GENCO SHIPPING & TRADING LTD
Form 10-Q
August 10, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from to

Commission file number 001-33393

GENCO SHIPPING & TRADING LIMITED

(Exact name of registrant as specified in its charter)

Republic of the Marshall Islands	98-043-9758
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

299 Park Avenue, 12th Floor, New York, New York 10171

(Address of principal executive offices) (Zip Code)

(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 No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
		(Do not check if a smaller reporting company)	Emerging growth company

If emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act

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

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   No

The number of shares outstanding of each of the issuer's classes of common stock, as of August 10, 2017: Common stock, $0.01 per share — 34,434,538 shares.

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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 June 30, 2017 and December 31, 2016

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

(Unaudited)

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 147,153	$ 133,400
Restricted cash	8,335	8,242
Due from charterers, net of a reserve of $132 and $283, respectively	6,433	10,373
Prepaid expenses and other current assets	22,433	15,750
Vessels held for sale	—	4,840
Total current assets	184,354	172,605
Noncurrent assets:		
Vessels, net of accumulated depreciation of $193,922 and $163,053, respectively	1,315,336	1,354,760
Deferred drydock, net of accumulated amortization of $7,862 and $6,340 respectively	15,057	12,637
Fixed assets, net of accumulated depreciation and amortization of $878 and $759, respectively	951	1,018
Other noncurrent assets	514	514
Restricted cash	25,507	27,426
Total noncurrent assets	1,357,365	1,396,355
Total assets	$ 1,541,719	$ 1,568,960
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 20,355	$ 22,885
Current portion of long-term debt	9,576	4,576
Deferred revenue	1,648	1,488
Total current liabilities:	31,579	28,949

Noncurrent liabilities:		
Long-term lease obligations	2,228	1,868
Long-term debt, net of deferred financing costs of $10,204 and $11,357, respectively	506,044	508,444
Total noncurrent liabilities	508,272	510,312
Total liabilities	539,851	539,261
Commitments and contingencies		
Equity:		
Series A Preferred Stock, par value $0.01; aggregate liquidation preference of $0 and $120,789 at June 30, 2017 and December 31, 2016, respectively	—	120,789
Common stock, par value $0.01; 500,000,000 shares authorized; issued and outstanding 34,434,538 and 7,354,449 shares at June 30, 2017 and December 31, 2016, respectively	344	74
Additional paid-in capital	1,626,584	1,503,784
Retained deficit	(625,060)	(594,948)
Total equity	1,001,868	1,029,699
Total liabilities and equity	$ 1,541,719	$ 1,568,960

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2017 and 2016

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

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Voyage revenues	$ 45,370	$ 31,460	$ 83,619	$ 51,590
Service revenues	—	414	—	1,225
Total revenues	45,370	31,874	83,619	52,815
Operating expenses:				
Voyage expenses	951	3,074	4,192	6,970
Vessel operating expenses	23,852	28,538	48,736	57,665
General and administrative expenses (inclusive of nonvested stock amortization expense of $1,570, $5,442, $2,281 and $10,928, respectively)	5,752	11,589	10,661	22,158
Technical management fees	1,871	2,264	3,852	4,550
Depreciation and amortization	18,185	19,686	36,358	40,025
Other operating income	—	(182)	—	(182)
Impairment of vessel assets	3,339	67,594	3,339	69,278
(Gain) loss on sale of vessels	(1,343)	77	(7,712)	77
Total operating expenses	52,607	132,640	99,426	200,541
Operating loss	(7,237)	(100,766)	(15,807)	(147,726)
Other (expense) income:				
Impairment of investment	—	(2,696)	—	(2,696)
Other expense	(50)	(50)	(115)	(174)
Interest income	338	33	512	95
Interest expense	(7,564)	(7,013)	(14,702)	(14,127)
Other expense	(7,276)	(9,726)	(14,305)	(16,902)
Loss before reorganization items, net	(14,513)	(110,492)	(30,112)	(164,628)
Reorganization items, net	—	(65)	—	(160)

Loss before income taxes	(14,513)	(110,557)	(30,112)	(164,788)
Income tax expense	—	(96)	—	(350)
Net loss	$ (14,513)	$ (110,653)	$ (30,112)	$ (165,138)
Net loss per share-basic	$ (0.42)	$ (15.32)	$ (0.89)	$ (22.87)
Net loss per share-diluted	$ (0.42)	$ (15.32)	$ (0.89)	$ (22.87)
Weighted average common shares outstanding-basic	34,430,766	7,221,735	33,965,835	7,220,265
Weighted average common shares outstanding-diluted	34,430,766	7,221,735	33,965,835	7,220,265

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Comprehensive Loss

For the Three and Six Months Ended June 30, 2017 and 2016

(U.S. Dollars in Thousands)

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Net loss	$ (14,513)	$ (110,653)	$ (30,112)	$ (165,138)
Other comprehensive loss	—	(864)	—	(5)
Comprehensive loss	$ (14,513)	$ (111,517)	$ (30,112)	$ (165,143)

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Equity

For the Six Months Ended June 30, 2017 and 2016

(U.S. Dollars in Thousands)

(Unaudited)

	Series A Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Deficit	Total Equity
Balance — January 1, 2017	$ 120,789	$ 74	$ 1,503,784	$ —	$ (594,948)	$ 1,029,699
Net loss					(30,112)	(30,112)
Conversion of 27,061,856 shares of Series A Preferred Stock	(120,789)	270	120,519			—
Issuance of 18,234 shares of vested RSUs		—	—			—
Nonvested stock amortization			2,281			2,281
Balance — June 30, 2017	$ —	$ 344	$ 1,626,584	$ —	$ (625,060)	$ 1,001,868

	Series A Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Deficit	Total Equity
Balance — January 1, 2016	$ —	$ 73	$ 1,483,105	$ (21)	$ (377,191)	$ 1,105,966
Net loss					(165,138)	(165,138)
Other comprehensive loss				(5)		(5)

Issuance of 61,244 shares of nonvested stock		1	(1)			—
Issuance of 3,138 shares of vested RSUs		—	—			—
Nonvested stock amortization			10,928			10,928
Balance - June 30, 2016	$ —	$ 74	$ 1,494,032	$ (26)	$ (542,329)	$ 951,751

See accompanying notes to condensed consolidated financial statements.

Genco Shipping & Trading Limited

Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2017 and 2016

(U.S. Dollars in Thousands)

(Unaudited)

	For the Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities:		
Net loss	$ (30,112)	$ (165,138)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	36,358	40,025
Amortization of deferred financing costs	1,153	1,458
PIK interest, net	3,028	—
Amortization of nonvested stock compensation expense	2,281	10,928
Impairment of vessel assets	3,339	69,278
(Gain) loss on sale of vessels	(7,712)	77
Impairment of investment	—	2,696
Realized loss on sale of investment	—	92
Change in assets and liabilities:		
Decrease in due from charterers	3,940	2,337
(Increase) decrease in prepaid expenses and other current assets	(6,683)	2,131
Decrease in accounts payable and accrued expenses	(1,406)	(4,338)
Increase (decrease) in deferred revenue	160	(63)
Increase in lease obligations	360	360
Deferred drydock costs incurred	(5,291)	(1,073)
Net cash used in operating activities	(585)	(41,230)
Cash flows from investing activities:		
Purchase of vessels, including deposits	(252)	(380)
Purchase of other fixed assets	(65)	(207)
Net proceeds from sale of vessels	15,513	1,923
Sale of AFS securities	—	2,361
Changes in deposits of restricted cash	1,826	—
Net cash provided by investing activities	17,022	3,697
Cash flows from financing activities:		
Repayments on the $400 Million Credit Facility	(200)	—
Repayments on the $100 Million Term Loan Facility	—	(3,846)
Repayments on the $253 Million Term Loan Facility	—	(10,150)
Repayments on the 2015 Revolving Credit Facility	—	(3,282)

Repayments on the $44 Million Term Loan Facility	—	(1,375)
Repayments on the $148 Million Credit Facility	—	(5,994)
Repayments on the $22 Million Term Loan Facility	—	(750)
Repayments on the 2014 Term Loan Facilities	(1,381)	(1,381)
Cash settlement of non-accredited Note holders	—	(101)
Payment of Series A Preferred Stock issuance costs	(1,103)	—
Net cash used in financing activities	(2,684)	(26,879)
Net increase (decrease) in cash and cash equivalents	13,753	(64,412)
Cash and cash equivalents at beginning of period	133,400	121,074
Cash and cash equivalents at end of period	$ 147,153	$ 56,662

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") and its direct and indirect wholly-owned subsidiaries (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 June 30, 2017, is the direct or indirect owner of all of the outstanding shares or limited liability company interests of the following subsidiaries: Genco Ship Management LLC; Genco Investments LLC; Genco RE Investments LLC; Baltic Trading Limited; and the ship-owning subsidiaries as set forth below under "Other General Information." As of June 30, 2017, Genco Ship Management LLC is the sole owner of all of the outstanding limited liability company interests of Genco Management (USA) LLC ("Genco (USA)").

On April 15, 2016, the shareholders of the Company approved, at a Special Meeting of Shareholders (the "Special Meeting"), proposals to amend the Second Amended and Restated Articles of Incorporation of the Company to (i) increase the number of authorized shares of common stock of the Company from 250,000,000 to 500,000,000 and (ii) authorize the issuance of up to 100,000,000 shares of preferred stock, in one or more classes or series as determined by the Board of Directors of the Company. The authorized shares did not change as a result of the reverse stock split as discussed below. Following the Special Meeting on such date, the Company filed Articles of Amendment of its Second Amended and Restated Articles of Incorporation with the Registrar of Corporations of the Republic of the Marshall Islands to implement to the foregoing amendments. Additionally, at the Special Meeting, the shareholders of the Company approved a proposal to amend the Second Amended and Restated Articles of Incorporation of the Company to effect a reverse stock split of the issued and outstanding shares of Common Stock at a ratio between 1-for-2 and 1-for-25 with such reverse stock split to be effective at such time and date, if at all, as determined by the Board of Directors of the Company, but no later than one year after shareholder approval thereof.

On July 7, 2016, the Company completed a one-for-ten reverse stock split of its common stock. As a result, all share and per share information included for all periods presented in these condensed consolidated financial statements reflect the reverse stock split. Refer to Note 6 — Net Loss per Common Share and Note 17 — Stock-Based Compensation.

On October 13, 2016, Peter C. Georgiopoulos resigned as Chairman of the Board and a director of the Company. The Board of Directors appointed Arthur L. Regan, a current director of the Company, as Interim Executive Chairman of the Board. In connection with his departure, Mr. Georgiopoulos entered into a Separation Agreement and a Release

Agreement with the Company on October 13, 2016. Under the terms of these agreements, subject to customary conditions, Mr. Georgiopoulos received an amount equal to the annual Chairman's fee awarded to him in recent years of $500 as a severance payment and full vesting of his unvested equity awards, which consisted of grants of 68,581 restricted shares of the Company's common stock and warrants exercisable for approximately 213,937 shares of the Company's common stock with an exercise price per share ranging $259.10 to $341.90. Refer to Note 17 — Stock-Based Compensation. The agreements also contain customary provisions pertaining to confidential information, releases of claims by Mr. Georgiopoulos, and other restrictive covenants.

On November 15, 2016, pursuant to the Purchase Agreements (as defined in Note 8 — Debt), the Company completed the private placement of 27,061,856 shares of Series A Convertible Preferred Stock ("Series A Preferred Stock") which included 25,773,196 shares at a price per share of $4.85 and an additional 1,288,660 shares issued as a commitment fee on a pro rata basis. The Company received net proceeds of $120,789 after deducting placement agents' fees and expenses. On January 4, 2017, the Company's shareholders approved at a Special Meeting of Shareholders the issuance of up to 27,061,856 shares of common stock of the Company upon the conversion of shares of the Series A Preferred Stock, par value $0.01 per share, which were purchased by certain investors in a private placement (the "Conversion Proposal"). As a result of shareholder approval of the Conversion Proposal, all outstanding 27,061,856 shares of Series A Preferred Stock were automatically and mandatorily converted into 27,061,856 shares of common stock of the Company on January 4, 2017.

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Other General Information

Below is the list of the Company’s wholly owned ship-owning subsidiaries as of June 30, 2017:

Wholly Owned Subsidiaries	Vessel Acquired	Dwt	Delivery Date	Year Built
Genco Vigour Limited	Genco Vigour	73,941	12/15/04	1999
Genco Explorer Limited	Genco Explorer	29,952	12/17/04	1999
Genco Progress Limited	Genco Progress	29,952	1/12/05	1999
Genco Beauty Limited	Genco Beauty	73,941	2/7/05	1999
Genco Knight Limited	Genco Knight	73,941	2/16/05	1999
Genco Muse Limited	Genco Muse	48,913	10/14/05	2001
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
Baltic Lion Limited	Baltic Lion	179,185	4/8/15	(1)	2012
Baltic Tiger Limited	Genco Tiger	179,185	4/8/15	(1)	2011
Baltic Leopard Limited	Baltic Leopard	53,447	4/8/10	(2)	2009
Baltic Panther Limited	Baltic Panther	53,351	4/29/10	(2)	2009
Baltic Cougar Limited	Baltic Cougar	53,432	5/28/10	(2)	2009
Baltic Jaguar Limited	Baltic Jaguar	53,474	5/14/10	(2)	2009
Baltic Bear Limited	Baltic Bear	177,717	5/14/10	(2)	2010
Baltic Wolf Limited	Baltic Wolf	177,752	10/14/10	(2)	2010
Baltic Wind Limited	Baltic Wind	34,409	8/4/10	(2)	2009
Baltic Cove Limited	Baltic Cove	34,403	8/23/10	(2)	2010
Baltic Breeze Limited	Baltic Breeze	34,386	10/12/10	(2)	2010
Baltic Fox Limited	Baltic Fox	31,883	9/6/13	(2)	2010
Baltic Hare Limited	Baltic Hare	31,887	9/5/13	(2)	2009
Baltic Hornet Limited	Baltic Hornet	63,574	10/29/14	(2)	2014
Baltic Wasp Limited	Baltic Wasp	63,389	1/2/15	(2)	2015
Baltic Scorpion Limited	Baltic Scorpion	63,462	8/6/15		2015
Baltic Mantis Limited	Baltic Mantis	63,470	10/9/15		2015

(1) The delivery date for these vessels represents the date that the vessel was purchased from Baltic Trading Limited (“Baltic Trading”).

(2) The delivery date for these vessels represents the date that the vessel was delivered to Baltic Trading.

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The Company formerly provided technical services for drybulk vessels purchased by Maritime Equity Partners LLC ("MEP"). These services included oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but did not include chartering services. The services were initially provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and were provided for an initial term of one year. On September 30, 2015, under the oversight of an independent committee of our Board of Directors, Genco (USA) entered into certain agreements which reduced the daily service fee from $750 to $650 per day, which was effective October 1, 2015. During January 2016, five of MEP's vessels were sold to third parties and were no longer subject to the agency agreement. Based upon the September 30, 2015 agreement, termination fees were due in the amount of $296 which was assumed by the new owners of the five MEP vessels that were sold and were paid in full during February 2016. Additionally, during the three months ended September 30, 2016, the remaining seven of MEP's vessels were sold to third parties, and the agency agreement was deemed terminated upon the sale of these vessels. Based upon the September 30, 2015 agreement, termination fees were due in the amount of $830, which was assumed by the new owners of the seven MEP vessels that were sold and were paid in full as of September 30, 2016. MEP has been dissolved, and all previous outstanding amounts have been settled as of December 31, 2016. Refer to Note 7 — Related Party Transactions for amounts due to or from MEP as of June 30, 2017 and December 31, 2016.

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 includes the accounts of GS&T and its direct and indirect wholly-owned subsidiaries, including Baltic Trading. 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, 2016 (the "2016 10-K"). The results of operations for the three and six months ended June 30, 2017 are not necessarily indicative of the operating results to be expected for the year ending December 31, 2017.

Segment reporting

The Company reports financial information and evaluates its operations by charter revenues and not by the length of ship employment for its customers, i.e., spot or time charters. Each of the Company's vessels serve the same type of customer, have similar operations and maintenance requirements, operate in the same regulatory environment, and are subject to similar economic characteristics. Based on this, the Company has determined that it operates in one reportable segment which is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels.

General and administrative expenses

During the three months and year ended December 31, 2016, the Company opted to break out expenses previously classified as General, administrative and management fees into two separate categories to provide a greater level of detail of the underlying expenses. These fees were broken out into General and administrative expenses and Technical management fees. This change was made retrospectively for comparability purposes, and there was no effect on the Net Loss for the three and six months ended June 30, 2017 and 2016.

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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 three months ended June 30, 2017 and 2016 was $16,892 and $18,541, respectively. Depreciation expense for vessels for the six months ended June 30, 2017 and 2016 was $33,598 and $37,675, respectively.

Depreciation expense is calculated based on cost less the estimated residual scrap value. The costs of significant replacements, renewals and betterments are capitalized and depreciated over the shorter of the vessel's remaining estimated useful life or the estimated life of the renewal or betterment. Undepreciated cost of any asset component being replaced that was acquired after the initial vessel purchase is written off as a component of vessel operating expense. Expenditures for routine maintenance and repairs are expensed as incurred. Scrap value is estimated by the Company by taking the estimated scrap value of $310 per lightweight ton ("lwt") times the weight of the ship noted in lwt.

Vessels held for sale

During December 2016, the Board of Directors authorized the sale of the Genco Success, Genco Prosperity and Genco Wisdom. As such, these vessel assets were classified as held for sale in the Condensed Consolidated Balance Sheet as of December 31, 2016. During the six months ended June 30, 2017, these vessels were sold. Refer to Note 4 — Vessel Acquisitions and Dispositions for additional information.

Deferred revenue

Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as income when earned. Additionally, deferred revenue includes estimated customer claims mainly due to time charter performance issues. As of June 30, 2017 and December 31, 2016, the Company had an accrual of $481 and $220, 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. These expenses are borne by the Company during spot market voyage charterers. 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. Additionally, the Company records lower of cost or market adjustments to re-value the bunker fuel on a quarterly basis. These differences in bunkers, including lower of cost or market adjustments, resulted in a net gain (loss) of $1,440 and ($1,508) during the three months ended June 30, 2017 and 2016, respectively, and $935 and ($3,805) during the six months ended June 30, 2017 and 2016, respectively. Additionally, voyage expenses include the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

United States Gross Transportation Tax

The Company believes that it will not qualify for the Section 883 exemption during the year ended December 31, 2017. In the absence of the exemption, 50% of the Company's gross shipping income attributable to transportation beginning or ending in the U.S. (but not both beginning and ending in the U.S.) will be subject to a 4% tax without allowance for deductions (the "U.S. gross transportation tax") during the year ended December 31, 2017. During the three and six months ended June 30, 2017, the Company has recorded estimated U.S. gross transportation tax of $61 and $97, respectively, which has been recorded in Voyage expenses in the Condensed Consolidated Statements of Operation.

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During the year ended December 31, 2016, the Company qualified for the Section 883 exemption and, therefore, did not record any U.S. gross transportation tax.

Other operating income

During the three and six months ended June 30, 2016, the Company recorded other operating income of $182. There was no operating income earned during the three and six months ended June 30, 2017. Other operating income recorded during the three and six months ended June 30, 2016 consisted primarily of $157 received from Samsun Logix Corporation ("Samsun") pursuant to the revised rehabilitation plan that was approved by the South Korean courts on April 8, 2016. Refer to Note 16 — Commitments and Contingencies for further information regarding the bankruptcy settlement with Samsun.

Impairment of vessel assets

During the three months ended June 30, 2017 and 2016, the Company recorded $3,339 and $67,594, respectively, related to the impairment of vessel assets in accordance with Accounting Standards Codification ("ASC") 360 — "Property, Plant and Equipment" ("ASC 360"). Additionally, during the six months ended June 30, 2017 and 2016, the Company recorded $3,339 and $69,278, respectively, related to the impairment of vessel assets in accordance with ASC 360.

At June 30, 2017, the Company determined that the sum of the estimated undiscounted future cash flows attributable to the Genco Surprise did not exceed the carrying value of the vessel at June 30, 2017 and reduced the carrying value of the Genco Surprise, a 1998-built Panamax vessel, to its fair market value as of June 30, 2017. This resulted in an impairment loss of $3,339 during the three and six months ended June 30, 2017.

At June 8, 2016, the Company determined that the scrapping of nine of its vessels, the Genco Acheron, Genco Carrier, Genco Leader, Genco Pioneer, Genco Prosperity, Genco Reliance, Genco Success, Genco Sugar, and Genco Wisdom, was more likely than not pursuant to the Commitment Letter entered into for the $400 Million Credit Facility as defined and disclosed in Note 8 — Debt. Therefore, at June 8, 2016, the time utilized to determine the recoverability of the carrying value of the vessel assets was significantly reduced. After determining that the sum of the estimated undiscounted future cash flows attributable to the aforementioned nine vessels did not exceed the carrying value of the vessels at June 8, 2016, the Company reduced the carrying value of the nine vessels to their net realizable value, which was based on the expected net proceeds from scrapping the vessels. This resulted in an impairment loss of $67,594 during the three and six months ended June 30, 2016. Refer to Note 4 — Vessel Acquisitions and Dispositions for further information about the sale of these vessels.

At March 31, 2016, the Company determined that the scrapping of the Genco Marine was more likely than not based on discussions with the Company's Board of Directors. Therefore, at March 31, 2016, the time utilized to determine the recoverability of the carrying value of the vessel asset was significantly reduced. After determining that the sum of the estimated undiscounted future cash flows attributable to the Genco Marine did not exceed the carrying value of the vessel at March 31, 2016, the Company reduced the carrying value of the Genco Marine to its net realizable value, which was based on the expected proceeds from scrapping the vessel. This resulted in an impairment loss of $0 and $1,684 during the three and six months ended June 30, 2016, respectively. On April 5, 2016, the Board of Directors unanimously approved scrapping the Genco Marine, and the sale of the Genco Marine to the scrap yard was completed on May 17, 2016.

(Gain) loss on sale of vessels

During the three and six months ended June 30, 2017, the Company recorded a net gain of $1,343 and $7,712, respectively, related to the sale of vessels. The net gain of $1,343 recorded during the three months ended June 30, 2017 related primarily to the sale of the Genco Prosperity and the net gain of $7,712 recorded during the six months ended June 30, 2017 related primarily to the sale of the Genco Wisdom, the Genco Reliance, the Genco Carrier, the Genco Success and the Genco Prosperity.

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During the three and six months ended June 30, 2016, the Company recorded a net loss of $77 related to the sale of the Genco Marine.

Investments

The Company previously held an investment in the capital stock of Jinhui Shipping and Transportation Limited ("Jinhui") and in 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. The investments in Jinhui and KLC were designated as Available For Sale ("AFS") and were reported at fair value, with unrealized gains and losses recorded in equity as a component of accumulated other comprehensive income (loss) ("AOCI"). The Company classified the investments as current or noncurrent assets based on the Company's intent to hold the investments at each reporting date. As of December 31, 2016, the Company no longer held investments in Jinhui or KLC. Refer to Note 5 — Investments.

Investments were reviewed quarterly to identify possible other-than-temporary impairment in accordance with ASC Subtopic 320-10, "Investments — Debt and Equity Securities" ("ASC 320-10"). When evaluating its investments, the Company reviewed factors such as the length of time and extent to which fair value has been below the cost basis, the financial condition of the issuer, the underlying net asset value of the issuer's assets and liabilities, and the Company's ability and intent to hold the investment for a period of time which may be sufficient for anticipated recovery in market value. Should the decline in the value of any investment be deemed to be other-than-temporary, the investment basis would be written down to fair market value, and the write-down would be recorded to earnings as a loss. Refer to Note 5 — Investments.

Income taxes

Pursuant to certain agreements, GS&T technically and commercially managed vessels for Baltic Trading until the merger with Baltic Trading on July 17, 2015, and also provided technical management of vessels for MEP in exchange for specified fees for such services until the sale of all of MEP's vessels. These services were performed by Genco (USA), which elected to be taxed as a corporation for United States federal income tax purposes. As such, Genco (USA) was subject to United States federal income tax on its worldwide net income, including the net income derived from providing these services. Genco (USA) entered into a cost-sharing agreement with the Company and Genco Ship Management LLC, collectively Manco, pursuant to which Genco (USA) agreed 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.

There was no income tax expense recorded during the three and six months ended June 30, 2017 as there was no revenue earned by Genco (USA).

Total revenue earned by the Company for these services during the three months ended June 30, 2016 was $414, of which $0 was eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $228 associated with these activities for the three months ended June 30, 2016. This resulted in estimated income tax expense of $96 for the three months ended June 30, 2016.

Total revenue earned by the Company for these services during the six months ended June 30, 2016 was $1,225, of which $0 eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $791 associated with these activities for the six months ended June 30, 2016. This resulted in estimated income tax expense of $350 for the six months ended June 30, 2016.

Recent accounting pronouncements

In May 2017, the FASB issued ASU No. 2017-09, “Compensation – Stock Compensation (Topic 718), Scope of Modification Account” (“ASU 2017-09”). This ASU provides guidance on determining which changes to the terms and conditions of share-based payment awards require an entity to apply modification account. This ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within those years and early adoption is permitted. ASU 2017-09 must be applied prospectively to an award modified on or after the adoption date. The Company will adopt ASU 2017-09 during the first quarter of 2018.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash" ("ASU 2016-18"). This ASU adds or clarifies the guidance in ASC 230 – Statement of Cash Flows regarding the classification and presentation of restricted cash in the statement of cash flows. ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flow. This ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within those years and early adoption is permitted. ASU 2016-18 must be adopted retrospectively. Other than presentation, we do not expect the adoption of this standard to have a material impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." This ASU adds or clarifies the guidance in ASC 230 – Statement of Cash Flows regarding the classification of certain cash receipts and payments in the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within those years and early adoption is permitted. This ASU shall be applied retrospectively to all periods presented, but may be applied prospectively from the earliest date practicable if retrospective application would be impracticable. The Company is currently evaluating the impact of this adoption on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," which replaces the existing guidance in ASC 840 – Leases. This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases, the lessee would recognize a straight-line total lease expense. This ASU is effective for fiscal years beginning after December 15, 2018, and for interim periods within those fiscal years. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures. The Company is currently evaluating the impact of this adoption on its consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). This ASU will require that equity investments be measured at fair value with changes in fair value recognized in net income (loss). ASU 2016-01 will be effective for annual periods beginning after December 15, 2017, and interim periods within those years. The Company is currently evaluating the impact of this adoption on its consolidated financial statements.

In May 2014, the FASB issued ASU 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. On July 9, 2015, the FASB voted to defer the effective date by one year to December 15, 2017 for annual reporting periods beginning after that date. The FASB also permitted early adoption of the standard, but not before the original effective date of December 15, 2016. The Company is evaluating the potential impact of this adoption on its consolidated financial statements. Subsequent to the issuance of ASU 2014-09, the FASB issued the following ASU's which amend or provide additional guidance on topics addressed in ASU 2014-09. In March 2016, the FASB issued ASU No. 2016-08, "Revenue Recognition - Principal versus Agent" (reporting revenue gross versus net). In April 2016, the FASB issued ASU No. 2016-10, "Revenue Recognition - Identifying Performance Obligations and Licenses." Lastly, in May 2016 and December 2016, the FASB issued ASU No. 2016-12, "Revenue Recognition - Narrow Scope Improvements and Practical Expedients" and ASU No. 2016-20, "Technical Corrections and Improvements to Top 606, Revenue from Contracts with Customers." The Company intends to adopt the aforementioned ASUs for the interim periods after December 31, 2017, using the modified retrospective transition method applied to those contracts which were not completed as of that date. Upon adoption, the Company will recognize the cumulative effect of adopting this guidance as an adjustment to its opening balance of retained earnings as of January 1, 2018. Prior periods will not be retrospectively adjusted. The Company is currently evaluating the impact of the adoption of the aforementioned ASUs on its condensed consolidated financial statements, including the presentation of revenues in its consolidated statements of operations.

3 - CASH FLOW INFORMATION

For the six months ended June 30, 2017, the 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 $9 for the Purchase of vessels, including deposits and $52 for the Purchase of other fixed assets.

Professional fees and trustee fees in the amount of $0 were recognized by the Company in Reorganization items, net for the six months ended June 30, 2017 (refer to Note 15 — Reorganizations Items, net). During this period, $25 of professional fees and trustee fees were paid through June 30, 2017 and $0 is included in Accounts payable and accrued expenses as of June 30, 2017.

For the six months ended June 30, 2016, the 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 $80 for the Purchase of vessels, including deposits and $81 for the Purchase of other fixed assets. Additionally, for the six months ended June 30, 2016, the Company had non-cash investing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in Prepaid expenses and other current assets consisting of $41 associated with the sale of AFS securities.

Professional fees and trustee fees in the amount of $160 were recognized by the Company in Reorganization items, net for the six months ended June 30, 2016 (refer to Note 15 — Reorganizations Items, net). During this period, $142 of professional fees and trustee fees were paid through June 30, 2016 and $65 is included in Accounts payable and accrued expenses as of June 30, 2016.

During the six months ended June 30, 2017 and 2016, cash paid for interest, net of amounts capitalized, was $12,174 and $12,923, respectively.

During the six months ended June 30, 2017 and 2016, cash paid for estimated income taxes was $0 and $512, respectively.

On May 17, 2017, the Company issued 25,197 restricted stock units to certain members of the Board of Directors. The aggregate fair value of these restricted stock units was $255. Refer to Note 17 — Stock-Based Compensation.

On March 23, 2017, the Company issued 292,398 restricted stock units and options to purchase 133,000 shares with an exercise price of $11.13 per share to John C. Wobensmith, Chief Executive Officer and President. The fair value of these restricted stock units and stock options were $3,254 and $853, respectively. Refer to Note 17 — Stock-Based Compensation.

On May 18, 2016, the Company issued 666,664 restricted stock units, or 66,666 restricted stock units on a post-reverse stock split basis, to certain members of the Board of Directors. The aggregate fair value of these restricted stock units was $340. Refer to Note 17 — Stock-Based Compensation.

On February 17, 2016, the Company granted 408,163 and 204,081 shares of nonvested stock, or 40,816 and 20,408 shares on a post-reverse stock split basis, under the 2015 Equity Incentive Plan to Peter C. Georgiopoulos, former Chairman of the Board of Directors, and John C. Wobensmith, Chief Executive Officer and President, respectively. The grant date fair value of such nonvested stock was $318. Refer to Note 17 — Stock-Based Compensation.

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4 - VESSEL ACQUISITIONS AND DISPOSITIONS

During December 2016, the Board of Directors unanimously approved the sale of the Genco Success, Genco Prosperity and Genco Wisdom and these vessel assets were classified as held for sale in the Condensed Consolidated Balance Sheet as of December 31, 2016. These vessels were sold during the six months ended June 30, 2017, as described below.

On December 19, 2016, the Board of Directors unanimously approved selling the Genco Prosperity, a 1997-built Handymax vessel, and on December 21, 2016, the Company reached an agreement to sell the Genco Prosperity to a third party for $3,050 less a 3.5% broker commission payable to a third party. The sale was completed on May 16, 2017.

On December 5, 2016, the Board of Directors unanimously approved selling the Genco Success, a 1997-built Handymax vessel, and on December 15, 2016, the Company reached an agreement to sell the Genco Success to a third party for $2,800 less a 3.0% broker commission payable to a third party. The sale was completed on March 19, 2017.

During January 2017, the Board of Directors unanimously approved selling the Genco Carrier, a 1998-built Handymax vessel, and on January 25, 2017, the Company reached an agreement to sell the Genco Carrier to a third party for $3,560 less a $92 broker commission payable to a third party. The sale was completed on February 16, 2017.

During January 2017, the Board of Directors unanimously approved selling the Genco Reliance, a 1999-built Handysize vessel, and on January 12, 2017, the Company reached an agreement to sell the Genco Reliance to a third party for $3,500 less a 3.5% broker commission payable to a third party. The sale was completed on February 9, 2017.

On December 19, 2016, the Board of Directors unanimously approved selling the Genco Wisdom, a 1997-built Handymax vessel. On December 21, 2016, the Company reached an agreement to sell the Genco Wisdom to a third party for $3,250 less a 3.5% broker commission payable to a third party. The sale was completed on January 9, 2017.

On November 7, 2016, the Board of Directors unanimously approved selling the Genco Acheron, a 1999-built Panamax vessel, and on November 14, 2016, the Company reached an agreement to sell the Genco Acheron to a third party for $3,480 less a 5.5% broker commission payable to a third party. The sale was completed on December 12, 2016.

On October 24, 2016, the Board of Directors unanimously approved selling the Genco Leader, a 1999-built Panamax vessel, and on October 25, 2016, the Company reached an agreement to sell the Genco Leader to a third party for $3,470 less a 3.0% broker commission payable to a third party. The sale was completed on November 4, 2016. On November 4, 2016, the Company utilized the net proceeds from the sale to pay down $3,366 on the $148 Million Credit Facility, as the Genco Leader was a collateralized vessel under this facility prior to the refinancing of the $148 Million Credit Facility with the $400 Million Credit Facility, refer to Note 8 — Debt.

On September 30, 2016, the Board of Directors unanimously approved selling the Genco Pioneer, a 1999-built Handysize vessel, and on October 8, 2016, the Company reached an agreement to sell the Genco Pioneer to a third party for $2,650 less a 5.5% broker commission payable to a third party. The sale was completed on October 26, 2016. On October 26, 2016 the Company utilized the net proceeds from the sale to pay down $2,504 on the $148 Million Credit Facility, as the Genco Pioneer was a collateralized vessel under this facility prior to the refinancing of the $148 Million Credit Facility with the $400 Million Credit Facility, refer to Note 8 — Debt.

On September 30, 2016, the Board of Directors unanimously approved selling the Genco Sugar, a 1998-built Handysize vessel, and on October 10, 2016, the Company reached an agreement to sell the Genco Sugar to a third party for $2,450 less a 5.5% broker commission payable to a third party. The sale was completed on October 20, 2016. On October 21, 2016, the Company utilized the net proceeds from the sale to pay down $2,315 on the $100 Million Term Loan Facility, as the Genco Sugar was a collateralized vessel under this facility prior to the refinancing of the $100 Million Term Loan Facility with the $400 Million Credit Facility, refer to Note 8 — Debt.

On April 5, 2016, the Board of Directors unanimously approved scrapping the Genco Marine. The Company reached an agreement on May 6, 2016 to sell the Genco Marine, a 1996-built Handymax vessel, to be scrapped with Ace

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Exim Pte Ltd., a demolition yard, for a net amount $2,187 less a 2.0% broker commission payable to a third party. On May 17, 2016, the Company completed the sale of the Genco Marine.

Refer to Note 1 — General Information for a listing of the delivery dates for the vessels in the Company's fleet.

5 – INVESTMENTS

The Company held an investment in the capital stock of Jinhui and the stock of KLC. Jinhui is a drybulk shipping owner and operator focused on the Supramax segment of drybulk shipping. KLC is a marine transportation service company which operates a fleet of carriers which includes carriers for iron ore, liquefied natural gas and tankers for oil and petroleum products. These investments were designated as AFS and were reported at fair value, with unrealized gains and losses recorded in equity as a component of AOCI. At June 30, 2017 and December 31, 2016, the Company did not hold any shares of Jinhui capital stock or shares of KLC stock.

Prior to the sale of its remaining shares of Jinhui capital stock, the Company reviewed the investment in Jinhui for indicators of other-than-temporary impairment in accordance with ASC 320-10. Based on the Company's review, it deemed the investment in Jinhui to be other-than-temporarily impaired as of June 30, 2016 due to the duration and severity of the decline in its market value versus its cost basis and the absence of the intent and ability to recover the initial carrying value of the investment. As a result, the Company recorded an impairment charge in the Condensed Consolidated Statement of Operations of $2,696 during the three and six months ended June 30, 2016. The Company reviewed its investments in Jinhui and KLC for impairment on a quarterly basis. The Company's investment in Jinhui was a Level 1 item under the fair value hierarchy, refer to Note 10 — Fair Value of Financial Instruments for the fair value hierarchy.

The unrealized gain (losses) on the Jinhui capital stock and KLC stock were a component of AOCI since these investments were designated as AFS securities. If the investment in Jinhui was deemed other-than-temporarily impaired, the cost basis for the investment would be revised to its fair value on that date.

Refer to Note 9 — Accumulated Other Comprehensive Income (Loss) for a breakdown of the components of AOCI during the three and six months ended June 30, 2016, including any effects of any sales of Jinhui shares and other-than-temporary impairment of the investment in Jinhui, if applicable.

6 - NET LOSS PER COMMON SHARE

The computation of basic net loss per share is based on the weighted-average number of common shares outstanding during the reporting period. The computation of diluted net loss per share assumes the vesting of nonvested stock awards and the exercise of stock options (refer to Note 17 — 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 340,455 and 201,930 nonvested shares outstanding, including RSUs, and the 133,000 and 0 stock options outstanding at June 30, 2017 and 2016, respectively, (refer to Note 17 — Stock-Based Compensation), all are anti-dilutive. The Company's diluted net loss per share will also reflect the assumed conversion of the equity warrants issued on the Effective Date and MIP Warrants issued by the Company (refer to Note 17 — Stock-Based Compensation) if the impact is dilutive under the treasury stock method. Of the 713,122 and 5,704,974 of unvested MIP Warrants outstanding at June 30, 2017 and 2016, respectively, and 3,936,761 of equity warrants outstanding at June 30, 2017 and 2016, all are anti-dilutive.

On July 7, 2016, the Company completed a one-for-ten reverse stock split of its common stock. As a result, all share and per share information included for all periods presents in these condensed consolidated financial statements reflect the reverse stock split.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Common shares outstanding, basic:				
Weighted-average common shares outstanding, basic	34,430,766	7,221,735	33,965,835	7,220,265
Common shares outstanding, diluted:				
Weighted-average common shares outstanding, basic	34,430,766	7,221,735	33,965,835	7,220,265
Dilutive effect of warrants	—	—	—	—
Dilutive effect of stock options	—	—	—	—
Dilutive effect of restricted stock awards	—	—	—	—
Weighted-average common shares outstanding, diluted	34,430,766	7,221,735	33,965,835	7,220,265

7 - RELATED PARTY TRANSACTIONS

On October 13, 2016, Peter C. Georgiopoulos resigned as Chairman of the Board and a Director of the Company. Refer to Note 1 — General Information. During the three and six months ended June 30, 2017, the Company did not identify any related party transactions. The following represent related party transactions reflected in these condensed consolidated financial statements during the six months ended June 30, 2016:

The Company incurred travel and other office related expenditures from Gener8 Maritime, Inc. (“Gener8”), where the Company’s former Chairman, Peter C. Georgiopoulos, serves as Chairman of the Board. During the six months ended June 30, 2016, the Company incurred travel and other office related expenditures totaling $47 reimbursable to Gener8 or its service provider. At December 31, 2016, the amount due to Gener8 from the Company was $0.

During the six months ended June 30, 2016, the Company did not incur any expenses for legal services (primarily in connection with vessel acquisitions) from Constantine Georgiopoulos, the father of Peter C. Georgiopoulos. At June 30, 2017 and December 31, 2016, the amount due to Constantine Georgiopoulos was $0 and $10, respectively.

The Company has entered into agreements with Aegean Marine Petroleum Network, Inc. (“Aegean”) to purchase lubricating oils for certain vessels in its fleet. Peter C. Georgiopoulos was formerly the Chairman of the Board of Aegean. During the six months ended June 30, 2016, Aegean supplied lubricating oils and bunkers to the Company’s vessels aggregating $793. At December 31, 2016, $0 remained outstanding.

During the six months ended June 30, 2016, the Company invoiced MEP for technical services provided, including termination fees, and expenses paid on MEP’s behalf aggregating $1,208. Peter C. Georgiopoulos was a director of and had a minority interest in MEP. At December 31, 2016, $0 was due to the Company from MEP. Total service revenue earned by the Company, including termination fees, for technical service provided to MEP for the six months ended June 30, 2016 was $1,225.

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8 – DEBT

Long-term debt, net consists of the following:

	June 30, 2017	December 31, 2016
Principal amount	$ 521,996	$ 523,577
PIK interest	3,828	800
Less: Unamortized debt issuance costs	(10,204)	(11,357)
Less: Current portion	(9,576)	(4,576)
Long-term debt, net	$ 506,044	$ 508,444

	June 30, 2017		December 31, 2016	
	Principal	Unamortized Debt Issuance Cost	Principal	Unamortized Debt Issuance Cost
$400 Million Credit Facility	$ 399,800	$ 7,156	$ 400,000	$ 7,967
$98 Million Credit Facility	95,271	1,621	95,271	1,868
2014 Term Loan Facilities	26,925	1,427	28,306	1,522
PIK interest	3,828	—	800	—
Total debt	$ 525,824	$ 10,204	$ 524,377	$ 11,357

As of June 30, 2017 and December 31, 2016, $10,204 and $11,357 of deferred financing costs, respectively, were presented as a direct deduction within the outstanding debt balance in the Company's Condensed Consolidated Balance Sheet. Amortization expense for deferred financing costs was $580 and $729 for the three months ended June 30, 2017 and 2016, respectively, and $1,153 and $1,458 for the six months ended June 30, 2017 and 2016, respectively. This amortization expense is recorded as a component of Interest expense in the Condensed Consolidated Statements of Operations.

Commitment Letter

On June 8, 2016, the Company entered into a Commitment Letter (the "Commitment Letter") for a senior secured loan facility (the "$400 Million Credit Facility") for an aggregate principal amount of up to $400,000 with Nordea Bank Finland plc, New York Branch, Skandinaviska Enskilda Banken AB (publ), DVB Bank SE, ABN AMRO Capital USA LLC, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG Filiale Deutschlandgeschäft, Crédit

Industriel et Commercial, and BNP Paribas. The $400 Million Credit Facility refinanced the Company's $100 Million Term Loan Facility, $253 Million Term Loan Facility, $148 Million Credit Facility, $22 Million Term Loan Facility, $44 Million Term Loan Facility and 2015 Revolving Credit Facility, each as defined below (collectively, the "Prior Facilities") and was finalized on November 10, 2016 (refer to $400 Million Credit Facility section below). As a condition to the effectiveness of the Commitment Letter, the Company entered into separate equity commitment letters for a portion of such financing on June 8, 2016 with each of the following: (i) funds or related entities managed by Centerbridge Partners, L.P. or its affiliates ("Centerbridge") for approximately $31,200, (ii) funds or related entities managed by Strategic Value Partners, LLC ("SVP") for approximately $17,300, and (iii) funds managed by affiliates of Apollo Global Management, LLC ("Apollo") for approximately $14,000, each of which are subject to a number of conditions. Additionally, pursuant to the Commitment Letter, the waivers with regard to the collateral maintenance covenants under the $100 Million Term Loan Facility, $253 Million Term Loan Facility, $148 Million Credit Facility, $22 Million Term Loan Facility, $44 Million Term Loan Facility and the 2015 Revolving Credit Facility, as defined below, were initially extended to July 29, 2016 subject to the entry into a definitive purchase agreement for the equity financing referred to above by June 30, 2016.

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On June 30, 2016 the Company entered into an amendment and restatement of the Commitment Letter (the "Amended Commitment Letter"). This amendment extended the collateral maintenance waivers under the Prior Facilities through 11:59 p.m. on September 30, 2016, which were further extended to October 7, 2016 pursuant to an additional agreement entered into with the lenders on September 30, 2016. On October 6, 2016, the collateral maintenance waivers were further extended through November 15, 2016 pursuant to the Second Amended Commitment Letter (as defined below). Additionally, the Second Amended Commitment Letter (as defined below), as well as the Amended $98 Million Credit Facility Commitment Letter (refer to the "$98 Million Credit Facility" section below) provided for waivers of the Company's company-wide minimum cash covenants, so long as cash and cash equivalents of the Company are at least $25,000, and of the Company's maximum leverage ratio through November 15, 2016. Lastly, the collateral maintenance waivers and maximum leverage ratio waivers under the 2014 Term Loan Facility were extended through November 15, 2016 pursuant to a waiver entered into on October 14, 2016. In addition, from August 31 through November 15, 2016, the amount of cash the Company would need to maintain under its minimum cash covenants applicable only to obligors in each Prior Facility would be reduced by up to $250 per vessel, subject to an overall maximum cash withdrawal of $10,000 to pay expenses and additional conditions. The effectiveness of such new waivers and waiver extensions was conditioned on extension of the equity commitment letters entered into on June 8, 2016 as described above through September 30, 2016, which were so extended by amendments entered into on June 29, 2016. The Amended Commitment Letter also conditioned such waivers on the Company entering into a definitive purchase agreement or file a registration statement for an equity financing by 11:59 p.m. on August 15, 2016. Pursuant to additional agreements entered into with the lenders on August 12, 2016, August 30, 2016, September 14, 2016 and September 30, 2016, the deadline to enter into a definitive purchase agreement or file a registration statement for an equity financing was further extended to October 7, 2016. Stock purchase agreements were entered into on October 6, 2016 pursuant to the Second Amended Commitment Letter as defined below.

On October 6, 2016, the Company entered into a second amendment and restatement of the Commitment Letter (the "Second Amended Commitment Letter"). This amendment further extended the collateral maintenance waivers under the Prior Facilities through November 15, 2016. As a condition to the effectiveness of the Second Amended Commitment Letter, the Company entered into stock purchase agreements (the "Purchase Agreements") effective as of October 4, 2016 with Centerbridge, SVP and Apollo (the "Investors") for the purchase of the Company's Series A Preferred Stock for an aggregate of up to $125,000 in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. The Series A Preferred Stock to be sold pursuant to the Purchase Agreements will be automatically and mandatorily convertible into the Company's common stock, par value $0.01 per share, upon approval by the Company's shareholders of such conversion. The purchase price of the Series A Preferred Stock under each of the Purchase Agreements is $4.85 per share. An additional 1,288,660 shares of Series A Preferred Stock are to be issued to Centerbridge, SVP and Apollo as a commitment fee on a pro rata basis. The purchase price and the other terms and conditions of the transaction were established in arm's length negotiations between an independent special committee of the Board of the Directors of the Company (the "Special Committee"). The Special Committee unanimously approved the transaction.

Under the Purchase Agreements, Centerbridge made a firm commitment to purchase 6,597,938 shares of Series A Preferred Stock for an aggregate purchase price of $32,000, SVP made a firm commitment to purchase 7,628,866 shares of Series A Preferred Stock for an aggregate purchase price of $37,000, and Apollo made a firm commitment to purchase 3,587,629 shares of Series A Preferred Stock for an aggregate purchase price of $17,400. In addition, Centerbridge, SVP and Apollo agreed to provide a backstop commitment to purchase up to 3,402,062, 2,371,134 and 2,185,568 additional shares of Series A Preferred Stock, respectively, for $4.85 per share.

Subsequently, on October 27, 2016, the Company entered into a stock purchase agreement (the “Additional Purchase Agreement”) with certain of the Investors; John C. Wobensmith, the Company’s Chief Executive Officer and President; and other investors for the sale of shares of Series A Preferred Stock for an aggregate purchase price of $38,600 at a purchase price of $4.85 per share. The purchase price and the other terms and conditions of these transactions were established in arm’s length negotiations between an independent special committee of the board of directors of the Company (the “Special Committee”) and the investors. The Special Committee unanimously approved the transactions.

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On November 15, 2016, pursuant to the Purchase Agreements, the Company completed the private placement of 27,061,856 shares of Series A Preferred Stock which included 25,773,196 shares at a price per share of $4.85 and an additional 1,288,660 shares issued as a commitment fee on a pro rate basis as noted above. These shares were converted to common shares on January 4, 2017. Refer to Note 1 — General Information.

$400 Million Credit Facility

On November 10, 2016, the Company entered into a senior secured term loan facility, the $400 Million Credit Facility, in an aggregate principal amount of up to $400,000 with Nordea Bank Finland plc, New York Branch, Skandinaviska Enskilda Banken AB (publ), DVB Bank SE, ABN AMRO Capital USA LLC, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG Filiale Deutschlandgeschäft, Crédit Industriel et Commercial and BNP Paribas. On November 15, 2016, the proceeds under the $400 Million Credit Facility were used to refinance the Prior Facilities (as defined above under "Commitment Letter"). The $400 Million Credit Facility is collateralized by 45 of the Company's vessels and at December 31, 2016 required the Company to sell five remaining unencumbered vessels, which were sold during the six months ended June 30, 2017. Refer to Note 4 — Vessel Acquisitions and Dispositions.

On November 14, 2016, the Company borrowed the maximum available amount of $400,000. As of June 30, 2017, there was no availability under the $400 Million Credit Facility. Total debt repayments of $100 and $0 were made during the three months ended June 30, 2017 and 2016, respectively, and total debt repayments of $200 and $0 were made during the six months ended June 30, 2017 and 2016, respectively, under the $400 Million Credit Facility. As of June 30, 2017 and December 31, 2016, the total outstanding net debt balance, including PIK interest as defined below, was $396,472 and $392,833, respectively.

The $400 Million Credit Facility has a final maturity date of November 15, 2021 and the principal borrowed under the facility will bear interest at the London Interbank Offered Rate ("LIBOR") for an interest period of three months plus a margin of 3.75%. The Company has the option to pay 1.50% of such rate in-kind ("PIK interest") through December 31, 2018, of which will be payable on the maturity date of the facility. The Company has opted to make the PIK interest election and as of June 30, 2017 and December 31, 2016, has recorded $3,828 and $800, respectively, of PIK interest which has been recorded in Long-term debt in the Condensed Consolidated Balance Sheet. The $400 Million Credit Facility has scheduled amortization payments of (i) $100 per quarter through December 31, 2018, (ii) $7,610 per quarter from March 31, 2019 through December 31, 2020, (iii) $18,571 per quarter from March 31, 2021 through September 30, 2021 and (iv) $282,605 upon final maturity on November 15, 2021, which does not include PIK interest.

There is no collateral maintenance testing for the $400 Million Credit Facility prior to June 30, 2018. Thereafter, there will be required collateral maintenance testing with a gradually increasing threshold calculated as the value of the collateral under the facility as a percentage of the loan outstanding as follows: 105% from June 30, 2018 to December 30, 2018, 115% from December 31, 2018 to December 30, 2020 and 135% thereafter.

The $400 Million Credit Facility requires the Company to comply with a number of covenants substantially similar to those in the Company's other credit facilities, including financial covenants related to debt to total book capitalization, minimum working capital, minimum liquidity, and dividends; collateral maintenance requirements (as described above); and other customary covenants. The Company is required to maintain a ratio of total indebtedness to total capitalization of not greater than 0.70 to 1.00 at all times. Minimum working capital as defined in the $400 Million Credit Facility is not to be less than $0 at all times. The $400 Million Credit Facility has minimum liquidity requirements at all times for all vessels in its fleet of (i) $250 per vessel to and including December 31, 2018, (ii) $400 per vessel from January 1, 2019 to and including December 31, 2019 and (iii) $700 per vessel from January 1, 2020 and thereafter. The Company is prohibited from paying dividends without lender consent through December 31, 2020. The Company may establish non-recourse subsidiaries to incur indebtedness or make investments, but it will be restricted from incurring indebtedness or making investments (other than through non-recourse subsidiaries). Excess cash from the collateralized vessels under the $400 Million Credit Facility are subject to a cash sweep. The cash flow sweep will be 100% of excess cash flow through December 31, 2018, 75% through December 31, 2020 and the lesser of 50% of excess cash flow or an amount that would reflect a 15-year average vessel age repayment profile thereafter; provided no

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prepayment under the cash sweep is required from the first $10,000 in aggregate of the prepayments otherwise required under the cash sweep.

At June 30, 2017 and December 31, 2016, the Company has deposited $11,180 that has been reflected as noncurrent restricted cash. Noncurrent restricted cash as of June 30, 2017 and December 31, 2016 includes $11,180 which represents restricted pledged liquidity amounts pursuant to the $400 Million Credit Facility.

As of June 30, 2017, the Company believed it was in compliance with all of the financial covenants under the $400 Million Credit Facility.

$98 Million Credit Facility

On November 4, 2015, thirteen of the Company's wholly-owned subsidiaries entered into a Facility Agreement, by and among such subsidiaries as borrowers (collectively, the "Borrowers"); Genco Holdings Limited, a newly formed direct subsidiary of Genco of which the Borrowers are direct subsidiaries ("Holdco"); certain funds managed or advised by Hayfin Capital Management, Breakwater Capital Ltd, or their nominee, as lenders; and Hayfin Services LLP, as agent and security agent (the "$98 Million Credit Facility").

The Borrowers borrowed the maximum available amount of $98,271 under the facility on November 10, 2015. As of June 30, 2017, there was no availability under the $98 Million Credit Facility. During the three and six months ended June 30, 2017 and 2016, there were no debt repayments made under the $98 Million Credit Facility. As of June 30, 2017 and December 31, 2016, the total outstanding net debt balance was $93,650 and $93,403, respectively.

Borrowings under the facility are available for working capital purposes. The facility has a final maturity date of September 30, 2020, and the principal borrowed under the facility will bear interest at LIBOR for an interest period of three months plus a margin of 6.125% per annum. The facility has no fixed amortization payments for the first two years and fixed amortization payments of $2,500 per quarter thereafter. To the extent the value of the collateral under the facility is 182% or less of the loan amount outstanding, the Borrowers are to prepay the loan from earnings received from operation of the thirteen collateral vessels after deduction of the following amounts: costs, fees, expenses, interest, and fixed principal repayments under the facility; operating expenses relating to the thirteen vessels; and the Borrowers' pro rata share of general and administrative expenses based on the number of vessels they own.

The Facility Agreement requires the Borrowers and, in certain cases, the Company and Holdco to comply with a number of covenants substantially similar to those in the other credit facilities of Genco and its subsidiaries, including financial covenants related to maximum leverage, minimum consolidated net worth, minimum liquidity, and dividends; collateral maintenance requirements; and other customary covenants. The Company is prohibited from paying dividends under this facility until December 31, 2018. Following December 31, 2018, the amount of dividends the Company may pay is limited based on the amount of the repayment of at least $25 million of the loan under such facility, as well as the ratio of the value of vessels and certain other collateral pledged under such facility. The Facility Agreement includes usual and customary events of default and remedies for facilities of this nature.

Borrowings under the facility are secured by first priority mortgage on the vessels owned by the Borrowers, namely the Genco Constantine, the Genco Augustus, the Genco London, the Genco Titus, the Genco Tiberius, the Genco Hadrian, the Genco Knight, the Genco Beauty, the Genco Vigour, the Genco Predator, the Genco Cavalier, the Genco Champion, and the Genco Charger, and related collateral. Pursuant to the Facility Agreement and a separate Guarantee executed by the Company, the Company and Holdco are acting as guarantors of the obligations of the Borrowers and each other under the Facility Agreement and its related documentation.

On June 29, 2016, the Company entered into a commitment letter (the “$98 Million Credit Facility Commitment Letter”) which provided for certain covenant relief through September 30, 2016. For such period, compliance with the company-wide minimum cash covenant was waived so long as cash and cash equivalents of the Company were at least $25,000; compliance with the maximum leverage ratio was waived; and the ratio required to be maintained under the Company’s collateral maintenance covenant was 120% rather than 140%. An amendment to the $98 Million Credit Facility Commitment Letter was entered into on September 30, 2016 (the “Amended $98 Million

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Credit Facility Commitment Letter") which extended this covenant relief through November 15, 2016. Refer to the "Commitment Letter" section above for further discussion.

On November 15, 2016, the Company entered into an Amending and Restating Agreement which amended and restated the credit agreements and the guarantee for the $98 Million Credit Facility (the "Restated $98 Million Credit Facility"). The Restated $98 Million Credit Facility provides for the following: reductions in the minimum liquidity requirements consistent with the $400 Million Credit Facility, except the minimum liquidity amount for the collateral vessels under this facility is $750 per vessel, which is reflected as restricted cash; netting of certain amounts against the measurements of the collateral maintenance covenant, which remains in place with a 140% value to loan threshold; a portion of amounts required to be maintained under the minimum liquidity covenant for this facility may, under certain circumstances, be used to prepay the facility to maintain compliance with the collateral maintenance covenant; elimination of the original maximum leverage ratio and minimum net worth covenants; and restrictions on incurring indebtedness, making investments (other than through non-recourse subsidiaries) or paying dividends, similar to those provided for in the $400 Million Credit Facility. The minimum working capital and the total indebtedness to total capitalization are the same as the $400 Million Credit Facility.

As of June 30, 2017 and December 31, 2016, the Company had deposited $8,335 and $8,242, respectively, that has been reflected as current restricted cash. As of June 30, 2017 and December 31, 2016, the Company had deposited $14,012 and $15,931, respectively, that has been reflected as noncurrent restricted cash. These amounts include certain restricted deposits associated with the Debt Service Account and Capex Account as defined in the $98 Million Credit Facility.

As of June 30, 2017, the Company believed it was in compliance with all of the financial covenants under the Restated $98 Million Credit Facility.

2014 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 Term Loan Facilities") to partially finance the newbuilding Ultramax vessel that each subsidiary acquired, namely the Baltic Hornet and Baltic Wasp, respectively. Amounts borrowed under the 2014 Term Loan Facilities may not be reborrowed. The 2014 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 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 was recorded in deferred financing fees. Borrowings under the 2014 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 commenced six months after the actual delivery date for each respective vessel.

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

As of June 30, 2017, the Company had utilized its maximum borrowing capacity, and there was no further availability. Total debt repayments of $700 were made during the three months ended June 30, 2017 and 2016 and $1,381 were made during the six months ended June 30, 2017 and 2016 under the 2014 Term Loan Facilities. At June 30, 2017 and December 31, 2016, the total outstanding net debt balance was $25,498 and $26,784, respectively.

A waiver was entered into on June 30, 2016 with the lenders under the 2014 Term Loan Facilities which waived the collateral maintenance covenant through September 30, 2016. On August 9, 2016, the Company entered into waiver agreements which extend the existing collateral maintenance covenant through October 15, 2016 and provided for

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waivers of the maximum leverage ratio covenant through such time. On October 14, 2016, these waivers were further extended to November 15, 2016.

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

As of June 30, 2017, the Company believed it was in compliance with all of the financial covenants under the 2014 Term Loan Facilities.

2015 Revolving Credit Facility

On April 7, 2015, the Company's wholly-owned subsidiaries, Genco Commodus Limited, Genco Maximus Limited, Genco Claudius Limited, Genco Hunter Limited and Genco Warrior Limited (collectively, the "Subsidiaries") entered into a loan agreement by and among the Subsidiaries, as borrowers, ABN AMRO Capital USA LLC, as arranger, facility agent, security agent, and as lender, providing for a $59,500 revolving credit facility, with an uncommitted accordion feature that has since expired (the "2015 Revolving Credit Facility"). On April 7, 2015, the Company entered into a guarantee of the obligations of the Subsidiaries under the 2015 Revolving Credit Facility, in favor of ABN AMRO Capital USA LLC.

On April 7, 2016, the Company entered into a waiver agreement with the lenders under the 2015 Revolving Credit Facility to postpone the due date of the $1,641 amortization payment due April 7, 2016 to May 31, 2016. As a condition thereof, the amount of the debt service required under the 2015 Revolving Credit Facility was $3,241 through May 30, 2016. Refer to the "Commitment Letter" section above for additional waivers entered into by the Company which have extended the waivers of certain financial covenants through November 15, 2016.

During the three and six months ended June 30, 2016, the Company made total debt repayments of $1,641 and $3,282, respectively, under the 2015 Revolving Credit Facility.

During the three and six months ended June 30, 2016, borrowings under the 2015 Revolving Credit Facility bore interest at LIBOR plus a margin based on a combination of utilization levels under the 2015 Revolving Credit Facility and a security maintenance cover ranging from 3.40% per annum to 4.25% per annum. The commitment under the 2015 Revolving Credit Facility was subject to quarterly reductions of $1,641. Borrowings under the 2015 Revolving Credit Facility were subject to 20 equal consecutive quarterly installment repayments commencing three months after the date of the loan agreement, or July 7, 2015.

On November 15, 2016, the 2015 Revolving Credit Facility was refinanced with the $400 Million Credit Facility; refer to the “Commitment Letter” and “$400 Million Credit Facility” sections above. At June 30, 2017 and December 31, 2016, the total outstanding debt balance was $0.

$148 Million Credit Facility

On December 31, 2014, Baltic Trading entered into a $148,000 senior secured credit facility with Nordea Bank Finland plc, New York Branch (“Nordea”), as Administrative and Security Agent, Nordea and Skandinaviska Enskilda Banken AB (Publ) (“SEB”), as Mandated Lead Arrangers, Nordea, as Bookrunner, and the lenders (including Nordea and SEB) party thereto (the “$148 Million Credit Facility”). The $148 Million Credit Facility was comprised of an $115,000 revolving credit facility and $33,000 term loan facility. Borrowings under the revolving credit facility were

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used to refinance Baltic Trading's outstanding indebtedness under the 2010 Credit Facility. Amounts borrowed under the revolving credit facility of the $148 Million Credit Facility could not be re-borrowed. Borrowings under the term loan facility of the $148 Million Credit Facility could be incurred pursuant to two single term loans in an amount of $16,500 each that were used to finance, in part, the purchase of two newbuilding Ultramax vessels that the Company had agreed to acquire, namely the Baltic Scorpion and Baltic Mantis. Amounts borrowed under the term loan facility of the $148 Million Credit Facility could not be re-borrowed.

A waiver was entered into on April 12, 2016 which extended the cure period for the collateral maintenance covenants to May 31, 2016. Pursuant to additional agreements with the lenders under the $148 Million Credit Facility entered into on May 31, 2016, June 3, 2016 and June 8, 2016, the waiver was further extended through June 8, 2016. Refer to the "Commitment Letter" section above for additional waivers entered into by the Company which have extended the waivers of certain financial covenants through November 15, 2016.

During the three and six months ended June 30, 2016, the Company made total debt repayments of $2,997 and $5,994, respectively, under the $148 Million Credit Facility.

During the three and six months ended June 30, 2016, borrowings under this facility bore interest at LIBOR plus an applicable margin of 3.00% per annum. The commitment under the revolving credit facility of the $148 Million Credit Facility was subject to equal consecutive quarterly reductions of $2,447 each beginning June 30, 2015 through September 30, 2019. Borrowings under the term loan facility of the $148 Million Credit Facility were subject to equal consecutive quarterly installment repayments commencing three months after delivery of the relevant newbuilding Ultramax vessel, each in the amount of 1/60 of the aggregate outstanding term loan. All remaining amounts outstanding under the $148 Million Credit Facility were to be repaid in full on the maturity date, December 31, 2019.

On November 15, 2016, the $148 Million Credit Facility was refinanced with the $400 Million Credit Facility; refer to the "Commitment Letter" and "$400 Million Credit Facility" sections above. As of June 30, 2017 and December 31, 2016, the outstanding debt under the $148 Million Credit Facility was $0.

$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 "$44 Million Term Loan Facility"). Amounts borrowed and repaid under the $44 Million Term Loan Facility could not be reborrowed. Borrowings under the $44 Million Term Loan Facility bore interest at the three-month LIBOR rate plus an applicable margin of 3.35% per annum. Borrowings were 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.

On June 8, 2016, the Company entered into an amendment to the $44 Million Term Loan Facility which provided for cross-collateralization with the $22 Million Term Loan Facility. Pursuant to this amendment, the security coverage ratio (collateral maintenance calculation) was revised to include the fair market value of the Genco Tiger, Baltic Lion, Baltic Fox and Baltic Hare less the outstanding indebtedness under the $22 Million Term Loan Facility as the total security effective June 30, 2016. Refer also to the "Commitment Letter" section above for additional waivers entered into by the Company which have extended the waivers of certain financial covenants through November 15, 2016.

During the three and six months ended June 30, 2016, the Company made total debt repayments of $687 and $1,375, respectively, under the $44 Million Term Loan Facility.

On November 15, 2016, the $44 Million Term Loan Facility was refinanced with the $400 Million Credit Facility; refer to the "Commitment Letter" and "$400 Million Credit Facility" sections above. At June 30, 2017 and December 31, 2016, the total outstanding net debt balance was $0.

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$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 “$22 Million Term Loan Facility”). Amounts borrowed and repaid under the $22 Million Term Loan Facility were not to be reborrowed. Borrowings under the $22 Million Term Loan Facility bore interest at the three-month LIBOR rate plus an applicable margin of 3.35% per annum. Borrowings were 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.

On June 8, 2016, the Company entered into an amendment to the $22 Million Term Loan Facility which provided for cross-collateralization with the $44 Million Term Loan Facility. Pursuant to this amendment, the security coverage ratio (collateral maintenance calculation) was revised to include the fair market value of the Baltic Fox, Baltic Hare, Genco Tiger and Baltic Lion less the outstanding indebtedness under the $44 Million Term Loan Facility as the total security effective June 30, 2016. Additionally, this amendment increased the collateral maintenance requirement to 125% from 110% commencing July 1, 2016. Refer also to the “Commitment Letter” section above for additional waivers entered into by the Company which have extended the waivers of certain financial covenants through November 15, 2016.

During the three and six months ended June 30, 2016, the Company made total debt repayments of $375 and $750, respectively, under the $22 Million Term Loan Facility.

On November 15, 2016, the $22 Million Term Loan Facility was refinanced with the $400 Million Credit Facility; refer to the “Commitment Letter” and “$400 Million Credit Facility” sections above. At June 30, 2017 and December 31, 2016, the total outstanding net debt balance was $0.

$253 Million Term Loan Facility

On August 20, 2010, the Company entered into the $253 Million Term Loan Facility. The Company utilized the $253 Million Term Loan Facility to fund a portion of the purchase price of the acquisition of 13 vessels from affiliates of Bourbon SA. Borrowings were to be repaid quarterly with outstanding principal amortized on a per vessel basis and any outstanding amount under the $253 Million Term Loan Facility was to be paid in full on the maturity date. Repaid amounts were no longer available and could not be reborrowed. During the three and six months ended June 30, 2016, borrowings under the $253 Million Term Loan Facility bore interest at LIBOR plus an applicable margin of 3.50% per annum.

A waiver was entered into on March 11, 2016 which required the Company to prepay the $5,075 debt amortization payment due on April 11, 2016 and which waived the collateral maintenance covenant through April 11, 2016. On April 11, 2016, the Company entered into additional agreements with the lenders under the $253 Million Term Loan Facility which extended the waiver through May 31, 2016. Pursuant to additional agreements with the lenders under the $253 Million Term Loan Facility entered into on May 31, 2016, June 3, 2016 and June 8, 2016, the waiver was further extended through June 10, 2016. Refer to the "Commitment Letter" section above for additional waivers entered into by the Company which have extended the waivers of certain financial covenants through November 15, 2016.

During the three and six months ended June 30, 2016, the Company made total debt repayments of $0 and $10,150, respectively, under the $253 Million Term Loan Facility.

On November 15, 2016, the $253 Million Term Loan Facility was refinanced with the $400 Million Credit Facility; refer to the "Commitment Letter" and "$400 Million Credit Facility" sections above. At June 30, 2017 and December 31, 2016, the total outstanding net debt balance was $0.

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$100 Million Term Loan Facility

On August 12, 2010, the Company entered into the $100 Million Term Loan Facility. The Company 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. Borrowings were to be repaid quarterly, with the outstanding principal amortized on a 13-year profile, with any outstanding amount under the $100 Million Term Loan Facility to be paid in full on the final maturity date. Repaid amounts were no longer available and could not be reborrowed. During the three and six months ended June 30, 2016, borrowings under the $100 Million Term Loan Facility bore interest at LIBOR plus an applicable margin of 3.50% per annum.

A waiver was entered into on March 29, 2016 which required the Company to prepay the $1,923 debt amortization payment due on June 30, 2016 and which waived the collateral maintenance covenant through April 11, 2016. On April 11, 2016, the Company entered into additional agreements with the lenders under the $100 Million Term Loan Facility which extended the waiver through May 31, 2016. Pursuant to additional agreements with the lenders under the $100 Million Term Loan Facility entered into on May 31, 2016, June 3, 2016 and June 8, 2016, the waiver was further extended through June 10, 2016. Refer to the “Commitment Letter” section above for additional waivers entered into by the Company which have extended the waivers of certain financial covenants through November 15, 2016.

During the three and six months ended June 30, 2016, the Company made total debt repayments of $1,923 and $3,846, respectively, under the $100 Million Term Loan Facility.

On November 15, 2016, the $100 Million Term Loan Facility was refinanced with the $400 Million Credit Facility; refer to the “Commitment Letter” and “$400 Million Credit Facility” sections above. At June 30, 2017 and December 31, 2016, the total outstanding net debt balance was $0.

Interest rates

The following table sets forth the effective interest rate associated with the interest expense for the Company’s debt facilities noted above, including the cost associated with unused commitment fees, if applicable. The following table also includes the range of interest rates on the debt, excluding the impact of unused commitment fees, if applicable:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016

Effective Interest Rate	5.27	%	4.37	%	5.14	%	4.36	%
Range of Interest Rates (excluding unused commitment fees)	3.50 % to 7.42	%	3.11 % to 6.76	%	3.36 % to 7.42	%	2.69 % to 6.76	%

9 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of AOCI included in the accompanying Condensed Consolidated Statements of Equity consist of net unrealized gains (losses) from investments in Jinhui stock and KLC stock. The Company sold its remaining shares of Jinhui and KLC stock during the three months ended December 31, 2016. Therefore, there was no AOCI activity recorded during the three and six months ended June 30, 2017, and the opening AOCI balance at January 1, 2017 was $0. Refer to Note 5 — Investments for further information.

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Changes in AOCI by Component

For the Three Months Ended June 30, 2016

	Net Unrealized Gain (Loss) on Investments
AOCI — April 1, 2016	$ 838
OCI before reclassifications	(3,560)
Amounts reclassified from AOCI	2,696
Net current-period OCI	(864)
AOCI — June 30, 2016	$ (26)

Changes in AOCI by Component

For the Six Months Ended June 30, 2016

	Net Unrealized Gain (Loss) on Investments
AOCI — January 1, 2016	$ (21)
OCI before reclassifications	(2,701)
Amounts reclassified from AOCI	2,696
Net current-period OCI	(5)
AOCI — June 30, 2016	$ (26)

Reclassifications Out of AOCI

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		
Details about AOCI Components	2017	2016	2017	2016	Affected Line Item in the Statement Where Net Loss is Presented
Net unrealized loss on investments					
Impairment of AFS investment	—	(2,696)	—	(2,696)	Impairment of investment
Total reclassifications for the period	$ —	$ (2,696)	$ —	$ (2,696)	

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10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values and carrying values of the Company's financial instruments at June 30, 2017 and December 31, 2016 which are required to be disclosed at fair value, but not recorded at fair value, are noted below.

	June 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 147,153	$ 147,153	$ 133,400	$ 133,400
Restricted cash	33,842	33,842	35,668	35,668
Floating rate debt	525,824	525,824	524,377	524,377

The fair value of the floating rate debt under the $400 Million Credit Facility is based on rates obtained on the effective date of the facility, November 10, 2016. The fair value of the floating rate debt under the $98 Million Credit Facility is based on rates the Company obtained upon the effective date of this facility on November 4, 2015, which did not change under the Restated $98 Million Credit Facility effective on November 15, 2016. The fair value of the 2014 Term Loan Facilities is based on rates that Baltic Trading initially obtained upon the effective dates of these facilities which did not change pursuant to the Amended 2014 Term Loan Facilities effective on November 15, 2016. Refer to Note 8 — Debt for further information. The carrying value approximates the fair market value for these floating rate loans. The carrying amounts of the Company's other financial instruments at June 30, 2017 and December 31, 2016 (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 assumption (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 requires significant management judgment. The three levels are defined as follows:

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

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

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

Cash and cash equivalents and restricted cash are considered Level 1 items as they represent liquid assets with short-term maturities. Floating rate debt is considered to be a Level 2 item as the Company considers the estimate of rates it could obtain for similar debt or based upon transactions amongst third parties. Nonrecurring fair value measurements include a vessel impairment assessment completed at June 30, 2017 and during the interim period during the year ended December 31, 2016 as determined based on third-party scrap quotes, which are Level 2 inputs. As of June 30, 2017, the vessel asset for the Genco Surprise was written down as part of the impairment recorded during the three and six months ended June 30, 2017. The vessels held for sale as of December 31, 2016 were written down as part of the impairment recorded in the interim period during the year ended December 31, 2016. There were no additional adjustments required as of December 31, 2016 when the held for sale criteria was met. Refer to "Impairment of vessel assets" and "Vessels held for sale" sections in Note 2 — Summary of Significant Accounting Policies. The Company did not have any Level 3 financial assets or liabilities as of June 30, 2017 and December 31, 2016.

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11 - PREPAID EXPENSES AND OTHER CURRENT AND NONCURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	June 30, 2017	December 31, 2016
Lubricant inventory, fuel oil and diesel oil inventory and other stores	$ 9,320	$ 9,634
Prepaid items	2,809	2,552
Insurance receivable	6,172	1,030
Other	4,132	2,534
Total prepaid expenses and other current assets	$ 22,433	$ 15,750

Other noncurrent assets in the amount of $514 at June 30, 2017 and December 31, 2016 represents the security deposit related to the operating lease entered into effective April 4, 2011. Refer to Note 16 — Commitments and Contingencies for further information related to the lease agreement.

12 - FIXED ASSETS

Fixed assets, net consists of the following:

	June 30, 2017	December 31, 2016
Fixed assets, at cost:		
Vessel equipment	$ 1,225	$ 1,173
Furniture and fixtures	462	462
Computer equipment	142	142
Total costs	1,829	1,777
Less: accumulated depreciation and amortization	(878)	(759)
Total fixed assets, net	$ 951	$ 1,018

Depreciation and amortization expense for fixed assets for the three months ended June 30, 2017 and 2016 was $68 and $96, respectively. Depreciation and amortization expense for fixed assets for the six months ended June 30, 2017 and 2016 was $136 and $192, respectively.

13 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	June 30, 2017	December 31, 2016
Accounts payable	$ 7,378	$ 6,703
Accrued general and administrative expenses	588	5,618
Accrued vessel operating expenses	12,389	10,564
Total accounts payable and accrued expenses	$ 20,355	$ 22,885

14 - REVENUE FROM TIME CHARTERS

Total voyage revenue includes revenue earned on time charters, including revenue earned in vessel pools, spot market voyage charters and spot market-related time charters, as well as the sale of bunkers consumed during short-term time charters. For the three months ended June 30, 2017 and 2016, the Company earned $45,370 and $31,460 of voyage revenue, respectively, and for the six months ended June 30, 2017 and 2016, the Company earned $83,619 and $51,590 of voyage revenue, respectively. Included in voyage revenue for the three months ended June 30, 2017 and 2016 was

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$942 and $602 of net profit sharing revenue, respectively. Included in voyage revenue for the six months ended June 30, 2017 and 2016 was $2,324 and $606 of net profit sharing revenue, respectively.

15 - REORGANIZATION ITEMS, NET

On April 21, 2014 (the “Petition Date”), GS&T and its subsidiaries, other than Baltic Trading 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 Company subsequently emerged from bankruptcy on July 9, 2014, the Effective Date. Refer to the financial statements and notes thereto included in the Company’s annual report on Form 10-K for the year ended December 31, 2016 for further detail regarding the bankruptcy filing.

Reorganization items, net represents amounts incurred and recovered subsequent to the bankruptcy filing as a direct result of the filing of the Chapter 11 Cases and are comprised of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Professional fees incurred	$ —	$ 52	$ —	$ 122
Trustee fees incurred	—	13	—	38
Total reorganization fees	$ —	$ 65	$ —	$ 160
Total reorganization items, net	$ —	$ 65	$ —	$ 160

16 - COMMITMENTS AND CONTINGENCIES

Effective April 4, 2011, the Company entered into a seven-year sub-sublease agreement for additional office space in New York, New York. The term of the sub-sublease commenced June 1, 2011, with a free base rental period until October 31, 2011. Following the expiration of the free base rental period, the monthly base rental payments were $82 per month until May 31, 2015 and thereafter will be $90 per month until the end of the seven-year term. Pursuant to the sub-sublease agreement, the sublessor was obligated to contribute $472 toward the cost of the Company’s alterations to the sub-subleased office space. The Company has also entered into a direct lease with the over-landlord of such office space that will commence immediately upon the expiration of such sub-sublease agreement, for a term covering the period from May 1, 2018 to September 30, 2025; the direct lease provides for a free base rental period from May 1, 2018 to September 30, 2018. Following the expiration of the free base rental period, the monthly base rental payments will be $186 per month from October 1, 2018 to April 30, 2023 and $204 per month from May 1, 2023 to September 30, 2025. For accounting purposes, the sub-sublease agreement and direct lease agreement with the landlord constitutes one lease agreement. As a result of the straight-line rent calculation generated by the free rent period and the tenant work credit, the monthly straight-line rental expense for the term from the Effective Date to September 30, 2025 is $150. The Company had a long-term lease obligation at June 30, 2017 and December 31, 2016 of $2,228 and $1,868, respectively. Rent expense pertaining to this lease for the three months ended June 30, 2017 and 2016 was $452 during both periods and $904 during the six months ended June 30, 2017 and 2016.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $538 for the remainder of 2017, $916 for 2018, $2,230 annually for 2019, 2020 and 2021, and a total of $8,900 for the remaining term of the lease.

During the beginning of 2009, the Genco Cavalier, a 2007-built Supramax vessel, was on charter to Samsun when Samsun filed for the equivalent of bankruptcy protection in South Korea, otherwise referred to as a rehabilitation application. On July 3, 2015, Samsun filed for rehabilitation proceedings for the second time with the South Korean courts due to financial distress. On April 8, 2016, the revised rehabilitation plan was approved by the South Korean court whereby 26% of the remainder of the $3,979 unpaid cash claim settlement from the prior rehabilitation plan, or $1,035, will be settled pursuant to a payment plan over the next ten-year period. The remaining 74% of the claim will be converted to Samsun Shares. Refer to Note 2 — Summary of Significant Accounting Policies for Other Operating

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Income recorded during the three and six months ended June 30, 2016. The final claim with Samsun was settled during the fourth quarter of 2016.

17 - STOCK-BASED COMPENSATION

On July 7, 2016, the Company completed a one-for-ten reverse stock split of its common stock. As a result, all share and per share information included for all periods presented in these condensed consolidated financial statements reflect the reverse stock split.

On October 13, 2016, Peter C. Georgiopoulos resigned as Chairman of the Board and a director of the Company. In connection with his departure, Mr. Georgiopoulos entered into a Separation Agreement and a Release Agreement with the Company on October 13, 2016. Under the terms of these agreements, subject to customary conditions, Mr. Georgiopoulos received an amount equal to the annual Chairman's fee awarded to him in recent years of $500 as a severance payment and full vesting of his unvested equity awards, which consisted of grants of 68,581 restricted shares of the Company's common stock and warrants exercisable for approximately 213,937 shares of the Company's common stock with an exercise price per share ranging $259.10 to $341.90. The acceleration of the vesting of Mr. Georgiopoulos' restricted shares and warrants resulted in $5,317 of nonvested stock amortization expense during the three months ended December 31, 2016.

2014 Management Incentive Plan

On the Effective Date, pursuant to the Chapter 11 Plan, the Company adopted the Genco Shipping & Trading Limited 2014 Management Incentive Plan (the "MIP"). An aggregate of 9,668,061 shares of Common Stock were available for award under the MIP prior to the Company's reverse stock split, which is equivalent to approximately 966,806 shares on a post-split basis. Awards under the MIP took the form of restricted stock grants and three tiers of MIP Warrants with staggered strike prices based on increasing equity values. The number of shares of common stock available under the Plan represented approximately 1.8% of the shares of post-emergence Common Stock outstanding as of the Effective Date on a fully-diluted basis. Awards under the MIP were available to eligible employees, non-employee directors and/or officers of the Company and its subsidiaries (collectively, "Eligible Individuals"). Under the MIP, a committee appointed by the Board from time to time (or, in the absence of such a committee, the Board) (in either case, the "Plan Committee") may grant a variety of stock-based incentive awards, as the Plan Committee deems appropriate, to Eligible Individuals. The MIP Warrants are exercisable on a cashless basis and contain customary anti-dilution protection 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.

On August 7, 2014, pursuant to the MIP, certain individuals were granted MIP Warrants whereby each warrant can be converted on a cashless basis for the amount in excess of the respective strike price. The MIP Warrants were issued in three tranches for 2,380,664, 2,467,009 and 3,709,788 shares. Following the Company's reverse stock split, these MIP warrants are exercisable for approximately 238,066, 246,701, and 370,979 shares and have exercise prices of $259.10 (the "$259.10 Warrants"), $287.30 (the "$287.30 Warrants") and $341.90 (the "$341.90 Warrants") per whole share, respectively. The fair value of each warrant upon emergence from bankruptcy was $7.22 for the $259.10 Warrants, $6.63 for the $287.30 Warrants and $5.63 for the $341.90 Warrants. The warrant values were based upon a calculation using the Black-Scholes-Merton option pricing formula. This model uses inputs such as the underlying price of the shares issued when the warrant is exercised, volatility, cost of capital interest rate and expected life of the instrument. The Company has determined that the warrants should be classified within Level 3 of the fair value hierarchy by evaluating each input for the Black-Scholes-Merton option pricing formula against the fair value hierarchy criteria and using the lowest level of input as the basis for the fair value classification. The Black-Scholes-Merton option pricing formula used a volatility of 43.91% (representing the six-year volatility of a peer group), a risk-free interest rate of 1.85% and a dividend rate of 0%. The aggregate fair value of these awards upon emergence from bankruptcy was $54,436. The warrants vest 33.33% on each of the first three anniversaries of the grant date, with accelerated vesting upon a change in control of the Company.

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For the three and six months ended June 30, 2017 and 2016, the Company recognized amortization expense of the fair value of these warrants, which is included in General and administrative expenses, as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
General and administrative expenses	$ 377	$ 3,765	$ 749	$ 7,531

Amortization of the unamortized stock-based compensation balance of $153 as of June 30, 2017 is expected to be expensed during the remainder of 2017. The following table summarizes the unvested warrant activity for the six months ended June 30, 2017:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at January 1, 2017 - Unvested	713,122	$ 303.12	$ 6.36
Granted	—	—	—
Exercisable	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Outstanding at June 30, 2017 - Unvested	713,122	$ 303.12	$ 6.36

The following table summarizes certain information about the warrants outstanding as of June 30, 2017:

	Warrants Outstanding and Unvested, June 30, 2017			Warrants Outstanding and Exercisable, June 30, 2017		
Weighted Average Exercise Price of Outstanding Warrants	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
$ 303.12	713,122	$ 303.12	3.11	7,844,339	$ 303.12	3.11

As of June 30, 2017 and December 31, 2016, a total of 8,557,461 of warrants were outstanding.

The nonvested stock awards granted under the MIP will vest ratably on each of the three anniversaries of August 7, 2014. The table below summarizes the Company’s nonvested stock awards for the six months ended June 30, 2017 which were issued under the MIP:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at January 1, 2017	9,255	$ 200.00
Granted	—	—
Vested	—	—
Forfeited	—	—
Outstanding at June 30, 2017	9,255	$ 200.00

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There were no shares that vested under the MIP during the six months ended June 30, 2017 and 2016. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

For the three and six months ended June 30, 2017 and 2016, the Company recognized nonvested stock amortization expense for the MIP restricted shares, which is included in General and administrative expenses, as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
General and administrative expenses	$ 154	$ 1,537	$ 306	$ 3,073

The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of June 30, 2017, unrecognized compensation cost of $62 related to nonvested stock will be recognized over a weighted-average period of 0.10 years.

2015 Equity Incentive Plan

On June 26, 2015, the Company's Board of Directors approved the 2015 Equity Incentive Plan for awards with respect to an aggregate of 4,000,000 shares of common stock, or 400,000 shares following the Company's reverse stock split (the "2015 Plan"). Under the 2015 Plan, the Company's Board of Directors, the compensation committee, or another designated committee of the Board of Directors may grant a variety of stock-based incentive awards to the Company's officers, directors, employees, and consultants. Awards may consist of stock options, stock appreciation rights, dividend equivalent rights, restricted (nonvested) stock, restricted stock units, and unrestricted stock. As of June 30, 2017, the Company has awarded restricted stock units, restricted stock and stock options under the 2015 Plan.

On March 23, 2017, the Board of Directors approved an amendment and restatement of the 2015 Plan. This amendment and restatement increases the number of shares available for awards under the plan from 400,000 to 2,750,000, subject to shareholder approval; sets the annual limit for awards to non-employee directors and other individuals as 500,000 and 1,000,000 shares, respectively; and modifies the change in control definition. The Company's shareholder's approved the increase in the number of shares at the Company's 2017 Annual Meeting of Shareholders on May 17, 2017.

Stock Options

On March 23, 2017, the Company issued options to purchase 133,000 of the Company's shares of common stock to John C. Wobensmith, Chief Executive Officer and President, with an exercise price of $11.13 per share. One-third of the options become exercisable on each of the first three anniversaries of October 15, 2016, with accelerated vesting upon a change in control of the Company, and all unexercised options expire on the sixth anniversary of the grant date. The fair value of each option was estimated on the date of the grant using the Black-Scholes-Merton pricing formula, resulting in a value of $6.41 per share, or $853 in the aggregate. The assumptions used in the Black-Scholes-Merton option pricing formula are as follows: volatility of 79.80% (representing a blend of the Company's historical volatility and a peer-based volatility estimate), a risk-free interest rate of 1.68%, a dividend yield of 0%, and expected life of 3.78 years (determined using the simplified method as outlined in Staff Accounting Bulletin 14 – Share-Based Payment ("SAB Topic 14") due to lack of historical exercise data).

For the three and six months ended June 30, 2017 and 2016, the Company recognized amortization expense of the fair value of these options, which is included in General and administrative expenses, as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
General and administrative expenses	$ 198	$ —	$ 218	$ —

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Amortization of the unamortized stock-based compensation balance of $635 as of June 30, 2017 is expected to be expensed $294, $254 and $87 during the remainder of 2017 and during the years ended December 31, 2018 and 2019, respectively. The following table summarizes the unvested option activity for the six months ended June 30, 2017:

	Number of Options	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at January 1, 2017 - Unvested	—	$ —	$ —
Granted	133,000	11.13	6.41
Exercisable	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Outstanding at June 30, 2017 - Unvested	133,000	$ 11.13	$ 6.41

The following table summarizes certain information about the options outstanding as of June 30, 2017:

	Options Outstanding and Unvested, June 30, 2017			Options Outstanding and Exercisable, June 30, 2017		
Weighted Average Exercise Price of Outstanding Options	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
$ 11.13	133,000	$ 11.13	5.73	—	$ —	—

As of June 30, 2017, there were no vested stock options.

Restricted Stock Units

The Company has issued restricted stock units ("RSUs") under the 2015 Plan to certain members of the Board of Directors and John C. Wobensmith, Chief Executive Officer and President, which represent the right to receive a share of common stock, or in the sole discretion of the Company's Compensation Committee, the value of a share of common stock on the date that the RSU vests. As of June 30, 2017 and December 31, 2016, 21,372 and 3,138 shares of the Company's common stock were outstanding in respect of the RSUs, respectively. Such shares of common stock will only be issued in respect of vested RSUs issued to directors when the director's service with the Company as a director terminates. Such shares of common stock will only be issued to Mr. Wobensmith when his RSUs vest under the terms of his contract and the amended 2015 Plan described above. On May 17, 2017, 18,234 shares of common stock were issued to Eugene Davis, the former Chairman of the Audit Committee, in respect of vested RSUs following his departure from the Board.

The RSUs that have been issued to certain members of the Board of Directors generally vest on the date of the annual shareholders meeting of the Company following the date of the grant. The RSUs that have been issued to John C.

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Wobensmith vest ratably on each of the three anniversaries of October 15, 2016. The table below summarizes the Company's unvested RSUs for the six months ended June 30, 2017:

	Number of RSUs	Weighted Average Grant Date Price
Outstanding at January 1, 2017	66,666	$ 5.10
Granted	317,595	11.05
Vested	(66,666)	5.10
Forfeited	—	—
Outstanding at June 30, 2017	317,595	$ 11.05

The total fair value of the RSUs that vested during the six months ended June 30, 2017 and 2016 was $675 and $30, respectively. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date. On February 17, 2016, the vesting of 23,286 outstanding RSUs, or 2,328 outstanding RSUs on a post-reverse stock split basis, was accelerated upon the resignation of two members on the Company's Board of Directors.

The following table summarizes certain information of the RSUs unvested and vested as of June 30, 2017:

Unvested RSUs June 30, 2017			Vested RSUs June 30, 2017	
Number of RSUs	Weighted Average Grant Date Price	Weighted Average Remaining Contractual Life	Number of RSUs	Weighted Average Grant Date Price
317,595	$ 11.05	2.18	74,106	$ 11.73

The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of June 30, 2017, unrecognized compensation cost of $2,645 related to RSUs will be recognized over a weighted-average period of 2.18 years.

For the three and six months ended June 30, 2017 and 2016, the Company recognized nonvested stock amortization expense for the RSUs, which is included in General and administrative expenses as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
General and administrative expenses	$ 833	$ 79	$ 992	$ 234

Restricted Stock

Under the 2015 Plan, grants of restricted common stock issued to executives and Peter C. Georgiopoulos, the Company's former Chairman of the Board, ordinarily vest ratably on each of the three anniversaries of the determined

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vesting date. The table below summarizes the Company's nonvested stock awards for the six months ended June 30, 2017 which were issued under the 2015 Plan:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at January 1, 2017	13,605	$ 5.20
Granted	—	—
Vested	—	—
Forfeited	—	—
Outstanding at June 30, 2017	13,605	$ 5.20

There were no shares that vested under the 2015 Plan during the six months ended June 30, 2017 and 2016. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

For the three and six months ended June 30, 2017 and 2016, the Company recognized nonvested stock amortization expense for the 2015 Plan restricted shares, which is included in General and administrative expenses, as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
General and administrative expenses	$ 8	$ 60	$ 16	$ 90

The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of June 30, 2017, unrecognized compensation cost of $25 related to nonvested stock will be recognized over a weighted-average period of 1.38 years.

18 - LEGAL PROCEEDINGS

In April 2015, six class action complaints were filed in the Supreme Court of the State of New York, County of New York. On May 26, 2015, the six actions were consolidated under the caption In Re Baltic Trading Ltd. Stockholder Litigation, Index No. 651241/2015, and a consolidated class action complaint was filed on June 10, 2015 (the "Consolidated Complaint"). The Consolidated Complaint is purported to be brought by and on behalf of Baltic Trading's shareholders and alleges that the then-proposed July 2015 merger did not fairly compensate Baltic Trading's shareholders and undervalued Baltic Trading. The Consolidated Complaint names as defendants the Company, Baltic Trading, the individual members of Baltic Trading's board, and the Company's merger subsidiary. The claims generally allege (i) breaches of fiduciary duties of good faith, due care, disclosure to shareholders, and loyalty, including for failing to maximize shareholder value, and (ii) aiding and abetting those breaches. Among other relief, the complaints seek an injunction against the merger, declaratory judgments that the individual defendants breached fiduciary duties, rescission of the merger agreement, and unspecified damages.

On July 9, 2015, plaintiffs in that action moved to enjoin the merger vote, scheduled to take place on July 17, 2015. The motion was thereafter fully briefed and argued on July 15, 2015. The motion to enjoin the vote was denied on July 15, 2015 (the "Preliminary Injunction Denial"). Plaintiffs sought an emergency injunction and temporary restraining order from the New York State Appellate Division, First Department the following day, on July 16, 2015. The Appellate Division denied the request, and the vote, and subsequent merger, proceeded as scheduled on July 17, 2015. Plaintiffs thereafter withdrew that appeal.

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

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

On June 28, 2017, plaintiffs moved the Appellate Division to extend the time to perfect the appeal to October 2, 2017.

Based on currently available information, the Company cannot reasonably estimate the loss, if any, in the event of an unfavorable outcome in any of these matters. However, the Company does not believe that it is probable that the resolution of these matters will have a material effect on the Company, its financial condition, results of operations or cash flows.

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

19 – SUBSEQUENT EVENTS

On August 4, 2017, the Board of Directors determined to dispose of the Company's vessels built in 1999, namely the Genco Beauty, the Genco Explorer, the Genco Knight, the Genco Progress and the Genco Vigour, at times and on terms to be determined in the future. Given this decision, and that the estimated future undiscounted cash flows for each of these older vessels did not exceed the net book value for each vessel, we have adjusted the values of these older vessels to their respective fair market values during the third quarter of 2017. This is expected to result in an impairment loss of approximately $19,000 in the third quarter of 2017.

The Company has evaluated all subsequent events through the date these condensed consolidated financial statements were issued and determined that there are no additional subsequent events to record or disclose.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning in connection with a discussion of potential future events, circumstances or future operating or financial performance. These forward-looking statements are based on management's current expectations and observations. Included among the factors that, in our view, could cause actual results to differ materially from the forward looking statements contained in this report are the following: (i) further declines or sustained weakness in demand in the drybulk shipping industry; (ii) continuation of weakness or further declines in drybulk shipping rates; (iii) changes in the supply of or demand for drybulk products, generally or in particular regions; (iv) changes in the supply of drybulk carriers including newbuilding of vessels or lower than anticipated scrapping of older vessels; (v) changes in rules and regulations applicable to the cargo industry, including, without limitation, legislation adopted by international organizations or by individual countries and actions taken by regulatory authorities; (vi) increases in costs and expenses including but not limited to: crew wages, insurance, provisions, lube, oil, bunkers, repairs, maintenance and general and administrative expenses, and management fee expenses; (vii) whether our insurance arrangements are adequate; (viii) changes in general domestic and international political conditions; (ix) acts of war, terrorism, or piracy; (x) changes in the condition of the Company's vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs) and unanticipated drydock expenditures; (xi) the Company's acquisition or disposition of vessels; (xii) the amount of offhire time needed to complete repairs on vessels and the timing and amount of any reimbursement by our insurance carriers for insurance claims, including offhire days; (xiii) the completion of definitive documentation with respect to charters; (xiv) charterers' compliance with the terms of their charters in the current market environment; (xv) the extent to which our operating results continue to be affected by weakness in market conditions and charter rates; (xvi) our ability to maintain contracts that are critical to our operation, to obtain and maintain acceptable terms with our vendors, customers and service providers and to retain key executives, managers and employees; and other factors listed from time to time in our filings with the Securities and Exchange Commission, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent reports on Form 8-K and Form 10-Q.

The following management's discussion and analysis should be read in conjunction with our historical consolidated financial statements and the related notes included in this Form 10-Q.

General

We are a Marshall Islands company that transports iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes through the ownership and operation of drybulk carrier vessels. Our fleet currently consists of 60 drybulk vessels, including 13 Capesize, six Panamax, four Ultramax, 21 Supramax, one Handymax and 15 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 4,688,000 dwt, and the average

age of our fleet is currently approximately 9.4 years. We seek to deploy our vessels on time charters, spot market-related time charters, spot market voyage charters or in vessel pools trading in the spot market, to reputable charterers, including Cargill International S.A., Swissmarine Services S.A. and the Clipper Logger Pool and Clipper Sapphire Pool, in which Clipper Group acts as the pool manager. During the first quarter of 2017, we gave notice to withdraw our Supramax vessels from the Clipper Sapphire Pool. We also gave notice to withdraw our Handysize vessels from the Clipper Logger Pool during May 2017. Lastly, during August 2017, we gave notice to withdraw our Supramax vessels from the Bulkhandling Handymax A/S pool with Klaveness. The majority of the vessels in our current fleet are presently engaged under time charter, spot market-related time charter, spot market voyage charters and vessel pool contracts that expire (assuming the option periods in the time charters are not exercised) between August 2017 and July 2018.

See pages 50-54 for a table of all vessels in our fleet.

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The Genco Tiger and Baltic Lion were offhire for a total of approximately 84 days and 34 days, respectively, during the six months ended June 30, 2017 to complete repairs to their main engines. The Genco Tiger's main engine experienced a breakdown associated with the vessel's lube filtration system during the first quarter of 2017 and underwent repairs to rectify the issue. The Baltic Lion, which is a sister vessel to the Genco Tiger, also underwent main engine repairs associated with the lube filtration system. We received approval from the insurance underwriters during June 2017 for payment on account under our loss of hire insurance in the amount of $1.4 million and $0.3 million for the Genco Tiger and Baltic Lion, respectively, which has been recorded as voyage revenue during the second quarter of 2017. Our loss of hire insurance covers the revenue days lost for the two vessels at a rate of twenty thousand dollars per day up to 90 days after a deductible of fourteen days. The Genco Tiger is expected to have additional offhire time during the third quarter of 2017 of approximately 30 days. Approximately 10 days of this offhire will exceed the 90 day loss of hire and fourteen day deductible period and will not be covered by insurance.

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

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

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

On November 15, 2016, pursuant to the Purchase Agreements, we completed the private placement of 27,061,856 shares of Series A Preferred Stock which included 25,773,196 shares at a price per share of $4.85 and an additional 1,288,660 shares issued as a commitment fee on a pro rata basis as noted above. On January 4, 2017, our shareholders approved at a Special Meeting of Shareholders the issuance of up to 27,061,856 shares of common stock of the Company upon the conversion of shares of the Series A Preferred Stock, par value $0.01 per share, which were purchased by certain investors in a private placement. As a result of such shareholder approval, all outstanding 27,061,856 shares of Series A Preferred Stock were automatically and mandatorily converted into 27,061,856 shares of common stock of the Company on January 4, 2017. Refer to Note 1 — General Information and Note 8 — Debt in our Condensed Consolidated Financial Statements.

Pursuant to the Commitment Letter entered into on June 8, 2016 and the final executed $400 Million Credit Facility, we were required to sell or scrap ten of our vessels. On April 5, 2016, the Board of Directors unanimously approved scrapping the Genco Marine. We reached an agreement on May 6, 2016 to sell the Genco Marine, a 1996-built

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Handymax vessel, to be scrapped with Ace Exim Pte Ltd., a demolition yard, which was completed on May 17, 2016.
During October 2016, we reached agreements with third-parties to sell three of our vessels, the Genco Pioneer (a 1999-built Handysize vessel), the Genco Sugar (a 1998-built Handysize vessel) and the Genco Leader (a 1999-built Panamax vessel). These sales were completed during October and November 2016. Additionally, during November 2016 we reached an agreement with a third-party to sell the Genco Acheron (a 1999-built Panamax vessel) for which the sale was completed during December 2016. Also, during December 2016 the Board of Directors unanimously approved the sale of the Genco Success (a 1997-built Handymax vessel), the Genco Prosperity (a 1997-built Handymax vessel) and the Genco Wisdom (a 1997-built Handymax vessel). The sale of the Genco Wisdom and Genco Success were completed during January and March 2017, respectively, and the sale of the Genco Prosperity was completed during May 2017. Lastly, during January 2017, the Board of Directors unanimously approved the sale of the Genco Carrier (a 1998-built Handymax vessel) and the Genco Reliance (a 1999-built Handysize vessel). The sales of these vessels were completed during February 2017. Refer to Note 4 — Vessel Acquisitions and Dispositions in our Condensed Consolidated Financial Statements for further details.

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

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

On October 13, 2016, Peter C. Georgiopoulos resigned as our Chairman of the Board and a director of the Company. The Board of Directors appointed Arthur L. Regan, a current director of the Company, as Interim Executive Chairman of the Board. In connection with his departure, Mr. Georgiopoulos entered into a Separation Agreement and a Release Agreement with the Company on October 13, 2016. Under the terms of these agreements, subject to customary conditions, Mr. Georgiopoulos received an amount equal to the annual Chairman's fee awarded to him in recent years of $0.5 million as a severance payment and full vesting of his unvested equity awards, which consist of grants of 68,581 restricted shares of the Company's common stock and warrants exercisable for approximately 213,937 shares of the Company's common stock with an exercise per share ranging $259.10 to $341.90. Refer to Note 17 — Stock-Based Compensation of our Condensed Consolidated Financial Statements. The agreements also contain customary provisions pertaining to confidential information, releases of claims by Mr. Georgiopoulos, and other restrictive covenants.

Prior to December 31, 2016, we held an investment in the capital stock of Jinhui Shipping and Transportation Limited ("Jinhui") and Korea Line Corporation ("KLC"). Jinhui is a drybulk shipping owner and operator focused on the Supramax segment of drybulk shipping. KLC is a marine transportation service company which operates a fleet of carriers which includes carriers for iron ore, liquefied natural gas and tankers for oil and petroleum products.

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

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MEP vessels sold in January 2016 as described below) and the daily service fee was reduced from $750 to $650 per day effective on October 1, 2015. During January 2016 and the three months ended September 30, 2016, five and seven of MEP's vessels, respectively, were sold to third parties, upon which these vessels were no longer subject to the agency agreement. Based upon the September 30, 2015 agreement, termination fees were due in the amount $0.3 million and $0.8 million, respectively, which was assumed by the new owners of the MEP vessels that were sold. The amount of these termination fees has been paid in full. The daily service fees earned for the year ended December 31, 2016 have been paid in full. At December 31, 2016, all MEP vessels have been sold and the Companies have been dissolved.

See Note 8 — Debt of our Condensed Consolidated Financial Statements included in this report for the defined terms we use for each of our credit facilities and a description of each facility.

Factors Affecting Our Results of Operations

We believe that the following table reflects important measures for analyzing trends in our results of operations. The table reflects our ownership days, available days, operating days, fleet utilization, TCE rates and daily vessel operating expenses for the three and six months ended June 30, 2017 and 2016 on a consolidated basis. On July 7, 2016, the Company completed a one-for-ten reverse stock split of its common stock. As a result, all share and per share

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information included for all periods presented reflect the reverse stock split. Refer to Note 6 — Net Loss per Common Share and Note 17 — Stock-Based Compensation in our Condensed Consolidated Financial Statements.

	For the Three Months Ended June 30, 2017		2016		Increase (Decrease)		% Change	
Fleet Data:								
Ownership days (1)								
Capesize	1,183.0		1,183.0		—		—	%
Panamax	546.0		728.0		(182.0)		(25.0)	%
Ultramax	364.0		364.0		—		—	%
Supramax	1,911.0		1,911.0		—		—	%
Handymax	136.2		501.7		(365.5)		(72.9)	%
Handysize	1,365.0		1,638.0		(273.0)		(16.7)	%
Total	5,505.2		6,325.7		(820.5)		(13.0)	%
Available days (2)								
Capesize	1,163.8		1,169.0		(5.2)		(0.4)	%
Panamax	398.1		707.6		(309.5)		(43.7)	%
Ultramax	364.0		364.0		—		—	%
Supramax	1,865.4		1,849.4		16.0		0.9	%
Handymax	136.2		449.6		(313.4)		(69.7)	%
Handysize	1,336.1		1,606.7		(270.6)		(16.8)	%
Total	5,263.6		6,146.3		(882.7)		(14.4)	%
Operating days (3)								
Capesize	1,044.0		1,169.0		(125.0)		(10.7)	%
Panamax	386.1		706.9		(320.8)		(45.4)	%
Ultramax	359.4		363.0		(3.6)		(1.0)	%
Supramax	1,852.9		1,839.4		13.5		0.7	%
Handymax	110.0		423.7		(313.7)		(74.0)	%
Handysize	1,334.0		1,605.4		(271.4)		(16.9)	%
Total	5,086.4		6,107.4		(1,021.0)		(16.7)	%
Fleet utilization (4)								
Capesize	89.7	%	100.0	%	(10.3)	%	(10.3)	%
Panamax	97.0	%	99.9	%	(2.9)	%	(2.9)	%
Ultramax	98.7	%	99.7	%	(1.0)	%	(1.0)	%
Supramax	99.3	%	99.5	%	(0.2)	%	(0.2)	%
Handymax	80.8	%	94.2	%	(13.4)	%	(14.2)	%
Handysize	99.8	%	99.9	%	(0.1)	%	(0.1)	%

Fleet average	96.6	%	99.4	%	(2.8)	%	(2.8)	%

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	For the Three Months Ended June 30, 2017	2016	Increase (Decrease)	% Change	
Average Daily Results:					
Time Charter Equivalent (5)					
Capesize	$ 11,525	$ 4,439	$ 7,086	159.6	%
Panamax	5,929	4,490	1,439	32.0	%
Ultramax	8,356	5,882	2,474	42.1	%
Supramax	7,815	4,765	3,050	64.0	%
Handymax	8,220	3,625	4,595	126.8	%
Handysize	7,415	4,628	2,787	60.2	%
Fleet average	8,439	4,618	3,821	82.7	%
Daily vessel operating expenses (6)					
Capesize	$ 4,725	$ 4,774	$ (49)	(1.0)	%
Panamax	4,460	4,732	(272)	(5.7)	%
Ultramax	4,457	4,229	228	5.4	%
Supramax	4,330	4,680	(350)	(7.5)	%
Handymax	4,172	4,263	(91)	(2.1)	%
Handysize	3,928	4,165	(237)	(5.7)	%
Fleet average	4,333	4,511	(178)	(3.9)	%

	For the Six Months Ended June 30, 2017	2016	Increase (Decrease)	% Change	
Fleet Data:					
Ownership days (1)					
Capesize	2,353.0	2,366.0	(13.0)	(0.5)	%
Panamax	1,086.0	1,456.0	(370.0)	(25.4)	%
Ultramax	724.0	728.0	(4.0)	(0.5)	%
Supramax	3,801.0	3,822.0	(21.0)	(0.5)	%
Handymax	448.8	1,047.7	(598.9)	(57.2)	%
Handysize	2,754.6	3,276.0	(521.4)	(15.9)	%
Total	11,167.4	12,695.7	(1,528.3)	(12.0)	%
Available days (2)					
Capesize	2,296.9	2,352.0	(55.1)	(2.3)	%
Panamax	890.9	1,416.2	(525.3)	(37.1)	%
Ultramax	724.0	728.0	(4.0)	(0.5)	%
Supramax	3,610.6	3,676.2	(65.6)	(1.8)	%
Handymax	447.3	903.7	(456.4)	(50.5)	%

Handysize	2,680.6		3,244.7		(564.1)		(17.4)	%
Total	10,650.3		12,320.8		(1,670.5)		(13.6)	%
Operating days (3)								
Capesize	2,164.9		2,351.5		(186.6)		(7.9)	%
Panamax	869.1		1,411.3		(542.2)		(38.4)	%
Ultramax	719.4		722.8		(3.4)		(0.5)	%
Supramax	3,584.7		3,622.0		(37.3)		(1.0)	%
Handymax	406.2		841.2		(435.0)		(51.7)	%
Handysize	2,671.0		3,228.4		(557.4)		(17.3)	%
Total	10,415.3		12,177.2		(1,761.9)		(14.5)	%
Fleet utilization (4)								
Capesize	94.3	%	100.0	%	(5.7)	%	(5.7)	%
Panamax	97.6	%	99.7	%	(2.1)	%	(2.1)	%

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	For the Six Months Ended June 30, 2017	2016	Increase (Decrease)	% Change
Ultramax	99.4 %	99.3 %	0.1 %	0.1 %
Supramax	99.3 %	98.5 %	0.8 %	0.8 %
Handymax	90.8 %	93.1 %	(2.3) %	(2.5) %
Handysize	99.6 %	99.5 %	0.1 %	0.1 %
Fleet average	97.8 %	98.8 %	(1.0) %	(1.0) %

	For the Six Months Ended June 30, 2017	2016	Increase (Decrease)	% Change
Average Daily Results:				
Time Charter Equivalent (5)				
Capesize	$ 9,280	$ 2,333	$ 6,947	297.8 %
Panamax	6,959	3,624	3,335	92.0 %
Ultramax	7,977	4,971	3,006	60.5 %
Supramax	6,951	3,901	3,050	78.2 %
Handymax	6,906	2,746	4,160	151.5 %
Handysize	6,696	4,179	2,517	60.2 %
Fleet average	7,458	3,622	3,836	105.9 %
Daily vessel operating expenses (6)				
Capesize	$ 4,672	$ 4,799	$ (127)	(2.6) %
Panamax	4,545	4,496	49	1.1 %
Ultramax	4,395	4,555	(160)	(3.5) %
Supramax	4,415	4,715	(300)	(6.4) %
Handymax	4,269	4,399	(130)	(3.0) %
Handysize	3,967	4,219	(252)	(6.0) %
Fleet average	4,364	4,542	(178)	(3.9) %

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Definitions

In order to understand our discussion of our results of operations, it is important to understand the meaning of the following terms used in our analysis and the factors that influence our results of operations.

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

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

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

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

(5) TCE rates. We define TCE rates as net voyage revenue (voyage revenues less voyage expenses) divided by the number of our available days during the period, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charterhire rates for vessels on voyage charters are generally not expressed in per-day amounts while charterhire rates for vessels on time charters generally are expressed in such amounts.

	For the Three Months Ended	For the Six Months Ended

	June 30,		June 30,	
	2017	2016	2017	2016
Voyage revenues (in thousands)	$ 45,370	$ 31,460	$ 83,619	$ 51,590
Voyage expenses (in thousands)	951	3,074	4,192	6,970
	44,419	28,386	79,427	44,620
Total available days	5,263.6	6,146.3	10,650.3	12,320.8
Total TCE rate	$ 8,439	$ 4,618	$ 7,458	$ 3,622

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

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Operating Data

The following tables represent the operating data for the three and six months ended June 30, 2017 and 2016 on a consolidated basis.

	For the Three Months Ended June 30,				
	2017	2016	Change	% Change	
	(U.S. dollars in thousands, except for per share amounts)				
Revenue:					
Voyage revenues	$ 45,370	$ 31,460	$ 13,910	44.2	%
Service revenues	—	414	(414)	(100.0)	%
Total revenues	45,370	31,874	13,496	42.3	%
Operating Expenses:					
Voyage expenses	951	3,074	(2,123)	(69.1)	%
Vessel operating expenses	23,852	28,538	(4,686)	(16.4)	%
General and administrative expenses (inclusive of nonvested stock amortization expense of $1,570 and $5,442, respectively)	5,752	11,589	(5,837)	(50.4)	%
Technical management fees	1,871	2,264	(393)	(17.4)	%
Depreciation and amortization	18,185	19,686	(1,501)	(7.6)	%
Other operating income	—	(182)	182	(100)	%
Impairment of vessel assets	3,339	67,594	(64,255)	(95.1)	%
(Gain) loss on sale of vessels	(1,343)	77	(1,420)	100.0	%
Total operating expenses	52,607	132,640	(80,033)	(60.3)	%
Operating loss	(7,237)	(100,766)	93,529	(92.8)	%
Other expense	(7,276)	(9,726)	2,450	(25.2)	%
Loss before reorganization items, net	(14,513)	(110,492)	95,979	(86.9)	%
Reorganization items, net	—	(65)	65	(100.0)	%
Loss before income taxes	(14,513)	(110,557)	96,044	(86.9)	%
Income tax expense	—	(96)	96	(100.0)	%
Net loss	$ (14,513)	$ (110,653)	$ 96,140	(86.9)	%
Net loss per share - basic	$ (0.42)	$ (15.32)	$ 14.90	(97.3)	%
Net loss per share - diluted	$ (0.42)	$ (15.32)	$ 14.90	(97.3)	%
Weighted average common shares outstanding - basic	34,430,766	7,221,735	27,209,031	376.8	%

Weighted average common shares outstanding - diluted	34,430,766	7,221,735	27,209,031	376.8	%
EBITDA (1)	$ 10,898	$ (83,891)	$ 94,789	(113.0)	%

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	For the Six Months Ended June 30, 2017	2016	Change	% Change
	(U.S. dollars in thousands, except for per share amounts)			
Revenue:				
Voyage revenues	$ 83,619	$ 51,590	$ 32,029	62.1 %
Service revenues	—	1,225	(1,225)	(100.0) %
Total revenues	83,619	52,815	30,804	58.3 %
Operating Expenses:				
Voyage expenses	4,192	6,970	(2,778)	(39.9) %
Vessel operating expenses	48,736	57,665	(8,929)	(15.5) %
General and administrative expenses (inclusive of nonvested stock amortization expense of $2,281 and $10,928, respectively)	10,661	22,158	(11,497)	(51.9) %
Technical management fees	3,852	4,550	(698)	(15.3) %
Depreciation and amortization	36,358	40,025	(3,667)	(9.2) %
Other operating income	—	(182)	182	100.0 %
Impairment of vessel assets	3,339	69,278	(65,939)	(95.2) %
(Gain) loss on sale of vessels	(7,712)	77	(7,789)	(10,115.6) %
Total operating expenses	99,426	200,541	(101,115)	(50.4) %
Operating loss	(15,807)	(147,726)	131,919	(89.3) %
Other expense	(14,305)	(16,902)	2,597	(15.4) %
Loss before reorganization items, net	(30,112)	(164,628)	134,516	(81.7) %
Reorganization items, net	—	(160)	160	(100.0) %
Loss before income taxes	(30,112)	(164,788)	134,676	(81.7) %
Income tax expense	—	(350)	350	(100.0) %
Net loss	$ (30,112)	$ (165,138)	$ 135,026	(81.8) %
Net loss per share - basic	$ (0.89)	$ (22.87)	21.98	(96.1) %
Net loss per share - diluted	$ (0.89)	$ (22.87)	21.98	(96.1) %
Weighted average common shares outstanding - basic	33,965,835	7,220,265	26,745,570	370.4 %
Weighted average common shares outstanding - diluted	33,965,835	7,220,265	26,745,570	370.4 %
EBITDA (1)	$ 20,436	$ (110,731)	$ 131,167	(118.5) %

(1)

EBITDA represents net (loss) income plus net interest expense, taxes and depreciation and amortization. EBITDA is included because it is used by management and certain investors as a measure of operating performance. EBITDA is used by analysts in the shipping industry as a common performance measure to compare results across peers. Our management uses EBITDA as a performance measure in our consolidated internal financial statements, and it is presented for review at our board meetings. We believe that EBITDA is useful to investors as the shipping industry is capital intensive which often results in significant depreciation and cost of financing. EBITDA presents investors

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with a measure in addition to net income to evaluate our performance prior to these costs. EBITDA is not an item recognized by U.S. GAAP (i.e. non-GAAP measure) and should not be considered as an alternative to net income, operating income or any other indicator of a company's operating performance required by U.S. GAAP. EBITDA is not a measure of liquidity or cash flows as shown in our Condensed Consolidated Statements of Cash Flows. The definition of EBITDA used here may not be comparable to that used by other companies. The following table demonstrates our calculation of EBITDA and provides a reconciliation of EBITDA to net (loss) income for each of the periods presented above:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Net loss	$ (14,513)	$ (110,653)	$ (30,112)	$ (165,138)
Net interest expense	7,226	6,980	14,190	14,032
Income tax expense	—	96	—	350
Depreciation and amortization	18,185	19,686	36,358	40,025
EBITDA (1)	$ 10,898	$ (83,891)	$ 20,436	$ (110,731)

Results of Operations

The following tables set forth information about the current employment of the vessels in our fleet as of August 9, 2017:

Vessel	Year Built	Charterer	Charter Expiration(1)	Cash Daily Rate(2)	
Capesize Vessels					
Genco Augustus	2007	Swissmarine Services S.A.	February 2018	106% of BCI	
Genco Tiberius	2007	Cargill International S.A.	September 2017	$10,500	
Genco London	2007	Swissmarine Services S.A.	May 2018	98% of BCI	(3)
Genco Titus	2007	Louis Dreyfus Company Freight Asia Pte. Ltd.	September 2017	$12,000	
Genco Constantine	2008	Cargill Ocean Transportation Pte. Ltd./Oldendorff GMBH & Co.	Aug./Sep. 2017	$8,750/$14,500	(4)
Genco Hadrian	2008	Swissmarine Services S.A.	August 2017	98.5% of BCI	
Genco Commodus	2009	Swissmarine Asia Pte. Ltd.	January 2018	88% of BCI	(5)
Genco Maximus	2009	Trafigura Maritime Logistics Pte. Ltd.	August 2017	$11,000	
Genco Claudius	2010			$13,000	

		Louis Dreyfus Company Freight Asia Pte. Ltd.	September 2017		
Genco Tiger	2011	Uniper Global Commodities SE.	October 2017	$10,750	
Baltic Lion	2012	Koch Shipping Pte. Ltd.	October 2017	$15,300	(6)
Baltic Bear	2010	Classic Maritime Inc./Trafigura Maritime Logistics Pte. Ltd.	Jul./Oct. 2017	$10,500/$10,750	(7)
Baltic Wolf	2010	Cargill International S.A.	February 2018	$15,350	
Panamax Vessels					
Genco Beauty	1999	Swissmarine Asia Pte. Ltd.	November 2017	$9,000	(8)
Genco Knight	1999	Cargill International S.A.	August 2017	$9,000	(9)
Genco Vigour	1999	Raffles Shipping International Pte. Ltd.	September 2017	$10,500	(10)
Genco Surprise	1998	Swissmarine Asia Pte. Ltd.	October 2017	$8,000	(11)
Genco Raptor	2007	Cofco Agri Freight Geneva, S.A./Golden Ocean Trading Ltd. Bermuda	Jul./Oct. 2017	$8,500/$9,650	(12)
Genco Thunder	2007	Swissmarine Services S.A.	August 2017	100% of BPI	
Ultramax Vessels					
Baltic Hornet					