GENCO SHIPPING & TRADING LTD
Form 10-Q
November 17, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

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)

(646) 443-8550

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions 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 (Do not check if a smaller reporting company)	Smaller reporting company o

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

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

The number of shares outstanding of each of the issuer s classes of common stock, as of November 17, 2014: Common stock, $0.01 per share 61,541,389 shares.

Genco Shipping & Trading Limited

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Website Information

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

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Genco Shipping & Trading Limited

Condensed Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013

(U.S. Dollars in thousands, except for share and per share data)

(Unaudited)

		Successor September 30, 2014		Predecessor December 31, 2013
Assets				
Current assets:				
Cash and cash equivalents	$	106,620	$	122,722
Restricted cash		9,850		9,850
Due from charterers, net of a reserve of $1,576 and $632, respectively		15,594		14,241
Prepaid expenses and other current assets		25,240		19,065
Time charters acquired		16		
Total current assets		157,320		165,878
Noncurrent assets:				
Vessels, net of accumulated depreciation of $17,215 and $730,662, respectively		1,522,106		2,673,795
Deposits on vessels		31,396		1,013
Deferred drydock, net of accumulated amortization of $69 and $11,107, respectively		3,096		11,069
Deferred financing costs, net of accumulated amortization of $2,562 and $22,279, respectively		6,691		22,011
Fixed assets, net of accumulated depreciation and amortization of $66 and $3,438, respectively		646		5,104
Other noncurrent assets		514		514
Restricted cash		300		300
Investments		38,463		77,570
Goodwill		166,067		
Total noncurrent assets		1,769,279		2,791,376
Total assets	$	1,926,599	$	2,957,254
Liabilities and Equity				
Current liabilities:				
Accounts payable and accrued expenses	$	36,949	$	27,359
Current portion of long-term debt		32,242		1,316,439
Current interest payable				13,199
Convertible senior note payable				115,881
Deferred revenue		893		1,597
Current portion of lease obligations				176
Fair value of derivative instruments				6,975

Total current liabilities:		70,084		1,481,626
Noncurrent liabilities:				
Long-term lease obligations		186		3,114
Time charters acquired				84
Long-term debt		372,803		163,625
Total noncurrent liabilities		372,989		166,823
Total liabilities		443,073		1,648,449
Commitments and contingencies				
Equity:				
Genco Shipping & Trading Limited shareholders equity:				
Predecessor Company common stock, par value $0.01; 100,000,000 shares authorized; 44,449,407 shares issued and outstanding at December 31, 2013				445
Predecessor Company additional paid-in capital				846,658
Successor Company common stock, par value $0.01; 250,000,000 shares authorized; 61,410,372 shares issued and outstanding at September 30, 2014		614		
Successor Company additional paid-in capital		1,239,439		
Accumulated other comprehensive (loss) income		(13,341)		53,722
Retained (deficit) earnings		(18,290)		66,644
Total Genco Shipping & Trading Limited shareholders equity		1,208,422		967,469
Noncontrolling interest		275,104		341,336
Total equity		1,483,526		1,308,805
Total liabilities and equity	$	1,926,599	$	2,957,254

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Operations

(U.S. Dollars in Thousands, Except for Earnings Per Share and Share Data)

(Unaudited)

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from July 1 to July 9, 2014	Three Months Ended September 30, 2013
Revenues:			
Voyage revenues	$ 43,943	$ 4,034	$ 58,605
Service revenues	756	72	828
Total revenues	44,699	4,106	59,433
Operating expenses:			
Voyage expenses	2,335	200	2,212
Vessel operating expenses	27,248	2,902	27,515
General, administrative, and management fees	15,492	6,147	7,871
Depreciation and amortization	17,356	3,213	35,222
Other operating income	(296)		
Total operating expenses	62,135	12,462	72,820
Operating loss	(17,436)	(8,356)	(13,387)
Other (expense) income:			
Other income (expense)	7	1	(45)
Interest income	19		14
Interest expense	(3,592)	(1,529)	(23,079)
Other expense	(3,566)	(1,528)	(23,110)
Loss before reorganization items, net	(21,002)	(9,884)	(36,497)
Reorganization items, net	(1,167)	902,273	
(Loss) income before income taxes	(22,169)	892,389	(36,497)
Income tax expense	(393)	(38)	(479)
Net (loss) income	(22,562)	892,351	(36,976)
Less: Net loss attributable to noncontrolling interest	(4,272)	(568)	(1,942)
Net (loss) income attributable to Genco Shipping & Trading Limited	$ (18,290)	$ 892,919	$ (35,034)
Net (loss) earnings per share-basic	$ (0.30)	$ 20.49	$ (0.81)
Net (loss) earnings per share-diluted	$ (0.30)	$ 20.49	$ (0.81)
Weighted average common shares outstanding-basic	60,299,766	43,568,942	43,231,510
Weighted average common shares outstanding-diluted	60,299,766	43,568,942	43,231,510
Dividends declared per share	$	$	$

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Operations

(U.S. Dollars in Thousands, Except for Earnings Per Share and Share Data)

(Unaudited)

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from January 1 to July 9, 2014	Nine Months Ended September 30, 2013
Revenues:			
Voyage revenues	$ 43,943	$ 118,759	$ 143,222
Service revenues	756	1,701	2,457
Total revenues	44,699	120,460	145,679
Operating expenses:			
Voyage expenses	2,335	4,140	6,352
Vessel operating expenses	27,248	64,670	81,400
General, administrative, and management fees	15,492	31,371	24,543
Depreciation and amortization	17,356	75,952	104,322
Other operating income	(296)		
Total operating expenses	62,135	176,133	216,617
Operating loss	(17,436)	(55,673)	(70,938)
Other (expense) income:			
Other income (expense)	7	(106)	(58)
Interest income	19	45	49
Interest expense	(3,592)	(41,061)	(65,922)
Other expense	(3,566)	(41,122)	(65,931)
Loss before reorganization items, net	(21,002)	(96,795)	(136,869)
Reorganization items, net	(1,167)	882,167	
(Loss) income before income taxes	(22,169)	785,372	(136,869)
Income tax expense	(393)	(815)	(997)
Net (loss) income	(22,562)	784,557	(137,866)
Less: Net loss attributable to noncontrolling interest	(4,272)	(8,734)	(9,300)
Net (loss) income attributable to Genco Shipping & Trading Limited	$ (18,290)	$ 793,291	$ (128,566)
Net (loss) earnings per share-basic	$ (0.30)	$ 18.21	$ (2.98)
Net (loss) earnings per share-diluted	$ (0.30)	$ 18.21	$ (2.98)
Weighted average common shares outstanding-basic	60,299,766	43,568,942	43,196,895
Weighted average common shares outstanding-diluted	60,299,766	43,568,942	43,196,895
Dividends declared per share	$	$	$

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Comprehensive (Loss) Income

(U.S. Dollars in Thousands)

(Unaudited)

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from July 1 to July 9, 2014	Three Months Ended September 30, 2013
Net (loss) income	$ (22,562)	$ 892,351	$ (36,976)
Change in unrealized (loss) gain on investments	(13,341)	2,186	14,514
Unrealized gain on cash flow hedges, net		95	2,076
Other comprehensive (loss) income	(13,341)	2,281	16,590
Comprehensive (loss) income	(35,903)	894,632	(20,386)
Less: Comprehensive loss attributable to noncontrolling interest	(4,272)	(568)	(1,942)
Comprehensive (loss) income attributable to Genco Shipping & Trading Limited	$ (31,631)	$ 895,200	$ (18,444)

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from January 1 to July 9, 2014	Nine Months Ended September 30, 2013
Net (loss) income	$ (22,562)	$ 784,557	$ (137,866)
Change in unrealized (loss) gain on investments	(13,341)	(25,766)	20,841
Unrealized gain on cash flow hedges, net		2,401	6,763
Other comprehensive (loss) income	(13,341)	(23,365)	27,604
Comprehensive (loss) income	(35,903)	761,192	(110,262)
Less: Comprehensive loss attributable to noncontrolling interest	(4,272)	(8,734)	(9,300)
Comprehensive (loss) income attributable to Genco Shipping & Trading Limited	$ (31,631)	$ 769,926	$ (100,962)

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Equity

(U.S. Dollars in Thousands)

(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained (Deficit) Earnings	Genco Shipping & Trading Limited Shareholders Equity	Noncontrolling Interest	Total Equity
Balance January 1, 2014 (Predecessor)	$ 445	$ 846,658	$ 53,722	$ 66,644	$ 967,469	$ 341,336	$ 1,308,805
Net loss, exclusive of net gain from fresh-start adjustments				(124,107)	(124,107)	(8,734)	(132,841)
Unrealized loss on investments			(25,766)		(25,766)		(25,766)
Unrealized gain on cash flow hedges, net			2,401		2,401		2,401
Nonvested stock amortization		2,403			2,403	1,949	4,352
Cash dividends paid by Baltic Trading Limited		(5)			(5)	(2,041)	(2,046)
Vesting of restricted shares issued by Baltic Trading Limited		74			74	(74)	
Subtotal July 9, 2014 (Predecessor)	$ 445	$ 849,130	$ 30,357	$ (57,463)	$ 822,469	$ 332,436	$ 1,154,905
Net gain from fresh-start adjustments (see Note 20)				917,399	917,399		917,399
Balance July 9, 2014 (Predecessor)	$ 445	$ 849,130	$ 30,357	$ 859,936	$ 1,739,868	$ 332,436	$ 2,072,304
Fresh-start adjustments:							
Cancellation of Predecessor common stock	(445)	(849,130)			(849,575)		(849,575)
			(30,357)	(859,936)	(890,293)		(890,293)

Elimination of Predecessor accumulated deficit and accumulated other comprehensive income							
Elimination of Predecessor non-controlling interest						(332,436)	(332,436)
Issuance of new equity interests in connection with emergence from Chapter 11, including the $100 million Rights Offering	603	1,232,397			1,233,000		1,233,000
Revaluation of non-controlling interest						279,069	279,069
Balance July 9, 2014 (Successor)	$ 603	$ 1,232,397	$	$	$ 1,233,000	$ 279,069	$ 1,512,069
Net loss				(18,290)	(18,290)	(4,272)	(22,562)
Unrealized loss on investments			(13,341)		(13,341)		(13,341)
Issuance of 1,110,600 shares of nonvested stock	11	(11)					
Nonvested stock amortization		7,054			7,054	818	7,872
Cash dividends paid by Baltic Trading Limited		(1)			(1)	(511)	(512)
Balance September 30, 2014 (Successor)	$ 614	$ 1,239,439	$ (13,341)	$ (18,290)	$ 1,208,422	$ 275,104	$ 1,483,526

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	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained (Deficit) Earnings	Genco Shipping & Trading Limited Shareholders Equity	Noncontrolling Interest	Total Equity
Balance January 1, 2013 (Predecessor)	$ 443	$ 863,303	$ (11,841)	$ 214,391	$ 1,066,296	$ 194,911	$ 1,261,207
Net loss				(128,566)	(128,566)	(9,300)	(137,866)
Change in unrealized gain on investments			20,841		20,841		20,841
Unrealized gain on cash flow hedges, net			6,763		6,763		6,763
Issuance of 200,634 shares of nonvested stock, less forfeitures of 21,500 shares	2	(2)					
Nonvested stock amortization		2,314			2,314	1,156	3,470
Issuance of common stock of Baltic Trading Limited		(16,568)			(16,568)	97,609	81,041
Cash dividends paid by Baltic Trading Limited				(4)	(4)	(580)	(584)
Vesting of restricted shares issued by Baltic Trading Limited		(26)			(26)	26	
Balance September 30, 2013 (Predecessor)	$ 445	$ 849,021	$ 15,763	$ 85,821	$ 951,050	$ 283,822	$ 1,234,872

See accompanying notes to condensed consolidated financial statements.

Genco Shipping & Trading Limited

Condensed Consolidated Statements of Cash Flows

(U.S. Dollars in Thousands)

(Unaudited)

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from January 1 to July 9, 2014	Nine Months Ended September 30, 2013
Cash flows from operating activities:			
Net (loss) income	$ (22,562)	$ 784,557	$ (137,866)
Adjustments to reconcile net (loss) income to net cash used in operating activities:			
Non-cash reorganization items and fresh-start accounting adjustments, net		(917,399)	
Depreciation and amortization	17,356	75,952	104,322
Amortization of deferred financing costs	384	4,461	6,862
Amortization of time charters acquired	434	(68)	(283)
Amortization of discount on Convertible Senior Notes		1,592	3,653
Interest expense related to the de-designation of the interest rate swap		1,048	
Unrealized loss on derivative instruments			3
Amortization of nonvested stock compensation expense	7,872	4,352	3,470
Change in assets and liabilities:			
(Increase) decrease in due from charterers	(2,400)	1,047	(3,066)
Decrease (increase) in prepaid expenses and other current assets	5,519	(11,735)	(244)
(Decrease) increase in accounts payable and accrued expenses	(27,998)	32,534	146
(Decrease) increase in deferred revenue	(104)	(600)	98
Increase in lease obligations	186	195	152
Deferred drydock costs incurred	(2,977)	(9,253)	(1,873)
Net cash used in operating activities	(24,290)	(33,317)	(24,626)
Cash flows from investing activities:			
Purchase of vessels, including deposits	(918)	(29,995)	(41,097)
Purchase of other fixed assets	(30)	(415)	(427)
Changes in deposits of restricted cash	125	(125)	
Net cash used in investing activities	(823)	(30,535)	(41,524)
Cash flows from financing activities:			
Repayments on the $100 Million Term Loan Facility	(1,923)	(3,846)	
Repayments on the $253 Million Term Loan Facility		(10,150)	
Proceeds on 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)	(750)	
Repayments on the Baltic Trading $44 Million Term Loan Facility	(688)	(1,375)	
Payment of dividend by subsidiary	(512)	(2,046)	(584)
Cash settlement of non-accredited Note holders	(375)		

Proceeds from Rights Offering		100,000	
Proceeds from issuance of common stock by subsidiary			81,700
Payment of common stock issuance costs by subsidiary		(111)	(379)
Payment of deferred financing costs	(471)	(4,515)	(695)
Net cash (used in) provided by financing activities	(4,344)	77,207	103,042
Net (decrease) increase in cash and cash equivalents	(29,457)	13,355	36,892
Cash and cash equivalents at beginning of period	136,077	122,722	72,600
Cash and cash equivalents at end of period	$ 106,620	$ 136,077	$ 109,492

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

(U.S. Dollars in Thousands, Except Per Share and Share Data)

Notes to Condensed Consolidated Financial Statements (unaudited)

1 - GENERAL INFORMATION

The accompanying condensed 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 September 30, 2014, 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 September 30, 2014, Genco Ship Management LLC is the sole owner of all of the outstanding shares of Genco Management (USA) Limited.

Bankruptcy Filing

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

The filing of the Chapter 11 Cases constituted an event of default with respect to each of the following agreements or instruments:

- 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, relating to approximately $1,055,912 of principal plus accrued and unpaid interest, fees, costs, and other expenses (the 2007 Credit Facility);

- the Loan Agreement, dated as of August 20, 2010 (as amended to date), by and among the Company as borrower, Genco Aquitaine 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, relating to approximately $175,718 of principal and accrued and unpaid interest, fees, costs, and other expenses (the $253 Million Term Loan Facility);

- 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, relating to approximately $73,561 of principal plus accrued and unpaid interest, fees, costs, and other expenses (the $100 Million Term Loan Facility);

- the Indenture and First Supplemental Indenture relating to $125,000 of principal plus accrued and unpaid interest outstanding of the Company s 5.00% Convertible Senior Notes (the 2010 Notes) due August 15, 2015 (the Indenture); and

- the outstanding interest rate swap with DnB NOR Bank, relating to a liability position of $5,622.

As a result of the filing of the Chapter 11 Cases, all indebtedness outstanding under the 2007 Credit Facility and the Indenture was accelerated and became due and payable, and indebtedness under the other agreements and instruments described above were accelerated and become due and payable upon notice to the Company, subject to an automatic stay of any action to collect, assert, or recover a claim against the Company or the other Debtors and the application of the applicable provisions of the Bankruptcy Code.

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On July 2, 2014, the Bankruptcy Court entered an order (the Confirmation Order), confirming the First Amended Prepackaged Plan of Reorganization of the Debtors Pursuant to Chapter 11 of the Bankruptcy Code (the Plan). Capitalized terms used but not defined below shall have the meanings given to them in the Plan. On July 9, 2014 (the Effective Date), the Debtors completed their financial restructuring and emerged from Chapter 11 through a series of transactions contemplated by the Plan, and the Plan became effective pursuant to its terms. References to Successor Company refer to the Company after July 9, 2014, after giving effect to the application of fresh-start reporting (see Financial Statement Presentation section below). References to Predecessor Company refer to the Company prior to July 9, 2014.

Key components of the Plan included:

- The conversion of 100% of the Claims under the 2007 Credit Facility into 81.1% of the Successor Company Common Stock (subject to dilution by the warrants issued under the Plan). On the Effective Date, the 2007 Credit Facility was terminated, and the liens and mortgages thereunder were released. Refer to Note 9 Debt for further information.

- The conversion of 100% of the Claims under the 2010 Notes into 8.4% of the Successor Company Common Stock (subject to dilution by the warrants issued under the Plan). On the Effective Date, the 2010 Notes and the Indenture were fully satisfied and discharged. Refer to Note 10 Convertible Senior Notes for further information.

- A fully backstopped Rights Offering for approximately 8.7% of the Successor Company Common Stock, in which holders of 2007 Credit Facility Claims were entitled to subscribe for up to 80% of the Successor Company Common Stock offered, and holders of the 2010 Notes Claims were entitled to subscribe for up to 20% of the Successor Company Common Stock being offered under the Rights Offering for an aggregate subscription price of $100,000.

- The amendment and restatement of the $253 Million Term Loan Facility and the $100 Million Term Loan Facility as of the Effective Date, with extended maturities, a financial covenant holiday and certain other amendments, as discussed further in Note 9 - Debt.

- The cancellation of the common stock of the Predecessor Company as of the Effective Date, with the holders thereof receiving warrants to acquire shares of the Successor Company Common Stock. Each of the Successor Company s Equity Warrants is exercisable for one share of the Successor Company s Common Stock, and holders received an aggregate of 3,938,298 of the Successor Company s Equity Warrants for the common stock of the Predecessor Company. The Successor Company s Equity Warrants in the aggregate are exercisable for approximately 6% of the Successor Company Common Stock (subject to dilution).

- Reinstatement, non-impairment or payment in full in the ordinary course of business during the pendency of the Chapter 11 Cases of all Allowed General Unsecured Claims, including Allowed Claims of trade vendors, suppliers, customers and charterers, per the approval by the Bankruptcy Court.

- The non-impairment of all other General Unsecured Claims under Section 1124 of the Bankruptcy Code.

- The establishment of the Genco Shipping & Trading Limited 2014 Management Incentive Plan (the MIP), which provides for the distribution of the Successor Company s MIP Primary Equity in the form of shares representing 1.8% of the Successor Company s Common Stock and three tiers of the Successor Company s MIP Warrants (MIP Warrants) with staggered strike prices based on increasing equity values to the participating officers, directors, and other management of the Successor Company. These awards were made on August 7, 2014. Refer to Note 22 Stock-Based Compensation.

Registration Rights Agreement

On the Effective Date, the Successor Company and the Registration Rights Parties entered into the Registration Rights Agreement. The Registration Rights Agreement provided the Registration Rights Parties who receive 10% or more of the Successor Company s Common Stock under the Plan with demand and piggyback registration rights. All other Registration Rights Parties have piggyback registration rights only.

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Reorganization Value

The Plan as confirmed by the Bankruptcy Court estimated the reorganization value of the Debtors to be $1.23 billion. This reorganization value was determined by, among other things, vessel appraisals and other valuation methodologies as well as the Debtors equity interests in Baltic Trading and Jinhui Shipping, $100,000 of cash invested through the Rights Offering and approximately $250,000 of debt projected to be on the balance sheet of the Debtors. It also assumed that The Debtors would issue approximately 61.7 million primary shares of New Genco Common Stock valued at $20.00 per share (prior to dilution) in order to satisfy claims pursuant to the Plan.

The foregoing estimates of the post-confirmation equity value of the Debtors and the share price of New Genco Common Stock were based on a number of assumptions, including no material adverse changes in the spot rate market, no further ship arrests, the continuing employment of the Debtors vessels, the continuing service revenue from Baltic Trading and MEP, the Rights Offering, and other assumptions. Such valuation assumptions are not a prediction or reflection of postconfirmation trading prices of the Debtors common stock. Such securities may trade at substantially lower or higher prices because of a number of factors. The trading prices of securities issued under a plan of reorganization are subject to many unforeseen circumstances and therefore cannot be predicted.

Successor Company Equity Warrant Agreement

On the Effective Date, pursuant to the Plan, the Successor Company s Equity Warrants totaling 3,938,298 were issued pursuant to the terms of the Successor Company s Equity Warrant Agreement (the Equity Warrants). Each of the Equity Warrants has a 7-year term (commencing on the day following the Effective Date) and are exercisable for one share of the Successor Company s Common Stock. The Equity Warrants are exercisable on a cashless basis at an exercise price of $20.99 per share. The Successor Company s Equity Warrant Agreement contains customary anti-dilution adjustments in the event of any stock split, reverse stock split, stock dividend, reclassification, dividend or other distributions (including, but not limited to, cash dividends), or business combination transaction.

The Equity Warrants were distributed to holders of the common stock of the Predecessor Company, which was cancelled as of the Effective Date. Shares of common stock of the Predecessor Company issued to directors, officers and employees of Genco under compensatory plans that were unvested as of the Effective Date were deemed vested automatically on the Effective Date, so that all Equity Warrants received in exchange were therefore deemed vested. Refer to Note 22 Stock-Based Compensation for further information.

Financial Statement Presentation

Upon the Company s emergence from the Chapter 11 Cases on July 9, 2014, the Company adopted fresh-start accounting in accordance with provisions of ASC 852, *Reorganizations* (ASC 852). Upon adoption of fresh-start accounting, the Company s assets and liabilities were recorded at their value as of the fresh-start reporting date. The fair values of the Company s assets and liabilities in conformance with ASC 805, *Business Combinations,* as of that date differed materially from the recorded values of its assets and liabilities as reflected in its historical consolidated financial statements. In addition, the Company s adoption of fresh-start accounting may materially affect its results of operations following the fresh-start reporting dates, as the Company will have a new basis in its assets and liabilities. Consequently, the Company s historical financial statements may not be reliable indicators of its financial condition and results of operations for any period after it adopted fresh-start accounting. As a result of the adoption of fresh-start reporting, the Company s condensed consolidated balance sheets and condensed consolidated statements of operations subsequent to July 9, 2014 will not be comparable in many respects to our condensed consolidated balance sheets and condensed consolidated statements of operations prior to July 9, 2014.

Under ASC 852, fresh-start accounting is required upon emergence from Chapter 11 if (i) the value of the assets of the emerging entity immediately before the date of confirmation is less than the total of all post-petition liabilities and allowed claims; and (ii) holders of existing voting shares immediately before confirmation receive less than 50% of the voting shares of the emerging entity. Accordingly, the Company qualified for and adopted fresh-start accounting as of the Effective Date. Adopting fresh-start accounting results in a new reporting entity with no beginning retained earnings or deficit. The cancellation of all existing shares outstanding on the Effective Date and issuance of new shares of the reorganized entity caused a related change of control of the Company under ASC 852.

The following fresh-start balance sheet illustrates the financial effects on the Company of the implementation of the Plan and the adoption of fresh-start reporting. This fresh-start balance sheet reflects the effect of the completion of the transactions included in the Plan, including the issuance of equity and the settlement of old indebtedness.

The effects of the Plan and fresh-start reporting on the Company s condensed consolidated balance sheet are as follows:

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	Predecessor July 9, 2014	Fresh-Start Adjustments Debt Discharge and Equity Issuance (a)	Reinstatement of Liabilities (b)	Revaluation of Assets and Liabilities (c)	Successor July 9, 2014
Assets					
Current assets:					
Cash and cash equivalents	$ 48,551	$ 87,526	$	$	$ 136,077
Restricted cash	9,975				9,975
Due from charterers, net	13,194				13,194
Prepaid expenses and other current assets	30,800			(41)	30,759
Time charters acquired				450	450
Total current assets	102,520	87,526		409	190,455
Noncurrent assets:					
Vessels, net	2,604,731			(1,065,882)	1,538,849
Deposits on vessels	28,658			2,317	30,975
Deferred drydock, net	16,584			(16,396)	188
Deferred financing costs, net	18,953	(11,893)			7,060
Fixed assets, net	4,053			(3,443)	610
Other noncurrent assets	514				514
Restricted cash	300				300
Investments	51,804				51,804
Goodwill				166,067	166,067
Total noncurrent assets	2,725,597	(11,893)		(917,337)	1,796,367
Total assets	$ 2,828,117	$ 75,633	$	$ (916,928)	$ 1,986,822
Liabilities and Equity					
Current liabilities not subject to compromise:					
Accounts payable and accrued expenses	$ 60,333	$ (1,086)	$ 6,478	$	$ 65,725
Current portion of long-term debt	4,250		27,992		32,242
Deferred revenue	997				997
Time charters acquired	16			(16)	
Total current liabilities not subject to compromise	65,596	(1,086)	34,470	(16)	98,964
Noncurrent liabilities not subject to compromise:					
Long-term lease obligations	2,670			(2,670)	
Long-term debt	161,500		214,289		375,789
Total noncurrent liabilities not subject to compromises	164,170		214,289	(2,670)	375,789
Total liabilities subject to compromise	1,443,446	(1,194,687)	(248,759)		
Total liabilities	1,673,212	(1,195,773)		(2,686)	474,753
Equity:					
Genco Shipping & Trading Limited shareholders equity:					
Predecessor Common stock	445	(445)			
Predecessor Additional paid-in capital	849,130	(849,130)			
Successor Common stock		603			603
Successor Additional paid-in capital		1,232,397			1,232,397

Accumulated other comprehensive income	30,357	4,574		(34,931)	
Retained (deficit) earnings	(57,463)	936,774		(879,311)	
Total Genco Shipping & Trading Limited shareholders equity	822,469	1,324,773		(914,242)	1,233,000
Noncontrolling interest	332,436	(53,367)			279,069
Total equity	1,154,905	1,271,406		(914,242)	1,512,069
Total liabilities and equity	$ 2,828,117	$ 75,633	$	$ (916,928)	$ 1,986,822

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(a) Debt Discharge and Equity Issuance This column reflects the following adjustments pursuant to the Plan:

- The discharge of the outstanding debt under the 2007 Credit Facility of $1,055,912.

- The discharge of the long-term interest payable due pursuant to the 2007 Credit Facility of $13,199.

- The discharge of the 2010 Notes liability of $117,473 and the bond coupon interest of $1,105.

- Receipt of the $100,000 rights offering pursuant to the Plan.

- The payment of interest expense accrued up until the Effective Date of $1,772, $59 and $156 for the 2007 Credit Facility, the $100 Million Term Loan Facility and the $253 Million Term Loan Facility, respectively.

- The paydown on the Effective Date of $1,923 and $5,075 for the $100 Million Term Loan Facility and $253 Million Term Loan Facility, respectively, which were due on the Effective Date as they were not paid during the pendency of the Chapter 11 Cases.

- The adjustment of net unamortized deferred financing fees of $15,383 for the 2007 Credit Facility, the 2010 Notes as well as the $100 Million and $253 Million Term Loan Facilities prior to the amendments and restatements as per the Plan.

- The payment of deferred financing fees of $3,490 for the Amended and Restated $100 Million and $253 Million Term Loan Facilities.

- Adjustment of equity of $1,271,406 to adjust for the cancellation of the old equity of the Predecessor Company and the issuance of the new equity for the Successor Company.

(b) Reinstatement of Liabilities This column reflects the reinstatement of the remaining Liabilities subject to compromise for the Predecessor Company which were not already adjusted in the Debt Discharge and Equity Issuance column. It includes the following adjustments:

- The reclassification of the debt outstanding under the Amended and Restated $100 Million Term Loan Facility. This includes $7,692 of current long-term debt and $63,946 of long-term debt.

- The reclassification of the debt outstanding under the Amended and Restated $253 Million Term Loan Facility. This includes $20,300 of current long-term debt and $150,343 of long-term debt.

- The reinstatement of $5,622 related to the termination of the interest rate swap agreement with DnB Nor.

- The reinstatement of the $815 lease obligation.

- The reinstatement of $41 of pre-petition accounts payable due to vendors in the United States.

(c) Revaluation of Assets and Liabilities Fresh-start accounting adjustments are made to reflect asset values at their estimated fair value, including:

- Adjustment of $179 to prepaid amounts for the Predecessor Company.

- Adjustment to reflect the fair value of time charters acquired of $434.

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- Adjustment of $1,083,404 to reflect the fair value of vessel assets, vessel deposits, drydocking assets and other fixed assets as of the Effective Date.

- Adjustment of $2,670 to reflect the fair value of the Company s current lease agreement which was previously recorded as long-term lease obligations. As of the Effective Date, the lease agreement has been valued at below market, therefore we have recorded in Prepaid expenses and other current assets an asset of $138 which will be amortized over the remaining life of the lease agreement.

- An adjustment of $166,067 to reflect the reorganization value of the Successor Company in excess of the fair value of assets, net of liabilities.

Other General Information

Below is the list of GS&T s wholly owned ship-owning subsidiaries as of September 30, 2014:

Wholly Owned Subsidiaries	Vessel 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	5/12/11	2011
Genco Mare Limited	Genco Mare	34,428	7/20/11	2011
Genco Spirit Limited	Genco Spirit	34,432	11/10/11	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	3/29/11	2011

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Baltic Trading Limited (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 September 30, 2014 and December 31, 2013, Genco Investments LLC owned 6,356,471 shares of Baltic Trading s Class B Stock, which represented an 11.04% and 11.05% ownership interest in Baltic Trading, respectively, and 65.06% and 65.08% 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 Equity Incentive Plans.

Below is the list of Baltic Trading s wholly owned ship-owning subsidiaries as of September 30, 2014:

Baltic Trading s Wholly Owned Subsidiaries	**Vessel Acquired**	**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	9/6/13	2010
Baltic Hare Limited	Baltic Hare	31,887	9/5/13	2009
Baltic Lion Limited	Baltic Lion	179,185	12/27/13	2012
Baltic Tiger Limited	Baltic Tiger	179,185	11/26/13	2011
Baltic Hornet Limited	Baltic Hornet	63,574	10/29/14	2014
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 delivery dates for vessels being delivered in the future are estimates based on the guidance received from the sellers and the respective shipyards.

The Company provides technical services for drybulk vessels purchased by Maritime Equity Partners LLC (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 were 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.

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2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (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.

Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and the rules and regulations of the Securities and Exchange Commission (the SEC). In the opinion of management of the Company, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and operating results have been included in the statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company s annual report on Form 10-K for the year ended December 31, 2013 (the 2013 10-K). The results of operations for the periods January 1, 2014 through July 9, 2014 for the Predecessor Company and July 9, 2014 through September 30, 2014 for the Successor Company are not necessarily indicative of the operating results to be expected for the year ending December 31, 2014.

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 which 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 period from July 9 to September 30, 2014 for the Successor Company was $17,221. Depreciation expense for vessels for the period from July 1 to July 9, 2014 and from January 1 to July 9, 2014 for the Predecessor Company was $3,039 and $71,756, respectively. Depreciation expense for vessels for the three and nine months ended September 30, 2013 for the Predecessor Company was $33,591 and $99,432, 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 cost of steel times the weight of the ship noted in lightweight tons (lwt). Effective July 9, 2014, on the Effective Date, the Company increased the estimated scrap value of the vessels from $245 per lwt to $310 per lwt prospectively based on the 15-year average scrap value of steel. The change in the estimated scrap value will result in a decrease in depreciation expense over the remaining life of the vessel assets. During the period from July 9 to September 30, 2014, the increase in the estimated scrap value resulted in a decrease in depreciation expense of $735 for the Successor Company. The decrease in depreciation expense resulted in a $0.02 change to the basic and diluted net loss per share during the period from July 9 to September 30, 2014. The basic and diluted net loss per share would have been ($0.32) per share if there was no change in the estimated scrap value.

Deferred revenue

Deferred revenue includes cash received from charterers prior to it being earned. These amounts are recognized as voyage revenue when earned. Additionally, deferred revenue includes estimated customer claims mainly due to time charter performance issues. As of September 30, 2014 and December 31, 2013, the Company had an accrual of $587 and $536, respectively, related to these estimated customer claims.

Voyage expense recognition

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 related in a net (gain) loss of ($36) during the period from July 9 to September 30, 2014 for the Successor Company. During the period from July 1 to July 9, 2014 and from January 1 to July 9, 2014, the Predecessor Company recorded net (gains) losses of ($3) and ($252), respectively. During the three and nine months ended September 30, 2013, the Predecessor Company recorded net (gains) losses of

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$296 and ($47), respectively. Additionally, voyage expenses include the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

Noncontrolling interest

Net loss attributable to noncontrolling interest during the periods from July 9 to September 30, 2014 for the Successor Company was $4,272. Net loss attributable to noncontrolling interest during the period from July 1 to July 9, 2014 and from January 1 to July 9, 2014 for the Predecessor Company was $568 and $8,734. Lastly, net loss attributable to noncontrolling interest during the three and nine months ended September 30, 2013 for the Predecessor Company was $1,942 and $9,300, respectively. The aforementioned amounts reflect the noncontrolling interest s share of the net loss of Baltic Trading, a subsidiary of the Company, which owns and employs drybulk vessels in the spot market, in vessel pools or on spot market-related time charters. The spot market represents immediate chartering of a vessel, usually for single voyages. At September 30, 2014, the noncontrolling interest held an 88.96% economic interest in Baltic Trading while only holding 34.94% of the voting power. At December 31, 2013, the noncontrolling interest held an 88.95% economic interest in Baltic Trading while only holding 34.92% of the voting power.

Income taxes

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 by the Successor Company during the period from July 9 to September 30, 2014 was $1,692, of which $936 eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $847 associated with these activities for the period from July 9 to September 30, 2014. This resulted in estimated tax expense of $381 for the Successor Company for the period from July 9 to September 30, 2014.

Total revenue earned for these services by the Predecessor Company during the period from July 1 to July 9, 2014 and for the period from January 1 to July 9, 2014 was $160 and $3,857, respectively, of which $89 and $2,156, respectively, were eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $73 associated with these activities for the period from July 1 to July 9, 2014. This resulted in estimated income tax expense of $36 for the period from July 1 to July 9, 2014. After allocation of certain expenses, there was taxable income of $1,723 associated with these activities for the period from January 1 to July 9, 2014. This resulted in income tax expense of $776 for the period from January 1 to July 9, 2014.

Total revenue earned for these services by the Predecessor Company during the three and nine months ended September 30, 2013 was $2,010 and $5,015, respectively, of which $772 and $2,148, respectively, were eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $1,045 associated with these activities for the three months ended September 30, 2013. This resulted in estimated income tax expense of $471 for the three month period ended September 30, 2013. After allocation of certain expenses, there was taxable income of $2,262 associated with these activities for the nine months ended September 30, 2013. This resulted in income tax expense of $975 for the nine months ended September 30, 2013.

Baltic Trading is subject to income tax on its United States source income. During the period from July 9 to September 30, 2014, Baltic Trading had United States operations which resulted in United States source income of $588. Baltic Trading s estimated United States income tax expense for the period from July 9 to September 30, 2014 was $12.

During the period from July 1 to July 9, 2014 and for the period from January 1 to July 9, 2014, Baltic Trading had United States operations which resulted in United States source income of $101 and $1,930, respectively. Baltic Trading s United States income tax expense for the period from July 1 to July 9, 2014 and for the period from January 1 to July 9, 2014 was $2 and $39, respectively.

During the three and nine months ended September 30, 2013, Baltic Trading had United States operations which resulted in United States source income of $420 and $1,059, respectively. Baltic Trading s United States income tax expense for the three and nine months ended September 30, 2013 was $8 and $22, respectively.

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Other operating income

During the period from July 9 to September 30, 2014, the Successor Company recorded other operating income of $296. Other operating income consisted of $296 related to the third installment which was due on December 30, 2012 from Samsun Logix Corporation (Samsun) pursuant to the rehabilitation plan which was approved by the South Korean courts. Refer to Note 21 Commitments and Contingencies for further information regarding the bankruptcy settlements with Samsun.

Stock-based Compensation

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.

Recent accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle is that a company should recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, and shall be applied either retrospectively to each period presented or as a cumulative effect adjustment as of the date of adoption. The Company is evaluating the potential impact of this adoption on its condensed consolidated financial statements.

3 - SEGMENT INFORMATION

The Company determines its operating 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 condensed consolidated financial statements. As a result of the adoption of fresh-start accounting on the Effective Date, the cost basis for certain of Baltic Trading s assets were revalued and are reflected in the Baltic Trading balances in the segment information reported below.

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 Successor Company for the period from July 9 to September 30, 2014 and for the Predecessor Company for the period from July 1 to July 9, 2014, January 1 to July 9, 2014 and for the three and nine months ended September 30, 2013.

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from July 1 to July 9, 2014	Three Months Ended September 30, 2013
Voyage revenue from external customers			
GS&T	$ 34,699	$ 3,240	$ 49,503
Baltic Trading	9,244	794	9,102
Total operating segments	43,943	4,034	58,605
Eliminating revenue			
Total consolidated voyage revenue from external customers	$ 43,943	$ 4,034	$ 58,605

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	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from January 1 to July 9, 2014	Nine Months Ended September 30, 2013
Voyage revenue from external customers			
GS&T	$ 34,699	$ 94,171	$ 121,755
Baltic Trading	9,244	24,588	21,467
Total operating segments	43,943	118,759	143,222
Eliminating revenue			
Total consolidated voyage revenue from external customers	$ 43,943	$ 118,759	$ 143,222

The following table presents a reconciliation of total intersegment revenue, which eliminates upon consolidation, for the Company s two operating segments for the Successor Company for the period from July 9 to September 30, 2014 and for the Predecessor Company for the period from July 1 to July 9, 2014, January 1 to July 9, 2014 and for the three and nine months ended September 30, 2013. 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.

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from July 1 to July 9, 2014	Three Months Ended September 30, 2013
Intersegment revenue			
GS&T	$ 936	$ 89	$ 1,187
Baltic Trading			
Total operating segments	936	89	1,187
Eliminating revenue	(936)	(89)	(1,187)
Total consolidated intersegment revenue	$	$	$

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from January 1 to July 9, 2014	Nine Months Ended September 30, 2013
Intersegment revenue			
GS&T	$ 936	$ 2,156	$ 2,563
Baltic Trading			
Total operating segments	936	2,156	2,563
Eliminating revenue	(936)	(2,156)	(2,563)
Total consolidated intersegment revenue	$	$	$

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 Successor Company for the period from July 9 to September 30, 2014 and for the Predecessor Company for the period from July 1 to July 9, 2014, January 1 to July 9, 2014 and for the three and nine months ended September 30, 2013. 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 due to GS&T from Baltic Trading for its Class B shares of Baltic Trading.

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from July 1 to July 9, 2014	Three Months Ended September 30, 2013
Net (loss) income			
GS&T	$ (18,823)	$ 976,569	$ (34,277)
Baltic Trading	(3,675)	(84,223)	(2,270)
Total operating segments	(22,498)	892,346	(36,547)
Eliminating net loss (income)	64	(5)	429
Total consolidated net (loss) income	$ (22,562)	$ 892,351	$ (36,976)

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	Successor		Predecessor			
		Period from July 9 to September 30, 2014		Period from January 1 to July 9, 2014		Nine Months Ended September 30, 2013
Net (loss) income						
GS&T	$	(18,823)	$	878,127	$	(125,422)
Baltic Trading		(3,675)		(93,430)		(11,979)
Total operating segments		(22,498)		784,697		(137,401)
Eliminating net loss		64		140		465
Total consolidated net (loss) income	$	(22,562)	$	784,557	$	(137,866)

The following table presents a reconciliation of total assets for the Company s two operating segments to total consolidated assets as of September 30, 2014 and December 31, 2013. 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 September 30, 2014 and December 31, 2013.

	Successor		Predecessor	
		September 30, 2014		December 31, 2013
Total assets				
GS&T	$	1,447,684	$	2,404,811
Baltic Trading		478,951		557,367
Total operating segments		1,926,635		2,962,178
Eliminating assets		(36)		(4,924)
Total consolidated assets	$	1,926,599	$	2,957,254

4 - CASH FLOW INFORMATION

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

For the period from January 1 to July 9, 2014, the Predecessor Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses consisting of $53 for the purchase of vessels, including deposits and $20 for the purchase of other fixed assets. Additionally, for the period from January 1 to July 9, 2014, the Predecessor Company had non-cash financing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses consisting of $456 associated with deferred financing fees.

Of the $35,232 of professional fees and trustee fees recognized in Reorganization items, net for the period from January 1 to July 9, 2014 by the Predecessor Company (refer to Note 20), $2,703 was paid through July 9, 2014 and $32,529 is included in accounts payable and accrued expenses as of July 9, 2014.

For the period from July 9 to September 30, 2014, the Successor Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses consisting of $34 for the purchase of vessels, including deposits and $92 for the purchase of other fixed assets.

Professional fees and trustee fees in the amount of $1,167 were recognized in Reorganization items, net for the period from July 9 to September 30, 2014 by the Successor Company (refer to Note 20). During this period, $24,740 of professional fees and trustee fees were paid through September 30, 2014 and $8,955 is included in Accounts payable and accrued expenses as of September 30, 2014.

For the nine months ended September 30, 2013, the Predecessor Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses consisting of $79 for the purchase of vessels and $200 for the purchase of other fixed assets. For the nine months ended September 30, 2013, the Predecessor Company had non-cash financing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in Accounts payable and accrued expenses consisting of $123 associated with deferred financing fees and $280 for the payment of common stock issuance costs by its subsidiary. For the nine months ended September 30, 2013, the Predecessor Company

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had non-cash financing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in current Interest payable consisting of $13,199 associated with deferred financing fees.

During the period from January 1 to July 9, 2014, the Predecessor Company made a reclassification of $984 from fixed assets to vessel assets for items that should be capitalized and depreciated over the remaining life of the respective vessels.

During the period from July 9 to September 30, 2014, cash paid by the Successor Company for interest, net of amounts capitalized, was $1,219. During the period from January 1 to July 9, 2014 and during the nine months ended September 30, 2013, cash paid by the Predecessor Company for interest, net of amounts capitalized, and including bond coupon interest paid, was $40,209 and $58,043, respectively.

During the period from July 9 to September 30, 2014, cash paid by the Successor Company for estimated income taxes was $320. During the period from January 1 to July 9, 2014 and during the nine months ended September 30, 2013, cash paid by the Predecessor Company for estimated income taxes was $1,495 and $775, respectively.

On August 7, 2014, the Company made grants of nonvested common stock pursuant to the MIP as approved by the Plan in the amount of 1,110,600 shares to the participating officers, directors and other management of the Successor Company. The aggregate fair value of such nonvested stock was $22,212. Additionally, on August 7, 2014, the Company issued 8,557,461 of MIP Warrants to the participating officers directors and other management of the Successor Company. The aggregate fair value of these awards upon emergence from bankruptcy was $54,436.

On April 9, 2014, Baltic Trading made grants of nonvested common stock in the amount of 36,345 shares to directors of Baltic Trading. The aggregate fair value of such nonvested stock was $225.

On May 16, 2013, the Company made grants of nonvested common stock under the Genco Shipping & Trading Limited 2012 Equity Incentive Plan in the amount of 200,634 shares in the aggregate to directors of the Company. The aggregate fair value of such nonvested stock was $315. These nonvested shares were cancelled on the Effective Date and the holder received warrants to acquire shares of New Genco Common Stock. Refer to Note 1 - General Information for information regarding the Chapter 11 Cases. The aggregate fair value of such nonvested stock was $315. On May 16, 2013, Baltic Trading made grants of nonvested common stock in the amount of 59,680 shares to directors of Baltic Trading. These shares vested on April 9, 2014. The aggregate fair value of such nonvested stock was $225.

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 acquisitions 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.

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 acquisitions with cash on hand and borrowings under its $44 Million Term Loan Facility entered into on December 3, 2013.

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 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 first of these vessels, the Baltic Hornet, was delivered to Baltic Trading on October 29, 2014. The Baltic Wasp is expected to be delivered to Baltic Trading during the fourth quarter of 2014. 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 September 30, 2014 and December 31, 2013, deposits on vessels were $31,396 and $1,013, respectively. Baltic Trading intends to use a combination of cash on hand, future cash flow from operations as well as debt or equity financing, including the 2014 Baltic Trading Term Loan Facilities as described in Note 9 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.

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Below market time charters, including those acquired during previous periods, were amortized as an increase to voyage revenue by the Predecessor Company in the amount of $2 and $68 during the period from July 1 to July 9, 2014 and January 1 to July 9, 2014, respectively, and $51 and $283 during the three and nine months ended September 30, 2013, respectively. As part of fresh-start accounting, the remaining liability for below market time charters was expensed during the re-valuation of our liabilities, refer to Financial Statement Presentation section in Note 1 General Information.

Additionally, as part of fresh-start accounting, an asset for above market time charters was recorded in Time charters acquired in the amount of $450 for the Genco Bourgogne, Genco Muse and Genco Spirit. These above market time charters were amortized as a decrease to voyage revenue by the Successor Company in the amount of $434 during the period from July 9 to September 30, 2014.

Capitalized interest expense associated with the newbuilding contracts entered into by Baltic Trading as recorded by the Successor Company for the period from July 9 to September 30, 2014 was $208. Capitalized interest expense associated with the newbuilding contracts entered into by Baltic Trading as recorded by the Predecessor Company for the periods from July 1 to July 9, 2014, January 1 to July 9, 2014, and for the three and nine months ended September 30, 2013 was $20, $295, $0 and $0, respectively.

6 - INVESTMENTS

The Company holds 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. These investments are designated as Available For Sale (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). At September 30, 2014 and December 31, 2013, the Company held 16,335,100 shares of Jinhui capital stock which is recorded at its fair value of $38,384 and $77,488, respectively, based on the last closing price during each respective quarter on September 30, 2014 and December 30, 2013, respectively. At September 30, 2014 and December 31, 2013, the Company held 3,355 shares of KLC stock which is recorded at its fair value of $79 and $82, respectively, based on the last closing price during each respective quarter on September 30, 2014 and December 30, 2013.

The Company reviews the investment in Jinhui and KLC for impairment on a quarterly basis. There were no impairment charges recognized for the periods from January 1 to July 9, 2014, July 9 to September 30, 2014 or for the nine months ended September 30, 2013.

The unrealized gain (losses) on the Jinhui capital stock and KLC stock are a component of AOCI since these investments are designated as AFS securities. As part of fresh-start reporting, the Company revised its cost basis for its investments in Jinhui and KLC based on their fair values on the Effective Date.

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

7 NET (LOSS) EARNINGS PER COMMON SHARE

The computation of basic net (loss) earnings per share is based on the weighted-average number of common shares outstanding during the year. The computation of diluted net (loss) earnings per share assumes the vesting of nonvested stock awards (refer to Note 22 Stock-Based Compensation), 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 1,110,600 and 0 nonvested shares outstanding at September 30, 2014 and July 9, 2014 for the Successor Company and Predecessor Company, respectively (refer to Note 22 Stock-Based Compensation), all are anti-dilutive. The Successor Company s diluted net (loss) earnings per share will also reflect the assumed conversion of the Equity Warrants and MIP Warrants issued by the Successor Company if the impact is dilutive under the treasury stock method. The Predecessor Company s diluted net (loss) earnings per share will also reflect the assumed conversion of the Company s convertible debt if the impact is dilutive under the if converted method. The impact of the shares convertible under the Predecessor Company s convertible notes is excluded from the computation of diluted earnings per share when the 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) earnings per share and diluted net (loss) earnings per share are as follows:

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	Successor Period from July 9 to September 30, 2014	Predecessor Period from January 1 to July 9, 2014	Predecessor Three Months Ended September 30, 2013
Common shares outstanding, basic:			
Weighted-average common shares outstanding, basic	60,299,766	43,568,942	43,231,510
Common shares outstanding, diluted:			
Weighted-average common shares outstanding, basic	60,299,766	43,568,942	43,231,510
Dilutive effect of warrants			
Dilutive effect of convertible notes			
Dilutive effect of restricted stock awards			
Weighted-average common shares outstanding, diluted	60,299,766	43,568,942	43,231,510

	Successor Period from July 9 to September 30, 2014	Predecessor Period from January 1 to July 9, 2014	Predecessor Nine Months Ended September 30, 2013
Common shares outstanding, basic:			
Weighted-average common shares outstanding, basic	60,299,766	43,568,942	43,196,895
Common shares outstanding, diluted:			
Weighted-average common shares outstanding, basic	60,299,766	43,568,942	43,196,895
Dilutive effect of warrants			
Dilutive effect of convertible notes			
Dilutive effect of restricted stock awards			
Weighted-average common shares outstanding, diluted	60,299,766	43,568,942	43,196,895

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) earnings per share under the if-converted method:

	Successor Period from July 9 to September 30, 2014	Predecessor Period from July 1 to July 9, 2014	Predecessor Three Months Ended September 30, 2013
Net (loss) income attributable to GS&T	$ (18,290)	$ 892,919	$ (35,034)

Interest expense related to convertible notes, if dilutive			
Net (loss) income attributable to GS&T for the computation of diluted net loss per share	$ (18,290)	$ 892,919	$ (35,034)

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	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from January 1 to July 9, 2014	Nine Months Ended September 30, 2013
Net (loss) income attributable to GS&T	$ (18,290)	$ 793,291	$ (128,566)
Interest expense related to convertible notes, if dilutive			
Net (loss) income attributable to GS&T for the computation of diluted net loss per share	$ (18,290)	$ 793,291	$ (128,566)

8 - RELATED PARTY TRANSACTIONS

The following represent related party transactions reflected in these condensed 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 period from July 9 to September 30, 2014, the Successor Company invoiced $9 to GMC and for the period from January 1 to July 9, 2014 and for the nine months ended September 30, 2013, the Predecessor Company invoiced $72 and $110, respectively, to GMC. The amounts billed to GMC include time associated with such internal audit services and other expenditures. Additionally, for the period from July 9 to September 30, 2014, the Successor Company incurred travel and other office related expenditures totaling $22. For the period from January 1 to July 9, 2014 and for the nine months ended September 30, 2013, the Predecessor Company incurred travel and other office related expenditures totaling $49 and $82, respectively. These amounts are reimbursable to GMC or its service provider. At September 30, 2014 and December 31, 2013, the amount due to GMC from the Company was $13 and $16, respectively.

During the period from July 9 to September 30, 2014, the Successor Company incurred legal services (primarily in connection with vessel acquisitions) aggregating $2 from Constantine Georgiopoulos, the father of Peter C. Georgiopoulos, Chairman of the Board. Additionally, during the period from January 1 to July 9, 2014 and during the nine months ended September 30, 2013, the Predecessor Company incurred legal service aggregating $3 and $20, respectively, from Constantine Georgiopoulos. At September 30, 2014 and December 31, 2013, the amount due to Constantine Georgiopoulos was $2 and $25, respectively.

GS&T and Baltic Trading have entered into agreements with Aegean Marine Petroleum Network, Inc. (Aegean) to purchase lubricating oils for certain vessels in their fleets. Peter C. Georgiopoulos, Chairman of the Board of the Company, is Chairman of the Board of Aegean. During the period from July 9 to September 30, 2014, Aegean supplied lubricating oils to the Successor Company s vessels aggregating $419. Additionally, during the period from January 1 to July 9, 2014 and during the nine months ended September 30, 2013, Aegean supplied lubricating oils to the Predecessor Company s vessels aggregating $1,087 and $1,022, respectively. At September 30, 2014 and December 31, 2013, $277 and $263 remained outstanding, respectively.

During the period from July 9 to September 30, 2014, the Successor Company invoiced MEP for Technical serviced provided and expenses paid on MEP s behalf aggregating $766. During the period from January 1 to July 9, 2014 and during the nine months ended September 30, 2013, the Company invoiced MEP for technical services provided and expenses paid on MEP s behalf aggregating $1,743 and $2,570, respectively. Peter

C. Georgiopoulos, Chairman of the Board, controls and has a minority interest in MEP. At September 30, 2014 and December 31, 2013, $3 and $7, respectively, was due to the Company from MEP. Total service revenue earned by the Successor Company for the technical service provided to MEP for the period from July 9 to September 30, 2014 was $756. Total service revenue earned by the Predecessor Company for technical service provided to MEP for the period from January 1 to July 9, 2014 and for the nine months ended September 30, 2013 was $1,701 and $2,457, respectively.

9 - DEBT

Long-term debt consists of the following:

	Successor September 30, 2014	Predecessor December 31, 2013
2007 Credit Facility	$	$ 1,055,912
$100 Million Term Loan Facility	69,714	75,484
$253 Million Term Loan Facility	170,643	180,793
2010 Baltic Trading Credit Facility	102,250	102,250
Baltic Trading $22 Million Term Loan Facility	20,500	21,625
Baltic Trading $44 Million Term Loan Facility	41,938	44,000
Less: Current portion	(32,242)	(1,316,439)
Long-term debt	$ 372,803	$ 163,625

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2007 Credit Facility

On July 20, 2007, the Company entered into the 2007 Credit Facility with DnB NOR Bank ASA. The maximum amount that may be borrowed under the 2007 Credit Facility prior to its termination as part of the Plan was $1,055,912.

In 2009, the Company obtained a waiver of the collateral maintenance covenant under this facility 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 facility in effect before the waiver. The Company s cash dividends and share repurchases were suspended until the collateral maintenance financial covenant could be satisfied.

The maximum leverage ratio covenant and minimum permitted consolidated interest ratio covenants were waived for the periods ending on and including December 31, 2013 pursuant to the August 1, 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 August 2012 Agreements).

The gross interest-bearing debt to total capital covenant ended during the period ending on and including December 31, 2013 pursuant to the August 2012 Agreements. This covenant limited 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 U.S. GAAP to 62.5% on the last day of any fiscal quarter during the waiver period.

Additionally, pursuant to the August 2012 Agreements, the total applicable margin over LIBOR payable on the principal amount of debt outstanding increased from 2.0% to 3.0% per annum. The minimum cash balance required was also increased from $500 to $750 per vessel mortgaged under this facility pursuant to the August 2012 Agreements.

Pursuant to the amendment to the 2007 Credit Facility which was entered into on December 21, 2011, the Company was subject to a facility fee of 2.0% per annum on the average daily outstanding principal amount of the loans outstanding, payable quarterly in arrears, which was subject to a reduction to 1.0% if the Company consummated an equity offering resulting in an aggregate amount of $50,000 of gross proceeds. On February 28, 2012, the Company completed an equity offering of 7,500,000 shares which resulted in gross proceeds of $53,250. As such, effective February 28, 2012, the facility fee was reduced to 1.0%.

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

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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 extended 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.

As of July 9, 2014, the Effective Date, the 2007 Credit Facility was terminated and the liens and mortgages related thereto were released as part of the Plan. Refer to the Bankruptcy Filing section of Note 1 General Information for further information regarding the Chapter 11 Cases.

$100 Million Term Loan Facility

On August 12, 2010, the Company entered into the $100 Million Term Loan Facility. As of September 30, 2014, the Company had utilized its maximum borrowing capacity of $100,000. The Company has used the $100 Million Term Loan Facility to fund or refund the Company a portion of the purchase price of the acquisition of five vessels from companies within the Metrostar group of companies. As of September 30, 2014, there was no availability under the $100 Million Term Loan Facility.

Pursuant to the amendments to the $100 Million Term Loan Facility that were entered into on December 21, 2011 and the August 2012 Agreements, the maximum leverage ratio covenant and the minimum permitted consolidated interest ratio covenant were waived for the periods ending on and including December 31, 2013.

As of September 30, 2014, the Company believes it is in compliance with all of the financial covenants under the $100 Million Term Loan Facility, as amended.

See above in this note under the heading 2007 Credit Facilities 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. See the Bankruptcy Filing section under Note 1 General Information for the Company s restructuring plans, including the filing of its Chapter 11 Cases and the Company s subsequent emergence from Chapter 11.

On the Effective Date, Genco entered into the Amended and Restated $100 Million Term Loan Facility and the Amended and Restated $253 Million Term Loan Facility. The Amended and Restated Credit Facilities included, among other things:

- A paydown as of the Effective Date with respect to payments which became due under the prepetition credit facilities between the Petition Date and the Effective Date and were not paid during the pendency of the Chapter 11 Cases ($1,923 for the $100 Million Term Loan Facility and $5,075 for the $253 Million Term Loan Facility).

- Extension of the maturity dates to August 31, 2019 from August 17, 2017 for the $100 Million Term Loan Facility and August 15, 2015 for the $253 Million Term Loan Facility.

- Relief from compliance with financial covenants governing the Company s maximum leverage ratio, minimum consolidated interest coverage ratio and consolidated net worth through and including the quarter ending March 31, 2015 (with quarterly testing commencing June 30, 2015).

- A fleetwide minimum liquidity covenant requiring maintenance of cash of $750 per vessel for all vessels owned by Genco (excluding those owned by Baltic Trading).

- An increase in the interest rate to LIBOR plus 3.50% per year from 3.00% previously for the $100 Million Term Loan Facility and the $253 Million Term Loan Facility.

The obligations under the Amended and Restated $100 Million Term Loan Facility are secured by a first priority security interest in the vessels and other collateral securing the $100 Million Term Loan Facility. The Amended and Restated $100 Million Term Loan Facility requires quarterly repayment installments in accordance with the original terms of the $100 Million Term Loan Facility.

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$253 Million Term Loan Facility

On August 20, 2010, the Company entered into the $253 Million Term Loan Facility. As of September 30, 2014, the Company had utilized its maximum borrowing capacity of $253,000 to fund or refund to the Company a portion of the purchase price of the 13 vessels purchased from Bourbon SA during the third quarter of 2010 and first quarter of 2011. As of September 30, 2014, there was no availability under the $253 Million Term Loan Facility.

Pursuant to the amendment to the $253 Million Term Loan Facility that was entered into on December 21, 2011 and the August 2012 Agreements, the maximum leverage ratio covenant and the minimum permitted consolidated interest ratio covenant were waived for the periods ending on and including December 31, 2013.

As of September 30, 2014 and December 31, 2013, the Company has 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.

As of September 30, 2014, the Company believes it is in compliance with all of the financial covenants under the $253 Million Term Loan Facility, as amended.

See above in this note under the heading 2007 Credit Facility 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. See the Bankruptcy Filing section under Note 1 General Information for the Company s restructuring plans, including the filing of its Chapter 11 Cases and the Company s subsequent emergence from Chapter 11.

Refer to the $100 Million Term Loan Facility section above for a description of the Amended and Restated $253 Million Term Loan Facility that was entered into by the Company on the Effective Date. The obligations under the Amended and Restated $253 Million Term Loan Facility are secured by a first priority security interest in the vessels and other collateral securing the $253 Million Term Loan Facility. The Amended and Restated $253 Million Term Loan Facility requires quarterly repayment installments in accordance with the original terms of the $253 Million Term Loan Facility.

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). Among other things, the August 2013 Amendment implements 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.

- 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.

As of September 30, 2014, $7,750 remained available under the 2010 Baltic Trading Credit Facility as the total commitment was reduced to $110,000 on August 29, 2013. 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 September 30, 2014.

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As of September 30, 2014, the Company believes Baltic Trading is in compliance with all of the financial covenants under the 2010 Baltic Trading Credit Facility.

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.

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 September 30, 2014, Baltic Trading has utilized its maximum borrowing capacity of $22,000 and there was no further availability. At September 30, 2014 and December 31, 2013, the total outstanding debt balance was $20,500 and $21,625, respectively, as required repayments began on December 4, 2013.

As of September 30, 2014 the Company believes Baltic Trading is in compliance with all of the financial covenants under the Baltic Trading $22 Million Term Loan Facility.

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 is 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 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 $18,000 plus any additional amounts necessary to maintain compliance with the collateral maintenance covenant, Baltic Trading 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.

On December 23, 2013, Baltic Tiger Limited and Baltic Lion Limited made drawdowns of $21,400 and $22,600 for the Baltic Tiger and Baltic Lion, respectively. As of September 30, 2014, Baltic Trading has utilized its maximum borrowing capacity of $44,000 and there was no further availability. At September 30, 2014 and December 31, 2013, the total outstanding debt balance was $41,938 and $44,000, respectively, as required repayments began on March 24, 2014.

As of September 30, 2014, the Company believes Baltic Trading is in compliance with all of the financial covenants under the Baltic Trading $44 Million Term Loan Facility.

2014 Baltic Trading Term Loan Facilities

On October 8, 2014, Baltic Trading and its wholly-owned subsidiaries, Baltic Hornet Limited and Baltic Wasp Limited, each entered into a loan agreement and related documentation for a credit facility in a principal amount of up to $16,800 with ABN AMRO

Capital USA LLC and its affiliates (the 2014 Baltic Trading Term Loan Facilities) to partially finance the newbuilding Ultramax vessel that each subsidiary is to acquire, namely the Baltic Hornet and Baltic Wasp, respectively. Amounts borrowed under the 2014 Baltic Trading Term Loan Facilities may not be reborrowed. The 2014 Baltic Trading Term Loan Facilities have a ten-year term, and the facility amount is to be the lowest of 60% of the delivered cost per vessel, $16,800 per vessel, and 60% of the fair market value of each vessel at delivery. The 2014 Baltic Trading Term Loan Facilities are insured by the China Export & Credit Insurance Corporation (Sinosure) in order to cover political and commercial risks for 95% of the outstanding principal plus interest, which will be recorded in deferred financing fees. Borrowings under the 2014 Baltic Trading Term Loan Facilities bear interest at the three or six-month LIBOR rate plus an applicable margin of 2.50% per annum. Borrowings are to be repaid in 20 equal consecutive semi-annual installments of 1/24 of the facility amount plus a balloon payment of 1/6 of the facility amount at final maturity. Principal repayments will commence six months after the actual delivery date for a vessel.

Borrowings under the 2014 Baltic Trading Term Loan Facilities are to be secured by liens on the Baltic Trading s vessels acquired with borrowings under these facilities, namely the Baltic Hornet and Baltic Wasp, and other related assets. Baltic Trading guarantees the obligations of the Baltic Hornet and Baltic Wasp under the 2014 Baltic Trading Term Loan Facilities.

The 2014 Baltic Trading Term Loan Facilities require Baltic Trading, Baltic Hornet Limited and Baltic Wasp Limited to comply with covenants comparable to those of the Baltic Trading $44 Million Term Loan Facility, except for a collateral maintenance covenant requiring that the minimum fair market value of the vessel acquired be 135% of the amount outstanding under the 2014 Baltic Trading Term Loan Facilities.

On October 24, 2014, Baltic Trading drew down $16,800 for the purchase of the Baltic Hornet, which was delivered on October 29, 2014.

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, the Baltic Trading $44 Million Term Loan Facility and the 2014 Baltic Trading Term Loan Facilities, 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. The Prepack Plan did not result, and the Company does not expect the Prepack Plan to result, in a reduction of the Company s ownership in Baltic Trading. As of the date of this report, no change of control under either of the foregoing tests has occurred. In addition, Baltic Trading has the right to terminate the Management Agreement upon the occurrence of certain events, including a Manager Change of Control (as defined in the Management Agreement), without making a termination payment. Some of these have occurred as a result of the transactions contemplated by the Prepack Plan, including the consummation of any transaction that results in (i) any person (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934), other than Peter Georgiopoulos or any of his affiliates, becoming the beneficial owner of 25% of the Company s voting securities or (ii) the Company s stock ceasing to be traded on the New York Stock Exchange or any other internationally recognized stock exchange. Therefore, Baltic Trading may have the right to terminate the Management Agreement, although Baltic Trading may be prevented or delayed from doing so because of the effect of applicable bankruptcy law, including the automatic stay provisions of the United States Bankruptcy Code and the provisions of the Prepack Plan and the Confirmation Order. The Prepack Plan did not result in any changes to the Management Agreement. In its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 filed on November 10, 2014, Baltic Trading stated that its Board of Directors had not made any determination as of the date of such report regarding any action in connection with the Management Agreement in light of the foregoing events.

Interest payable

As required under the August 2012 Agreements, 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. On the Effective Date, the 2007 Credit Facility was terminated, therefore this liability was discharged. Refer to Note 1   General Information for further information regarding the Chapter 11 Cases.

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Interest rates

The following tables set forth the effective interest rate associated with the interest expense for the Company s debt facilities noted above included the costs associated with unused commitment fees. For the Predecessor Company for the period from January 1 to July 9, 2014, July 1 to July 9, 2014 and for the three and nine months ended September 30, 2013, the effective interest rate also included 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, as well as the 1.0% facility fee for the 2007 Credit Facility as noted above. The following tables also include the range of interest rates on the debt, excluding the impact of swaps and unused commitment fees, if applicable:

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from July 1 to July 9, 2014	Three Months Ended September 30, 2013
Effective Interest Rate	3.62%	3.94%	4.69%
Range of Interest Rates (excluding impact of swaps and unused commitment fees)	3.15% to 3.73%	3.15% to 5.15%	3.18% to 4.31%

	Successor	Predecessor	
	Period from July 9 to September 30, 2014	Period from January 1 to July 9, 2014	Nine Months Ended September 30, 2013
Effective Interest Rate	3.62%	4.19%	4.72%
Range of Interest Rates (excluding impact of swaps and unused commitment fees)	3.15% to 3.73%	3.15% to 5.15%	3.18% to 4.38%

10 CONVERTIBLE SENIOR NOTES

The Company issued $125,000 of the 2010 Notes on July 27, 2010. The Indenture for the 2010 Notes includes customary agreements and covenants by the Company, including with respect to events of default. As noted in Note 1 General Information, the filing of the Chapter 11 Cases by the Company on April 21, 2014 constituted an event of default with respect to the 2010 Notes. On this date, the Company ceased recording interest expense related to the 2010 Notes. During the period from July 1 to July 9, 2014 and January 1 to July 9, 2014, interest expense of $255 and $2,522, including the amortization of the discount of the liability component and the bond coupon interest expense, was not recorded by the Predecessor Company, which would have been incurred had the indebtedness not been reclassified as a Liability subject to compromise. On the Effective Date, when the Company emerged from Chapter 11, the 2010 Notes and the Indenture were fully satisfied and discharged.

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

	Predecessor December 31, 2013
Carrying amount of the equity component (additional paid-in capital)	$ 24,375
Principal amount of the 2010 Notes	125,000

Unamortized discount of the liability component	9,119
Net carrying amount of the liability component	115,881

	Predecessor			
	Period from July 1 to July 9, 2014	Three Months Ended September 30, 2013	Period from January 1 to July 9, 2014 (a)	Nine Months Ended September 30, 2013
Effective interest rate on liability component	%	10.0%	10.0%	10.0%
Cash interest expense recognized	$	$ 1,575	$ 1,886	$ 4,687
Non-cash interest expense recognized		1,265	1,592	3,653
Non-cash deferred financing amortization costs included in interest expense		181	216	537

(a) The amounts and percentage reflect amounts through April 21, 2014 since the Company ceased recording interest expense due to the Chapter 11 Cases.

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Refer to Note 1 General Information for additional information regarding defaults relating to the 2010 Notes.

11 - INTEREST RATE SWAP AGREEMENTS

As of December 31, 2013, the Company had four interest swap agreements outstanding with DNB Bank ASA to manage interest costs and the risk associated with variable interest rates related to the Company s 2007 Credit Facility. The total notional principal amount of the swaps at December 31, 2013 was $306,233 and the swaps had specified rates and durations. Three of the swaps that were outstanding at December 31, 2013 expired during 2014 prior to the Petition Date.

As of March 31, 2014, the Company was in default under covenants of its 2007 Credit Facility due to the default on the scheduled debt amortization payment due on March 31, 2014. Refer to Note 1 General Information for additional information regarding defaults relating to the swap. The default under the 2007 Credit Facility requires the Company to elect interest periods of only one-month, therefore the Company no longer qualified for hedge accounting under the original designation and hedge accounting was terminated effective March 31, 2014. Additionally, the filing of the Chapter 11 Cases by the Company on the Petition Date constituted an event of default with respect to the outstanding interest rate swap with DNB Bank ASA. As a result, DNB Bank ASA terminated all transactions under the remaining swap agreement effective April 30, 2014 and filed a secured claim with the Bankruptcy Court of $5,622. The claim was paid to DNB Bank ASA by the Successor Company during the period from July 9 to September 30, 2014.

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

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

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

	Liability Derivatives			
	Balance Sheet Location	Fair Value December 31, 2013	Balance Sheet Location	Fair Value December 31, 2013
Derivatives designated as hedging instruments				

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

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The differentials to be paid or received for these swap agreements are recognized as an adjustment to interest expense as incurred. The Company utilized cash flow hedge accounting for these swaps through March 31, 2014, whereby the effective portion of the change in the 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. On March 31, 2014, the cash flow hedge accounting on the remaining swap agreement was discontinued. Once cash flow hedge accounting was discontinued, the changes in the fair value of the interest rate swaps are recorded in the Condensed Consolidated Statement of Operations in interest expense and the remaining amounts included in AOCI are amortized to interest expense over the original term of the hedging relationship for the Predecessor Company.

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

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Period from July 1 to July 9, 2014

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2014	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2014	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2014
Interest rate contracts	$	Interest Expense	$ (95)	Other Income (Expense)	$

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Three-Month Period Ended September 30, 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	$ (439)	Interest Expense	$ (2,515)	Other Income (Expense)	$ 2

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Period from July 1 to July 9, 2014 and for the Three-Month Period Ended September 30, 2013

Derivatives not designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative: For the Period from July 1 to July 9, 2014	Three Months Ended September 30, 2013
Interest rate contracts	Interest Expense	$	$

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Period from January 1 to July 9, 2014

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2014	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2014	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2014
Interest rate contracts	$ (179)	Interest Expense	$ (2,580)	Other Income (Expense)	$

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The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Nine-Month Period Ended September 30, 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	$ (668)	Interest Expense	$ (7,431)	Other Income (Expense)	$ (3)

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Operations

For the Period from January 1 to July 9, 2014 and for the Nine-Month Period Ended September 30, 2013

Derivatives not designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative: For the Period from January 1 to July 9, 2014	Amount of Gain (Loss) Recognized in Income on Derivative: Nine Months Ended September 30, 2013
Interest rate contracts	Interest Expense	$ (225)	$

The Company was required to provide collateral in the form of vessel assets to support the interest rate swap agreements, excluding vessel assets of Baltic Trading. Prior to the termination of the 2007 Credit Facility on the Effective Date, 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 condensed 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 for the Predecessor Company. For the Successor Company, the components of AOCI included in the accompanying condensed consolidated balance sheets consists only of net unrealized gains (losses) from investments in Jinhui stock and KLC stock based on the revised cost basis recorded as part of fresh-start reporting.

Changes in AOCI by Component

For the Period from July 9 to September 30, 2014

Successor Company

		Net Unrealized Gain (Loss) on Investments
AOCI July 9, 2014	$	
OCI before reclassifications		(13,341)
Amounts reclassified from AOCI		
Net current-period OCI		(13,341)
AOCI September 30, 2014	$	(13,341)

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Changes in AOCI by Component

For the Period from July 1 to July 9, 2014

Predecessor Company

	Net Unrealized Gain (Loss) on Cash Flow Hedges	Net Unrealized Gain (Loss) on Investments	Total
AOCI July 1, 2014	$ (4,670)	$ 32,746	$ 28,076
OCI before reclassifications		2,186	2,186
Amounts reclassified from AOCI	95		95
Net current-period OCI	95	2,186	2,281
AOCI July 9, 2014	$ (4,575)	$ 34,932	$ 30,357

Changes in AOCI by Component

For the Three-Month Period Ended September 30, 2013

Predecessor Company

	Net Unrealized Gain (Loss) on Cash Flow Hedges	Net Unrealized Gain (Loss) on Investments	Total
AOCI July 1, 2013	$ (11,370)	$ 10,543	$ (827)
OCI before reclassifications	4,591	14,514	19,105
Amounts reclassified from AOCI	(2,515)		(2,515)
Net current-period OCI	2,076	14,514	16,590
AOCI September 30, 2013	$ (9,294)	$ 25,057	$ 15,763

Changes in AOCI by Component

For the Period from January 1 to July 9, 2014

Predecessor Company

	Net Unrealized Gain (Loss) on Cash Flow Hedges	Net Unrealized Gain (Loss) on Investments	Total

AOCI January 1, 2014	$ (6,976)	$ 60,698	$ 53,722
OCI before reclassifications	(179)	(25,766)	(25,945)
Amounts reclassified from AOCI	2,580		2,580
Net current-period OCI	2,401	(25,766)	(23,365)
AOCI July 9, 2014	$ (4,575)	$ 34,932	$ 30,357

Changes in AOCI by Component

For the Nine-Month Period Ended September 30, 2013

Predecessor Company

	Net Unrealized Gain (Loss) on Cash Flow Hedges	Net Unrealized Gain (Loss) on Investments	Total
AOCI January 1, 2013	$ (16,057)	$ 4,216	$ (11,841)
OCI before reclassifications	14,194	20,841	35,035
Amounts reclassified from AOCI	(7,431)		(7,431)
Net current-period OCI	6,763	20,841	27,604
AOCI September 30, 2013	$ (9,294)	$ 25,057	$ 15,763

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Reclassifications Out of AOCI

Predecessor Company

Details about AOCI Components	Amount Reclassified from AOCI Predecessor Period from July 1 to July 9, 2014	Three Months Ended September 30, 2013	Affected Line Item in the Statement Where Net Loss is Presented
Gains and losses on cash flow hedges			
Interest rate contracts	$ 95	$ 2,515	Interest expense
Total reclassifications for the period	$ 95	$ 2,515	

[redacted]

Gains and losses on cash flow hedges			
[redacted]			
[redacted]			

13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values and carrying values of the Company s financial instruments at September 30, 2014 and December 31, 2013 which are required to be disclosed at fair value, but not recorded at fair value, are noted below.

	Successor September 30, 2014		Predecessor December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 106,620	$ 106,620	$ 122,722	$ 122,722
Restricted cash	10,150	10,150	10,150	10,150
Floating rate debt	405,045	405,045	1,480,064	See Below
2010 Notes			115,881	63,438

The fair value of the floating rate debt under the Amended and Restated $100 Million Term Loan Facility and the Amended and Restated $253 Million Term Loan Facility are based on rates obtained upon our emergence from Chapter 11 on the Effective Date. The 2007 Credit Facility was terminated on the Effective Date; however, a portion of the floating rate debt of the 2007 Credit Facility which was outstanding as of December 31, 2013 was traded in a private transaction for an amount that is not determinable by the Company, which Management believed was lower than the debt s current carrying value as of December 31, 2013. The fair value of the 2010 Baltic Trading Credit Facility is based on rates Baltic Trading has 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. Refer to Note 9 Debt for further information. Additionally, the Company considers its creditworthiness in determining the fair value of 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 as of December 31, 2013. 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 without bifurcating the value of the conversion option. The fair value of the interest rate swaps at December 31, 2013 is the estimated amount the Company would receive 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 September 30, 2014 and December 31, 2013 (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

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assumption (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally 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 September 30, 2014 and December 31, 2013, the fair values of the Company s financial assets and liabilities are categorized as follows:

	Successor September 30, 2014		
	Total	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$ 38,463	$ 38,463	$

	Predecessor 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

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 only interest rate derivative instrument is a pay-fixed, receive-variable interest rate swaps based on LIBOR which was outstanding as of December 31, 2013. The Company has elected to use the income approach to value this derivative, 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 risk 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 measurement of the derivative instruments as of December 31, 2013. Refer to Note 1 General Information for additional information regarding defaults relating to the swap. 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 transaction amongst third parties. The 2010 Notes were publicly traded in the over-the-counter market; however, they were not considered to be actively traded. As such, the 2010 Notes are considered to be a Level 2 item as of December 31, 2013. The interest rate swap agreement and 2010 Notes were not outstanding as of September 30, 2014. The Company did not have any Level 3 financial assets or liabilities during the nine months ended September 30, 2014 and 2013.

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14 - PREPAID EXPENSES AND OTHER CURRENT AND NONCURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	Successor September 30, 2014	Predecessor December 31, 2013
Lubricant inventory, fuel oil and diesel oil inventory and other stores	$ 13,407	$ 11,342
Prepaid items	5,025	5,000
Insurance receivable	2,719	1,096
Other	4,089	1,627
Total prepaid expenses and other current assets	$ 25,240	$ 19,065

Other noncurrent assets in the amount of $514 at September 30, 2014 and December 31, 2013 represent the security deposit related to the operating lease entered into effective April 4, 2011. Refer to Note 21 Commitments and Contingencies for further information related to the lease agreement.

15 DEFERRED FINANCING COSTS

Deferred financing costs include fees, commissions and legal expenses associated with securing loan facilities and other debt offerings and amending existing loan facilities. Total net deferred financing costs consist of the following as of September 30, 2014 and December 31, 2013:

	Successor September 30, 2014	Predecessor December 31, 2013
2007 Credit Facility	$	$ 29,568
$100 Million Term Loan Facility	1,492	1,783
$253 Million Term Loan Facility	3,135	4,708
2010 Notes		3,637
2010 Baltic Trading Credit Facility	3,339	3,339
Baltic Trading $22 Million Term Loan Facility	529	518
Baltic Trading $44 Million Term Loan Facility	758	737
Total deferred financing costs	9,253	44,290
Less: accumulated amortization	2,562	22,279
Total	$ 6,691	$ 22,011

Amortization expense of deferred financing costs for the Successor Company for the period from July 9 to September 30, 2014 was $384. Amortization expense of deferred financing costs for the Predecessor Company for the period July 1 to July 9, 2014 and for the period from January 1 to July 9, 2014 was $170 and $4,461, respectively. Amortization expense of deferred financing costs for the Predecessor Company for the three and nine months ended September 30, 2013 was $3,171 and $6,862, respectively. This amortization expense is recorded as a component of Interest expense in the Condensed Consolidated Statements of Operations.

On the Effective Date, the Company eliminated the net unamortized deferred financing costs for the 2007 Credit Facility and the 2010 Notes and classified the changes as Restructuring items, net in the Condensed Consolidated Statements of Operation for the Predecessor Company as both the 2007 Credit Facility and 2010 Notes were terminated as part of the Plan. Additionally, the unamortized deferred financing costs for the $100 Million Term Loan Facility and the $253 Million Term Loan Facility prior their Restatements and Amendment pursuant to the Plan were eliminated and the Company classified the changes to Restructuring items, net in the Condensed Consolidated Statements of Operation for the Predecessor Company. Fees and legal expenses for securing the Amended and Restated $100 Million and $253 Million Term Loan Facilities have been capitalized as deferred financing costs and will be amortized over the extended term of the respective loans.

16 - FIXED ASSETS

Fixed assets consist of the following:

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	Successor September 30, 2014		Predecessor December 31, 2013	
Fixed assets, at cost:				
Vessel equipment	$	121	$	4,323
Leasehold improvements				2,679
Furniture and fixtures		462		786
Computer equipment		129		754
Total costs		712		8,542
Less: accumulated depreciation and amortization		66		3,438
Total	$	646	$	5,104

Depreciation and amortization expense for fixed assets for the Successor Company for the period from July 9 to September 30, 2014 was $66. Depreciation and amortization expense for fixed assets for the Predecessor Company for the period from July 1 to July 9, 2014 and January 1 to July 9, 2014 was $19 and $458, respectively. Additionally, depreciation and amortization expense for fixed assets for the Predecessor Company for the three and nine months ended September 30, 2013 was $233 and $687, respectively. Refer to Note 4 Cash Flow Information for information regarding the reclassification from fixed assets to vessels assets during the period from January 1 to July 9, 2014.

17 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	Successor September 30, 2014		Predecessor December 31, 2013	
Accounts payable	$	17,075	$	5,643
Accrued general and administrative expenses		6,964		8,960
Accrued vessel operating expenses		12,910		12,756
Total				