content found in marine fuel. Moreover, in the U.S. individual states can also enact environmental regulations. For example, California has introduced caps for greenhouse gas emissions and, in the end of 2016, signaled it may take additional action regarding climate change. Any passage of climate control legislation or other regulatory initiatives by the IMO, EU, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol or Paris Agreement, that restrict emissions of greenhouse gases could require us to make significant financial expenditures, including capital expenditures to upgrade our vessels, which we cannot predict with certainty at this time.

International Labour Organization

The International Labour Organization (ILO) is a specialized agency of the United Nations with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006 (“MLC 2006”). A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance is required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. The MLC 2006 entered into force on August 20, 2013. Amendments to MLC 2006 were adopted in 2014 and 2016. The MLC 2006 requires us to develop new procedures to ensure full compliance with its requirements.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the U.S. Maritime Transportation Security Act of 2002 (“MTSA”) came into effect. To implement certain portions of the MTSA, in July 2003, the USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the U.S. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the EPA.

Similarly, in December 2002, amendments to the SOLAS Convention created a new chapter of the convention dealing specifically with maritime security. The new Chapter XI-2 became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, and mandates compliance with the International Ship and Port Facilities Security Code (the “ISPS Code”). The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate (“ISSC”). The following are among the various requirements, some of which are found in the SOLAS Convention:

· on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship’s identity, position, course, speed and navigational status;

· on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore;

· the development of vessel security plans;

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· ship identification number to be permanently marked on a vessel's hull;

· a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and

· compliance with flag state security certification requirements.

A ship operating without a valid certificate may be detained at port until it obtains an ISSC, or may be expelled from port or refused entry at port.

The USCG regulations, intended to align with international maritime security standards, exempt from MTSA vessel security measures non-U.S. vessels that have on board, as of July 1, 2004, a valid ISSC attesting to the vessel's compliance with the SOLAS Convention security requirements and the ISPS Code. We have implemented the various security measures addressed by the MTSA, the SOLAS Convention and the ISPS Code.

Inspection by Classification Societies

Every oceangoing vessel must be ''classed'' by a classification society. The classification society certifies that the vessel is ''in class,'' signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

For maintenance of the class certification, regular and extraordinary surveys of hull, machinery, including the electrical plant, and any special equipment classes are required to be performed as follows:

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Annual Surveys: For seagoing ships, annual surveys are conducted for the hull and the machinery, including the electrical plant, and where applicable for special equipment classed, within three months before or after each anniversary date of the date of commencement of the class period indicated in the certificate.

· Intermediate Surveys: Extended annual surveys are referred to as intermediate surveys and typically are conducted two and one-half years after commissioning and each class renewal. Intermediate surveys are to be carried out at or between the occasion of the second or third annual survey.

· Class Renewal Surveys: Class renewal surveys, also known as special surveys, are carried out for the ship's hull, machinery, including the electrical plant, and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey, the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or five years, depending on whether a grace period was granted, a vessel owner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle. Upon a vessel owner's request, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal.

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All areas subject to survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most vessels are also drydocked every 30 to 36 months for inspection of the underwater parts and for repairs related to inspections. If any defects are found, the classification surveyor will issue a “recommendation,” which must be rectified by the vessel owner within prescribed time limits.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as “in class” by a classification society which is a member of the International Association of Classification Societies (“IACS”). In December 2013, the IACS adopted new harmonized Common Structural Rules, which apply to oil tankers and bulk carriers constructed on or after July 1, 2015. All of our vessels have been certified as being “in class” by ABS, DNVGL or Lloyd’s. All new and secondhand vessels that we purchase must be certified prior to their delivery under our standard agreements.

SEASONALITY

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, charter rates. We seek to mitigate the risk of these seasonal variations by entering into long-term time charters for our vessels, where possible. However, this seasonality may result in quarter-to-quarter volatility in our operating results, depending on when we enter into our time charters or if our vessels trade on the spot market. The drybulk sector is typically stronger in the fall and winter months in anticipation of increased consumption of coal and raw materials in the northern hemisphere during the winter months. As a result, our revenues could be weaker during the fiscal quarters ended June 30 and September 30, and conversely, our revenues could be stronger during the quarters ended December 31 and March 31.

ITEM 1A. RISK FACTORS

ADDITIONAL FACTORS THAT MAY AFFECT FUTURE RESULTS

This annual report on Form 10-K contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements use words such as “anticipate,” “budget,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning in connec with a discussion of potential future events, circumstances or future operating or financial performance. These forward-looking statements are based on our management’s current expectations and observations. Included among the factors that, in our view, could cause actual results to differ materially from the forward looking statements contained in this annual report on Form 10-K are the following: (i) further declines or sustained weakness in demand in the drybulk shipping industry; (ii) continuation of weakness or further declines in drybulk shipping rates; (iii) changes in the supply of or demand for drybulk products, generally or in particular regions; (iv) changes in the supply of drybulk carriers including newbuilding of vessels or lower than anticipated scrapping of older vessels; (v) changes in rules and regulations applicable to the cargo industry, including, without limitation, legislation adopted by international organizations or by individual countries and actions taken by regulatory authorities; (vi) increases in costs and expenses including but not limited to: crew wages, insurance, provisions, lube oil, bunkers, repairs, maintenance, general and administrative expenses, and management fee expenses; (vii) whether our insurance arrangements are adequate; (viii) changes in general domestic and international political conditions; (ix) acts of war, terrorism, or piracy; (x) changes in the condition of the Company's vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs) and unanticipated drydock expenditures; (xi) the Company's acquisition or disposition of vessels; (xii) the amount of offhire time needed to complete repairs on vessels and the timing and amount of any reimbursement by our insurance carriers for insurance claims, including offhire days; (xiii) the completion of definitive documentation with respect to charters; (xiv) charterers' compliance with the terms of their charters in the current market environment; (xv) the extent to which our operating results continue to be affected by weakness in market conditions and charter rates; (xvi) our ability to maintain contracts that are critical to our operation, to obtain and maintain acceptable terms with our vendors, customers and service providers and to retain key executives, managers and employees; (xvii) those other risks and uncertainties

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discussed below under the headings "RISK FACTORS RELATED TO OUR BUSINESS & OPERATIONS", and (xviii) other factors listed from time to time in our filings with the Securities and Exchange Commission (the "SEC"). We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The following risk factors and other information included in this report should be carefully considered. If any of the following risks actually occur, our business, financial condition, operating results or cash flows could be materially and adversely affected and the trading price of our common stock could decline.

RISK FACTORS RELATED TO OUR BUSINESS AND OPERATIONS

Industry Specific Risk Factors

The current global economic environment may continue to negatively impact our business.

Slow growth rates in the global economy continue to negatively impact the drybulk industry. General market volatility has endured as a result of uncertainty about the growth rate of the world economy and the Chinese economy in particular, on which the drybulk industry depends to a significant degree. These economic conditions have resulted in decreased demand for drybulk cargoes, which in turn has led to lower demand for drybulk vessels. Charter rates have declined significantly in recent years and are near historic lows as a result of this lower demand and an increased supply of drybulk vessels as described below in "The current oversupply of drybulk carrier capacity may lead to continued rate weakness or further reductions in charterhire rates and profitability." As a result, a number of drybulk shipping companies, including us, have experienced declining revenues, negative cash flow, and liquidity issues. There have thus been widespread loan covenant defaults in the drybulk industry as well as declarations of bankruptcy by some operators and shipowners as well as charterers.

To address our liquidity and covenant compliance issues, in November 2016 we refinanced or amended our credit facilities as further described in Note 9 of our Consolidated Financial Statements and completed a $125 million capital raise. Based on current market conditions, we believe these measures are sufficient to address such issues for at least the next twelve months. However, if the current global economic environment persists, worsens, or does not sufficiently recover, we may be negatively affected in the following ways:

- As a result of low charter rates that in some instances do not allow us to operate our vessels profitably, our earnings and cash flows could remain at depressed levels or decline. If these conditions continue for a prolonged period of time, they may leave us with insufficient cash resources to fund our operations or make required amortization payments under our credit facilities, which would potentially accelerate the repayment of our outstanding indebtedness. Please refer to "We may face liquidity issues if current conditions in the drybulk market persist for a prolonged period" below for further details.

· If our earnings and cash flows remain at depressed levels or decline for a prolonged period of time, we may also breach one or more of the covenants in our credit facilities, including covenants relating to our minimum cash balance and our minimum working capital. This also would potentially accelerate the repayment of outstanding indebtedness.

· The market values of our vessels have decreased, which may cause us to recognize losses if any of our vessels are sold, scrapped or if their values are impaired. Moreover, all of our credit facilities contain collateral maintenance covenants that depend on the appraised values of our vessels. We currently are in compliance with all such covenants under our credit facilities but may not be in compliance if the appraised values of our vessels further decline, or do not sufficiently recover over a prolonged period of time. The collateral maintenance covenants are not tested until June 30, 2018 under our $400 Million Credit Facility and December 31, 2017 under our 2014 Term Loan Facilities. Please refer to "The market values of our vessels may decrease, which could adversely affect our operating results or cause us to breach one or more of the covenants in our credit facilities" below for further details.

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· Our charterers may fail to meet their obligations under our time charter agreements.

The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to continue as a going concern.

Charterhire rates for drybulk carriers are currently at near historically low levels and may remain low or further decrease in the future, which may adversely affect our earnings.

The prolonged downturn in the drybulk charter market, from which we derive the large majority of our revenues, has severely affected the drybulk shipping industry. The Baltic Dry Index ("BDI"), an index published by The Baltic Exchange of shipping rates for key drybulk routes, showed relative weakness in 2016 and recorded an average level of 673, compared to a ten-year average level of 2,437 as of March 7, 2017. After reaching an all-time low of 290 on February 10, 2016, the BDI reached a high of 1,257 on November 18, 2016 and is at 871 as of March 1, 2017. The BDI remains volatile, and the economic conditions underlying its overall decline have not abated. Accordingly, there can be no assurance that the drybulk charter market will recover in the near future, and the market could experience a further downturn.

The supply of and demand for shipping capacity strongly influences freight rates. Because the factors affecting the supply and demand for vessels are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

Factors that influence demand for vessel capacity include:

· demand for and production of drybulk products;

· global and regional economic and political conditions, including developments in international trade, fluctuations in industrial and agricultural production and armed conflicts;

· the distance drybulk cargo is to be moved by sea;

· environmental and other regulatory developments; and

· changes in seaborne and other transportation patterns.

Factors that influence the supply of vessel capacity include:

- the number of newbuilding deliveries;
- port and canal congestion;
- the scrapping rate of older vessels;
- vessel casualties;
- conversion of vessels to other uses;
- the number of vessels that are out of service, i.e., laid-up, drydocked, awaiting repairs or otherwise not available for hire; and
- environmental concerns and regulations

In addition to the prevailing and anticipated freight rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to scrap prices, costs of bunkers and

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other operating costs, costs associated with classification society surveys, normal maintenance and insurance coverage, the efficiency and age profile of the existing fleet in the market and government and industry regulation of maritime transportation practices, particularly environmental protection laws and regulations. These factors influencing the supply of and demand for shipping capacity are outside of our control, and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

We anticipate that the future demand for drybulk carriers will continue to depend on economic growth in the world's economies, particularly China and India, seasonal and regional changes in demand, changes in the capacity of the global drybulk carrier fleet and the sources and supply of drybulk cargo to be transported by sea. Adverse economic, political, social or other developments, including a change in worldwide fleet capacity, could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to continue as a going concern.

The current oversupply of drybulk carrier capacity may lead to continued rate weakness or further reductions in charterhire rates and profitability.

The market supply of drybulk carriers has continued to increase as a result of the delivery of numerous newbuilding orders, which peaked in 2007. Scrapping of older vessels has not been sufficient to offset the delivery of such newbuildings. The oversupply of drybulk carrier capacity has resulted in a reduction of charterhire rates, as evidenced by the low rates we have experienced during 2016. Currently, a number of charterers for our vessels are unprofitable due to the weakness associated with dry cargo freight rates. Under current market conditions, upon the expiration or termination of our vessels' current non-spot charters, we may only be able to re-charter our vessels at depressed or unprofitable rates, or we may not be able to charter these vessels at all. The occurrence of these events could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to continue as a going concern.

Prolonged declines in charter rates and other market deterioration could cause us to incur impairment charges.

We evaluate the carrying amounts of our vessels to determine if events have occurred that would require us to evaluate our vessels for an impairment of their carrying amounts. The recoverable amount of vessels is reviewed based on events and changes in circumstances that would indicate that the carrying amount of the assets might not be recovered. The review for potential impairment indicators and projection of future cash flows related to the vessels is complex and requires us to make various estimates including future freight rates and earnings from the vessels. All of these items have been historically volatile.

We determine the recoverable amount of each vessel by estimating the undiscounted future cash flows associated with each vessel. If the recoverable amount is less than the carrying amount of the vessel, the vessel is deemed impaired and such vessel would be written down to its fair value. The carrying values of our vessels may not represent their fair market value in the future because the new market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. Any impairment charges incurred as a result of declines in charter rates could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to continue as a going concern.

A further economic slowdown, continued weakness, or changes in the economic and political environment in the Asia Pacific region could have a material adverse effect on our business, financial position and results of operations.

A significant number of the port calls made by our vessels involve the loading or discharging of raw materials and semi-finished products in ports in the Asia Pacific region. As a result, a negative change in economic conditions in any Asia Pacific country, and particularly in China, India or Japan, could have an adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends. In particular, in recent years, China has been one of the world's fastest growing economies in terms of gross domestic product, although its rate of growth has been decreasing. We cannot assure you that the Chinese economy will not experience a significant contraction in the future. To the extent the Chinese government does not continue to pursue a policy of economic growth and urbanization, the level of imports to and exports from China could be adversely affected by changes to these initiatives by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies

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of the Chinese government, such as changes in laws, regulations or export and import restrictions. Notwithstanding economic reform, the Chinese government may adopt policies that favor domestic drybulk shipping companies and may hinder our ability to compete with them effectively. The Chinese government has also taken actions seen as protecting domestic industries such as coal or steel, which may reduce the demand for drybulk cargoes bound for China and negatively impact the drybulk industry. Moreover, a significant or protracted slowdown in the economies of the United States, the European Union or various Asian countries may adversely affect economic growth in China and elsewhere. Our business, results of operations, cash flows, financial condition and ability to pay dividends will likely be materially and adversely affected by an economic downturn in any of these countries.

We are subject to regulation and liability under environmental and operational safety laws that could require significant expenditures and affect our cash flows and net income and could subject us to increased liability under applicable law or regulation.

Our business and the operation of our vessels are materially affected by government regulation in the form of international conventions and national, state and local laws and regulations in force in the jurisdictions in which the vessels operate, as well as in the countries of their registration. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with them or their impact on the resale prices or useful lives of our vessels. Additional conventions, laws and regulations may be adopted that could limit our ability to do business or increase the cost of our doing business and that may materially adversely affect our business, results of operations, cash flows, financial condition and ability to pay dividends. See “Overview — Environmental and Other Regulation” in Item 1, “Business” of this annual report for a discussion of such conventions, laws, and regulations. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, certificates and financial assurances with respect to our operations.

The operation of our vessels is affected by the requirements set forth in the ISM Code. The ISM Code requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive “Safety Management System” that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a ship owner or bareboat charterer to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports.

The U.S. Oil Pollution Act of 1990 (“OPA”) established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all owners and operators whose vessels trade in the U.S., its territories and possessions or whose vessels operate in U.S. waters. OPA allows for liability without regard to fault of vessel owners, operators and demise charterers for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels, including bunkers, in U.S. waters. Such liability is potentially unlimited in cases of willful misconduct or gross negligence. OPA also expressly permits individual states to impose their own liability regimes with regard to hazardous materials and oil pollution materials occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA.

On October 27, 2016, at MEPC 70, MEPC announced the results from a vote to ratify and formalize regulations mandating a reduction in sulfur emissions from 3.5% currently to 0.5% as of the beginning of 2020 rather than pushing the deadline back to 2025. By 2020 ships will now have to either remove sulfur from emissions through the use of emission scrubbers or buy fuel with low sulfur content. Scrubbers can cost $3-$10 million to install on existing ships. If a vessel is not retrofitted with a scrubber, it will need to use low sulfur fuel, which is more expensive that standard marine fuel. This increased demand for low sulfur fuel may result in an increase in prices for such fuel.

Recent action by the IMO's Maritime Safety Committee and U.S. agencies indicate that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. This might cause companies to cultivate additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. However, the impact of such regulations is hard to predict at this time.

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Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination. Inspection procedures can result in the seizure of the contents of our vessels, delays in the loading, offloading or delivery and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Furthermore, changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

We operate our vessels worldwide and as a result, our vessels are exposed to international risks which could reduce revenue or increase expenses.

The international shipping industry is an inherently risky business involving global operations. Our vessels will be at risk of damage or loss because of events such as mechanical failure, collision, human error, war, terrorism, piracy, cargo loss and bad weather. All these hazards can result in death or injury to persons, increased costs, loss of revenues, loss or damage to property (including cargo), environmental damage, higher insurance rates, damage to our customer relationships, harm to our reputation as a safe and reliable operator and delay or rerouting. In addition, changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts. Our vessels may operate in particularly dangerous areas, including areas of the South China Sea, the Arabian Sea, the Indian Ocean, the Gulf of Aden off the coast of Somalia, the Gulf of Guinea, and the Red Sea. In November 2013, the government of the People's Republic of China announced an Air Defense Identification Zone, or ADIZ, covering much of the East China Sea. When introduced, the Chinese ADIZ was controversial because a number of nations are not honoring the ADIZ, and the ADIZ includes certain maritime areas that have been contested among various nations in the region. Tensions relating to the Chinese ADIZ may escalate as a result of incidents relating to the ADIZ or other territorial disputes, which may result in additional limitations on navigation or trade. These sorts of events could interfere with shipping routes and result in market disruptions that could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Our vessels may suffer damage, and we may face unexpected dry docking costs, which could adversely affect our cash flow and financial condition.

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. We may have to pay drydocking costs that our insurance does not cover in full. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility or we may be forced to travel to a drydocking facility that is distant from the relevant vessel's position. The loss of earnings while our vessels are being repaired and repositioned or from being forced to wait for space or to travel to more distant drydocking facilities, as well as the actual cost of repairs, could negatively impact our business, results of operations, cash flows, financial condition and ability to pay dividends.

The operation of drybulk carriers has certain unique operational risks which could affect our earnings and cash flow.

The operation of certain ship types, such as drybulk carriers, has certain unique risks. With a drybulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, drybulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, drybulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach to the sea. Hull breaches in drybulk carriers may lead to the flooding of the vessels' holds. If a drybulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads, leading to the loss of a vessel. If we are unable to

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adequately maintain our vessels, we may be unable to prevent these events. Any of these circumstances or events may have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

Acts of piracy on ocean-going vessels have continued and could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Arabian Sea, the Indian Ocean, the Gulf of Aden off the coast of Somalia, the Gulf of Guinea, and the Red Sea. Sea piracy incidents continue to occur particularly in the Gulf of Aden, the Gulf of Guinea and increasingly in Southeast Asia; although some sources report there was a drop in the number of piracy incidents in 2016. If these piracy attacks result in regions in which our vessels are deployed being characterized by insurers as “war risk” zones, or Joint War Committee (JWC) “war and strikes” listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain, if available at all. In addition, crew costs, including costs that may be incurred to the extent we employ onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, results of operations, cash flows, financial condition and ability to pay dividends.

In response to piracy incidents, following consultation with regulatory authorities, we may station guards on some of our vessels in some instances. While our use of guards is intended to deter and prevent the hijacking of our vessels, it may also increase our risk of liability for death or injury to persons or damage to personal property. If we do not have adequate insurance in place to cover such liability, it could adversely impact our business, results of operations, cash flows, and financial condition.

Terrorist attacks and other acts of violence or war may have an adverse effect on our business, results of operations and financial condition.

Terrorist attacks continue to cause uncertainty in the world’s financial markets and may affect our business, operating results and financial condition. Continuing conflicts and recent developments in the Middle East, and the presence of U.S. and other armed forces in the Middle East and Afghanistan, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Any of these occurrences could have a material adverse impact on our business, results of operation, and financial condition.

Compliance with safety and other vessel requirements imposed by classification societies may be costly and could reduce our net cash flows and net income.

The hull and machinery of commercial vessels must be certified as being "in class" by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the SOLAS Convention. Our vessels are currently enrolled with the ABS, DNVGL, or Lloyd's, each of which is a member of the IACS. Further, to trade internationally, a vessel must attain an ISSC from a recognized security organization.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel's machinery may be placed on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our vessels are on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be drydocked every five years during the special survey. For vessels that are less than 15 years old, intermediate surveys can be performed in the form of in-water examination of its underwater parts every two to three years. For vessels that are older than 15 years, the vessel is required to be drydocked during the intermediate survey as well as the special survey.

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If any vessel does not maintain its class or fails any annual, intermediate or special survey, the vessel will be unable to trade between ports and will be unemployable and we could be in violation of certain covenants in our credit facilities, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, UK Bribery Act, and other applicable worldwide anti-corruption laws.

The U.S. Foreign Corrupt Practices Act ("FCPA") and other applicable worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. These laws include the U.K. Bribery Act, which became effective on July 1, 2011 and which is broader in scope than the FCPA, as it contains no facilitating payments exception. We charter our vessels into some jurisdictions that international corruption monitoring groups have identified as having high levels of corruption. Our activities create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of the FCPA or other applicable anti-corruption laws. Our policies mandate compliance with applicable anti-corruption laws. Although we have policies, procedures and internal controls in place to monitor internal and external compliance, we cannot assure that our policies and procedures will protect us from governmental investigations or inquiries surrounding actions of our employees or agents. If we are found to be liable for violations of the FCPA or other applicable anti-corruption laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer from civil and criminal penalties or other sanctions.

We may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business.

Our success depends in large part on our ability to attract and retain highly skilled and qualified personnel. In crewing our vessels, we require technically skilled employees with specialized training who can perform physically demanding work. Competition to attract and retain qualified crew members is intense. If we are not able to increase our rates to compensate for any crew cost increases, it could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends. Any inability our third-party technical managers or we experience in the future to hire, train and retain a sufficient number of qualified employees could impair our ability to manage, maintain and grow our business, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Labor interruptions could disrupt our business.

Our vessels are manned by masters, officers and crews that are employed by third parties. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out normally and could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

We expect that our vessels will call in ports in South America and other areas where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims which could have an adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Arrests of our vessels by maritime claimants could cause a significant loss of earnings for the related off-hire period.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by “arresting” or “attaching” a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could result in a significant loss of earnings for the related off-hire period. In addition, in

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jurisdictions where the "sister ship" theory of liability applies, a claimant may arrest the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. In countries with "sister ship" liability laws, claims might be asserted against us or any of our vessels for liabilities of other vessels that we own.

Governments could requisition our vessels during a period of war or emergency, resulting in loss of earnings.

A government of a vessel's registry could requisition for title or seize our vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. A government could also requisition our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Changes in fuel prices could adversely affect our profits.

From time to time, we operate vessels on spot charters either directly or by placing them in pools with similar vessels. Spot charter arrangements generally provide that the vessel owner or pool operator bear the cost of fuel in the form of bunkers, which is a significant expense of operating the vessel. We currently have 19 vessels operating in vessel pools and we may arrange for more vessels to do so, depending on market conditions. Depending on the timing of increases in the price of fuel and market conditions, we or pool operators with whom we contract may be unable to pass along increases in fuel prices to our customers. Currently, the majority of our vessels, excluding vessels operating in pools, are operating under standard time charter arrangements. Under standard time charter arrangements, the charterer bears the cost of fuel in the form of bunkers. At the commencement of a charter, the charterer purchases fuel from us at the then-prevailing market rates, and we are obligated to repurchase fuel at that same initial rate when the charterer redelivers the vessel back to us. Market rates at the time the charterer redelivers the vessel to us after completion of the charter (including any direct continuations) may be more or less than the prevailing market rates at the commencement of the charter. In certain of our short-term time charter agreements, we sell the charterer the amount of the bunkers actually consumed and the charterer is required to redeliver the vessel to us without replenishment of the bunkers consumed. We believe the staggered nature of time charter expirations and the cyclical nature of fuel prices over time should reduce the risk of these repurchase obligations. However, the date of redelivery of vessels and fluctuations in the price and supply of fuel are unpredictable and therefore these arrangements could result in losses or reductions in working capital that are beyond our control. As is customary in our industry, we do not use hedging agreements on fuel to mitigate these risks. With respect to time charter agreements, we believe the variable expiration of the relevant contracts makes hedging agreements impractical or uneconomic.

Given that under certain arrangements with short-term or spot charters, the vessel owner or pool operator may bear the cost of fuel, the recent volatility in fuel prices could be a factor affecting profitability in these arrangements. To profitably price an individual charter, the vessel owner or pool operator must take into account the anticipated cost of fuel for the duration of the charter. Changes in the actual price of fuel at the time the charter is to be performed could result in the charter being performed at a significantly greater or lesser profit than originally anticipated or even result in a loss.

Our results of operations are subject to seasonal fluctuations, which may adversely affect our financial condition.

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, charter rates. This seasonality may result in quarter-to-quarter volatility in our operating results, depending on when we enter into our time charters or if our vessels trade on the spot market. The drybulk sector is typically stronger in the fall and winter months in anticipation of increased consumption of coal and raw materials in the northern hemisphere during the winter months. As a result, our revenues could be weaker during the fiscal quarters ended June 30 and September 30, and conversely, our revenue could be stronger during the quarters ended December 31 and March 31. This seasonality could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

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Company Specific Risk Factors

We may face liquidity issues if current conditions in the drybulk market persist for a prolonged period.

The persistent, historically low rates in the drybulk shipping market have led to decreases in our overall revenues and operating losses on some of the charters we enter into. As a result, we have experienced negative cash flows, and in turn, our liquidity has been negatively impacted in recent years. While we have recently refinanced or amended our credit facilities and conducted an equity raise, if the current market environment persists or declines further over a prolonged period of time, we may have insufficient liquidity to fund ongoing operations or satisfy our obligations under our credit facilities, which may lead to a default under one or more of our credit facilities.

If we are in default of any of our credit facilities, the repayment of our indebtedness under the relevant facility could potentially be accelerated. In addition, each of our credit facilities contain cross default provisions that could be triggered by a default under any of our other credit facilities, with the result that the repayment of some or all of our indebtedness could potentially be accelerated.

As a result, we could experience a material adverse effect on our business, results of operations, cash flows, financial condition, ability to pay dividends, and we may cease to continue as a going concern. For a further discussion of our liquidity issues, see "Liquidity and Capital Resources" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operation" below.

The market values of our vessels may decrease, which could adversely affect our operating results.

If the book value of one of our vessels is impaired due to unfavorable market conditions or a vessel is sold at a price below its book value, we would incur a loss that could adversely affect our financial results. Refer to the "Impairment of long-lived assets" section under the heading "Critical Accounting Policies" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operation" for further information. The occurrence of these events could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Our earnings will be adversely affected if we do not successfully employ our vessels.

As of March 27, 2017, approximately 56% of our vessels were in arrangements in which they were trading at spot market rates through spot market-related time charters or operating in a vessel pool. Fifteen of our vessels were engaged under spot market-related time charter contracts that expire (assuming the option periods in the time charters are not exercised) between March 2017 and June 2018, and 19 of our vessels were trading in the spot charter market through participation in pool arrangements. The remaining 27 of the vessels in our fleet were engaged under short-term time charters at fixed rates. The charterhire rates for our vessels have sometimes declined below the operating costs of our vessels. Because we currently charter most of our vessels on spot market-related time charters, we are exposed to the cyclicality and volatility of the spot charter market, and we do not have significant long-term, fixed-rate time charters to ameliorate the adverse effects of downturns in the spot market. Capesize vessels, which we operate as part of our fleet, have been particularly susceptible to weakness in spot charter rates.

To the extent our vessels trade in the spot charter market, we may experience fluctuations in revenue, cash flow and net income. The spot charter market is highly competitive, and spot market voyage charter rates may fluctuate dramatically based primarily on the worldwide supply of drybulk vessels available in the market and the worldwide demand for the transportation of drybulk cargoes. We can provide no assurance that future charterhire rates will enable us to operate our vessels profitably. In addition, our standard time charter contracts with our customers specify certain performance parameters, which if not met can result in customer claims. Such claims may have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

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The revenues we earn may depend on the success and profitability of any vessel pools in which our vessels operate.

Chartering arrangements for our vessels deployed in a pool are handled by the commercial manager of the pool. The profitability of our vessels operating in vessel pools will depend upon the pool managers' ability to successfully implement a profitable chartering strategy, which could include, among other things, obtaining favorable charters and employing vessels in the pool efficiently in order to service those charters. The pool's profitability will also depend on minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. Furthermore, should an incident occur that negatively affects a pool's revenues or should a pool underperform, then our profitability will be negatively impacted as a result. Commercial managers of pools typically exercise significant control and discretion over the operation of the pool, and our success and profitability will depend on the success of the pools in which we participate, particularly if we transition to a new pool. If vessels from other owners which enter into pools in which we participate are not of comparable design or quality to our vessels, or if the owners of such other vessels negotiate for greater pool weightings than those obtained by us, this could negatively impact the profitability of the pools in which we participate or dilute our interest in pool profits. If we wish to withdraw a vessel from a pool, we are required to give advance notice and the agreements we enter into with pools in which we participate may provide the applicable pool the right to defer withdrawal of our vessels. If the commercial manager of the pools in which we participate were to cease serving in such capacity, the pools may not be able to find a replacement commercial manager who will be as successful as the current commercial manager in chartering vessels and who may not have the same customer relationships. Additionally, were we to seek to assume direct commercial management of these vessels, either by choice or because of our failure to negotiate or maintain favorable terms with a profitable and well-managed pool, we may face similar challenges. Most of our vessels operating in vessel pools are in pools managed by Clipper. See "We depend upon ten charterers for a large part of our revenues. The loss of one or more of these charterers could adversely affect our financial performance." below for a discussion of the risk presented by this concentration of the employment of our vessels.

Restrictive covenants under our credit facilities may restrict our growth and operations.

Our credit facilities impose operating and financial restrictions that may limit our ability to:

- utilize cash above a certain amount as a result of cash sweeps;
- incur additional indebtedness on satisfactory terms or at all;
- incur liens on our assets;
- sell our vessels or the capital stock of our subsidiaries;

- make investments;
- engage in mergers or acquisitions;
- pay dividends;
- make capital expenditures;
- compete effectively to the extent our competitors are subject to less onerous financial restrictions; and
- change the management of our vessels or terminate or materially amend the management agreement relating to any of our vessels.

Therefore, we may need to seek permission from our lenders in order to engage in some corporate actions. Our lenders' interests may be different from ours, and we cannot guarantee that we will be able to obtain our lenders' permission when needed. This may prevent us from taking actions that are in our best interest and from executing our business strategy of growth through acquisitions and may restrict or limit our ability to pay dividends and finance our future operations.

As a result of the adoption of fresh-start reporting, our Consolidated Balance Sheets and Consolidated Statements of Operations subsequent to July 9, 2014 will not be comparable in many respects to our Consolidated Balance Sheets and Consolidated Statements of Operations prior to July 9, 2014.

Following the consummation of the Plan, our financial condition and results of operations from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in our historical financial statements due to the application of fresh-start reporting. Fresh-start reporting requires us to adjust our assets and liabilities to their estimated fair values using the acquisition method. Adjustments to the carrying amounts were material and will affect prospective results of operations as balance sheet items are settled, depreciated, amortized or impaired. As a result, this will make it difficult to assess our performance in relation to prior periods.

We depend upon ten charterers for a large part of our revenues. The loss of one or more of these charterers could adversely affect our financial performance.

We have derived a significant part of our revenues from a small number of charterers. For the year ended December 31, 2016, approximately 80% of our revenues were derived from ten charterers. Of our total revenue for the year ended December 31, 2016, approximately 25.3% and 23.0% of our revenues were derived from two charterers, Swissmarine and Clipper, respectively. If we were to lose any of these charterers, or if any of these charterers significantly reduced its use of our services or was unable to make charter payments to us, it could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

The aging of our fleet and our practice of purchasing and operating previously owned vessels may result in increased operating costs and vessels off-hire, which could adversely affect our earnings.

The majority of our drybulk carriers were previously owned by third parties. We may seek additional growth through the acquisition of previously owned vessels. While we typically inspect previously owned vessels before purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us. Accordingly, we may not discover defects or other problems with such vessels before purchase. Any such hidden defects or problems, when detected, may be expensive to repair, and if not detected, may result in accidents or other incidents for which we may become liable to third parties. Also, when purchasing previously owned vessels, we do not receive the benefit of any builder warranties if the vessels we buy are older than one year.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. The average age of the vessels in our current fleet is approximately 9.2 years. Older vessels are typically less fuel-efficient than more recently constructed vessels due to improvements in engine technology and cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Governmental regulations, safety and other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment to some of our vessels and may restrict the type of activities in which these vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. As a result, regulations and standards could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

An increase in operating costs or interest rates could adversely affect our cash flow and financial condition.

Our vessel operating expenses include the costs of crewing and insurance. In addition, to the extent we enter the spot charter market; we would incur the cost of bunkers as part of our voyage expenses. The price of bunker fuel may increase in the future. If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. Moreover, we expect that the cost of maintenance and

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drydocking will increase as our fleet ages. Increases in any of these costs could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

We are also subject to market risks relating to changes in LIBOR rates because we have significant amounts of floating rate debt outstanding. If LIBOR were to increase significantly, the amount of interest payable on our outstanding indebtedness could increase significantly and could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

We depend to a significant degree upon third-party managers to provide the technical management of our fleet. Any failure of these technical managers to perform their obligations to us could adversely affect our business.

We have contracted the technical management of our fleet, including crewing, maintenance and repair services, to third-party technical management companies. The failure of these technical managers to perform their obligations could materially and adversely affect our business, results of operations, cash flows, financial condition and ability to pay dividends. Although we may have rights against our third-party managers if they default on their obligations to us, our shareholders will share that recourse only indirectly to the extent that we recover funds.

In the highly competitive international drybulk shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources.

We employ our vessels in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than we do. Competition for the transportation of drybulk cargoes can be intense and depends on price, location, size, age, condition and the acceptability of the vessel and its managers to the charterers. Due in part to the highly fragmented market, competitors with greater resources could enter and operate larger fleets through consolidations or acquisitions that may be able to offer better prices and fleets than we are able to offer.

We are currently prohibited from paying dividends or repurchasing our stock and may not do so when the prohibitions expire.

We are currently prohibited from paying dividends under certain of our facilities other than limited dividend amounts attributable to wholly-owned, non-recourse subsidiaries that meet certain criteria under our credit facilities. The longest such restriction is in effect until December 31, 2020. Following December 31, 2020, the amount of dividends we may pay is generally limited based on the amount of our unrestricted cash and cash equivalents as compared to the minimum liquidity amount in effect from time to time under the $400 Million Credit Facility and the 2014 Term Loan

Facilities, the repayment of at least $25 million of the loan under the $98 Million Credit Facility, and the ratio of the value of vessels and certain other collateral pledged under each of our credit facilities to the amount of the loan outstanding under such facility. In addition, under the $98 Million Credit Facility, dividends may only be paid out of excess cash flow of Genco and its subsidiaries (as defined in such facility).

Moreover, we would make dividend payments to our shareholders only if our Board of Directors, acting in its sole discretion, determines that such payments would be in our best interest and in compliance with relevant legal and contractual requirements. The principal business factors that our Board of Directors would consider when determining the timing and amount of dividend payments would be our earnings, financial condition and cash requirements at the time. Marshall Islands law generally prohibits the declaration and payment of dividends other than from surplus. Marshall Islands law also prohibits the declaration and payment of dividends while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

We may incur other expenses or liabilities that would reduce or eliminate the cash available for distribution as dividends. We may also enter into new agreements or the Marshall Islands or another jurisdiction may adopt laws or regulations that place additional restrictions on our ability to pay dividends. If we do not pay dividends, the return on your investment would be limited to the price at which you could sell your shares.

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We may not be able to grow or effectively manage our growth, which could cause us to incur additional indebtedness and other liabilities and adversely affect our business.

We may seek growth by expanding our business. Our future growth will depend on a number of factors, some of which we can control and some of which we cannot. These factors include our ability to:

· identify vessels for acquisition;

· consummate acquisitions or establish joint ventures;

· integrate acquired vessels successfully with our existing operations;

· expand our customer base; and

· obtain required financing for our existing and new operations.

Currently, there is no availability under our existing credit facilities. These limitations place significant restrictions on financing that we could use for our growth.

Growing any business by acquisition presents numerous risks, including undisclosed liabilities and obligations, difficulty obtaining additional qualified personnel, managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. Future acquisitions could result in the incurrence of additional indebtedness and liabilities that could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends. In addition, competition from other buyers for vessels could reduce our acquisition opportunities or cause us to pay a higher price than we might otherwise pay. We cannot assure you that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with these plans.

We currently maintain all of our cash and cash equivalents with four financial institutions, which subjects us to credit risk.

We currently maintain all of our cash and cash equivalents with four financial institutions. None of our balances are covered by insurance in the event of default by the financial institutions. The occurrence of such a default of any of these institutions could therefore have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we are unable to fund our capital expenditures, we may not be able to continue to operate some of our vessels, which would have a material adverse effect on our business and our ability to pay dividends.

In order to fund our capital expenditures, we may be required to incur borrowings or raise capital through the sale of debt or equity securities. Our ability to borrow money and access the capital markets through future offerings may be limited by our financial condition at the time of any such offering as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for necessary future capital expenditures would limit our ability to continue to operate some of our vessels or impair the value of our vessels and could have a material adverse effect on our business, results of operations, financial condition, cash flows and ability to pay dividends. Even if we are successful in obtaining such funds through financings, the terms of such financings could further limit our ability to pay dividends.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations or to make dividend payments.

We are a holding company, and our subsidiaries, which are all wholly owned by us, either directly or indirectly, conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our wholly owned subsidiaries. As a result, our ability to satisfy our financial obligations and to pay dividends to our shareholders depends on the ability of our subsidiaries to distribute funds to us. In turn, the ability of our subsidiaries to make dividend payments to us will be dependent on them having profits available for distribution and, to the extent that we are unable to obtain dividends from our subsidiaries, this will limit the discretion of our Board of Directors to pay or recommend the payment of dividends.

We are at risk for the creditworthiness of our charterers.

The actual or perceived credit quality of our charterers, and any defaults by them, or market conditions affecting the time charter market and the credit markets, may materially affect our ability to obtain the additional capital resources that may be required to purchase additional vessels or may significantly increase our costs of obtaining such capital. Our inability to obtain additional financing at all or at a higher than anticipated cost may have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

If management is unable to continue to provide reports as to the effectiveness of our internal control over financial reporting or our independent registered public accounting firm is unable to continue to provide us with unqualified attestation reports as to the effectiveness of our internal control over financial reporting if required, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common stock.

Under Section 404 of the Sarbanes-Oxley Act of 2002, we are required to include in this and each of our future annual reports on Form 10-K a report containing our management's assessment of the effectiveness of our internal control over financial reporting and, if we are an accelerated or large accelerated filer, a related attestation of our independent registered public accounting firm. As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014, as amended, management concluded that our internal controls over financial reporting were not effective as of December 31, 2014 as a result of internal control design deficiencies limited to certain aspects of our implementation of fresh-start accounting. Our independent registered public accounting firm's attestation report as to the effectiveness of our internal control over financial reporting was adverse as a result. If, in such future annual reports on Form 10-K, our management cannot provide a report as to the effectiveness of our internal control over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified attestation report as to the effectiveness of our internal control over financial reporting if required by Section 404, investors could lose confidence in the reliability of our Consolidated Financial Statements, which could result in a decrease in the value of our common stock.

If we are unable to operate our financial and operations systems effectively or to recruit suitable employees as we expand our fleet, our performance may be adversely affected.

Our current financial and operating systems may not be adequate as we implement our plan to expand the size of our fleet, and our attempts to improve those systems may be ineffective. In addition, as we expand our fleet, we will have to rely on our outside technical managers to recruit suitable additional seafarers and shore-based administrative and management personnel. We cannot assure you that our outside technical managers will be able to continue to hire suitable employees as we expand our fleet.

We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively affect the effectiveness of our management and our results of operations.

Our success depends to a significant extent upon the abilities and efforts of our management team and our ability to hire and retain key members of our management team. The loss of any of these individuals could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining personnel could have a material adverse effect our business, results of operations, cash flows, financial condition and ability to pay dividends. We do not intend to maintain “key man” life insurance on any of our officers.

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We may not have adequate insurance to compensate us if we lose our vessels or to compensate third parties.

There are a number of risks associated with the operation of ocean-going vessels, including mechanical failure, collision, human error, war, terrorism, piracy, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. Any of these events may result in loss of revenues, increased costs and decreased cash flows. In addition, the operation of any vessel is subject to the inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade.

We are insured against tort claims and some contractual claims (including claims related to environmental damage and pollution) through memberships in protection and indemnity associations or clubs, or P&I Associations. As a result of such membership, the P&I Associations provide us coverage for such tort and contractual claims. We also carry hull and machinery insurance and war risk insurance for our fleet. We insure our vessels for third-party liability claims subject to and in accordance with the rules of the P&I Associations in which the vessels are entered. We currently maintain insurance against loss of hire, which covers business interruptions that result in the loss of use of a vessel. We can give no assurance that we will be adequately insured against all risks. We may not be able to obtain adequate insurance coverage for our fleet in the future. The insurers may not pay particular claims. Our insurance policies contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenue.

We cannot assure you that we will be able to renew our insurance policies on the same or commercially reasonable terms, or at all, in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, protection and indemnity insurance against risks of environmental damage or pollution. Any uninsured or underinsured loss could harm our business, results of operations, cash flows, financial condition and ability to pay dividends. In addition, our insurance may be voidable by the insurers as a result of certain of our actions, such as our ships failing to maintain certification with applicable maritime self-regulatory organizations. Further, we cannot assure you that our insurance policies will cover all losses that we incur, or that disputes over insurance claims will not arise with our insurance carriers. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. In addition, our insurance policies are subject to limitations and exclusions, which may increase our costs or lower our revenues, thereby possibly having a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

We are subject to funding calls by our protection and indemnity associations, and our associations may not have enough resources to cover claims made against them.

We are indemnified for legal liabilities incurred while operating our vessels through membership in P&I Associations. P&I Associations are mutual insurance associations whose members must contribute to cover losses sustained by other association members. The objective of a P&I Association is to provide mutual insurance based on the aggregate tonnage of a member's vessels entered into the association. Claims are paid through the aggregate premiums of all members of the association, although members remain subject to calls for additional funds if the aggregate premiums are insufficient to cover claims submitted to the association. Claims submitted to the association may include those incurred by members of the association, as well as claims submitted to the association from other P&I Associations with which our P&I Association has entered into interassociation agreements. We cannot assure you that the P&I Associations to which we belong will remain viable or that we will not become subject to additional funding calls which could adversely affect us.

In 2017, we expect to pay U.S. tax on U.S. source income, which will reduce our net income and cash flows.

If we do not qualify for an exemption pursuant to Section 883 of the U.S. Internal Revenue Code of 1986, as amended, or the "Code" (which we refer to as the "Section 883 exemption"), then we will be subject to U.S. federal income tax on our shipping income that is derived from U.S. sources. If we are subject to such tax, our net income and cash flows would be reduced by the amount of such tax.

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We will qualify for the Section 883 exemption if, among other things, (i) our stock is treated as primarily and regularly traded on an established securities market in the United States (which we refer to as the "publicly traded test"), or (ii) we satisfy the qualified shareholder test or the controlled foreign corporation test. Under applicable Treasury Regulations, the publicly-traded test cannot be satisfied in any taxable year in which persons who actually or constructively own 5% or more of our stock (which we sometimes refer to as "5% shareholders"), together own 50% or more of our stock (by vote and value) for more than half the days in such year (which we sometimes refer to as the "five percent override rule"), unless an exception applies. A foreign corporation satisfies the qualified shareholder test if more than 50 percent of the value of its outstanding shares is owned (or treated as owned by applying certain attribution rules) for at least half of the number of days in the foreign corporation's taxable year by one or more "qualified shareholders." A qualified shareholder includes a foreign corporation that, among other things, satisfies the publicly traded test.

Based on the ownership and trading of our stock in 2016, we believe that we satisfied the publicly traded test and qualified for the Section 883 exemption in 2016. If we do not qualify for the Section 883 exemption, our U.S. source shipping income, i.e., 50% of our gross shipping income attributable to transportation beginning or ending in the U.S., would be subject to a 4% tax without allowance for deductions (which we sometimes refer to as the "U.S. gross transportation income tax"). With respect to application of the publicly traded test for 2017, more than 50% of our stock (by vote and value) is owned by 5% shareholders as of the date of this report. Absent changes in the ownership of our stock, we do not anticipate satisfying the publicly traded test in 2017. We also do not anticipate satisfying the qualified shareholder or controlled foreign corporation test. Thus, absent changes in the ownership of our stock, we do not anticipate qualifying for the Section 883 exemption for 2017 as of the date of this report. Assuming GS&T's 2017 gross shipping income attributable to transportation beginning or ending in the U.S. is the same as such income in 2016, GS&T would be subject to a U.S. gross transportation income tax in 2017 of approximately $0.2 million.

In addition to our shipping income, we derived income from the technical and commercial management services that we provided to Baltic Trading (until the date of the Merger with Baltic Trading on July 17, 2015) and MEP (until December 31, 2016), which resulted in U.S. source service income for which we were subject to and paid U.S. federal income tax on a net basis. This taxable net income totaled approximately $1.5 million, $3.9 million and $2.2 million during the years ended December 31, 2016 and 2015 and for the period from July 9 to December 31, 2014. Additionally, this taxable net income totaled approximately $1.7 million during the period from January 1 to July 9, 2014. As of December 31, 2016, we no longer provide technical and management services to any third parties.

U.S. tax authorities could treat us as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. shareholders.

A foreign corporation generally will be treated as a "passive foreign investment company," which we sometimes refer to as a PFIC, for U.S. federal income tax purposes if, after applying certain look through rules, either (1) at least 75% of its gross income for any taxable year consists of "passive income" or (2) at least 50% of the average value or adjusted bases of its assets (determined on a quarterly basis) produce or are held for the production of passive income, i.e., "passive assets." U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to distributions they receive from the PFIC and gain, if any, they derive from the sale or other disposition of their stock in the PFIC.

For purposes of these tests, “passive income” generally includes dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business, as defined in applicable Treasury Regulations. Income derived from the performance of services does not constitute “passive income.” By contrast, rental income would generally constitute passive income unless such income was treated under specific rules as derived from the active conduct of a trade or business. We do not believe that our past or existing operations would cause, or would have caused, us to be deemed a PFIC with respect to any taxable year. In this regard, we treat the gross income we derive or are deemed to derive from our time and spot chartering activities as services income, rather than rental income. Accordingly, we believe that (1) our income from our time and spot chartering activities does not constitute passive income and (2) the assets that we own and operate in connection with the production of that income do not constitute passive assets.

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While there is no direct legal authority under the PFIC rules addressing our method of operation, there is legal authority supporting this position consisting of pronouncements by the U.S. Internal Revenue Service (which we sometimes refer to as the "IRS"), concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also legal authority, consisting of case law, which characterizes time charter income as rental income rather than services income for other tax purposes.

No assurance can be given that the IRS or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, there can be no assurance that we will not become a PFIC in any future taxable year because the PFIC test is an annual test, there are uncertainties in the application of the PFIC rules, and although we intend to manage our business so as to avoid PFIC status to the extent consistent with our other business goals, there could be changes in the nature and extent of our operations in future taxable years.

If we were to be treated as a PFIC for any taxable year (and regardless of whether we remain a PFIC for subsequent taxable years), our U.S. shareholders would face adverse U.S. tax consequences. Under the PFIC rules, unless a shareholder makes certain elections available under the Code (which elections could themselves have adverse consequences for such shareholder), such shareholder would be liable to pay U.S. federal income tax at the highest applicable ordinary income tax rates upon the receipt of excess distributions and upon any gain from the disposition of our common stock, plus interest on such amounts, as if such excess distribution or gain had been recognized ratably over the shareholder's holding period of our common stock.

Because we generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could hurt our results of operations.

We generate all of our revenues in U.S. dollars, but we may incur drydocking costs, special survey fees and other expenses in other currencies. If our expenditures on such costs and fees were significant, and the U.S. dollar were weak against such currencies, our business, results of operations, cash flows, financial condition and ability to pay dividends could be adversely affected.

Legislative action relating to taxation could materially and adversely affect us.

Our tax position could be adversely impacted by changes in tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof by any tax authority. For example, legislative proposals have been introduced in the U.S. Congress which, if enacted, could change the circumstances under which we would be treated as a U.S. person for U.S. federal income tax purposes, which could materially and adversely affect our effective tax rate and cash tax position and require us to take action, at potentially significant expense, to seek to preserve our effective tax rate and cash tax position. We cannot predict the outcome of any specific legislative proposals.

RISK FACTORS RELATED TO OUR COMMON STOCK

Certain shareholders own large portions of our outstanding common stock, which may limit your ability to influence our actions.

Certain shareholders currently hold significant percentages of our post-restructuring common stock. As of January 4, 2017, after the conversion of the Series A Preferred Shares to common stock, affiliates of Centerbridge Partners, L.P. owned approximately 30.2%; affiliates of Apollo Global Management owned approximately 15.7%; and affiliates of Strategic Value Partners, LLC owned approximately 29.5% of our common stock.

To the extent a significant percentage of the ownership of our common stock is concentrated in a small number of holders, such holders will be able to influence the outcome of any shareholder vote, including the election of directors, the adoption or amendment of provisions in our articles of incorporation or by-laws and possible mergers, corporate control contests and other significant corporate transactions. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, merger, consolidation, takeover or other business combination involving us. This concentration of ownership could also discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which could in turn have an adverse effect on the market price of our common stock.

Because we are a foreign corporation, you may not have the same rights or protections that a shareholder in a United States corporation may have.

We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law and may make it more difficult for our shareholders to protect their interests. Our corporate affairs are governed by our amended and restated articles of incorporation and bylaws and the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. The rights and fiduciary responsibilities of directors under the law of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain U.S. jurisdictions and there have been few judicial cases in the Marshall Islands interpreting the BCA. Shareholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, our public shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction. Therefore, you may have more difficulty in protecting your interests as a shareholder in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction.

Future sales of our common stock could cause the market price of our common stock to decline.

The market price of our common stock could decline due to sales of a large number of shares in the market, including sales of shares by our large shareholders, or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of common stock.

We entered into a registration rights agreement that provides parties who received 10% or more of our common stock in our reorganization with demand and piggyback registration rights. This agreement was amended and restated in connection with our $125 million equity raise to cover shares issued to Centerbridge, SVP, and Apollo. We entered into an additional registration rights agreement that required us to file a resale registration statement to cover the shares issued in such equity raise. Such registration statement became effective on January 18, 2017 with respect to the resale of 27,061,856 shares of our common stock.

We may need to raise additional capital in the future, which may not be available on favorable terms or at all or which may dilute our common stock or adversely affect its market price.

We may require additional capital to expand our business and increase revenues, add liquidity in response to negative economic conditions, meet unexpected liquidity needs caused by industry volatility or uncertainty and reduce our outstanding indebtedness under our existing facilities. To the extent that our existing capital and borrowing capabilities are insufficient to meet these requirements and cover any losses, we will need to raise additional funds through debt or equity financings, including offerings of our common stock, securities convertible into our common stock, or rights to acquire our common stock or curtail our growth and reduce our assets or restructure arrangements with existing security holders. Any equity or debt financing, or additional borrowings, if available at all, may be on terms that are not favorable to us. Equity financings could result in dilution to our stockholders, as described further below, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our common stock. If our need for capital arises because of significant losses, the occurrence of these losses may make it more difficult for us to raise the necessary capital. If we cannot raise funds on acceptable terms if and when needed, we may not be able to take advantage of future opportunities, grow our business or respond to competitive pressures or unanticipated requirements.

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Future issuances of our common stock could dilute our shareholders' interests in our company.

We may, from time to time, issue additional shares of common stock to support our growth strategy, reduce debt or provide us with capital for other purposes that our Board of Directors believes to be in our best interest. To the extent that an existing shareholder does not purchase additional shares that we may issue, that shareholder's interest in our company will be diluted, which means that its percentage of ownership in our company will be reduced. Following such a reduction, that shareholder's common stock would represent a smaller percentage of the vote in our Board of Directors' elections and other shareholder decisions.

Volatility in the market price and trading volume of our common stock could adversely impact the trading price of our common stock.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies like us. These broad market factors may materially reduce the market price of our common stock, regardless of our operating performance. The market price of our common stock, which has experienced significant price and volume fluctuations in recent months, could continue to fluctuate significantly for many reasons, including in response to the risks described herein or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our common stock would adversely impact the value of your shares of common stock.

Provisions of our amended and restated articles of incorporation and by-laws may have anti-takeover effects which could adversely affect the market price of our common stock.

Several provisions of our amended and restated articles of incorporation and by-laws, which are summarized below, may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our Board of Directors to maximize shareholder value in connection with any unsolicited offer to acquire our company. However, these anti-takeover provisions could also discourage, delay or prevent (1) the merger or acquisition of our company by means of a tender offer, a proxy contest or otherwise that a shareholder may consider in its best interest and (2) the removal of incumbent officers and directors.

Election and Removal of Directors.

Our amended and restated articles of incorporation prohibit cumulative voting in the election of directors. Our by-laws require parties other than the board of directors to give advance written notice of nominations for the election of directors. Our articles of incorporation also provide that, through the conclusion of the second annual meeting of shareholders following July 9, 2014, our directors may be removed only for cause and only upon the affirmative vote of a majority of the outstanding shares of our capital stock entitled to vote for those directors or by a majority of the members of the board of directors then in office. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Limited Actions by Shareholders.

Our amended and restated articles of incorporation and our by-laws provide that, consistent with Marshall Islands law, any action required or permitted to be taken by our shareholders must be effected at an annual or special meeting of shareholders or by the unanimous written consent of our shareholders. Our amended and restated articles of incorporation and our by-laws provide that, subject to certain exceptions, our Chairman, President, or Secretary at the direction of the Board of Directors or our Secretary at the request of one or more shareholders that hold in the aggregate at least a majority of our outstanding shares entitled to vote may call special meetings of our shareholders, and the business transacted at the special meeting is limited to the purposes stated in the notice.

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Advance Notice Requirements for Shareholder Proposals and Director Nominations.

Our by-laws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a shareholder's notice must be received at our principal executive offices not less than 120 days nor more than 150 days before the anniversary date of the immediately preceding annual meeting of shareholders. Our by-laws also specify requirements as to the form and content of a shareholder's notice. These provisions may impede a shareholder's ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

It may not be possible for our investors to enforce U.S. judgments against us.

We are incorporated in the Republic of the Marshall Islands and most of our subsidiaries are also organized in the Marshall Islands. Substantially all of our assets and those of our subsidiaries are located outside the United States. As a result, it may be difficult or impossible for United States shareholders to serve process within the United States upon us or to enforce judgment upon us for civil liabilities in United States courts. In addition, you should not assume that courts in the countries in which we are incorporated or where our assets are located (1) would enforce judgments of United States courts obtained in actions against us based upon the civil liability provisions of applicable United States federal and state securities laws or (2) would enforce, in original actions, liabilities against us based upon these laws.

Security breaches and other disruptions to our information technology infrastructure could interfere with our operations and expose us to liability which could materially adversely impact our business.

In the ordinary course of business, we rely on information technology networks and systems, some of which are managed by third parties, to process, transmit, and store electronic information, and to manage or support a variety of business processes and activities. Additionally, we collect and store certain data, including proprietary business information and customer and employee data, and may have access to confidential information in the conduct of our business. Despite our cybersecurity measures (including monitoring of networks and systems, and maintenance of backup and protective systems) which are continuously reviewed and upgraded, our information technology networks and infrastructure may still be vulnerable to damage, disruptions, or shutdowns due to attack by hackers or breaches, employee error or malfeasance, power outages, computer viruses, telecommunication or utility failures, systems failures, natural disasters, or other catastrophic events. Any such events could result in legal claims or proceedings, liability or penalties under privacy laws, disruption in operations, and damage to our reputation, which could materially adversely affect our business.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

We do not own any real property. In September 2005, we entered into a 15-year lease for office space in New York, New York for which there was a free rental period from September 1, 2005 to July 31, 2006. On January 6, 2012, we ceased use of this space and entered into a sublease agreement effective November 1, 2013. Pursuant to the Plan that was approved by the Bankruptcy Court, we rejected the lease agreement on the Effective Date. On August 10, 2016, we settled this outstanding lease liability. Refer to Note 21 — Commitments and Contingencies in our Consolidated Financial statements for further information.

Effective April 4, 2011, we entered into a seven-year sub-sublease agreement for additional office space in New York, New York. The term of the sub-sublease commenced June 1, 2011, with a free base rental period until October 31, 2011. Following the expiration of the free base rental period, the monthly base rental payments are $82,000 per month until May 31, 2015 and thereafter will be $90,000 per month until the end of the seven-year term. We have also entered into a direct lease with the over-landlord of such office space that commences immediately upon the expiration of such sub-sublease agreements, for a term covering the period from May 1, 2018 to September 30, 2025; the direct lease provides for a free base rental period from May 1, 2018 to September 30, 2018. Following the expirations of the free base rental period, the monthly base rental payments will be $186,000 per month from October 1, 2018 to April 30, 2023 and $204,000 per month from May 1, 2023 to September 30, 2025. For accounting purposes, the sub-sublease agreement and direct lease agreement with the landlord constitute one lease agreement. As a result of the straight-line rent calculation generated by the free rent period and the tenant work credit, the monthly straight-line rental expense for the term of the entire lease from June 1, 2011 to September 30, 2025 was $130,000. On the Effective Date, a revised straight-line rent calculation was completed as part of fresh-start reporting which resulted in a revised monthly straight-line rental expense of $150,000 beginning on the Effective Date until September 30, 2025.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $1.1 million for 2017, $0.9 million for 2018, $2.2 million annually for 2019 through 2021 and a total of $8.9 million for the remaining term of the lease.

For a description of our vessels, see “Our Fleet” in Item 1, “Business” in this report.

We consider each of our significant properties to be suitable for its intended use.

ITEM 3. LEGAL PROCEEDINGS

We commenced the Chapter 11 Cases to implement our restructuring. Pursuant to the Bankruptcy Code, the filing of a bankruptcy petition automatically stays certain actions against us, including actions to collect pre-petition indebtedness or to exercise control over the property of our bankruptcy estates. The Plan provided for the treatment of allowed claims against our bankruptcy estates, including pre-petition liabilities. The treatment of such liabilities under the Plan resulted in a material adjustment to our financial statements and has been recorded in Reorganization items, net in our Consolidated Statements of Operation. Information concerning the Chapter 11 Cases in Item 1, “Business” is incorporated herein by reference.

In April 2015, six class action complaints were filed in the Supreme Court of the State of New York, County of New York, styled Erol Sarikaya v. Peter C. Georgiopoulos et al., Index No. 651244/2015, filed on April 15, 2015, voluntarily dismissed, and refiled as Joshua Bourne v. Peter C. Georgiopoulos et al., Index No. 651429/2015, filed on April 28, 2015, Justin Wilson v. Baltic Trading Ltd., et al., Index No. 651241/2015, filed on April 15, 2015, Sangeetha Ganesan v. Baltic Trading Limited et al., Index No. 651279/2015, filed on April 17, 2015, Edward Braunstein v. Peter C. Georgiopoulos et al., Index No. 651368/2015, filed on April 23, 2015, Larry Williams v. Baltic Trading Ltd., et al., Index No. 651371/2015, filed on April 23, 2015, and Larry Goldstein and Bernhard Stomporowski v. John C. Wobensmith et al., Index No. 651407/2015, filed on April 27, 2015. All six complaints purport to be brought by and on behalf of the Baltic Trading's shareholders. The plaintiff in each action alleges the proposed merger does not fairly compensate Baltic Trading's shareholders and undervalues Baltic Trading. Each lawsuit names as defendants some or all of the Company, Baltic Trading, the individual members of Baltic Trading's board, the Company's and Baltic Trading's President, and the Company's merger subsidiary. The claims generally allege (i) breaches of fiduciary duties of good faith, due care, disclosure to shareholders, and loyalty, including for failing to maximize shareholder value, and (ii) aiding and abetting those breaches. Among other relief, the complaints seek an injunction against the merger, declaratory judgments that the individual defendants breached fiduciary duties, rescission of the merger agreement, and unspecified damages. On May 26, 2015, the six above described actions were consolidated under the caption In Re Baltic Trading Ltd. Stockholder Litigation, Index No. 651241/2015, and a consolidated class action complaint was filed on June 10, 2015 (the "Consolidated Complaint").

On June 30, 2015, Defendants moved to dismiss the Consolidated Complaint in its entirety. Plaintiffs subsequently served an Amended Consolidated Complaint, and Defendants directed their motion to dismiss to that amended complaint. The motion to dismiss is pending.

On July 9, 2015, plaintiffs in that action moved to enjoin the merger vote, scheduled to take place on July 17, 2015. The motion was thereafter fully briefed and argued on July 15, 2015 (the "Preliminary Injunction Denial"). The motion to enjoin the vote was denied. Plaintiffs sought an emergency injunction and temporary restraining order from

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the New York State Appellate Division, First Department the following day, on July 16, 2015. The Appellate Division denied the request, and the vote, and subsequent merger, proceeded as scheduled on July 17, 2015. Plaintiffs thereafter withdrew the appeal.

On June 30, 2015, Defendants had moved to dismiss the Consolidated Complaint in its entirety. Plaintiffs subsequently served an Amended Consolidated Complaint, and Defendants directed their motion to dismiss to that amended complaint. The motion to dismiss was granted and the Amended Consolidated Complaint was dismissed with prejudice on August 29, 2016 (the "Dismissal Decision").

On September 29, 2016, plaintiffs filed a Notice of Appeal with the Supreme Court of the State of New York, County of New York, which recites their appeal of the Dismissal Decision, "including ... and as referenced in" the Dismissal Decision, the Preliminary Injunction Denial.

Separately, on or around May 12, 2015, a complaint was filed in the United States District Court for the Southern District of New York, styled Todd J. Biederman v. Baltic Trading Limited et al., 15-cv-3711 (RJS), seeking relief pursuant to Sections 14(a) and 20(a) of the Exchange Act and also alleging breaches of fiduciary duties and aiding and abetting those breaches. That complaint alleges facts and seeks relief similar to that in the actions in the New York State Supreme Court, in addition to claims regarding the adequacy of the preliminary joint proxy statement/prospectus and Form S-4 disclosures. By order dated December 29, 2015, the case was dismissed without prejudice for failure to prosecute.

We have not been involved in any other legal proceedings which we believe are likely to have, or have had a significant effect on our business, financial position, results of operations or cash flows, nor are we aware of any proceedings that are pending or threatened which we believe are likely to have a significant effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION, HOLDERS AND DIVIDENDS

Prior to the effective date of our plan of reorganization, our common stock traded on the New York Stock Exchange (the "NYSE"), the OTCQB marketplace, and the OTC Pink marketplace. Upon such effective date, our original common stock was canceled, and our new common stock subsequently began trading on the OTC Bulletin Board under the symbol "GSKNF." The following table summarized the quarterly high and low bid quotations prices per share of our common stock as reported on the OTC markets from January 1, 2015 to July 17, 2015. The OTC markets quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. On July 20, 2015, after consummation of the Merger with Baltic Trading as discussed in Item 1, "Business," our stock commenced trading on the NYSE under the symbol "GNK." On July 7, 2016, we completed a one-for-ten reverse stock split of our common stock. As a result, the high and low prices for the common stock below reflect the reverse stock split. The following table sets forth for the periods indicated the high and low prices for the common stock as reported by the NYSE for the period from July 20, 2015 to December 31, 2016:

FISCAL YEAR ENDED DECEMBER 31, 2016	HIGH	LOW
1st Quarter	$ 17.40	$ 4.52
2nd Quarter	$ 12.00	$ 4.50
3rd Quarter	$ 7.49	$ 3.62
4th Quarter	$ 14.75	$ 4.17

FISCAL YEAR ENDED DECEMBER 31, 2015	HIGH	LOW
1st Quarter	$ 135.00	$ 82.50
2nd Quarter	$ 87.00	$ 66.50
3rd Quarter	$ 78.50	$ 38.20
4th Quarter	$ 39.70	$ 11.20

As of March 27, 2017, there were approximately 39 holders of record of our common stock.

We have not declared or paid any dividends since the third quarter of 2008 and currently do not plan to resume the payment of dividends. For a discussion of restrictions applicable to our payment of dividends, please see "Liquidity and

Capital Resources—Dividends” in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation” below.

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PART II

ITEM 6. SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

	Successor			Predecessor		
			Period from July 9 to	Period from January 1 to		
	For the Years Ended December 31,		December 31,	July 9,	For the Years Ended December 31,	
	2016	2015	2014 (5)	2014 (5)	2013	2012
Income Statement Data: (U.S. dollars in thousands except for share and per share amounts)						
Revenues:						
Voyage revenues	$ 133,246	$ 150,784	$ 98,817	$ 118,759	$ 224,179	$ 223,159
Service revenues	2,340	3,175	1,584	1,701	3,285	3,294
Total revenues	$ 135,586	$ 153,959	$ 100,401	$ 120,460	$ 227,464	$ 226,453
Operating Expenses:						
Voyage expenses	13,227	20,257	7,525	4,140	8,046	7,009
Vessel operating expenses	113,636	122,008	56,943	64,670	111,671	114,318
General and administrative expenses (inclusive of nonvested stock amortization expense of $20,680, $42,136, $20,405, $4,352, $4,482 and $5,864, respectively) (3)	45,174	74,941	32,790	26,894	25,873	27,590
Technical management fees (3)	8,932	8,961	4,125	4,477	8,158	8,083
Depreciation and amortization	76,330	79,556	36,714	75,952	140,743	139,063
Other operating income	(960)	—	(530)	—	(121)	(265)
Impairment of vessel assets	69,278	39,893	—	—	—	—
(Gain) loss on sale of vessels	(3,555)	1,210	—	—	—	—
Goodwill impairment	—	—	166,067	—	—	—
Total operating expenses	322,062	346,826	303,634	176,133	294,370	295,798
Operating loss	(186,476)	(192,867)	(203,233)	(55,673)	(66,906)	(69,345)
Other expense	(30,300)	(58,595)	(7,538)	(41,122)	(88,217)	(87,209)
Loss before reorganization items, net	(216,776)	(251,462)	(210,771)	(96,795)	(155,123)	(156,554)
Reorganization items, net	(272)	(1,085)	(1,591)	(915,640)	—	—

Net loss before income taxes	(217,048)	(252,547)	(212,362)	(1,012,435)	(155,123)	(156,554)
Income tax expense	(709)	(1,821)	(996)	(815)	(1,898)	(1,222)
Net loss	(217,757)	(254,368)	(213,358)	(1,013,250)	(157,021)	(157,776)
Less: Net loss attributable to noncontrolling interest	—	(59,471)	(31,064)	(62,101)	(9,280)	(12,848)
Net loss attributable to Genco Shipping & Trading Limited	$ (217,757)	$ (194,897)	$ (182,294)	$ (951,149)	$ (147,741)	$ (144,928)
Net loss per share - basic (1)	$ (30.03)	$ (29.61)	$ (30.20)	$ (21.83)	$ (3.42)	$ (3.47)
Net loss per share - diluted (1)	$ (30.03)	$ (29.61)	$ (30.20)	$ (21.83)	$ (3.42)	$ (3.47)
Weighted average common shares outstanding - Basic (1)	7,251,231	6,583,163	6,036,051	43,568,942	43,249,070	41,727,075
Weighted average common shares outstanding - Diluted (1)	7,251,231	6,583,163	6,036,051	43,568,942	43,249,070	41,727,075

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	Successor			Predecessor		
			Period from July 9 to	Period from January 1 to		
	For the Years Ended December 31,		December 31,	July 9,	For the Years Ended December 31,	
	2016	2015	2014 (5)	2014 (5)	2013	2012
Balance Sheet Data: (U.S. dollars in thousands, at end of period)						
Cash, including restricted cash	$ 169,068	$ 140,889	$ 113,109	$ N/A	$ 132,872	$ 82,750
Total assets (2)	1,568,960	1,714,663	1,745,155	N/A	2,952,159	2,837,438
Total debt (current and long-term, including notes payable, net of deferred financing costs) (2)	513,020	579,023	422,377	N/A	1,474,969	1,407,506
Total equity	1,029,699	1,105,966	1,292,774	N/A	1,308,805	1,261,207
Other Data: (U.S. dollars in thousands)						
Net cash used in operating activities	$ (49,982)	$ (56,086)	$ (26,835)	$ (33,317)	$ (3,144)	$ (18,834)
Net cash provided by (used in) investing activities	6,873	(56,774)	(44,101)	(30,535)	(146,555)	(3,669)
Net cash provided by (used in) financing activities	55,435	150,520	18,273	77,207	199,821	(132,865)
EBITDA (4)	$ (112,469)	$ (93,598)	$ (137,010)	$ (833,366)	$ 83,041	$ 82,537

(1) On July 7, 2016, we completed a one-for-ten reverse stock split with no change in par value per share. The authorized shares of the common stock were not adjusted. All common share and per share amounts of the Successor Company prior to July 7, 2016 have retroactively adjusted to reflect the reverse stock split.

(2) In the first quarter of 2016, the Company adopted Accounting Standards Update ("ASU") 2015-03 where certain deferred financing costs that were previously presented as a non-current asset were reclassified from non-current assets to a reduction of current and long-term debt. Deferred financing costs reclassified as of December 31, 2016, December 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012 were $11.4 million, $9.4 million, $7.8 million, $5.1 million and $5.9 million, respectively.

(3) During the year ended December 31, 2016, we opted to break out expenses previously classified as General, administrative and management fees into two separate categories to provide a greater level of detail of the underlying expenses. These fees were broken out into General and administrative expenses and Technical management fees. This change was made retrospectively for comparability purposes and there was no effect on the Net Loss for the Successor Company for the years ended December 31, 2016 and 2015 and for the period from July 9 to December 31, 2014 or for the Predecessor Company for the period from January 1 to July 9, 2014 and for the years ended December 31, 2013 and 2012.

(4) EBITDA represents net (loss) income attributable to Genco Shipping & Trading Limited plus net interest expense, taxes and depreciation and amortization. EBITDA is included because it is used by management and certain investors as a measure of operating performance. EBITDA is used by analysts in the shipping industry as a common performance measure to compare results across peers. Our management uses EBITDA as a performance measure in our consolidated internal financial statements, and it is presented for review at our board meetings. We believe that EBITDA is useful to investors as the shipping industry is capital intensive which often results in significant depreciation and cost of financing. EBITDA presents investors with a measure in addition to net income to evaluate our performance prior to these costs. EBITDA is not an item recognized by U.S. GAAP (i.e. non-GAAP measure) and should not be considered as an alternative to net income, operating income or any other indicator of a company's operating performance required by U.S. GAAP. EBITDA is not a measure of liquidity or cash flows as shown in our Consolidated Statements of Cash Flows. The definition of EBITDA used here may not be comparable to that used by other companies. Pursuant

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to the amendments entered into on April 30, 2015 for our $100 Million Term Loan Facility and our $253 Million Term Loan Facility, the definition of Consolidated EBITDA used in the financial covenants has been eliminated. The following table demonstrates our calculation of EBITDA and provides a reconciliation of EBITDA to net (loss) income attributable to Genco Shipping & Trading Limited for each of the periods presented above:

	Successor			Predecessor		
	For the Years Ended December 31,		Period from July 9 to December 31,	Period from January 1 to July 9,	For the Years Ended December 31,	
	2016	2015	2014 (5)	2014 (5)	2013	2012
Net loss attributable to Genco Shipping & Trading Limited	$ (217,757)	$ (194,897)	$ (182,294)	$ (951,149)	$ (147,741)	$ (144,928)
Net interest expense	28,249	19,922	7,574	41,016	88,141	87,180
Income tax expense	709	1,821	996	815	1,898	1,222
Depreciation and amortization	76,330	79,556	36,714	75,952	140,743	139,063
EBITDA (4)	$ (112,469)	$ (93,598)	$ (137,010)	$ (833,366)	$ 83,041	$ 82,537

(5) The period from July 9 to December 31, 2014 (Successor Company) and the period from January 1 to July 9, 2014 (Predecessor Company) are distinct reporting periods as a result of our emergence from bankruptcy on July 9, 2014 as reported in our Consolidated Financial Statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

We are a Marshall Islands company that transports iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes through the ownership and operation of drybulk carrier vessels. Excluding the Genco Wisdom, Genco Carrier, Genco Reliance and Genco Success which were sold during January, February and March 2017, our fleet currently consists of 61 drybulk vessels, including 13 Capesize, six Panamax, four Ultramax, 21 Supramax, two Handymax and 15 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 4,735,000 deadweight tons ("dwt"), and the average age of our fleet is currently approximately 9.2 years. We seek to deploy our vessels on time charters, spot market-related time charters or in vessel pools trading in the spot market, to reputable charterers, including Swissmarine and Clipper. The majority of the vessels in our current fleet are presently engaged under time charter, spot market-related time charter and vessel pool contracts that expire (assuming the option periods in the time charters are not exercised) between March 2017 and June 2018.

See pages 9 - 12 for a table of all vessels in our fleet.

On June 8, 2016, we entered into a Commitment Letter for a senior secured loan facility (the "$400 Million Credit Facility") for an aggregate principal amount of up to $400 million, which was subject to completion of an equity financing of at least $125 million. We entered into subsequent amendments to the Commitment Letters which extended existing waivers through November 15, 2016 and the $400 Million Credit Facility was finalized on November 10, 2016. The $400 Million Credit Facility was utilized to refinance the outstanding debt under the $100 Million Term Loan Facility, $253 Million Term Loan Facility, $148 Million Credit Facility, $22 Million Term Loan Facility, $44 Million Term Loan Facility and 2015 Revolving Credit Facility, each as defined in Note 9 — Debt of the Consolidated Financial Statements (collectively, the "Prior Facilities"). Refer to Note 9 — Debt in our Consolidated Financial Statements for further information about the $400 Million Credit Facility.

As a condition to the effectiveness of the amended Commitment Letter, we entered into stock purchase agreements (the "Purchase Agreements") effective as of October 4, 2016 with Centerbridge, SVP and Apollo for the purchase of our Series A Convertible Preferred Stock for an aggregate of up to $125 million in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. The purchase price of the Series A Preferred Stock under each of the Purchase Agreements is $4.85 per share. An additional 1,288,660 shares of Series A Preferred Stock were issued to Centerbridge, SVP and Apollo as a commitment fee on a pro rata basis. The purchase price and the other terms and conditions of the transaction were established in arm's length negotiations between an independent special committee of the Board of the Directors of the Company (the "Special Committee"). The Special Committee unanimously approved the transaction.

Subsequently, on October 27, 2016, the Company entered into a stock purchase agreement (the "Additional Purchase Agreement") with certain of the Investors; John C. Wobensmith, the Company's President; and other investors for the sale of shares of Series A Preferred Stock for an aggregate purchase price of $38.6 million at a purchase price of $4.85 per share. The purchase price and the other terms and conditions of these transactions were established in arm's length negotiations between an independent special committee of our board of directors (the "Special Committee") and the investors. The Special Committee unanimously approved the transactions.

On November 15, 2016, pursuant to the Purchase Agreements, we completed the private placement of 27,061,856 shares of Series A Preferred Stock which included 25,773,196 shares at a price per share of $4.85 and an additional 1,288,660 shares issued as a commitment fee on a pro rate basis as noted above. On January 4, 2017, our shareholders approved at a Special Meeting of Shareholders the issuance of up to 27,061,856 shares of common stock of the Company upon the conversion of shares of the Series A Preferred Stock, par value $0.01 per share, which were purchased by certain investors in a private placement (the "Conversion Proposal"). As a result of shareholder approval of the Conversion Proposal, all outstanding 27,061,856 shares of Series A Preferred Stock were automatically and mandatorily converted into 27,061,856 shares of common stock of the Company on January 4, 2017. Refer to Note 1 — General Information and Note 9 — Debt in our Consolidated Financial Statements.

Pursuant to the Commitment Letter entered into on June 8, 2016 and the final executed $400 Million Credit Facility, we were required to sell or scrap ten of our vessels. On April 5, 2016, the Board of Directors unanimously approved scrapping the Genco Marine. We reached an agreement on May 6, 2016 to sell the Genco Marine, a 1996-built Handymax vessel, to be scrapped with Ace Exim Pte Ltd., a demolition yard, which was completed on May 17, 2016.

During October 2016, we reached agreements with third-parties to sell three of our vessels, the Genco Pioneer (a 1999-built Handysize vessel), the Genco Sugar (a 1998-built Handysize vessel) and the Genco Leader (a 1999-built Panamax vessel). These sales were completed during October and November 2016. Additionally, during November 2016 we reached an agreement with a third-party to sell the Genco Acheron (a 1999-built Panamax vessel) for which the sale was completed during December 2016. Also, during December 2016 the Board of Directors unanimously approved the sale of the Genco Success (a 1997-built Handymax vessel), the Genco Prosperity (a 1997-built Handymax vessel) and the Genco Wisdom (a 1997-built Handymax vessel). These vessel assets were classified as held for sale in the Consolidated Balance Sheet as of December 31, 2016. The sale of the Genco Wisdom and Genco Success were completed during January 2017 and March 2017, respectively, and the Genco Prosperity is expected to be sold by June 15, 2017. Lastly, during January 2017, the Board of Directors unanimously approved the sale of the Genco Carrier (a 1998-built Handymax vessel) and the Genco Reliance (a 1999-built Handysize vessel). The sales of these vessels were completed during February 2017. Refer to Note 5 – Vessel Acquisitions and Dispositions and Note 28 — Subsequent Events in our Consolidated Financial Statements for further details.

On October 13, 2016, Peter C. Georgiopoulos resigned as our Chairman of the Board and a director of the Company. The Board of Directors appointed Arthur L. Regan, a current director of the Company, as Interim Executive Chairman of the Board. In connection with his departure, Mr. Georgiopoulos entered into a Separation Agreement and a Release Agreement with the Company on October 13, 2016. Under the terms of these agreements, subject to customary conditions, Mr. Georgiopoulos received an amount equal to the annual Chairman's fee awarded to him in recent years of $0.5 million as a severance payment and full vesting of his unvested equity awards, which consist of grants of 68,581 restricted shares of the Company's common stock and warrants exercisable for approximately 213,937 shares of the Company's common stock with an exercise per share ranging $259.10 to $341.90. Refer to Note 23 — Stock-Based Compensation in our Consolidated Financial Statements. The agreements also contain customary provisions pertaining to confidential information, releases of claims by Mr. Georgiopoulos, and other restrictive covenants.

On April 7, 2015, we entered into a definitive merger agreement with Baltic Trading under which we agreed to acquire Baltic Trading in a stock-for-stock transaction (the "Merger"). Under the terms of the agreement, Baltic Trading became our indirect wholly-owned subsidiary, and Baltic Trading shareholders (other than GS&T and its subsidiaries) received 0.216 shares of our common stock for each share of Baltic Trading's common stock they owned at closing, with fractional shares that were settled in cash. Upon consummation of the transaction on July 17, 2015, our shareholders owned approximately 84.5% of the combined company, and Baltic Trading's shareholders (other than the GS&T and its subsidiaries) owned approximately 15.5% of the combined company. Shares of Baltic Trading's Class B stock (all of which we owned) were canceled in the Merger. Our stock commenced trading on the New York Stock Exchange after consummation of the transaction on July 20, 2015 under the symbol “GNK.”

Our Board of Directors and Baltic Trading’s Board of Directors established independent special committees to review the transaction and negotiate the terms on behalf of their respective companies. Both independent special committees unanimously approved the transaction. The Boards of Directors of both companies approved the merger by unanimous vote of directors present and voting, with Peter C. Georgiopoulos, former Chairman of the Board of each company, recused for the vote. The Merger was approved on July 17, 2015 at the 2015 Annual Meeting of Shareholders.

Prior to the Merger, as of June 30, 2015, our wholly-owned subsidiary Genco Investments LLC owned 6,356,471 shares of Baltic Trading’s Class B Stock, which represented a 10.85% ownership interest in Baltic Trading and 64.60% of the aggregate voting power of Baltic Trading’s outstanding shares of voting stock at June 30, 2015. Baltic Trading is consolidated as we also controlled a majority of the voting interest in Baltic Trading prior to the Merger.

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Management's discussion and analysis of our results of operations and financial condition includes the results of Baltic Trading.

We report financial information and evaluate our operations by charter revenues and not by the length of ship employment for our customers, i.e., spot or time charters. Each of our vessels serve the same type of customer, have similar operations and maintenance requirements, operate in the same regulatory environment, and are subject to similar economic characteristics. Based on this, we have determined that we operate in one reportable segment, after the effective date of the Merger on July 17, 2015, in which we are engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. Therefore, the totals previously reported for the two segments (GS&T and Baltic Trading) is the total for the single reportable segment effective upon the Merger.

Additionally, on April 7, 2015, we entered into an agreement under which we acquired all of the shares of two single-purpose entities that were wholly owned by Baltic Trading, each of which owns one Capesize drybulk vessel, for an aggregate purchase price of $68.5 million, subject to reduction for $40.6 million of outstanding first-mortgage debt of such single-purpose entities that is to be guaranteed by the Company and an adjustment for the difference between such single-purpose entities' current assets and total liabilities as of the closing date. Through the transactions, which closed on April 8, 2015, we acquired the vessels known as the Baltic Lion and the Baltic Tiger. The independent special committees of both companies' Boards of Directors reviewed and approved this transaction.

On April 21, 2014 (the "Petition Date"), Genco and its subsidiaries other than Baltic Trading (collectively, the "Debtors") filed voluntary petitions for relief (the "Chapter 11 Cases"). On July 2, 2014, the U.S. Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") entered an order (the "Confirmation Order") which approved and confirmed the Plan. On the Effective Date of July 9, 2014, the Debtors emerged from Chapter 11 through a series of transactions contemplated by the Plan, and the Plan became effective pursuant to its terms. Refer to Note 1 in our Consolidated Financial Statements for a detailed description of the Plan.

We entered into a long-term management agreement (the "Management Agreement") with Baltic Trading pursuant to which we applied our expertise and experience in the drybulk industry to provide Baltic Trading with commercial, technical, administrative and strategic services. The Management Agreement was for an initial term of approximately 15 years. Baltic Trading paid us for the services we provided it as well as reimbursed us for our costs and expenses incurred in providing certain of these services. Management fee income we earned from the Management Agreement net of any allocated shared expenses, such as salary, office expenses and other general and administrative fees, were taxable to us. Upon consolidation with Baltic Trading, any management fee income earned was eliminated for financial reporting purposes. The Management Agreement was terminated as of July 18, 2015.

Our management team and our other employees are responsible for the commercial and strategic management of our fleet. Commercial management includes the negotiation of charters for vessels, managing the mix of various types of charters, such as time charters, voyage charters and spot market-related time charters, and monitoring the performance of our vessels under their charters. Strategic management includes locating, purchasing, financing and selling vessels. We currently contract with three independent technical managers to provide technical management of our fleet at a lower cost than we believe would be possible in-house. Technical management involves the day-to-day management of vessels, including performing routine maintenance, attending to vessel operations and arranging for crews and supplies. Members of our New York City-based management team oversee the activities of our independent technical managers.

We formerly provided technical services for drybulk vessels purchased by Maritime Equity Partners LLC ("MEP") under an agency agreement between us and MEP. These services included oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but did not include chartering services. The services were initially provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and were provided for an initial term of one year. Our arrangement with MEP was approved by an independent committee of our Board of Directors. On September 30, 2015, under the oversight of an independent committee of our Board of Directors, Genco Management (USA) Limited and MEP entered into certain agreements under which MEP paid $2.2 million of the amount of service fees in arrears (of which $0.3 million was paid in 2016 by the new owners of five of the MEP vessels sold in January 2016 as described below) and the daily service fee was reduced from $750 to $650 per day effective on

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October 1, 2015. During January 2016 and the three months ended September 30, 2016, five and seven of MEP's vessels, respectively, were sold to third parties, upon which these vessels were no longer subject to the agency agreement. Based upon the September 30, 2015 agreement, termination fees were due in the amount $0.3 million and $0.8 million, respectively, which was assumed by the new owners of the MEP vessels that were sold. The amount of these termination fees has been paid in full. The daily service fees earned for the year ended December 31, 2016 have been paid in full. At December 31, 2016, all MEP vessels have been sold and the Companies have been dissolved.

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Year ended December 31, 2016 compared to the year ended December 31, 2015

Factors Affecting Our Results of Operations

We believe that the following table reflects important measures for analyzing trends in our results of operations. The table reflects our ownership days, available days, operating days, fleet utilization, TCE rates and daily vessel operating expenses for the years ended December 31, 2016 and 2015 on a consolidated basis, which includes the operations of Baltic Trading.

	For the Years Ended December 31,		Increase		
	2016	2015	(Decrease)	% Change	
Fleet Data:					
Ownership days (1)					
Capesize	4,758.0	4,745.0	13.0	0.3	%
Panamax	2,850.9	2,920.0	(69.1)	(2.4)	%
Ultramax	1,464.0	960.8	503.2	52.4	%
Supramax	7,686.0	7,665.0	21.0	0.3	%
Handymax	1,967.7	2,190.0	(222.3)	(10.2)	%
Handysize	6,449.3	6,570.0	(120.7)	(1.8)	%
Total	25,175.9	25,050.8	125.1	0.5	%
Available days (2)					
Capesize	4,726.0	4,680.2	45.8	1.0	%
Panamax	2,615.9	2,812.3	(196.4)	(7.0)	%
Ultramax	1,464.0	949.8	514.2	54.1	%
Supramax	7,491.2	7,194.3	296.9	4.1	%
Handymax	1,806.0	1,965.0	(159.0)	(8.1)	%
Handysize	6,353.9	6,368.9	(15.0)	(0.2)	%
Total	24,457.0	23,970.5	486.5	2.0	%
Operating days (3)					
Capesize	4,722.8	4,634.1	88.7	1.9	%
Panamax	2,561.5	2,810.1	(248.6)	(8.8)	%
Ultramax	1,458.4	948.8	509.6	53.7	%
Supramax	7,396.3	6,972.6	423.7	6.1	%
Handymax	1,733.7	1,906.0	(172.3)	(9.0)	%
Handysize	6,291.7	6,356.1	(64.4)	(1.0)	%
Total	24,164.4	23,627.7	536.7	2.3	%

Fleet utilization (4)								
Capesize	99.9	%	99.0	%	0.9	%	0.9	%
Panamax	97.9	%	99.9	%	(2.0)	%	(2.0)	%
Ultramax	99.6	%	99.9	%	(0.3)	%	(0.3)	%
Supramax	98.7	%	96.9	%	1.8	%	1.9	%
Handymax	96.0	%	97.0	%	(1.0)	%	(1.0)	%
Handysize	99.0	%	99.8	%	(0.8)	%	(0.8)	%
Fleet average	98.8	%	98.6	%	0.2	%	0.2	%

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	For the Years Ended December 31, 2016	2015	Increase (Decrease)	% Change	
Average Daily Results:					
Time Charter Equivalent (5)					
Capesize	$ 4,674	$ 6,059	$ (1,385)	(22.9)	%
Panamax	4,544	4,550	(6)	(0.1)	%
Ultramax	6,234	7,316	(1,082)	(14.8)	%
Supramax	5,075	5,176	(101)	(2.0)	%
Handymax	4,428	5,255	(827)	(15.7)	%
Handysize	4,864	5,473	(609)	(11.1)	%
Fleet average	4,907	5,445	(538)	(9.9)	%
Daily vessel operating expenses (6)					
Capesize	$ 4,935	$ 5,259	$ (324)	(6.2)	%
Panamax	4,416	4,744	(328)	(6.9)	%
Ultramax	4,613	4,747	(134)	(2.8)	%
Supramax	4,657	4,929	(272)	(5.5)	%
Handymax	4,240	5,064	(824)	(16.3)	%
Handysize	4,136	4,531	(395)	(8.7)	%
Fleet average	4,514	4,870	(356)	(7.3)	%

(1) We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

(2) We define available days as the number of our ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys and the aggregate amount of time that we spend positioning our vessels. Companies in the shipping industry generally use available days to measure the number of days in a period during which vessels should be capable of generating revenues.

(3) We define operating days as the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(4) We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company’s efficiency in finding suitable employment for its vessels and minimizing the number of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.

(5) We define TCE rates as net voyage revenue (voyage revenues less voyage expenses) divided by the number of our available days during the period, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charterhire rates for vessels on voyage charters are

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generally not expressed in per-day amounts while charterhire rates for vessels on time charters generally are expressed in such amounts.

	Successor For the Year Ended December 31, 2016	2015
Voyage revenues (in thousands)	$ 133,246	$ 150,784
Voyage expenses (in thousands)	13,227	20,257
	120,019	130,527
Total available days	24,457.0	23,970.5
Total TCE rate	$ 4,907	$ 5,445

(6) We define daily vessel operating expenses to include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance (excluding drydocking), the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Daily vessel operating expenses are calculated by dividing vessel operating expenses by ownership days for the relevant period.

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Operating Data

The following tables represent the operating data and certain balance sheet data for the years ended December 31, 2016 and 2015 on a consolidated basis, which includes the operations of Baltic Trading. On July 7, 2016, the Company completed a one-for-ten reverse stock split of its common stock. As a result, all share and per share information included for all periods presented reflect the reverse stock split. Refer to Note 7 — Net Loss per Common Share and Note 23 — Stock-Based Compensation in our Consolidated Financial Statements.

	Successor For the Years Ended December 31, 2016	2015	Change	% Change	
Income Statement Data:					
(U.S. Dollars in thousands, except for per share amounts)					
Revenue:					
Voyage revenues	$ 133,246	$ 150,784	$ (17,538)	(11.6)	%
Service revenues	2,340	3,175	(835)	(26.3)	%
Total revenues	135,586	153,959	(18,373)	(11.9)	%
Operating Expenses:					
Voyage expenses	13,227	20,257	(7,030)	(34.7)	%
Vessel operating expenses	113,636	122,008	(8,372)	(6.9)	%
General and administrative expenses (inclusive of nonvested stock amortization expense of $20,680 and $42,136, respectively)	45,174	74,941	(29,767)	(39.7)	%
Technical management fees	8,932	8,961	(29)	(0.3)	%
Depreciation and amortization	76,330	79,556	(3,226)	(4.1)	%
Other operating income	(960)	—	(960)	100.0	%
Impairment of vessel assets	69,278	39,893	29,385	73.7	%
(Gain) loss on sale of vessels	(3,555)	1,210	(4,765)	(393.8)	%
Total operating expenses	322,062	346,826	(24,764)	(7.1)	%
Operating loss	(186,476)	(192,867)	6,391	(3.3)	%
Other expense	(30,300)	(58,595)	28,295	(48.3)	%
Loss before reorganization items, net	(216,776)	(251,462)	34,686	(13.8)	%
Reorganization items, net	(272)	(1,085)	813	(74.9)	%
Loss before income taxes	(217,048)	(252,547)	35,499	(14.1)	%

Income tax expense	(709)	(1,821)	1,112	(61.1)	%
Net loss	(217,757)	(254,368)	36,611	(14.4)	%
Less: Net loss attributable to noncontrolling interest	—	(59,471)	59,471	(100.0)	%
Net loss attributable to Genco Shipping & Trading Limited	$ (217,757)	$ (194,897)	$ (22,860)	11.7	%
Net loss per share - basic	$ (30.03)	$ (29.61)	$ (0.42)	1.4	%
Net loss per share - diluted	$ (30.03)	$ (29.61)	$ (0.42)	1.4	%
Weighted average common shares outstanding - basic	7,251,231	6,583,163	$ 668,068	10.1	%
Weighted average common shares outstanding - diluted	7,251,231	6,583,163	$ 668,068	10.1	%

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	Successor For the Years Ended December 31, 2016	2015	Change	% Change
Balance Sheet Data:				
(U.S. Dollars in thousands, at end of period)				
Cash, including restricted cash	$ 169,068	$ 140,889	$ 28,179	20.0 %
Total assets	1,568,960	1,714,663	(145,703)	(8.5) %
Total debt (current and long-term, net of deferred financing fees)	513,020	579,023	(66,003)	(11.4) %
Total equity	1,029,699	1,105,966	(76,267)	(6.9) %
Other Data:				
(U.S. Dollars in thousands)				
Net cash used in operating activities	$ (49,982)	$ (56,086)	6,104	(10.9) %
Net cash provided by (used in) investing activities	6,873	(56,774)	63,647	(112.1) %
Net cash provided by financing activities	55,435	150,520	(95,085)	(63.2) %
EBITDA (1)	(112,469)	(93,598)	$ (18,871)	20.2 %

(1) EBITDA represents net (loss) income attributable to Genco Shipping & Trading plus net interest expense, taxes and depreciation and amortization. Refer to pages 48 - 49 included in Item 6 where the use of EBITDA is discussed and for a table demonstrating our calculation of EBITDA that provides a reconciliation of EBITDA to net (loss) income attributable to Genco Shipping & Trading for each of the periods presented above.

Results of Operations

VOYAGE REVENUES-

Our revenues are driven primarily by the number of vessels in our fleet, the number of days during which our vessels operate and the amount of daily charterhire that our vessels earn, that, in turn, are affected by a number of factors, including:

- the duration of our charters;
- our decisions relating to vessel acquisitions and disposals;
- the amount of time that we spend positioning our vessels;

· the amount of time that our vessels spend in drydock undergoing repairs;

· maintenance and upgrade work;

· the age, condition and specifications of our vessels;

· levels of supply and demand in the drybulk shipping industry; and

· other factors affecting spot market charter rates for drybulk carriers.

During 2016, voyage revenues decreased by $17.5 million, or 11.6%, as compared to 2015. The decrease in voyage revenues was primarily due lower spot market rates achieved by the majority of our vessels.

The average TCE rate of our fleet decreased 9.9% to $4,907 a day during 2016 from $5,445 a day during 2015. The decrease in TCE rates resulted from lower rates achieved by the majority of the vessels in our fleet during 2016 as compared to 2015.

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The Baltic Dry Index, or BDI (a drybulk index) displayed volatility throughout 2016 following a generally weak environment in 2015. The BDI came under considerable pressure towards the end of 2015, which carried into the beginning of 2016. The downward trajectory of the BDI continued as an all-time low of 290 was reached on February 10, 2016. The fragile supply and demand balance that existed at the end of 2015 was only exacerbated by the seasonal increase of newbuilding deliveries in the early portion of 2016 as well as the occurrence of the Chinese New Year holiday. Subsequently, there was a marginal rise in the BDI over the next two months as the BDI concluded April of 2016 at 703. Throughout the summer months, the BDI remained mostly range bound before experiencing considerable volatility that began in September and persisted to the end of the year. This included the BDI reaching a 2016 peak of 1,257 on November 18, 2016, the highest marked recorded since November 2014. The preeminent driver behind the BDI increase was higher Chinese steel production which led to augmented demand for seaborne iron ore cargoes. Furthermore, China reduced domestic coal output which lead to increased demand for internationally sourced coal reversing a previous trend of decreasing Chinses coal imports. On the supply side in 2016, the drybulk fleet grew at the slowest pace since 1999 at 2.3% which resulted from a record pace of vessel demolitions during the first half of the year as well as record slippage of newbuilding orders. In 2017, the index started off at 953 on January 3, 2017 and after increasing marginally has since retreated to 859 as of February 28, 2017. Excess vessel supply has continued to weigh on the drybulk market at the start of 2017 as newbuilding vessel deliveries have surged in line with historical seasonality, leading to considerable fleet growth. Overall, cargo disruptions, excess supply and the onset of the Chinese New Year have been negative contributors to the freight rate environment in 2017 to date. Given the fact that a majority of our vessels are chartered on short-term and spot market-related rates, we expect that the weak rate environment will adversely impact our first quarter 2017 revenues and results of operations as compared to the last two months of 2016.

For 2016 and 2015, we had ownership days of 25,175.9 days and 25,050.8 days, respectively. The increase in ownership days is primarily a result of the delivery of two Ultramax newbuilding vessels during the second half of 2015, partially offset by the sale of four of our vessels and scrapping of one vessel during 2016. Total available days increased to 24,457.0 days during 2016 as compared to 23,970.5 during 2015. The increase in available days was due to the increase in ownership days noted above as well a decrease in repositioning days during 2016 as compared to 2015. Our fleet utilization increased marginally from 98.6% during 2015 to 98.8% during 2016.

Please see pages 9 - 12 for a table that sets forth information about the current employment of the vessels in our fleet.

SERVICE REVENUES-

Service revenues consist of revenues earned from providing technical services to MEP pursuant to the agency agreement between us and MEP. These services included oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but did not include chartering services. The services were provided for a fee of $750 per ship per day until October 1, 2015, when the daily fees were reduced to $650 per ship per day pursuant to an agreement entered into between Genco Management (USA) LLC and MEP. During the year ended December 31, 2016, total service revenue decreased by $0.8 million as compared to the year ended December 31, 2015. The decrease was primarily a result of a $2.1 million decrease in management fees due to the combination of the sale of five and seven of the MEP vessels during January 2016 and the third quarter of 2016, respectively, as well as the decrease in daily management fees. These decreases were partially offset by an increase in the termination fees of $1.1 million during 2016 related to the sale of the aforementioned 12 MEP vessels.

VOYAGE EXPENSES-

In time charters, spot market-related time charters and pool agreements, operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel and specified voyage costs such as fuel and port charges are paid by the charterer. There are certain other non-specified voyage expenses such as commissions which are typically borne by us. Voyage expenses include port and canal charges, fuel (bunker) expenses and brokerage commissions payable to unaffiliated third parties. Port and canal charges and bunker expenses primarily increase in periods during which vessels are employed on voyage charters because these expenses are for the account of the vessel owner. At the inception of a time charter, we record the difference between the cost of bunker fuel delivered by the terminating charterer and the bunker fuel sold to the new charterer as a gain or loss within voyage expenses. In short-term time charters, voyage expenses include the cost of bunkers consumed pursuant to the terms of the time charter agreement.

Voyage expenses decreased by $7.0 million from $20.3 million during 2015 to $13.2 million during 2016. The decrease was primarily due to a $2.4 million decrease in net bunker losses recorded during 2016 as compared to 2015 based on the difference between the cost basis of our bunker inventory and the price of the bunkers sold to the next charterer. Additionally, during 2016 there was a $1.6 million decrease in the write down of our bunker inventory at the end of each quarter based on lower of cost or market adjustments as there was more bunker inventory that was required to be written down to market during 2015. Lastly, there was a $1.6 million decrease in bunker consumption during 2016 in addition to a $1.0 million decrease in the cost of bunkers consumed during short-term time charters.

VESSEL OPERATING EXPENSES-

Vessel operating expenses decreased by $8.4 million from $122.0 million during 2015 to $113.6 million during 2016. This decrease was primarily due to the operation of a smaller fleet as a result of the sale of five vessels during 2016, in addition to lower insurance, stores, spares and maintenance related expenses.

Average daily vessel operating expenses for our fleet decreased by $356 per day from $4,870 per day during 2015 as compared to $4,514 in 2016. The decrease in daily vessel operating expenses was primarily due to lower expenses related to maintenance as well as crewing and insurance. We believe daily vessel operating expenses are best measured for comparative purposes over a 12-month period in order to take into account all of the expenses that each vessel in our fleet will incur over a full year of operation. Our actual daily vessel operating expenses per vessel for the year ended December 31, 2016 were $306 below the weighted-average budgeted rate of $4,820 per day.

Our vessel operating expenses, which generally represent fixed costs, will increase as a result of the expansion of our fleet. Other factors beyond our control, some of which may affect the shipping industry in general, including, for instance, developments relating to market prices for crewing, lubes, and insurance, may also cause these expenses to increase.

Based on our management’s estimates and budgets provided by our technical manager for our fleet of 60 vessels (which excludes the Genco Prosperity that will be sold), we expect our vessels to have average daily vessel operating expenses during 2017 of:

Average Daily

Vessel Type	Budgeted Amount
Capesize	$ 4,889
Panamax	4,494
Ultramax	4,642
Supramax	4,332
Handymax	4,128
Handysize	4,145

Based on these average daily budgeted amounts by vessel type, we expect our fleet to have average daily vessel operating expenses of $4,440 during 2017.

GENERAL AND ADMINISTRATIVE EXPENSES-

We incur general and administrative expenses which relate to our onshore non-vessel-related activities. Our general and administrative expenses include our payroll expenses, including those relating to our executive officers, rent, legal, auditing and other professional expenses. General and administrative expenses includes nonvested stock amortization expense which represents the amortization of stock-based compensation that has been issued to our Directors and employees pursuant to the Management Incentive Program (the “MIP”), the 2015 Equity Incentive Plan the Baltic Trading Plan (prior to the Merger), refer to Note 23 — Stock-Based Compensation in our Consolidated

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Financial Statements. General and administrative expenses also include legal and professional fees associated with our credit facilities which are not capitalizable to deferred financing costs.

General and administrative expenses decreased by $29.8 million from $74.9 million during 2015 to $45.2 million during 2016. The decrease was primarily due to a $21.5 million decrease in nonvested stock amortization expense. This decrease was primarily due to the exercisability of the first and second tranche of MIP warrants, as well as the vesting of restricted shares issued under the MIP, on August 7, 2015 and August 8, 2016. Additionally, the decrease was due to the automatic vesting of outstanding Baltic Trading restricted shares upon the effective date of the Merger, July 17, 2015. Lastly, upon the resignation of Peter C. Georgiopoulos, former Chairman of the Board of Directors, on October 13, 2016, the amortization of his outstanding restricted shares and warrants were accelerated. Refer to Note 23 — Stock-Based Compensation in our Consolidated Financial Statements for further information.

Additionally, the decrease in general and administrative expense was due to a $13.5 million decrease in legal fees related to the merger with Baltic Trading that was completed on July 17, 2015. These decreases were partially offset by an increase of $2.6 million of legal fees incurred during 2016 due to the new $400 Million Credit Facility that was entered into the Company on November 10, 2016 and the concurrent amendment of our $98 Million Credit Facility and the 2014 Term Loan Facilities (Refer to Note 9 — Debt in our Consolidated Financial Statements), in addition to a $2.3 million increase in legal fees incurred related to equity financing.

DEPRECIATION AND AMORTIZATION-

We depreciate the cost of our vessels on a straight-line basis over the expected useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated residual value. We estimate the useful life of our vessels to be 25 years. On the Effective Date, as part of fresh-start reporting, we revalued our vessels assets which resulted in a decrease in vessels assets, vessel equipment recorded as a component of other fixed assets and drydocking assets. On the Effective Date, we also increased the scrap value of our vessels from $245/lwt to $310/lwt which will result in an overall decrease in vessels depreciation expense over the remaining life of the vessels.

Depreciation and amortization expenses decreased by $3.2 million from $79.6 million during 2015 to $76.3 million during 2016. This decrease was primarily due to a decrease in depreciation expense for the nine vessels which were deemed impaired at June 30, 2016 and were written down to their net realizable value at June 30, 2016. Four of these vessels were subsequently sold during the fourth quarter of 2016. Additionally, there was a decrease in depreciation for the Genco Marine which was scrapped on May 17, 2016. These decreases were partially offset by an increase in depreciation expense for the Baltic Scorpion and Baltic Mantis, which delivered to the Company during third and fourth quarters of 2015, respectively.

OTHER OPERATING INCOME-

Other operating income increased by $1.0 million from $0 during 2015 to $1.0 million during 2016. This increase is primarily due to a payment of $0.2 million received from Samsun Logix Corporation (“Samsun”) as part of the cash settlement related to the revised rehabilitation plan approved by the South Korean courts on April 8, 2016 and $0.8 million received from Samsun as full and final settlement of the aforementioned approved cash settlement. Refer to Note 21 — Commitments and Contingencies in our Consolidated Financial Statements for further information regarding the settlement payments.

IMPAIRMENT OF VESSEL ASSETS-

During 2016 and 2015, we recorded $69.3 million and $39.9 million, respectively, of impairment of vessel assets. During 2016, we recorded $67.6 million of impairment for nine of our vessels, the Genco Acheron, Genco Carrier, Genco Leader, Genco Pioneer, Genco Prosperity, Genco Reliance, Genco Success, Genco Sugar, and Genco Wisdom, as we had deemed that it was more likely than not that these vessels would be scrapped. Additionally, during 2016 we recorded $1.7 million of impairment of vessel assets to adjust the net realizable value of the Genco Marine which was scrapped on May 17, 2016. During 2015, we recorded $35.4 million of impairment for the Baltic Lion and

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Baltic Tiger, which were sold to us from Baltic Trading on April 8, 2015. Refer to Note 1 — General Information in our Consolidated Financial Statements for further information which describes how it was determined that these vessel assets were impaired. Additionally, during 2015, a $4.5 million impairment loss was recorded in order to adjust the value of the Genco Marine to its fair market value as of December 31, 2015.

GAIN (LOSS) ON SALE OF VESSELS-

During 2016, we recorded a net gain on sale of vessels of $3.6 million related to the sale of the Genco Marine, Genco Sugar, Genco Pioneer, Genco Leader and Genco Acheron. During 2015, we recorded a $1.2 million loss on sale of vessels related to the sale of the Baltic Lion and Genco Tiger to us on April 8, 2015.

OTHER (EXPENSE) INCOME-

IMPAIRMENT OF INVESTMENT-

During 2016 and 2015, we recorded an impairment of investment of $2.7 million and $37.9 million, respectively. Prior to selling our remaining investment in Jinhui during the fourth quarter of 2016, we reviewed our investment in Jinhui for indicators of other-than-temporary impairment on a quarterly basis. Based on our review, we deemed the investment in Jinhui to be other-than-temporarily impaired as of June 30, 2016, December 31, 2015 and September 30, 2015, refer to Note 6 — Investments in our Consolidated Financial Statements for further information.

OTHER INCOME (EXPENSE)-

Other income (expense) fluctuated by $1.4 million from a loss of $0.8 million during 2015 to income of $0.6 million during 2016. This fluctuation is primarily due to a net gain recorded during 2016 related to the sale of available-for-sale investments as compared to a net loss during 2015. Refer to Note 6 — Investments and Note 12 — Accumulated Other Comprehensive Income (Loss) in the Consolidated Financial Statements for further details.

NET INTEREST EXPENSE-

Net interest expense increased by $8.3 million to $28.2 million during 2016 as compared to $19.9 million during 2015. Net interest expense during the years ended 2016 and 2015 consisted of interest expense under our credit facilities and amortization of deferred financing costs for those facilities. The increase in interest expense is primarily due to an increase in interest expense and amortization of deferred financing fees associated with the 2015 Revolving Credit Facility (which was subsequently refinanced with the $400 Million Credit Facility on November 15, 2016) and the $98 Million Credit Facility which were entered into on April 7, 2015 and November 4, 2015, respectively. Refer to Note 9 — Debt in the Consolidated Financial Statements.

REORGANIZATION ITEMS, NET-

Reorganization items, net decreased by $0.8 million from $1.1 million during 2015 to $0.3 million during 2016. These reorganization items include trustee fees and professional fees incurred after the Effective Date in relation to the Chapter 11 Cases. The decrease is due to the winding down of settlement payments as a result of the Chapter 11 Cases. Refer to Note 20 — Reorganization items, net in our Consolidated Financial Statements for further detail.

INCOME TAX EXPENSE-

Income tax expense decreased by $1.1 million from $1.8 million during 2016 to $0.7 million during 2016. This income tax expense consists primarily of federal, state and local income taxes on net income earned by Genco Management (USA) LLC ("Genco (USA)"), one of our wholly-owned subsidiaries. Pursuant to certain agreements, we technically and commercially managed vessels for Baltic Trading until the Merger on July 17, 2015, as well as provided technical management of vessels for MEP in exchange for specified fees for these services provided. These services were provided by Genco (USA), which has elected to be taxed as a corporation for United States federal income tax purposes. As such, Genco (USA) is subject to United States federal income tax on its worldwide net income, including

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the net income derived from providing these services. Refer to the “Income taxes” section of Note 2 — Summary of Significant Accounting Policies included in our Consolidated Financial Statements for further information.

The $1.1 million decrease in income tax expense during 2016 as compared to 2015 is primarily due to a decrease in income earned by Genco (USA) during 2016 as a result of the cancellation of the Management Agreement with Baltic Trading effective July 18, 2015 pursuant to the Merger. As a result of the cancellation, Genco (USA) was no longer earning commercial service revenue, management fees and sales and purchase fees from Baltic Trading effective July 18, 2015. Additionally, there was a decrease in income earned by Genco (USA) during 2016 as a result of the sale of MEP’s twelve vessels during 2016 which were completed during the third quarter of 2016. Refer to Note 1 — General Information included in our Consolidated Financial Statements for further information.

Absent changes in the ownership of our stock, we do not expect that we will qualify for the Section 883 exemption in 2017. Assuming our gross shipping income attributable to transportation beginning or ending in the U.S. is the same as such income in 2016, GS&T would be subject to a U.S. gross transportation income tax in 2017 of approximately $0.2 million. For further details, see “In 2017, we expect to pay U.S. tax on U.S. source income, which will reduce our net income and cash flows” in Item 1A, “Risk Factors” in this report.

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Year ended December 31, 2015 compared to the year ended December 31, 2014

Factors Affecting Our Results of Operations

We believe that the following table reflects important measures for analyzing trends in our results of operations. The table reflects our ownership days, available days, operating days, fleet utilization, TCE rates and daily vessel operating expenses for the years ended December 31, 2015 and 2014 on a consolidated basis, which includes the operations of Baltic Trading. The period from July 9 to December 31, 2014 (Successor Company) and the period from January 1 to July 9, 2014 (Predecessor Company) are distinct reporting periods as a result of our emergence from bankruptcy on July 9, 2014. References in these results of operation and the percentage change combine the Successor Company and Predecessor Company results for the year ended December 31, 2014 in order to provide comparability of such information to the year ended December 31, 2015.

	For the Year Ended December 31,		Increase		
	2015	2014	(Decrease)	% Change	
Fleet Data:					
Ownership days (1)					
Capesize	4,745.0	4,745.0	—	—	%
Panamax	2,920.0	2,920.0	—	—	%
Ultramax	960.8	63.7	897.1	1,408.3	%
Supramax	7,665.0	7,665.0	—	—	%
Handymax	2,190.0	2,190.0	—	—	%
Handysize	6,570.0	6,570.0	—	—	%
Total	25,050.8	24,153.7	897.1	3.7	%
Available days (2)					
Capesize	4,680.2	4,701.5	(21.3)	(0.5)	%
Panamax	2,812.3	2,833.9	(21.6)	(0.8)	%
Ultramax	949.8	60.7	889.1	1,464.7	%
Supramax	7,194.3	7,279.9	(85.6)	(1.2)	%
Handymax	1,965.0	2,086.1	(121.1)	(5.8)	%
Handysize	6,368.9	6,478.0	(109.1)	(1.7)	%
Total	23,970.5	23,440.1	530.4	2.3	%
Operating days (3)					
Capesize	4,634.1	4,693.1	(59.0)	(1.3)	%
Panamax	2,810.1	2,825.1	(15.0)	(0.5)	%
Ultramax	948.8	60.7	888.1	1,463.1	%
Supramax	6,972.6	7,176.2	(203.6)	(2.8)	%

Handymax	1,906.0		2,026.4		(120.4)		(5.9)	%
Handysize	6,356.1		6,309.5		46.6		0.7	%
Total	23,627.7		23,091.0		536.7		2.3	%
Fleet utilization (4)								
Capesize	99.0	%	99.8	%	(0.8)	%	(0.8)	%
Panamax	99.9	%	99.7	%	0.2	%	0.2	%
Ultramax	99.9	%	100.0	%	(0.1)	%	(0.1)	%
Supramax	96.9	%	98.6	%	(1.7)	%	(1.7)	%
Handymax	97.0	%	97.1	%	(0.1)	%	(0.1)	%
Handysize	99.8	%	97.4	%	2.4	%	2.5	%
Fleet average	98.6	%	98.5	%	0.1	%	0.1	%

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	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	Increase (Decrease)	% Change
Average Daily Results:				
Time Charter Equivalent (5)				
Capesize	$ 6,059	$ 13,132	$ (7,073)	(53.9) %
Panamax	4,550	7,222	(2,672)	(37.0) %
Ultramax	7,316	10,494	(3,178)	(30.3) %
Supramax	5,176	8,018	(2,842)	(35.4) %
Handymax	5,255	7,444	(2,189)	(29.4) %
Handysize	5,473	7,590	(2,117)	(27.9) %
Fleet average	5,445	8,785	(3,340)	(38.0) %
Daily vessel operating expenses (6)				
Capesize	$ 5,259	$ 5,429	$ (170)	(3.1) %
Panamax	4,744	5,049	(305)	(6.0) %
Ultramax	4,747	5,543	(796)	(14.4) %
Supramax	4,929	5,133	(204)	(4.0) %
Handymax	5,064	5,061	3	0.1 %
Handysize	4,531	4,616	(85)	(1.8) %
Fleet average	4,870	5,035	(165)	(3.3) %

(1) We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

(2) We define available days as the number of our ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys and the aggregate amount of time that we spend positioning our vessels. Companies in the shipping industry generally use available days to measure the number of days in a period during which vessels should be capable of generating revenues.

(3) We define operating days as the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(4) We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the number of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.

(5) We define TCE rates as net voyage revenue (voyage revenues less voyage expenses) divided by the number of our available days during the period, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charterhire rates for vessels on voyage charters are

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generally not expressed in per-day amounts while charterhire rates for vessels on time charters generally are expressed in such amounts.

	Successor For the Year Ended December 31,	
	2015	2014
Voyage revenues (in thousands)	$ 150,784	$ 217,576
Voyage expenses (in thousands)	20,257	11,665
	130,527	205,911
Total available days	23,970.5	23,440.1
Total TCE rate	$ 5,445	$ 8,785

(6) We define daily vessel operating expenses to include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance (excluding drydocking), the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Daily vessel operating expenses are calculated by dividing vessel operating expenses by ownership days for the relevant period.

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Operating Data

The following tables represent the operating data and certain balance sheet data for the years ended December 31, 2015 and 2014 on a consolidated basis, which includes the operations of Baltic Trading. The period from July 9 to December 31, 2014 (Successor Company) and the period from January 1 to July 9, 2014 (Predecessor Company) are distinct reporting periods as a result of our emergence from bankruptcy on July 9, 2014. References in these results of operation and the percentage change combine the Successor Company and Predecessor Company results for the year ended December 31, 2014 in order to provide comparability of such information to the year ended December 31, 2015. While this combined presentation is a non-GAAP presentation for which there is no comparable GAAP measure, management believes that providing this financial information is the most relevant and useful method for making comparisons to the year ended December 31, 2015. We did not compare the share and per share amounts, since the change in our capital structure as a result of the bankruptcy renders these not comparable between the Successor Company and the Predecessor Company. On July 7, 2016, the Company completed a one-for-ten reverse stock split of its common stock. As a result, all share and per share information included for all periods for the Successor Company presented reflect the reverse stock split. Refer to Note 7 — Net Loss per Common Share and Note 23 — Stock-Based Compensation in our Consolidated Financial Statements

	Successor Year Ended December 31, 2015	Period from July 9 to December 31, 2014	Predecessor Period from January 1 to July 9, 2014	Change	% Change	
Income Statement Data: (U.S. Dollars in thousands, except for per share amounts)						
Revenue:						
Voyage revenues	$ 150,784	$ 98,817	$ 118,759	$ (66,792)	(30.7)	%
Service revenues	3,175	1,584	1,701	(110)	(3.3)	
Total revenues	153,959	100,401	120,460	(66,902)	(30.3)	%
Operating Expenses:						
Voyage expenses	20,257	7,525	4,140	8,592	73.7	%
Vessel operating expenses	122,008	56,943	64,670	395	0.3	%
General and administrative expenses (inclusive of nonvested stock amortization expense of $42,136, $20,405 and $4,352, respectively) (3)	74,941	32,790	26,894	15,257	25.6	%
Technical management fees (3)	8,961	4,125	4,477	359	4.2	%
Depreciation and amortization	79,556	36,714	75,952	(33,110)	(29.4)	%
Other operating income	—	(530)	—	530	100.0	%
Impairment of vessel assets	39,893	—	—	39,893	100.0	%

Loss on sale of vessels	1,210	—	—	1,210	100.0	%
Goodwill impairment	—	166,067	—	(166,067)	(100.0)	%
Total operating expenses	346,826	303,634	176,133	(132,941)	(27.7)	%
Operating loss	(192,867)	(203,233)	(55,673)	66,039	(25.5)	%
Other expense	(58,595)	(7,538)	(41,122)	(9,935)	20.4	%
Loss before reorganization items, net	(251,462)	(210,771)	(96,795)	56,104	(18.2)	%
Reorganization items, net	(1,085)	(1,591)	(915,640)	916,146	(99.9)	%
Loss before income taxes	(252,547)	(212,362)	(1,012,435)	972,250	(79.4)	%
Income tax expense	(1,821)	(996)	(815)	(10)	0.6	%
Net loss	(254,368)	(213,358)	(1,013,250)	972,240	(79.3)	%
Less: Net loss attributable to noncontrolling interest	(59,471)	(31,064)	(62,101)	33,694	(36.2)	%
Net loss attributable to Genco Shipping & Trading Limited	$ (194,897)	$ (182,294)	$ (951,149)	$ 938,546	(82.8)	%
Net loss per share - basic (1)	$ (29.61)	$ (30.20)	$ (21.83)	$ N/A	N/A	
Net loss per share - diluted (1)	$ (29.61)	$ (30.20)	$ (21.83)	$ N/A	N/A	
Weighted average common shares outstanding - basic (1)	6,583,163	6,036,051	43,568,942	N/A	N/A	
Weighted average common shares outstanding - diluted (1)	6,583,163	6,036,051	43,568,942	N/A	N/A	

	Successor Year Ended December 31, 2015	Predecessor Period from July 9 to December 31, 2014	Predecessor Period from January 1 to July 9, 2014	Change	% Change
Balance Sheet Data:					
(U.S. Dollars in thousands, at end of period)					
Cash, including restricted cash	$ 140,889	113,109	$ N/A	$ 27,780	24.6 %
Total assets (2)	1,714,663	1,745,155	N/A	(30,492)	(1.7) %
Total debt (current and long-term, including notes payable, net of deferred financing costs) (2)	579,023	422,377	N/A	156,646	37.1 %
Total equity	1,105,966	1,292,774	N/A	(186,808)	(14.5) %
Other Data:					
(U.S. Dollars in thousands)					
Net cash used in operating activities	$ (56,086)	$ (26,835)	$ (33,317)	4,066	(6.8) %
Net cash used in investing activities	(56,774)	(44,101)	(30,535)	17,862	(23.9) %
Net cash provided by financing activities	150,520	18,273	77,207	55,040	57.6 %
EBITDA (4)	(93,598)	(137,010)	$ (833,366)	$ 876,778	(90.4) %

(1) On July 7, 2016, we completed a one-for-ten reverse stock split with no change in par value per share. The authorized shares of the common stock were not adjusted. All common share and per share amounts of the Successor Company prior to July 7, 2016 have retroactively adjusted to reflect the reverse stock split.

(2) In the first quarter of 2016, the Company adopted Accounting Standards Update (“ASU”) 2015-03 where certain deferred financing costs that were previously presented as a non-current asset were reclassified from non-current assets to a reduction of current and long-term debt. Deferred financing costs reclassified as of December 31, 2015 and December 31, 2014 were $9.4 million and $7.8 million, respectively.

(3) During the year ended December 31, 2016, we opted to break out expenses previously classified as General, administrative and management fees into two separate categories to provide a greater level of detail of the underlying expenses. These fees were broken out into General and administrative expenses and Technical management fees. This change was made retrospectively for comparability purposes and there was no effect on the Net Loss for the Successor Company for the year ended 2015 and for the period from July 9 to December 31, 2014 or for the Predecessor Company for the period from January 1 to July 9, 2014.

(4) EBITDA represents net (loss) income attributable to Genco Shipping & Trading plus net interest expense, taxes and depreciation and amortization. Refer to pages 48 - 49 included in Item 6 where the use of EBITDA is discussed and for a table demonstrating our calculation of EBITDA that provides a reconciliation of EBITDA to net (loss) income attributable to Genco Shipping & Trading for each of the periods presented above.

Results of Operations

VOYAGE REVENUES-

During 2015, voyage revenues decreased by $66.8 million, or 30.7%, as compared to 2014. The decrease in voyage revenues was primarily due lower rates achieved by the majority of our vessels partially offset by the increase in the size of our fleet due to the delivery of four Ultramax newbuilding vessels.

The average TCE rate of our fleet decreased 38.0% to $5,445 a day during 2015 from $8,785 a day during 2014. The decrease in TCE rates resulted from lower rates achieved by the vessels in our fleet as well as higher voyage expenses during 2015 as compared to 2014.

The Baltic Dry Index, or BDI (a drybulk index) displayed weakness through the entire year in 2015 following a volatile environment in 2014. The BDI ended 2014 on a declining pace after a relatively strong October and November, which carried into the beginning of 2015. Rates declined through the five months of the year, resulting in the BDI closing at 589 as of May 31, 2015. Among the causes of this decline were in increased deliveries of newbuildings in

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January 2015, contributing to an already oversupplied market, and reduced coal shipments to China since 2014 and weather-related issues in Brazil and Australia that temporarily reduced iron ore output. As fleet growth moderated due to a record pace of vessel demolitions and iron ore exports increased, the BDI was able to find support beginning in June 2015, which was sustained through early August resulting in a 2015 high of 1,222 on August 5, 2015. During the fourth quarter of 2015, the BDI came under considerable pressure, which included reaching a then all-time low of 471 on December 16, 2015. The preeminent drivers behind the decline were fewer coal shipments to China, which more than offset the positive quarter-over-quarter growth of iron ore imports, together with persistent fleet growth. In 2016, the index started off at 473 on January 4, 2016 and has since retreated to 329 as of February 29, 2016. Excess vessel supply continued to weigh on the drybulk market at the start of 2016 as newbuilding vessel deliveries have surged in line with historical seasonality, leading to considerable fleet growth despite the firm pace of vessel demolitions. In addition, an unfortunate accident at the Brazilian iron ore mine, Samarco, as well as subsequent safety and environmental concerns have further caused iron ore supply disruptions. Overall, cargo disruptions, excess supply and the onset of the Chinese New Year have been negative contributors to the freight rate environment in 2016.

For 2015 and 2014, we had ownership days of 25,050.8 days and 24,153.7 days, respectively. The increase in ownership days is primarily a result of the delivery of four Ultramax newbuilding vessels. Total available days increased to 23,970.5 days during 2015 as compared to 23,440.1 during 2014. The increase in available days was due to the delivery of four Ultramax newbuilding vessels partially offset by an increase in repositioning days during 2015 as compared to 2014. Our fleet utilization increased marginally from 98.5% during 2014 to 98.6% during 2015.

SERVICE REVENUES-

Service revenues consist of revenues earned from providing technical services to MEP pursuant to the agency agreement between us and MEP. These services included oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but did not include chartering services. The services were provided for a fee of $750 per ship per day until October 1, 2015, when the daily fees were reduced to $650 per ship per day pursuant to an agreement entered into between Genco Management (USA) LLC and MEP. During the year ended December 31, 2015, total service revenue decreased by $0.1 million as compared to the year ended December 31, 2014 as a result of the daily fee reduction.

VOYAGE EXPENSES-

During 2015, voyage expenses were $20.3 million, which represents an increase of $8.6 million as compared to 2014. The $8.6 million increase is primarily due to an increase in net bunker losses during 2015 as compared to 2014 based on the difference between the cost of bunker fuel delivered by the terminating charterer and the bunker fuel sold the new charterer as a result of the continuously declining price of fuel during 2015. Additionally, there was an increase in voyage expenses related to the write down of our bunker inventory at the end of each quarter to its market value also resulting from the continuously declining price of fuel during 2015. Lastly, there was an increase in the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement. These increases were partially offset by a decrease in third-party brokers' commissions as a result of the decrease in voyage revenue earned during 2015 as compared to 2014.

VESSEL OPERATING EXPENSES-

Vessel operating expenses were $122.0 million during 2015, which represents a $0.4 million increase as compared to 2014. This increase was primarily due to the operation of a larger fleet as a result of the delivery of four Ultramax newbuilding vessels partially offset by lower insurance, stores and maintenance related expenses.

Average daily vessel operating expenses for our fleet decreased by $165 per day from $5,035 during 2014 as compared to $4,870 in 2015. The decrease in daily vessel operating expenses was primarily due to lower insurance, stores and maintenance related expenses. We believe daily vessel operating expenses are best measured for comparative purposes over a 12-month period in order to take into account all of the expenses that each vessel in our fleet will incur over a full year of operation. Our actual daily vessel operating expenses per vessel for the year ended December 31, 2015 were $450 below the weighted-average budgeted rate of $5,320 per day.

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GENERAL AND ADMINISTRATIVE EXPENSES-

We incur general and administrative expenses, which relate to our onshore non-vessel-related activities. Our general and administrative expenses include our payroll expenses, including those relating to our executive officers, rent, legal, auditing and other professional expenses. With respect to the restricted shares issued as incentive compensation to our Chairman, our employees and our directors under our 2005 Equity Incentive Plan and 2012 Equity Incentive Plan for the Predecessor Company and under the MIP for the Successor Company, refer to Note 23 — Stock-Based Compensation in our Consolidated Financial Statements. General and administrative expenses also include legal and professional fees associated with our credit facilities which are not capitalizable to deferred financing costs.

General and administrative expenses were $74.9 million during 2015, which represents an increase of $15.3 million as compared to 2014. The increase was due to an increase in non-cash compensation expenses in the amount of $17.4 million, mainly arising from awards under the MIP, and expenses related to the merger with Baltic Trading in the amount of $13.5 million. The increase was partially offset by a decrease in expenses related to our restructuring of $11.5 million during 2015, as well as a $3.6 million decrease in cash compensation expense during 2015 as compared to 2014.

TECHNICAL MANAGEMENT FEES-

Technical management fees represent management fees incurred from third-party technical management companies for the day-to-day management of our vessels, including performing routine maintenance, attending to vessel operations and arranging for crews and supplies. Technical management fees were $9.0 million during 2015, which represents an increase of $0.4 million as compared to 2014. This increase was due to additional management fees incurred during 2015 due to the delivery of four Ultramax newbuilding vessels.

DEPRECIATION AND AMORTIZATION-

Depreciation and amortization charges were $79.6 million during 2015, which represents a decrease of $33.1 million as compared to 2014. This decrease was due to the revaluation of the vessel assets as well as the change in the scrap value as mentioned above. These decreases were partially offset by the operation of a larger fleet during 2015 due to the delivery of four Ultramax newbuilding vessels.

OTHER OPERATING INCOME-

Other operating income increased by $0.4 million during 2014 from $0.1 million during 2013. The increase is primarily due to $0.5 million of total payments received from Samsun Logix Corporation as part of the cash settlement related to the rehabilitation plan approved by the South Korean courts during 2010. During the year ended December 31, 2013, we received a final cash settlement and shares of KLC stock as part of the final approved rehabilitation plan approved by the South Korean courts during 2013 which resulted in other operating income of $0.1 million. Refer to Note 21 — Commitments and Contingencies in our Consolidated Financial Statements for further information regarding the settlement payments.

IMPAIRMENT OF VESSEL ASSETS-

During 2015, we recorded $39.9 million of Impairment of vessel assets which represented an increase of $39.9 million as compared to 2014. At December 31, 2015, we determined that the future undiscounted cash flows did not exceed the net book value for the Genco Marine. As such, a $4.5 million impairment loss was recorded in order to adjust the value of the Genco Marine to its fair market value as of December 31, 2015. Additionally, as of March 31, 2015, we determined that the sale of two of Baltic Trading's vessels, the Baltic Lion and Baltic Tiger, was more likely than not based on Baltic Trading's expressed consideration to divest of those vessels. Therefore, the time utilized to determine the recoverability of the carrying value of the vessel assets was significantly reduced, and after determining that the sum of the estimated undiscounted future cash flows attributable to the Baltic Lion and Baltic Tiger would not exceed the carrying value of the respective vessels, we reduced the carrying value of each vessel to its fair market value. For this reason, we recorded an impairment charge for these vessels during the first quarter of 2015. This resulted in an

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impairment loss of $35.4 million. Refer to Note 1 — General information in our Consolidated Financial Statements for further information.

LOSS ON SALE OF VESSELS -

During 2015, we recorded a $1.2 million loss on sale of vessels. On April 8, 2015, Baltic Trading sold two of its vessels, the Baltic Lion and Baltic Tiger, to us at a loss of $1.2 million. This represented an increase of $1.2 million as compared to 2014.

GOODWILL IMPAIRMENT -

Goodwill impairment decreased by $166.1 million to $0 during 2015. During the 2014, we recorded goodwill impairment as a result of our annual assessment. Refer to Note 4 — Goodwill Impairment in the Consolidated Financial Statements for additional information.

OTHER (EXPENSE) INCOME-

IMPAIRMENT OF INVESTMENT-

During 2015, impairment of investment increased by $37.9 million as compared to 2014. Prior to selling our remaining investment in Jinhui during the fourth quarter of 2016, we reviewed our investment in Jinhui for indicators of other-than-temporary impairment on a quarterly basis. Based on our review, we have deemed the investment in Jinhui to be other-than-temporarily impaired as of September 30, 2015 and December 31, 2015, refer to Note 6 — Investments in our Consolidated Financial Statements for further information. As a result, during the year ended December 31, 2015, we recorded a $37.9 million impairment loss.

OTHER (EXPENSE) INCOME —

During 2015, other expense increased by $0.7 million as compared to 2014. This increase was due to the loss on the sale of available for sale investments. Refer to Note 6 — Investments and Note 12 — Accumulated Other Comprehensive Income (Loss) in the Consolidated Financial Statements for further details.

NET INTEREST EXPENSE-

Net interest expense decreased by $28.7 million to $19.9 million during 2015 as compared to 2014. Net interest expense during the year ended December 31, 2015 consisted of interest expense under our credit facilities and amortization of deferred financing costs for those facilities. Net interest expense during the year ended December 31, 2014 consisted of interest expense under our credit facilities, interest expense related to our 2010 Notes, and amortization of deferred financing costs for those credit facilities.

The decrease in net interest expense for the year ended December 31, 2015 as compared to the year ended December 31, 2014 was primarily due to a decrease in interest expense and amortization of deferred financing fees associated with the 2007 Credit Facility, which was terminated pursuant to the Plan on the Effective Date, and the interest rate swap agreements as three interest rate swap agreements expired during the first quarter of 2014. The decrease in net interest expense is thus primarily the result of a lower amount of outstanding debt overall following our financial restructuring. Additionally, there was a decrease in interest expense related to the 2010 Notes as we ceased accreting the liability related to the 2010 Notes and accruing for the related coupon payment on the Petition Date of April 21, 2014. Refer to Note 9 — Debt, Note 10 — Convertible Senior Notes and Note 11 — Interest Rate Swap Agreements in our Consolidated Financial Statements. These decreases were partially offset by an increase in the interest expense related to the 2014 Term Loan Facilities, 2015 Revolving Credit Facility and the $98 Million Credit Facility which were entered into on October 8, 2014, April 7, 2015 and November 4, 2015, respectively. Additionally, there was an increase in interest expense related to the $148 Million Credit Facility which had higher debt outstanding during 2015 as compared to 2014 when the indebtedness was outstanding under the 2010 Credit Facility.

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REORGANIZATION ITEMS, NET-

Reorganization items, net represents amounts incurred and recovered subsequent to our bankruptcy filing as a direct result of the filing of the Chapter 11 Cases. During the year ended December 31, 2015, reorganization items, net decreased by $916.2 million to $1.1 million as compared to the year ended December 31, 2014. The reorganization items recorded during the year ended December 31, 2014 reflect the one-time revaluation of assets and liabilities recorded as part of fresh-start reporting as well as the one-time discharge of liabilities subject to compromise in exchange for issuance of common stock pursuant to the Plan. Refer to Note 20 — Reorganization items, net in our Consolidated Financial Statements for further detail. The reorganization items recorded during both periods include trustee fees and professional fees incurred after the Petition Date in relation to the Chapter 11 Cases. The decrease was therefore due to the fact that the fresh-start reporting adjustments were one-time adjustments that were recorded immediately upon our emergence from bankruptcy as well as the winding down of settlement payments as a result of the Chapter 11 Cases.

INCOME TAX EXPENSE-

During the year ended December 31, 2015, income tax expense increased marginally by less than $0.1 million to $1.8 million as compared to 2014. The marginal increase in income tax expense during 2015 as compared to 2014 is primarily due to the 1% purchase fee earned by Genco (USA) from Baltic Trading pursuant to the Management Agreement related to the delivery of the Baltic Wasp during the first quarter of 2015 (prior to the Merger). This increase was offset by a decrease in income earned by Genco (USA) during the year ended December 31, 2015 as a result of the cancellation of the Management Agreement with Baltic Trading effective July 18, 2015 pursuant to the Merger. As a result of the cancellation, Genco (USA) was no longer earning commercial service revenue, management fees and sales and purchase fees from Baltic Trading effective July 18, 2015. There was also a decrease in income earned by Genco (USA) due to the reduction of the daily service fee received from MEP from $750 per vessel to $650 per vessel effective October 1, 2015. Refer to Note 1 — General Information included in our Consolidated Financial Statements for further information.

REORGANIZATION ITEMS, NET

Reorganization items, net represents amounts incurred and recovered subsequent to our bankruptcy filing as a direct result of the filing of the Chapter 11 Cases. During the year ended December 31, 2015, reorganization items, net decreased by $916.2 million to $1.1 million as compared to the year ended December 31, 2014. The reorganization items recorded during the year ended December 31, 2014 reflect the one-time revaluation of assets and liabilities recorded as part of fresh-start reporting as well as the one-time discharge of liabilities subject to compromise in exchange for issuance of common stock pursuant to the Plan. Refer to Note 20 — Reorganization items, net in our Consolidated Financial Statements for further detail. The reorganization items recorded during both periods include trustee fees and professional fees incurred after the Petition Date in relation to the Chapter 11 Cases. The decrease was therefore due to the fact that the fresh-start reporting adjustments were one-time adjustments that were recorded immediately upon our emergence from bankruptcy as well as the winding down of settlement payments as a result of the Chapter 11 Cases.

NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST-

During the year ended December 31, 2015, net loss attributable to noncontrolling interest decreased by $33.7 million to $59.5 million as compared to the year ended December 31, 2014. Net loss was allocated to the noncontrolling interest up until July 17, 2015 when the Merger was effective. Once the Merger was effective, the noncontrolling interest allocation was no longer applicable.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity needs arise primarily from drydocking for our vessels and working capital requirements as may be needed to support our business and payments required under our indebtedness. Our primary sources of liquidity are cash flow from operations, cash on hand, equity offerings and credit facility borrowings. Our ability to continue to meet our liquidity needs is subject to and will be affected by cash utilized in operations, the economic or business environment in which we operate, weakness in shipping industry conditions, the financial condition of our customers, vendors and service providers, our ability to comply with the financial and other covenants of our indebtedness, and other factors.

Persistent, historically low rates in the drybulk shipping market have led to decreases in our overall revenues and operating losses on some of the charters we enter into. As a result, we have experienced negative cash flows, and in turn, our liquidity has been negatively impacted. To address our liquidity and covenant compliance issues, in November 2016 we refinanced or amended our credit facilities and completed a $125 million capital raise as described below. Based on current market conditions, we believe these measures are sufficient to address such issues for at least the next twelve months. However, if the current market environment persists, declines further, or does not recover sufficiently over a prolonged period of time, we may have insufficient liquidity to fund ongoing operations or satisfy our obligations under our credit facilities, which may lead to a default under one or more of our credit facilities.

On November 10, 2016, we entered into a senior secured loan facility for an aggregate principal amount of $400 million (the “$400 Million Credit Facility”) which was utilized to refinance our $100 Million Term Loan Facility, $253 Million Term Loan Facility, $148 Million Credit Facility, $22 Million Term Loan Facility, $44 Million Term Loan Facility and 2015 Revolving Credit Facility, as defined in Note 9 — Debt in our Consolidated Financial Statements. The $400 Million Credit Facility was subject to the completion of an equity financing satisfactory to the lenders with gross proceeds to us including the equity commitments as described in Note 9 — Debt in our Consolidated Financial Statements of at least $125 million and amendment of our other credit facilities on terms satisfactory to the lenders and other customary conditions.

As a condition to the effectiveness of the Second Amended Commitment Letter entered into on October 6, 2016 related to the aforementioned $400 Million Credit Facility, we entered into stock purchase agreements effective as of October 4, 2016 (the “Initial Purchase Agreements”) with funds or related entities managed by Centerbridge, SVP and Apollo (the “Investors”) for an aggregate of up to $125 million in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. The Investors made a firm commitment to purchase shares of Series A Convertible Preferred Stock (“Series A Preferred Stock”) for an aggregate of $86.4 million and a backstop commitment to purchase additional shares of common stock for up to $38.6 million, in each case at a purchase price of $4.85 per share. The Series A Preferred Stock will be automatically and mandatorily convertible into our common stock, par value $0.01 per share, upon approval by our shareholders of such conversion. An additional 1,288,660 shares of Series A Preferred Stock are to be issued to the Investors as a commitment fee on a pro rata basis. Subsequently, on October 27, 2016, we entered into a stock purchase agreement (the “Additional Purchase Agreement”) with certain of the Investors; John C. Wobensmith, our President; and other investors for the sale of shares of Series A Preferred Stock for an aggregate purchase price of $38.6 million at a purchase price of $4.85 per share. The purchase price and the other terms and conditions of these transactions were established in arm’s length negotiations between an independent special committee of our board of directors (the “Special Committee”) and the investors. The Special Committee unanimously approved the transactions. Refer to Note 9 — Debt in our Consolidated Financial Statements for further details. On November 15, 2016, pursuant to the Initial Purchase Agreements and Additional Purchase Agreement, we completed the private placement of 27,061,856 shares of Series A Preferred Stock which included 25,773,196 shares at a price per share of $4.85 and an additional 1,288,660 shares issued as a commitment fee on a pro rata basis as noted above. Refer to Note 1 — General Information.

Additionally, on November 15, 2016, we entered into Supplemental Agreements with lenders under our 2014 Term Loan Facilities (as defined in Note 9 — Debt in our Consolidated Financial Statements) which, among other things, amended the Company's collateral maintenance covenants under the 2014 Term Loan Facilities to provide that such covenants will not be tested through December 30, 2017 and the minimum collateral value to loan ratio will be 100% from December 31, 2017, 105% from June 30, 2018, 115% from December 31, 2018 and 135% from December 31, 2019. These Supplemental Agreements also provided for certain other amendments to the 2014 Term Loan Facilities, which included reductions in the minimum liquidity requirements consistent with the $400 Million Credit Facility and restrictions on incurring indebtedness, making investments (other than through non-recourse subsidiaries) or paying dividends, similar to the $400 Million Credit Facility.

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Lastly, on November 15, 2016, we also entered into an Amending and Restating Agreement which amended and restated the credit agreements and the guarantee for the $98 Million Credit Facility (as defined in Note 9 — Debt in our Consolidated Financial Statements) (the “Restated $98 Million Credit Facility”). The Restated $98 Million Credit Facility provides for the following: reductions in the minimum liquidity requirements consistent with the $400 Million Credit Facility; netting of certain amounts against the measurements of the collateral maintenance covenant, which remains in place with a 140% value to loan threshold; a portion of amounts required to be maintained under the minimum liquidity covenant for this facility may, under certain circumstances, be used to prepay the facility to maintain compliance with the collateral maintenance covenant; elimination of the original maximum leverage ratio and minimum net worth covenants; and restrictions on incurring indebtedness, making investments (other than through non-recourse subsidiaries) or paying dividends, similar to those provided for in the $400 Million Credit Facility.

At December 31, 2016, we believe we were in compliance with all financial covenants under the $400 Million Credit Facility, 2014 Term Loan Facilities and Restated $98 Million Credit Facility.

In the future, we may require capital to fund ongoing operations, debt service, and growth and to maintain compliance with our credit facility covenants. We may also seek to refinance our indebtedness, obtain waivers or modifications to our credit agreements from our lenders (which may be unavailable or subject to conditions) or raise additional capital through selling assets (including vessels), reduce or delay capital expenditures, or pursue strategic opportunities and equity or debt offerings. However, if market conditions are unfavorable, we may be unable to accomplish any of the foregoing on acceptable terms or at all.

Prior to the merger with Baltic Trading, Genco Investments LLC owned 6,356,471 shares of Baltic Trading’s Class B Stock, which represented an 10.85% ownership interest in Baltic Trading and 64.60% of the aggregate voting power of Baltic Trading’s outstanding shares of voting stock. On April 7, 2015, we entered into a definitive merger agreement with Baltic Trading (the “Merger”) under which we acquired Baltic Trading in a stock-for-stock transaction. The Merger was approved on July 17, 2015. Under the terms of the agreement, Baltic Trading became our indirect wholly-owned subsidiary, and Baltic Trading shareholders (other than GS&T and its subsidiaries) received 0.216 shares of our common stock for each share of Baltic Trading’s common stock they own at closing, with fractional shares to be settled in cash. Upon consummation of the transaction on July 17, 2015, our shareholders owned approximately 84.5% of the combined company, and Baltic Trading’s shareholders (other than the GS&T and its subsidiaries) own approximately 15.5% of the combined company. Shares of Baltic Trading’s Class B stock (all of which are owned by us) were canceled in the Merger. Our stock began trading on the New York Stock Exchange after consummation of the transaction on July 20, 2015 under the symbol “GNK.”

Our Board of Directors and Baltic Trading’s Board of Directors established independent special committees to review the transaction and negotiate the terms on behalf of their respective companies. Both independent special committees unanimously approved the transaction. The Boards of Directors of both companies approved the merger by unanimous vote of directors present and voting, with Peter C. Georgiopoulos, former Chairman of the Board of each company, recused for the vote. The Merger was approved on July 17, 2015 at the Annual Meeting.

Dividends

We are currently prohibited from paying dividends under certain of our facilities other than limited dividend amounts attributable to wholly-owned, non-recourse subsidiaries that meet certain criteria under our credit facilities. The longest such restriction is in effect until December 31, 2020. Following December 31, 2020, the amount of dividends we may pay is generally limited based on the amount of our unrestricted cash and cash equivalents as compared to the minimum liquidity amount in effect from time to time under the $400 Million Facility and the 2014 Term Loan Facilities, the repayment of at least $25 million of the loan under the $98 Million Credit Facility, and the ratio of the value of vessels and certain other collateral pledged under the each of our credit facilities to the amount of the loan outstanding under such facility. In addition, under the $98 Million Credit Facility, dividends may only be paid out of excess cash flow of Genco and its subsidiaries (as defined such facility).Moreover, we would make dividend payments to our shareholders only if our Board of Directors, acting in its sole discretion, determines that such payments would be in our best interest and in compliance with relevant legal and contractual requirements. The principal business factors that our Board of Directors would consider when determining the timing and amount of dividend payments would be our earnings, financial condition and cash requirements at the time. Marshall Islands law generally prohibits the declaration and payment of dividends other than from surplus. Marshall Islands law also prohibits the declaration and payment of dividends while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

Cash Flow

Net cash used in operating activities for the year ended December 31, 2016 and 2015 was $50.0 million and $56.1 million, respectively. Included in the net loss attributable to Genco during the years ended December 31, 2016 and 2015 are $72.0 million and $77.8 million of non-cash impairment charges, respectively. Also included in the net loss during the years ended December 31, 2016 and 2015 was $20.7 million and $42.1 million, respectively, of non-cash amortization of non-vested stock compensation due to the vesting of restricted shares and warrants primarily issued under the MIP. There was also a change in the (gain) loss on sale of vessels in the amount of $4.5 million due to the sale of additional vessels during 2016 as compared to 2015. Additionally, the fluctuation in accounts payable and accrued expenses decreased by $7.2 million due to the timing of payments and the fluctuation in due from charterers decreased by $3.9 million due to the timing of payments received from charterers. The above changes in operating activities were partially offset by a $4.3 million increase in the fluctuation in prepaid expenses and other current assets. Additionally, there was a $10.7 million decrease in deferred drydocking costs incurred because there were fewer vessels that completed drydocking during the year ended December 31, 2016 as compared to the same period during 2015.

Net cash provided by investing activities was $6.9 million during the year ended December 31, 2016 as compared to net cash used in investing activities of $56.8 million during the year ended December 31, 2015. The fluctuation is primarily due to a $66.1 million decrease in the purchase of vessels, including deposits. The decrease is primarily due to the completion of the purchase of the three Ultramax newbuilding vessels during 2015. There was also $13.0 million in proceeds from the sale or scrapping of five vessels during the year ended December 31, 2016. Additionally, there was an increase of $9.8 million of proceeds from the sale of available-for-sale (“AFS”) securities. These fluctuations were partially offset by an $25.7 million increase in deposits of restricted cash, which represents additional restricted cash required by the $400 Million Credit Facility which was entered into on November 10, 2016 and the Amended and Restated $98 Million Credit Facility that the Company entered into on November 15, 2016 partially offset by the $19.6 million of restricted cash that was held in an escrow account as of December 31, 2014 for the purchase of the Baltic Wasp, which was released to the shipyard upon the vessel delivery on January 2, 2015.

Net cash provided by financing activities was $55.4 million and $150.5 million during the years ended December 31, 2016 and 2015, respectively. Net cash provided by financing activities for the year ended December 31, 2016 consisted primarily of the $400.0 million drawdown on the $400 Million Credit Facility and net proceeds from the issuance of Series A Preferred Stock in the amount of $121.9 million partially offset by the following: $145.3 million repayment of debt under the $253 Million Term Loan Facility, $140.4 million repayment of debt under the $148 Million Credit Facility, $60.1 million repayment of debt under the $100 Million Term Loan Facility, $56.2 million repayment of debt under the 2015 Revolving Credit Facility, $38.5 million repayment of debt under $44 Million Term Loan Facility, $18.6 million repayment of debt under the $22 Million Term Loan Facility, $3.0 million repayment of debt under the $98 Million Credit Facility, $2.8 million repayment of debt under the 2014 Term Loan Facilities and $1.5 million payment of deferred financing costs. On November 15, 2016, the $400 Million Credit Facility refinanced the following six credit facilities; the $253 Million Term Loan Facility, the $148 Million Credit Facility, the $100 Million Term Loan Facility, the 2015 Revolving Credit Facility, the $44 Million Term Loan Facility and the $22 Million Term Loan Facility. Net cash provided by financing activities for the year ended December 31, 2015 for the Successor Company consisted primarily of the following: $148.0 million of proceeds from the $148 Million Credit Facility, $98.3 million of proceeds from the $98 Million Credit Facility and $56.2 million of proceeds from the 2015 Revolving Credit Facility. These proceeds from our credit facilities were partially offset by the following: $102.3 million repayment of debt under the 2010 Credit Facility, $20.3 million repayment of debt under the $253 Million Term Loan Facility, $7.7 million repayment of debt under the $100 Million Term Loan Facility, $7.6 million repayment of debt under the $148 Million Credit Facility, $2.8 million repayment of debt under the $44 Million Term Loan Facility, $2.1 million repayment of debt under the 2014 Term Loan Facilities, $1.5 million repayment of debt under the $22 Million Term Loan Facility, $7.0 million payment of deferred financing costs and $0.8 million cash settlement paid to non-accredited 2010 Note holders.

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Net cash used in operating activities decreased by $4.1 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. Included in the net loss attributable to Genco during the year ended December 31, 2015 are the non-cash impairment of vessel assets of $39.9 million, the non-cash impairment of our investment in Jinhui of $37.9 million and the non-cash loss on the disposal of vessels of $0.9 million. During 2014, the loss included the $880.4 million in non-cash reorganization items and fresh-start reporting adjustments reflected in the net loss recorded by the Predecessor Company during the period from January 1 to July 9, 2014, the $166.1 million of goodwill impairment recorded by the Successor Company during the period from July 9 to December 31, 2014. Excluding the aforementioned non-cash charges for the year ended December 31, 2015 and the same period during 2014, the loss would be lower by $4.4 million for the year ended December 31, 2015 as compared to the same period for 2014. The decrease in cash used by operating activities was primarily due to a $17.4 million increase in the amortization of non-vested stock compensation due to the amortization of the restricted shares and warrants issued under the MIP. The fluctuation in accounts payable and accrued expenses, prepaid expenses and other current assets and due from charterers increased by $8.5 million, $4.6 million and $4.7 million, respectively, due to the timing of payments. These decreases in net cash used in operations were partially offset by a decrease in depreciation and amortization expense of $33.1 million. This decrease in depreciation and amortization expense resulted from the revaluing of our vessels at market as required under our adoption of fresh-start reporting on July 9, 2014, but was lessened by the increase in the size of our fleet due to the delivery of four newbuilding Ultramax vessels.

Net cash used in investing activities during the year ended December 31, 2015 was $56.8 million, which represented a decrease of $17.9 million as compared to the year ended December 31, 2014. Net cash used in investing activities during the year ended December 31, 2015 by the Successor Company consisted primarily of $66.6 million of vessel asset purchases, including deposits. Net cash used in investing activities by the Successor Company and Predecessor Company during the periods from July 9 to December 31, 2014 and January 1 to July 9, 2014, respectively, consisted primarily of $24.5 million and $30.0 million of vessel asset purchases, including deposits, respectively. These purchases consisted primarily of the deposits made for the four Ultramax newbuilding vessels that Baltic Trading agreed to acquire, three which were delivered during the year ended December 31, 2015 and one that was delivered during the period from July 9 to December 31, 2014. Additionally, there was a $29.4 million fluctuation of the change in deposits of restricted cash primarily a result of $19.6 million of restricted cash that was held in an escrow account as of December 31, 2014 for the purchase of the Baltic Wasp, which was released to the shipyard upon the vessel delivery on January 2, 2015. Additionally, the fluctuation of the change in deposits of restricted cash is due to the deposit of $9.8 million of restricted cash during the year ended December 31, 2015 as required by the $98 Million Credit Facility, which was entered into on November 4, 2015.

Net cash provided by financing activities increased by $55.0 million to $150.5 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. Net cash provided by financing activities for the year ended December 31, 2015 for the Successor Company consisted primarily of the following: $148.0 million of proceeds from the $148 Million Credit Facility, $98.3 million of proceeds from the $98 Million Credit Facility and $56.2 million of proceeds from the 2015 Revolving Credit Facility. These proceeds from our credit facilities were partially offset by the following: $102.3 million repayment of debt under the 2010 Credit Facility, $20.3 million repayment of debt under the $253 Million Term Loan Facility, $7.7 million repayment of debt under the $100 Million Term Loan Facility, $7.6 million repayment of debt under the $148 Million Credit Facility, $2.8 million repayment of debt under the $44 Million Term Loan Facility, $2.1 million repayment of debt under the 2014 Term Loan Facilities, $1.5 million repayment of debt under the $22 Million Term Loan Facility, $7.0 million payment of deferred financing costs and $0.8 million cash settlement paid to non-accredited 2010 Note holders. Net cash provided by financing activities for the period from July 9 to December 31, 2014 for the Successor Company consisted primarily of $33.2

million of proceeds from the 2014 Term Loan Facilities offset by the following: $5.1 million repayment of debt under the $253 Million Term Loan Facility, $3.8 million repayment of debt under the $100 Million Term Loan Facility, $1.4 million repayment of debt under the $44 Million Term Loan Facility, $0.8 million repayment of debt under the $22 Million Term Loan Facility, $2.3 million payment of deferred financing costs, $0.5 million cash settlement paid to non-accredited 2010 Note holders and $1.0 million dividend payment by Baltic Trading to its shareholders. Net cash provided by financing activities for the period from January 1 to July 9, 2014 for the Predecessor Company consisted primarily of $100.0 million received for the Rights Offering pursuant to the Plan partially offset by the following: $10.2 million repayment of debt under the $253 Million Term Loan Facility, $3.8 million repayment of debt under the $100 Million Term Loan Facility, $1.4 million repayment of debt under the $44 Million Term Loan Facility, $0.8 million repayment of debt under

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the $22 Million Term Loan Facility, $4.5 million payment of deferred financing costs, $2.0 million of dividend payments by Baltic Trading to its shareholders and $0.1 million for payment of common stock issuance costs by Baltic Trading.

Credit Facilities

Refer to Note 9 —Debt of our Consolidated Financial Statements for a summary of our outstanding credit facilities, including the underlying financial and non-financial covenants. On November 10, 2016, we entered into the $400 Million Credit Facility which refinanced the following six of our credit facilities on November 15, 2016; the $100 Million Term Loan Facility, the $253 Million Term Loan Facility, the 2015 Revolving Credit Facility, the $44 Million Term Loan Facility, the $148 Million Credit Facility and the $22 Million Term Loan Facility. Additionally, on November 4, 2015, thirteen of our wholly-owned subsidiaries entered into the $98 Million Credit Facility which was used for working capital purposes.

Refer to Note 9 — Debt in our Consolidated Financial Statements for further information regarding agreements and waivers that were entered into, in addition to the terms and fees associated with these agreements.

At December 31, 2016, we believed we were in compliance with all of the financial covenants under the $400 Million Credit Facility, the $98 Million Credit Facility and the 2014 Term Loan Facilities.

Convertible Notes Payable

Refer to Note 10 — Convertible Senior Notes of our Consolidated Financial Statements for a summary of the convertible notes payable. On the Effective Date when the Company emerged from Chapter 11, the 2010 Notes and the Indenture were fully satisfied and discharged.

Interest Rate Swap Agreements, Forward Freight Agreements and Currency Swap Agreements

At December 31, 2016 and 2015, we did not have any interest rate swap agreements. As part of our business strategy, we may enter into interest rate swap agreements to manage interest costs and the risk associated with changing interest rates. In determining the fair value of interest rate derivatives, we would consider the creditworthiness of both the counterparty and ourselves immaterial. Valuations prior to any adjustments for credit risk would be validated by comparison with counterparty valuations. Amounts would not and should not be identical due to the different modeling assumptions. Any material differences would be investigated.

At December 31, 2013, we had four interest rate swap agreements with DNB Bank ASA to manage interest costs and the risk associated with changing interest rates. The total notional principal amount of the swaps was $306.2 million and the swaps had specified rates and durations. Notwithstanding the agreements we entered into with certain of the lenders under our 2007 Credit Facility, our $100 Million Term Loan Facility and our $253 Million Term Loan Facility to obtain forbearances with respect to certain potential or actual events of default as of March 31, 2014 (the "Relief Agreements"), the fact that we did not make the scheduled amortization payment under our 2007 Credit Facility on March 31, 2014 constituted an event of default under the one outstanding interest rate swap as of March 31, 2014.

As of March 31, 2014, we were in default under covenants of our 2007 Credit Facility due to the default on the scheduled debt amortization payment due on March 31, 2014. The default under the 2007 Credit Facility required us to elect interest periods of only one month; therefore, we no longer qualified for hedge accounting under the original designation and hedge accounting was terminated effective March 31, 2014. Additionally, the filing of the Chapter 11 Cases on the Petition Date constituted an event of default with respect to the outstanding interest rate swap with DNB Bank ASA. As a result, DNB Bank ASA terminated all transactions under the remaining swap agreement effective April 30, 2014 and filed a secured claim with the Bankruptcy Court of $5.6 million. The interest rate swap was settled on the Effective Date upon our emergence from bankruptcy. This liability was paid by the Successor Company during the period from July 9 to December 31, 2014.

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Refer to Note 11 — Interest Rate Swap Agreements of our Consolidated Financial Statements for further information.

As part of our business strategy, we may enter into arrangements commonly known as forward freight agreements, or FFAs, to hedge and manage market risks relating to the deployment of our existing fleet of vessels. These arrangements may include future contracts, or commitments to perform in the future a shipping service between ship owners, charters and traders. Generally, these arrangements would bind us and each counterparty in the arrangement to buy or sell a specified tonnage freighting commitment "forward" at an agreed time and price and for a particular route. Although FFAs can be entered into for a variety of purposes, including for hedging, as an option, for trading or for arbitrage, if we decided to enter into FFAs, our objective would be to hedge and manage market risks as part of our commercial management. It is not currently our intention to enter into FFAs to generate a stream of income independent of the revenues we derive from the operation of our fleet of vessels. If we determine to enter into FFAs, we may reduce our exposure to any declines in our results from operations due to weak market conditions or downturns, but may also limit our ability to benefit economically during periods of strong demand in the market. We have not entered into any FFAs as of December 31, 2016 and 2015.

Interest Rates

The effective interest rate for the years ended December 31, 2016, 2015 and 2014 include interest rates associated with the interest expense for our various credit facilities including the following: 2007 Credit Facility (until its termination on the Effective Date); the $400 Million Credit Facility; the $100 Million Term Loan Facility, $253 Million Term Loan Facility, 2015 Revolving Credit Facility, $44 Million Term Loan Facility, $148 Million Credit Facility and $22 Million Term Loan Facility (until these facilities were refinanced with the $400 Million Credit Facility on November 15, 2016); the 2010 Credit Facility (until it was refinanced as the $148 Million Credit Facility on January 7, 2015), the $98 Million Credit Facility; and the 2014 Term Loan Facilities.

The effective interest rate for the aforementioned credit facilities, including the rate differential between the pay fixed receive variable rate on the interest rate swap agreements that were in effect (for the Predecessor Company), combined, and the cost associated with unused commitment fees was 4.50%, 3.65%, 3.60% and 4.19% during 2016, 2015, the period from July 9 to December 31, 2014 and the period from January 1 to July 9, 2014, respectively. The interest rate on the debt, excluding unused commitment fees, ranged from 2.69% to 7.12%, 2.69% to 6.73% and 2.73% to 3.76% for the Successor Company during 2016, 2015 and the period from July 9 to December 31, 2014. Additionally, the interest rate on the debt, excluding the impact of swaps and unused commitment fees, ranged from 3.15% to 5.15% for the Predecessor Company for the period from January to July 9, 2014.

The effective interest rate associated with the liability component of the 2010 Notes was 10.0% from the period from January 1 to April 21, 2014, refer to Note 10 — Convertible Senior Notes in our Consolidated Financial Statements for further information. We ceased recording interest expense related to the 2010 Notes on April 21, 2014, the date we filed the Chapter 11 Cases, which constituted an event of default with respect to the 2010 Notes.

Contractual Obligations

The following table sets forth our contractual obligations and their scheduled maturity dates as of December 31, 2016. The table incorporates the employment agreement entered into in September 2007 with our President, John Wobensmith, which was amended on March 23, 2017. The interest and borrowing fees and scheduled credit agreement payments below reflect the $400 Million Credit Facility, the $98 Million Credit Facility and the 2014 Term Loan Facilities, as well as other fees associated with these facilities. For the interest and scheduled credit agreement payments for the $400 Million Credit Facility, we have assumed that we will elect the 1.50% of the interest expense to be paid in-kind ("PIK interest") through December 31, 2018, of which will be payable on the maturity date of the facility, November 15, 2021. Refer to Note 9 — Debt in our Consolidated Financial Statements for further information regarding the terms of the aforementioned credit facilities. The following table also incorporates the future lease payments associated with the lease for our current space. Refer to Note 21 — Commitments and Contingencies in our Consolidated Financial Statements for further information regarding the terms of our current lease agreement.

	Total	Less Than One Year	One to Three Years	Three to Five Years	More than Five Years
	(U.S. dollars in thousands)				
Credit Agreements	$ 536,704	$ 4,576	$ 56,365	$ 461,269	$ 14,494
Interest and borrowing fees	106,889	21,312	47,334	37,172	1,071
Executive employment agreement	1,120	1,120	—	—	—
Office leases	17,582	1,076	3,146	4,460	8,900
Totals	$ 662,295	$ 28,084	$ 106,845	$ 502,901	$ 24,465

Interest expense has been estimated using 1.03% plus the applicable margin of 3.75% for the $400 Million Credit Facility, 6.125% for the $98 Million Credit Facility and 2.50% for the 2014 Term Loan Facilities.

Capital Expenditures

We make capital expenditures from time to time in connection with our vessel acquisitions. Excluding the Genco Wisdom, Genco Carrier, Genco Reliance and Genco Success which were sold during January, February and March 2017, our fleet currently consists of 61 drybulk vessels, including 13 Capesize drybulk carriers, six Panamax drybulk carriers, four Ultramax drybulk carriers, 21 Supramax drybulk carriers, two Handymax drybulk carriers and 15 Handysize drybulk carriers.

As previously announced, we have initiated a fuel efficiency upgrade program for certain of our vessels. We believe this program will generate considerable fuel savings going forward and increase the future earnings potential for these vessels. The upgrades have been successfully installed on 16 of our vessels, which completed their respective planned drydockings during 2014 and 2015. Currently, we do not expect to install fuel efficiency upgrades on any of the vessels scheduled to drydock in 2017 and did not install any during 2016.

Under U.S. Federal law and 33 CFR, Part 151, Subpart D, U.S. approved ballast water treatment systems will be required to be installed in all vessels at the first out of water drydocking after January 1, 2016 if these vessels are to discharge ballast water inside 12 nautical miles of the coast of the U.S.. U.S. authorities did not approve ballast water treatment systems until December 2016. Therefore, the USCG has granted us extensions for our vessels with 2016 drydocking deadlines until January 1, 2018; however, an alternative management system (“AMS”) may be installed in lieu. For example, in February 2015, the USCG added Bawat to the list of ballast water treatment systems that received AMS acceptance. An AMS is valid for five years from the date of required compliance with ballast water discharge standards, by which time it must be replaced by an approved system unless the AMS itself achieves approval. We had applied for a supplement to this application for vessels drydocking in 2016 in order get a further extension to the vessels' next scheduled drydockings in year 2021. We have received extensions on most of the applications and we are awaiting the USCG's consideration for the Genco Augustus and Genco Tiger. The cost of these systems will vary based on the size of the vessel, and the Company estimates the cost of the systems to be $1.0 million for Capesize, $0.8 million for Panamax, $0.8 million for Supramax, $0.7 million for Handymax and $0.7 million for Handysize vessels. Any newbuilding vessels that we acquire will have at least an AMS installed when the vessel is being built. Additionally, for our vessels scheduled to drydock in 2017 and 2018, the USCG has granted an extension that enables us to defer installation to the next scheduled out of water drydocking. In addition, on September 8, 2016, the BWM Convention was ratified and will be in effect on September 8, 2017. This will require vessels to have ballast water treatment systems installed to coincide with the vessels' next IOPP renewal survey after September 8, 2017. The costs of ballast water treatment systems will be capitalized and depreciated over the remainder of the life of the vessel, assuming the system the Company installs becomes approved by both the IMO and the USCG. These amounts would be in addition to the amounts budgeted for drydocking below.

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In addition to acquisitions that we may undertake in future periods, we will incur additional expenditures due to special surveys and drydockings for our fleet. We estimate our drydocking costs, including capitalized costs incurred during drydocking related to vessel assets and vessel equipment, and scheduled off-hire days for our fleet through 2018 to be:

Year	Estimated Drydocking Cost (U.S. dollars in millions)	Estimated Off-hire Days
2017	$ 11.7	280
2018	$ 3.4	80

The costs reflected are estimates based on drydocking our vessels in China. Actual costs will vary based on various factors, including where the drydockings are actually performed. We expect to fund these costs with cash from operations. These costs do not include drydock expense items that are reflected in vessel operating expenses, including the write-off of any steel that is replaced during drydocking. Additionally, these costs do not include the cost of ballast water treatment systems as noted above.

Actual length of drydocking will vary based on the condition of the vessel, yard schedules and other factors. Higher repairs and maintenance expenses during drydocking for vessels which are over 15 years old typically result in a higher number of off-hire days depending on the condition of the vessel.

During 2016 and 2015, we incurred a total of $2.2 million and $12.8 million of drydocking costs,