GENCO SHIPPING & TRADING LTD
Form 10-K
April 07, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2013

or

o 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 000-51442

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 o No x

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 o No x

Indicate by checkmark 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 x No o

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 x No o

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. x

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 o Accelerated filer x

Non-accelerated filer o Smaller reporting company o

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

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 $1.63 per share as of June 30, 2013 on the New York Stock Exchange, was approximately $61.0 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.

The number of shares outstanding of the registrant's common stock as of April 7, 2014 was 44,449,407 shares.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III, Items 10, 11, 12, 13 and 14 are incorporated by reference in an amendment to this Annual Report on Form 10-K, which will be filed by the registrant within 120 days after the close of its 2013 fiscal year.

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 vessels of Baltic Trading Limited ("Baltic Trading"), our fleet currently consists of 53 drybulk carriers, including nine Capesize, eight Panamax, 17 Supramax, six Handymax and 13 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 3,810,000 deadweight tons ("dwt"). The average age of our current fleet is approximately 8.9 years, as compared to the average age for the world fleet of approximately 9 years for the drybulk shipping segments in which we compete. All of the vessels in our fleet were built in shipyards with reputations for constructing high-quality vessels. Excluding Baltic Trading, 36 of the vessels in our fleet are currently on spot market-related time charters and 12 are on fixed-rate time charter contracts. Additionally, five 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 Cargill International S.A. ("Cargill"), Swissmarine Services S.A. ("Swissmarine"), Pacific Basin Chartering Ltd. ("Pacbasin"), Klaveness Chartering ("Klaveness") and Lauritzen Bulkers A/S or LB/IVS Pool, in which Lauritzen Bulkers A/S acts as the pool manager (collectively, "Lauritzen Bulkers").

In addition, Baltic Trading's fleet currently consists of four Capesize, four Supramax and five Handysize drybulk carriers with an aggregate carrying capacity of approximately 1,095,000 dwt. After the expected delivery of four Ultramax newbuilding vessels that Baltic Trading has agreed to acquire, Baltic Trading will own a fleet of 17 drybulk vessels, consisting of four Capesize, four Ultramax, four Supramax and five Handysize vessels with a total carrying capacity of approximately 1,351,000 dwt. Seven of the vessels in Baltic Trading's fleet are currently on spot market-related time charters, two are on short-term fixed rate time charters and four of the vessels are operating in vessel pools.

Baltic Trading, formerly a wholly-owned subsidiary of the Company, completed its initial public offering, or IPO, on March 15, 2010. On May 28, 2013, Baltic Trading closed an equity offering of 6,419,217 shares of common stock at an offering price of $3.60 per share. Baltic Trading received net proceeds of approximately $21.6 million, after deducting underwriters' fees and expenses. Additionally, on September 25, 2013, Baltic Trading closed an equity offering of 13,800,000 shares of common stock at an offering price of $4.60 per share. Baltic Trading received net proceeds of approximately $59.5 million after deducting underwriters' fees and expenses. Lastly, on November 18, 2013, Baltic Trading closed an equity offering of 12,650,000 shares of common stock at an offering price of $4.60 per share. Baltic Trading received net proceeds of approximately $55.1 million after deducting underwriters' fees and expenses. As a result of Baltic Trading's equity offerings completed on May 28, 2013, September 25, 2013 and November 18, 2013, we were issued 128,383, 276,000 and 253,000 shares, respectively, of Class B stock, which represents 2% of the number of common shares issued. As of December 31, 2013, our wholly-owned subsidiary Genco Investments LLC owned 6,356,471 shares of Baltic Trading's Class B Stock, which represents an 11.05% ownership interest in Baltic Trading at December 31, 2013 and 65.08% of the aggregate voting power of Baltic Trading's outstanding shares of voting stock. Baltic Trading is consolidated as we control a majority of the voting interest in Baltic Trading. Management's discussion and analysis of our results of operations and financial condition includes the results of Baltic Trading.

We entered into a long-term management agreement (the "Management Agreement") with Baltic Trading pursuant to which we apply our expertise and experience in the drybulk industry to provide Baltic Trading with commercial, technical, administrative and strategic services. The Management Agreement is for an initial term of approximately 15 years and will automatically renew for additional five-year periods unless terminated in accordance with its terms. Baltic Trading will pay us for the services we provide it as well as reimburse us for our costs and expenses incurred in providing certain of these services. Management fee income we earn from the Management Agreement net of any allocated shared expenses, such as salary, office expenses and other general and administrative fees, will be taxable to us. Upon consolidation with Baltic Trading, any management fee income earned will be eliminated for financial reporting purposes.

On July 2, 2013, Baltic Trading entered into agreements to purchase two Handysize drybulk vessels from subsidiaries of Clipper Group for an aggregate purchase price of $41 million. The Baltic Hare, a 2009-built handysize vessel, was delivered on September 5, 2013 and the Baltic Fox, a 2010-built Handysize vessel, was delivered on September 6, 2013. Baltic Trading funded a portion of the purchase price of the vessels using proceeds from its registered follow-on common stock offering completed on May 28, 2013. For the remainder of the purchase price, Baltic Trading drew down $22 million under its secured loan agreement with DVB

Bank SE (the "Baltic Trading $22 Million Term Loan Facility"). Refer to Note 9 – Debt in our consolidated financial statements for further information regarding this credit facility.

On October 31, 2013, Baltic Trading entered into agreements to purchase two Capesize drybulk vessels from affiliates of SK Shipping Co. Ltd. for an aggregate purchase price of $103 million. The Baltic Lion, a 2012-built Capesize drybulk vessel, was delivered on December 27, 2013, and the Baltic Tiger, a 2011-built Capesize vessel, was delivered on November 26, 2013. Baltic Trading funded a portion of the purchase price of the vessels using proceeds from its registered follow-on common stock offering completed on September 25, 2013. For the remainder of the purchase price, Baltic Trading drew down $44 million under its secured loan agreement with DVB Bank SE (the "Baltic Trading $44 Million Term Loan Facility"). Refer to Note 9 – Debt in our consolidated financial statements for further information regarding this credit facility.

On November 13, 2013, Baltic Trading entered into agreements to purchase up to four 64,000 dwt Ultramax newbuilding drybulk carriers from Yangfan Group Co., Ltd. for a purchase of $28 million per vessel, or up to $112 million in the aggregate. Baltic Trading has agreed to purchase two such vessels, to be renamed the Baltic Hornet and Baltic Wasp, and obtained an option to purchase up to two additional such vessels for the same purchase price, which Baltic Trading exercised on January 8, 2014 These vessels are to be renamed the Baltic Mantis and the Baltic Scorpion. The purchases are subject to completion of customary additional documentation and closing conditions. The Baltic Hornet and Baltic Wasp are expected to be delivered to Baltic Trading during the third and fourth quarters of 2014, respectively. The Baltic Scorpion and the Baltic Mantis are expected to be delivered to us during the second and third quarters of 2015, respectively. Baltic Trading intends to use a combination of cash on hand and future cash flow from operations as well as commercial bank debt to fully finance the acquisition of these four Ultramax newbuilding drybulk vessels.

See pages 9-10 for tables of all vessels that have been or are expected to be delivered to us, including Baltic Trading's vessels.

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 hold an investment in the capital stock of Jinhui Shipping and Transportation Limited ("Jinhui") and Korea Line Corporation ("KLC"). 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 provide technical services for drybulk vessels purchased by Maritime Equity Partners LLC ("MEP") under an agency agreement between us and MEP. These services include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services are provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and will be provided for an initial term of one year. MEP has the right to cancel provision of services on 60 days' notice with payment of a one-year termination fee upon a change of our control. We may terminate provision of the services at any time on 60 days' notice. Peter C. Georgiopoulos, our Chairman of the Board of Directors, controls and has a minority interest in MEP. This arrangement was approved by an independent committee of our Board of Directors.

Restructuring Support Agreement

On April 3, 2014, we and certain of our subsidiaries entered into a Restructuring Support Agreement (the
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"Support Agreement") with certain lenders (the "Supporting Lenders") under each of (i) the Credit Agreement, dated as of July 20, 2007 (as amended to date), by and among the Company as borrower, the banks and other financial institutions named therein as lenders, Wilmington Trust, N.A., as successor administrative and collateral agent, and the other parties thereto (as amended, the "2007 Credit Facility"); (ii) the Loan Agreement, dated as of August 20, 2010 (as amended to date), by and among the Company as borrower, Genco Aquitane Limited and the other subsidiaries of the Company named therein as guarantors, the banks and financial institutions named therein as lenders, BNP Paribas, Credit Agricole Corporate and Investment Bank, DVB Bank SE, Deutsche Bank AG Filiale Deutschlandgeschaft, Skandinaviska Enskilda Banken AB (publ) as mandated lead arrangers, BNP Paribas, Credit Agricole Corporate and Investment Bank, DVB Bank SE, Deutsche Bank AG, Skandinaviska Enskilda Banken AB (publ) as swap providers, and Deutsche Bank Luxembourg S.A. as agent for the lenders and the assignee (as amended, the "$253 Million Term Loan Facility"); and (iii) the Loan Agreement, dated as of August 12, 2010 (as amended to date), by and among the Company as borrower, Genco Ocean Limited and the other subsidiaries of the Company named therein as guarantors, the banks and financial institutions named therein as lenders, and Credit Agricole Corporate and Investment Bank as agent and security trustee (as amended, the "$100 Million Term Loan Facility" and, together with the 2007 Credit Facility and the $253 Million Term Loan Facility, as well as certain holders (the "Supporting Noteholders" and, together with the Supporting Lenders, the "Supporting Creditors") of the Company's 5.00% Convertible Senior Notes due August 15, 2015 (the "2010 Notes").

The Support Agreement provides, subject to its terms and conditions, among other things:

- the Supporting Creditors agree (i) to timely vote to accept the proposed plan of reorganization (the "Plan") contemplated by the Support Agreement, (ii) support approval of the disclosure statement (the "Disclosure Statement") in respect of the Plan and the cash collateral order (the "Cash Collateral Order") contemplated under the Support Agreement; (iii) neither join in nor support any objection to the Disclosure Statement, the Cash Collateral Order, the solicitation procedures, or the Plan, or otherwise commence any proceeding to oppose or alter any of the terms of the Plan or any other document filed by Genco in connection with the confirmation of the Plan; and use commercially reasonable efforts to support, consent, and take other actions in connection with the Company's restructuring contemplated under the Support Agreement (the "Restructuring") and the Chapter 11 Case (as defined below).

- the Company agrees (i) to support and use commercially reasonable efforts to complete the Restructuring and all transactions contemplated under the Support Agreement in accordance with certain milestones, take any and all reasonably necessary actions in furtherance of the Restructuring and the transactions contemplated under the Support Agreement, including, without limitation, those set forth in the Restructuring Term Sheet (the "Term Sheet") and, once filed, the Plan; and obtain any and all required regulatory and/or third-party approvals necessary to consummate the Restructuring; and (ii) to take no action inconsistent with the Support Agreement or that would unreasonably delay approval of the Disclosure Statement, the Cash Collateral Order, or the solicitation procedures, or confirmation of the Plan; including soliciting an alternative transaction.

The Support Agreement is subject to termination in respect of the obligations of the Company and the Supporting Creditors in respect of a particular credit facility or the indenture for the 2010 Notes (a "Debt Instrument") by the mutual written agreement of the Company and Supporting Creditors holding more than 66 2/3% in amount of the principal outstanding under such Debt Instrument ("Required Supporting Creditors"). The Support Agreement is subject to termination in a number of other circumstances, including, without limitation:

- by the Company following the occurrence of any of the events specified in the Support Agreement, including: (i) any Supporting Creditors' material breach of its obligations under the Support Agreement that would reasonably be expected to have a material adverse impact on confirmation of the Plan and that remains uncured for the specified period; (ii) the Company's board of directors determining, in good faith and upon the advice of its advisors, in its sole discretion, that (A) continued pursuit of the Restructuring is inconsistent with its fiduciary duties or (B) having received an unsolicited proposal or offer for an alternative transaction, that such alternative transaction is likely to be more favorable than the Restructuring and that continued support of the Restructuring pursuant to this Agreement would be inconsistent with its fiduciary obligations; or (iii) the issuance by any governmental authority of an injunction, judgment, decree or similar ruling or order preventing consummation of a material portion of the restructuring; or

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- with respect to the obligations of the Company and the Supporting Creditors in respect of a particular Debt Instrument, upon the occurrence of any of the events specified in the Support Agreement, including: (i) the “Definitive Documents” (as defined in the Term Sheet) filed by the Company include terms that are inconsistent with the Term Sheet; (ii) the filing by the Company of any motion for relief seeking certain specified actions; (iii) the entry by the Bankruptcy Court of certain specified orders; (iv) the Company’s material breach of its obligations under the Support Agreement that remains uncured for the specified period; (v) the Company’s failure to meet the milestones under the Support Agreement; (vi) the Company’s loss of the exclusive right to file or solicit acceptance of a chapter 11 plan; (vii) a termination event under the Cash Collateral order; or (viii) the issuance of an order, not subject to a stay of effectiveness pending appeal, by any court of competent jurisdiction or other governmental authority making illegal or restricting or preventing the restructuring in a manner that cannot be reasonably remedied by the Company.

The Support Agreement provides for a termination fee of $26.5 million payable to Supporting Lenders under the 2007 Credit Facility and Supporting Noteholders if the Support Agreement is terminated under certain circumstances and the Company consummates an alternative transaction.

The Support Agreement contemplates that the Plan will be implemented through a voluntary bankruptcy case (the “Chapter 11 Case”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), which may include the filing of bankruptcy petitions by subsidiaries of Genco Shipping & Trading Limited other than Baltic Trading Limited and its subsidiaries. The Support Agreement also provides for the agreement of the Company and the Supporting Creditors to a form of Cash Collateral Order, under which the use of cash collateral of the Company’s creditors will be permitted during the Chapter 11 Case for working capital purposes, other general corporate purposes, and costs and expenses of the Chapter 11 Case, in each instance in accordance with a budget to be determined.

If we fail to fulfill our obligations under the Support Agreement, our creditors may be entitled to terminate the Support Agreement. If the Support Agreement terminates prior to the commencement of the Chapter 11 Case, we expect we will be compelled to seek relief under chapter 11 of the Bankruptcy Code prior to the expiration of the forbearances and waivers under the Relief Agreements. In addition, if the Support Agreement terminates, regardless of whether the Chapter 11 Case has commenced, we may receive a lower level of support from our creditors than we currently have. To the extent we must seek chapter 11 relief without the support of our creditors, successfully restructuring our indebtedness may become more difficult and protracted.

Restructuring Term Sheet

As set forth in the Term Sheet, the Plan would entail, among other things:

- a $100.0 million rights offering for 8.7% of the pro forma equity in reorganized Genco (the “New Genco Equity”), subject to dilution by the New Genco Warrants (defined below) and the MIP Warrants (defined below). Eligible 2007 Credit Facility lenders will have the right to participate in up to 80% of the rights offering, which portion will be backstopped by supporting 2007 Credit Facility lenders, and eligible holders of 2010 Notes will have the right to participate in up to 20% of the rights offering, which portion will be backstopped by the supporting noteholders;

- conversion of the full 2007 Credit Facility into 81.1% of the New Genco Equity, subject to dilution by the New Genco Warrants and the MIP Warrants;

- replacing the $253 Million Term Loan Facility and $100 Million Term Loan Facility with new senior secured credit facilities or amending the facilities to provide for extended maturity dates through August 2019 and certain other covenant modifications;

- payment of the claim under the Company’s outstanding swap in full through mutually acceptable treatment or other treatment consistent with the Bankruptcy Code;

- the unimpairment of all general unsecured creditors' claims under section 1124 of the Bankruptcy Code;
- the conversion of the 2010 Note claims into 8.4% of the New Genco Equity, subject to dilution by the New Genco Warrants and the MIP Warrants;
- the cancellation of all equity interests in the Company, with such equity interests receiving seven year warrants for 6.0% of the New Genco Equity struck at a $1,295 million equity valuation (the "New Genco Warrants").

- The establishment of a management equity incentive plan (the “MIP”) pursuant to which the directors, officers, and other management of reorganized Genco will receive the following: (i) 1.8% of the shares of the New Genco Equity, subject to dilution by warrants, (ii) the following three tiers of warrants (the “MIP Warrants”): (a) six-year warrants struck at a $1,618 million plan equity value representing 3.5% of the New Genco Equity, (b) six-year warrants struck at a $1,810 million plan equity value representing 3.5% of the New Genco Equity, and (c) six-year warrants struck at a $2,195 million equity value, representing 5.0% of the New Genco Equity. The MIP will vest over three years in equal proportions. The MIP Warrants will be exercisable on a cashless basis, and will be subject to dilution by the exercise of subsequent tranches of warrants.

Restructuring — Forbearances and Waivers

To allow discussions with our creditors concerning our restructuring to continue into April 2014 without the need to file for immediate bankruptcy relief, on March 31, 2014, we entered into agreements with certain of the lenders under our 2007 Credit Facility, our $100 Million Term Loan Facility, and our $253 Million Term Loan Facility (our “Credit Facilities”) to obtain waivers or forbearances with respect to certain potential or actual events of default as of March 31, 2014 as follows (the “Relief Agreements”):

- not making the scheduled amortization payment on March 31, 2014 under our 2007 Credit Facility;
- not meeting the consolidated interest ratio covenant for the period ended March 31, 2014;
- not meeting the maximum leverage ratio covenant for the period ending March 31, 2014;
- not meeting the collateral maintenance test under the 2007 Credit Facility;
- not meeting the minimum cash balance covenant under the 2007 Credit Facility;
- not furnishing audited financial statements to the lenders within 90 days after year end for the year ended December 31, 2013;
- a cross-default with respect to our outstanding interest rate swap with respect to the foregoing;
- cross-defaults among our credit facilities with respect to the foregoing; and
- any related defaults or events of default resulting from the failure to give notice with respect to any of the foregoing.

The Relief Agreement for our 2007 Credit Facility provided that the agent and consenting lenders would forbear to exercise their rights and remedies through 11:59 p.m. on April 1, 2014 with respect to the foregoing potential or actual events of default, subject to earlier termination if a subsequent event of default occurs under our credit agreements other than those described above or if we breach the terms of the Relief Agreement. The Relief Agreements for our other two Credit Facilities provided that the agent and lenders waived through 11:59 p.m. on April 1, 2014 the foregoing potential or actual events of default, subject to earlier termination if a subsequent event of default occurs under our credit agreements or if we breach the terms of the Relief Agreements. Notwithstanding such waivers and forbearances, the fact that we did not make the scheduled amortization payment on March 31, 2014 constituted an event of default under our currently outstanding interest rate swap. In addition, under the indenture and supplemental indenture (the “Indenture”) governing our 5.0% Convertible Senior Notes issued on July 27, 2010 (the “2010 Notes”), our failure to make such payment would constitute an event of default under the Indenture if we fail to cure such default within 30 days after notice from the trustee under the Indenture.

On April 1, 2014, we entered into new agreements with the other parties to the Relief Agreements that extend the expiration of the forbearances and waivers under the Relief Agreements from 11:59 p.m. on April 1, 2014 to 11:59 p.m. on April 21, 2014. Also, the forbearances and waivers would have terminated if a definitive agreement for our restructuring was not effective by 11:59 p.m. on April 4, 2014. We avoided this termination through our entry into the Support Agreement. Such new agreements are otherwise on substantially the same terms and conditions as the Relief Agreements.

Nothing in this Annual Report on Form 10-K shall constitute a solicitation of any holders of any of our indebtedness or our securities with respect to the matters contemplated in the Support Agreement or an offer to buy or sell, or a solicitation of an offer to buy or sell, any securities of the Company.

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Going Concern

Weak industry conditions have negatively impacted our results of operations and cash flows and may continue to do so in the future. These factors raise substantial doubt about our ability to continue as a going concern. The accompanying financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and extinguishment of liabilities in the normal course of business. Our ability to continue as a going concern is contingent upon, among other things, our ability to: (i) develop and successfully implement a restructuring plan within the timeframe of the Relief Agreements and the Restructuring Support Agreements, (ii) comply with the covenants contained in the Cash Collateral Order, including compliance with the approved budget and the payment of fees, expenses, and interest thereunder, and in any post-restructuring financing, (iii) reduce debt and other liabilities through the restructuring process, (iv) return to profitability, (v) generate sufficient cash flow from operations, and (vi) obtain financing sources to meet our future obligations. The realization of our assets and the satisfaction of our liabilities are subject to uncertainty. Any restructuring plan could materially change the amounts and classifications of assets and liabilities reported in the historical consolidated financial statements. Further, the Chapter 11 Case could materially change the amounts and classifications reported in the consolidated historical financial statements, which do not give effect to any adjustments to the carrying value of assets or amounts of liabilities that might be necessary as a consequence of confirmation of a plan of reorganization. Moreover, in the Chapter 11 Case, we may sell or otherwise dispose of or liquidate assets or settle liabilities, subject to the approval of the bankruptcy court or as otherwise permitted in the ordinary course of business (and subject to restrictions contained in the Cash Collateral Order) for amounts other than those reflected in the accompanying consolidated financial statements. The accompanying consolidated financial statements do not include any direct adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern or as a consequence of the Chapter 11 Case.

Risks and Uncertainties

Our ability to continue as a going concern is contingent upon, among other things, our ability: (i) to reach agreement with other parties on a definitive approach to restructuring; (ii) to generate sufficient cash flow from operations; (iii) to reach an acceptable outcome from our discussions with our creditors; and (iv) to obtain financing sources to meet our future obligations. We believe the consummation of a successful restructuring is critical to our continued viability and long-term liquidity. While we are working towards achieving these objectives, there can be no certainty that we will be successful in doing so.

We urge that appropriate caution be exercised with respect to existing and future investments in any of our liabilities and/or our securities. See "Part I—Item 1A. Risk Factors."

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 — Depending on the outcome of our restructuring, we may acquire additional modern, high-quality drybulk carriers through timely and selective acquisitions of vessels in a manner that is accretive to our cash flows. If we make acquisitions of additional vessels, 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 66 vessels, including those of Baltic Trading, are under time charters, spot market-related time charters or pool agreements. Charters under fixed rate contracts provide us with relatively stable revenues, and charterers 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 through the current unfavorable market condition 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 — During the year ended December 31, 2013, we outsourced technical management of our fleet, to Wallem Shipmanagement Limited (“Wallem”), Anglo-Eastern Group (“Anglo”), and V.Ships Limited (“V.Ships”), third-party independent technical managers, at a cost we believe is lower than what we could achieve by performing the function in-house. 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 will continue 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.

OUR FLEET

The table below summarizes the characteristics of our vessels that have been or are expected to be delivered to us, including those of Baltic Trading:

Genco Shipping & Trading Limited:

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 Titus	Capesize	177,729	2007
Genco Acheron	Panamax	72,495	1999
Genco Beauty	Panamax	73,941	1999
Genco Knight	Panamax	73,941	1999
Genco Leader	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
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
Genco Carrier	Handymax	47,180	1998
Genco Marine	Handymax	45,222	1996
Genco Muse	Handymax	48,913	2001
Genco Prosperity	Handymax	47,180	1997
Genco Success	Handymax	47,186	1997
Genco Wisdom	Handymax	47,180	1997
Genco Avra	Handysize	34,391	2011

Vessel	Class	Dwt	Year Built
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 Pioneer	Handysize	29,952	1999
Genco Progress	Handysize	29,952	1999
Genco Reliance	Handysize	29,952	1999
Genco Spirit	Handysize	34,432	2011
Genco Sugar	Handysize	29,952	1998

Baltic Trading Limited:

Vessel	Class	Dwt	Year Built
Baltic Bear	Capesize	177,717	2010
Baltic Wolf	Capesize	177,752	2010
Baltic Lion	Capesize	179,185	2012
Baltic Tiger	Capesize	179,185	2011
Baltic Hornet	Ultramax	64,000	2014 (1)
Baltic Wasp	Ultramax	64,000	2014 (1)
Baltic Scorpion	Ultramax	64,000	2015 (1)
Baltic Mantis	Ultramax	64,000	2015 (1)
Baltic Cougar	Supramax	53,432	2009
Baltic Jaguar	Supramax	53,474	2009
Baltic Leopard	Supramax	53,447	2009
Baltic Panther	Supramax	53,351	2009
Baltic Breeze	Handysize	34,386	2010
Baltic Cove	Handysize	34,403	2010
Baltic Wind	Handysize	34,409	2009
Baltic Fox	Handysize	31,883	2010
Baltic Hare	Handysize	31,887	2009

(1) Built dates for vessels delivering in the future are estimates based on guidance received from the sellers and respective shipyards.

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 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 for the technical management of our fleet. We currently contract with Wallem, Anglo and V.Ships, independent technical managers, for our technical management. 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 30 years of experience in the shipping industry.

Wallem, founded in 1971, Anglo, founded in 1974 and V.Ships, founded in 1984, 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 1,000 vessels of all types, including Capesize, Panamax, 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;
- 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 April 7, 2014, including Baltic Trading, we employed 43 of our 66 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 43 vessels is subject to the fluctuations of the spot market. Two of these vessels have spot market-related time charters which are linked with a floor of $8,500 and a ceiling of $13,500 daily with a 50% profit sharing arrangement to apply to any amount above the ceiling. The rate is based on 115% of the average of the daily rates of the Baltic Handysize index as reflected in daily reports. Additionally, as of April 7, 2014, including Baltic Trading, we employed 14 of our 66 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 nine 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 nine 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 will 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 remaining 66%, or approximately $11.3 million, converted to Samsun shares at a specified value per share. During the year ended December 31, 2013, we did not receive a payment from Samsun due to its financial difficulties. During the year ended December 31, 2012, we have recorded $0.3 million as other operating income which represents 50% of the portion (9%) of the cash settlement that was due on December 30, 2012 as this was the only amount remitted by Samsun. During the year ended December 31, 2011, we have recorded $0.5 million as other operating income which represents the portion (9%) of the cash settlement that was due on December 30, 2011.

During January 2011, the Genco Success, a 1997-built Handymax vessel, was on charter to Korea Line Corporation ("KLC") when KLC filed for a rehabilitation application. On July 3, 2012, the original rehabilitation plan submitted by KLC was approved by the South Korean courts. As part of the rehabilitation process, our claim of approximately $0.8 million will be settled in the following manner: 37%, or approximately $0.3 million, will be paid in cash in annual installments on December 30 of each year from 2012 through 2021 ranging in percentages from 0.5 to 43; the remaining 63%, or approximately $0.5 million, converted to KLC shares at a specified value per share. During the year ended December 31, 2012, we have recorded two-thousand dollars as other operating income which represents the portion (0.5%) of the cash settlement that was due on December 30, 2012. The final rehabilitation plan was amended and approved by the South Korean courts on October 4, 2013. During the year ended December 31, 2013, we received a final cash settlement and shares of KLC stock as our final settlement which resulted in operating income of $0.1 million.

The following table sets forth information about the current employment of the vessels currently in our fleet as of April 1, 2014:

Genco Shipping & Trading Limited

Vessel	Year Built	Charterer	Charter Expiration (1)	Cash Daily Rate (2)
Capesize Vessels				
Genco Augustus	2007	Cargill International S.A.	May 2014/Apr. 2015	103%/104% of BCI(3)
Genco Tiberius	2007	Cargill International S.A.	December 2014	102% of BCI(4)
Genco London	2007	Cargill International S.A.	September 2014	100% of BCI
Genco Titus	2007	Swissmarine Services S.A.	July 2014	100% of BCI
Genco Constantine	2008	Cargill International S.A.	February 2015	102% of BCI(5)
Genco Hadrian	2008	Swissmarine Services S.A.	October 2014	98.5% of BCI(6)
Genco Commodus	2009	Swissmarine Services S.A.	May 2014/Mar 2015	99%/100% of BCI(7)
Genco Maximus	2009	Swissmarine Services S.A.	February 2015	100% of BCI(8)
Genco Claudius	2010	Swissmarine Services S.A.	October 2014	99% of BCI
Panamax Vessels				
Genco Beauty	1999	Global Maritime Investments Ltd.	May 2014	97% of BPI
Genco Knight	1999	Swissmarine Services S.A.	March 2015	99% of BPI(9)
Genco Leader	1999	TTMI Sarl	November 2014	100% of BPI(10)
Genco Vigour	1999	Swissmarine Services S.A.	February 2015	98% of BPI(11)
Genco Acheron	1999	Swissmarine Services S.A.	December 2014	100% of BPI(12)
Genco Surprise	1998	Swissmarine Services S.A.	May 2015	100% of BPI
Genco Raptor	2007	Global Maritime Investments Ltd.	May 2014	100% of BPI
Genco Thunder	2007	Swissmarine Services S.A.	February 2015	100% of BPI(13)

Supramax Vessels				
Genco Predator	2005	D'Amico Dry Ltd.	October 2014	101% of BSI
Genco Warrior	2005	Pacific Basin Chartering Ltd.	May 2014	101% of BSI
Genco Hunter	2007	Pacific Basin Chartering Ltd.	September 2014	107% of BSI

Genco Cavalier	2007	Dalian Suntime International Co., Ltd.	May 2014	$10,000(14)
Genco Lorraine	2009	Pioneer Navigation Ltd.	July 2014	$7,500
Genco Loire	2009	WOL Ocean International Co., Ltd	May 2014	$10,000(15)
Genco Aquitaine	2009	AMN Bulk Carriers Inc.	May 2014	$8,550
Genco Ardennes	2009	Refined Success Ltd.	May 2014	$11,000(16)
Genco Auvergne	2009	Pioneer Navigation Ltd.	July 2014	100% of BSI
Genco Bourgogne	2010	Thoresen Shipping Singapore PTE Ltd.	October 2014	$10,250
Genco Brittany	2010	D'Amico Dry Ltd.	October 2014	100% of BSI
Genco Languedoc	2010	D'Amico Dry Ltd.	January 2015	100% of BSI
Genco Normandy	2007	Oldendorff GMBH & Co.	May 2014	$9,500(17)
Genco Picardy	2005	Pioneer Navigation Ltd.	December 2014	101% of BSI
Genco Provence	2004	Pioneer Navigation Ltd.	May 2014	101% of BSI
Genco Pyrenees	2010	Thoresen Shipping Singapore PTE Ltd.	June 2014	$9,750
Genco Rhone	2011	Pioneer Navigation Ltd.	November 2015	100% of BSI
Handymax Vessels				
Genco Success	1997	Thoresen Shipping Singapore PTE Ltd.	May 2014	$11,000(18)
Genco Carrier	1998	Wan Bong Chartering Co. Ltd.	May 2014	$10,250 (19)
Genco Prosperity	1997	ED & F MAN Shipping Ltd.	May 2014	$9,000(20)
Genco Wisdom	1997	ED & F MAN Shipping Ltd.	Apr./Dec. 2014	91.5%/90% of BSI(21)
Genco Marine	1996	Asia Maritime Pacific Chartering Ltd.	July 2014	$10,000(22)
Genco Muse	2001	Pacific Basin Chartering Ltd.	April 2014	92.5% of BSI
Handysize Vessels				
Genco Sugar	1998	Clipper Logger Pool	October 2014	Spot(23)
Genco Pioneer	1999	Clipper Logger Pool	October 2014	Spot(23)
Genco Progress	1999	Clipper Logger Pool	October 2014	Spot(24)
Genco Reliance	1999	Lauritzen Bulkers A/S	April 2015	Spot(25)
Genco Explorer	1999	Lauritzen Bulkers A/S	April 2015	Spot(25)
Genco Charger	2005	Pacific Basin Chartering Ltd.	February 2015	100% of BHSI
Genco Challenger	2003	Pacific Basin Chartering Ltd.	February 2015	100% of BHSI
Genco Champion	2006	Pacific Basin Chartering Ltd.	August 2015	100% of BHSI
Genco Ocean	2010	Pioneer Navigation Ltd.	March 2015	107% of BHSI
Genco Bay	2010	Pacific Basin Chartering Ltd.	December 2014	107% of BHSI
Genco Avra	2011	Pioneer Navigation Ltd.	September 2015	107% BHSI(26)
Genco Mare	2011	Cargill International S.A.	May 2015	115% of BHSI
Genco Spirit	2011	Cargill International S.A.	September 2014	$8,500-$13,500 with 50% profit sharing(27)

(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 Cargill International S.A. on a spot market-related time charter for 11 to 15.5 months based on 104% 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. Genco maintains the option to convert to a fixed rate based on Capesize FFA values at 102%. The extension is expected to begin on May 15, 2014.

(4) We have agreed to an extension with Cargill International S.A. on a spot market-related time charter for 11 to 14.5 months based on 102% of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Capesize FFA values at 102%. The extension began on January 11, 2014.

(5) We have agreed to an extension with Cargill International S.A. on a spot market-related time charter for 13 to 15.5 months based on 102% of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Capesize FFA values at 102%. The extension began on January 5, 2014.

(6) We have agreed to an extension with Swissmarine Services S.A. on a spot market-related time charter for 10.5 to 13.5 months based on 98.5% of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Capesize FFA values at 98.5%. The extension began on December 10, 2013.

(7) We have agreed to an extension with Swissmarine Services S.A. on a spot market-related time charter for 10.5 to 13.5 months based on 100% of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Capesize FFA values at 100%. The extension is expected to begin on or about May 15, 2014.

(8) We have agreed to an extension with Swissmarine Services S.A. on a spot market-related time charter for 11 to 13.5 months based on 100% of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Capesize FFA values at 100%. The extension began on March 5, 2014.

(9) We have agreed to an extension with Swissmarine Services S.A. on a spot market-related time charter for 11 to 13.5 months based on 99% of the Baltic Panamax Index (BPI), published by the Baltic Exchange, as reflected in daily reports except for the initial 25 days in which hire is based on 100% of the rate for the Baltic Panamax P3A route. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax FFA values at 99%. The extension began on April 1, 2014.

(10) We have agreed to an extension with TTMI Sarl on a spot market-related time charter for 10.5 to 14.5 months based on 100% of the BPI, as reflected in daily reports. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax FFA values at 100%. The extension began on December 27, 2013 after the vessel completed drydocking for scheduled repairs.

(11) We have reached an agreement with Swissmarine Services S.A. on a spot market-related time charter for 11 to 13.5 months based on 98% of the BPI, as reflected in daily reports except for the initial 45 days in which hire is $9,500 per day. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax FFA values at 98%. The vessel delivered to charterers on March 6, 2014 after the vessel exited drydocking for scheduled repairs.

(12) We have reached an agreement with Swissmarine Services S.A. on a spot market-related time charter for 11 to 13.5 months based on 100% of the BPI, as reflected in daily reports. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax

FFA values at 100%. The vessel delivered to charterers on January 9, 2014 after drydocking for scheduled repairs.

(13) We have agreed to an extension with Swissmarine Services S.A. on a spot market-related time charter for 10.5 to 13.5 months based on 100% of the BPI, as reflected in daily reports. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax FFA values at 100%. The extension began on March 26, 2014.

(14) We have reached an agreement with Dalian Suntime International Co., Ltd. on a time charter for 3.5 to 6 months at a rate of $10,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on January 3, 2014.

(15) We have reached an agreement with WOL Ocean International Co., Ltd on a time charter for 3.5 to 6 months at a rate of $10,000 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on January 17, 2014. The vessel was previously in drydocking for scheduled repairs.

(16) We have reached an agreement with Refined Success Ltd. on a time charter for 2.5 to 5 months at a rate of $11,000 per day except for the initial 20 days in which hire is based on 100% of the rate for the Baltic Supramax S2 route. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on February 18, 2014.

(17) We have reached an agreement with Oldendorff GMBH & Co. on a time charter for 1.5 to 4 months at a rate of $9,500 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The vessel delivered to charterers on February 13, 2014.

(18) We have reached an agreement with Thoresen Shipping Singapore PTE Ltd. on a time charter for 1.5 to 4.5 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 14, 2014.

(19) We have reached an agreement with Wan Bong Chartering Co. Ltd. on a time charter for 2.5 to 5.5 months at a rate of $10,250 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 1, 2014.

(20) We have agreed to an extension with ED & F MAN Shipping Ltd. on a time charter for 4 to 7 months at a rate of $9,000 per day except for the initial 40 days in which hire is $7,500 per day. Hire is paid every 15 days in advance less a 5.00% third-party brokerage commission. The extension began on January 19, 2014.

(21) We have agreed to an extension with ED & F MAN Shipping Ltd. on a spot market-related time charter based on 90% of the Baltic Supramax Index (BSI), published by the Baltic Exchange, as reflected in daily reports. The minimum and maximum expiration of the time charter is December 17, 2014 and March 17, 2015. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Supramax FFA values at 90%. The extension is expected to begin on or about April 15, 2014.

(22) We have reached an agreement with Asia Maritime Pacific Chartering Ltd. on a time charter for 4.5 to 7.5 months at a rate of $10,000 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 21, 2014 after the vessel exited drydock for scheduled repairs.

(23) 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. We can withdraw the vessels with a minimum notice of six months.

(24) The vessel redelivered from the LB/IVS Pool on March 6, 2014 and entered drydocking for scheduled repairs. The vessel then entered the Clipper Logger Pool on March 29, 2014

(25) We have reached an agreement to enter these vessels into the LB/IVS Pool whereby Lauritzen Bulkers A/S acts as the pool manager. We can withdraw the three vessels with 12 months' notice.

(26) We have reached an agreement with Pioneer Navigation Ltd. on a spot market-related time charter based on 107% of the Baltic Handysize Index (BHSI), published by the Baltic Exchange, as reflected in daily reports except for the initial 25 days in which hire will be $8,000 per day. The minimum and maximum expiration dates of the spot market-related time charter are September 1, 2015 and December 1, 2015, respectively. Hire is paid every 15 days in arrears less a 5.00% third-party brokerage commission. Genco maintains the option to convert to a fixed rate based on Handysize FFA values at 107%. The vessel delivered to charterers on March 27, 2014.

(27) The rate for the spot market-related time charter is linked with a floor of $8,500 and a ceiling of $13,500 daily with a 50% profit sharing arrangement to apply to any amount above the ceiling. The rate is based on 115% of the

average of the daily rates of the BHSI, published by the Baltic Exchange, as reflected in daily reports. Hire is paid every 15 days in advance net of a 5.00% third-party brokerage commission. This vessel was acquired with an existing time charter with a below-market rate. For the below-market time charter, Genco allocates the purchase price between the vessel and an intangible liability for the value assigned to the below-market charter-hire. This intangible liability is amortized as an increase to voyage revenues over the minimum remaining term of the applicable charter, at which point the liability will be amortized to zero and the vessel will begin earning the ‘‘Cash Daily Rate.’’ For cash flow purposes, Genco will continue to receive the rate presented in the ‘‘Cash Daily Rate’’ column until the charter expires. Specifically, for the Genco Spirit, the daily amount of amortization associated with the below-market rates is approximately $200 per day over the actual cash rate earned.

Baltic Trading Limited

Vessel	Year Built	Charterer	Charter Expiration(1)	Employment Structure	Expected Delivery(2)
Capesize Vessels					
Baltic Bear	2010	Swissmarine Services S.A.	February 2015	101.5% of BCI (3)	
Baltic Wolf	2010	Cargill International S.A.	July 2014	100% of BCI (4)	
Baltic Tiger	2011	Swissmarine Services S.A.	October 2014	102.75% of BCI (5)	
Baltic Lion	2012	Cargill International S.A.	November 2014	102.75% of BCI (6)	
Ultramax Vessels					
Baltic Hornet	2014	TBD	TBD	TBD	Q3 2014
Baltic Wasp	2014	TBD	TBD	TBD	Q4 2014
Baltic Scorpion	2015	TBD	TBD	TBD	Q2 2015
Baltic Mantis	2015	TBD	TBD	TBD	Q3 2015
Supramax Vessels					
Baltic Leopard	2009	Daiichi Chuo Kisen Kaisha	April 2014	$9,700 (7)	
Baltic Panther	2009	Bulkhandling Handymax A/S	May 2014	Spot Pool (8)	
Baltic Jaguar	2009	Resource Marine PTE Ltd. (part of the Macquarie group of companies)	May 2014	95% of BSI (9)	
Baltic Cougar	2009	Bulkhandling Handymax A/S	May 2014	Spot Pool (8)	
Handysize Vessels					
Baltic Wind	2009	Agriculture & Energy Carriers Ltd.	May 2014	$10,550 (10)	
Baltic Cove	2010	Trammo Bulk Carriers	January 2015	106% of BHSI (11)	
Baltic Breeze	2010	Cargill International S.A.	July 2014	115% of BHSI (12)	
Baltic Fox	2010	Clipper Logger Pool	September 2015	Spot Pool (13)	
Baltic Hare	2009	Clipper Logger Pool	September 2015	Spot Pool (13)	

(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 charters from two to four months in order to complete the vessel's final voyage plus any time the vessel has been off-hire.

(2) The dates for the vessels being delivered in the future are estimates based on guidance received from the sellers.

(3) We have agreed to an extension with Swissmarine Services S.A. on a spot market-related time charter based on 101.5% of the average of the daily rates of the Baltic Capesize Index (BCI), published by the Baltic Exchange, as reflected in daily reports. Hire is paid in arrears net of a 6.25% brokerage commission, which includes the 1.25%

commission payable to GS&T. The minimum and maximum expiration dates of the time charter are February 1, 2015 and April 15, 2015, respectively.

(4) We have reached an agreement with Cargill International S.A. on a spot market-related time charter based on 100% of the average of the daily rates of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 5.00% brokerage commission, which includes the 1.25% commission payable to GS&T. The duration of the spot market-related time charter is 21.5 to 26.5 months.

(5) We have reached an agreement with Swissmarine Services S.A. on a spot market-related time charter for 10.5 to 13.5 months based on 102.75% of the average of the daily rates of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 6.25% brokerage commission, which includes the 1.25% commission payable to GS&T. The vessel delivered to charterers on November 29, 2013.

(6) We have reached an agreement with Cargill International S.A. on a spot market-related time charter for 10.5 to 13.5 months based on 102.75% of the average of the daily rates of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 6.25% brokerage commission, which includes the 1.25% commission payable to GS&T. The vessel delivered to charterers on December 29, 2013.

(7) We have reached an agreement with Daiichi Chuo Kisen Kaisha on a time charter for approximately 40 days at a rate of $9,700 per day. Hire is paid every 15 days in advance net of a 6.25% brokerage commission, which includes the 1.25% commission payable to GS&T. The vessel delivered to charterers on March 14, 2014.

(8) 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. The vessels have to remain in the pool for a minimum of six months, after which Baltic Trading can withdraw a vessel with three months' notice.

(9) We have reached an agreement with Resource Marine PTE Ltd. on a spot market-related time charter for a minimum of 20.5 months to a maximum end date of July 11, 2014 based on 95% of the average of the daily rates of the Baltic Supramax Index (BSI), published by the Baltic Exchange, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 6.25% brokerage commission, which includes the 1.25% commission payable to GS&T.

(10) We have reached an agreement with Agriculture & Energy Carriers Ltd. on a time charter for 2 to 4.5 months at a rate of $10,550 per day. Hire is paid every 15 days in advance net of a 6.25% brokerage commission, which includes the 1.25% commission payable to GS&T. The vessel delivered to charterers on March 19, 2014 after completing drydock for scheduled repairs.

(11) We have reached an agreement with Trammo Bulk Carriers on a spot market-related time charter for 10.5 months to a maximum expiration date of April 1, 2015 based on 106% of the average of the daily rates of the Baltic Handysize Index (BHSI), published by the Baltic Exchange, as reflected in daily reports except for the initial 58 days in which the hire rate is based on the average of the Baltic Handysize HS5 and HS6 routes. Hire is paid every 15 days in arrears net of a 6.25% brokerage commission, which includes the 1.25% commission payable to GS&T. The vessel delivered to charterers on February 15, 2014.

(12) The rate for the spot market-related time charter is based on 115% of the average of the daily rates of the BHSI, as reflected in daily reports. Hire is paid every 15 days in advance net of a 6.25% brokerage commission, which includes the 1.25% commission payable to GS&T.

(13) 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. The vessels will remain in the pool for a minimum period of two years.

The Company's vessels regularly move between countries in international waters, over hundreds of trade routes and, as a result, the disclosure of financial information about geographic areas is impracticable.

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.

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 April 7, 2014, we employed 33 shore-based personnel and approximately 1,485 seagoing personnel on our vessels, including those of Baltic Trading.

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 Lauritzen Bulkers, Cargill, Pacbasin, Klaveness and Swissmarine. For the year ended December 31, 2013, three of our charterers, Cargill, Swissmarine and Pacbasin accounted for more than 10% of our voyage revenue, or 50.48%, 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, 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 1,735 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 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.

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 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.

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, 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, IMO's Maritime Environment Protection Committee, or MEPC, adopted by resolution amendments to the MARPOL Annex I Conditional Assessment Scheme, or CAS. These amendments, which are expected to become effective on October 1, 2014, pertain to revising references to the inspections of bulk carriers and tankers after the 2011 ESP Code, which enhances the programs of inspections, becomes mandatory. 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, 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, or 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 (from the previous cap of 4.50%). By January 1, 2020, sulfur content must not exceed 0.50%, subject to a feasibility review to be completed no later than 2018.

Sulfur content standards are even stricter within certain "Emission Control Areas" ("ECAs"). As of July 1, 2010, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 1.0% (from 1.50%), which will be further reduced to 0.10% on January 1, 2015. Amended Annex VI establishes procedures 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 effective January 1, 2014 the applicable areas of the United States 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, MARPOL made mandatory certain measures relating to energy efficiency for ships in part to address greenhouse gas emissions. All new ships are required to utilize the Energy Efficiency Design Index (EEDI) and all ships must use a Ship Energy Efficiency Management Plan (SEEMP). Our fleet is already compliant with this requirement.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. The U.S. Environmental Protection Agency 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, or SOLAS and the International Convention on Load Lines, or the 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. SOLAS amendments adopted by the IMO in May 2012 entered in force as of January 1, 2014. The Convention on Limitation of Liability for Maritime Claims (LLMC) was recently amended, and the amendments are expected to go 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 SOLAS, the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention, or 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 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. For example, IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. The BWM Convention will not become effective until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping. To date, there has not been sufficient adoption of this standard for it to take force. However, Panama may adopt this standard in the relatively near future, which would be sufficient for it to take force. Upon entry into force of the BWM Convention, mid-ocean ballast exchange would be mandatory for our vessels. In addition, our vessels would be required to be equipped with ballast water treatment systems that meet mandatory concentration limits, in each case not later than the first intermediate or renewal survey, whichever occurs first, after the anniversary date of delivery of the vessel in 2016. However, the U.S. Coast Guard, as well as the EPA, has mandated this requirement with the effective dates as described in the BWM Convention. Therefore, in order for our vessels to trade in the United States, we will be required to install ballast water treatment systems. The system specification requirements for trading in the United States have not been formalized, but we believe the ballast water treatment systems will range from $0.4 million to $0.9 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 Protocol in 1976, 1984, and 1992, and amended in 2000, or 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, or 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 the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). 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 U.S. Coast Guard and European Union 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 European Union 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.

Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, or 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 Comprehensive Environmental Response, Compensation and Liability Act

The U.S. Oil Pollution Act of 1990, or 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 United States, its territories and possessions or whose vessels operate in U.S. waters, which includes the U.S. territorial sea and its 200 nautical mile exclusive economic zone. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, which applies to the discharge of hazardous substances other than oil, 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 July 31, 2009, the U.S. Coast Guard adjusted the limits of OPA liability for non-tank vessels to the greater of $1,000 per gross ton or $854,400 (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 U.S. Coast Guard 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 U.S. Coast Guard'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. 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, or CWA, prohibits the discharge of oil or hazardous substances 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 regulates the discharge of ballast and bilge water and other substances in U.S. waters under the CWA. EPA regulations require vessels 79 feet in length or longer (other than commercial fishing and recreational vessels) to comply with a Vessel General Permit, or VGP, authorizing ballast and bilge water discharges and other discharges incidental to the operation of vessels. The VGP imposes technology and water-quality based effluent limits for certain types of discharges and establishes specific inspection, monitoring, recordkeeping and reporting requirements to ensure the effluent limits are met. On March 28, 2013, the EPA re-issued the VGP for another five years; this VGP took effect on December 19, 2013. The new VGP focuses on authorizing discharges incidental to operations of commercial vessels. The VGP also 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.

U.S. Coast Guard regulations adopted under the U.S. National Invasive Species Act, or NISA, also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters. As of June 21, 2012, the Coast Guard implemented revised regulations on ballast water management standards by establishing standards on the allowable concentration of living organisms in ballast water discharged from ships in U.S. waters. The revised ballast water standards are consistent with those adopted by the IMO in 2004. Compliance with the EPA and the U.S. Coast Guard 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, and/or otherwise restrict our vessels from entering U.S. waters.

The U.S. Clean Air Act of 1970, including its amendments of 1977 and 1990, or 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, or SIPs, designed to attain national health-based air quality standards in primarily major metropolitan areas and/or industrial areas. Some SIPs may include regulations relating to emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. To the extent applicable to our vessels, the operation of our vessels is in compliance with the CAA.

However, compliance with future EPA and U.S. Coast Guard regulations could require the installation of certain engineering equipment and water treatment systems 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.

European Union Regulations

In October 2009, the European Union 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.

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. As of January 1, 2013, all new ships must comply with two new sets of mandatory requirements, which were adopted by MEPC in July 2011, to address greenhouse gas emissions from ships. Currently operating ships will be required to develop SEEMPs, and minimum energy efficiency levels per capacity mile will apply to new ships. These requirements could cause us to incur additional compliance costs. The IMO is also planning to implement market-based mechanisms to reduce greenhouse gas emissions from ships at an upcoming MEPC session. The European Union has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from marine vessels, and in January 2012 the European Commission launched a public consultation on possible measures to reduce greenhouse gas emissions from ships. In April 2013, the European Union Parliament rejected proposed changes to the European Union Emissions Law regarding carbon trading. In June 2013 the European Commission developed a strategy to integrate maritime emissions into the overall European Union Strategy to reduce greenhouse gas emissions. If the strategy is adopted by the European Parliament and Council large vessels using European Union ports would be required to monitor, report, and verify their carbon dioxide emissions beginning in January 2018. In December 2013, the European Union environmental ministers discussed draft rules to implement monitoring and reporting of carbon dioxide emissions from ships. In the United States, 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. Although the mobile source emissions regulations do not apply to greenhouse gas emissions from vessels, such regulation of vessels is foreseeable, and the EPA has in recent years received petitions from the California Attorney General and various environmental groups seeking such regulation. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol, 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 UN 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 will be 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. 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, or the MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the EPA.

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter V 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, or 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, or ISSC, from a recognized security organization approved by the vessel's flag state. Among the various requirements are:

- 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;
- 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 U.S. Coast Guard 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 SOLAS security requirements and the ISPS Code. We have implemented the various security measures addressed by the MTSA, SOLAS 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:

- 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. The classification society may grant a one-year grace period for completion of the special

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survey. 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.

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 will apply to oil tankers and bulk carriers contracted to be 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) declines in demand or rates in the drybulk shipping industry; (ii) prolonged weakness 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 and general, administrative 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 our 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) our 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 off-hire days; (xiii) the completion of definitive documentation with respect to time charters; (xiv) charterers' compliance with the terms of their charters in the current market environment; (xv) the Company's ability to obtain modifications or alternatives to its financing arrangements on acceptable terms; (xvi) the fulfillment of the closing conditions under, or the execution of additional documentation for, Baltic Trading's agreements to acquire vessels; (xvii) obtaining, completion of definitive documentation for, and funding of financing for the vessel acquisitions on acceptable terms; (xviii) our ability to timely and effectively implement and execute our plan to restructure our capital structure; (xix) our ability to arrange and consummate financing or sale transactions or to access capital; (xx) the extent to which our operating results continue to be affected by weakness in market conditions and charter rates; (xxi) our ability to continue as a going concern; (xxii) the satisfaction of the conditions to the consummation of any restructuring plan; (xxiii) the occurrence of any event, change or other circumstance that could give rise to the termination of the Restructuring Support Agreement or a default under the Cash Collateral Order; (xxiv) objections that may be raised with respect to any plan of reorganization and the adjudication of those objections in the Chapter 11 Case;

(xxv) whether we are able to generate sufficient cash flows and maintain adequate liquidity to meet our liquidity needs, service our indebtedness and finance the ongoing obligations of our business during our restructuring and thereafter, including the extent to which our operating results may continue to be affected by weakness in market conditions and charter rates; (xxix) the length of time our restructuring will take; (xxx) the effects of bankruptcy court rulings in the Chapter 11 Case and the outcome of the Chapter 11 Case in general; (xxxi) the pursuit by our various creditors, equity holders and other constituents of their interests; (xxxii) other potential adverse effects of our restructuring on liquidity or results of operations in general, including our ability to operate pursuant to the terms of the Cash Collateral Order and increased administrative and restructuring costs related to the Chapter 11 Case; (xxxiii) 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; (xxviii) the timing and realization of the recoveries of assets and the payments of claims and the amount of expenses required to recognize such recoveries and reconcile such claims; (xxix) our ability to obtain sufficient and acceptable post-restructuring financing; (xxx) those other risks and uncertainties discussed below under the headings “RISK FACTORS RELATED TO OUR RESTRUCTURING” and “RISK FACTORS RELATED TO OUR BUSINESS & OPERATIONS”, and (xxxi) 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 RESTRUCTURING

We may be unable to fulfill the requirements of the Support Agreement some of which must be satisfied prior to the expiration of forbearances or waivers from our lenders.

The Support Agreement requires us to comply with a number of covenants, including the completion of certain actions by certain milestone dates specified in the Support Agreement. Some of our obligations must be fulfilled prior to the expiration of the forbearances or waivers under the Relief Agreements at 11:59 p.m. on April 21, 2014 and the anticipated commencement of the Chapter 11 Case. If we fail to fulfill our obligations under the Support Agreement, our creditors may be entitled to terminate the Support Agreement. If the Support Agreement terminates prior to the commencement of the Chapter 11 Case, we expect we will be compelled to seek relief under chapter 11 of the Bankruptcy Code prior to the expiration of the forbearances and waivers under the Relief Agreements. In addition, if the Support Agreement terminates, regardless of whether the Chapter 11 Case has commenced, we may receive a lower level of support from our creditors than we currently have. To the extent we must seek chapter 11 relief without the support of our creditors, successfully restructuring our indebtedness may become more difficult and protracted.

We expect to file a voluntary petition, and our subsidiaries (excluding Baltic Trading and its subsidiaries) may file voluntary petitions, for relief under chapter 11 of the United States Bankruptcy Code to implement our restructuring, which will subject us to risks and uncertainties.

The Support Agreement contemplates that our consensual restructuring with our lenders will be implemented through cases under the Chapter 11 Case. Our operations and our ability to execute our business strategy will be subject to the risks and uncertainties associated with bankruptcy. These risks include:

- our ability to comply with and to operate under the Cash Collateral Order and any cash management orders entered by the bankruptcy court from time to time;

- our ability to obtain approval of the bankruptcy court with respect to motions filed in the Chapter 11 Case from time to time;

- our ability to obtain creditor and bankruptcy court approval for, and then to consummate, a plan of reorganization to emerge from bankruptcy;
- our ability to attract and retain customers;
- our ability to obtain and maintain acceptable terms with vendors and service providers and to maintain contracts that are critical to our operations;
- our ability to attract, motivate and retain key employees; and
- our ability to fund and execute our business plan.

We will also be subject to risks and uncertainties with respect to the actions and decisions of the creditors and other third parties who have interests in the Chapter 11 Case that may be inconsistent with our plans.

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Chapter 11 cases may affect our relationships with, and our ability to negotiate favorable terms with, creditors, customers, charterers, vendors, employees, and other personnel and counterparties. While we expect to continue normal operations, public perception of our continued viability may affect, among other things, the desire of new and existing charterers and customers to enter into or continue their charter or other agreements or arrangements with us. The failure to maintain any of these important relationships could adversely affect our business, financial condition and results of operations. Because of the public disclosure of the Chapter 11 Case and our liquidity constraints, our ability to maintain normal credit terms with vendors may be impaired.

Also, upon commencement of the Chapter 11 Case, transactions outside the ordinary course of business require approval of the bankruptcy court, which may limit our ability to respond timely to certain events or to take advantage of certain opportunities. We are operating under a cash management strategy to preserve liquidity. This ongoing cash management strategy limits many of our operational and strategic initiatives designed to maintain or grow our business over the long term. Because of the risks and uncertainties associated with the Chapter 11 Case, we cannot predict or quantify the ultimate impact that events occurring during the reorganization process will have on our business, financial condition and results of operations.

As a result of the Chapter 11 Case, the realization of assets and the satisfaction of liabilities are subject to uncertainty. While operating as debtors-in-possession under chapter 11, we may sell or otherwise dispose of or liquidate assets or settle liabilities, subject to the approval of the bankruptcy court or as otherwise permitted in the ordinary course of business, for amounts other than those reflected in the condensed consolidated financial statements included in this Report.

We may not be able to obtain confirmation of the Plan in the Chapter 11 Case, or there may be a delay of the effective date of the Plan.

In order for us to emerge successfully from the Chapter 11 Case as viable, we, like any other chapter 11 debtor, must obtain approval of the plan of reorganization from our creditors and confirmation of a plan of reorganization through the bankruptcy court, and then successfully implement the plan of reorganization. The foregoing process requires us to (i) meet certain statutory requirements with respect to the adequacy of the disclosure statement relating to the plan of reorganization, (ii) solicit and obtain creditor acceptances of the plan of reorganization and (iii) fulfill other statutory conditions with respect to the confirmation of the plan of reorganization.

There can be no assurance that the bankruptcy court will agree that the Plan meets the requirements for confirmation. Moreover, there can be no assurance that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes to accept the Plan, as modified. Additionally, by its terms, the Plan will not become effective unless, among other things, the conditions precedent contained therein have been satisfied or waived in accordance with the terms of the Plan.

There can be no assurance as to when the effective date of any plan of reorganization will ever occur or that the conditions to the effective date contained in such plan will ever be met. The impact that a prolonging of the Chapter 11 Case could have on our operations cannot be accurately predicted or quantified. The continuation of the Chapter 11 Case, particularly if the Plan is not approved, confirmed, or implemented within the time frame currently contemplated, could adversely affect our operations and relationships between us and our customers and charterers, suppliers, service providers and creditors; result in increased professional fees and similar expenses; and threaten our ability to obtain the equity investment contemplated by the Plan. Failure to confirm the plan or any delay of the Plan's effective date could further weaken our liquidity position, which could jeopardize our exit from chapter 11, force us to sell the Company or certain of its material assets or liquidate under chapter 7 of the Bankruptcy Code.

We may have insufficient liquidity for our business operations.

Although we believe that we will have sufficient liquidity to operate our businesses through our restructuring process, there can be no assurance that the revenue generated by our business operations and cash made available to us under the Cash Collateral Order or otherwise in our restructuring process will be sufficient to fund our operations, especially as we expect to incur substantial professional and other fees related to our restructuring. We have not made arrangements for financing in the form of a debtor-in-possession credit facility, or DIP facility. In the event that revenue flows and other available cash are not sufficient to meet our liquidity requirements, we may be required to seek additional financing. There can be no assurance that such additional financing would be available or, if available, offered on terms that are acceptable. If, for one or more reasons, we are unable to obtain such additional financing, we could be required to seek a sale of the company or certain of its material assets or our businesses and assets may be subject to liquidation under chapter 7 of the Bankruptcy Code, and we may cease to continue as a going concern.

Operating under chapter 11 may restrict our ability to pursue our strategic and operational initiatives.

Under chapter 11, transactions outside the ordinary course of business are subject to the prior approval of the bankruptcy court, which may limit our ability to respond in a timely manner to certain events or take advantage of certain opportunities. Additionally, the terms of the Cash Collateral Order will limit our ability to undertake certain business initiatives. These limitations may include, among other things, our ability to:

- sell assets outside the normal course of business;

- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

- grant liens; and

- finance our operations, investments or other capital needs or to engage in other business activities that would be in our interests.

Our restructuring has consumed and will continue to consume a substantial portion of the time and attention of our management and will impact how our business is conducted, which may have an adverse effect on our business and results of operations.

Our restructuring has consumed and will continue to consume a substantial portion of our management’s time and attention and leave them with less time to devote to the operation of our business. This diversion of attention may materially adversely affect the conduct of our business, and, as a result, on our financial condition and results of operations, particularly if our restructuring is protracted.

As a result of our restructuring, our historical financial information may not be indicative of our future financial performance.

We expect our capital structure to be significantly altered under our restructuring in the Chapter 11 Case. Under fresh-start reporting rules that may apply to us upon the effective date of the Plan, our assets and liabilities would be adjusted to fair values and our retained earnings would be restated to zero. Accordingly, if fresh-start reporting rules apply, our financial condition and results of operations following our emergence from chapter 11 would not be comparable to the financial condition and results of operation reflected in our historical financial statements. In connection with the Chapter 11 Case, it is also possible that additional restructuring and related charges may be identified and recorded in future periods. Such charges could be material to our consolidated financial position and results of operations in any given period.

Trading in our securities is highly speculative and poses substantial risks. It is impossible to predict at this time whether holders of our securities will receive any distribution with respect to, or be able to recover any portion of, their investments.

Under the priority scheme established by the Bankruptcy Code, unless creditors agree otherwise, post-petition liabilities and pre-petition liabilities must be satisfied in full before shareholders are entitled to receive any distribution or retain any property under a chapter 11 plan of reorganization. The ultimate recovery to creditors and/or shareholders, if any, will not be determined until confirmation of such a plan. No assurance can be given as to what values, if any, will be ascribed in the Chapter 11 Case to each of these constituencies or what types or amounts of distributions, if any, they would receive. The Plan contemplated under the Restructuring Support Agreement, provides for holders of the common stock of Genco Shipping & Trading Limited to receive a limited distribution on account of their interests and the cancellation and extinguishment of their existing stock. If certain requirements of the Bankruptcy Code are met, the Plan can be confirmed notwithstanding its rejection by the class comprising the interests of Genco Shipping & Trading Limited equity security holders. Therefore, an investment in Genco Shipping & Trading Limited common stock is highly speculative and may become worthless (or be cancelled) in the future without any required approval or consent of the shareholders of Genco Shipping & Trading Limited.

In the event of cancellation of our equity or other securities, amounts invested by the holders of such securities will not be recoverable, and such securities would have no value. Trading prices for our equity or other securities may bear little or no relationship to the actual recovery, if any, by the holders thereof in our restructuring. Accordingly, we urge extreme caution with respect to existing and future investments in our equity or other securities.

Our common stock may no longer be listed on a national securities exchange as a result of our restructuring and may be quoted only in the over-the-counter market, which could negatively affect our stock price and liquidity.

The shares of our common stock are listed on the NYSE under the symbol “GNK.” Upon commencement of the Chapter 11 Case, our shares may be suspended from trading and eventually delisted from the NYSE. In such an event, we would expect our shares to commence trading on the over-the-counter market. However, the extent of the public market for our common stock and the continued availability of quotations would depend upon such factors as the aggregate market value of the common stock, the interest in maintaining a market in our common stock on the part of securities firms and other factors. The over-the-counter market is a significantly more limited market than the NYSE, and the quotation of our common stock in the over-the-counter market may result in a less liquid market available for existing and potential shareholders to trade shares of our common stock. This could further depress the trading price of our common stock and could also have a long-term adverse effect on our ability to raise capital. There can be no assurance that any public market for our common stock will exist in the future following commencement of the Chapter 11 Case.

We have not made any final determinations with respect to reorganizing our capital structure, and any changes to our capital structure may have a material adverse effect on existing debt and security holders.

Any reorganization of our capital structure that we may engage in may include exchanges of new debt or equity securities for our existing securities, and such new debt or equity securities may be issued at different interest rates, payment schedules, and maturities than our existing securities. We may also modify or amend our existing securities to the same effect. Such exchanges or modifications are inherently complex to implement. The success of a reorganization through any such exchanges or modifications may depend on bankruptcy court approval and the willingness of existing security holders to agree to the exchange or modification, and there can be no guarantee of success. If such exchanges or modifications are successful, holders of our debt may find their holdings no longer have any value or are materially reduced in value, or they may be converted to equity and be diluted or receive debt with a principal amount that is less than the outstanding principal amount, longer maturities, and reduced interest rates. There can be no assurance that any new debt or equity securities will maintain their value at the time of issuance. Also, if the existing debt or equity security holders are adversely affected by a reorganization, it may adversely affect the Company's ability to issue new debt or equity in the future.

Any restructuring plan that we may implement will be based in large part upon assumptions and analyses developed by us. If these assumptions and analyses prove to be incorrect, our plan may be unsuccessful in its execution.

Any restructuring plan that we may implement could affect both our capital structure and the ownership, structure and operation of our business and will reflect assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we consider appropriate under the circumstances. Whether actual future results and developments will be consistent with our expectations and assumptions depends on a number of factors, including but not limited to (i) our ability to change substantially our capital structure; (ii) our ability to obtain adequate liquidity and financing sources; (iii) our ability to maintain customers' confidence in our viability as a continuing entity and to attract and retain sufficient business from them; (iv) our ability to retain key employees, and (v) the overall strength and stability of general economic conditions of the financial and shipping industries, both in the United States and in global markets. The failure of any of these factors could materially adversely affect the successful reorganization of our businesses.

In addition, any restructuring plan will rely upon financial projections, including with respect to revenues, EBITDA, debt service and cash flow. Financial forecasts are necessarily speculative, and it is likely that one or more of the assumptions and estimates that are the basis of these financial forecasts will not be accurate. In our case, the forecasts are even more speculative than normal, because they involve fundamental changes in the nature of our capital structure. Accordingly, we expect that our actual financial condition and results of operations will differ, perhaps materially, from what we have anticipated. Consequently, there can be no assurance that the results or developments contemplated by any plan of reorganization we may implement will occur or, even if they do occur, that they will have the anticipated effects on us and our subsidiaries or our businesses or operations. The failure of any such results or developments to materialize as anticipated could materially adversely affect the successful execution of any plan of reorganization.

Inadequate liquidity could materially adversely affect our future business operations.

Given the current business environment, our liquidity needs could be significantly higher than we currently anticipate. Our ability to maintain adequate liquidity through 2014 and beyond could depend on our ability to successfully implement an appropriate restructuring plan, successful operation of our business, appropriate management of operating expenses and capital spending and our ability to complete asset sales on favorable terms. Our expected liquidity needs are highly sensitive to changes in each of these and other factors.

Even if we successfully take any of the actions described above, we may be required to execute asset sales or other capital generating actions over and above our normal business activities and cut back or eliminate other programs that are important to the future success of our business. In addition, our customers, suppliers and service providers might respond to further weakening of our liquidity position by requesting quicker payment or requiring additional collateral. If this were to happen, our need for cash would be intensified and we may be unable to operate our business successfully.

We may not be able to realize adequate consideration for the disposition of vessels or other assets.

In connection with our restructuring, we may consider potential asset sales. There can be no assurance that we will be successful in completing any asset sale transactions, because there may not be a sufficient number of buyers willing to enter into any transactions, we may not receive sufficient consideration for such assets, or the holders of our debt or equity securities may object to any sale of assets. These transactions, if completed, may reduce the size of our business. From time to time, we also receive inquiries from third parties regarding our potential interest in disposing of certain of our assets, which we may or may not choose to pursue.

The value of vessels have declined due to market conditions starting in 2008 and are still at relatively low levels. There is no assurance that we will receive adequate consideration for any vessel or other asset dispositions.

Dispositions may result in us recognizing significant losses. As a result, our future disposition of vessels or other assets could have a material adverse effect on our business, financial condition and results of operations.

The equity investment under the equity commitment agreement contemplated under the Restructuring Support Agreement may not be obtained and the equity commitment agreement may be terminated.

The equity commitment agreement contemplated under the Restructuring Support Agreement for the $100 million rights offering under the Plan is expected to be subject to specified conditions. Because the Plan is predicated on our receipt of the equity investment contemplated by the equity commitment agreement, we will not be able to consummate the Plan in its current form if we or any other parties do not comply with our respective obligations under the equity commitment agreement. A failure to consummate the Plan or attract a different equity investment on acceptable terms may result in a sale of substantially all of our assets.

RISK FACTORS RELATED TO OUR BUSINESS AND OPERATIONS

Industry Specific Risk Factors

Inadequate liquidity could materially adversely affect our future business operations.

Given the current business environment in the drybulk industry, our liquidity needs could be significantly higher than currently anticipated. Our ability to maintain adequate liquidity through 2014 and beyond could depend on our ability to successfully implement a restructuring plan, successful operation of our business, appropriate management of operating expenses and capital spending, and our ability to complete asset sales on favorable terms. Our expected liquidity needs are highly sensitive to changes in each of these and other factors.

Even if we successfully take any or all of the actions described above, we may be required to execute asset sales or other capital generating actions over and above our normal business activities, and cut back or eliminate other programs that are important to the future success of our business. In addition, our customers, suppliers and service providers might respond to further weakening of our liquidity position by requesting quicker payment or requiring additional collateral. If this were to happen, our need for cash would be intensified, and we may be unable to operate our business successfully.

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

In the current global economy, operating businesses have been facing tight credit, weak demand for goods and services, deteriorating international liquidity conditions, and depressed markets. Lower demand for drybulk cargoes has led to decreased demand for drybulk vessels, which combined with increased supply of drybulk vessels has created downward pressure on charter rates. General market volatility has endured as a result of uncertainty about sovereign debt and government austerity measures and speculation about the growth rate of the Chinese economy. The economies of the United States, the European Union and other parts of the world continue to experience relatively slow growth or remain in recession and exhibit weak economic trends. If the current global economic environment persists or worsens, we may be negatively affected in the following ways:

- We may not be able to employ our vessels at charter rates as favorable to us as historical rates or operate our vessels profitably.

- Our earnings and cash flows could remain at depressed levels or decline, which may leave us with insufficient cash resources to make required amortization payments under our credit facilities or cause us to breach one or more of the covenants in our credit facilities, thereby potentially accelerating the repayment of outstanding indebtedness. We did not make an amortization payment under our 2007 Credit Facility of approximately $48.2 million that was scheduled for March 31, 2014, and we also believe that we are in breach of our covenants under our 2007 Credit Facility, our $253 Million Term Loan Facility, and our $100 Million Term Loan Facility governing our ratios of net debt to EBITDA and EBITDA to interest expense, although we have received waivers or forbearances from the requisite percentage of lenders under each such credit facility with respect to the foregoing. Moreover, even assuming that we achieve a successful restructuring, we may face difficulty making required amortization payments or complying with covenants under the terms of any post-restructuring indebtedness in the current market environment. Please refer to "Our payment obligations and restrictive covenants under our credit facilities may be difficult to satisfy in the current market environment" below for further details.

- Although the market values of our vessels have increased over the past year, the market values continue to remain lower than our current carrying values for the majority of our fleet which may cause us to recognize losses if any of our vessels are sold or if their values are impaired. A further decline in the market value of our vessels could trigger defaults under our credit facilities' covenants. In particular, all of our credit facilities contain collateral maintenance covenants, although we obtained a waiver of this covenant in our 2007 Credit Facility in 2009. Moreover, even assuming that we achieve a successful restructuring, we may be subject to collateral maintenance covenants under the terms of any post-restructuring indebtedness. 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.

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

- The value of our investment in Jinhui could decline, and we may recognize additional losses if we were to sell our shares or if the value of our investment is impaired.

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 pay dividends.

Charterhire rates for drybulk carriers are volatile and are currently at historically low levels and may 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 26 key drybulk routes, showed relative weakness in 2013 and recorded an average level of 1,206, compared to a ten-year average level of 3,264 as of March 31, 2014. The BDI was at a low of 698 in January 2013 and reached a high of 2,337 in December 2013. As the BDI remains volatile recording a level of 1,362 as of March 31, 2014, there can be no assurance that the drybulk charter market will increase further, and the market could decline.

The year to date in 2014 has exhibited seasonal issues like those of the corresponding period in 2012 and 2013, with seasonal factors contributing to the most recent downturn in rates, including: order timing issues for iron ore cargoes related to the celebration of the Chinese New Year; increased deliveries of newbuilding vessels for the month of January as compared to the previous three months; and short-term weather-related issues, temporarily reducing iron ore output. In addition to these factors, there have been a number of adverse consequences for drybulk shipping, including, among other things:

- an ongoing limited availability of financing for vessels;

- a relatively less active second-hand market for the sale of vessels;

- extremely low charter rates, particularly for vessels employed in the spot market;

- widespread loan covenant defaults in the drybulk shipping industry; and

- declaration of bankruptcy by some operators and shipowners as well as charterers.

Approximately 80% of our vessels, including Baltic Trading, are currently traded at spot market rates through spot market-related time charters or in a vessel pool. For these vessels, we are exposed to changes in spot market. For the remaining vessels that are on fixed-rate time charters, we are exposed to changes in spot market rates for drybulk carriers at the time of entering into charterhire contracts and such changes may affect our earnings and the value of our drybulk carriers at any given time. We cannot assure you that we will be able to successfully charter our vessels in the future or renew existing charters at rates sufficient to allow us to meet our obligations or to pay dividends to our shareholders. 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.

The 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 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 our drybulk carriers will be dependent upon 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 pay dividends.

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

The market supply of drybulk carriers has been increasing as a result of the delivery of numerous newbuilding orders over the last few years. Newbuildings have been delivered in significant numbers since the beginning of 2006. The oversupply of drybulk carrier capacity has resulted in a reduction of charterhire rates, as evidenced by the low rates we have experienced during 2013. Currently, some of our spot market-related time charterers are at times unprofitable due the volatility associated with dry cargo freight rates. If market conditions persist, upon the expiration or termination of our vessels' current non-spot charters, we may only be able to re-charter our vessels at reduced 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 pay dividends.

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.

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. Also, if the market value of our fleet declines, we may not be in compliance with certain provisions of our credit facilities, and we may not be able to refinance our debt or obtain additional financing under our credit facilities or otherwise. In January 2009, we obtained a waiver of the collateral maintenance requirement under our 2007 Credit Facility, subject to certain conditions as mentioned above. This requirement was waived pursuant to an amendment entered into on January 26, 2009 (the "2009 Amendment") effective for the year ended December 31, 2008 and until we can represent that we are in compliance with all of our financial covenants and are otherwise able to pay a dividend and purchase or redeem shares of common stock under the terms of the 2007 Credit Facility in effect before the 2009 Amendment. With the exception of the collateral maintenance financial covenant and the net debt to EBITDA covenant, compliance with which was waived by the lenders through December 31, 2013 under the August 2012 Agreements (defined below), we believe that we are in compliance with our covenants under the 2007 Credit Facility. Without a waiver of the kind provided in the 2009 Amendment, a decrease in the fair market value of our vessels may cause us to breach one or more of the covenants in our 2007 Credit Facility, which could accelerate the repayment of outstanding borrowings under the facility. We are also subject to collateral maintenance covenants in the $100 Million Term Loan Facility, $253 Million Term Loan Facility, 2010 Baltic Trading Credit Facility, Baltic Trading $22 Million Term Loan Facility and the Baltic Trading $44 Million Term Loan Facility. A decrease in the fair market value of our vessels may cause us to breach one or more of the covenants in the $100 Million Term Loan Facility, the $253 Million Term Loan Facility, 2010 Baltic Trading Credit Facility, Baltic Trading $22 Million Term Loan Facility or the Baltic Trading $44 Million Term Loan Facility, which could accelerate the repayment of outstanding borrowings under our facilities. We cannot assure you that we will satisfy all our debt covenants in the future or that our lenders will waive any future failure to satisfy these covenants. Moreover, even assuming that we achieve a successful restructuring, we may continue to face this risk under the terms of any post-restructuring indebtedness. 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.

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 evaluate the recoverable amount as the higher of fair value and value in use on an undiscounted cash basis. 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 and financial condition.

A further economic slowdown 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 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. China's gross domestic product grew by 7.7% in 2013 as compared to a 7.8% growth rate in 2012. We cannot assure you that the Chinese economy will not experience a significant contraction in the future. Although state-owned enterprises still account for a substantial portion of the Chinese industrial output, in general, the Chinese government is reducing the level of direct control that it exercises over the economy through state plans and other measures. There is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a "market economy" and enterprise reform. Limited price reforms were undertaken with the result that prices for certain commodities are principally determined by market forces. Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. If the Chinese government does not continue to pursue a policy of economic reform, the level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies 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. 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 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 United Nations’ International Maritime Organization’s International Management Code for the Safe Operation of Ships and Pollution Prevention, or 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.

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 United States, 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.

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 Indian Ocean, the Gulf of Aden, the South China Sea and the Red Sea. These sorts of events could interfere with shipping routes and result in market disruptions which 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 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 Indian Ocean , the Gulf of Aden and the Red Sea. Since 2008, the frequency of piracy incidents increased significantly, particularly in the Gulf of Aden off the coast of Somalia. 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. In addition, crew costs, including costs which 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, particularly in the Gulf of Aden off the coast of Somalia, 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 such as those in New York on September 11, 2001, in London on July 7, 2005, and in Mumbai on November 26, 2008, as well as the threat of future terrorist attacks around the world, 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, including Egypt, and North Africa, and the presence of U.S. and other armed forces in the Middle East, 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 every commercial vessel 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 Safety of Life at Sea Convention. Our vessels are currently enrolled with the ABS, DNVGL, or Lloyd’s, each of which is a member of the International Association of Classification Societies. Further, to trade internationally, a vessel must attain an International Ship Security Certificate, or 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.

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 recently enacted 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

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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 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.

Increases in fuel prices could adversely affect our profits.

From time to time, we may operate our 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 vessel operating expense. We currently have nine vessels operating in vessel pools, including Baltic Trading's vessels, and we may arrange for more vessels to do so, depending on market conditions. Also, the cost of fuel may also be a factor in negotiating charter rates in the future. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability, cash flows and ability to pay dividends. The price and supply of fuel is unpredictable and fluctuates as a result of events outside our control, including geo-political developments, supply and demand for oil and gas, actions by members of the Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations.

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.

Company Specific Risk Factors

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

As of April 7, 2014, approximately 80% 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. 43 of our vessels, including Baltic Trading's vessels, were engaged under spot market-related time charter contracts that expire (assuming the option periods in the time charters are not exercised) between April 2014 and November 2015, and nine of our vessels were trading in the spot charter market through participation in pool arrangements. The remaining 14 of the vessels in our fleet were engaged under time charters at fixed rates. The drybulk market is volatile, and in the past charterhire rates for drybulk carriers have sometimes declined below operating costs of 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 volatility 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.

We have incurred significant indebtedness, which could affect our ability to finance our operations, pursue desirable business opportunities and successfully run our business in the future, and therefore make it more difficult for us to fulfill our obligations under our indebtedness.

As of December 31, 2013, we had approximately $1.6 billion of indebtedness outstanding. Although we are seeking to substantially reduce our indebtedness in our restructuring, we cannot predict if, or to what extent, these efforts will be successful, and we anticipate that we may still have substantial indebtedness following our restructuring. Our substantial indebtedness and related interest expense could have important consequences to our company, including:

- limiting our ability to use a substantial portion of our cash flow from operations in other areas of our business, including for working capital, capital expenditures and other general business activities, because we must dedicate a substantial portion of these funds to service our debt;

- requiring us to seek to incur further indebtedness in order to make the capital expenditures and other expenses or investments planned by us to the extent our future cash flows are insufficient;

- limiting our ability to obtain additional financing in the future for working capital, capital expenditures, debt service requirements, acquisitions and the execution of our growth strategy, and other expenses or investments planned by us;

- limiting our flexibility and our ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation, our business and our industry;

- making it more difficult to satisfy our obligations under our indebtedness (which could result in an event of default if we fail to comply with the requirements of our indebtedness);

- increasing our vulnerability to a downturn in our business and to adverse economic and industry conditions generally;

- placing us at a competitive disadvantage as compared to our competitors that are less leveraged;

- limiting our ability, or increasing the costs, to refinance indebtedness; and

- limiting our ability to enter into hedging transactions by reducing the number of counterparties with whom we can enter into such transactions as well as the volume of those transactions.

Our ability to secure additional financing, if needed, may be substantially restricted by the existing level of our indebtedness and the restrictions contained in our credit facilities. The occurrence of any one of the events described above could have a material adverse effect on our business, financial condition, results of operations, prospects, and ability to satisfy our obligations under our indebtedness.

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:

- 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 (following an event of default or our breach of a covenant) in the event we are able to resume dividend payments under the waiver of our collateral maintenance covenant which is currently in effect);
- 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.

We may not be able to obtain exit financing.

The Plan is predicated, among other things, on obtaining exit financing. We have not yet received a commitment with respect to exit financing, and there can be no assurance that we will be able to obtain exit financing. If we cannot secure exit financing, the Plan cannot be confirmed.

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, 2013, approximately 83% of our revenues were derived from 10 charterers, including charterers of Baltic Trading's vessels. Of that amount, approximately 21%, 19% and 10% of our revenues were derived from three charterers, Cargill, Swissmarine and Pacbasin, 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, including Baltic Trading vessels, is approximately 7.9 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 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 need to include 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. 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 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 it is unlikely this prohibition will be lifted until market conditions improve.

As a condition to certain amendments to our 2007 Credit Facility, we agreed to suspend our cash dividends and share repurchases until we can satisfy the collateral maintenance requirement under this facility. Until market conditions which have resulted in a decline in the value of drybulk vessels improve, it is unlikely that we will be able to meet that condition to reinstate our cash dividends and share repurchases. While we are seeking modification of certain covenants under our credit facilities in our restructuring, there can be no assurance that we will be able to do so in a manner that allows us to reinstate cash dividends and share repurchases in the foreseeable future.

If we were able to reinstate the payment of cash dividends under our credit facilities, 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.

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, excluding Baltic Trading's credit facilities. Additionally, under our 2007 Credit Facility, we are subject to a quarterly cash sweep of amounts above $100 million as described in Note 9 — Long-Term Debt in our consolidated financial statements, which limits the amount of cash we can retain from equity or debt financings. 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 three 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, 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 a related attestation of our independent registered public accounting firm. 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 as 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.

Arrangements relating to our Baltic Trading subsidiary and MEP could require significant time and attention from our personnel and may result in conflicts of interest.

Our subsidiary, Baltic Trading, conducts a shipping business focused on the drybulk industry spot market. Some of our personnel provide services to Baltic Trading, including our Chief Financial Officer. This requires substantial time and attention from these individuals and reduces their availability to serve us. Our Chairman and two of our directors serve on the Baltic Trading board of directors. Our officers and directors who also serve Baltic Trading may encounter situations in which their fiduciary obligations to us and to Baltic Trading are in conflict. The Omnibus Agreement entered into between us and Baltic Trading is intended to reduce these conflicts by granting a right of first refusal to Baltic Trading for certain spot chartering opportunities and to us for other business opportunities. However, these arrangements and/or the resolutions of these conflicts may not always be in our best interest or that of our shareholders and could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

We provide technical services for drybulk vessels purchased by MEP under an agency agreement between us and MEP. These services include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. This requires substantial time and attention from these individuals and reduces their availability to serve us. Our Chairman controls and has a minority interest in MEP. This arrangement was approved by an independent committee of our Board of Directors. Although we do not provide MEP with chartering services or assistance with the purchase and sale of vessels, the arrangement under the agency agreement may not always be in our best interest or that of our shareholders and could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Our Chairman may pursue business opportunities in our industry that may conflict with our interests.

Our Chairman, Peter C. Georgiopoulos, is not an employee of our company and is not contractually committed to remain as a director of our company or to refrain from other activities in our industry. Mr. Georgiopoulos actively reviews potential investment opportunities in the shipping industry, including the drybulk sector, from time to time. Mr. Georgiopoulos controls and has a minority interest in MEP, which owns an aggregate of 12 drybulk vessels. Mr. Georgiopoulos has informed us that so long as he is a director of our company, prior to making an investment in an entity owning or operating drybulk vessels, he intends to disclose the details of such investment to our board and our independent directors and allow us to pursue the opportunity to the extent we choose to do so and are able. However, in the event we choose not to pursue any such opportunity or are not able to obtain such an opportunity, Mr. Georgiopoulos may proceed, either alone or with others, with such investments. As a result of such investments, Mr. Georgiopoulos may have independent interests in the ownership and operation of drybulk vessels that may conflict with our interests.

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.

We may have to pay U.S. tax on U.S. source income, which would 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 Section 883, 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.

We will qualify for exemption under Section 883 if, among other things, our stock is treated as primarily and regularly traded on an established securities market in the United States. Under applicable Treasury regulations, we may not satisfy this publicly-traded requirement in any taxable year in which 50% or more of our stock is owned for more than half the days in such year by persons who actually or constructively own 5% or more of our stock, which we sometimes refer to as 5% shareholders.

Based on the ownership of our stock, we believe that we satisfied the publicly traded requirement for an exemption from U.S. federal income tax on our shipping income pursuant to Section 883 of the U.S. Internal Revenue Code of 1986, as amended, for 2012 and 2013. However, if 5% shareholders were to own 50% or more of our stock for more than half the days of any taxable year, we may not be eligible to claim exemption from tax under Section 883 for such taxable year. As of December 31, 2013, based on the holdings of our Chairman, Peter C. Georgiopoulos and the holdings of other investors reported on Schedule 13G, our 5% shareholders owned approximately 16.9% of our common stock. We can provide no assurance that changes and shifts in the ownership of our stock by 5% shareholders will not preclude us from qualifying for exemption from tax under Section 883 in future years.

If we do not qualify for the Section 883 exemption, our shipping income derived from U.S. sources, or 50% of our gross shipping income attributable to transportation beginning or ending in the United States, would be subject to a 4% tax without allowance for deductions.

As a result of the restructuring of our indebtedness contemplated under the Term Sheet, 5% shareholders may beneficially own more than 50% of our common stock, and we may not list our common stock on a national securities exchange. As such, there can be no assurance that we will satisfy the publicly traded requirement following the effective date of the Plan or that we will otherwise be able to qualify for an exemption pursuant to Section 883.

Baltic Trading is also incorporated in the Marshall Islands. However, Baltic Trading did not qualify for an exemption under Section 883 upon consummation of its IPO because it did not satisfy the publicly traded requirement as described above. Since Baltic Trading's IPO was completed on March 15, 2010, we have indirectly owned shares of Baltic Trading's Class B Stock which has provided us with over 50% of the combined voting power of all classes of Baltic Trading's voting stock. As such, Baltic Trading is subject to income tax on its United States source income. During the years ended December 31, 2013, 2012 and 2011, Baltic Trading had United States operations which resulted in United States source income of approximately \$1.7 million, \$1.4 million and \$3.1 million, respectively.

In addition, our revenues derived from our technical and commercial management provided to Baltic Trading and MEP resulted in U.S. source income for which we are subject to U.S. income tax on a net basis. These revenues totaled approximately \$7.9 million, \$6.1 million and \$6.3 million during the years ended December 31, 2013, 2012 and 2011, respectively.

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 either (1) at least 75% of its gross income for any taxable year consists of "passive income" or (2) at least 50% of its assets (averaged over the year and generally determined based upon value) produce or are held for the production of "passive income." 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. For purposes of these tests, income derived from the performance of services does not constitute "passive income." By contrast, rental income would generally constitute passive income unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business. We do not believe that our existing operations would cause 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.

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 case law and pronouncements by the United States 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 authority that characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, 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, because there are uncertainties in the application of the PFIC rules, because the PFIC test is an annual test, and because, 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 years, there can be no assurance that we will not become a PFIC in any taxable year.

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 income tax rates on ordinary income 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

Our existing common stock is expected to be extinguished under our restructuring; in addition, certain shareholders own or, as a result of our restructuring, may own large portions of our outstanding common stock, which may limit your ability to influence our actions.

As a result of our restructuring contemplated under the Term Sheet, our existing common stock will be extinguished, and substantially all of our post-restructuring capital stock will be held by current holders of our outstanding indebtedness. In addition, certain shareholders currently hold significant percentages of our common stock. As of December 31, 2013, Peter C. Georgiopoulos, our Chairman, owned approximately 10.7% of our common stock directly or through Fleet Acquisition LLC. Also as of December 31, 2013, Dimensional Fund Advisors LP, a company unaffiliated with Mr. Georgiopoulos, owned approximately 6.3% 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 have entered into a registration rights agreement with Fleet Acquisition LLC that entitles it to have all the shares of our common stock that it owns registered for sale in the public market under the Securities Act of 1933, as amended (the "Securities Act") and, pursuant to the registration rights agreement, registered Fleet Acquisition LLC's shares on a registration statement on Form S-3 in February 2007. A Form S-8 was registered on August 17, 2012 for an aggregate of 3,000,000 shares issued or issuable under our 2012 equity compensation plan.

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.

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.

Blank Check Preferred Stock.

Under the terms of our amended and restated articles of incorporation, our Board of Directors has the authority, without any further vote or action by our shareholders, to authorize our issuance of up to 25,000,000 shares of blank check preferred stock. Our Board of Directors may issue shares of preferred stock on terms calculated to discourage, delay or prevent a change of control of our company or the removal of our management.

Classified Board of Directors.

Our amended and restated articles of incorporation provide for the division of our Board of Directors into three classes of directors, with each class as nearly equal in number as possible, serving staggered, three-year terms beginning upon the expiration of the initial term for each class. Approximately one-third of our Board of Directors is elected each year. This classified board provision could discourage a third party from making a tender offer for our shares or attempting to obtain control of us. It could also delay shareholders who do not agree with the policies of our Board of Directors from removing a majority of our Board of Directors for up to two years.

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 our directors may be removed only for cause and only upon the affirmative vote of 662/3% 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 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 may call special meetings of our shareholders and the business transacted at the special meeting is limited to the purposes stated in the notice.

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 150 days nor more than 180 days before the date on which we first mailed our proxy materials for the preceding year's annual meeting. 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.

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. The monthly rental is as follows: Free rent from September 1, 2005 to July 31, 2006, $40,000 per month from August 1, 2006 to August 31, 2011, $43,000 per month from September 1, 2011 to August 31, 2016, and $46,000 per month from September 1, 2016 to August 31, 2021. The monthly straight-line rental expense from September 1, 2005 to August 31, 2021 is $39,000. We have the option to extend the lease for a period of five years from September 1, 2021 to August 31, 2026. The rent for the renewal period will be based on the prevailing market rate for the six months prior to the commencement date of the extension term. On January 6, 2012, we ceased use of this space and entered into a sublease agreement effective November 1, 2013. Refer to Note 19 — Commitments and Contingencies in our consolidated financial statements for further information.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $0.5 million annually for 2014 through 2016, $0.6 million annually for 2017 and 2018 and a total of $1.4 million for the remaining term of the lease. The rental payments will be offset by sublease income which will be the following for the next five years and thereafter: $0.3 million annually for 2014 through 2017, $0.4 million for 2018 and a total of $1.0 million for the remaining term of the sublease.

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 is $130,000.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $1.0 million annually for 2014 through 2015, $1.1 million annually for 2016 through 2017 and a total of $15.6 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 expect to commence the Chapter 11 Case 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. We expect to file the Plan in the Chapter 11 Case which, if confirmed, will provide for the treatment of allowed claims against our bankruptcy estates, including pre-petition liabilities. The treatment of such liabilities under a confirmed chapter 11 plan of reorganization is expected to result in a material adjustment to our financial statements.

On March 28, 2014, the Genco Auvergne was arrested due to a disputed claim with the charterer of one of our other vessels, namely the Genco Ardennes. In order for us to release the Genco Auvergne from its arrest, we entered into a cash collateralized $0.9 million bank guarantee with Skandinaviska Enskilda Banken AB (the “SEB Bank Guarantee”) on April 3, 2014. The vessel has since been released from its arrest and the bank guarantee will remain in an escrow account until the arbitration related to this case is completed. The SEB Bank Guarantee resulted in additional indebtedness. As we are currently in default under the covenants of its 2007 Credit Facility due to the default on a scheduled debt amortization payment due on March 31, 2014, on April 3, 2014 we received a consent from the lenders under the 2007 Credit Facility to incur this additional indebtedness. Also, under the $253 Million Term Loan Facility for which the Genco Auvergne is collateralized, we may not incur additional indebtedness related to its collateralized vessels under this facility. We also received a consent from the lenders under the $253 Million Term Loan Facility on April 3, 2014 in order to enter the SEB Bank Guarantee.

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.

PART II

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

MARKET INFORMATION, HOLDERS AND DIVIDENDS

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "GNK." The following table sets forth for the periods indicated the high and low prices for the common stock as reported by the NYSE:

FISCAL YEAR ENDED DECEMBER 31, 2013	HIGH	LOW
1st Quarter	$4.24	$2.48
2nd Quarter	$2.92	$1.12
3rd Quarter	$4.98	$1.62
4th Quarter	$3.99	$1.64

FISCAL YEAR ENDED DECEMBER 31, 2012	HIGH	LOW
1st Quarter	$10.12	$5.93
2nd Quarter	$6.45	$2.75
3rd Quarter	$4.54	$2.09
4th Quarter	$4.12	$2.40

As of April 7, 2014, there were approximately 100 holders of record of our common stock.

Until January 26, 2009, our dividend policy was to declare quarterly distributions to shareholders, which commenced in November 2005, by each February, May, August and November substantially equal to our available cash from operations during the previous quarter, less cash expenses for that quarter (principally vessel operating expenses and debt service) and any reserves our Board of Directors determined we should maintain. These reserves covered, among other things, drydocking, repairs, claims, liabilities and other obligations, interest expense and debt amortization, acquisitions of additional assets and working capital. Under the terms of the 2009 Amendment to our 2007 Credit Facility (discussed in the "Liquidity and Capital Resources" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report and in Note 9 — Long-Term Debt of our consolidated financial statements), we have suspended payment of cash dividends indefinitely beginning the quarter ended December 31, 2008. To reinstate our cash dividends under the 2007 Credit Facility, we must be able to represent to the lenders that we are in a position to again satisfy the collateral maintenance covenant under this facility. In addition, under the terms of the August 2012 Agreements, we are prohibited from paying dividends through December 31, 2013. There were no dividends declared during the years ended December 31, 2013, 2012 and 2011.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2013 regarding the number of shares of our common stock that may be issued under the 2012 Equity Incentive Plan, which is our current sole equity compensation plan:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	—	$ —	2,665,441
Equity compensation plans not approved by security holders	—	—	—
Total	—	$ —	2,665,441

No shares remain for issuance under the Company's 2005 Equity Incentive Plan.

SHARE REPURCHASE PROGRAM

Refer to the “Share Repurchase Program” section of Item 7 for a summary of cumulative share repurchases made pursuant to the Share Repurchase Program.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

	For the Years Ended December 31,				
	2013	2012	2011	2010	2009
Income Statement Data:					
(U.S. dollars in thousands except for share and per share amounts)					
Revenues:					
Voyage revenues	$224,179	$223,159	$388,929	$447,438	$379,531
Service revenues	3,285	3,294	3,285	1,249	—
Total revenues	$227,464	$226,453	$392,214	$448,687	$379,531
Operating Expenses:					
Voyage expenses	8,046	7,009	4,457	4,467	5,024
Vessel operating expenses	111,671	114,318	105,514	78,976	57,311
General, administrative and management fees	34,031	35,673	33,928	29,081	18,554
Depreciation and amortization	140,743	139,063	136,203	115,663	88,150
Other operating income	(121)	(265)	(527)	(791)	—
Total operating expenses	294,370	295,798	279,575	227,396	169,039
Operating (loss) income	(66,906)	(69,345)	112,639	221,291	210,492
Other expense	(88,217)	(87,209)	(86,186)	(72,042)	(61,868)
(Loss) income before income taxes	(155,123)	(156,554)	26,453	149,249	148,624
Income tax expense	(1,898)	(1,222)	(1,385)	(1,840)	—
Net (loss) income	(157,021)	(157,776)	25,068	147,409	148,624
Less: Net (loss) income attributable to noncontrolling interest	(9,280)	(12,848)	(318)	6,166	—
Net (loss) income attributable to Genco Shipping & Trading Limited	$(147,741)	$(144,928)	$25,386	$141,243	$148,624
Net (loss) income per share - basic	$(3.42)	$(3.47)	$0.72	$4.28	$4.75
Net (loss) income per share - diluted	$(3.42)	$(3.47)	$0.72	$4.07	$4.73
Dividends declared per share	—	$—	$—	$—	$—
Weighted average common shares outstanding - Basic	43,249,070	41,727,075	35,179,244	32,987,449	31,295,212
Weighted average common shares outstanding - Diluted	43,249,070	41,727,075	35,258,205	35,891,373	31,445,063
Balance Sheet Data:					
(U.S. dollars in thousands, at end of period)					
Cash and cash equivalents	$122,722	$72,600	$227,968	$270,877	$188,267
Total assets	2,957,254	2,843,371	3,119,277	3,182,708	2,336,802
Total debt (current and long-term, including notes payable)	1,595,945	1,524,357	1,694,393	1,746,248	1,327,000
Total shareholders' equity	1,308,805	1,261,207	1,361,618	1,348,153	928,925
Other Data:					
(U.S. dollars in thousands)					
	$(3,144)	$(18,834)	$158,183	$262,680	$219,729

Net cash (used in) provided by operating activities					
Net cash used in investing activities	(146,555)	(3,669)	(133,367)	(870,230)	(306,210)
Net cash provided by (used in) financing activities	199,821	(132,865)	(67,725)	690,160	149,792
EBITDA (1)	$83,041	$82,537	$249,080	$330,711	$298,330

(1) 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 and should not be considered as an alternative to net

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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. The foregoing definition of EBITDA differs from the definition of Consolidated EBITDA used in the financial covenants of our 2007 Credit Facility, our $253 Million Term Loan Credit Facility, and our $100 Million Term Loan Credit Facility. Specifically, Consolidated EBITDA substitutes gross interest expense (which includes amortization of deferred financing costs) for net interest expense used in our definition of EBITDA, includes adjustments for restricted stock amortization and non-cash charges for deferred financing costs related to the refinancing of other credit facilities or any non-cash losses from our investments in Jinhui and KLC, and excludes extraordinary gains or losses and gains or losses from derivative instruments used for hedging purposes or sales of assets other than inventory sold in the ordinary course of business. 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:

	For the Years Ended December 31,				
	2013	2012	2011	2010	2009
Net (loss) income attributable to Genco Shipping & Trading Limited	$(147,741)	$(144,928)	$25,386	$141,243	$148,624
Net interest expense	88,141	87,180	86,106	71,965	61,556
Income tax expense	1,898	1,222	1,385	1,840	—
Depreciation and amortization	140,743	139,063	136,203	115,663	88,150
EBITDA (1)	$83,041	$82,537	$249,080	$330,711	$298,330

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 Baltic Trading, our fleet currently consists of nine Capesize, eight Panamax, 17 Supramax, six Handymax and 13 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 3,810,000 dwt, and the average age of our fleet is currently approximately 8.9 years, as compared to the average age for the world fleet of approximately 9 years for the drybulk shipping segments in which we compete. Most of the vessels in our fleet are on time charters to well-known charterers, including Cargill, Swissmarine, Pacbasin, Klaveness and Lauritzen Bulkers. As of April 7, 2014, all of the vessels in our fleet, including Baltic Trading, are presently engaged under spot market-related, time charter contracts and in vessel pools that expire (assuming the option periods in the time charters are not exercised) between April 2014 and November 2015. See pages 9-10 for a table indicating the built dates of all vessels currently in our fleet.

In addition, Baltic Trading's fleet currently consists of four Capesize, four Supramax and five Handysize drybulk carriers with an aggregate carrying capacity of approximately 1,095,000 dwt. After the expected delivery of four Ultramax newbuildings that Baltic Trading has agreed to acquire, Baltic Trading will own a fleet of 17 drybulk vessels, consisting of four Capesize, four Ultramax, four Supramax and five Handysize vessels with a total carrying capacity of approximately 1,351,000 dwt.

Baltic Trading, formerly a wholly-owned subsidiary of the Company, completed its initial public offering, or IPO, on March 15, 2010. On May 28, 2013, Baltic Trading closed an equity offering of 6,419,217 shares of common stock at an offering price of $3.60 per share. Baltic Trading received net proceeds of approximately $21.6 million after deducting underwriters' fees and expenses. Additionally, on September 25, 2013, Baltic Trading closed an equity offering of 13,800,000 shares of common stock at an offering price of $4.60 per share. Baltic Trading received net proceeds of approximately $59.5 million after deducting underwriters' fees and expenses. Lastly, on November 18, 2013, Baltic Trading closed an equity offering of 12,650,000 shares of common stock at

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an offering price of $4.60 per share. Baltic Trading received net proceeds of approximately $55.1 million after deducting underwriters' fees and expenses. As a result of Baltic Trading's equity offerings completed on May 28, 2013, September 25, 2013 and November 18, 2013, we were issued 128,383, 276,000 and 253,000 shares, respectively, of Class B stock, which represents 2% of the number of common shares issued. As of December 31, 2013, our wholly-owned subsidiary Genco Investments LLC owned 6,356,471 shares of Baltic Trading's Class B Stock, which represents an 11.05% ownership interest in Baltic Trading at December 31, 2013 and 65.08% of the aggregate voting power of Baltic Trading's outstanding shares of voting stock. Baltic Trading is consolidated as we control a majority of the voting interest in Baltic Trading. Management's discussion and analysis of our results of operations and financial condition includes the results of Baltic Trading.

We entered into a long-term management agreement (the "Management Agreement") with Baltic Trading pursuant to which we apply our expertise and experience in the drybulk industry to provide Baltic Trading with commercial, technical, administrative and strategic services. The Management Agreement is for an initial term of approximately 15 years and will automatically renew for additional five-year periods unless terminated in accordance with its terms. Baltic Trading will pay us for the services we provide it as well as reimburse us for our costs and expenses incurred in providing certain of these services. Management fee income we earn from the Management Agreement net of any allocated shared expenses, such as salary, office expenses and other general and administrative fees, will be taxable to us. Upon consolidation with Baltic Trading, any management fee income earned will be eliminated for financial reporting purposes.

On July 2, 2013, Baltic Trading entered into agreements to purchase two Handysize drybulk vessels from subsidiaries of Clipper Group for an aggregate purchase price of $41.0 million. The Baltic Hare, a 2009-built handysize vessel, was delivered on September 5, 2013 and the Baltic Fox, a 2010-built Handysize vessel, was delivered on September 6, 2013. Baltic Trading funded a portion of the purchase price of the vessels using proceeds from its registered follow-on common stock offering completed on May 28, 2013. For the remainder of the purchase price, Baltic Trading drew down $22.0 million under its secured loan agreement with DVB Bank SE (the "Baltic Trading $22 Million Term Loan Facility"). Refer to Note 9 – Debt in our consolidated financial statements for further information regarding this credit facility.

On October 31, 2013, Baltic Trading entered into agreements to purchase two Capesize drybulk vessels from affiliates of SK Shipping Co. Ltd. for an aggregate purchase price of $103.0 million. The Baltic Lion, a 2012-built Capesize drybulk vessel, was delivered on December 27, 2013, and the Baltic Tiger, a 2011-built Capesize vessel, was delivered on November 26, 2013. Baltic Trading funded a portion of the purchase price of the vessels using proceeds from its common stock offering completed on September 25, 2013. For the remainder of the purchase price, Baltic Trading drew down $44.0 million under its secured loan agreement with DVB Bank SE (the "Baltic Trading $44 Million Term Loan Facility"). Refer to Note 9 – Debt in our consolidated financial statements for further information regarding this credit facility.

On November 13, 2013, Baltic Trading entered into agreements to purchase up to four 64,000 dwt Ultramax newbuilding drybulk carriers from Yangfan Group Co., Ltd. for a purchase of $28.0 million per vessel, or up to $112.0 million in the aggregate. Baltic Trading has agreed to purchase two such vessels, to be renamed the Baltic Hornet and Baltic Wasp, and obtained an option to purchase up to two additional such vessels for the same purchase price, which Baltic Trading exercised on January 8, 2014. These vessels are to be renamed the Baltic Mantis and the Baltic Scorpion. The purchases are subject to completion of customary additional documentation and closing conditions. The Baltic Hornet and Baltic Wasp are expected to be delivered to Baltic Trading during the third and fourth quarters of 2014, respectively. The Baltic Scorpion and the Baltic Mantis are expected to be delivered to us during the second and third quarters of 2015, respectively. Baltic Trading intends to use a combination of cash on hand and future cash flow from operations as well as commercial bank debt to fully finance the acquisition of these four Ultramax newbuilding drybulk vessels.

See pages 12-17 for tables of all vessels that have been or are expected to be delivered to us, including Baltic Trading's vessels.

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 hold an investment in the capital stock of Jinhui Shipping and Transportation Limited ("Jinhui") and Korea Line Corporation ("KLC"). 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 provide technical services for drybulk vessels purchased by MEP under an agency agreement between us and MEP. These services include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services are provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and will be provided for an initial term of one year. MEP will have the right to cancel provision of services on 60 days' notice with payment of a one-year termination fee or without a fee upon a change of our control. We may terminate provision of the services at any time on 60 days' notice. Mr. Georgiopoulos controls and has a minority interest in MEP. This arrangement was approved by an independent committee of our Board of Directors.

Year ended December 31, 2013 compared to the year ended December 31, 2012

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, 2013 and 2012 on a consolidated basis, which includes the operations of Baltic Trading.

	For the Years Ended December 31,		Increase	
	2013	2012	(Decrease)	% Change
Fleet Data:				
Ownership days (1)				
Capesize	4,055.6	4,026.0	29.6	0.7 %
Panamax	2,920.0	2,928.0	(8.0)	(0.3)%
Supramax	7,665.0	7,686.0	(21.0)	(0.3)%
Handymax	2,190.0	2,196.0	(6.0)	(0.3)%
Handysize	6,074.1	5,856.0	218.1	3.7 %
Total	22,904.7	22,692.0	212.7	0.9 %
Available days (2)				
Capesize	4,022.7	3,995.9	26.8	0.7 %
Panamax	2,880.6	2,800.4	80.2	2.9 %
Supramax	7,570.5	7,505.5	65.0	0.9 %
Handymax	2,166.0	2,112.5	53.5	2.5 %
Handysize	6,018.7	5,856.0	162.7	2.8 %
Total	22,658.5	22,270.3	388.2	1.7 %
Operating days (3)				
Capesize	4,018.4	3,989.8	28.6	0.7 %
Panamax	2,848.4	2,785.8	62.6	2.2 %
Supramax	7,507.9	7,380.9	127.0	1.7 %
Handymax	2,135.1	2,091.6	43.5	2.1 %
Handysize	5,985.1	5,841.4	143.7	2.5 %

Total	22,494.9		22,089.5		405.4		1.8	%
Fleet utilization (4)								
Capesize	99.9	%	99.8	%	0.1	%	0.1	%
Panamax	98.9	%	99.5	%	(0.6	)%	(0.6	)%
Supramax	99.2	%	98.3	%	0.9	%	0.9	%
Handymax	98.6	%	99.0	%	(0.4	)%	(0.4	)%
Handysize	99.4	%	99.8	%	(0.4	)%	(0.4	)%
Fleet average	99.3	%	99.2	%	0.1	%	0.1	%
Average Daily Results:								
Time Charter Equivalent (5)								
Capesize	$14,378		$14,137		$ 241		1.7	%
Panamax	8,665		8,909		(244	)	(2.7	)%

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Supramax	8,885	9,298	(413)	(4.4)%
Handymax	7,785	8,032	(247)	(3.1)%
Handysize	8,177	8,189	(12)	(0.1)%
Fleet average	9,539	9,706	(167)	(1.7)%
Daily vessel operating expenses (6)				
Capesize	$5,450	$5,448	2	—
Panamax	5,057	5,385	(328)	(6.1)%
Supramax	4,745	4,878	(133)	(2.7)%
Handymax	4,890	5,339	(449)	(8.4)%
Handysize	4,563	4,678	(115)	(2.5)%
Fleet average	4,875	5,038	(163)	(3.2)%

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

	For the Years Ended December 31,	
	2013	2012
Voyage revenues (in thousands)	$224,179	$223,159
Voyage expenses (in thousands)	8,046	7,009
	216,133	216,150
Total available days	22,658.5	22,270.3
Total TCE rate	$9,539	$9,706

(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.

Operating Data

The following compares the components of our operating loss and net loss for the years ended December 31, 2013 and 2012 and certain balance sheet data as of December 31, 2013 and 2012.

	For the Years Ended December 31,		Increase	
	2013	2012	(Decrease)	% Change
Income Statement Data:				
(U.S. dollars in thousands except for per share amounts)				
Revenues:				
Voyage revenue	$224,179	$223,159	$1,020	0.5 %
Service revenue	3,285	3,294	(9)	(0.3)%
Revenues	227,464	226,453	1,011	0.4 %
Operating Expenses:				
Voyage expenses	8,046	7,009	1,037	14.8 %
Vessel operating expenses	111,671	114,318	(2,647)	(2.3)%
General, administrative and management fees	34,031	35,673	(1,642)	(4.6)%
Depreciation and amortization	140,743	139,063	1,680	1.2 %
Other operating income	(121)	(265)	144	(54.3)%
Total operating expenses	294,370	295,798	(1,428)	(0.5)%
Operating loss	(66,906)	(69,345)	2,439	(3.5)%
Other expense	(88,217)	(87,209)	(1,008)	1.2 %
Loss before income taxes	(155,123)	(156,554)	1,431	(0.9)%
Income tax expense	(1,898)	(1,222)	(676)	55.3 %
Net loss	(157,021)	(157,776)	755	(0.5)%
Less: Net loss attributable to noncontrolling interest	(9,280)	(12,848)	3,568	(27.8)%
Net loss attributable to Genco shipping & Trading Limited	$(147,741)	$(144,928)	$(2,813)	(19.4)%
Net loss per share - basic	$(3.42)	$(3.47)	$0.05	(1.4)%
Net loss per share - diluted	$(3.42)	$(3.47)	$0.05	(1.4)%
Dividends declared per share	$—	$—	$—	—
Weighted average common shares outstanding — Basic	43,249,070	41,727,075	1,521,995	3.6 %
Weighted average common shares outstanding - Diluted	43,249,070	41,727,075	1,521,995	3.6 %
Balance Sheet Data:				
(U.S. dollars in thousands, at end of period)				
Cash and cash equivalents	$122,722	$72,600	$50,122	69.0 %
Total assets	2,957,254	2,843,371	113,883	4.0 %
Total debt (current and long-term, including notes payable)	1,595,945	1,524,357	71,588	4.7 %
Total shareholders' equity	1,308,805	1,261,207	47,598	3.8 %
Other Data:				
(U.S. dollars in thousands)				
Net cash used in operating activities	$(3,144)	$(18,834)	$15,690	(83.3)%

Net cash used in investing activities	(146,555)	(3,669)	(142,886)	3,894.4%
Net cash used in financing activities	199,821	(132,865)	332,686	(250.4)%
EBITDA (1)	$83,041	$82,537	$504	0.6%

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(1) EBITDA represents net (loss) income attributable to Genco Shipping & Trading plus net interest expense, taxes and depreciation and amortization. Refer to pages 51-52 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 2013, voyage revenues increased by $1.0 million, or 0.5%, as compared to 2012. The net increase in revenue was primarily due to a net increase in revenues earned by Baltic Trading vessels of $8.7 million partially offset by a decrease in revenue earned by our vessels of $7.7 million due to lower charter rates achieved by the majority of our vessels during the year ended December 31, 2013. The net increase in voyage revenues includes an $8.7 million increase in revenues earned by Baltic Trading due to higher spot market rates achieved by its Capesize vessels, as well as the increase in the size of Baltic Trading's fleet during 2013.

The average TCE rate of our fleet decreased marginally by 1.7% to $9,539 a day during 2013 from $9,706 a day during 2012.

During 2013, the Baltic Dry Index, or BDI (a drybulk index) recorded a low of 698 on January 1, 2013 and rebounded to a yearly high of 2,337 on December 12, 2013. At December 24, 2013, the index was 2,277. In 2014, the index started off at 2,113 on January 2, 2014 and has since decreased to 1,362 as of March 31, 2014.

The BDI displayed considerable weakness in the beginning of 2012 due to reduced iron ore cargoes recorded through the celebration of the Chinese New Year, as well as a high level of newbuilding vessel deliveries for the first two months of the year. A combination of factors, including excess vessel supply, weather disruptions in Brazil and Australia and strikes in Columbian coal mines resulted in the BDI remaining at relatively low levels through the first half of the year. As fleet growth moderated and Chinese steel production increased, the BDI traded up through the second half of 2013 and recorded its peak value of 2,337 on December 12, 2013. The year to date in 2014 has exhibited seasonal issues like those of the corresponding period in 2013, with seasonal factors contributing to the most recent downturn in rates, including: order timing issues for iron ore cargoes related to the celebration of the Chinese New Year; increased deliveries of newbuilding vessels for the month of January as compared to the previous three months; a ban of coal shipments out of Drummond's Columbian coal mines and short-term weather-related issues in Brazil and Australia, temporarily reducing iron ore output. Given the fact that a majority of our vessels are chartered at spot market-related rates, we expect that the recent downturn in rates will adversely impact our first quarter 2014 revenues and results of operations. Additionally, for the duration of the Chapter 11 Case, our operations and our business strategy, including the ability to attract and retain customers, will be subject to the risks and uncertainties associated with bankruptcy.

For 2013 and 2012, we had ownership days of 22,904.7 days and 22,692.0 days, respectively. The increase in ownership days is primarily a result of the delivery of four Baltic Trading vessels during the year ended December 31, 2013 partially offset by a decrease in ownership days as a result of an additional day during 2012 due to the leap year. Our fleet utilization remained stable during 2013 and 2012 at 99.3% and 99.2%, respectively.

Please see pages 12-17 for table that sets forth information about the current employment of the vessels currently in our fleet as of April 1, 2014.

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 include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services are provided for a fee of $750 per ship per day. During the years ended December 31, 2013 and 2012, total service revenue was $3.3 million during both periods.

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. Additionally, voyage expenses include the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

For 2013 and 2012, voyage expenses were $8.0 million and $7.0 million, respectively. The $1.0 million increase is primarily due to a decrease in bunker gains and an increase in bunker consumption during the year ended December 31, 2013 as compared to the year ended December 31, 2013. Baltic Trading's voyage expenses did not fluctuate significantly during 2013 as compared to 2012.

VESSEL OPERATING EXPENSES-

Vessel operating expenses decreased by $2.6 million from $114.3 million to $111.7 million primarily due to lower maintenance expenses, as well as the timing of the purchase of stores and spare parts for the year ended December 31, 2013 as compared to the year ended December 31, 2012. These decreases were partially offset by the operation of a larger fleet, including the four vessels delivered to Baltic Trading during the year ended December 31, 2013. The $2.6 million decrease includes a net increase of $0.9 million related to Baltic Trading's vessels primarily due to the acquisition of the four vessels.

Average daily vessel operating expenses for our fleet decreased by $163 per day from $5,038 during 2012 as compared to $4,875 in 2013. The decrease in daily vessel operating expenses was mainly due to lower maintenance expenses, as well as the timing of the purchase of stores and spare parts during the year ended December 31, 2013. 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 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, we expect our vessels, excluding Baltic Trading vessels, to have average daily vessel operating expenses during 2014 of:

Vessel Type	Average Daily Budgeted Amount
Capesize	$ 6,000
Panamax	5,300
Supramax	5,200
Handymax	5,000
Handysize	4,900

Based on these average daily budgeted amounts by vessel type, we expect our fleet, excluding Baltic Trading vessels, to have average daily vessel operating expenses of $5,250 during 2014. The average daily vessel operating expense budget for 2014 of $5,250 is the same as the prior year 2013 budget of $5,250.

Based on our management's estimates and budgets provided by our technical manager, we expect Baltic Trading's vessels to have average daily vessel operating expenses during 2014 of:

Vessel Type	Average Daily Budgeted Amount
Capesize	$ 6,000
Ultramax	5,100
Supramax	5,500
Handysize	4,900

Based on these average daily budgeted amounts by vessel type, we expect Baltic Trading vessels to have average daily vessel operating expenses of $5,400 during 2014. The average daily vessel operating expense budget for 2014 of $5,400 is the same as the prior year 2013 budget of $5,400.

GENERAL, ADMINISTRATIVE AND MANAGEMENT FEES-

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, refer to Note 21 — Nonvested Stock Awards in our consolidated financial statements. Additionally, we incur management fees to 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.

General, administrative and management fees decreased by $1.6 million from $35.7 million during 2012 to $34.0 million during 2013. The decrease in general and administrative fees was primarily due to lower non-cash compensation and office related expenses. These decreases were partially offset by an increase in management fees during 2013 as compared to 2012 due to the delivery of four Baltic Trading vessels during 2013. During 2014, the management fees per vessel are expected to be the same as during 2013, or approximately $0.13 million per vessel.

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. Furthermore, we estimate the residual values of our vessels to be based upon the estimated scrap value of $245/lwt.

Depreciation and amortization charges increased by $1.7 million during 2013 as compared to 2012 due to the operation of a larger fleet, including the four Baltic Trading vessels delivered during 2013, as well as an increase in amortization of deferred drydocking costs.

OTHER OPERATING INCOME-

For the years ended December 31, 2013 and 2012, other operating income was $0.1 million and $0.3 million, respectively. The decrease is due to a $0.2 million decrease in the payment received from Samsun 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 19 — Commitments and Contingencies in our consolidated financial statements for further information regarding the settlement payments.

OTHER (EXPENSE) INCOME-

NET INTEREST EXPENSE-

Net interest expense increased by $1.0 million during 2013 as compared with 2012. Net interest expense during the years ended December 31, 2013 and 2012 consisted of interest expense under our 2007 Credit Facility, $100 Million Term Loan

Facility, $253 Million Term Loan Facility, the 2010 Baltic Trading Credit Facility, as well as interest expense related to the 2010 Notes. Additionally, interest income, unused commitment fees associated with the aforementioned credit facilities as well as the amortization of deferred financing costs related to the aforementioned credit facilities are included in net interest expense during 2013 and 2012. Net interest expense during the year ended December 31, 2013 also includes interest expense under the Baltic Trading $22 Million Term Loan Facility and the Baltic Trading $44 Million Term Loan Facility which were entered into on August 30, 2013 and December 3, 2013, respectively.

The increase in net interest expense for the year ended December 31, 2013 versus the year ended December 31, 2012 was primarily due to an increase in the amortization of deferred financing costs during 2013 due to additional financing fees capitalized as part of the negotiations of the August 1, 2012 amendment to the 2007 Credit Facility, $100 Million Term Loan Facility and the $253 Million Term Loan Facility. There were also additional financing fees capitalized as part of the negotiations of the Baltic Trading $22 Million Term Loan Facility and the Baltic Trading $44 Million Term Loan Facility which were entered into effective 2013. These increases were partially offset by a decrease in interest expense as a result of lower outstanding debt during 2013 due to the prepayment of $99.9 million of outstanding debt during August 2012 pursuant to the August 1, 2012 amendment to the 2007 Credit Facility, $100 Million Term Loan Facility and the $253 Million Term Loan Facility. Refer to Note 9 — Debt in our consolidated financial statements for more information regarding our credit facilities as well as the August 1, 2012 amendment.

INCOME TAX EXPENSE-

For the year ended December 31, 2013, income tax expense was $1.9 million as compared to $1.2 million during the year ended December 31, 2012. This income tax expense consists primarily of federal, state and local income taxes on net income earned by Genco Management (USA) Limited ("Genco (USA)"), one of our wholly-owned subsidiaries. Pursuant to certain agreements, we technically and commercially manage vessels for Baltic Trading, as well as provide technical management of vessels for MEP in exchange for specified fees for these services provided. These services are 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 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 increase in income tax expense during 2013 as compared to 2012 is primarily a result of additional income earned by Genco (USA) during 2013. This was due to the 1% purchase fee earned by Genco (USA) from Baltic Trading pursuant to the Management Agreement related to the delivery of four Baltic Trading vessels during 2013. These purchase fees eliminate upon consolidation; however, the fees are included in the net income earned by Genco (USA) and are taxable. There were no similar transactions during 2012.

NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST-

For the years ended December 31, 2013 and 2012, net loss attributable to noncontrolling interest was $9.3 million and $12.8 million, respectively. These amounts represent the net loss attributable to the noncontrolling interest of Baltic Trading.

Year ended December 31, 2012 compared to the year ended December 31, 2011

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, 2012 and 2011 on a consolidated basis, which includes the operations of Baltic Trading.

Increase

	For the Years Ended December 31,			
	2012	2011	(Decrease)	% Change
Fleet Data:				
Ownership days (1)				
Capesize	4,026.0	4,015.0	11.0	0.3 %
Panamax	2,928.0	2,920.0	8.0	0.3 %
Supramax	7,686.0	7,577.6	108.4	1.4 %
Handymax	2,196.0	2,190.0	6.0	0.3 %
Handysize	5,856.0	5,194.9	661.1	12.7 %
Total	22,692.0	21,897.5	794.5	3.6 %
Available days (2)				
Capesize	3,995.9	3,984.9	11.0	0.3 %
Panamax	2,800.4	2,901.7	(101.3)	(3.5)%

Supramax	7,505.5	7,575.7	(70.2)	(0.9)%
Handymax	2,112.5	2,140.3	(27.8)	(1.3)%
Handysize	5,856.0	5,188.4	667.6	12.9 %
Total	22,270.3	21,791.0	479.3	2.2 %
Operating days (3)				
Capesize	3,989.8	3,983.6	6.2	0.2 %
Panamax	2,785.8	2,880.2	(94.4)	(3.3)%
Supramax	7,380.9	7,500.2	(119.3)	(1.6)%
Handymax	2,091.6	2,119.5	(27.9)	(1.3)%
Handysize	5,841.4	5,143.8	697.6	13.6 %
Total	22,089.5	21,627.3	462.2	2.1 %
Fleet utilization (4)				
Capesize	99.8 %	100.0 %	(0.2)%	(0.2)%
Panamax	99.5 %	99.3 %	0.2 %	0.2 %
Supramax	98.3 %	99.0 %	(0.7)%	(0.7)%
Handymax	99.0 %	99.0 %	—	—
Handysize	99.8 %	99.1 %	0.7 %	0.7 %
Fleet average	99.2 %	99.2 %	—	—
Average Daily Results:				
Time Charter Equivalent (5)				
Capesize	$14,137	$28,945	$(14,808)	(51.2)%
Panamax	8,909	21,293	(12,384)	(58.2)%
Supramax	9,298	15,312	(6,014)	(39.3)%
Handymax	8,032	15,676	(7,644)	(48.8)%
Handysize	8,189	11,139	(2,950)	(26.5)%
Fleet average	9,706	17,644	(7,938)	(45.0)%
Daily vessel operating expenses (6)				
Capesize	$5,448	$5,477	(29)	(0.5)%
Panamax	5,385	4,910	475	9.7 %
Supramax	4,878	4,626	252	5.4 %
Handymax	5,339	4,968	371	7.5 %
Handysize	4,678	4,475	203	4.5 %
Fleet average	5,038	4,819	219	4.5 %

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

	For the Years Ended December 31, 2012	2011
Voyage revenues (in thousands)	$223,159	$388,929
Voyage expenses (in thousands)	7,009	4,457
	216,150	384,472
Total available days	22,270.3	21,791.0
Total TCE rate	$9,706	$17,644

(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.

Operating Data

The following compares the components of our operating (loss) income and net (loss) income for the years ended December 31, 2012 and 2011 and certain balance sheet data as of December 31, 2012 and 2011.

	For the Years Ended December 31, 2012	2011	Increase (Decrease)	% Change
Income Statement Data:				
(U.S. dollars in thousands except for per share amounts)				
Revenues:				
Voyage revenue	$223,159	$388,929	$(165,770)	(42.6)%
Service revenue	3,294	3,285	9	0.3 %
Revenues	226,453	392,214	(165,761)	(42.3)%
Operating Expenses:				
Voyage expenses	7,009	4,457	2,552	57.3 %
Vessel operating expenses	114,318	105,514	8,804	8.3 %
General, administrative and management fees	35,673	33,928	1,745	5.1 %
Depreciation and amortization	139,063	136,203	2,860	2.1 %
Other operating income	(265)	(527)	262	(49.7)%
Total operating expenses	295,798	279,575	16,223	5.8 %
Operating (loss) income	(69,345)	112,639	(181,894)	(161.6)%
Other expense	(87,209)	(86,186)	(1,023)	1.2 %
(Loss) income before income taxes	(156,554)	26,453	(183,007)	(691.8)%
Income tax expense	(1,222)	(1,385)	163	(11.8)%
Net (loss) income	$(157,776)	$25,068	(182,844)	(729.4)%
Less: Net (loss) income attributable to noncontrolling interest	(12,848)	(318)	(12,530)	3,940.3%
	$(144,928)	$25,386	(170,314)	(670.9)%

Net (loss) income attributable to Genco shipping & Trading Limited				
Net (loss) income per share - basic	$(3.47)	$0.72	$(4.19)	(581.9)%
Net (loss) income per share - diluted	$(3.47)	$0.72	$(4.19)	(581.9)%
Dividends declared per share	$—	$—	$—	—
Weighted average common shares outstanding — Basic	41,727,075	35,179,244	6,547,831	18.6 %
Weighted average common shares outstanding - Diluted	41,727,075	35,258,205	6,468,870	18.3 %
Balance Sheet Data:				
(U.S. dollars in thousands, at end of period)				
Cash and cash equivalents	$72,600	$227,968	$(155,368)	(68.2)%
Total assets	2,843,371	3,119,277	(275,906)	(8.8)%
Total debt (current and long-term, including notes payable)	1,524,357	1,694,393	(170,036)	(10.0)%
Total shareholders' equity	1,261,207	1,361,618	(100,411)	(7.4)%
Other Data:				
(U.S. dollars in thousands)				
Net cash (used in) provided by operating activities	$(18,834)	$158,183	$(177,017)	(111.9)%
Net cash used in investing activities	(3,669)	(133,367)	129,698	(97.2)%
Net cash used in financing activities	(132,865)	(67,725)	(65,140)	96.2 %
EBITDA (1)	$82,537	$249,080	$(166,543)	(66.9)%

(1) EBITDA represents net (loss) income attributable to Genco Shipping & Trading plus net interest expense, taxes and depreciation and amortization. Refer to pages 51-52 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 2012, voyage revenues decreased by $165.8 million, or 42.6%, as compared to 2011. The decrease in revenue was due to lower charter rates achieved by substantially all of our vessels. Additionally, there was a decrease in revenues earned by Baltic Trading’s vessels of $16.2 million due to lower spot market rates achieved.

The average TCE rate of our fleet decreased 45.0% to $9,706 a day during 2012 from $17,644 during 2011. The decrease in TCE rates resulted from lower charter rates achieved during 2012 versus 2011 for substantially all of the vessels in our fleet.

During 2012, the Baltic Dry Index, or BDI (a drybulk index) reached a low of 647 on February 3, 2012 and rebounded to yearly high of 1,165 on May 8, 2012. At December 31, 2011, the index was 1,738.

The BDI displayed considerable weakness in the beginning of 2012 due to reduced iron ore cargoes recorded through the celebration of the Chinese New Year, as well as a high level of newbuilding vessel deliveries for the first two months of the year. While, the BDI showed a relative rebound from February through May of 2012, adverse market conditions primarily driven by high iron ore inventories and negative sentiment in regards to the growth pace of world economies, maintained the index at relatively low values through September of 2012. A relative rebound was experienced over the next two months with the BDI trading in the 1,000 point range.

For 2012 and 2011, we had ownership days of 22,692.0 days and 21,897.5 days, respectively. The increase in ownership days is primarily a result of the delivery of four vessels during the year ended December 31, 2011. Our fleet utilization remained stable during both periods at 99.2%.

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 include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services are provided for a fee of $750 per ship per day. During the years ended December 31, 2012 and 2011, total service revenue was $3.3 million during both periods.

VOYAGE EXPENSES-

For 2012 and 2011, voyage expenses were $7,009 and $4,457, respectively. The increase is primarily due to $1.6 million of bunkers consumed during short-term time charters during 2012 for our vessels other than Baltic Trading's. Included in the $2.6 million increase in voyage expenses during 2012 as compared to 2011 is a $1.1 million increase in voyage expenses for Baltic Trading's vessels.

VESSEL OPERATING EXPENSES-

Vessel operating expenses increased by $8.8 million from $105.5 million to $114.3 million primarily due to the operation of a larger fleet, including the four vessels delivered during the year ended December 31, 2011. The increase was also related to higher maintenance and crew related expenses, as well as the timing of the purchase of spare parts for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The $8.8 million increase includes a $0.7 million increase related to Baltic Trading's vessels.

Average daily vessel operating expenses for our fleet increased by $219 per day from $4,819 during 2011 as compared to $5,038 in 2012. The increase in daily vessel operating expenses was mainly due to higher maintenance and crew related expenses, as well as the timing of the purchase of spares parts during the year ended December 31, 2012. These increases were partially offset by a decrease in lube and insurance 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.

GENERAL, ADMINISTRATIVE AND MANAGEMENT FEES-

General, administrative and management fees increased by $1.7 million during 2012 as compared to 2011. The increase in general and administrative fees was primarily due to an increase in office and compensation related expenses. There were also slightly higher management fees during 2012 related to a full year of operation of a larger fleet, including the delivery of four vessels during 2011. During 2013, the management fees per vessel are expected to be the same as during 2012, or approximately $0.13 million per vessel.

DEPRECIATION AND AMORTIZATION-

Depreciation and amortization charges increased by $2.9 million during 2012 as compared to 2011 due to the operation of a larger fleet, including the four vessels delivered during 2011.

OTHER OPERATING INCOME-

For the years ended December 31, 2012 and 2011, other operating income was $0.3 million and $0.5 million, respectively. The decrease is due to a $0.2 million decrease in the payment received from Samsun as part of the cash settlement related to the rehabilitation plan approved by the South Korean courts during 2010. Refer to Note 19 — Commitments and Contingencies in our consolidated financial statements for further information regarding the settlement payments.

NET INTEREST EXPENSE-

Net interest expense increased by $1.1 million during 2012 as compared with 2011. Net interest expense during the years ended December 31, 2012 and 2011 consisted of interest expense under our 2007 Credit Facility, $100 Million Term Loan Facility, $253 Million Term Loan Facility and Baltic Trading's $150 million senior secured revolving credit facility as well as interest expense related to the 2010 Notes. Additionally, interest income, unused commitment fees associated with the aforementioned credit facilities as well as the amortization of deferred financing costs related to the aforementioned credit facilities are included in net interest expense during 2012 and 2011.

The increase in net interest expense for the year ended December 31, 2012 versus the year ended December 31, 2011 was primarily a result of the facility fee for the 2007 Credit Facility of 2.0% per annum on the average daily outstanding principal loan amount which was effective December 21, 2011 as per an amendment to the 2007 Credit Facility as well as an increase in the applicable margin for the 2007 Credit Facility which was increased from 2.0% to 3.0% effective August 1, 2012 pursuant to an amendment to the 2007 Credit Facility. These increases were partially offset by the impact of the expiration of interest rate swap agreements during the fourth quarter of 2011 and the first quarter of 2012 and the prepayment of $99.9 million of outstanding debt during August 2012. Refer to Note 9 — Long-Term Debt in our consolidated financial statements for more information regarding the facility fee, increase in the applicable margin and the prepayment of outstanding debt. The facility fee of 2.0% was reduced to 1.0% on February 28, 2012 upon the completion of an equity offering of 7,500,000 shares. The increase in net interest expense was also due to interest expense incurred on additional borrowings under the $100 Million Term Loan Facility as a result of the acquisition of three vessels under the facility during the year ended December 31, 2011 as well as an increase in the amortization of deferred financing costs related to amendments to the credit facilities entered into during December 2011 and August 2012.

INCOME TAX EXPENSE-

For the year ended December 31, 2012, income tax expense was $1.2 million as compared to $1.4 million during the year ended December 31, 2011. This income tax expense consists primarily of federal, state and local income taxes on net income earned by Genco Management (USA) Limited ("Genco (USA)"), one of our wholly-owned subsidiaries. Pursuant to certain agreements, we technically and commercially manage vessels for Baltic Trading, as well as provide technical management of vessels for MEP in exchange for specified fees for these services provided. These services are 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 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 decrease in income tax expense during 2012 as compared to 2011 is primarily due to lower commercial service revenue due to Genco (USA) from Baltic Trading pursuant to the Management Agreement as a result of lower charter rates achieved by Baltic Trading's fleet.

NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST-

For the years ended December 31, 2012 and 2011, net loss attributable to noncontrolling interest was $12.8 million and $0.3 million, respectively. These amounts represent the net loss attributable to the noncontrolling interest of Baltic Trading.

LIQUIDITY AND CAPITAL RESOURCES

To date, our principal sources of funds have been operating cash flows, equity financings, issuance of long-term debt securities, and long-term bank borrowings. Our principal use of funds has been capital expenditures to establish and grow our fleet, maintain the quality of our vessels, comply with international shipping standards and environmental laws and regulations, fund working capital requirements and repayments on outstanding loan facilities. Historically, we have also used funds to pay dividends and to repurchase our common stock from time to time. 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. Moreover, pursuant to restrictions under our debt instruments, we are prohibited from paying dividends. Future dividends, if any, will depend on, among other things, our cash flows, cash requirements, financial condition, results of operations, required capital expenditures or reserves, contractual restrictions, provisions of applicable law and other factors that our board of directors may deem relevant. See below for descriptions of our historical dividends.

Our historical practice has been to acquire vessels or newbuilding contracts using a combination of issuances of equity securities, bank debt secured by mortgages on our vessels and shares of the common stock of our shipowning subsidiaries, and long-term debt securities.

Our current 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. We expect that our primary sources of liquidity during our restructuring will be cash flow from operations, cash on hand and any funds made available to us in our restructuring under the Cash Collateral Order. We expect that after the effective date of any plan of reorganization, our liquidity needs will continue to arise primarily from capital expenditures for our vessels, working capital requirements as may be needed to support our business and payments required under our indebtedness. We expect that our primary sources of liquidity after such effective date will be cash flow from operations, cash on hand and funds available under any exit financing.

As of December 31, 2013, we had approximately $74.7 million of cash and cash equivalents on hand (including restricted cash), excluding cash held by Baltic Trading and its subsidiaries. Notwithstanding the current waivers and forbearances under the Relief Agreements, and the potential impact of our restructuring on our liquidity, our current and future liquidity will greatly depend upon our operating results. Our ability to continue to meet our liquidity needs is subject to and will be affected by cash utilized in operations, including our ongoing reorganization activities, 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 any post-restructuring indebtedness, our ability to reorganize our capital structure under bankruptcy court supervision in the Chapter 11 Case, and other factors. Furthermore, as a result of the challenging market conditions we continue to face, we anticipate continued net cash used in operating activities after reorganization and capital expenditures. Additionally, the Chapter 11 Case and related matters could negatively impact our financial condition.

We believe that amounts available to under the Cash Collateral Order plus cash generated from operations will be sufficient to fund anticipated cash requirements in the short term for minimum operating and capital expenditures and for working capital purposes. However, there can be no assurance that cash on hand and other available funds will be sufficient to meet our restructuring or ongoing cash needs. For example, any further decline in charter rates would negatively impact our anticipated revenues, results of operations and cash flows. If we cannot meet our liquidity needs using cash on hand and cash from operations, or if the bankruptcy court or stakeholders in the Chapter 11 Case do not approve the Plan as contemplated by the Restructuring Support Agreement, we may have to take other actions such as vessel sales, the sale of all or a portion of our business, pursuing additional external liquidity generating events, seeking additional financing to the extent available or reducing or delaying capital expenditures. We could also be forced to consider other alternatives to maximize potential recovery for our various creditor constituencies, including a possible sale of the Company or certain of our material assets pursuant to Section 363 of the Bankruptcy Code.

Pursuant to the current terms of the 2007 Credit Facility, the existing collateral maintenance financial covenant is waived until we can represent that we are in compliance with all of our financial covenants. This covenant required us to maintain pledged vessels with a value equal to at least 130% of our current borrowings. Under the collateral maintenance covenants of our $253 Million Term Loan Facility, our $100 Million Term Loan Facility, and the 2010 Baltic Trading Credit Facility, the aggregate valuations of our vessels pledged under each facility must at least be a certain percentage of loans outstanding (or, in the case of the 2010 Baltic Trading Credit Facility, the total amount we may borrow), which percentages are 135%, 130%, and 140%, respectively. Under our 2007 Credit Facility, the amount payable upon early termination of any interest rate swaps under the facility is added to outstanding loans for purposes of this covenant. If our valuations fall below the applicable percentage, we must provide additional acceptable collateral, repay a portion of our borrowings, or (in the case of the 2010 Baltic Trading Credit Facility) permanently reduce the amount we may borrow under the facility to the extent required to restore our compliance with the applicable covenant.

On May 28, 2013, Baltic Trading closed on an equity offering of 6,419,217 shares of Baltic Trading common stock at an offering price of $3.60 per share. Baltic Trading received net proceeds of $21.6 million after deducting underwriters' fees and expenses. On September 25, 2013, Baltic Trading closed on an equity offering of 13,800,000 shares of Baltic Trading common stock at an offering price of $4.60 per share. Baltic Trading received net proceeds of $59.5 million after deducting underwriters' fees and expenses. On November 18, 2013, we closed an equity offering of 12,650,000 shares of common stock at an offering price of $4.60 per share. We received net proceeds of $55.1 million after deducting underwriters' fees and expenses. Our wholly-owned subsidiary Genco Investments LLC was issued 128,383, 276,000 and 253,000 shares of Baltic Trading's Class B Stock on May 28, 2013, September 25, 2013 and November 18, 2013, respectively, which represented 2% of the number of common shares issued pursuant to the Subscription Agreement between Genco Investments LLC and Baltic Trading. Currently, Genco Investments LLC owns 6,356,471 shares of Baltic Trading's Class B Stock, which represents an 11.05% ownership interest in Baltic Trading and 65.08% of the aggregate voting power of Baltic Trading's outstanding shares of voting stock. On April 16, 2010, Baltic Trading entered into the 2010 Baltic Trading Credit Facility with Nordea Bank Finland plc, acting through its New York branch. The 2010 Baltic Trading Credit Facility was subsequently amended effective November 30, 2010 which increased the borrowing capacity from $100 million to $150 million. The amended 2010 Baltic Trading Credit Facility matures on November 30, 2016. There was an additional amendment entered into effective August 29, 2013 which reduced the borrowing capacity to $110 million and allowed Baltic Trading to incur additional indebtedness under new credit facilities. Refer to Note 9 – Debt of our consolidated financial statements for a description of this amendment. To remain in compliance with a net worth covenant in the 2010 Baltic Trading Credit Facility, Baltic Trading would need to maintain a net worth of $300.9 million after the payment of any dividends.

On July 2, 2013, Baltic Trading entered into agreements to purchase two Handysize drybulk vessels from subsidiaries of Clipper Group for an aggregate purchase price of $41.0 million. The Baltic Hare, a 2009-built Handysize vessel, was delivered on September 5, 2013 and the Baltic Fox, a 2010-built Handysize vessel, was delivered on September 6, 2013. Baltic Trading funded a portion of the purchase price of the vessels using proceeds from its registered follow-on common stock offering completed on May 28, 2013. For the remainder of the purchase price, Baltic Trading drew down $22.0 million on the Baltic Trading $22 Million Term Loan Facility on September 4, 2013. The Baltic Trading $22 Million Term Loan Facility is to be repaid in 23 quarterly repayment installments of approximately $0.4 million each, the first of which is payable three months after the last drawdown date, or December 4, 2013, and a balloon payment of approximately $13.4 million payable on September 4, 2019. Interest on borrowings is payable at the three-month LIBOR rate plus a margin of 3.35%. Refer to Note 9 – Debt in our consolidated financial statements for further information regarding this credit facility.

On October 31, 2013, Baltic Trading entered into agreements to purchase two Capesize drybulk vessels from affiliates of SK Shipping Co. Ltd. for an aggregate purchase price of $103.0 million. The Baltic Lion, a 2012-built Capesize vessel, was delivered on December 27, 2013 and the Baltic Tiger, a 2011-built Capesize vessel, was delivered on November 26, 2013. Baltic Trading funded a portion of the purchase price of the vessels using proceeds from its registered follow-on common stock offering completed on

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September 25, 2013. For the remainder of the purchase price, Baltic Trading drew down $44.0 million on the Baltic Trading $44 Million Term Loan Facility on December 23, 2013. The Baltic Trading $44 Million Term Loan Facility is to be repaid in 23 quarterly repayment installments of approximately $0.7 million each, the first of which is payable three months after the last drawdown date, or March 24, 2014, and a balloon payment of approximately $28.2 million payable on December 23, 2019. Interest on borrowings is payable at the three-month LIBOR rate plus a margin of 3.35%. Refer to Note 9 – Debt in our consolidated financial statements for further information regarding this credit facility.

On November 13, 2013, Baltic Trading entered into agreements to purchase up to four 64,000 dwt Ultramax newbuilding drybulk vessels from Yangfan Group Co., Ltd. for a purchase price of $28.0 million per vessel, or up to $112.0 million in the aggregate. Baltic Trading agreed to purchase two such vessels, to be renamed the Baltic Hornet and Baltic Wasp, and obtained an option to purchase up to two additional such vessels for the same price, which Baltic Trading exercised on January 8, 2014. These vessels are to be renamed the Baltic Mantis and the Baltic Scorpion. The purchases are subject to completion of customary additional documentation and closing conditions. The Baltic Hornet and Baltic Wasp are expected to be delivered to Baltic Trading during the third and fourth quarters of 2014, respectively. The Baltic Scorpion and the Baltic Mantis are expected to be delivered to Baltic Trading during the second and third quarters of 2015, respectively. Baltic Trading intends to use a combination of cash on hand and future cash flow from operations as well as commercial bank debt to fully finance the acquisition of these four Ultramax newbuilding drybulk vessels.

Dividend Policy

Historically, our dividend policy, which commenced in November 2005, has been to declare quarterly distributions to shareholders by each February, May, August and November, substantially equal to our available cash from operations during the previous quarter, less cash expenses for that quarter (principally vessel operating expenses and debt service) and any reserves our Board of Directors determines we should maintain. These reserves covered, among other things, drydocking, repairs, claims, liabilities and other obligations, interest expense and debt amortization, acquisitions of additional assets and working capital. In the future, we may incur other expenses or liabilities that would reduce or eliminate the cash available for distribution as dividends. Under the current terms of the 2007 Credit Facility, we are required to suspend the payment of cash dividends until we can represent that we are in a position to satisfy the collateral maintenance covenant. Refer to Note 9 —Debt in our consolidated financial statements for further information regarding the 2009 Amendment. As such, a dividend has not been declared during 2009, 2010, 2011, 2012 or 2013.

As a result of the 2009 Amendment to the 2007 Credit Facility, we have suspended the payment of cash dividends effective for the fourth quarter of 2008, and payment of cash dividends will remain suspended until we can meet the collateral maintenance covenant contained in the 2007 Credit Facility. In addition, under the terms of the August 2012 Agreements, we were prohibited from paying dividends through December 31, 2013.

The declaration and payment of any dividend is subject to the discretion of our Board of Directors and our compliance with the collateral maintenance covenant, which is currently waived. The timing and amount of dividend payments will depend on our earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in our loan agreements, the provisions of Marshall Islands law affecting the payment of distributions to shareholders and other factors. Our Board of Directors may review and amend our dividend policy from time to time in light of our plans for future growth and other factors.

We believe that, under current law, our dividend payments from earnings and profits will constitute "qualified dividend income." For 2012, the maximum Federal income tax rate on qualified dividends paid to non-corporate shareholders was 15%. For taxable years beginning after December 31, 2012, the maximum federal income tax rate on qualified dividends paid to non-corporate shareholders is 20%, and all or a portion of dividend income received by shareholders whose modified adjusted gross income exceeds certain thresholds ($250,000 for married taxpayers filing jointly and

$200,000 for single taxpayers) may be subject to a 3.8% surtax. Distributions in excess of our earnings and profits will be treated first as a non-taxable return of capital to the extent of a U.S. shareholder's tax basis in its common stock on a dollar-for-dollar basis and, thereafter, as capital gain.

Share Repurchase Program

On February 13, 2008, our Board of Directors approved our share repurchase program for up to a total of $50.0 million of our common stock. Share repurchases will be made from time to time for cash in open market transactions at prevailing market prices or in privately negotiated transactions. The timing and amount of purchases under the program were determined by management based upon market conditions and other factors. Purchases may be made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act. The program does not require us to purchase any specific number or amount of shares and may be suspended or reinstated at any time in our discretion and without notice. Repurchases under the program are subject to restrictions under the 2007 Credit Facility. The 2007 Credit Facility was amended as of February 13, 2008 to permit the share repurchase program and provide that the dollar amount of shares repurchased is counted toward the maximum dollar amount of dividends that may be paid in any fiscal quarter. Subsequently, on January 26, 2009, we entered into the 2009 Amendment, which amended the 2007 Credit Facility to require us to suspend all share repurchases until we can represent that we are in a position to again satisfy the collateral maintenance covenant. Refer to Note 9 — Long-Term Debt in our consolidated financial statements for further information regarding the 2009 Amendment. Pursuant to the 2009 Amendment, there were no share repurchases made during the twelve months ended December 31, 2013, 2012, 2011 and 2010. In addition, under the terms of the August 2012 Agreements, we were prohibited from making share repurchases through December 31, 2013.

Since the inception of the share repurchase program through December 31, 2013, we have repurchased and retired 278,300 shares of our common stock for $11.5 million (average per share purchase price of $41.32) using funding from cash generated from operations pursuant to its share repurchase program. An additional 3,130 shares of common stock were repurchased from employees for $0.04 million during 2008 pursuant to our 2005 Equity Incentive Plan rather than the share repurchase program. No share repurchases were made during the years ended December 31, 2012, 2011 and 2010, and the maximum dollar amount that may yet be purchased under our share repurchase program is $38,499,962.

Cash Flow

Net cash used in operating activities for the year ended December 31, 2013 was $3.1 million versus $18.8 million for the year ended December 31, 2012. The decrease in net cash used in operating activities was primarily due to an increase in the amortization of deferred financing costs, lower drydocking costs incurred as well as an increase in accounts payable during the year ended December 31, 2013 as compared to the prior year.

Net cash used in investing activities for the year ended December 31, 2013 and 2012 was $146.6 million and $3.7 million, respectively. The increase was due to the use of more funds for vessel purchases, including deposits, during the year ended December 31, 2013 as compared to prior year. For the year ended December 31, 2013, cash used in investing activities consisted primarily of the purchase of vessels, including deposits, of $145.4 million and purchase of other fixed assets totaling $1.2 million. For the year ended December 31, 2012, cash used in investing activities was predominantly due to purchases of other fixed assets in the amount of $2.1 million and vessel related purchases totaling $1.2 million.

Net cash provided by financing activities was $199.8 million during the year ended December 31, 2013 as compared to net cash used in financing activities of $132.9 million during the year ended December 31, 2012. Cash provided by financing activities for the year ended December 31, 2013 consisted primarily of the following: $136.3 million of net proceeds from the issuance of common stock by our subsidiary Baltic Trading, $22.0 million of proceeds from the Baltic Trading $22 Million Term Loan Facility, $44.0 million of proceeds from the Baltic Trading $44 Million Term Loan Facility, $1.0 million of proceeds from the 2010 Baltic Trading Credit Facility. These amounts were partially offset by the following: $0.4 million repayment of debt under the Baltic Trading $22 Million Term Loan Facility, $1.6 million dividend payment by Baltic Trading to its outside shareholders and $1.5 million payment of deferred financing costs. Under amendments to all three of our credit facilities in August 2012, our scheduled amortization payments have been eliminated for each of the credit facilities through and including the quarter ended December 31, 2013. Cash used in financing activities for the year ended December 31, 2012 mainly consisted of the following: $118.6 million repayment of debt under the 2007 Credit Facility, $15.4 million repayment of debt under the $100 Million Term Loan Facility, $40.6 million repayment of debt under the $253 Million Term Loan Facility, $4.1 million of deferred financing costs and the $4.1 million dividend payment by Baltic Trading to its outside shareholders. These uses of cash were partially offset by $49.9 million of net proceeds provided by our follow-on offering during February 2012.

Net cash used in operating activities for the year ended December 31, 2012 was $18.8 million versus $158.2 million of net cash provided by operating activities for the year ended December 31, 2011. The decrease in cash provided by operating activities was primarily due to a net loss of $157.8 million for the year ended December 31, 2012 compared to net income of $25.1 million for the year ended December 31, 2011, which resulted from lower charter rates achieved in 2012 versus 2011 for the majority of the vessels in our fleet.

Net cash used in investing activities for the year ended December 31, 2012 and 2011 was $3.7 million and $133.4 million, respectively. The decrease was primarily due to fewer funds used for purchases of vessels during 2012 compared to 2011. For the year ended December 31, 2012, cash used in investing activities primarily related to the purchase of fixed assets in the amount of $2.1 million and vessel related equipment totaling $1.2 million. For the year ended December 31, 2011, cash used in investing activities predominantly related to purchases of vessels in the amount of $130.3 million.

Net cash used in financing activities was $132.9 million during the year ended December 31, 2012 as compared to $67.7 million during the year ended December 31, 2011. The increase in cash used in financing activities was primarily a result of additional repayments of outstanding debt during 2012 as compared to 2011 including prepaying an aggregate of $99.9 million under agreements to amend our three credit facilities, and drawdowns on the $100 Million Term Loan Facility and the $253 Million Term Loan Facility during 2011 offset by the net proceeds provided by our follow-on offering in February 2012. Cash used in financing activities for the year ended December 31, 2012 consisted of $118.6 million repayment of debt under the 2007 Credit Facility, $40.6 million repayment of debt under the $253 Million Term Loan Facility, $15.4 million repayment of debt under the $100 Million Term Loan Facility, $49.9 million of net proceeds provided by our follow-on offering in February 2012, $4.1 million of deferred financing costs and the $4.1 million dividend payment of our subsidiary, Baltic Trading, to its outside shareholders. Cash used in financing activities for the year ended December 31, 2011 mainly consisted of the following: $102.5 million repayment of debt under the 2007 Credit Facility, $26.9 million repayment of debt under the $253 Million Term Loan Facility, $8.0 million repayment of debt under the $100 Million Term Loan Facility, $4.1 million of deferred financing costs and the $7.6 million dividend payment of our subsidiary, Baltic Trading, to its outside shareholders. Those uses were partially offset by $21.5 million of proceeds from the $253 Million Term Loan Facility related to the Bourbon vessels acquired and $60.0 million of proceeds from the $100 Million Term Loan Facility related to the Metrostar vessels acquired.

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 August 1, 2012, we entered into the August 2012 Agreements, which amended or waived certain provisions of the agreements for the 2007 Credit Facility, the $100 Million Term Loan Facility and the $253 Million Term Loan Facility. On August 29, 2013, Baltic Trading entered into an amendment to the 2010 Baltic Trading Credit Facility. Additionally, on August 30, 2012, wholly-owned subsidiaries of Baltic Trading entered into the Baltic Trading $22 Million Term Loan Facility to fund a portion of the purchase of the Baltic Fox and Baltic Hare. Lastly, on December 3, 2013, wholly-owned subsidiaries of Baltic Trading entered into the Baltic Trading $44 Million Term Loan Facility to fund or refund a portion of the purchase of the Baltic Tiger and Baltic Lion.

We did not make the scheduled semi-annual interest payment of approximately $3.1 million due on February 18, 2014 under our 2010 Notes. However, a failure to pay interest on such payment date did not constitute an event of default (as defined in the indenture and the supplemental indenture governing the 2010 Notes, or the Indenture) unless such failure were to continue for a grace period of 30 days. Despite such grace period, the failure to make the interest payment on such payment date could have constituted a default under the $100 Million Term Loan Facility. Accordingly, on February 18, 2014, we entered into a Limited Waiver of Default (the "Waiver Agreement") with the lenders party to the Loan Agreement for the $100 Million Term Loan Facility. Under the terms of the Waiver Agreement, such lenders agreed to waive, subject to certain conditions, an Event of Default under the $100 Million Term Loan Facility resulting from the Company's failure to make the scheduled semi-annual interest payment under the 2010 Notes. The Company made the scheduled semi-annual interest payment under the 2010 Notes on March 20, 2014, before the expiration of the waiver under the Waiver Agreement.

To allow discussions with our creditors concerning our restructuring to continue into April 2014 without the need to file for immediate bankruptcy relief, on March 31, 2014, we entered into the Relief Agreements to obtain waivers or forbearances with respect to certain potential or actual events of default as of March 31, 2014 as follows:

- not making the scheduled amortization payment on March 31, 2014 under our 2007 Credit Facility;
- not meeting the consolidated interest ratio covenant for the period ended March 31, 2014;
- not meeting the maximum leverage ratio covenant for the period ending March 31, 2014;
- not meeting the collateral maintenance test under the 2007 Credit Facility;
- not meeting the minimum cash balance covenant under the 2007 Credit Facility;
- not furnishing audited financial statements to the lenders within 90 days after year end for the year ended December 31, 2013;
- a cross-default with respect to our outstanding interest rate swap with respect to the foregoing;
- cross-defaults among our credit facilities with respect to the foregoing; and
- any related defaults or events of default resulting from the failure to give notice with respect to any of the foregoing.

The Relief Agreements provide that the agent and consenting lenders will waive or forbear through 11:59 p.m. on April 1, 2014 to exercise their rights and remedies with respect to the foregoing potential or actual events of default, subject to earlier termination if a subsequent event of default occurs under our credit agreements other than those described above or if we breach the terms of the Relief Agreements. Under new agreements we entered into with the other parties to the Relief Agreements on April 1, 2014, the foregoing deadline was extended to 11:59 p.m. on April 21, 2014.

Beginning as of March 31, 2013, we believed that it would be probable that we would not be in compliance with certain covenants at measurement dates within the next twelve months under our 2007 Credit Facility, $100 Million Term Loan Facility and the $253 Million Term Loan Facility. As noted above, events of default occurred under these facilities on March 31, 2014 as to which we either have a waiver or a forbearance. As such, the debt outstanding under these three facilities of $1,312.2 million has been classified as a current liability beginning March 31, 2013 and remained classified as a current liability as of December 31, 2013.

As of December 31, 2013, we believe we were in compliance with all of the financial covenants under the 2010 Baltic Trading Credit Facility, as amended; the Baltic Trading $22 Million Term Loan Facility; and the Baltic Trading $44 Million Term Loan Facility.

Convertible Notes Payable

Refer to Note 10 — Convertible Senior Notes of our consolidated financial statements for a summary of the convertible notes payable.

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

At December 31, 2013 and 2012, we had four and five interest rate swap agreements with DnB NOR Bank, respectively, to manage interest costs and the risk associated with changing interest rates. The total notional principal amount of the swaps is $306.2 million and $356.2 million, respectively, and the swaps have specified rates and durations. Notwithstanding the forbearances under 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 our currently outstanding interest rate swap.

Refer to the table in Note 11 — Interest Rate Swap Agreements of our consolidated financial statements, which summarizes the interest rate swaps in place as of December 31, 2013 and 2012.

We have considered the creditworthiness of both ourselves and the counterparty in determining the fair value of the interest rate derivatives, and such consideration resulted in an immaterial adjustment to the fair value of derivatives on the balance sheet. Valuations prior to any adjustments for credit risk are validated by comparison with counterparty valuations. Amounts are not and should not be identical due to the different modeling assumptions. Any material differences are investigated.

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, 2013 and 2012.

Interest Rates

The effective interest rate associated with the interest expense for our various debt facilities (2007 Credit Facility, $100 Million Term Loan Facility, $253 Million Term Loan Facility, 2010 Baltic Trading Credit Facility, Baltic Trading $22 Million Term Loan Facility and the $44 Million Term Loan Facility), including the rate differential between the pay fixed receive variable rate on the interest rate swap agreements that were in effect, combined, and the cost associated with unused commitment fees was 4.70% and 4.68% during 2013 and 2012, respectively. The interest rate on the debt, excluding impact of swaps and the unused commitment fees, ranged from 3.16% to 4.38% and from 3.21% to 4.63% for 2013 and 2012, respectively. The effective interest rate associated with the liability component of the 2010 Notes was 10.0% during both 2013 and 2012.

Contractual Obligations

The following table sets forth our contractual obligations and their maturity dates as of December 31, 2013. The table incorporates the employment agreement entered into in September 2007 with our Chief Financial Officer, John Wobensmith. The table reflects Baltic Trading's agreements to acquire four newbuilding Ultramax drybulk vessels from Yangfan Group Co., Ltd. for an aggregate purchase price of $112.0 million. Baltic Trading plans to finance these vessel acquisitions with a combination of cash on hand, future cash flow from operations, as well as commercial bank debt as discussed above under "Liquidity and Capital Resources." The interest and borrowing fees reflect the 2007 Credit Facility, the $100 Million Term Loan Facility, the $253 Million Term Loan Facility, the 2010 Baltic Trading

Credit Facility, the Baltic Trading $22 Million Term Loan Facility, the Baltic Trading $44 Million Term Loan Facility and the 2010 Notes utilizing the coupon rate of 5% which were issued on July 27, 2010 and the interest rate swap agreements as discussed above under "Interest Rate Swap Agreements, Forward Freight Agreements and Currency Swap Agreements." For the purposes of the table below, we have utilized the contractual maturity dates under the credit facilities, certain of which have been classified as current liabilities in our consolidated balance sheet. Refer to Note 9 – Debt in our consolidated financial statements for further information. The following table also incorporates the future lease payments associated with our two lease agreements. Refer to Note 19 — Commitments and Contingencies in our consolidated financial statements for further information regarding the terms of our two lease agreements.

	Total	Less Than One Year	One to Three Years	Three to Five Years	More than Five Years
	(U.S. dollars in thousands)				
Credit Agreements	$1,480,064	$225,022	$623,993	$586,674	$44,375
2010 Notes	125,000	—	125,000	—	—
Interest and borrowing fees (1)	179,635	66,606	83,381	28,252	1,396
Remainder of purchase price of vessels (2)	111,000	69,000	42,000	—	—
Executive employment agreement	373	373	—	—	—
Office leases	24,763	1,500	3,159	3,093	17,011
Totals	$1,920,835	$362,501	$877,533	$618,019	$62,782

(1) Includes the 1.25% fee payable to lenders under the 2007 Credit Facility due upon the maturity of the facility.
(2) The timing of this obligation is based on the estimated delivery dates for the Baltic Hornet, Baltic Wasp, Baltic Scorpion and Baltic Mantis.

Interest expense has been estimated using the fixed hedge rate for the effective period and notional amount of the debt which is effectively hedged and 0.1875% for the portion of the debt that has no designated swap against it, plus the applicable bank margin of 3.00% for the 2007 Credit Facility, $100 Million Term Loan Facility, $253 Million Term Loan Facility and the 2010 Baltic Trading Credit Facility. For the Baltic Trading $22 Million Term Loan Facility and the Baltic Trading $44 Million Term Loan Facility, interest expense has been estimated using 0.25% plus the applicable margin of 3.35%. We are obligated to pay certain commitment fees in connection with all of our credit facilities, which have been reflected within interest and borrowing fees. These commitment fees include the facility fee for the 2007 Credit Facility which represents 1.0% per annum on the average daily outstanding principal amount of the outstanding loans under the facility.

Capital Expenditures

We make capital expenditures from time to time in connection with our vessel acquisitions. Excluding Baltic Trading's vessels, our fleet currently consists of nine Capesize drybulk carriers, eight Panamax drybulk carriers, 17 Supramax drybulk carriers, six Handymax drybulk carriers and 13 Handysize drybulk carriers. Baltic Trading's fleet currently consists of four Capesize drybulk carriers, four Supramax drybulk carriers and five Handysize drybulk carriers. After the expected delivery of the four Ultramax vessels that Baltic Trading has agreed to acquire, Baltic Trading's fleet will consists of four Capesize drybulk carriers, four Ultramax drybulk carriers, four Supramax drybulk carriers and five Handysize drybulk carriers. Baltic Trading intends to use a combination of cash on hand, future cash flow from operations as well as commercial bank debt to fully finance the acquisition of these four Ultramax newbuilding drybulk vessels.

Genco Shipping & Trading Limited

In addition to acquisitions that we may undertake in future periods, we will incur additional capital 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, excluding Baltic Trading's vessels, through 2015 to be:

Year	Estimated Drydocking Cost	Estimated Off-hire Days

	(U.S. dollars in millions)	
2014	$ 13.6	362
2015	$ 11.7	320

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.

We estimate that each drydock will result in 20 days of off-hire. Actual length will vary based on the condition of the vessel, yard schedules and other factors.

During 2013 and 2012, we incurred a total of $4.7 million and $10.2 million of drydocking costs, respectively, excluding costs incurred during drydocking that were capitalized to vessel assets or vessel equipment.

Six of our vessels completed their drydockings during 2013. We estimate that 19 of our vessels will be drydocked during 2014, including the Genco Acheron and Genco Loire, which entered the drydocking yard during the fourth quarter of 2013 and completed their drydockings during the first quarter of 2014. Additionally, we estimate that 16 of our vessels will be drydocked during 2015.

Baltic Trading Limited

In addition to acquisitions that Baltic Trading may undertake in future periods, Baltic Trading will incur additional capital expenditures due to special surveys and drydockings for its fleet. In our continuous effort to provide superior service to customers and enhance our long-term commercial prospects, Baltic Trading has initiated a fuel efficiency upgrade program for certain of its vessels. Baltic Trading believes this program will generate considerable fuel savings going forward and increase the future earnings potential for these vessels. The cost of the upgrades, which will be performed under the planned drydocking schedules for each of the vessels, is expected to be approximately \$0.3 million per vessel and is included in Baltic Trading's estimated drydocking costs below. The upgrades have been successfully installed on two of Baltic Trading's vessels, the Baltic Cougar and the Baltic Panther, which completed their planned drydockings during the first quarter of 2014. We estimate our drydocking costs, including capitalized costs incurred during drydocking related to vessel assets and vessel equipment, and scheduled off-hire days for Baltic Trading's fleet through 2015 to be:

Year	Estimated Drydocking Cost (U.S. dollars in millions)	Estimated Off-hire Days
2014	\$ 5.62	120
2015	\$ 3.6	100

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.

We estimate that each drydock will result in 20 days of off-hire. Actual length will vary based on the condition of the vessel, yard schedules and other factors.

During 2013 and 2012, Baltic Trading incurred a total of \$0.1 million and \$0 of drydocking costs, respectively.

None of Baltic Trading's vessels were drydocked during 2013. We estimate that six of Baltic Trading's vessels will be drydocked during 2014 and five vessels will be drydocked during 2015.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Inflation

Inflation has only a moderate effect on our expenses given current economic conditions. In the event that significant global inflationary pressures appear, these pressures would increase our operating, voyage, general and administrative, and financing costs.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For an additional description of our significant accounting policies, see Note 2 to our consolidated financial statements included in this 10-K.

Time Charters Acquired

When a vessel is acquired with an existing time charter, we allocate the purchase price of the vessel and the time charter based on, among other things, vessel market valuations and the present value (using an interest rate which reflects the risks associated with the acquired charters) of the difference between (i) the contractual amounts to be paid pursuant to the charter terms and (ii) management's estimate of the fair market charter rate, measured over a period equal to the remaining term of the charter. The capitalized above-market (assets) and below-market (liabilities) charters are amortized as a reduction or increase, respectively, to voyage revenues over the remaining term of the charter.

During the year ended December 31, 2011, we acquired two Handysize vessels from Metrostar that had existing below market time charters at the time that we agreed to acquire these vessels. We recorded a liability for time charters acquired related to these two vessels in the amount of $0.6 million based on the present value of the difference between the contractual amounts to be paid and our estimated of the fair market charter rate. In order to calculate the present value, we utilized a discount rate of 12%. If we utilized a discount rate of 9% as compared to 12%, it would have result in an increase in the liability balance of approximately nine thousand dollars. If we utilized a discount rate of 15% as compared to 12%, it would have result in a decrease in the liability balance of approximately nine thousand dollars.

Performance Claims

Revenue is based on contracted charterparties, including spot-market related time charters which rates fluctuate based on changes in the spot market. However, there is always the possibility of dispute over terms and payment of hires and freights. In particular, disagreements may arise as to the responsibility of lost time and revenue due to us as a result. Additionally, there are certain performance parameters included in contracted charterparties which if not met, can result in customer claims. Accordingly, we periodically assess the recoverability of amounts outstanding and estimate a provision if there is a possibility of non-recoverability. At each balance sheet date, we provide a provision based on a review of all outstanding charter receivables and we also will accrue for any estimated customer claims primarily a result of time charter performance issues that have not yet been deducted by the charterer. We provide for reserves which offset the due from charterers balance if a disputed amount or performance claim has been deducted by the charterer. If a disputed amount or potential performance claim has not been deducted by the charterer, we record the estimated customer claims as deferred revenue. Providing for these reserves will be offset by a decrease in revenue. Although we believe its provisions to be reasonable at the time they are made, it is possible that an amount under dispute is not ultimately recovered and the estimated provision for doubtful accounts is inadequate.

Vessels and Depreciation

We record the value of our vessels at their cost (which includes acquisition costs directly attributable to the vessel and expenditures made to prepare the vessel for its initial voyage) less accumulated depreciation. We depreciate our drybulk vessels on a straight-line basis over their estimated useful lives, estimated to be 25 years from the date of initial delivery from the shipyard. Depreciation is based on cost less the estimated residual scrap value of $245/lwt. An increase in the useful life of a drybulk vessel or in its residual value would have the effect of a decreasing the annual depreciation charge. Comparatively, a decrease in the useful life of a drybulk vessel or in its residual value would have the effect of increasing the annual depreciation charge. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, we will adjust the vessel's useful life to end at the date such regulations preclude such vessel's further commercial use.

The carrying value each of our vessels does not represent the fair market value of such vessel or the amount we could obtain if we were to sell any of our vessels, which could be more or less. Under U.S. GAAP, we would not record a loss if the fair market value of a vessel (excluding its charter) is below our carrying value unless and until we determine to sell that vessel or the vessel is impaired as discussed below under "Impairment of long-lived assets." Excluding the three Bourbon vessels we resold immediately upon delivery to MEP at our cost, we have sold three of our vessels since our inception and realized a profit in each instance. However, we did determine to cancel an acquisition of six drybulk newbuildings in November 2008, incurring a $53.8 million loss from the forfeiture of our deposit and related interest.

Pursuant to our bank credit facilities, we regularly submit to the lenders valuations of our vessels on an individual charter free basis in order to evidence our compliance with the collateral maintenance covenants under our bank credit facilities. Such a valuation is not necessarily the same as the amount any vessel may bring upon sale, which may be more or less, and should not be relied upon as such. We were in compliance with the collateral maintenance covenants under our $100 Million Term Loan Facility and our $253 Million Term Loan Facility, as well as the 2010 Baltic Trading Credit Facility, Baltic Trading $22 Million Term Loan Facility and Baltic Trading $44 Million Term Loan Facility, at December 31, 2013, and the collateral maintenance covenant under our 2007 Credit Facility was waived at December 31, 2013, as discussed above. In the chart below, we list each of our vessels, the year it was built, the year we acquired it, and its carrying value at December 31, 2013 and 2012.

At December 31, 2013 and 2012, the vessel valuations of all of our vessels for covenant compliance purposes under our bank credit facilities as of the most recent compliance testing date, with the exception of the Baltic Fox, Baltic Hare and Baltic Lion, were lower than their carrying values at December 31, 2013 and 2012, respectively. For the Genco Bay, Genco Ocean, Genco Avra, Genco Mare and Genco Spirit, the last compliance testing date prior to December 31, 2013 and 2012 was August 17, 2013 and 2012, respectively, in accordance with the terms of the $100 Million Term Loan Facility; for all other vessels, the compliance testing date was December 31, 2013 and 2012, respectively, in accordance with the terms of the applicable credit facility.

The amount by which the carrying value at December 31, 2013 of all of the vessels in our fleet, with the exception of the Baltic Fox, Baltic Hare and Baltic Lion, exceed the valuation of such vessels for covenant compliance purposes ranged, on an individual basis, from $0.3 million to $64.3 million per vessel, and $1,171.3 million on an aggregate fleet basis. The amount by which the carrying value at December 31, 2012 of all of the vessels in our fleet exceeded the valuation of such vessels for covenant compliance purposes ranged, on an individual basis, from $5.2 million to $76.8 million per vessel, and $1,494.2 million on an aggregate fleet basis. The average amount by which the carrying value of these vessels exceeded the valuation of such vessels for covenant compliance purposes was $18.6 million as of December 31, 2013 and $24.1 million as of December 31, 2012. However, neither such valuation nor the carrying value in the table below reflects the value of long-term time charters related to some of our vessels.

			Carrying Value (U.S. dollars in thousands) as of December 31,	
Vessels	Year Built	Year Acquired	2013	2012
2007 Credit Facility				
Genco Reliance	1999	2004	$14,135	$15,314
Genco Vigour	1999	2004	19,393	20,953
Genco Explorer	1999	2004	13,981	15,180
Genco Carrier	1998	2004	14,087	15,454
Genco Sugar	1998	2004	13,016	14,181
Genco Pioneer	1999	2005	13,849	15,021
Genco Progress	1999	2005	14,035	15,186
Genco Wisdom	1997	2005	13,238	14,584
Genco Success	1997	2005	13,139	14,512
Genco Beauty	1999	2005	19,514	21,099
Genco Knight	1999	2005	19,205	20,820
Genco Leader	1999	2005	19,183	20,757
Genco Marine	1996	2005	12,382	13,810
Genco Prosperity	1997	2005	13,318	14,691
Genco Muse	2001	2005	19,371	20,767
Genco Acheron	1999	2006	18,981	20,617
Genco Surprise	1998	2006	17,974	19,583
Genco Augustus	2007	2007	98,002	103,137
Genco Tiberius	2007	2007	98,193	103,325
Genco London	2007	2007	99,694	104,685
Genco Titus	2007	2007	100,199	105,182
Genco Challenger	2003	2007	30,169	32,185
Genco Charger	2005	2007	33,537	35,481
Genco Warrior	2005	2007	48,971	51,888
Genco Predator	2005	2007	50,309	53,293
Genco Hunter	2007	2007	54,614	57,409

Genco Champion	2006	2008	35,080	37,051
Genco Constantine	2008	2008	105,126	110,334
Genco Raptor	2007	2008	71,552	75,299
Genco Cavalier	2007	2008	58,506	61,548
Genco Thunder	2007	2008	71,782	75,469
Genco Hadrian	2008	2008	103,504	108,377
Genco Commodus	2009	2009	105,973	110,825
Genco Maximus	2009	2009	105,990	110,805
Genco Claudius	2010	2009	107,688	112,517
TOTAL			$1,647,690	$1,741,339

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$100 Million Term Loan Facility				
Genco Bay	2010	2010	30,024	31,333
Genco Ocean	2010	2010	30,100	31,390
Genco Avra	2011	2011	31,194	32,487
Genco Mare	2011	2011	31,107	32,386
Genco Spirit	2011	2011	31,732	33,020
TOTAL			$154,157	$160,616
$253 Million Term Loan Facility				
Genco Aquitaine	2009	2010	31,601	33,007
Genco Ardennes	2009	2010	31,752	33,168
Genco Auvergne	2009	2010	31,745	33,136
Genco Bourgogne	2010	2010	31,734	33,111
Genco Brittany	2010	2010	31,799	33,177
Genco Languedoc	2010	2010	31,966	33,344
Genco Loire	2009	2010	28,870	30,172
Genco Lorraine	2009	2010	28,565	29,864
Genco Normandy	2007	2010	26,311	27,582
Genco Picardy	2005	2010	25,705	27,152
Genco Provence	2004	2010	25,299	26,772
Genco Pyrenees	2010	2010	31,742	33,095
Genco Rhone	2011	2011	33,347	34,725
TOTAL			$390,436	$408,305
2010 Baltic Trading Credit Facility				
Baltic Leopard	2009	2009	30,312	31,671
Baltic Panther	2009	2010	30,389	31,748
Baltic Cougar	2009	2010	30,540	31,898
Baltic Jaguar	2009	2010	30,459	31,809
Baltic Bear	2010	2010	63,754	66,450
Baltic Wolf	2010	2010	63,561	66,196
Baltic Wind	2009	2010	29,081	30,386
Baltic Cove	2010	2010	29,437	30,711
Baltic Breeze	2010	2010	30,002	31,274
TOTAL			$337,535	$352,143
Baltic Trading $22 Million Term Loan Facility				
Baltic Fox	2010	2013	21,017	—
Baltic Hare	2009	2013	19,955	—
TOTAL			$40,972	$—
Baltic Trading $44 Million Term Loan Facility	2000	2000		
Baltic Lion	2009	2013	52,589	—
Baltic Tiger	2010	2013	50,416	—
			$103,005	$—
Consolidated Total			$2,673,795	$2,662,403

Deferred drydocking costs

Our vessels are required to be drydocked approximately every 30 to 60 months for major repairs and maintenance that cannot be performed while the vessels are operating. We capitalize the costs associated with drydockings as they occur and amortize these costs on a straight-line basis over the period between drydockings. Deferred drydocking costs include actual costs incurred at the drydock yard; cost of travel, lodging and subsistence of our personnel sent to the drydocking site to supervise; and the cost of hiring a third party to oversee the drydocking. We believe that these criteria are consistent with U.S. GAAP guidelines and industry practice and that our policy of capitalization reflects the economics and market values of the vessels. Costs that are not related to drydocking are expensed as incurred. If the vessel is drydocked earlier than originally anticipated, any remaining deferred drydock costs that have not been amortized are expensed at the end of the next drydock.

Impairment of long-lived assets

We follow the Accounting Standards Codification ("ASC") subtopic 360-10, "Property, Plant and Equipment" ("ASC 360-10") which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. If indicators of impairment are present, we perform an analysis of the anticipated undiscounted future net cash flows to be derived from the related long-lived assets.

The current economic and market conditions, including the significant disruptions in the global credit markets, are having broad effects on participants in a wide variety of industries. Since mid-August 2008, the charter rates in the dry bulk charter market have declined significantly, and drybulk vessel values have also declined both as a result of a slowdown in the availability of global credit and the significant deterioration in charter rates.

When indicators of impairment are present and our estimate of undiscounted future cash flows for any vessel is lower than the vessel's carrying value, the carrying value is written down, by recording a charge to operations, to the vessel's fair market value if the fair market value is lower than the vessel's carrying value.

For purposes of our December 31, 2013 disclosure below, we determined that the future income streams expected to be earned by such vessels over their remaining operating lives on an undiscounted basis would be sufficient to recover their carrying values and, accordingly, it confirmed that our vessels were not impaired under U.S. GAAP. Our estimated future undiscounted cash flows exceeded each of our vessels' carrying values by a considerable margin (approximately 45% - 560% of carrying value). Our vessels remain fully utilized and have a relatively long average remaining useful life of approximately 17.3 years in which to recover sufficient cash flows on an undiscounted basis to recover their carrying values as of December 31, 2013. Management will continue to monitor developments in charter rates in the markets in which it participates with respect to the expectation of future rates over an extended period of time that are utilized in the analyses.

In developing estimates of future undiscounted cash flows, we make assumptions and estimates about the vessels' future performance, with the significant assumptions being related to charter rates, fleet utilization, vessels' operating expenses, vessels' capital expenditures and drydocking requirements, vessels' residual value and the estimated remaining useful life of each vessel. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends. Specifically, we utilize the rates currently in effect for the duration of their current time charters, without assuming additional profit sharing. For periods of time where our vessels are not fixed on time charters, we utilize an estimated daily time charter equivalent for our vessels' unfixed days based on the most recent ten year historical one year time charter average. Actual equivalent drybulk shipping rates are currently lower than the estimated rate.   We believe current rates have been driven by short-term disruptions or seasonal issues as discussed under "Management's Discussion and Analysis —Results of Operations—Voyage Revenues."

Of the inputs that the Company uses for its impairment analysis, future time charter rates are the most significant and most volatile. Based on the sensitivity analysis performed by the Company, the Company would record impairment on its vessels for time charter declines from their most recent ten-year historical one-year time charter averages as follows:

	Percentage Decline from Ten-Year Historical One-Year Time Charter Average at Which Point Impairment Would be Recorded	
Vessel Class	As of December 31,	As of December 31,

	2013	2012
Capesize	(50.6)%	(50.6)%
Panamax	(30.1)%	(31.5)%
Supramax	(29.6)%	(29.0)%
Handymax	(44.1)%	(45.7)%
Handysize	(18.0)%	(13.5)%

Our time charter equivalent (TCE) rates for our fiscal years ended December 31, 2013 and 2012, respectively, were above or (below) the ten year historical one-year time charter average as of such dates as follows:

	TCE Rates as Compared with Ten-Year Historical One-Year Time Charter Average (as percentage above/(below))	
Vessel Class	As of December 31, 2013	As of December 31, 2012
Capesize	(69.0)%	(70.4)%
Panamax	(65.9)%	(65.9)%
Supramax	(60.1)%	(59.1)%
Handymax	(59.7)%	(59.2)%
Handysize	(46.2)%	(46.4)%

The projected net operating cash flows are determined by considering the future charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the unfixed days over the estimated remaining life of the vessel, assumed to be 25 years from the delivery of the vessel from the shipyard, reduced by brokerage commissions, expected outflows for vessels' maintenance and vessel operating expenses (including planned drydocking and special survey expenditures) and capital expenditures adjusted annually for inflation, assuming fleet utilization of 98%. The salvage value used in the impairment test is estimated to be $245 per light weight ton, consistent with our vessels' depreciation policy discussed above.

Although we believe that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions are highly subjective. There can be no assurance as to how long charter rates and vessel values will remain at their currently low levels or whether they will improve by any significant degree. Charter rates may remain at depressed levels for some time, which could adversely affect our revenue and profitability, and future assessments of vessel impairment.

Investments

We hold an investment in the capital stock of Jinhui Shipping and Transportation Limited ("Jinhui"). Jinhui is a drybulk shipping owner and operator focused on the Supramax segment of drybulk shipping. We also hold an investment in the stock of Korea Line Corporation ("KLC"). 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. These investments are designated as available-for-sale and are reported at fair value, with unrealized gains and losses recorded in shareholders' equity as a component of AOCI. We classify the investment as a current or noncurrent asset based on our intent to hold the investment at each reporting date.

Investments are reviewed quarterly to identify possible other-than-temporary impairment in accordance ASC Subtopic 320-10, "Investments — Debt and Equity Securities" ("ASC 320-10"). When evaluating the investments, we review factors such as the length of time and extent to which fair value has been below the cost basis, the financial condition of the issuer, the underlying net asset value of the issuer's assets and liabilities, and our ability and intent to hold the investment for a period of time which may be sufficient for anticipated recovery in market value. Should the decline in the value of any investment be deemed to be other-than-temporary, the investment basis would be written down to fair market value, and the write-down would be recorded to earnings as a loss. Investments that are not expected to be sold within the next year are classified as noncurrent.

We will continue to evaluate our investments on a quarterly basis to determine the likelihood of any further significant adverse effects on the fair value and amount of any impairment. In the event we determine that the Jinhui or KLC investments are subject to any other-than-temporary impairment, the amount of the impairment would be reclassified from the consolidated statement of equity and recorded as a loss in the consolidated statement of operations for the amount of the impairment.

Fair value of financial instruments

The estimated fair values of our financial instruments such as amounts due to / due from charterers, accounts payable and long-term debt, approximate their individual carrying amounts as of December 31, 2013 and December 31, 2012 due to their short-term maturity or the variable-rate nature of the respective borrowings under the credit facilities.

The fair value of the interest rate swaps is the estimated amount we would receive to terminate these agreements at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty for assets and creditworthiness of us for liabilities. See Note 13 - Fair Value of Financial Instruments in our consolidated financial statements for additional disclosure on the fair values of long term debt, derivative instruments, 2010 Notes and available-for-sale securities.

For the interest rate swaps that are not designated as an effective hedge, the change in the value and the rate differential to be paid or received is recognized as other expense and is listed as a component of other (expense) income.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

We are exposed to the impact of interest rate changes. Our objective is to manage the impact of interest rate changes on our earnings and cash flow in relation to our borrowings. We held four and five interest rate swap agreements with DnB Bank ASA at December 31, 2013 and 2012, respectively, to manage future interest costs and the risk associated with changing interest rates. The total notional principal amount of the swaps is $306.2 million and $356.2 million, respectively, and the swaps have specified rates and durations. Refer to the table in Note 11 — Interest Rate Swap Agreements of our consolidated financial statements which summarizes the interest rate swaps in place as of December 31, 2013 and 2012.

The swap agreements with effective dates prior to December 31, 2013 synthetically convert variable rate debt to fixed rate debt at the fixed interest rate of swap plus the applicable margin of 3.00% during the year ended December 31, 2013.

The total liability associated with the swaps at December 31, 2013 is $7.0 million and $16.1 million at December 31, 2012, and are presented as the fair value of derivatives on the balance sheet. As of December 31, 2013 and 2012, we have accumulated other comprehensive deficit of ($7.0) million and ($16.1) million, respectively, related to the effectively hedged portion of the swaps. Hedge ineffectiveness associated with the interest rate swaps resulted in a minimal amount of other income (expense) during the years ended December 31, 2013 and 2012. As a result of the the default under the one interest rate swap agreement remaining as of March 31, 2014, at December 31, 2013, ($7.0) million of AOCI is expected to be reclassified into income over the next 12 months associated with interest rate derivatives which represents the December 31, 2013 AOCI balance related to the swaps.

We are subject to market risks relating to changes in LIBOR rates because we have significant amounts of floating rate debt outstanding. Effective December 21, 2011, we were subject to a facility fee of 2.00% per annum on the average daily outstanding principal amount of the outstanding loan under the 2007 Credit Facility pursuant to the amendment entered into with our lenders under this facility which was reduced to 1.00% on February 28, 2012 when we consummated an equity offering resulting in gross proceeds of $53.3 million. Additionally, effective August 1, 2012, the applicable margin over LIBOR for the 2007 Credit Facility increased from 2.00% to 3.00% pursuant to the August 2012 Agreements. Refer to Note 9 —Debt in our consolidated financial statements for further information regarding these amendments. During the years ended December 31, 2013 and 2012, we also paid LIBOR plus 3.00% on the outstanding debt under the $100 Million Term Loan Facility, $253 Million Term Loan Facility and the 2010 Baltic Trading Credit Facility. During the year ended December 31, 2013, we also paid three-month LIBOR plus 3.35% on the outstanding debt under the Baltic Trading $22 Million Term Loan Facility and the $44 Million Term Loan Facility. A 1% increase in LIBOR would result in an increase of $11.3 million in interest expense for the year ended December 31, 2013, considering the increase would be only on the unhedged portion of the debt.

Derivative financial instruments

As of December 31, 2013 and 2012, we held four and five interest rate swap agreements, respectively, with DnB Bank ASA to manage interest costs and the risk associated with changing interest rates. The total notional principal amount of the swaps is $306.2 million and $356.2 million, respectively, and the swaps have specified rates and durations. Refer to the table in Note 11 — Interest Rate Swap Agreements of our consolidated financial statements, which summarizes the interest rate swaps in place as of December 31, 2013 and December 31, 2012.

The differential to be paid or received for these swap agreements is recognized as an adjustment to interest expense as incurred. The interest rate differential pertaining to the interest rate swaps for the years ended December 31, 2013 and 2012 was $10.0 million and $13.4 million, respectively. We are currently utilizing cash flow hedge accounting for the swaps whereby the effective portion of the change in value of the swaps is reflected as a component of AOCI. The ineffective portion is recognized as other (expense) income, which is a component of other (expense) income. If for any period of time we did not designate the swaps for hedge accounting, the change in the value of the swap agreements prior to designation would be recognized as other (expense) income.

Amounts receivable or payable arising at the settlement of hedged interest rate swaps are deferred and amortized as an adjustment to interest expense over the period of interest rate exposure provided the designated liability continues to exist. Amounts receivable or payable arising at the settlement of unhedged interest rate swaps are reflected as other (expense) income and are listed as a component of other (expense) income.

Refer to the "Interest rate risk" section above for further information regarding the interest rate swap agreements.

Currency and exchange rate risk

The international shipping industry's functional currency is the U.S. Dollar. Virtually all of our revenues and most of our operating costs are in U.S. Dollars. We incur certain operating expenses in currencies other than the U.S. Dollar, and the foreign exchange risk associated with these operating expenses is immaterial.

As part of our business strategy, in the future, we may enter into short-term forward currency contracts to protect ourselves from the risk arising from the fluctuation in the exchange rate associated with the cost basis of Jinhui shares.

Investments

At December 31, 2013, we hold investments in Jinhui of $77.5 million and investments in KLC of $0.1 million, both of which are classified as available for sale ("AFS") under Accounting Standards Codification 320-10, "Investments — Debt and Equity Securities" ("ASC 320-10"). These investments are classified as a current or noncurrent asset based on our intent to hold the investment at each reporting date. The investments that are classified as AFS are subject to risk of changes in market value, which if determined to be impaired (other than temporarily impaired), could result in realized impairment losses. We review the carrying value of such investments on a quarterly basis to determine if any valuation adjustments are appropriate under ASC 320-10. During 2008, we reviewed the investment in Jinhui for indicators of other-than-temporary impairment. This determination required significant judgment. In making this judgment, we evaluated, among other factors, the duration and extent to which the fair value of the investment is less than its cost; the general market conditions, including factors such as industry and sector performance, and our intent and ability to hold the investment. Our investment in Jinhui was deemed to be other-than-temporarily impaired at December 31, 2008 due to the severity of the decline in its market value versus our cost basis. We will continue to evaluate our investment in Jinhui and KLC on a quarterly basis to determine the likelihood of any further significant adverse effects on the fair value and amount of any additional impairment. For the years ended December 31, 2013 and 2012, we have not deemed our investment to be impaired. In the event we determine that the Jinhui or KLC investment are subject to any impairment, the amount of the impairment would be reclassified from AOCI and recorded as a loss in the Consolidated Statement of Operations for the amount of the impairment.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Genco Shipping & Trading Limited
Consolidated Financial Statements as of December 31, 2013 and 2012 and for the Years Ended December 31, 2013, 2012 and 2011
Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Genco Shipping & Trading Limited
New York, New York

We have audited the accompanying consolidated balance sheets of Genco Shipping & Trading Limited and subsidiaries (the “Company”) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive (loss) income, equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Genco Shipping & Trading Limited and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's recurring losses from operations, negative working capital, default on a scheduled debt amortization payment and anticipated non-compliance with covenants and other requirements in its financing facilities raise substantial doubt about its ability to continue as a going concern. Management’s plans concerning these matters, which include an anticipated filing for bankruptcy protection, are also discussed in Note 1 to the consolidated financial statements. The consolidated financial statements do not include adjustments that might result from the outcome of this uncertainty.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 7, 2014 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

New York, New York
April 7, 2014

Genco Shipping & Trading Limited
Consolidated Balance Sheets as of December 31, 2013 and December 31, 2012
(U.S. Dollars in thousands, except for share and per share data)

	December 31, 2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$122,722	$72,600
Restricted cash	9,850	—
Due from charterers, net	14,241	11,714
Prepaid expenses and other current assets	19,065	18,146
Total current assets	165,878	102,460
Noncurrent assets:		
Vessels, net of accumulated depreciation of $730,662 and $597,214, respectively	2,673,795	2,662,403
Deposits on vessels	1,013	—
Deferred drydock, net of accumulated amortization of $11,107 and $8,086, respectively	11,069	12,037
Deferred financing costs, net of accumulated amortization of $22,279 and $13,162, respectively	22,011	29,561
Fixed assets, net of accumulated depreciation and amortization of $3,438 and $3,311, respectively	5,104	5,258
Other noncurrent assets	514	514
Restricted cash	300	10,150
Investments	77,570	20,988
Total noncurrent assets	2,791,376	2,740,911
Total assets	$2,957,254	$2,843,371
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$27,359	$23,667
Current portion of long-term debt	1,316,439	—
Current interest payable	13,199	—
Convertible senior note payable	115,881	—
Deferred revenue	1,597	1,324
Current portion of lease obligations	176	682
Fair value of derivative instruments	6,975	7
Total current liabilities	1,481,626	25,680
Noncurrent liabilities:		
Long-term lease obligations	3,114	2,465
Time charters acquired	84	418
Fair value of derivative instruments	—	16,045
Convertible senior note payable	—	110,918
Long-term interest payable	—	13,199
Long-term debt	163,625	1,413,439
Total noncurrent liabilities	166,823	1,556,484
Total liabilities	1,648,449	1,582,164

Commitments and contingencies		
Equity:		
Genco Shipping & Trading Limited shareholders' equity:		
Common stock, par value $0.01; 100,000,000 shares authorized; issued and outstanding 44,449,407 and 44,270,273 shares at December 31, 2013 and 2012, respectively	445	443
Additional paid-in capital	846,658	863,303
Accumulated other comprehensive income (loss)	53,722	(11,841)
Retained earnings	66,644	214,391
Total Genco Shipping & Trading Limited shareholders' equity	967,469	1,066,296
Noncontrolling interest	341,336	194,911
Total equity	1,308,805	1,261,207
Total liabilities and equity	$2,957,254	$2,843,371

See accompanying notes to consolidated financial statements.

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Genco Shipping & Trading Limited
Consolidated Statements of Operations for the Years Ended December 31, 2013, 2012 and 2011
(U.S. Dollars in Thousands, Except for Earnings Per Share and Share Data)

	For the Years Ended December 31,		
	2013	2012	2011
Revenues:			
Voyage revenues	$224,179	$223,159	$388,929
Service revenues	3,285	3,294	3,285
Total revenues	227,464	226,453	392,214
Operating expenses:			
Voyage expenses	8,046	7,009	4,457
Vessel operating expenses	111,671	114,318	105,514
General, administrative and management fees	34,031	35,673	33,928
Depreciation and amortization	140,743	139,063	136,203
Other operating income	(121)	(265)	(527)
Total operating expenses	294,370	295,798	279,575
Operating (loss) income	(66,906)	(69,345)	112,639
Other (expense) income:			
Other expense	(76)	(29)	(80)
Interest income	75	378	616
Interest expense	(88,216)	(87,558)	(86,722)
Other expense	(88,217)	(87,209)	(86,186)
(Loss) income before income taxes	(155,123)	(156,554)	26,453
Income tax expense	(1,898)	(1,222)	(1,385)
Net (loss) income	(157,021)	(157,776)	25,068
Less: Net loss attributable to noncontrolling interest	(9,280)	(12,848)	(318)
Net (loss) income attributable to Genco Shipping & Trading Limited	$(147,741)	$(144,928)	$25,386
Net (loss) income per share-basic	$(3.42)	$(3.47)	$0.72
Net (loss) income per share-diluted	$(3.42)	$(3.47)	$0.72
Weighted average common shares outstanding-basic	43,249,070	41,727,075	35,179,244
Weighted average common shares outstanding-diluted	43,249,070	41,727,075	35,258,205
Dividends declared per share	$—	$—	$—

See accompanying notes to consolidated financial statements.
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Genco Shipping & Trading Limited
Consolidated Statements of Comprehensive (Loss) Income
For the Years Ended December 31, 2013, 2012 and 2011
(U.S. Dollars in Thousands)

	For the Years Ended December 31,		
	2013	2012	2011
Net (loss) income	$(157,021)	$(157,776)	$25,068
Change in unrealized gain on investments	56,482	(3,480)	(30,246)
Unrealized gain on cash flow hedges, net	9,081	9,188	17,907
Other comprehensive income (loss)	65,563	5,708	(12,339)
Comprehensive (loss) income	(91,458)	(152,068)	12,729
Less: Comprehensive loss attributable to noncontrolling interest	(9,280)	(12,848)	(318)
Comprehensive (loss) income attributable to Genco Shipping & Trading Limited	$(82,178)	$(139,220)	$13,047

See accompanying notes to consolidated financial statements.
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Genco Shipping & Trading Limited
Consolidated Statements of Equity
For the Years Ended December 31, 2013, 2012 and 2011
(U.S. Dollars in Thousands)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Genco Shipping & Trading Limited Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance — January 1, 2011	$ 359	$ 803,778	$ (5,210)	$ 334,022	$ 1,132,949	$ 215,204	$ 1,348,153
Net income (loss)				25,386	25,386	(318)	25,068
Change in unrealized gain on investments			(30,246)		(30,246)	—	(30,246)
Unrealized gain on cash flow hedges, net			17,907		17,907	—	17,907
Issuance of 357,500 shares of nonvested stock, less forfeitures of 1,100 shares	4	(4)			—	—	—
Nonvested stock amortization		5,574			5,574	2,764	8,338
Cash dividends paid by Baltic Trading Limited				(59)	(59)	(7,543)	(7,602)
Vesting of restricted shares issued by Baltic Trading Limited		95			95	(95)	—
Balance — December 31, 2011	$ 363	$ 809,443	$ (17,549)	$ 359,349	$ 1,151,606	$ 210,012	$ 1,361,618
Net loss				(144,928)	(144,928)	(12,848)	(157,776)
Change in unrealized gain on investments			(3,480)		(3,480)	—	(3,480)
Unrealized gain on cash flow hedges, net			9,188		9,188	—	9,188
Issuance of 7,500,000 shares of common stock	75	49,799			49,874	—	49,874
Issuance of 464,175 shares of nonvested stock, less forfeitures of 1,500 shares	5	(5)			—	—	—
Nonvested stock amortization		4,087			4,087	1,777	5,864
Cash dividends paid by Baltic Trading Limited				(30)	(30)	(4,051)	(4,081)
Vesting of restricted shares issued by		(21)			(21)	21	—

Baltic Trading Limited

Balance — December 31, 2012	$ 443	$ 863,303	$ (11,841)	$ 214,391	$ 1,066,296	$ 194,911	$ 1,261,207
Net loss				(147,741)	(147,741)	(9,280)	(157,021)
Change in unrealized gain on investments			56,482		56,482	—	56,482
Unrealized gain on cash flow hedges, net			9,081		9,081	—	9,081
Issuance of 200,634 shares of nonvested stock, less forfeitures of 21,500 shares	2	(2)			—	—	—
Nonvested stock amortization		2,924			2,924	1,558	4,482
Issuance of common stock of Baltic Trading Limited		(19,532)			(19,532)	155,695	136,163
Cash dividends paid by Baltic Trading Limited				(6)	(6)	(1,583)	(1,589)
Vesting of restricted shares issued by Baltic Trading Limited		(35)			(35)	35	—
Balance — December 31, 2013	$ 445	$ 846,658	$ 53,722	$ 66,644	$ 967,469	$ 341,336	$ 1,308,805

See accompanying notes to consolidated financial statements.

Genco Shipping & Trading Limited
Consolidated Statements of Cash Flows for the Years Ended December 31, 2013, 2012 and 2011
(U.S. Dollars in Thousands)

	Year ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net (loss) income	$(157,021)	$(157,776)	$25,068
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	140,743	139,063	136,203
Amortization of deferred financing costs	9,116	5,413	3,188
Amortization of time charters acquired	(334)	(746)	(1,611)
Amortization of discount on Convertible Senior Notes	4,963	4,537	4,072
Receipt of stock in lieu of cash payment	(100)	—	—
Unrealized loss (gain) on derivative instruments	4	(100)	(51)
Amortization of nonvested stock compensation expense	4,482	5,864	8,338
Change in assets and liabilities:			
(Increase) decrease in due from charterers	(2,527)	1,974	(4,894)
Increase in prepaid expenses and other current assets	(919)	(437)	(3,721)
Increase in other noncurrent assets	—	—	(514)
Increase (decrease) in accounts payable and accrued expenses	2,765	(4,880)	1,091
Increase (decrease) in deferred revenue	273	(2,903)	(6,139)
Increase in lease obligations	143	1,324	1,166
Deferred drydock costs incurred	(4,732)	(10,167)	(4,013)
Net cash (used in) provided by operating activities	(3,144)	(18,834)	158,183
Cash flows from investing activities:			
Purchase of vessels, including deposits	(145,350)	(1,155)	(130,328)
Changes in deposits of restricted cash	—	(400)	(750)
Purchase of other fixed assets	(1,205)	(2,114)	(2,289)
Net cash used in investing activities	(146,555)	(3,669)	(133,367)
Cash flows from financing activities:			
Repayments on the 2007 Credit Facility	—	(118,588)	(102,500)
Proceeds from the $100 Million Term Loan Facility	—	—	60,000
Repayments on the $100 Million Term Loan Facility	—	(15,385)	(8,011)
Proceeds from the $253 Million Term Loan Facility	—	—	21,500
Repayments on the $253 Million Term Loan Facility	—	(40,600)	(26,916)
Proceeds from the 2010 Baltic Trading Credit Facility	1,000	—	—
Proceeds from the Baltic Trading $22 Million Term Loan Facility	22,000	—	—
Repayments on the Baltic Trading $22 Million Term Loan Facility	(375)	—	—
Proceeds from the Baltic Trading $44 Million Term Loan Facility	44,000	—	—
Proceeds from issuance of common stock	—	50,721	—
Payment of common stock issuance costs	—	(847)	—
Payment of Convertible Senior Notes issuance costs	—	—	(51)
Proceeds from issuance of common stock by subsidiary	136,980	—	—
Payment of common stock issuance costs by subsidiary	(706)	—	—
Payment of dividend by subsidiary	(1,589)	(4,081)	(7,603)
Payment of deferred financing costs	(1,489)	(4,085)	(4,144)
Net cash provided by (used in) financing activities	199,821	(132,865)	(67,725)
Net increase (decrease) in cash and cash equivalents	50,122	(155,368)	(42,909)
Cash and cash equivalents at beginning of year	72,600	227,968	270,877

Cash and cash equivalents at end of year	$122,722	$72,600	$227,968

See accompanying notes to consolidated financial statements.

Genco Shipping & Trading Limited
(U.S. Dollars in Thousands)

Notes to Consolidated Financial Statements for the Years Ended December 31, 2013, 2012 and 2011

1 - GENERAL INFORMATION

The accompanying consolidated financial statements include the accounts of Genco Shipping & Trading Limited ("GS&T"), its wholly-owned subsidiaries, and its subsidiary, Baltic Trading Limited (collectively, the "Company"). The Company is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. GS&T is incorporated under the laws of the Marshall Islands and as of December 31, 2013, is the sole owner of all of the outstanding shares of the following subsidiaries: Genco Ship Management LLC; Genco Investments LLC; Genco RE Investments LLC; and the ship-owning subsidiaries as set forth below. As of December 31, 2013, Genco Ship Management LLC is the sole owner of all of the outstanding shares of Genco Management (USA) Limited.

Liquidity, Relief and Support Agreements, and Going Concern

The Company's recurring losses from operations, negative working capital, default on a scheduled debt amortization payment and anticipated non-compliance with covenants and other requirements in its financing facilities raise substantial doubt about its ability to continue as a going concern. The accompanying consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and extinguishment of liabilities in the normal course of business. The Company's ability to continue as a going concern is contingent upon, among other things, its ability to: (i) develop and successfully implement a restructuring plan within the timeframe of the Relief Agreements and the Restructuring Support Agreements described below, (ii) comply with the covenants contained in the Cash Collateral Order, including compliance with the approved budget and the payment of fees, expenses, and interest thereunder, and in any post-restructuring financing, (iii) reduce debt and other liabilities through the bankruptcy process, (iv) return to profitability, (v) generate sufficient cash flow from operations, and (vi) obtain financing sources to meet the Company's future obligations. Any restructuring plan could materially change the amounts and classifications of assets and liabilities reported in the historical consolidated financial statements. Further, the Chapter 11 Case described below could materially change the amounts and classifications reported in the historical consolidated financial statements, which do not give effect to any adjustments to the carrying value of assets or amounts of liabilities that might be necessary as a consequence of confirmation of a plan of reorganization. Moreover, in the Chapter 11 Case, the Company may sell or otherwise dispose of or liquidate assets or settle liabilities, subject to the approval of the bankruptcy court or as otherwise permitted in the ordinary course of business (and subject to restrictions contained in the Cash Collateral Order) for amounts other than those reflected in the accompanying consolidated financial statements. The accompanying consolidated financial statements do not include any direct adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern or as a consequence of the Chapter 11 Case.

To allow discussions with the Company's creditors concerning its restructuring to continue into April 2014 without the need to file for immediate bankruptcy relief, on March 31, 2014, the Company entered into the Relief Agreements with certain lenders under its 2007 Credit Facility, its $253 Million Term Loan Facility, and its $100 Million Term Loan Facility to obtain waivers or forbearances with respect to certain potential or actual events of default as of March 31, 2014 as follows:

- not making the scheduled amortization payment on March 31, 2014 under the Company's 2007 Credit Facility;
- not meeting the consolidated interest ratio covenant for the period ended March 31, 2014;
- not meeting the maximum leverage ratio covenant for the period ending March 31, 2014;

- not meeting the collateral maintenance test under the 2007 Credit Facility;
- not meeting the minimum cash balance covenant under the 2007 Credit Facility;
- not furnishing audited financial statements to the lenders within 90 days after year end for the year ended December 31, 2013;
- a cross-default with respect to the Company's outstanding interest rate swap with respect to the foregoing;
- cross-defaults among the Company's credit facilities with respect to the foregoing; and
- any related defaults or events of default resulting from the failure to give notice with respect to any of the foregoing.

The Relief Agreements, as supplemented by the April 1 agreements between the parties thereto, provide that the agent and consenting lenders will waive or forbear through 11:59 p.m. on April 21, 2014 to exercise their rights and remedies with respect to the foregoing potential or actual events of default, subject to earlier termination if a subsequent event of default occurs under the Company's credit agreements other than those described above or if the Company breaches the terms of the Relief Agreements. Notwithstanding such waivers and forbearances, the fact that the Company did not make the scheduled amortization payment on March 31, 2014 constituted an event of default under its currently outstanding interest rate swap. In addition, under the indenture and supplemental indenture (the "Indenture") governing its 5.0% Convertible Senior Notes issued on July 27, 2010 (the "2010 Notes"), its failure to make such payment would constitute an event of default under the Indenture if it fails to cure such default within 30 days after notice from the trustee under the Indenture.

On April 3, 2014, the Company and certain of its subsidiaries entered into the Support Agreement with the certain lenders under its 2007 Credit Facility, its $253 Million Term Loan Facility, and its $100 Million Term Loan Facility (the "Supporting Lenders") and certain holders of its 2010 Notes (the "Supporting Noteholders" and, together with the Supporting Lenders, the "Supporting Creditors"). Subject to the terms and conditions of the Support Agreement, the Company and the Supporting Creditors are bound to support the Company's restructuring contemplated under the Support Agreement. The Restructuring Term Sheet included in the Support Agreement (the "Term Sheet") provides for the restructuring of the Company's outstanding indebtedness through, among other things, the conversion of indebtedness under the 2007 Credit Facility and the 2010 Notes into equity of the reorganized Company; replacing the $253 Million Term Loan Facility and $100 Million Term Loan Facility with new senior secured credit facilities or amending the facilities to provide for extended maturity dates through August 2019 and certain other covenant modifications; and a $100 million rights offering.

The Support Agreement is subject to termination in respect of the obligations of the Company and the Supporting Creditors in respect of a particular credit facility or the indenture for the 2010 Notes (a "Debt Instrument") by the mutual written agreement of the Company and Supporting Creditors holding more than 66 2/3% in amount of the principal outstanding under such Debt Instrument ("Required Supporting Creditors"). The Support Agreement is subject to termination in a number of other circumstances, including, without limitation:

- by the Company following the occurrence of any of the events specified in the Support Agreement, including: (i) any Supporting Creditors' material breach of its obligations under the Support Agreement that would reasonably be expected to have a material adverse impact on confirmation of the Plan and that remains uncured for the specified period; (ii) the Company's board of directors determining, in good faith and upon the advice of its advisors, in its sole discretion, that (A) continued pursuit of the Restructuring is inconsistent with its fiduciary duties or (B) having received an unsolicited proposal or offer for an alternative transaction, that such alternative transaction is likely to be more favorable than the Restructuring and that continued support of the Restructuring pursuant to this Agreement would be inconsistent with its fiduciary obligations; or (iii) the issuance by any governmental authority of an injunction, judgment, decree or similar ruling or order preventing consummation of a material portion of the restructuring; or

- with respect to the obligations of the Company and the Supporting Creditors in respect of a particular Debt Instrument, upon the occurrence of any of the events specified in the Support Agreement, including: (i) the "Definitive Documents" (as defined in the Term Sheet) filed by the Company include terms that are inconsistent with the Term Sheet; (ii) the filing by the Company of any motion for relief seeking certain specified actions; (iii) the entry by the Bankruptcy Court of certain specified orders; (iv) the Company's material breach of its obligations under the Support Agreement that remains uncured for the specified period; (v) the Company's failure to meet the milestones under the Support Agreement; (vi) the Company's loss of the exclusive right to file or solicit acceptance of a chapter 11 plan; (vii) a termination event under the Cash Collateral order; or (viii) the issuance of an order, not subject to a stay of effectiveness pending appeal, by any court of competent jurisdiction or other governmental authority making illegal or restricting or preventing the restructuring in a manner that cannot be reasonably remedied by the Company.

The Support Agreement provides for a termination fee of $26.5 million payable to Supporting Lenders under the 2007 Credit Facility and Supporting Noteholders if the Support Agreement is terminated under certain circumstances and the Company consummates an alternative transaction.

The Support Agreement contemplates that the proposed plan of reorganization (the "Plan") will be implemented through a voluntary bankruptcy case (the "Chapter 11 Case") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), which may include the filing of bankruptcy petitions by subsidiaries of Genco Shipping & Trading Limited other than Baltic Trading Limited and its subsidiaries. The Support Agreement also provides for the agreement of the Company and the Supporting Creditors to a form of Cash Collateral Order, under which the use of cash collateral of the Company's creditors will be permitted during the Chapter 11 Case for working capital purposes, other general corporate purposes, and costs and expenses of the Chapter 11 Case, in each instance in accordance with a budget to be determined.

There can be no assurance that the Company will be able to fulfill the requirements of the Support Agreement, some of which must be satisfied prior to the expiration of forbearances or waivers from its lenders. Furthermore, commencement of the Chapter 11 Case will subject the Company to risks and uncertainties, and there can be no assurance that the Company can successfully achieve its restructuring in the Chapter 11 Case.

In addition, for purposes of preparing financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the Company was required to assess future compliance with the original covenants at all quarterly measurement dates within twelve months from the date of such financial statements. The Company believed it was probable that the Company would not be in compliance with certain covenants at measurement dates within twelve months of March 31, 2013. Accordingly, the outstanding debt under the 2007 Credit Facility, the $253 Million Term Loan Facility and the $100 Million Term Loan Facility (as defined in Note 9 — Debt) was reclassified as a current liability in the consolidated balance sheet beginning March 31, 2013 and remained classified as a current liability as of December 31, 2013. If the Company fails to comply with its covenants under its credit facilities, the Company would also be in default under the Indenture for the 2010 Notes and its interest rate swaps. Accordingly, the 2010 Notes and one swap previously classified as a long-term liability were likewise reclassified as current liabilities in the consolidated balance sheet beginning March 31, 2013 and remained classified as a current liability as of December 31, 2013.

Other General Information

At December 31, 2013, 2012 and 2011, GS&T's fleet consisted of 53 vessels.

Below is the list of GS&T's wholly owned ship-owning subsidiaries as of December 31, 2013:

Wholly Owned Subsidiaries	Vessels Acquired	Dwt	Delivery Date	Year Built
Genco Reliance Limited	Genco Reliance	29,952	12/6/04	1999
Genco Vigour Limited	Genco Vigour	73,941	12/15/04	1999
Genco Explorer Limited	Genco Explorer	29,952	12/17/04	1999
Genco Carrier Limited	Genco Carrier	47,180	12/28/04	1998
Genco Sugar Limited	Genco Sugar	29,952	12/30/04	1998
Genco Pioneer Limited	Genco Pioneer	29,952	1/4/05	1999
Genco Progress Limited	Genco Progress	29,952	1/12/05	1999
Genco Wisdom Limited	Genco Wisdom	47,180	1/13/05	1997
Genco Success Limited	Genco Success	47,186	1/31/05	1997
Genco Beauty Limited	Genco Beauty	73,941	2/7/05	1999
Genco Knight Limited	Genco Knight	73,941	2/16/05	1999
Genco Leader Limited	Genco Leader	73,941	2/16/05	1999
Genco Marine Limited	Genco Marine	45,222	3/29/05	1996
Genco Prosperity Limited	Genco Prosperity	47,180	4/4/05	1997
Genco Muse Limited	Genco Muse	48,913	10/14/05	2001
Genco Acheron Limited	Genco Acheron	72,495	11/7/06	1999
Genco Surprise Limited	Genco Surprise	72,495	11/17/06	1998
Genco Augustus Limited	Genco Augustus	180,151	8/17/07	2007
Genco Tiberius Limited	Genco Tiberius	175,874	8/28/07	2007
Genco London Limited	Genco London	177,833	9/28/07	2007
Genco Titus Limited	Genco Titus	177,729	11/15/07	2007
Genco Challenger Limited	Genco Challenger	28,428	12/14/07	2003
Genco Charger Limited	Genco Charger	28,398	12/14/07	2005

Genco Warrior Limited	Genco Warrior	55,435	12/17/07	2005
Genco Predator Limited	Genco Predator	55,407	12/20/07	2005
Genco Hunter Limited	Genco Hunter	58,729	12/20/07	2007
Genco Champion Limited	Genco Champion	28,445	1/2/08	2006
Genco Constantine Limited	Genco Constantine	180,183	2/21/08	2008
Genco Raptor LLC	Genco Raptor	76,499	6/23/08	2007
Genco Cavalier LLC	Genco Cavalier	53,617	7/17/08	2007
Genco Thunder LLC	Genco Thunder	76,588	9/25/08	2007
Genco Hadrian Limited	Genco Hadrian	169,694	12/29/08	2008
Genco Commodus Limited	Genco Commodus	169,025	7/22/09	2009
Genco Maximus Limited	Genco Maximus	169,025	9/18/09	2009
Genco Claudius Limited	Genco Claudius	169,025	12/30/09	2010
Genco Bay Limited	Genco Bay	34,296	8/24/10	2010
Genco Ocean Limited	Genco Ocean	34,409	7/26/10	2010
Genco Avra Limited	Genco Avra	34,391	5/12/2011	2011

Genco Mare Limited	Genco Mare	34,428	7/20/2011	2011
Genco Spirit Limited	Genco Spirit	34,432	11/10/2011	2011
Genco Aquitaine Limited	Genco Aquitaine	57,981	8/18/10	2009
Genco Ardennes Limited	Genco Ardennes	57,981	8/31/10	2009
Genco Auvergne Limited	Genco Auvergne	57,981	8/16/10	2009
Genco Bourgogne Limited	Genco Bourgogne	57,981	8/24/10	2010
Genco Brittany Limited	Genco Brittany	57,981	9/23/10	2010
Genco Languedoc Limited	Genco Languedoc	57,981	9/29/10	2010
Genco Loire Limited	Genco Loire	53,416	8/4/10	2009
Genco Lorraine Limited	Genco Lorraine	53,416	7/29/10	2009
Genco Normandy Limited	Genco Normandy	53,596	8/10/10	2007
Genco Picardy Limited	Genco Picardy	55,257	8/16/10	2005
Genco Provence Limited	Genco Provence	55,317	8/23/10	2004
Genco Pyrenees Limited	Genco Pyrenees	57,981	8/10/10	2010
Genco Rhone Limited	Genco Rhone	58,018	3/29/2011	2011

On May 28, 2013, Baltic Trading Limited ("Baltic Trading") closed an equity offering of 6,419,217 shares of Baltic Trading common stock at an offering price of $3.60 per share. Baltic Trading received net proceeds of $21,564 after deducting underwriters' fees and expenses.

On September 25, 2013, Baltic Trading closed an equity offering of 13,800,000 shares of Baltic Trading common stock at an offering price of $4.60 per share. Baltic Trading received net proceeds of $59,474 after deducting underwriters' fees and expenses.

On November 18, 2013, Baltic Trading closed an equity offering of 12,650,000 shares of Baltic Trading common stock at an offering price of $4.60 per share. Baltic Trading received net proceeds of $55,125 after deducting underwriters' fees and expenses.

Baltic Trading was a wholly-owned indirect subsidiary of GS&T until Baltic Trading completed its initial public offering, or IPO, on March 15, 2010. As of December 31, 2013 and 2012, Genco Investments LLC owned 6,356,471 and 5,699,088 shares of Baltic Trading's Class B Stock, which represented an 11.05% and 24.78% ownership interest in Baltic Trading, respectively, and 65.08% and 83.17% of the aggregate voting power of Baltic Trading's outstanding shares of voting stock, respectively. Additionally, pursuant to the Subscription Agreement between Genco Investments LLC and Baltic Trading, for so long as GS&T directly or indirectly holds at least 10% of the aggregate number of outstanding shares of Baltic Trading's common stock and Class B stock, Genco Investments LLC will be entitled to receive an additional number of shares of Baltic Trading's Class B stock equal to 2% of the number of common shares issued in the future, other than shares issued under Baltic Trading's 2010 Equity Incentive Plan. As such, when Baltic Trading closed the equity offerings of 6,419,217 shares on May 28, 2013, 13,800,000 shares on September 25, 2013 and 12,650,000 shares on November 18, 2013 as noted above, GS&T was issued 128,383, 276,000 and 253,000 shares, respectively, of Baltic Trading's Class B Stock which represents 2% of the number of common shares issued.

Below is the list of Baltic Trading's wholly owned ship-owning subsidiaries as of December 31, 2013:

Baltic Trading's Wholly Owned Subsidiaries	Vessel	Dwt	Delivery Date	Year Built
Baltic Leopard Limited	Baltic Leopard	53,447	4/8/10	2009
Baltic Panther Limited	Baltic Panther	53,351	4/29/10	2009
Baltic Cougar Limited	Baltic Cougar	53,432	5/28/10	2009
Baltic Jaguar Limited	Baltic Jaguar	53,474	5/14/10	2009

Baltic Bear Limited	Baltic Bear	177,717	5/14/10	2010
Baltic Wolf Limited	Baltic Wolf	177,752	10/14/10	2010
Baltic Wind Limited	Baltic Wind	34,409	8/4/10	2009
Baltic Cove Limited	Baltic Cove	34,403	8/23/10	2010
Baltic Breeze Limited	Baltic Breeze	34,386	10/12/10	2010
Baltic Fox Limited	Baltic Fox	31,883	9/6/2013	2010
Baltic Hare Limited	Baltic Hare	31,887	9/5/2013	2009
Baltic Lion Limited	Baltic Lion	179,185	12/27/2013	2012
Baltic Tiger Limited	Baltic Tiger	179,185	11/26/2013	2011
Baltic Hornet Limited	Baltic Hornet	64,000	Q3 2014 (1)	2014 (1)
Baltic Wasp Limited	Baltic Wasp	64,000	Q4 2014 (1)	2014 (1)
Baltic Scorpion Limited	Baltic Scorpion	64,000	Q2 2015 (1)	2015 (1)
Baltic Mantis Limited	Baltic Mantis	64,000	Q3 2015 (1)	2015 (1)

(1) Built dates and dates for vessels being delivered in the future are estimates based on guidance received from the sellers and the respective shipyards.

The Company provides technical services for drybulk vessels purchased by Maritime Equity Partners ("MEP"). Peter C. Georgiopoulos, Chairman of the Board of Directors of GS&T, controls and has a minority interest in MEP. These services include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services are provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and will be provided for an initial term of one year. MEP has the right to cancel provision of services on 60 days' notice with payment of a one-year termination fee upon a change in control of the Company. The Company may terminate provision of the services at any time on 60 days' notice.

On February 28, 2012, the Company closed on an equity offering of 7,500,000 shares of common stock at an offering price of $7.10 per share. The Company received net proceeds of $49,874 after deducting underwriters' fees and expenses.

Mr. Georgiopoulos is the sole member of the Management Committee of Fleet Acquisition LLC, which currently retains 443,606 shares of the Company's common stock of which Mr. Georgiopoulos may be deemed to be the beneficial owner. As a result of the foregoing transaction in addition to grants of nonvested shares made to Mr. Georgiopoulos, Mr. Georgiopoulos may be deemed to beneficially own 6.27% of the Company's common stock (including shares held through Fleet Acquisition LLC) at December 31, 2013.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP, which include the accounts of GS&T, its wholly-owned subsidiaries and Baltic Trading, a subsidiary in which the Company owns a majority of the voting interests and exercises control. All intercompany accounts and transactions have been eliminated in consolidation.

Business geographics

The Company's vessels regularly move between countries in international waters, over hundreds of trade routes and, as a result, the disclosure of geographic information is impracticable.

Vessel acquisitions

When the Company enters into an acquisition transaction, it determines whether the acquisition transaction was the purchase of an asset or a business based on the facts and circumstances of the transaction. As is customary in the shipping industry, the purchase of a vessel is normally treated as a purchase of an asset as the historical operating data for the vessel is not reviewed nor is it material to the Company's decision to make such acquisition.

When a vessel is acquired with an existing time charter, the Company allocates the purchase price to the vessel and the time charter based on, among other things, vessel market valuations and the present value (using an interest rate which reflects the risks associated with the acquired charters) of the difference between (i) the contractual amounts to be paid pursuant to the charter terms and (ii) management's estimate of the fair market charter rate, measured over a period equal to the remaining term of the charter. The capitalized above-market (assets) and below-market (liabilities) charters are amortized as a reduction or increase, respectively, to revenues over the remaining term of the charter.

Segment reporting

The Company has two reportable segments, GS&T and Baltic Trading, which are both engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. Refer to Note 3 — Segment Information for further information.

Revenue and voyage expense recognition

Since the Company's inception, revenues have been generated from time charter agreements, pool agreements and spot market-related time charters. A time charter involves placing a vessel at the charterer's disposal for a set period of time during which the charterer may use the vessel in return for the payment by the charterer of a specified daily hire rate, including any ballast bonus payments received pursuant to the time charter agreement. Spot market-related time charters are the same as other time charter agreements, except the time charter rates are variable and are based on a percentage of the average daily rates as published by the Baltic Dry Index ("BDI"). Voyage revenues also include the sale of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

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 the Company. At the inception of a time charter, the Company records 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. These differences in bunkers resulted in net gains of $567, $1,714 and $2,653 during the years ended December 31, 2013, 2012 and 2011, respectively. Additionally, voyage expenses include the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

The Company records time charter revenues over the term of the charter as service is provided. Revenues are recognized on a straight-line basis as the average revenue over the term of the respective time charter agreement. The Company records spot market-related time charter revenues over the term of the charter as service is provided based on the rate determined based on the BDI for each respective billing period. As such, the revenue earned by the Company's vessels that are spot market-related time charters is subject to fluctuations of the spot market. The Company recognizes voyage expenses when incurred.

Four of the Company's vessels, the Genco Ocean, Genco Bay, Genco Avra and Genco Spirit, were chartered under spot market-related time charters which include a profit-sharing element. The time charters for the Genco Ocean and Genco Bay ended during August 2013 and March 2013, respectively. Under these charter agreements, the rate for the spot market-related time charter is linked with a floor of $9 and a ceiling of $14 daily with a 50% profit sharing arrangement to apply to any amount above the ceiling. The rate is based on 115% of the average of the daily rates reflected in the daily reports of the Baltic Handysize Index.

At December 31, 2013 and 2012, five of GS&T's vessels were in vessel pools. Additionally, at December 31, 2013, four of Baltic Trading's vessels were in vessel pools. The Genco Explorer, Genco Pioneer, Genco Progress, Genco Reliance and Genco Sugar were in the LB/IVS Pool, a vessel pool trading in the spot market for which Lauritzen Bulkers A/S acts as the pool manager. The Genco Pioneer and Genco Sugar were taken out of the LB/IVS Pool during October 2013 and entered the Clipper Logger Pool, a vessel pool trading in the spot market for which Clipper Group acts as the pool manager. The Baltic Fox and Baltic Hare also entered the Clipper Logger Pool during September 2013. Additionally, the Baltic Cougar and the Baltic Panther entered the Bulkhandling Handymax A/S Pool, a vessel pool trading in the spot market for which Torvald Klaveness acts as pool manager, during August 2013. Under pool arrangements, 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 less voyage expenses generated by the entire group of vessels in the pool, and the pool operates in the spot market, the revenue earned by these vessels is subject to the fluctuations of the spot market. The Company recognizes revenue from these pool arrangements based on its portion of the net distributions reported by the relevant pool, which represents the net voyage revenue of the pool after voyage expenses and pool manager fees.

Other operating income

During the years ended December 31, 2013, 2012 and 2011, the Company recorded other operating income of $121, $265 and $527 respectively. Other operating income recorded during the years ended December 31, 2012 and 2011 consists of $263 and $527, respectively, related to the second and third installments due on December 30, 2012 and 2011, respectively, from Samsun Logix Corporation (“Samsun”) pursuant to the rehabilitation plan which was approved by the South Korean courts. Samsun did not remit the payment due to the Company on December 30, 2013 due to financial difficulties. Other operating income during the year ended December 31, 2013 and 2012 also included $21 and $2, respectively, related to the settlement due from Korea Line Corporation (“KLC”) pursuant to the rehabilitation plan which was approved by the South Korean courts. Additionally, other operating income during the year ended December 31, 2013 included $100 related to the receipt of 3,355 shares of stock of KLC as part of the aforementioned rehabilitation plan. This investment has been designated as Available for Sale (“AFS”). Refer to Note 19 — Commitments and Contingencies for further information regarding the bankruptcy settlements with Samsun and KLC and Note 6 — Investments for further information regarding the investment in KLC shares.

Due from charterers, net

Due from charterers, net includes accounts receivable from charters, net of the provision for doubtful accounts. At each balance sheet date, the Company records the provision based on a review of all outstanding charter receivables. Included in the standard time charter contracts with the Company's customers are certain performance parameters which, if not met, can result in customer claims. As of December 31, 2013 and 2012, the Company had a reserve of $632 and $488, respectively, against the due from charterers balance and an additional accrual of $536 and $407, respectively, in deferred revenue, each of which is primarily associated with estimated customer claims against the Company including vessel performance issues under time charter agreements.

Revenue is based on contracted charterparties. However, there is always the possibility of dispute over terms and payment of hires and freights. In particular, disagreements may arise concerning the responsibility of lost time and revenue. Accordingly, the Company periodically assesses the recoverability of amounts outstanding and estimates a provision if there is a possibility of non-recoverability. The Company believes its provisions to be reasonable based on information available.

Vessel operating expenses

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, and other miscellaneous expenses. Vessel operating expenses are recognized when incurred.

Vessels, net

Vessels, net is stated at cost less accumulated depreciation. Included in vessel costs are acquisition costs directly attributable to the acquisition of a vessel and expenditures made to prepare the vessel for its initial voyage. The Company also capitalizes interest costs for a vessel under construction as a cost that is directly attributable to the acquisition of a vessel. Vessels are depreciated on a straight-line basis over their estimated useful lives, determined to be 25 years from the date of initial delivery from the shipyard. Depreciation expense for vessels for the years ended December 31, 2013, 2012 and 2011 was $133,562, $133,111, and $130,080, respectively.

Depreciation expense is calculated based on cost less the estimated residual scrap value. The costs of significant replacements, renewals and betterments are capitalized and depreciated over the shorter of the vessel's remaining estimated useful life or the estimated life of the renewal or betterment. Undepreciated cost of any asset component being replaced that was acquired after the initial vessel purchase is written off as a component of vessel operating expense. Expenditures for routine maintenance and repairs are expensed as incurred. Scrap value is estimated by the Company by taking the estimated scrap value of $245/lwt multiplied by the weight of the ship in lightweight tons (lwt).

Fixed assets, net

Fixed assets, net are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are based on a straight line basis over the estimated useful life of the specific asset placed in service. The following table is used in determining the typical estimated useful lives:

Description	Useful lives
Leasehold improvements	Lesser of the estimated useful life of the asset or life of the lease
Furniture, fixtures & other equipment	5 years
Vessel equipment	2-15 years
Computer equipment	3 years

Depreciation and amortization expense for fixed assets for the years ended December 31, 2013, 2012 and 2011 was $1,481, $888 and $507, respectively.

Deferred drydocking costs

The Company's vessels are required to be drydocked approximately every 30 to 60 months for major repairs and maintenance that cannot be performed while the vessels are operating. The Company defers the costs associated with the drydockings as they occur and amortizes these costs on a straight-line basis over the period between drydockings. Costs deferred as part of a vessel's drydocking include actual costs incurred at the drydocking yard; cost of travel, lodging and subsistence of personnel sent to the drydocking site to supervise; and the cost of hiring a third party to oversee the drydocking. If the vessel is drydocked earlier than originally anticipated, any remaining deferred drydock costs that have not been amortized are expensed at the end of the next drydock.

Amortization expense for drydocking for the years ended December 31, 2013, 2012 and 2011 was $5,700, $5,064, and $5,617, respectively. All other costs incurred during drydocking are expensed as incurred.

Impairment of long-lived assets

The Company follows Accounting Standards Codification ("ASC") Subtopic 360-10, Property, Plant and Equipment ("ASC 360-10"), which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. If indicators of impairment are present, the Company performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. If the carrying value of the related asset exceeds the undiscounted cash flows, the carrying value is reduced to its fair value. Various factors including anticipated future charter rates, estimated scrap values, future drydocking costs and estimated vessel operating costs are included in this analysis.

For the years ended December 31, 2013, 2012 and 2011, no impairment charges were recorded on the Company's long-lived assets.

Deferred financing costs

Deferred financing costs, included in other assets, consist of fees, commissions and legal expenses associated with securing loan facilities and other debt offerings and amending existing loan facilities. These costs are amortized over the life of the related debt and are included in interest expense.

Cash and cash equivalents

The Company considers highly liquid investments such as money market funds and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Investments

The Company holds an investment in the capital stock of Jinhui Shipping and Transportation Limited ("Jinhui") and in KLC. 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. The investments in Jinhui and KLC have been designated as AFS and are reported at fair value, with unrealized gains and losses recorded in equity as a component of accumulated other comprehensive income (loss) ("AOCI"). The Company classifies the investments as current or noncurrent assets based on the Company's intent to hold the investments at each reporting date.

Investments are reviewed quarterly to identify possible other-than-temporary impairment in accordance with ASC Subtopic 320-10, "Investments — Debt and Equity Securities" ("ASC 320-10"). When evaluating its investments, the Company reviews factors such as the length of time and extent to which fair value has been below the cost basis, the financial condition of the issuer, the underlying net asset value of the issuers assets and liabilities, and the Company's ability and intent to hold the investment for a period of time which may be sufficient for anticipated recovery in market value. Should the decline in the value of any investment be deemed to be other-than-temporary, the investment basis would be written down to fair market value, and the write-down would be recorded to earnings as a loss. Refer to Note 6 — Investments.

Income taxes

Pursuant to Section 883 of the U.S. Internal Revenue Code of 1986 as amended (the "Code"), qualified income derived from the international operations of ships is excluded from gross income and exempt from U.S. federal income tax if a company engaged in the international operation of ships meets certain requirements. Among other things, in order to qualify, the Company must be incorporated in a country that grants an equivalent exemption to U.S. corporations and must satisfy certain qualified ownership requirements.

GS&T is incorporated in the Marshall Islands. Pursuant to the income tax laws of the Marshall Islands, GS&T is not subject to Marshall Islands income tax. The Marshall Islands has been officially recognized by the Internal Revenue Service as a qualified foreign country that currently grants the requisite equivalent exemption from tax. GS&T is not taxable in any other jurisdiction, with the exception of Genco Management (USA) Limited as noted below.

Based on the publicly traded requirement of the Section 883 regulations, GS&T believes that it qualified for exemption from income tax on income derived from the international operations of ships for 2013, 2012 and 2011. In order to meet the publicly traded requirement, GS&T's stock must be treated as being primarily and regularly traded for more than half the days of any such year. Under the Section 883 regulations, GS&T's qualification for the publicly traded requirement may be jeopardized if shareholders of the Company's common stock that own five percent or more of the Company's stock ("5% shareholders") own, in the aggregate, 50% or more of the Company's common stock for more than half the days of the year. Management believes that during 2013, 2012 and 2011, the combined ownership of its 5% shareholders did not equal 50% or more of its common stock for more than half the days of 2013, 2012 and 2011, as applicable.

If GS&T does not qualify for the exemption from tax under Section 883, it would be subject to a 4% tax on the gross "shipping income" (without the allowance for any deductions) that is treated as derived from sources within the United States or "United States source shipping income." For these purposes, "shipping income" means any income that is derived from the use of vessels, from the hiring or leasing of vessels for use, or from the performance of services directly related to those uses; and "United States source shipping income" includes 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States.

Baltic Trading is also incorporated in the Marshall Islands. However, Baltic Trading did not qualify for an exemption under Section 883 upon consummation of its IPO because it did not satisfy the publicly traded requirement as described above. Since Baltic Trading's IPO was completed on March 15, 2010, the Company has indirectly owned shares of Baltic Trading's Class B Stock which has provided the Company with over 50% of the combined voting power of all classes of Baltic Trading's voting stock during 2013, 2012 and 2011. As such, Baltic Trading is subject to income tax on its United States source income. During the years ended December 31, 2013, 2012 and 2011, Baltic Trading had United States operations which resulted in United States source income of $1,664, $1,379 and $3,062. Baltic Trading's United States income tax expense for the years ended December 31, 2013, 2012 and 2011 was $34, $28 and $34, respectively.

Pursuant to certain agreements, GS&T technically and commercially manages vessels for Baltic Trading, as well as provides technical management of vessels for MEP in exchange for specified fees for these services provided. These services are performed by Genco Management (USA) Limited ("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 the net income derived from providing these services. Genco (USA) has entered into a cost-sharing agreement with the Company and Genco Ship Management LLC, collectively Manco, pursuant to which Genco (USA) agrees to reimburse Manco for the costs incurred by Genco (USA) for the use of Manco's personnel and services in connection with the provision of the services for both Baltic Trading and MEP's vessels.

Total revenue earned for these services during the years ended December 31, 2013, 2012 and 2011 was $7,856, $6,110 and $6,309, respectively, of which $4,571, $2,816 and $3,024, respectively, eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $4,235 associated with these activities for the year ended December 31, 2013. This resulted in estimated tax expense of $1,864 for the year ended December 31, 2013. After allocation of certain expenses, there was taxable income of $2,655 associated with these activities for the year ended December 31, 2012. This resulted in estimated tax expense of $1,194 for the year ended December 31, 2012. After allocation of certain expenses, there was taxable income of $2,787 associated with these activities for the year ended December 31, 2011. This resulted in estimated tax expense of $1,351 for the year ended December 31, 2011.

Deferred revenue

Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as income when earned. Additionally, deferred revenue includes estimated customer claims mainly due to time charter performance issues. Refer to "Revenue and voyage expense recognition" above for description of the

Company's revenue recognition policy.

Comprehensive income

The Company follows ASC Subtopic 220-10, "Comprehensive Income" ("ASC 220-10"), which establishes standards for reporting and displaying comprehensive income and its components in financial statements. Comprehensive income is comprised of net income and amounts related to the Company's interest rate swaps accounted for as hedges, as well as unrealized gains or losses associated with the Company's AFS investments.

Nonvested stock awards

The Company follows ASC Subtopic 718-10, "Compensation — Stock Compensation" ("ASC 718-10"), for nonvested stock issued under its equity incentive plans. Stock-based compensation costs from nonvested stock have been classified as a component of additional paid-in capital.

Accounting estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include vessel valuations, the valuation of amounts due from charterers, performance claims, residual value of vessels, useful life of vessels and the fair value of derivative instruments. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk are amounts due from charterers, cash and cash equivalents, deposits on vessels and interest rate swap agreements. With respect to amounts due from charterers, the Company attempts to limit its credit risk by performing ongoing credit evaluations and, when deemed necessary, requires letters of credit, guarantees or collateral. The Company earned 100% of revenues from 48 customers in 2013, 43 customers in 2012 and 32 customers in 2011. Management does not believe significant risk exists in connection with the Company's concentrations of credit at December 31, 2013 and 2012.

For the year ended December 31, 2013, there were three customers that individually accounted for more than 10% of voyage revenues, Cargill International S.A., Swissmarine Services S.A. and Pacific Basin Chartering Ltd., which represented 21.45%, 18.73% and 10.30% of voyage revenues, respectively. For the year ended December 31, 2012, there was one customer that individually accounted for more than 10% of voyage revenues, Cargill International S.A., which represented 31.27% of voyage revenues. For the year ended December 31, 2011 there were two customers that individually accounted for more than 10% of voyage revenues, Cargill International S.A. and Swissmarine Services S.A., which represented 30.00% and 12.23% of voyage revenues, respectively.

At December 31, 2013, deposits on vessels consist primarily of progress payments due by Baltic Trading to the shipyard as per the newbuilding contracts with Yangfan Group Co., Ltd. These payments are not held in an escrow account; however, Baltic Trading has a refund guarantee with the Bank of China in the case that Yangfan Group Co., Ltd. does not perform as required by the newbuilding contracts. Refer to Note 5 – Vessel Acquisitions for further information.

At December 31, 2013 and 2012, the Company maintains all of its cash and cash equivalents with four financial institutions. None of the Company's cash and cash equivalent balances is covered by insurance in the event of default by these financial institutions.

At December 31, 2013 and 2012, the Company has four and five interest rate swap agreements, respectively, with DnB Bank ASA to manage interest costs and the risk associated with changing interest rates related to the 2007 Credit Facility. None of the interest rate swap agreements are covered by insurance in the event of default by this financial institution.

Fair value of financial instruments

The estimated fair values of the Company's financial instruments, such as amounts due to / due from charterers, accounts payable and long-term debt, approximate their individual carrying amounts as of December 31, 2013 and 2012 due to their short-term maturity or the variable-rate nature of the respective borrowings under the credit facilities.

The fair value of the interest rate swaps is the estimated amount the Company would receive or have to pay in order to terminate these agreements at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty for assets and creditworthiness of the Company for liabilities. See Note 13 - Fair Value of Financial Instruments for additional disclosure on the fair values of long term debt, convertible senior notes, derivative instruments, and AFS securities.

Derivative financial instruments

Interest rate risk management

The Company is exposed to the impact of interest rate changes. The Company's objective is to manage the impact of interest rate changes on its earnings and cash flow in relation to borrowings primarily for the purpose of acquiring drybulk vessels. These borrowings are subject to a variable borrowing rate. The Company uses pay-fixed receive-variable interest rate swaps to manage future interest costs and the risk associated with changing interest rate obligations. These swaps are designated as cash flow hedges of future variable rate interest payments and are tested for effectiveness on a quarterly basis. Refer to Note 11 — Interest Rate Swap Agreements for further information regarding the interest rate swaps held by the Company.

The differential to be paid or received for the effectively hedged portion of any swap agreement is recognized as an adjustment to interest expense as incurred. Additionally, the changes in value for the portion of the swaps that are effectively hedging future interest payments are reflected as a component of AOCI.

For the interest rate swaps that are not designated as an effective hedge, the change in the value and the rate differential to be paid or received is recognized as other expense and is listed as a component of other (expense) income in the Consolidated Statements of Operations.

Recent accounting pronouncements

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"), to improve the transparency of changes in other comprehensive income (loss) ("OCI") and items reclassified out of accumulated other income (loss) ("AOCI"). The amendments in ASU 2013-02 are required to be applied prospectively and are effective for reporting periods beginning after December 15, 2012. The adoption of ASU 2013-02 did not have any impact on the Company's consolidated financial statements other than separately disclosing in the footnotes to the consolidated financial statements amounts reclassified out of AOCI and the individual line items in the Consolidated Statement of Operations that are affected. The Company has adopted ASU 2013-02 and the impact of adoption is not material to the Company's consolidated financial statements. Refer to Note 12 — Accumulated Other Comprehensive Income (Loss) for additional disclosure.

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) — Fair Value Measurement" ("ASU 2011-04"), to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements, particularly for Level 3 fair value measurements. This standard was effective for interim and annual periods beginning after December 15, 2011 and is applied on a prospective basis. The Company adopted ASU 2011-04 effective January 1, 2012. The impact of adoption was not material to the Company's consolidated financial statements.

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, "Comprehensive Income (Topic 220), Presentation of Comprehensive Income" ("ASU 2011-05"), to require an entity to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. The standard does not change the items that must be reported for other comprehensive income, how such items are measured or when they must be reclassified to net income. This standard was effective for interim and annual periods beginning after December 15, 2011 was to be applied retrospectively. The FASB had deferred the requirement to present reclassification adjustments for each component of AOCI in both net income and other comprehensive income; however, this requirement was not reinstated and ASU 2013-02 was issued as noted above. The Company adopted ASU 2011-05 and disclosed comprehensive income in our consolidated statements of comprehensive (loss) income. This guidance only affects financial statement presentation and has no impact on the Company's consolidated results of operations, financial position and cash flows.

3 - SEGMENT INFORMATION

The Company determines its reportable segments based on the information utilized by the chief operating decision maker to assess performance. Based on this information, the Company has two reportable operating segments, GS&T and Baltic Trading. Both GS&T and Baltic Trading are engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. GS&T seeks to deploy its vessels on time charters, spot market-related time charters or in vessel pools trading in the spot market and Baltic Trading seeks to deploy its vessel charters in the spot market, which represents immediate chartering of a vessel, usually for single voyages, or employing vessels on spot market-related time charters or in vessel pools. Segment results are evaluated based on net (loss) income. The accounting policies applied to the reportable segments are the same as those used in the preparation of the Company's consolidated financial statements. Information about the Company's reportable segments for the years ended December 31, 2013, 2012 and 2011 are as follows:

The following table presents a reconciliation of total voyage revenue from external (third party) customers for the Company's two operating segments to total consolidated voyage revenue from external customers for the Company for the years ended December 31, 2013, 2012 and 2011.

	For the years ended December 31,		
	2013	2012	2011
Voyage Revenue from External Customers			
GS&T	$188,206	$195,855	$345,437
Baltic Trading	35,973	27,304	43,492
Total operating segments	224,179	223,159	388,929
Eliminating revenue	—	—	—
Total consolidated voyage revenue from external customers	$224,179	$223,159	$388,929

The following table presents a reconciliation of total intersegment revenue, which eliminates upon consolidation, for the Company's two operating segments for the years ended December 31, 2013, 2012 and 2011. The intersegment revenue noted in the following table represents revenue earned by GS&T pursuant to the management agreement entered into with Baltic Trading, which includes commercial service fees, technical service fees and sale and purchase fees, if any.

	For the years ended December 31,		
	2013	2012	2011
Intersegment revenue			
GS&T	$4,571	$2,816	$3,024
Baltic Trading	—	—	—
Total operating segments	4,571	2,816	3,024
Eliminating revenue	(4,571)	(2,816)	(3,024)
Total consolidated intersegment revenue	$—	$—	$—

The following table presents a reconciliation of total depreciation and amortization expense for the Company's two operating segments to total consolidated depreciation and amortization expense for the years ended December 31, 2013, 2012 and 2011. The eliminating depreciation and amortization expense noted in the following table consists of the elimination of intercompany transactions resulting from the depreciation expense associated with the 1% purchase fee due to GS&T from Baltic Trading pursuant to the Management Agreement. The 1% purchase fee is capitalized as part of vessel assets by Baltic Trading and is depreciated over the remaining life of the vessel and therefore, the associated depreciation expense is eliminated upon consolidation.

	For the years ended December 31,		
	2013	2012	2011
Depreciation and amortization			
GS&T	$125,344	$124,405	$121,590
Baltic Trading	15,564	14,814	14,769
Total operating segments	140,908	139,219	136,359
Eliminating depreciation and amortization	(165)	(156)	(156)
Total consolidated depreciation and amortization	$140,743	$139,063	$136,203

The following table presents a reconciliation of total interest expense for the Company's two operating segments to total consolidated interest expense for the years ended December 31, 2013, 2012 and 2011. There is no eliminating interest expense as the interest incurred by each operating segment is related to each operating segment's own debt facilities.

	For the years ended December 31,		
	2013	2012	2011
Interest expense			
GS&T	$83,761	$83,306	$82,300
Baltic Trading	4,455	4,252	4,422
Total operating segments	88,216	87,558	86,722
Eliminating interest expense	—	—	—
Total consolidated interest expense	$88,216	$87,558	$86,722

The following table presents a reconciliation of total net (loss) income for the Company's two operating segments to total consolidated net (loss) income for the years ended December 31, 2013, 2012 and 2011. The eliminating net (loss) income noted in the following table consists of the elimination of intercompany transactions between GS&T and Baltic Trading as well as dividends received by GS&T from Baltic Trading for its Class B shares of Baltic Trading.

	For the years ended December 31,		
	2013	2012	2011
Net (loss) income			
GS&T	$(144,054)	$(139,295)	$27,908
Baltic Trading	(11,392)	(17,270)	(430)
Total operating segments	(155,446)	(156,565)	27,478
Eliminating net income	1,575	1,211	2,410
Total consolidated net (loss) income	$(157,021)	$(157,776)	$25,068

The following table presents a reconciliation of total assets for the Company's two operating segments to total consolidated net assets as of December 31, 2013 and December 31, 2012. The eliminating assets noted in the following table consist of the elimination of intercompany transactions resulting from the capitalization of fees paid to GS&T by Baltic Trading as vessel assets, including related accumulated depreciation, as well as the outstanding receivable balance due to GS&T from Baltic Trading as of December 31, 2013 and 2012.

	December 31, 2013	December 31, 2012
Total assets		
GS&T	$2,404,811	$2,482,486
Baltic Trading	557,367	364,370
Total operating segments	2,962,178	2,846,856
Eliminating assets	(4,924)	(3,485)
Total consolidated assets	$2,957,254	$2,843,371

The following table presents a reconciliation of total expenditures for vessel purchases, including vessel deposits, for the Company's two operating segments to total consolidated expenditures for vessel purchases, including vessel deposits, for the years ended December 31, 2013, 2012 and 2011. The eliminating expenditures for vessels noted in the following table consists primarily of the elimination of the 1% purchase fees due to GS&T from Baltic Trading pursuant to the Management Agreement which were paid by Baltic Trading to GS&T during the years ended December 31, 2013 and 2011.

	For the years ended December 31,		
	2013	2012	2011
Expenditures for vessels			
GS&T	$192	$1,155	$128,836
Baltic Trading	146,598	—	2,570
Total operating segments	146,790	1,155	131,406
Eliminating expenditures for vessels	(1,440)	—	(1,078)
Total consolidated expenditures for vessels	$145,350	$1,155	$130,328

4 - CASH FLOW INFORMATION

As of December 31, 2013 and 2012, the Company had four and five interest rate swaps, respectively, which are described and discussed in Note 11 — Interest Rate Swap Agreements. At December 31, 2013, the fair value of the four interest rate swaps are in a liability position of $6,975, all of which was classified within current liabilities. At December 31, 2012, the five interest rate swaps were in a liability position of $16,052, $7 of which was classified within current liabilities.

For the year ended December 31, 2013, the Company had non-cash investing activities not included in the Consolidated Statement of Cash Flows for items included in accounts payable and accrued expenses consisting of $618 for the purchase of vessels, including deposits and $122 for the purchase of other fixed assets. For the year ended December 31, 2013, the Company had non-cash financing activities not included in the Consolidated Statement of Cash Flows for items included in accounts payable and accrued expenses consisting of $78 associated with deferred financing fees and $111 for the payment of common stock issuance costs by its subsidiary. Additionally, for the year ended December 31, 2013, the Company had non-cash financing activities not included in the Consolidated Statement of Cash Flows for items included in current interest payable consisting of $13,199 associated with deferred financing fees.

For the year ended December 31, 2012, the Company had non-cash financing activities not included in the Consolidated Statement of Cash Flows for items included in long-term interest payable consisting of $13,199 associated with deferred financing fees.

For the year ended December 31, 2011, the Company had non-cash investing activities not included in the Consolidated Statement of Cash Flows for items included in accounts payable and accrued expenses consisting of $501 for the purchase of vessels and $1,559 for the purchase of other fixed assets. Additionally, for the year ended December 31, 2011, the Company had non-cash financing activities not included in the Consolidated Statement of Cash Flows for items included in accounts payable and accrued expenses consisting of $105 associated with deferred financing fees.

For the year ended December 31, 2011, the Company made a reclassification of $13,718 from deposits on vessels to vessels, net of accumulated depreciation, due to the completion of the purchase of the Genco Rhone, Genco Avra, Genco Mare and Genco Spirit. No such reclassifications were made during the years ended December 31, 2013 and 2012.

During the years ended December 31, 2013, 2012 and 2011, cash paid for interest, net of amounts capitalized and including bond coupon interest paid, was $75,133, $79,373 and $81,256 respectively.

During the years ended December 31, 2013, 2012 and 2011, cash paid for estimated income taxes was $1,275, $1,216 and $1,120 respectively.

On May 16, 2013, the Company made grants of nonvested common stock in the amount of 200,634 shares in the aggregate to directors of the Company. The grant date fair value of such nonvested stock was $315. This grant was made under the Genco Shipping & Trading Limited 2012 Equity Incentive Plan.

On May 17, 2012, November 7, 2012 and December 13, 2012, the Company made grants of nonvested common stock in the amount of 15,000, 2,500 and 52,500 shares, respectively, to directors of the Company. The grant date fair value of such nonvested stock was $53, $7 and $141, respectively. These shares vested on May 16, 2013. On December 13, 2012, the Board of Directors approved a grant of 100,000 shares of nonvested common stock to Peter C. Georgiopoulos, Chairman of the Board, which had a grant date fair value of $268. Lastly, on December 13, 2012, the Company granted 294,175 shares of nonvested stock to certain employees. The grant date fair value of such nonvested stock was $788. These grants were made under the Genco Shipping & Trading Limited 2005 and 2012 Equity Incentive Plans.

On May 12, 2011, the Company made grants of nonvested common stock in the amount of 15,000 shares in the aggregate to directors of the Company. The grant date fair value of such nonvested stock was $120. These shares vested on May 17, 2012. On December 28, 2011, the Board of Directors approved a grant of 100,000 shares of nonvested common stock to Peter C. Georgiopoulos, which had a grant date fair value of $639. Lastly, on December 28, 2011, the Company granted 242,500 shares of nonvested stock to certain employees. The grant date fair value of such nonvested stock was $1,550. These grants were made under the Genco Shipping & Trading Limited 2005 Equity Incentive Plan.

On May 16, 2013, Baltic Trading made grants of nonvested common stock in the amount of 59,680 shares to directors of Baltic Trading. The grant date fair value of such nonvested stock was $225. Additionally, on December 19, 2013, 539,000 and 400,000 shares of Baltic Trading's nonvested common stock were granted to Peter C. Georgiopoulos, Chairman of the Board of Baltic Trading, and John Wobensmith, Baltic Trading's President and Chief Financial Officer, respectively. The grant date fair value of such nonvested stock was $5,371.

On May 17, 2012 and December 13, 2012, Baltic Trading made grants of nonvested common stock in the amount of 12,500 and 37,500 shares, respectively, to directors of Baltic Trading. The grant date fair value of such nonvested stock was $48 and $113, respectively. These shares vested on May 16, 2013. Additionally, on December 13, 2012, 166,666 and 83,333 shares of Baltic Trading's nonvested common stock were granted to Peter C. Georgiopoulos and John Wobensmith, respectively. The grant date fair value of such nonvested stock was $750.

On May 12, 2011, Baltic Trading made grants of nonvested common stock in the amount of 12,500 shares to directors of Baltic Trading. The grant date fair value of such nonvested stock was $87. These shares vested on May 17, 2012. Additionally, on December 21, 2011, 80,000 and 25,000 shares of Baltic Trading's nonvested common stock were granted to Peter C. Georgiopoulos and John Wobensmith, respectively. The grant date fair value of such nonvested stock was $515. All of the aforementioned grants of Baltic Trading's nonvested common stock were made under the Baltic Trading 2010 Equity Incentive Plan.

5 - VESSEL ACQUISITIONS

On July 2, 2013, Baltic Trading entered into agreements to purchase two Handysize drybulk vessels from subsidiaries of Clipper Group for an aggregate purchase price of $41,000. The Baltic Hare, a 2009-built Handysize vessel, was delivered on September 5, 2013 and the Baltic Fox, a 2010-built Handysize vessel, was delivered on September 6, 2013. Baltic Trading financed the vessel purchases with proceeds from its May 28, 2013 common stock offering and borrowings under its $22 Million Term Loan Facility entered into on August 30, 2013. Refer to Note 9 – Debt below for further information regarding the Baltic Trading $22 Million Term Loan Facility.

On October 31, 2013, Baltic Trading entered into agreements to purchase two Capesize drybulk vessels from affiliates of SK Shipping Co. Ltd. for an aggregate purchase price of $103,000. The Baltic Lion, a 2012-built Capesize vessel, was delivered on December 27, 2013, and the Baltic Tiger, a 2011-built Capesize vessel, was delivered on November 26, 2013. Baltic Trading financed the vessel purchases with cash on hand and borrowings under its $44 Million Term Loan Facility entered into on December 3, 2013. Refer to Note 9 – Debt below for further information regarding the Baltic Trading $44 Million Term Loan Facility.

On November 13, 2013, Baltic Trading entered into agreements to purchase up to four 64,000 dwt Ultramax newbuilding drybulk vessels from Yangfan Group Co., Ltd. for a purchase price of $28,000 per vessel, or up to $112,000 in the aggregate. Baltic Trading agreed to purchase two such vessels, to be renamed the Baltic Hornet and Baltic Wasp, and obtained an option to purchase up to two additional such vessels for the same purchase price, which the Company exercised on January 8, 2014. These vessels are to be renamed the Baltic Mantis and the Baltic Scorpion. The purchases are subject to completion of customary additional documentation and closing conditions. The Baltic Hornet and Baltic Wasp are expected to be delivered to Baltic Trading during the third and fourth quarters of 2014, respectively. The Baltic Scorpion and the Baltic Mantis are expected to be delivered to Baltic Trading during the second and third quarters of 2015, respectively. As of December 31, 2013, there is $1,013 of deposits on vessels related to the Baltic Hornet and the Baltic Wasp. Baltic Trading intends to use a combination of cash on hand, future cash flow from operations as well as commercial bank debt to fully finance the acquisition of these four Ultramax newbuilding drybulk vessels.

Refer to Note 1 — General Information for a listing of the vessel delivery dates for the vessels in the Company's fleet and the estimated delivery dates for vessels that Baltic Trading has entered into agreements to purchase.

Two of the Handysize vessels acquired from Metrostar during the year ended December 31, 2011 by GS&T had existing below market time charters at the time of the acquisitions. During the year ended December 31, 2011, GS&T recorded a liability for time charters acquired of $578 which is being amortized as an increase to voyage revenues during the remaining term of each respective time charter. There were no vessels acquired during the years ended December 31, 2013 and 2012 that had existing time charters. Below market time charters, including those acquired during previous years, were amortized as an increase in revenue in the amount of $334, $746 and $1,611 for the years ended December 31, 2013, 2012 and 2011, respectively. The remaining unamortized fair market value of time charter acquired at December 31, 2013 and December 31, 2012 is $84 and $418 respectively. This balance will be amortized into revenue over a weighted-average period of 0.56 years and will be amortized as follows: $84 for 2014.

Capitalized interest expense associated with newbuilding contracts for the years ended December 31, 2013, 2012 and 2011 was $0, $0 and $179, respectively.

6 —INVESTMENTS

The Company holds an investment in the capital stock of Jinhui and the stock of KLC. 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. These investments are designated as AFS and are reported at fair value, with unrealized gains and losses recorded in equity as a component of AOCI. At December 31, 2013 and 2012, the Company held 16,335,100 shares of Jinhui capital stock which is recorded at its fair value of $77,488 and $20,988, respectively, based on the closing price on December 30, 2013 and December 28, 2012, respectively. At December 31, 2013 and 2012, the Company held 3,355 and 0 shares, respectively, of KLC stock which is recorded at its fair value of $82 and $0, respectively. The fair value at December 31, 2013 of the investment in KLC shares is based on the closing price on December 30, 2013.

The Company reviews the investment in Jinhui and KLC for impairment on a quarterly basis. There were no impairment charges recognized during the years ended December 31, 2013, 2012 and 2011.

The unrealized gains (losses) for the Jinhui capital stock and KLC stock are a component of AOCI since this investment is designated as an AFS security.

Refer to Note 12 — Accumulated Other Comprehensive Income (Loss) for a breakdown of the components of AOCI.

7 - NET (LOSS) INCOME PER SHARE

The computation of basic net (loss) income per share is based on the weighted-average number of common shares outstanding during the year. The computation of diluted net (loss) income per share assumes the vesting of nonvested stock awards (refer to Note 21 — Nonvested Stock Awards), for which the assumed proceeds upon vesting are deemed to be the amount of compensation cost attributable to future services and are not yet recognized using the treasury stock method, to the extent dilutive. Of the 880,465 nonvested shares outstanding at December 31, 2013 (refer to Note 21 — Nonvested Stock Awards), all are anti-dilutive. The Company's diluted net (loss) income per share will also reflect the assumed conversion under the Company's convertible debt if the impact is dilutive under the "if converted" method. The impact of the shares convertible under the Company's convertible notes is excluded from the computation of diluted earnings per share when interest expense per common share obtainable upon conversion is greater than basic earnings per share.

The components of the denominator for the calculation of basic net (loss) income per share and diluted net (loss) income per share are as follows:

	Years Ended December 31,		
	2013	2012	2011
Common shares outstanding, basic:			
Weighted-average common shares outstanding, basic	43,249,070	41,727,075	35,179,244
Common shares outstanding, diluted:			
Weighted-average common shares outstanding, basic	43,249,070	41,727,075	35,179,244
Dilutive effect of convertible notes	—	—	—
Dilutive effect of restricted stock awards	—	—	78,961
Weighted-average common shares outstanding, diluted	43,249,070	41,727,075	35,258,205

The following table sets forth a reconciliation of the net (loss) income attributable to GS&T and the net (loss) income attributable to GS&T for diluted net (loss) income per share under the "if-converted" method:

	Years Ended December 31,		
	2013	2012	2011
Net (loss) income attributable to GS&T	$(147,741)	$(144,928)	$25,386
Interest expense related to convertible notes, if dilutive	—	—	—
Net (loss) income attributable to GS&T for the computation of diluted net (loss) income per share	$(147,741)	$(144,928)	$25,386

8 - RELATED PARTY TRANSACTIONS

The following represent related party transactions reflected in these consolidated financial statements:

The Company makes available employees performing internal audit services to General Maritime Corporation ("GMC"), where the Company's Chairman, Peter C. Georgiopoulos, also serves as Chairman of the Board. For the years ended December 31, 2013, 2012 and 2011, the Company invoiced $145, $175 and $241, respectively, to GMC which includes time associated with such internal audit services and other expenditures. Additionally, during the years ended December 31, 2013, 2012 and 2011, the Company incurred travel and other expenditures totaling $133, $87 and $179, respectively, reimbursable to GMC or its service provider. At December 31, 2013 and 2012, the amount due to GMC from the Company was $16 and $12, respectively.

During the years ended December 31, 2013, 2012 and 2011, the Company incurred legal services (primarily in connection with vessel acquisitions) aggregating $48, $11, and $54, respectively, from Constantine Georgiopoulos, the father of Peter C. Georgiopoulos, Chairman of the Board. At December 31, 2013 and 2012, the amount due to Constantine Georgiopoulos was $25 and $0, respectively.

During the year ended December 31, 2011, the Company utilized the services of North Star Maritime, Inc. ("NSM") which is owned and operated by one of GS&T's directors, Rear Admiral Robert C. North, USCG (ret.). NSM, a marine industry consulting firm, specializes in international and domestic maritime safety, security and environmental protection issues. NSM billed $0, $0 and $2 for services rendered during the years ended December 31, 2013, 2012 and 2011, respectively. There are no amounts due to NSM at December 31, 2013 and 2012.

GS&T and Baltic Trading have entered into agreements with Aegean Marine Petroleum Network, Inc. (“Aegean”) to purchase lubricating oils for certain vessels in the their fleets. Peter C. Georgiopoulos, Chairman of the Board of the Company, is Chairman of the Board of Aegean. During the years ended December 31, 2013, 2012 and 2011, Aegean supplied lubricating oils to the Company’s vessels aggregating $1,521, $1,517 and $1,908, respectively. At December 31, 2013 and 2012, $263 and $278 remained outstanding, respectively.

During the years ended December 31, 2013, 2012 and 2011, the Company invoiced MEP for technical services provided and expenses paid on MEP’s behalf aggregating $3,430, $3,396 and $3,364, respectively. Peter C. Georgiopoulos, Chairman of the Board, controls and has a minority interest in MEP. At December 31, 2013 and 2012, $7 and $5, respectively, was due to the Company from MEP. Total service revenue earned by the Company for technical services provided to MEP for the years ended December 31, 2013, 2012 and 2011 was $3,285, $3,294 and $3,285, respectively.

9 - DEBT

Long-term debt consists of the following:

	December 31, 2013	December 31, 2012
2007 Credit Facility	$1,055,912	$1,055,912
$ 100 Million Term Loan Facility	75,484	75,484
$ 253 Million Term Loan Facility	180,793	180,793
2010 Baltic Trading Credit Facility	102,250	101,250
Baltic Trading $ 22 Million Term Loan Facility	21,625	—
Baltic Trading $ 44 Million Term Loan Facility	44,000	—
Less: Current portion	(1,316,439)	—
Long-term debt	$163,625	$1,413,439

Refer to Note 1 – General Information for additional information regarding the potential filing for bankruptcy protection, Relief Agreements and actual or potential defaults relating to the Company’s indebtedness. As such, in accordance with applicable accounting guidance, the Company has classified its long-term debt related to the 2007 Credit Facility, $100 Million Term Loan Facility and $253 Million Term Loan Facility as a current liability in its consolidated balance sheet as of December 31, 2013.

August 2012 Credit Facility Agreements

On August 1, 2012, the Company entered into agreements (the “August 2012 Agreements”) to amend or waive certain provisions of the agreements for the 2007 Credit Facility, $100 Million Term Loan Facility and the $253 Million Term Loan Facility (as defined below). The agreements implemented, among other things, the following:

- The waiver of the Company’s compliance with its existing maximum leverage ratio covenant and minimum permitted consolidated interest ratio covenant that commenced on October 1, 2011 and ends on and includes March 31, 2013 was extended to end on and include December 31, 2013 (which we refer to as the extended waiver period).

- The gross interest-bearing debt to total capital covenant which originally ended on and included March 31, 2013 was extended to end on and include December 31, 2013. This covenant limits the ratio of the Company’s interest-bearing indebtedness to the sum of its interest-bearing indebtedness and its consolidated net worth in accordance with GAAP to 62.5% on the last day of any fiscal quarter during the waiver period.

- Scheduled amortization payments through and including the quarter ending December 31, 2013 were deferred until the final payment at maturity under the 2007 Credit Facility and prepaid under the other two credit facilities. The next scheduled amortization payments under these facilities will be due in the first quarter of 2014 in the aggregate principal amount of $55,193.

- Commencing September 30, 2012, the Company is to repay the 2007 Credit Facility on a quarterly basis using excess cash, defined as the balance over $100,000 in the Company's and certain of its subsidiaries' accounts pledged under the 2007 Credit Facility. Of such repayments, 25% will be allocated to the final payment at maturity, and 75% will be applied entirely against each successive scheduled mandatory principal repayment beginning with the payment due March 31, 2014. Certain other mandatory repayments under the existing terms of this facility as well as voluntary prepayments will be applied in the same manner. These obligations continue until the later of December 31, 2013 and the date on which the appraised value of certain mortgaged vessels is equal to at least 100% of the aggregate principal amount of the Company's loans, letters of credit and certain hedge obligations under the 2007 Credit Facility.

- The Company and its subsidiaries (other than Baltic Trading and its subsidiaries) will not increase the amount of principal indebtedness currently outstanding under each of its three credit agreements or change their maturity dates.

- Indebtedness that the Company and its subsidiaries (other than Baltic Trading and its subsidiaries) may incur in connection with vessel acquisitions will be limited to 60% of the lesser of the vessel's acquisition cost and fair market value. Any newly acquired vessel will subject to a security interest under the 2007 Credit Facility.

- The Applicable Margin over LIBOR payable on the principal amount outstanding under the 2007 Credit Facility increased from 2.0% to 3.0% per annum.

- The minimum cash balance required under the 2007 Credit Facility increased from $500 to $750 per vessel mortgaged under the 2007 Credit Facility.

- The Company agreed to grant additional security for its obligations under the 2007 Credit Facility, consisting of a pledge of the Class B Stock of Baltic Trading held by Genco Investments LLC and a second priority security interest in vessels pledged under its other two credit facilities or in connection with any new indebtedness (excluding in each case vessels owned by Baltic Trading and its subsidiaries).

- Consenting lenders under each of the three credit facilities received an upfront fee of 0.25% on the amount of outstanding loans.

As required under the August 2012 Agreements, the Company prepaid $57,893 under its 2007 Credit Facility, $30,450 under its $253 Million Term Loan Facility, and $11,538 under its $100 Million Term Loan Facility on August 1, 2012. The prepayment under the 2007 Credit Facility was applied to the final payment due under the facility. The prepayments under the other two facilities were applied in order of maturity and fulfilled all scheduled amortization payments through December 31, 2013 under these facilities. In addition, lenders under the 2007 Credit Facility will receive a fee equal to 1.25% of the principal amount outstanding following such prepayment, or $13,199, on the earlier date of the maturity date of this facility or the date on which all obligations under this facility have been paid in full. The $13,199 has been recorded as current interest payable in current liabilities in the consolidated balance sheet at December 31, 2013 which is consistent with the classification of the principal amount of the 2007 Credit Facility, see "2007 Credit Facility" section below for further information.

December 2011 Credit Facility Agreements

On December 21, 2011, the Company entered into agreements (the "December 2011 Agreements") to amend or waive provisions of the 2007 Credit Facility, the $100 Million Term Loan Facility and the $253 Million Term Loan Facility. The aforementioned credit facilities are explained in further detail below. The agreements implemented, among other things, the following:

- The Company's compliance with its existing maximum leverage ratio covenant was waived for a period starting on October 1, 2011 and ending on (and including) March 31, 2013, or the waiver period. This covenant governs the ratio of the Company's net debt to EBITDA (as such term is defined in the credit agreements).

- The Company's compliance with its existing minimum permitted consolidated interest ratio covenant is also waived for the waiver period. This covenant governs the ratio of the Company's EBITDA to consolidated interest expense.

- A new gross interest-bearing debt to total capital covenant applies to the Company for the duration of the waiver period. This covenant limits the ratio of the Company's interest-bearing indebtedness to the sum of its interest-bearing indebtedness and its consolidated net worth in accordance with GAAP to 62.5% on the last day of any fiscal quarter during the waiver period.

- Consenting lenders under the facilities received an upfront fee of 0.25% of the amount of outstanding loans.

As contemplated under these agreements, the Company prepaid $52,500 under its 2007 Credit Facility, $7,000 under its $253 Million Term Loan Facility, and $3,000 under its $100 Million Term Loan Facility. All such prepayments were applied in inverse order of maturity under each credit facility. In addition, the 2007 Credit Facility is subject to a facility fee of 2.0% per annum on the average daily outstanding principal amount of the loans thereunder, payable quarterly in arrears, which was reduced to 1.0% on

February 28, 2012 when the Company completed an equity offering of 7,500,000 shares of common stock, refer to Note 1 — General Information. The other two credit facilities were not subject to a facility fee.

2007 Credit Facility

On July 20, 2007, the Company entered into the 2007 Credit Facility with DnB Nor Bank ASA for the purpose of acquiring nine Capesize vessels and refinancing the Company's existing 2005 Credit Facility and Short-Term Line. DnB Nor Bank ASA is also Mandated Lead Arranger, Bookrunner, and Administrative Agent. The Company has used borrowings under the 2007 Credit Facility to repay amounts outstanding under the 2005 Credit Facility and the Short-Term Line, and these two facilities have accordingly been terminated. During the years ended December 31, 2012 and 2011, total repayments of $118,588 and $102,500 were made, respectively. The $118,588 of repayments made during 2012 includes the $57,893 of repayments made during 2012 pursuant to the August 2012 Agreements, as noted in the "August 2012 Credit Facility Agreements" section hereof. The $102,500 of repayments made during 2011 includes the $52,500 prepayment of debt made during 2011 pursuant to the December 2011 Agreements, as noted in the "December 2011 Credit Facility Amendments" section herein. As of December 31, 2013 and 2012, $1,055,912 was outstanding under the 2007 Credit Facility. As of December 31, 2013, the Company has utilized its maximum borrowing capacity under the 2007 Credit Facility.

On January 26, 2009, the Company entered into an amendment to the 2007 Credit Facility (the "2009 Amendment") which implemented the following modifications to the terms of the 2007 Credit Facility:

- Compliance with the existing collateral maintenance financial covenant was waived effective for the year ended December 31, 2008 and until the Company can represent that it is in compliance with all of its financial covenants and is otherwise able to pay a dividend and purchase or redeem shares of common stock under the terms of the Credit Facility in effect before the 2009 Amendment. The Company's cash dividends and share repurchases were suspended until the Company can represent that it is in a position to again satisfy the collateral maintenance covenant.

- The total amount of the 2007 Credit Facility is subject to quarterly reductions of $12,500 beginning March 31, 2009 through March 31, 2012 and quarterly reductions of $48,195 beginning June 30, 2012 and thereafter until the maturity date. After the prepayment of $52,500 and $57,893 made during December 2011 and August 2012 pursuant to the December 2011 Agreements and August 2012 Agreements, respectively, a final payment of $381,182 will be due on the maturity date.

- The Applicable Margin to be added to the London Interbank Offered Rate to calculate the rate at which the Company's borrowings bear interest is 2.00% per annum. This was increased to 3.00% per annum pursuant to the August 2012 Agreements as noted above.

- The commitment commission paid to each lender is 0.70% per annum of the daily average unutilized commitment of such lender.

Amounts repaid under the 2007 Credit Facility may not be reborrowed. The 2007 Credit Facility has a maturity date of July 20, 2017.

Loans made under the 2007 Credit Facility may be and have been used for the following:

- up to 100% of the en bloc purchase price of $1,111,000 for nine modern drybulk Capesize vessels, which the Company has agreed to purchase from Metrostar;

- repayment of amounts previously outstanding under the Company's 2005 Credit Facility, or $206,233;

- the repayment of amounts previously outstanding under the Company's Short-Term Line, or $77,000;

- possible acquisitions of additional drybulk carriers between 25,000 and 180,000 dwt that are up to ten years of age at the time of delivery and not more than 18 years of age at the time of maturity of the credit facility;

- up to $50,000 of working capital, if available; and

- the issuance of up to $50,000 of standby letters of credit. At December 31, 2012 and 2011, there were no letters of credit issued under the 2007 Credit Facility.

All amounts owing under the 2007 Credit Facility are secured by the following:

- cross-collateralized first priority mortgages on 35 of the Company's existing vessels and any new vessels financed with the 2007 Credit Facility;
- an assignment of any and all earnings of the mortgaged vessels;
- an assignment of all insurances on the mortgaged vessels;
- a first priority perfected security interest in all of the shares of Jinhui owned by the Company;
- an assignment of the shipbuilding contracts and an assignment of the shipbuilder's refund guarantees meeting the Administrative Agent's criteria for any additional newbuildings financed under the 2007 Credit Facility; and
- a first priority pledge of the Company's ownership interests in each subsidiary guarantor.

The Company has completed a pledge of its ownership interests in the subsidiary guarantors that own the nine Capesize vessels acquired. The other collateral described above was pledged, as required, within 30 days of the effective date of the 2007 Credit Facility.

The Company's borrowings under the 2007 Credit Facility bear interest at the London Interbank Offered Rate ("LIBOR") for an interest period elected by the Company of one, three, or six months, or longer if available, plus the Applicable Margin which was 0.85% per annum. Effective January 26, 2009, due to the 2009 Amendment, the Applicable Margin increased to 2.00%. Additionally, effective August 1, 2012, due to the August 2012 Agreements, the Applicable Margin increased to 3.00%. In addition to other fees payable by the Company in connection with the 2007 Credit Facility, the Company paid a commitment fee at a rate of 0.20% per annum of the daily average unutilized commitment of each lender under the facility until September 30, 2007, and 0.25% thereafter. Effective January 26, 2009, due to the 2009 Amendment, the rate increased to 0.70% per annum of the daily average unutilized commitment of such lender. Refer to "December 2011 Credit Facility Agreements" above for the facility fee that the Company is subject to pursuant to the December 2011 Agreements.

The 2007 Credit Facility includes the following financial covenants which apply to the Company and its subsidiaries on a consolidated basis and are measured at the end of each fiscal quarter beginning with June 30, 2007:

- The leverage covenant requires the maximum average net debt to EBITDA ratio to be no greater than 5.5:1.0. As per the December 2011 Agreements and the August 2012 Agreements, this covenant has been waived for a period beginning on October 1, 2011 and ending on (and including) December 31, 2013.
- Cash and cash equivalents must not be less than $750 per mortgaged vessel. This was increased from $500 per mortgaged vessel effective August 1, 2012 pursuant to the August 2012 Agreements.
- The ratio of EBITDA to interest expense, on a rolling last four-quarter basis, must be no less than 2.0:1.0. As per the December 2011 Agreements and the August 2012 Agreements, this covenant has been waived for a period beginning on October 1, 2011 and ending on (and including) December 31, 2013.
- After July 20, 2007, consolidated net worth, as defined in the 2007 Credit Facility, must be no less than $263,300 plus 80% of the value of the any new equity issuances of the Company from June 30, 2007. Based on the equity offerings completed in October 2007, May 2008, July 2010 and February 2012, consolidated net worth must be no less than $674,555.

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The aggregate fair market value of the mortgaged vessels must at all times be at least 130% of the aggregate outstanding principal amount under the credit facility plus all letters of credit outstanding; the Company has a 30 day remedy period to post additional collateral or reduce the amount of the revolving loans and/or letters of credit outstanding. This covenant was waived effective for the year ended December 31, 2008 and indefinitely until the Company can represent that it is in compliance with all of its financial covenants as per the 2009 Amendment as described above.

As of December 31, 2013, the Company believed it was in compliance with all of the financial covenants under its 2007 Credit Facility, as amended. However, as of December 31, 2013, the Company believed it was probable that the Company would not be in compliance with certain covenants at measurement dates within the next twelve months. As such, the debt outstanding under this facility of $1,055,912 was classified as a current liability in the consolidated balance sheet as of December 31, 2013.

The following table sets forth the repayment of the outstanding debt of $1,055,912 at December 31, 2013 under the 2007 Credit Facility, as amended, although the total debt outstanding debt under this facility of $1,055,912 has been classified as a current liability as noted above:

Year Ending December 31,	Total
2014	$192,780
2015	192,780
2016	144,585
2017	525,767
Total debt	$1,055,912

See Note 1 – General Information – Relief Agreements for a description of the agreement the Company entered into to obtain forbearances with respect to certain events of default relating to the 2007 Credit Facility and the Company's restructuring plans, including an anticipated filing for bankruptcy protection.

<u>$100 Million Term Loan Facility</u>

On August 12, 2010, the Company entered into the $100 Million Term Loan Facility with Crédit Agricole Corporate and Investment Bank, which is also acting as Agent and Security Trustee; and Crédit Industriel et Commercial; and Skandinaviska Enskilda Banken AB (publ) are the lenders under the facility. The Company has used the $100 Million Term Loan Facility to fund or refund to the Company a portion of the purchase price of the acquisition of five vessels from Metrostar (Refer to Note 5 — Vessel Acquisitions). Under the terms of the facility, the $100 Million Term Loan Facility was drawn down in five equal tranches of $20,000 each, with one tranche per vessel. The $100 Million Term Loan Facility has a final maturity date of seven years from the date of the first drawdown, or August 17, 2017, and borrowings under the facility bear interest at LIBOR for an interest period of one, three or six months (as elected by the Company), plus 3.00% per annum. A commitment fee of 1.35% is payable on the undrawn committed amount of the $100 Million Term Loan Facility, which began accruing on August 12, 2010. Borrowings are to be repaid quarterly, with the outstanding principal amortized on a 13-year profile, with any outstanding amount under the $100 Million Term Loan Facility to be paid in full on the final maturity date. Repaid amounts are no longer available and cannot be reborrowed. Borrowings under the $100 Million Term Loan Facility are secured by liens on the five Metrostar vessels purchased by GS&T and other related assets. Certain of the Company's wholly-owned ship-owning subsidiaries, each of which own one of the five Metrostar vessels, will act as guarantors under the $100 Million Term Loan Facility.

During the years ended December 31, 2013 and 2012, total repayments of $0 and $15,385 were made, respectively. The $15,385 of repayments made during 2012 includes the $11,538 prepayment of debt made during 2012 pursuant to the August 2012 Agreements, as noted in the "August 2012 Credit Facility Agreements" section herein. As of December 31, 2013, the Company has utilized its maximum borrowing capacity under the $100 Million Term Loan Facility.

The $100 Million Term Loan Facility requires the Company to comply with a number of covenants, including financial covenants related to leverage, consolidated net worth, interest coverage and dividends; minimum working capital requirements; collateral maintenance requirements; and other covenants, most of which are in principle and calculation similar to the Company's covenants under the existing 2007 Credit Facility. The $100 Million Term Loan Facility includes usual and customary events of default and remedies for facilities of this nature. Refer to the "August 2012 Credit Facility Agreements" and "December 2011 Credit Facility Agreements" sections above for waivers obtained for specific covenants under this credit facility.

As of December 31, 2013, the Company believed it was in compliance with all of the financial covenants under the $100 Million Term Loan Facility, as amended. However, as of December 31, 2013, the Company believed it was probable that the Company would not be in compliance with certain covenants at measurement dates within the next twelve months. As such, the debt outstanding under this facility of $75,484 has been classified as a current liability in the consolidated balance sheet as of December 31, 2013.

The following table sets forth the repayment of the outstanding debt of $75,484 at December 31, 2013 under the $100 Million Term Loan Facility, although the total debt outstanding debt under this facility of $75,484 has been classified as a current liability as noted above:

Year Ending December 31,	Total
2014	$7,692
2015	7,692
2016	7,692
2017	52,408
Total debt	$75,484

See Note 1 – General Information – Relief Agreements for a description of the agreement the Company entered into to obtain waivers with respect to certain events of default relating to the $100 Million Term Loan Facility and the Company’s restructuring plans, including an anticipated filing for bankruptcy protection.

$253 Million Term Loan Facility

On August 20, 2010, the Company entered into the $253 Million Term Loan Facility. BNP Paribas; Crédit Agricole Corporate and Investment Bank; DVB Bank SE; Deutsche Bank AG Filiale Deutschlandgeschäft, which is also acting as Security Agent and Bookrunner; and Skandinaviska Enskilda Banken AB (publ) are Lenders and Mandated Lead Arrangers under the facility. Deutsche Bank Luxembourg S.A. is acting as Agent under the facility, and Deutsche Bank AG and all of the Lenders other than Deutsche Bank AG Filiale Deutschlandgeschäft are acting as Swap Providers under the facility. The Company has used the $253 Million Term Loan Facility to fund a portion of the purchase price of the acquisition of 13 vessels from affiliates of Bourbon. Under the terms of the facility, the $253 Million Term Loan Facility was drawn down in 13 tranches in amounts based on the particular vessel being acquired, with one tranche per vessel. The $253 Million Term Loan Facility has a maturity date of August 15, 2015 and borrowings under the $253 Million Term Loan Facility bear interest, as elected by the Company, at LIBOR for an interest period of three or six months, plus 3.00% per annum. A commitment fee of 1.25% is payable on the undrawn committed amount of the $253 Million Term Loan Facility, which began accruing on August 20, 2010. Borrowings are to be repaid quarterly with outstanding principal amortized on a per vessel basis and any outstanding amount under the $253 Million Term Loan Facility to be paid in full on the maturity date. Repaid amounts are no longer available and cannot be reborrowed. Borrowings under the $253 Million Term Loan Facility are secured by liens on the Bourbon vessels and other related assets. Certain of the Company's wholly-owned ship-owning subsidiaries, each of which owns one of the Bourbon vessels, will act as guarantors under the credit facility.

As of December 31, 2013, total drawdowns of $253,000 have been made under the $253 Million Term Loan Facility to fund or refund to the Company a portion of the purchase price of the 12 Bourbon vessels delivered during the third quarter of 2010 and the Bourbon vessel delivered during the first quarter of 2011. Refer to Note 1 — General Information for a listing of the vessels delivered. Total required debt repayments of $0 and $40,600 were made during the years ended December 31, 2013 and 2012. The $40,600 of repayments made during 2012 includes the $30,450 prepayment of debt made during 2012 pursuant to the August 2012 Credit Facility Agreements, as noted in the "August 2012 Credit Facility Agreements" section above. As of December 31, 2013, the Company has utilized its maximum borrowing capacity under the $253 Million Term Loan Facility.

The $253 Million Term Loan Facility requires the Company to comply with a number of covenants, including financial covenants related to leverage, consolidated net worth, liquidity and interest coverage; dividends; collateral maintenance requirements; and other covenants, most of which are in principle and calculation similar to our covenants under the existing 2007 Credit Facility. As of December 31, 2013 and 2012, the Company had deposited $9,750 that has been reflected as restricted cash. Restricted cash will be released only if the underlying collateral is sold or disposed of. The $253 Million Term Loan Facility includes usual and customary events of default and remedies for facilities of this nature. Refer to the "December 2011 Credit Facility Agreements" section herein for waivers obtained for specific covenants under this credit facility.

As of December 31, 2013, the Company believed it was in compliance with all of the financial covenants under the $253 Million Term Loan Facility, as amended. However, as of December 31, 2013, the Company believed it was probable that the Company would not be in compliance with certain covenants at measurement dates within the next twelve months. As such, the debt outstanding under this facility of $180,793 has been classified as a current liability and the restricted cash related to this facility has been classified as a current asset as of December 31, 2013 in the consolidated balance sheet.

The following table sets forth the repayment of the outstanding debt of $180,793 at December 31, 2013 under the $253 Million Term Loan Facility, although the total debt outstanding debt under this facility of $180,793 has been classified as a current liability as noted above:

Year Ending December 31,	Total

2014	$20,300
2015	160,493
Total debt	$180,793

See Note 1 – General Information – Relief Agreements for a description of the agreement the Company entered into to obtain waivers with respect to certain events of default relating to the $253 Million Term Loan Facility and the Company's restructuring plans, including an anticipated filing for bankruptcy protection.

2010 Baltic Trading Credit Facility

On April 16, 2010, Baltic Trading entered into a $100,000 senior secured revolving credit facility with Nordea Bank Finland plc, acting through its New York branch (as amended, the "2010 Baltic Trading Credit Facility"). An amendment to the 2010 Baltic Trading Credit Facility was entered into by Baltic Trading effective November 30, 2010. Among other things, this amendment increased the commitment amount of the 2010 Baltic Trading Credit Facility from $100,000 to $150,000. An additional amendment to the 2010 Baltic Trading Credit Facility was entered into by Baltic Trading effective August 29, 2013 (the "August 2013 Amendment"). The August 2013 Amendment implemented the following modifications to the 2010 Baltic Trading Credit Facility:

- The requirement that certain additional vessels acquired by Baltic Trading be mortgaged as collateral under the 2010 Baltic Trading Credit Facility was eliminated.

- Restrictions on the incurrence of indebtedness by Baltic Trading and its subsidiaries were amended to apply only to those subsidiaries acting as guarantors under the 2010 Baltic Trading Credit Facility.

- The total commitment under this facility was reduced to $110,000 and will be further reduced in three consecutive semi-annual reductions of $5,000 commencing on May 30, 2015. On the maturity date, November 30, 2016, the total commitment will reduce to zero and all borrowings must be paid in full.

- Borrowings bear interest at an applicable margin over LIBOR of 3.00% per annum if the ratio of the maximum facility amount of the aggregate appraised value of vessels mortgaged under the facility is 55% or less, measured quarterly; otherwise, the applicable margin is 3.35% per annum.

- Financial covenants corresponding to the liquidity and leverage under the Baltic Trading $22 Million Term Loan Facility (as defined below) have been incorporated into the 2010 Baltic Trading Credit Facility.

A commitment fee of 1.25% per annum is payable on the unused daily portion of the 2010 Baltic Trading Credit Facility, which began accruing on March 18, 2010 under the terms of the commitment letter entered into on February 25, 2010. In connection with the August 2013 Amendment, Baltic Trading paid an upfront fee of $275. Of the total original facility amount of $150,000, $25,000 is available for working capital purposes. On May 9, 2013, the Company drew down $1,000 for working capital purposes.

Borrowings under the 2010 Baltic Trading Credit Facility are secured by liens on Baltic Trading's initial vessels and other related assets. Borrowings under the facility are subject to the delivery of security documents with respect to Baltic Trading's initial vessels. Baltic Trading's subsidiaries owning the initial vessels act as guarantors under the 2010 Baltic Trading Credit Facility.

All amounts owing under the 2010 Baltic Trading Credit Facility are also secured by the following:

- cross-collateralized first priority mortgages of each of Baltic Trading's initial vessels;

- an assignment of any and all earnings of Baltic Trading's initial vessels; and

- an assignment of all insurance on the mortgaged vessels.

The 2010 Baltic Trading Credit Facility requires Baltic Trading to comply with a number of covenants, including financial covenants related to liquidity, consolidated net worth, and collateral maintenance; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); compliance with ERISA; maintenance of flag and class of Baltic Trading's initial vessels; restrictions on consolidations, mergers or sales of assets; restrictions on changes in the Manager of Baltic Trading's initial vessels (or acceptable replacement vessels); limitations on changes to the Management Agreement; limitations on liens; limitations on additional indebtedness; restrictions on paying dividends; restrictions on transactions with affiliates; and other customary covenants.

The amended 2010 Baltic Trading Credit Facility includes the following financial covenants which apply to Baltic Trading and its subsidiaries on a consolidated basis and are measured at the end of each fiscal quarter:

- Cash and cash equivalents plus the undrawn amount available for working capital under the facility must not be less than $5,000 during the first year following the amendment, or until November 30, 2011. Beginning December 1, 2010, cash and cash equivalents plus the undrawn amount available for working capital under the facility must not be less than $750 per vessel for all vessels in Baltic Trading's fleet.
- Consolidated net worth must not be less than (i) $232,796 plus (ii) 50% of the value of any subsequent primary equity offerings of Baltic Trading.
- The aggregate fair market value of the mortgaged vessels must at all times be at least 140% of the aggregate outstanding principal amount under the 2010 Baltic Trading Credit Facility.

As of December 31, 2013, $7,750 remained available under the 2010 Baltic Trading Credit Facility as the total commitment was reduced to $110,000 pursuant to the August 2013 Amendment. The total available working capital borrowings of $25,000 are subject to the total remaining availability under the 2010 Baltic Trading Credit Facility; therefore, only $7,750 is available for working capital purposes as of December 31, 2013.

Under the 2010 Baltic Trading Credit Facility, Baltic Trading is not permitted to make loans to GS&T or Genco Investments LLC if an event of default existed at the time of the loan or could be reasonably expected to result there from. In addition, Baltic Trading would not be permitted under the facility to declare or pay dividends to its shareholders (including Genco Investments LLC) if an event of default existed at the time of payment or would be caused thereby. As of December 31, 2012, to remain in compliance with a net worth covenant in the facility, Baltic Trading needs to maintain a net worth of $232,796 after the payment of any dividends.

The Company believes it is in compliance with all of the financial covenants under the 2010 Baltic Trading Credit Facility as of December 31, 2013.

The following table sets forth the repayment of the outstanding debt of $102,250 at December 31, 2013 under the 2010 Baltic Trading Credit Facility:

Year Ending December 31,	Total
2014	$—
2015	2,250
2016	100,000
Total debt	$102,250

Baltic Trading $22 Million Term Loan Facility

On August 30, 2013, Baltic Hare Limited and Baltic Fox Limited, wholly-owned subsidiaries of Baltic Trading, entered into a secured loan agreement with DVB Bank SE for a term loan facility of up to $22,000 (the “Baltic Trading $22 Million Term Loan Facility”). Amounts borrowed and repaid under the Baltic Trading $22 Million Term Loan Facility may not be reborrowed. This facility has a maturity date of the sixth anniversary of the drawdown date for borrowings for the second vessel to be purchased, or September 4, 2019. Borrowings under the Baltic Trading $22 Million Term Loan Facility bear interest at the three-month LIBOR rate plus an applicable margin of 3.35% per annum. A commitment fee of 1.00% per annum is payable on the unused daily portion of the credit facility, which began accruing on August 30, 2013 and ended on September 4, 2013, the date which the entire $22,000 was borrowed. Borrowings are to be repaid in 23 quarterly installments of $375 each commencing three months after the last vessel delivery date, or December 4, 2013, and a final payment of $13,375 due on the maturity date. Borrowings under the Baltic Trading $22 Million Term Loan Facility are secured by liens on Baltic Trading’s vessels purchased with borrowings under the facility, namely the Baltic Fox and the Baltic Hare, and other related assets. Under a Guarantee and Indemnity entered into concurrently with the Baltic Trading $22 Million Term Loan Facility, Baltic Trading agreed to guarantee the obligations of its subsidiaries under the Baltic Trading $22 Million Term Loan Facility.

The Baltic Trading $22 Million Term Loan Facility also requires Baltic Trading, Baltic Hare Limited and Baltic Fox Limited to comply with a number of covenants, including financial covenants related to liquidity, leverage, consolidated net worth, and collateral maintenance; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); maintenance of flag and class of the initial vessels; restrictions on consolidations, mergers or sales of assets; limitations on changes in the manager of the Baltic Trading’s vessels; limitations on changes to the Management Agreement; limitations on liens and additional indebtedness; prohibitions on paying dividends if an event of default has occurred or would occur as a result of payment of a dividend; restrictions on transactions with affiliates; and other customary covenants. The liquidity covenants under the facility require Baltic Hare Limited and Baltic Fox Limited to maintain $500 each in their cash accounts and Baltic Trading to maintain $750 for each vessel in its fleet in cash or cash equivalents plus undrawn working capital lines of credit. The facility's leverage covenant requires that the ratio of Baltic Trading's total financial indebtedness to the value of its total assets as adjusted based on vessel appraisals not exceed 70%. The facility also requires that Baltic Trading maintain a minimum consolidated net worth of $232,796 plus fifty percent of the value of Baltic Trading's equity offerings completed on or after May 28, 2013. The facility's collateral maintenance covenant requires that the minimum fair market value of vessels mortgaged under the facility be 130% of the amount outstanding under the facility through August 30, 2016 and 135% of such amount thereafter.

On September 4, 2013, Baltic Hare Limited and Baltic Fox Limited made drawdowns of $10,730 and $11,270 for the Baltic Hare and the Baltic Fox, respectively. As of December 31, 2013, Baltic Trading has utilized its maximum borrowing capacity of

$22,000 and there was no further availability. At December 31, 2013, the total outstanding debt balance is $21,625 as required repayments began on December 4, 2013.

As of December 31, 2013, the Company believes it is in compliance with all of the financial covenants under the $22 Million Term Loan Facility.

The following table sets forth the repayment of the outstanding debt of $21,625 at December 31, 2013 under the Baltic Trading $22 Million Term Loan Facility:

Year Ending December 31,	Total
2014	$1,500
2015	1,500
2016	1,500
2017	1,500
2018	1,500
Thereafter	14,125
Total debt	$21,625

Baltic Trading $44 Million Term Loan Facility

On December 3, 2013, Baltic Tiger Limited and Baltic Lion Limited, wholly-owned subsidiaries of Baltic Trading, entered into a secured loan agreement with DVB Bank SE for a term loan facility of up to $44,000 (the "Baltic Trading $44 Million Term Loan Facility"). Amounts borrowed and repaid under the Baltic Trading $44 Million Term Loan Facility may not be reborrowed. The Baltic Trading $44 Million Term Loan Facility has a maturity date of the sixth anniversary of the drawdown date for borrowings for the second vessel to be purchased, or December 23, 2019. Borrowings under the Baltic Trading $44 Million Term Loan Facility bear interest at the three-month LIBOR rate plus an applicable margin of 3.35% per annum. A commitment fee of 0.75% per annum was payable on the unused daily portion of the credit facility, which began accruing on December 3, 2013 and ended on December 23, 2013, the date on which the entire $44,000 was borrowed. Borrowings are to be repaid in 23 quarterly installments of $688 each commencing three months after the last drawdown date, or March 24, 2014, and a final payment of $28,188 due on the maturity date.

Borrowings under the Baltic Trading $44 Million Term Loan Facility are secured by liens on Baltic Trading's vessels to be financed or refinanced with borrowings under the facility, namely the Baltic Tiger and the Baltic Lion, and other related assets. Upon the prepayment of $18 million plus any additional amounts necessary to maintain compliance with the collateral maintenance covenant, the Company may have the lien on the Baltic Tiger released. Under a Guarantee and Indemnity entered into concurrently with the Baltic Trading $44 Million Term Loan Facility, Baltic Trading agreed to guarantee the obligations of its subsidiaries under the Baltic Trading $44 Million Term Loan Facility.

The Baltic Trading $44 Million Term Loan Facility also requires Baltic Trading, Baltic Tiger Limited and Baltic Lion Limited to comply with a number of covenants, including financial covenants related to liquidity, leverage, consolidated net worth, and collateral maintenance; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); maintenance of flag and class of the initial vessels; restrictions on consolidations, mergers or sales of assets; limitations on changes in the manager of the Baltic Trading's vessels; limitations on changes to the Management Agreement; limitations on liens and additional indebtedness; prohibitions on paying dividends if an event of default has occurred or would occur as a result of payment of a dividend; restrictions on transactions with affiliates; and other customary covenants. The liquidity covenants under the facility require Baltic Tiger Limited and Baltic Lion Limited to maintain $1,000 each in their cash accounts and Baltic Trading to maintain $750 for each vessel in its fleet in cash or cash equivalents plus undrawn working capital lines of credit. The facility's leverage covenant requires that the ratio of Baltic Trading's total financial indebtedness to the value of its total assets as adjusted based on vessel appraisals not exceed 70%. The facility also requires that Baltic Trading maintain a minimum consolidated net worth of $232,796 plus fifty percent of the value of any primary equity offerings of Baltic Trading after April 30, 2013. The facility's collateral maintenance covenant requires that the minimum fair market value of vessels mortgaged under the facility be 125% of the amount outstanding under the facility.

On December 23, 2013, Baltic Tiger Limited and Baltic Lion Limited made two drawdowns of $21,400 and $22,600 for the Baltic Tiger and Baltic Lion, respectively. As of December 31, 2013, Baltic Trading has utilized its maximum borrowing capacity of $44,000 and there was no further availability.

As of December 31, 2013, the Company believes it is in compliance with all of the financial covenants under the Baltic Trading $44 Million Term Loan Facility.

The following table sets forth the repayment of the outstanding debt of $44,000 at December 31, 2013 under the Baltic Trading $44 Million Term Loan Facility:

Year Ending December 31,	Total
2014	$2,750
2015	2,750
2016	2,750
2017	2,750
2018	2,750
Thereafter	30,250
Total debt	$44,000

Change of Control

If the Company's ownership in Baltic Trading were to decrease to less than 10% of the aggregate number of shares of common stock and Class B Stock of Baltic Trading, the outstanding Baltic Trading Class B Stock held by the Company would automatically convert into common stock, and the voting power held by the Company in Baltic Trading would likewise decrease to less than 30%. This would result in a change of control as defined under the Baltic Trading 2010 Credit Facility, the Baltic Trading $22 Million Term Loan Facility and the Baltic Trading $44 Million Term Loan Facility, and would therefore constitute an event of default. Additionally, a change of control constituting an event of default under Baltic Trading's credit facilities would also occur if any party other than the Company or certain other permitted holders beneficially owns more than 30% of the Company's outstanding voting or economic equity interests, which may occur if a party were deemed to control Genco. Refer to Note 1 – General Information for discussion of the Company's current economic status.

Interest rates

The following table sets forth the effective interest rate associated with the interest expense for the Company's debt facilities noted above, including the rate differential between the pay fixed receive variable rate on the interest rate swap agreements that were in effect (refer to Note 11 — Interest Rate Swap Agreements), combined, and the cost associated with unused commitment fees as well as the facility fee for the 2007 Credit Facility which was reduced from 2.0% to 1.0% on February 28, 2012 as noted above. Additionally, it includes the range of interest rates on the debt, excluding the impact of swaps and unused commitment fees:

	Year ended December 31,		
	2013	2012	2011
Effective Interest rate	4.70%	4.68 %	4.42 %
Range of Interest Rates (excluding impact of swaps and unused commitment fees)	3.16% to 4.38 %	3.21% to 4.63 %	2.19% to 3.52 %

Letter of credit

In conjunction with the Company entering into a long-term office space lease (See Note 19 - Commitments and Contingencies), the Company was required to provide a letter of credit to the landlord in lieu of a security deposit. As of September 21, 2005, the Company obtained an annually renewable unsecured letter of credit with DnB NOR Bank. The letter of credit outstanding was $300 as of December 31, 2013 and 2012 at a fee of 1% per annum. The letter of credit is cancelable on each renewal date provided the landlord is given 150 days minimum notice. This letter of credit has been securitized by $300 that was paid by the Company to DnB NOR Bank during the year ended December 31, 2012. This has been recorded as restricted cash included in total noncurrent assets in the consolidated balance sheet as of December 31, 2013 and 2012.

10 — CONVERTIBLE SENIOR NOTES

The Company issued $125,000 of 5.0% Convertible Senior Notes on July 27, 2010 (the “2010 Notes”). The 2010 Notes mature on August 15, 2015 and are convertible into shares of the Company’s common stock at a conversion rate of approximately 51.0204 shares of common stock per (in whole dollars) $1,000 principal amount of the 2010 Notes (equivalent to an initial conversion price of $19.60 per share, representing a 22.5% conversion premium over the concurrent offering price of $16.00 per share of the Company’s common stock on July 21, 2010), subject to adjustment, based on the occurrence of certain events, including, but not limited to, (i) the issuance of certain dividends on our common stock, (ii) the issuance of certain rights, options or warrants, (iii) the effectuation of share splits or combinations, (iv) certain distributions of property and (v) certain issuer tender or exchange offers as described in the Indenture, with the amount due on conversion payable in shares, cash, or a combination thereof at the Company’s discretion. The total underlying shares of the 2010 Notes are 6,377,551 shares of common stock. Since the Company can settle a conversion of the 2010 Notes with shares, cash, or a combination thereof at its discretion, the Company allocated the convertible debt proceeds between the liability component and the embedded conversion option (i.e., the equity component). The liability component of the debt instrument is being accreted to par value using the effective interest method over the remaining life of the debt. This accretion is reported as a component of interest expense. The equity component is not subsequently revalued as long as it continues to qualify for equity treatment.

Upon issuance, the Company estimated the fair value of the liability component of the 2010 Notes, assuming a 10% non-convertible borrowing rate, to be $100,625 and the fair value of the conversion option to be $24,375. This amount was recorded as a debt discount and as an increase to additional paid-in capital as of the issuance date and the Company proportionately allocated approximately $918 of issuance costs against this equity component. The issuance costs allocated to the liability component of $3,637 along with the debt discount is being amortized to interest expense over the approximate 5-year period to the maturity of the 2010 Notes on August 15, 2015 resulting in additional interest expense in future periods. The issuance cost allocated to the liability component has been recorded as deferred financing costs; refer to Note 15 — Deferred Financing Costs.

The 2010 Notes were issued pursuant to an indenture, dated as of July 27, 2010 (the “Base Indenture”), by and between the Company and The Bank of New York Mellon, as trustee (the “Trustee”), supplemented by the First Supplemental Indenture dated as of June 27, 2010, by and between the Company and the Trustee (the “Supplemental Indenture,” and together with the Base Indenture, the “Indenture”). The 2010 Notes are represented by a global security, executed by the Company, in the form attached to the Supplemental Indenture. Interest is payable semi-annually in arrears on February 15 and August 15 of each year, which began on February 15, 2011. The 2010 Notes will mature on August 15, 2015, subject to earlier repurchase or conversion upon the occurrence of certain events. Holders may convert their 2010 Notes before February 15, 2015, only in certain circumstances determined by (i) the market price of the Company’s common stock, (ii) the trading price of the 2010 Notes, or (iii) the occurrence of specified corporate events. The 2010 Notes are subject to repurchase by the Company at the option of the holders following a fundamental change, as defined in the Indenture, including, but not limited to, (i) certain ownership changes, (ii) certain recapitalizations, mergers and dispositions, (iii) approval of any plan or proposal for the liquidation, or dissolution of the Company, and (iv) the Company’s common stock ceasing to be listed on any of the New York Stock Exchange or the Nasdaq Global Select Market, any of their respective successors or any other U.S. national securities exchange, at a price equal to 100% of the principal amount of the 2010 Notes plus accrued and unpaid interest up to the fundamental change repurchase date. After February 15, 2015, holders may convert their 2010 Notes at any time thereafter until the second scheduled trading day preceding maturity.

The Indenture includes customary agreements and covenants by the Company, including with respect to events of default.

Refer to Note 1 – General Information for further information regarding potential defaults relating to the 2010 Notes and the Company’s restructuring plans, including an anticipated filing for bankruptcy protection.

The following tables provide additional information about the Company's 2010 Notes.

	December 31, 2013	December 31,2012
Carrying amount of the equity component (additional paid-in capital)	$24,375	$24,375
Principal amount of the 2010 Notes	125,000	125,000
Unamortized discount of the liability component	9,119	14,082
Net carrying amount of the liability component	115,881	110,918

	Years Ended December 31,		
	2013	2012	2011
Effective interest rate on liability component	10.0 %	10.0 %	10.0 %
Cash interest expense recognized	$6,250	$6,263	$6,231
Non-cash interest expense recognized	4,963	4,537	4,072
Non-cash deferred financing amortization costs included in interest expense	720	722	720

The remaining period over which the unamortized discount will be recognized is 1.6 years. As of December 31, 2013, the if-converted value of the 2010 Notes does not exceed their principal amount.

Refer to Note 1 – General Information for additional information regarding potential defaults relating to the 2010 Notes. As such, in accordance with applicable accounting guidance, the liability related to the 2010 Notes was classified as a current liability in the consolidated balance sheet as of December 31, 2013.

11 - INTEREST RATE SWAP AGREEMENTS

As of December 31, 2013 and 2012, the Company had four and five interest rate swap agreements outstanding, respectively, with DnB Bank ASA to manage interest costs and the risk associated with changing interest rates related to the Company's 2007 Credit Facility. The total notional principal amount of the swaps at December 31, 2013 and 2012 is $306,233 and $356,233, respectively, and the swaps have specified rates and durations.

The following table summarizes the interest rate swaps designated as cash flow hedges that were in place as of December 31, 2013 and 2012:

Interest Rate Swap Detail				December 31, 2013	December 31, 2012
Trade Date	Fixed Rate	Start Date of Swap	End date of Swap	Notional Amount Outstanding	Notional Amount Outstanding
9/6/05	4.485%	9/14/05	7/29/15	$ 106,233	$ 106,233
3/29/06	5.25 %	1/2/07	1/1/14	50,000	50,000
3/24/06	5.075%	1/2/08	1/2/13	—	50,000
1/9/09	2.05 %	1/22/09	1/22/14	100,000	100,000
2/11/09	2.45 %	2/23/09	2/23/14	50,000	50,000
				$ 306,233	$ 356,233

The differentials to be paid or received for these swap agreements are recognized as an adjustment to interest expense as incurred. The Company is currently utilizing cash flow hedge accounting for these swaps whereby the effective portion of the change in value of the swaps is reflected as a component of AOCI. The ineffective portion is recognized as other expense, which is a component of other (expense) income.

The interest expense pertaining to the interest rate swaps for the years ended December 31, 2013, 2012 and 2011 was $9,963, $13,440 and $28,854, respectively.

The swap agreements, with effective dates prior to December 31, 2013, synthetically convert variable rate debt to fixed rate debt at the fixed interest rate of the swap plus the Applicable Margin, as defined in the "2007 Credit Facility" section above in Note 9 — Debt.

The following table summarizes the derivative asset and liability balances at December 31, 2013 and 2012:

Asset Derivatives			Liability Derivatives		
Balance Sheet Location	Fair Value December 31, 2013	Fair Value December 31, 2012	Balance Sheet Location	Fair Value December 31, 2013	Fair Value December 31, 2012

Derivatives designated as hedging instruments						
Interest rate contracts	Fair value of derivative instruments (Current Assets)	$ —	$ —	Fair value of derivative instruments (Current Liabilities)	$ 6,975	$ 7
Interest rate contracts	Fair value of derivative instruments (Noncurrent Assets)	—	—	Fair value of derivative instruments (Noncurrent Liabilities)	—	16,045
Total derivatives designated as hedging instruments		$ —	$ —		$ 6,975	$ 16,052
Total Derivatives		$ —	$ —		$ 6,975	$ 16,052

Refer to Note 1 – General Information for additional information regarding potential defaults relating to the swap. As such, in accordance with applicable accounting guidance, the Company has classified the liability related to this interest rate swap as a current liability in its consolidated balance sheet as of December 31, 2013. The Company is currently in default under the covenants of its 2007 Credit Facility due to the default on a scheduled debt amortization payment due on March 31, 2014. The default under the 2007 Credit Facility requires the Company to elect interest periods of only one-month, therefore the Company may no longer be able to qualify for hedge accounting in the future.

The following tables present the impact of derivative instruments and their location within the Consolidated Statement of Operations:

The Effect of Derivative Instruments on the Consolidated Statement of Operations
For the Year Ended December 31, 2013

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2013	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2013	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2013
Interest rate contracts	$ (882)	Interest Expense	$ (9,963)	Other Income (Expense)	$ (4)

The Effect of Derivative Instruments on the Consolidated Statement of Operations
For the Year Ended December 31, 2012

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2012	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2012	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2012
Interest rate contracts	$ (4,252)	Interest Expense	$ (13,440)	Other Income (Expense)	$ 100

The Effect of Derivative Instruments on the Consolidated Statement of Operations
For the Year Ended December 31, 2011

Derivatives in Cash Flow Hedging	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into income (Effective	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective	Amount of Gain (Loss) Recognized in Income on Derivative

Relationships	2011	Portion)	2011	Portion)	(Ineffective Portion) 2011
Interest rate contracts	$ (10,947)	Interest Expense	$ (28,854)	Other Income (Expense)	$ 51

Amounts recorded in AOCI for interest rate swaps are reclassified into interest expense when the underlying hedged interest payments are accrued. At December 31, 2013, ($4,652) of AOCI is expected to be reclassified into interest expense over the next 12 months associated with interest rate derivatives.

The Company is required to provide collateral in the form of vessel assets to support the interest rate swap agreements, excluding vessel assets of Baltic Trading. At December 31, 2013, the Company's 35 vessels mortgaged under the 2007 Credit Facility served as collateral in the aggregate amount of $100,000.

12 — ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of AOCI included in the accompanying consolidated balance sheets consist of net unrealized gain (loss) on cash flow hedges and net unrealized gains (losses) from investments in Jinhui stock and KLC stock as of December 31, 2013, 2012 and 2011.

Changes in AOCI by Component
For the Three-Year Period Ended December 31, 2013

	Net Unrealized Gain (Loss) on Cash Flow Hedges	Net Unrealized Gain on Investments	Total
AOCI — January 1, 2011	$ (43,152)	$ 37,942	$(5,210)
OCI before reclassifications	46,761	(30,246)	16,515
Amounts reclassified from AOCI	(28,854)	—	(28,854)
Net current-period OCI	17,907	(30,246)	(12,339)
AOCI — December 31, 2011	$ (25,245)	$ 7,696	$(17,549)
OCI before reclassifications	22,628	(3,480)	19,148
Amounts reclassified from AOCI	(13,440)	—	(13,440)
Net current-period OCI	9,188	(3,480)	5,708
AOCI — December 31, 2012	$ (16,057)	$ 4,216	$(11,841)
OCI before reclassifications	19,044	56,482	75,526
Amounts reclassified from AOCI	(9,963)	—	(9,963)
Net current-period OCI	9,081	56,482	65,563
AOCI — December 31, 2013	$ (6,976)	$ 60,698	$53,722

Reclassifications Out of AOCI
For the Year Ended December 31, 2013

Details about AOCI Components	Amount Reclassified from AOCI	Affected Line Item in the Statement Where Net Loss is Presented
Gains and losses on cash flow hedges		
Interest rate contracts	$ 9,963	Interest expense
Total reclassifications for the period	$ 9,963	

13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values and carrying values of the Company’s financial instruments at December 31, 2013 and 2012 which are required to be disclosed at fair value, but not recorded at fair value, are noted below.

	December 31, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$122,722	$122,722	$72,600	$72,600
Restricted cash	10,150	10,150	10,150	10,150
Floating rate debt	1,480,064	See Below	1,413,439	1,413,439
2010 Notes	115,881	63,438	110,918	44,375

The fair value of the floating rate debt under the $100 Million Term Loan Facility and $253 Million Term Loan Facility are based on management's estimate utilizing rates the Company believes it would be able to obtain for these credit facilities. However, a portion of the floating rate debt of the 2007 Credit Facility was traded in a private transaction for an amount that is not determinable by the Company, which Management believes was lower than the debt's current carrying value. The fair value of the 2010 Baltic Trading Credit Facility is based on rates Baltic Trading has recently obtained pursuant to the amendment to the existing 2010 Baltic Trading Credit Facility on August 29, 2013. The fair value of the Baltic Trading $22 Million Term Loan Facility and the Baltic Trading $44 Million Term Loan Facility is based on rates that Baltic Trading recently obtained upon the effective dates of these facilities on August 30, 2013 and December 3, 2013, respectively. Additionally, the Company considers its creditworthiness in determining the fair value of the floating rate debt under the credit facilities. The carrying value approximates the fair market value for these floating rate loans, except for the 2007 Credit Facility. The fair value of the convertible senior notes payable represents the market value based on recent transactions of the 2010 Notes at December 31, 2013 and 2012 without bifurcating the value of the conversion option. It is uncertain what the effect of the Chapter 11 Case would be on the fair value of the convertible senior notes, refer to Note 1 – General Information and Note 10 – Convertible Senior Notes for further details. The fair value of the interest rate swaps is the estimated amount the Company would pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the creditworthiness of both the swap counterparty and the Company. The carrying amounts of the Company's other financial instruments at December 31, 2013 and 2012 (principally Due from charterers and Accounts payable and accrued expenses) approximate fair values because of the relatively short maturity of these instruments.

ASC Subtopic 820-10, "Fair Value Measurements & Disclosures" ("ASC 820-10"), applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 requires significant management judgment. The three levels are defined as follows:

- Level 1—Valuations based on quoted prices in active markets for identical instruments that the Company is able to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

- Level 2—Valuations based on quoted prices in active markets for instruments that are similar, or quoted prices in markets that are not active for identical or similar instruments, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

As of December 31, 2013 and 2012, the fair values of the Company's financial assets and liabilities are categorized as follows:

	December 31, 2013		
	Total	Quoted market prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$77,570	$77,570	$ —
Derivative instruments — liability position	6,975	—	6,975

	December 31, 2012		
	Total	Quoted market prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$20,988	$20,988	$ —
Derivative instruments — liability position	16,052	—	16,052

The Company holds an investment in the capital stock of Jinhui, which is classified as a long-term investment. The stock of Jinhui is publicly traded on the Oslo Stock Exchange and is considered a Level 1 item. The Company also holds an investment in the stock of KLC, which is classified as a long-term investment. The stock of KLC is publicly traded on the Korea Stock Exchange and is considered a Level 1 item. The Company's interest rate derivative instruments are pay-fixed, receive-variable interest rate swaps based on LIBOR. The Company has elected to use the income approach to value the derivatives, using observable Level 2 market inputs at measurement date and standard valuation techniques to convert future amounts to a single present amount assuming that participants are motivated, but not compelled to transact. Level 2 inputs for the valuations are limited to quoted prices for similar assets or liabilities in active markets (specifically futures contracts on LIBOR for the first two years) and inputs other than quoted prices that are observable for the asset or liability (specifically LIBOR cash and swap rates and credit spreads at commonly quoted intervals). Mid-market pricing is used as a practical expedient for fair value measurements. Refer to Note 11 — Interest Rate Swap Agreements for further information regarding the Company's interest rate swap agreements. ASC 820-10 states that the fair value measurement of an asset or liability must reflect the nonperformance risk of the entity and the counterparty. Therefore, the impact of the counterparty's creditworthiness when in an asset position and the Company's creditworthiness when in a liability position have also been factored into the fair value measurement of the derivative instruments. This credit valuation adjustment did not have a material impact on the fair value of these derivative instruments. As of December 31, 2013, both the counterparty and the Company are expected to continue to perform under the contractual terms of the instruments. Cash and cash equivalents and restricted cash are considered Level 1 items as they represent liquid assets with short-term maturities. Floating rate debt is considered to be a Level 2 item as the Company considers the estimate of rates it could obtain for similar debt or based upon transactions amongst third parties. The 2010 Notes are publicly traded in the over-the-counter market; however, they are not considered to be actively traded. As such, the 2010 Notes are considered to be a Level 2 item. The Company did not have any Level 3 financial assets or liabilities during the years ended December 31, 2013 and 2012.

14 - PREPAID EXPENSES AND OTHER CURRENT AND NONCURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31, 2013	December 31, 2012
Lubricant inventory, fuel oil and diesel oil inventory and other stores	$ 11,342	$ 10,322
Prepaid items	5,000	5,067
Insurance receivable	1,096	1,817
Other	1,627	940
Total prepaid expenses and other current assets	$ 19,065	$ 18,146

Other noncurrent assets in the amount of $514 at December 31, 2013 and 2012 represent the security deposit related to the operating lease entered into effective April 4, 2011. Refer to Note 19 — Commitments and Contingencies for further information related to the lease agreement.

15 — DEFERRED FINANCING COSTS

Deferred financing costs includes fees, commissions and legal expenses associated with securing loan facilities and other debt offerings and amending existing loan facilities. These costs are amortized over the life of the related debt and are included in interest expense. As of December 31, 2013, the Company has deferred financing fees associated with the 2007 Credit Facility, the $100 Million Term Loan Facility, the $253 Million Term Loan Facility, the debt portion of the 2010 Notes, the 2010 Baltic Trading Credit Facility, the Baltic Trading $22 Million Term Loan Facility and the Baltic Trading $44 Million Term Loan Facility. (Refer to Note 9 — Debt and Note 10 — Convertible Senior Notes)

Total net deferred financing costs consist of the following as of December 31, 2013 and 2012:

	December 31, 2013	December 31, 2012
2007 Credit Facility	$ 29,568	$ 29,568
$100 Million Term Loan Facility	1,783	1,783
$253 Million Term Loan Facility	4,708	4,708
2010 Notes	3,637	3,637
2010 Baltic Trading Credit Facility	3,339	3,027
Baltic Trading $22 Million Term Loan Facility	518	—
Baltic Trading $44 Million Term Loan Facility	737	—
Total deferred financing costs	44,290	42,723
Less: accumulated amortization	22,279	13,162
Total	$ 22,011	$ 29,561

Amortization expense for deferred financing costs for the years ended December 31, 2013, 2012 and 2011 was $9,116, $5,413 and $3,188, respectively. This amortization expense is recorded as a component of interest expense in the Consolidated Statements of Operations.

16 - FIXED ASSETS

Fixed assets consist of the following:

	December 31, 2013	December 31, 2012
Fixed assets, at cost:		
Vessel equipment	$ 4,323	$ 3,043
Leasehold improvements	2,679	3,823
Furniture and fixtures	786	997
Computer equipment	754	706
Total costs	8,542	8,569
Less: accumulated depreciation and amortization	3,438	3,311
Total	$ 5,104	$ 5,258

17 — ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	December 31, 2013	December 31, 2012
Accounts payable	$ 5,643	$ 4,477
Accrued general and administrative expenses	8,960	8,803
Accrued vessel operating expenses	12,756	10,387
Total	$ 27,359	$ 23,667

18 - REVENUE FROM TIME CHARTERS

Total voyage revenue earned on time charters, including revenue earned in vessel pools and spot market-related time charters, as well as the sale of bunkers consumed during short-term time charters, for the years ended December 31, 2013, 2012 and 2011 was $224,179, $223,159 and $388,929, respectively. Additionally, included in revenues for the years ended December 31, 2013, 2012 and 2011 was $0, $0 and $122 of profit sharing revenue, respectively. Future minimum time charter revenue, based on vessels committed to noncancelable time charter contracts as of February 21, 2014, is expected to be $17,235 during 2014, assuming off-hire due to any scheduled drydocking and that no additional off-hire time is incurred. For drydockings, the Company assumes twenty days of offhire. Future minimum revenue excludes revenue earned for the vessels currently in pool arrangements and vessels that are currently on or will be on spot market-related time charters, as spot rates cannot be estimated, as well as profit sharing revenue.

19 - COMMITMENTS AND CONTINGENCIES

In September 2005, the Company 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, the Company ceased the use of this space. During the years ended December 31, 2013 and 2012, net rent expense of $1,264 and $92, respectively, was recorded representing the present value of the Company's estimated remaining rent expense for the duration of the lease after taking into account estimated future sublease income based on the sublease agreement entered into effective November 1, 2013 and deferred rent on the facility. The current lease obligations related to this lease agreement as of December 31, 2013 and 2012 of $176 and $682, respectively, are recorded in the consolidated balance sheets in the current portion of lease obligations. The long-term lease obligations related to this lease agreement as of December 31, 2013 and 2012 of $744 and $672, respectively, are recorded in the consolidated balance sheets in long-term lease obligations. Rent expense under this lease agreement for the year ended December 31, 2011 was $467.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $518 annually for 2014 through 2015, $529 for 2016, $550 annually for 2017 and 2018 and a total of $1,421 for the remaining term of the lease. The rental payments will be offset by the contract sublease income, as follows: $340 annually for 2014 through 2016, $347 for 2017, $380 for 2018 and a total of $983 for the remaining term of the sublease.

Effective April 4, 2011, the Company 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 per month until May 31, 2015 and thereafter will be $90 per month until the end of the seven-year term. Pursuant to the sub-sublease agreement, the sublessor was obligated to contribute $472 toward the cost of the Company's alterations to the sub-subleased office space. The Company has 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 expiration of the free base rental period, the monthly base rental payments will be $186 per month from October 1, 2018 to April 30, 2023 and $204 per month from May 1, 2023 to September 30, 2025. For accounting purposes, the sub-sublease agreement and direct lease agreement with the landlord constitutes 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 will be $130. The Company had a long-term lease obligation at December 31, 2013 and 2012 of $2,370 and $1,793, respectively. Rent expense pertaining to this lease for the years ended December 31, 2013, 2012 and 2011 was $1,558, $1,558 and $909, respectively.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $982 for 2014, $1,037 for 2015, $1,076 annually for 2016 and 2017, $916 for 2018 and a total of $15,590 for the remaining term of the lease.

During the beginning of 2009, the Genco Cavalier, a 2007-built Supramax vessel, was on charter to 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, the Company's claim of $17,212 will be settled in the following manner; 34.0%, or $5,852, will be paid in cash in annual installments on December 30th of each year from 2010 through 2019 ranging from 8.0% to 17.0%; the remaining 66.0%, or $11,360, was converted to Samsun shares at a specified value per share. On December 30, 2012 and 2011, a total payment was due from Samsun in the amount of $527 which represents 9.0% of the total $5,852 approved cash settlement. On December 30, 2013, a total payment was due from Samsun in the amount of $468 which represents 8.0% if the total $5,852 approved cash settlement. During the year ended December 30, 2012, Samsun remitted only 50% of the payment due, or $263 and during the year ended December 31, 2013 there was no payment remitted. As such, during the years ended December 31, 2013, 2012 and 2011, $0, $263 and $527, respectively, have been recorded as other operating income.

During January 2011, the Genco Success, a 1997-built Handymax vessel, was on charter to KLC when KLC filed for a rehabilitation application with South Korean courts. The original rehabilitation plan submitted by KLC was approved by the South Korean courts on July 3, 2012. However, on October 4, 2013, a final revised rehabilitation plan was approved by the South Korean courts which resulted in a settlement payment to be paid to the Company of $21 in addition to 3,355 shares of stock of KLC. The Company valued the shares of KLC stock using the fair value on the date that the shares were received which resulted in other operating income of $100. These shares of KLC stock have been classified as AFS, refer to Note 6 – Investments for further information. As per the original rehabilitation plan, the Company received a payment of $2 from KLC on December 30, 2012. As such, during the years ended December 31, 2013, 2012 and 2011, $121, $2 and $0, respectively, have been recorded as other operating income.

20 - SAVINGS PLAN

In August 2005, the Company established a 401(k) plan that is available to full-time employees who meet the plan's eligibility requirements. This 401(k) plan is a defined contribution plan, which permits employees to make contributions up to maximum percentage and dollar limits allowable by IRS Code Sections 401(k), 402(g), 404 and 415 with the Company matching up to the first six percent of each employee's salary on a dollar-for-dollar basis. The matching contribution vests immediately. For the years ended December 31, 2013, 2012 and 2011, the Company's matching contributions to this plan were $301, $296 and $289, respectively.

21- NONVESTED STOCK AWARDS

On July 12, 2005, the Company's Board of Directors approved the Genco Shipping and Trading Limited 2005 Equity Incentive Plan (the "2005 GS&T Plan"). The aggregate number of shares of common stock available for award under the 2005 GS&T Plan is 2,000,000 shares. Additionally, on May 17, 2012, at the Company's 2012 Annual Meeting of Shareholders, the Company's shareholders approved the Genco Shipping and Trading Limited 2012 Equity Incentive Plan (the "2012 GS&T Plan"). The aggregate number of shares of common stock available for award under the 2012 GS&T Plan is 3,000,000 shares. Under these plans, the Company's Board of Directors, the compensation committee, or another designated committee of the Board of Directors may grant a variety of stock-based incentive awards to employees, directors and consultants who the compensation committee (or other committee or the Board of Directors) believes are key to the Company's success. Awards may consist of incentive stock options, nonqualified stock options, stock appreciation rights, dividend equivalent rights, nonvested stock, unrestricted stock and performance shares.

Grants of nonvested common stock to executives and employees vest ratably on each of the four anniversaries of the determined vesting date. Grants of nonvested common stock to directors vest the earlier of the first anniversary of the grant date or the date of the next annual shareholders' meeting, which are typically held during May. Grants of nonvested common stock to the Company's Chairman, Peter C. Georgiopoulos, that are not granted as part of grants made to all directors, excluding the grants made on December 13, 2012, December 28, 2011 and December 21, 2010, vest ratably on each of the ten anniversaries of the vesting date.

The table below summarizes the Company's nonvested stock awards for the three years ended December 31, 2013 under the 2005 and 2012 GS&T Plans:

	Year Ended December 31,					
	2013		2012		2011	
	Number of Shares	Weighted Average Grant Date Price	Number of Shares	Weighted Average Grant Date Price	Number of Shares	Weighted Average Grant Date Price
Outstanding at January 1	1,108,762	$ 9.47	936,787	$ 14.06	809,087	$ 19.40
Granted	200,634	1.57	464,175	2.71	357,500	6.46
Vested	(407,431)	9.46	(290,700)	13.49	(228,700)	21.08
Forfeited	(21,500)	5.53	(1,500)	6.39	(1,100)	14.65
Outstanding at December 31	880,465	$ 7.77	1,108,762	$ 9.47	936,787	$ 14.06

The total fair value of shares that vested under the 2005 and 2012 GS&T Plans during the years ended December 31, 2013, 2012 and 2011 was $943, $733 and $2,105, respectively. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

For the years ended December 31, 2013, 2012 and 2011, the Company recognized nonvested stock amortization expense for the 2005 and 2012 GS&T Plans, which is included in general, administrative and management fees, as follows:

	Year Ended December 31,		
	2013	2012	2011
General, administrative and management fees	$2,924	$4,087	$5,574

The fair value of nonvested stock at the grant date is equal to the closing stock price on that date. The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of December 31, 2013, unrecognized compensation cost of $2,403 related to nonvested stock will be recognized over a weighted-average period of 2.16 years.

On March 3, 2010, Baltic Trading's Board of Directors approved the Baltic Trading Limited 2010 Equity Incentive Plan (the "Baltic Trading Plan"). Under the Baltic Trading Plan, Baltic Trading's Board of Directors, the compensation committee, or another designated committee of the Board of Directors may grant a variety of stock-based incentive awards to officers, directors, and executive, managerial, administrative and professional employees of and consultants to Baltic Trading or the Company whom the compensation committee (or other committee of the Board of Directors) believes are key to Baltic Trading's success. Awards may consist of restricted stock, restricted stock units, stock options, stock appreciation rights and other stock or cash-based awards. The aggregate number of shares of common stock available for award under the Baltic Trading Plan is 2,000,000 common shares.

Grants of restricted stock to Peter C. Georgiopoulos, Chairman of the Board of Baltic Trading, and John Wobensmith, President and Chief Financial Officer of Baltic Trading, made in connection with Baltic Trading's IPO vest ratably on each of the first four anniversaries of March 15, 2010. Grants of restricted common stock to Baltic Trading's directors made following Baltic Trading's IPO (which exclude the foregoing grant to Mr. Georgiopoulos) vest the earlier of the first anniversary of the grant date or the date of Baltic Trading's next annual shareholders' meeting, which is expected to be held in May 2012. Grants of restricted stock made to executives and the Chairman of the Board not in connection with the Company's IPO vest ratably on each of the first four anniversaries of the determined vesting date.

The following table presents a summary of Baltic Trading's nonvested stock awards for the three years ended December 31, 2013 under the Baltic Trading Plan:

	Year Ended December 31, 2013 Number of Baltic Trading Common Shares	Weighted Average Grant Date Price	2012 Number of Baltic Trading Common Shares	Weighted Average Grant Date Price	2011 Number of Baltic Trading Common Shares	Weighted Average Grant Date Price
Outstanding at January 1	664,249	$ 7.70	545,750	$ 11.60	583,500	$ 13.40
Granted	998,680	5.60	299,999	3.04	117,500	5.11
Vested	(281,500)	8.48	(181,500)	11.71	(155,250)	13.43
Forfeited	—	—	—	—	—	—
Outstanding at December 31	1,381,429	$ 6.03	664,249	$ 7.70	545,750	$ 11.60

The total fair value of shares that vested under the Baltic Trading Plan during the years ended December 31, 2013, 2012 and 2011 was $1,194, $663 and $1,275. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

For the years ended December 31, 2013, 2012 and 2011, the Company recognized nonvested stock amortization expense for the Baltic Trading Plan, which is included in general, administrative and management fees, as follows:

	Year Ended December 31, 2013	2012	2011
General, administrative and management fees	$1,558	$1,777	$2,764

The Company is amortizing Baltic Trading's grants over the applicable vesting periods, net of anticipated forfeitures. As of December 31, 2013, unrecognized compensation cost of $5,934 related to nonvested stock will be recognized over a weighted-average period of 3.15 years.

22 — SHARE REPURCHASE PROGRAM

On February 13, 2008, the Company's Board of Directors approved a share repurchase program for up to a total of $50,000 of the Company's common stock. Share repurchases were to be made from time to time for cash in open market transactions at prevailing market prices or in privately negotiated transactions. The timing and amount of purchases under the program will be determined by management based upon market conditions and other factors. Purchases may be made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act. The program does not require the Company to purchase any specific number or amount of shares and may be suspended or reinstated at any time in the Company's discretion and without notice. Repurchases will be subject to restrictions under the 2007 Credit Facility. The 2007 Credit Facility was amended as of February 13, 2008 to permit the share repurchase program and provide that the dollar amount of shares repurchased is counted toward the maximum dollar amount of dividends that may be paid in any fiscal quarter. Subsequently, on January 26, 2009, the Company entered into the 2009 Amendment which amended the 2007 Credit Facility to require the Company to suspend all share repurchases until the Company can represent that it is in a position to again satisfy the collateral maintenance covenant. Refer to Note 9 —Debt.

Since the inception of the share repurchase program through December 31, 2013, the Company repurchased and retired 278,300 shares of its common stock for $11,500. No share repurchases were made during the years ended December 31, 2013, 2012 and 2011.

23 - LEGAL PROCEEDINGS

The Support Agreement contemplates that the Plan will be implemented through the Chapter 11 Case. Refer to Note 1 – General Information for further details.

On March 28, 2014, the Genco Auvergne was arrested due to a disputed claim with the charterer of one of the Company's other vessels, namely the Genco Ardennes. In order for the Company to release the Genco Auvergne from its arrest, the Company entered into a cash collateralized $900 bank guarantee with Skandinaviska Enskilda Banken AB (the "SEB Bank Guarantee") on April 3, 2014. The vessel has since been released from its arrest and the bank guarantee will remain in an escrow account until the arbitration related to this case is completed. The SEB Bank Guarantee resulted in additional indebtedness by the Company. As the Company is currently in default under the covenants of its 2007 Credit Facility due to the default on a scheduled debt amortization payment due on March 31, 2014, on April 3, 2014 the Company received a consent from the lenders under the 2007 Credit Facility to incur this additional indebtedness. Also, under the $253 Million Term Loan Facility for which the Genco Auvergne is collateralized, the Company may not incur additional indebtedness related to its collateralized vessels under this facility. The Company also received a consent from the lenders under the $253 Million Term Loan Facility on April 3, 2014 in order to enter the SEB Bank Guarantee.

From time to time, the Company may be subject to legal proceedings and claims in the ordinary course of its business, principally personal injury and property casualty claims. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. The Company is not aware of any legal proceedings or claims that it believes will have, individually or in the aggregate, a material effect on the Company, its financial condition, results of operations or cash flows.

24 — UNAUDITED QUARTERLY RESULTS OF OPERATIONS

In the opinion of the Company's management, all adjustments, consisting of normal recurring accruals considered necessary for a fair presentation have been included on a quarterly basis.

	2013 Quarter Ended				2012 Quarter Ended			
	Mar 31	Jun 30	Sept 30	Dec. 31	Mar 31	Jun 30	Sept 30	Dec. 31
	(In thousands, except share and per share amounts)							
Revenues	$40,486	$45,760	$59,433	$81,785	$59,844	$62,931	$54,431	$49,247
Operating (loss) income	(30,474)	(27,075)	(13,387)	4,030	(12,521)	(10,433)	(20,194)	(26,197)
Net loss	(51,950)	(48,940)	(36,976)	(19,155)	(36,383)	(30,492)	(42,037)	(48,864)
Net (loss) income attributable to noncontrolling interest	(3,787)	(3,571)	(1,942)	20	(3,312)	(2,751)	(3,588)	(3,197)
Net loss attributable to Genco Shipping & Trading Limited	(48,163)	(45,369)	(35,034)	(19,175)	(33,071)	(27,741)	(38,449)	(45,667)
Net loss per share - Basic (2)	$(1.12)	$(1.05)	$(0.81)	$(0.43)	$(0.87)	$(0.65)	$(0.90)	$(1.06)
Net loss per share - Diluted (2)	$(1.12)	$(1.05)	$(0.81)	$				