

GENCO SHIPPING & TRADING LTD  
Form 10-K  
February 22, 2012

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

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

**For the fiscal year ended December 31, 2011**

**or**

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

**For the transition period from            to**

**Commission file number 000-51442**

**GENCO SHIPPING & TRADING LIMITED**

(Exact name of registrant as specified in its charter)

**Republic of the Marshall Islands**  
(State or other jurisdiction of  
incorporation or organization)

**299 Park Avenue, 12th Floor, New York, New York**  
(Address of principal executive offices)

**98-043-9758**  
(I.R.S. Employer  
Identification No.)

**10171**  
(Zip Code)

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

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

Title of Each Class

**Common Stock, par value \$.01 per share**

Name of Each Exchange on Which Registered

**New York Stock Exchange**

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

**None**

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

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

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

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

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

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

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

The aggregate market value of the registrant's voting common equity held by non-affiliates of the registrant on the last business day of the registrant's most recently completed second fiscal quarter, computed by reference to the last sale price of such stock of \$7.52 per share as of June 30, 2011 on the New York Stock Exchange, was approximately \$222.3 million. The registrant has no non-voting common equity issued and outstanding. The determination of affiliate status for purposes of this paragraph is not necessarily a conclusive determination for any other purpose.

The number of shares outstanding of the registrant's common stock as of February 22, 2012 was 36,307,598 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our Proxy Statement for the 2012 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2011, are incorporated by reference in Part III herein.

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**PART I**

**ITEM 1. BUSINESS**

**OVERVIEW**

We are a New York City-based company, incorporated in the Marshall Islands in 2004. We transport iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes through the ownership and operation of drybulk carrier vessels. Excluding vessels of Baltic Trading Limited ( *Baltic Trading* ), our fleet currently consists of 53 drybulk carriers, including nine Capesize, eight Panamax, 17 Supramax, six Handymax and 13 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 3,810,000 dwt. The average age of our current fleet is approximately 6.8 years, as compared to the average age for the world fleet of approximately 12 years for the drybulk shipping segments in which we compete. All of the vessels in our fleet were built in shipyards with reputations for constructing high-quality vessels. The majority of the vessels in our fleet are currently on time charter contracts or spot market-related time charters. Five of our vessels currently operate in the Lauritzen Pool. Under a pool arrangement, the vessels operate under a time charter agreement whereby the cost of bunkers and port expenses are borne by the pool and operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel. Since the members of the pool share in the revenue generated by the entire group of vessels in the pool, and the pool operates in the spot market, the revenue earned by these five vessels are subject to the fluctuations of the spot market. Most of our vessels are chartered to well-known charterers, including Lauritzen Bulkcarriers A/S or LB/IVS Pool, in which Lauritzen Bulkcarriers A/S acts as the pool manager (collectively, *Lauritzen Bulkcarriers* ), Cargill International S.A. ( *Cargill* ), Pacific Basin Chartering Ltd. ( *Pacbasin* ), Trafigura Beheer B.V. ( *Trafigura* ), Klaveness Chartering ( *Klaveness* ) and Swissmarine Services S.A. ( *Swissmarine* ).

In addition, *Baltic Trading*'s fleet currently consists of two Capesize, four Supramax and three Handysize drybulk carriers with an aggregate carrying capacity of approximately 672,000 dwt.

Depending on market conditions, we intend to acquire additional modern, high-quality drybulk carriers through timely and selective acquisitions of vessels in a manner that is accretive to our cash flow. In connection with the acquisitions made during 2007 through 2011 and our growth strategy, we negotiated the 2007 Credit Facility, \$100 Million Term Loan Facility, \$253 Million Term Loan Facility and the 2010 *Baltic Trading* Credit Facility (each as defined herein) that we have used to acquire vessels. We expect to fund acquisitions of additional vessels using cash reserves set aside for this purpose or additional borrowings and may consider additional debt or equity financing alternatives from time to time.

On June 3, 2010, we entered into an agreement to purchase a total of eight Handysize drybulk vessels, including five newbuildings, from companies within the Metrostar Management Corporation group of companies ( *Metrostar* ) for an aggregate purchase price of \$266.0 million. Five of these vessels are owned by us and three are owned by *Baltic Trading*. Additionally, on June 24, 2010, we entered into a Master Agreement with Bourbon SA ( *Bourbon* ) to purchase 16 drybulk vessels, including two newbuildings, for an aggregate purchase price of \$545.0 million. We retained 13 of the 16 vessels, including one newbuilding, and the remaining three vessels were immediately resold to Maritime Equity Partners LLC ( *MEP* ), a company managed by a Company owned by our Chairman, Peter C. Georgiopoulos. All eight vessels have been delivered from *Metrostar* and all 16 vessels have been delivered from *Bourbon*, three of which were sold to *MEP*.

In order to fund the acquisition of these vessels, we entered into two senior secured term loan facilities. On August 12, 2010, we entered into a \$100 million senior secured term loan facility (the *\$100 Million Term Loan Facility* ) to be utilized to fund or refund to us a portion of the purchase price of the acquisition of five vessels from *Metrostar*. On August 20, 2010, we entered into a \$253 million senior secured term loan

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facility (the \$253 Million Term Loan Facility ) to fund a portion of the purchase price of the acquisition of 13 vessels from Bourbon. The Baltic Trading vessels have been funded utilizing its \$150 million senior secured revolving credit facility (the 2010 Baltic Trading Credit Facility ).

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.

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From time to time in the current global economic environment, our charterers with long-term time charters may request to renegotiate the terms of our charters with them. As a general matter, we do not agree to make changes to the terms of our charters in response to such requests. The failure of any charterer to meet its obligations under our long-term time charters could have an adverse effect on our results of operations.

We hold an investment in the capital stock of Jinhui Shipping and Transportation Limited ( Jinhui ). Jinhui is a drybulk shipping owner and operator focused on the Supramax segment of drybulk shipping.

Baltic Trading, formerly our wholly-owned subsidiary, completed its initial public offering, or IPO, on March 15, 2010. As of December 31, 2011, our wholly-owned subsidiary Genco Investments LLC owned 5,699,088 shares of Baltic Trading's Class B Stock, which represents a 25.11% ownership interest in Baltic Trading at December 31, 2011 and 83.41% of the aggregate voting power of Baltic Trading's outstanding shares of voting stock. Baltic Trading is consolidated as we control a majority of the voting interest in Baltic Trading. Management's discussion and analysis of our results of operations and financial condition includes the results of Baltic Trading.

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

We provide technical services for drybulk vessels purchased by MEP under an agency agreement between us and MEP. These services include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services are provided for a fee of \$750 per ship per day plus reimbursement of out-of-pocket costs and will be provided for an initial term of one year. MEP will have the right to cancel provision of services on 60 days' notice with payment of a one-year termination fee or without a fee upon a change of our control. We may terminate provision of the services at any time on 60 days notice. Mr. Georgiopoulos is a minority investor in MEP, and affiliates of Oaktree Capital Management, L.P., of which Stephen A. Kaplan, one of our directors, is a principal, are majority investors in MEP. This arrangement was approved by an independent committee of our Board of Directors.

### AVAILABLE INFORMATION

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

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

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reference into this annual report on Form 10-K.

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

Corporate Investor Relations

Genco Shipping & Trading Limited

299 Park Avenue, 12th Floor

New York, NY 10171

## BUSINESS STRATEGY

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

- *Strategically expand the size of our fleet* - Depending on market conditions, we intend to acquire additional modern, high-quality drybulk carriers through timely and selective acquisitions of vessels in a manner that is accretive to our cash flows. We expect to fund acquisitions of additional vessels using cash reserves set aside for this purpose, debt and utilizing equity financing alternatives.
- *Continue to operate a high-quality fleet* - We intend to maintain a modern, high-quality fleet that meets or exceeds stringent industry standards and complies with charterer requirements through our technical managers' rigorous and comprehensive maintenance program. In addition, our technical managers maintain the quality of our vessels by carrying out regular inspections, both while in port and at sea.
- *Pursue an appropriate balance of time and spot charters* - All of our 53 vessels, excluding those of Baltic Trading, are under time charters, spot market-related time charters or pool agreements. Charters under fixed rate contracts provide us with relatively stable revenues, and charterers under spot market-related time charters provide us with market revenues, both of which provide us with a high fleet utilization. We may in the future pursue other market opportunities for our vessels to capitalize on market conditions, including arranging longer or shorter charter periods and entering into short-term time charters, voyage charters and use of vessel pools. Our charter strategy through the current unfavorable market condition has been focused on signing short-term or spot market-related contracts with multinational charterers in order to preserve our ability to capitalize on possible future rate increases.
- *Maintain low-cost, highly efficient operations* - During the year ended December 31, 2011, we outsourced technical management of our fleet, to Wallem Shipmanagement Limited ( Wallem ), Anglo-Eastern Group ( Anglo ), and V.Ships Limited ( V.Ships ), third-party independent technical managers, at a cost we believe is lower than what we could achieve by performing the function in-house. Our management team actively monitors and controls vessel operating expenses incurred by the independent technical managers by overseeing their activities. Finally, we seek to maintain low-cost, highly efficient operations by capitalizing on the cost savings and economies of scale that result from operating sister ships.
- *Capitalize on our management team's reputation* - We will continue to capitalize on our management team's reputation for high standards of performance, reliability and safety, and maintain strong relationships with major international charterers, many of whom consider the reputation of a vessel owner and operator when entering into time charters. We believe that our management team's track record improves our relationships with high quality shipyards and financial institutions, many of which consider reputation to be an indicator of creditworthiness.

## OUR FLEET

The table below summarizes the characteristics of our vessels, including those of Baltic Trading:



**Genco Shipping & Trading Limited:**

<b>Vessel</b>	<b>Class</b>	<b>Dwt</b>	<b>Year Built</b>
Genco Augustus	Capesize	180,151	2007
Genco Claudius	Capesize	169,025	2010
Genco Constantine	Capesize	180,183	2008
Genco Commodus	Capesize	169,025	2009
Genco Hadrian	Capesize	169,694	2008
Genco London	Capesize	177,833	2007
Genco Maximus	Capesize	169,025	2009
Genco Tiberius	Capesize	175,874	2007
Genco Titus	Capesize	177,729	2007
Genco Acheron	Panamax	72,495	1999
Genco Beauty	Panamax	73,941	1999

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Vessel	Class	Dwt	Year Built
Genco Knight	Panamax	73,941	1999
Genco Leader	Panamax	73,941	1999
Genco Raptor	Panamax	76,499	2007
Genco Surprise	Panamax	72,495	1998
Genco Thunder	Panamax	76,588	2007
Genco Vigour	Panamax	73,941	1999
Genco Aquitaine	Supramax	57,981	2009
Genco Ardennes	Supramax	57,981	2009
Genco Auvergne	Supramax	57,981	2009
Genco Bourgogne	Supramax	57,981	2010
Genco Brittany	Supramax	57,981	2010
Genco Cavalier	Supramax	53,617	2007
Genco Hunter	Supramax	58,729	2007
Genco Languedoc	Supramax	57,981	2010
Genco Loire	Supramax	53,416	2009
Genco Lorraine	Supramax	53,416	2009
Genco Normandy	Supramax	53,596	2007
Genco Picardy	Supramax	55,257	2005
Genco Predator	Supramax	55,407	2005
Genco Provence	Supramax	55,317	2004
Genco Pyrenees	Supramax	57,981	2010
Genco Rhone	Supramax	58,018	2011
Genco Warrior	Supramax	55,435	2005
Genco Carrier	Handymax	47,180	1998
Genco Marine	Handymax	45,222	1996
Genco Muse	Handymax	48,913	2001
Genco Prosperity	Handymax	47,180	1997
Genco Success	Handymax	47,186	1997
Genco Wisdom	Handymax	47,180	1997
Genco Avra	Handysize	34,391	2011
Genco Bay	Handysize	34,296	2010
Genco Challenger	Handysize	28,428	2003
Genco Champion	Handysize	28,445	2006
Genco Charger	Handysize	28,398	2005
Genco Explorer	Handysize	29,952	1999
Genco Mare	Handysize	34,428	2011
Genco Ocean	Handysize	34,409	2010
Genco Pioneer	Handysize	29,952	1999
Genco Progress	Handysize	29,952	1999
Genco Reliance	Handysize	29,952	1999
Genco Spirit	Handysize	34,432	2011
Genco Sugar	Handysize	29,952	1998

**Baltic Trading Limited:**

Vessel	Class	Dwt	Year Built
Baltic Bear	Capesize	177,717	2010
Baltic Wolf	Capesize	177,752	2010
Baltic Cougar	Supramax	53,432	2009
Baltic Jaguar	Supramax	53,474	2009
Baltic Leopard	Supramax	53,447	2009
Baltic Panther	Supramax	53,351	2009
Baltic Breeze	Handysize	34,386	2010

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Baltic Cove	Handysize	34,403	2010
Baltic Wind	Handysize	34,409	2009

## FLEET MANAGEMENT

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

We utilize the services of reputable independent technical managers for the technical management of our fleet. We currently contract with Wallem, Anglo and V.Ships, independent technical managers, for our technical management. Technical management involves the day-to-day management of vessels, including performing routine maintenance, attending to vessel operations and arranging for crews and supplies. Members of our New York City-based management team oversee the activities of our independent technical managers. The head of our technical management team has over 30 years of experience in the shipping industry.

Wallem, founded in 1971, Anglo, founded in 1974 and V.Ships, founded in 1984, are among the largest ship management companies in the world. These technical managers are known worldwide for their agency networks, covering all major ports in China, Hong Kong, Japan, Vietnam, Taiwan, Thailand, Malaysia, Indonesia, the Philippines and Singapore. These technical managers provide services to over 1,000 vessels of all types, including Capesize, Panamax, Supramax, Handymax and Handysize drybulk carriers that meet strict quality standards.

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

- provide personnel to supervise the maintenance and general efficiency of our vessels;
- arrange and supervise the maintenance of our vessels to our standards to assure that our vessels comply with applicable national and international regulations and the requirements of our vessels' classification societies;
- select and train the crews for our vessels, including assuring that the crews have the correct certificates for the types of vessels on which they serve;
- check the compliance of the crews' licenses with the regulations of the vessels' flag states and the International Maritime Organization, or IMO;
- arrange the supply of spares and stores for our vessels; and

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

## OUR CHARTERS

As of February 21, 2012, excluding Baltic Trading, we employed 15 of our 53 drybulk carriers under time charters. A time charter involves the hiring of a vessel from its owner for a period of time pursuant to a contract under which the vessel owner places its ship (including its crew and equipment) at the disposal of the charterer. Under a time charter, the charterer periodically pays a fixed daily charterhire rate to the owner of the vessel and bears all voyage expenses, including the cost of bunkers ( fuel ), port expenses, agents fees and canal dues. Two of our vessels on time charters, the Genco Constantine and Genco Hadrian, are chartered under time charters which include a profit-sharing element. Under these charter agreements, we receive a fixed rate of \$52,750 and \$65,000 per day, respectively, and an additional profit-sharing payment. The profit-sharing between us and the respective charterer for each 15-day period is calculated by taking the average over that period of the published Baltic Cape Index of the four time charter routes as reflected in daily reports. If such average is more than the base rate payable under the charter, the excess amount is allocable 50% to us and 50% to the charterer. The profit sharing amount due to us is net of a 3.75% commission. Additionally, as of February 21, 2012, we employed 33 of our 53 drybulk carriers under spot market-related time charters which are time charters with rates based on published Baltic Indices. These types of charters are similar to time charters with the exception of having a fixed rate over the term of the time charter agreement. As such, the revenue earned by these 33 vessels is subject to the fluctuations of the spot market. Four of these vessels have spot market-related time charters which are linked with a floor of \$8,500 and a ceiling of \$13,500 daily with a 50% profit sharing arrangement to apply to any amount above the ceiling. The rate is based on 115% of the average of the daily rates of the Baltic Handysize index as reflected in daily reports.

The remaining five of our drybulk carriers are currently in a vessel pool. The Genco Explorer, Genco Pioneer, Genco Progress, Genco Reliance and Genco Sugar are in the Lauritzen Pool. We believe that vessel pools provide cost-effective commercial

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

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

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

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

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

During the beginning of 2009, the Genco Cavalier, a 2007-built Supramax vessel, was on charter to Samsun Logix Corporation ( Samsun ), when Samsun filed for the equivalent of bankruptcy protection in South Korea, otherwise referred to as a rehabilitation application. On February 5, 2010, the rehabilitation plan submitted by Samsun was approved by the South Korean courts. As part of the rehabilitation process, our claim of approximately \$17.2 million will be settled in the following manner: 34%, or approximately \$5.9 million, will be paid in cash in annual installments on December 30th of each year from 2010 through 2019 ranging in percentages from eight to 17; the remaining 66%, or approximately \$11.3 million, converted to Samsun shares at a specified value per share. During the year ended December 31, 2011, we have recorded \$0.5 million as other operating income which represents the portion (9%) of the cash settlement that was due on December 30, 2011. During the year ended December 31, 2010, we have recorded \$0.6 million as other operating income which represents the portion (10%) of the cash settlement which was due on December 30, 2010.

During January 2011, the Genco Success, a 1997-built Handymax vessel, was on charter to Korea Line Corporation ( KLC ) when KLC filed for a rehabilitation application. At December 31, 2011 and 2010, we have limited exposure as a result of the bankruptcy protection filing by KLC. The vessel was redelivered to us by KLC on January 29, 2011. We estimate that we have a claim of approximately \$0.9 million against KLC related primarily to unpaid revenue earned prior to re-delivery of the vessel. If a rehabilitation plan is approved by the South Korean courts and it is determined that we will receive a cash settlement for our outstanding claim, any amounts due from KLC will be recorded once the collectibility of the receivable has been assessed and the amount has been deemed collectible.

The following table sets forth information about the current employment of the vessels currently in our fleet as of February 21, 2012:

Genco Shipping & Trading Limited

Vessel	Year Built	Charterer	Charter Expiration (1)	Cash Daily Rate (2)
<b><i>Capesize Vessels</i></b>				
Genco Augustus	2007	Cargill International S.A.	October 2012	100% of BCI(3)
Genco Tiberius	2007	Cargill International S.A.	August 2012	100% of BCI
Genco London	2007	Cargill International S.A.	August 2012	100% of BCI
Genco Titus	2007	Swissmarine Services S.A.	July 2012	100% of BCI
Genco Constantine	2008	Cargill International S.A.	August 2012	\$52,750(4)

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Genco Hadrian	2008	Cargill International S.A.	October 2012	\$65,000(4)
Genco Commodus	2009	Swissmarine Services S.A.	May 2012	99% of BCI
Genco Maximus	2009	Swissmarine Services S.A.	January 2013	98.5% of BCI(5)
Genco Claudius	2010	Swissmarine Services S.A.	December 2012	98.5% of BCI(6)
<b><u>Panamax Vessels</u></b>				
Genco Beauty	1999	U-Sea Bulk A/S, Copenhagen	March 2012	100% of BPI
Genco Knight	1999	Swissmarine Services S.A.	March 2012	100% of BPI
Genco Leader	1999	J. Aron & Company	November 2012	100% of BPI(7)
Genco Vigour	1999	Global Maritime Investments Ltd.	January 2013	97% of BPI(8)
Genco Acheron	1999	Global Maritime Investments Ltd.	December 2012	97% of BPI(9)
Genco Surprise	1998	Global Maritime Investments Ltd.	July 2012	97% of BPI(10)
Genco Raptor	2007	COSCO Bulk Carriers Co., Ltd.	April 2012	\$52,800
Genco Thunder	2007	Swissmarine Services S.A.	June 2012	97% of BPI(11)
<b><u>Supramax Vessels</u></b>				
Genco Predator	2005	Pacific Basin Chartering Ltd.	May 2012	103% of BSI
Genco Warrior	2005	Trafigura Beheer B.V.	October 2012	102% of BSI(12)
Genco Hunter	2007	Pacific Basin Chartering Ltd.	June 2012	106% of BSI
Genco Cavalier	2007	Louis Dreyfus Commodities Suisse S.A.	March 2012	\$7,000(13)
Genco Lorraine	2009	Olam International Ltd.	June 2012	\$18,500
Genco Loire	2009	Louis Dreyfus Commodities Suisse S.A.	February 2012	5,750(14)
Genco Aquitaine	2009	Klaveness Chartering	March 2012	102% of BSI
Genco Ardennes	2009	Klaveness Chartering	August 2012	\$19,000
Genco Auvergne	2009	Pacific Basin Chartering Ltd.	March 2012	\$13,500
Genco Bourgogne	2010	Western Bulk Carriers A/S	November 2012	\$12,250(15)
Genco Brittany	2010	Wan Bong Chartering Co. Ltd	March 2012	\$9,000(16)
Genco Languedoc	2010	Pacific Basin Chartering Ltd.	May 2012	\$10,000(17)
Genco Normandy	2007	Jaldhi Overseas PTD Ltd.	February 2012	\$5,025(18)
Genco Picardy	2005	Trafigura Beheer B.V.	December 2012	98% of BSI(19)
Genco Provence	2004	Hamburg Bulk Carriers	December 2012	\$12,000(20)
Genco Pyrenees	2010	Setaf-Saget SAS	April 2012	\$12,250(21)
Genco Rhone	2011	AMN Bulkcarriers Inc.	March 2012	102% of BSI
<b><u>Handymax Vessels</u></b>				
Genco Success	1997	Swissmarine Services S.A.	March 2012	90% of BSI
Genco Carrier	1998	STX Pan Ocean Co. Ltd.	April 2012	\$7,000(22)
Genco Prosperity	1997	Pacific Basin Chartering Ltd	May 2012	92% of BSI
Genco Wisdom	1997	Klaveness Chartering	September 2012	92% of BSI
Genco Marine	1996	ED & F MAN Shipping Ltd.	May 2012	92% of BSI
Genco Muse	2001	Trafigura Beheer B.V.	April 2012	95% of BSI
<b><u>Handysize Vessels</u></b>				
Genco Explorer	1999	Lauritzen Bulkcarriers A/S	May 2012	Spot(23)
Genco Pioneer	1999	Lauritzen Bulkcarriers A/S	May 2012	Spot(23)
Genco Progress	1999	Lauritzen Bulkcarriers A/S	February 2013	Spot(23)
Genco Reliance	1999	Lauritzen Bulkcarriers A/S	February 2013	Spot(23)
Genco Sugar	1998	Lauritzen Bulkcarriers A/S	February 2013	Spot(23)
Genco Charger	2005	AMN Bulkcarriers Inc.	October 2012	100% of BHSI(24)
Genco Challenger	2003	AMN Bulkcarriers Inc.	November 2012	100% of BHSI(24)
Genco Champion	2006	Pacific Basin Chartering Ltd.	March 2012	100% of BHSI
Genco Ocean	2010	Cargill International S.A.	June 2013	\$8,500-\$13,500 with 50% profit sharing(25)





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Genco Bay	2010	Cargill International S.A.	January 2013	\$8,500-\$13,500 with 50% profit sharing(25)
Genco Avra	2011	Cargill International S.A.	March 2014	\$8,500-\$13,500 with 50% profit sharing(25)
Genco Mare	2011	Cargill International S.A.	May 2015	115% of BHSI
Genco Spirit	2011	Cargill International S.A.	September 2014	\$8,500-\$13,500 with 50% profit sharing(25)

(1) The charter expiration dates presented represent the earliest dates that our charters may be terminated in the ordinary course. Except for the Genco Constantine and the Genco Hadrian, under the terms of each contract, the charterer is entitled to extend the time charters from two to four months in order to complete the vessel's final voyage plus any time the vessel has been off-hire. The charterer of the Genco Hadrian has the option to extend the charter for a period of one year. The charterer of the Genco Constantine has the option to extend the charter for a period of eight months.

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

(3) We have agreed to an extension with Cargill International S.A. on a spot market-related time charter for 10.5 to 14.5 months based on 100% of the average of the daily rates of the Baltic Capesize Index (BCI) published by the Baltic Exchange, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Capesize forward freight agreement (FFA) values at 100%. The extension began on December 14, 2011.

(4) These charters include a 50% index-based profit sharing component above the respective base rates listed in the table. The profit sharing between the charterer and us for each 15-day period is calculated by taking the average over that period of the published BCI of the four time charter routes, as reflected in daily reports. If such average is more than the base rate payable under the charter, the excess amount is allocable 50% to each of the charterer and us. A third-party brokerage commission of 3.75% based on the profit sharing amount due to us is payable out of our share.

(5) We have agreed to an extension with Swissmarine Services SA on a spot market-related time charter for 11 to 13.5 month based on 98.5% of the average of the daily rates of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Capesize FFA values at 98.5%. The extension began on February 12, 2012.

(6) We have agreed to an extension with Swissmarine Services S.A. on a spot market-related time charter for 11 to 13.5 months based on 98.5% of the average of the daily rates of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Capesize FFA values at 98.5%. The extension began on January 5, 2012.

(7) We have agreed to an extension with J. Aron & Company on a spot market-related time charter for 11 to 13.5 months based on 100% of the average of the daily rates of the Baltic Panamax Index (BPI) published by the Baltic Exchange, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax FFA values at 100%. The extension began on December 28, 2011.

(8) We have reached an agreement with Global Maritime Investments Ltd. on a spot market-related time charter based on 97% of the average of the daily rates of the BPI, as reflected in daily reports, except for the initial 50 days in which hire will be based on 97% of the rate for the Baltic Panamax P3A route. The spot market-related time charter is for a minimum of 11 months with hire paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax FFA values at 97%. The vessel redelivered to us on January 27, 2012 and then went to drydock for scheduled repairs. The vessel delivered to charterers on February 15, 2012 after the drydock concluded.

(9) We have reached an agreement with Global Maritime Investments Ltd. on a spot market-related time charter based on 97% of the average of the daily rates of the BPI, as reflected in daily reports, except for the initial 50 days in which hire will be based on 97% of the rate for the Baltic Panamax P3A route. The spot market-related time charter is for a minimum of 11 months with hire paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax FFA values at

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97%. The vessel delivered to charterers on January 21, 2012 after the scheduled drydocking completed. The vessel was previously fixed with Morgan Stanley Capital Group Inc. on a time charter for one trip from Indonesia to China at a rate of \$10,750 per day less a 5.00% brokerage commission which ended on January 8, 2012.

(10) We have agreed to an extension with Global Maritime Investments Ltd. on a spot market-related time charter based on 97% of the average of the daily rates of the BPI, as reflected in daily reports. The minimum and maximum expiration of the extension is July 1, 2012 and September 15, 2012, respectively, as the vessel is to go into drydock for scheduled repairs after the spot market-related time charter concludes. Hire is paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax FFA values at 97% until June 1, 2012. The extension began on December 1, 2011.

(11) We have agreed to an extension with Swissmarine Services S.A. on a spot market-related time charter based on 97% of the average of the daily rates of the BPI, as reflected in daily reports, except for the initial 45 days in which hire is based on 97% of the rate for the Baltic Panamax P3A route. The minimum and maximum expiration of the extension is June 1, 2012 and August 1, 2012, respectively as the vessel is to go into drydock for scheduled repairs after the spot market-related time charter concludes. Hire is paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Panamax FFA values at 97%. The extension began on December 23, 2011.

(12) We have reached an agreement with Trafigura Beheer B.V. on a spot market-related time charter for 10.5 to 13.5 months based on 102% of the average of the daily rates of the Baltic Supramax Index (BSI) published by the Baltic Exchange, as reflected in daily reports, except for the initial 35 days in which hire is based on 102% of the rate for the Baltic Supramax S7 route. Hire is paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Supramax FFA values at 102%. The vessel delivered to charterers on December 6, 2011.

(13) We have reached an agreement with Louis Dreyfus Commodities Suisse S.A. on a time charter for approximately 20 days at a rate of \$7,000 per day less a 5.00% third party brokerage commission. Hire is paid every 15 days in advance. The vessel was previously fixed with Bulk Marine on a time charter from January 18, 2012 to February 11, 2012 at a rate of \$8,000 per day less a 5.00% third party brokerage commission.

(14) We have reached an agreement with Louis Dreyfus Commodities Suisse S.A. on a time charter for approximately 20 days at a rate of \$5,750 per day less a 5.00% third party brokerage commission. Hire is paid every 15 days in advance. The vessel's previous time charter ended on January 27, 2012, and the vessel was delivered to its new charterer on February 8, 2012 after repositioning. A ballast bonus was awarded after the repositioning period.

(15) We have reached an agreement with Western Bulk Carriers A/S on a time charter for 11 to 13.5 months at a rate of \$12,250 per day less a 5.00% third party brokerage commission. Hire payments are made every 15 days in advance. The vessel's previous time charter ended on December 9, 2011, and the vessel was delivered to its new charterer on December 22, 2011 after repositioning. A ballast bonus was awarded after the repositioning period.

(16) We have reached an agreement with Wan Bong Chartering Co. Ltd. on a time charter for two laden legs at a rate of \$9,000 with the first leg via China to West Africa. Hire payments are made every 15 days in advance less a 5.00% third party brokerage commission. The vessel delivered to charters on January 7, 2012.

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(17) We have reached an agreement with Pacific Basin Chartering Ltd. on a time charter at a rate of \$10,000 per day less a 5.00% third party brokerage commission for four to six months. Hire payment is made every 15 days in advance. The vessel delivered to charterers on January 16, 2012.

(18) We have reached an agreement with Jaldhi Overseas PTE Ltd. on a time charter at a rate of \$5,025 per day less a 5.00% third party brokerage commission for approximately 25 days. Hire payment is made every 15 days in advance. The vessel delivered to charterers on February 3, 2012. From January 14, 2012 to January 31, 2012, the vessel was on a time charter with Oldendorff GMBH and Co. at a rate of \$9,000 per day less a 5.00% third party brokerage commission.

(19) We have agreed to an extension with Trafigura Beheer B.V. on a spot market-related time charter for 10.5 to 13.5 months based on 98% of the average of the daily rates of the BSI, as reflected in daily reports, except for the initial 35 days in which hire is based on 98% of the rate for the Baltic Supramax S2 route. Hire is paid every 15 days in arrears less a 5.00% third party brokerage commission. Genco maintains the option to convert to a fixed rate based on Supramax FFA values at 98%. The extension began on January 31, 2012.

(20) We have reached an agreement with Hamburg Bulk Carriers on a time charter at a rate of \$12,000 per day less a 5.00% third party brokerage commission for 11 to 13.5 months. Hire payment is made every 15 days in advance. The vessel's previous time charter ended on December 31, 2011, and the vessel was then repositioned before delivering to Hamburg Bulk Carriers on January 16, 2012.

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(21) We have agreed to an extension with Setaf-Saget SAS on a time charter for 4 to 6.5 months at a rate of \$12,250 per day less a 3.75% third party brokerage commission. Hire is paid every 15 days in advance. The vessel began on its new rate on December 20, 2011.

(22) We have reached an agreement with STX Pan Ocean Co. Ltd. on a time charter for 2.5 to 5.5 months at a rate of \$7,000 per day less a 5.00% third party brokerage commission. Hire payment is made every 15 days in advance. The vessel delivered to charterers on February 8, 2012.

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

(24) We have agreed to extensions with AMN Bulkcarrier Inc. for the Genco Charger and Genco Challenger on spot market-related time charterers at a rate based on 100% of the average of the daily rates of the Baltic Handysize Index (BHSI) published by the Baltic Exchange, as reflected in daily reports except for the initial 25 days in which hire will be based on 100% of the rate for the Baltic Handysize HS5 route. Hire is paid every 15 days in arrears net of a 5.00% third party brokerage commission. Genco maintains the option to convert the balance period to a fixed rate based on Handysize FFA values at 100%. The duration of the extension for the Genco Charger is 9.5 to 12 months which began on January 1, 2012 while the extension for the Genco Challenger began on February 1, 2012 for 9.5 to 11.5 months.

(25) The rate for the spot market-related time charter will be linked with a floor of \$8,500 and a ceiling of \$13,500 daily with a 50% profit sharing arrangement to apply to any amount above the ceiling. The rate will be based on 115% of the average of the daily rates of the BHSI, as reflected in daily reports. Hire will be paid every 15 days in advance net of a 5.00% third party brokerage commission. These vessels were acquired with existing time charters with below-market rates. For these below-market time charters, Genco allocates the purchase price between the respective vessels and an intangible liability for the value assigned to the below-market charter-hire. This intangible liability will be amortized as an increase to voyage revenues over the minimum remaining terms of the applicable charters, at which point the respective liabilities will be amortized to zero and the vessels will begin earning the Cash Daily Rate. For cash flow purposes, Genco will continue to receive the rate presented in the Cash Daily Rate column until the charter expires. Specifically, for the Genco Spirit, Genco Avra, Genco Ocean and Genco Bay, the daily amount of amortization associated with the below-market rates will be approximately \$200, \$350, \$700 and \$750 per day over the actual cash rate earned, respectively.

### Baltic Trading Limited

Vessel	Year Built	Charterer	Charter Expiration(1)	Employment Structure
<i>Capesize Vessels</i>				
Baltic Bear	2010	Swissmarine Services S.A.	March 2012	101.5% of BCI (2)
Baltic Wolf	2010	Cargill International S.A.	August 2012	100% of BCI (3)
<i>Supramax Vessels</i>				
Baltic Leopard	2009	Resource Marine PTE Ltd. (part of the Macquarie group of companies)	March 2012	97% of BSI (4)
Baltic Panther	2009	Klaveness Chartering	April 2013	95% of BSI (5)
Baltic Jaguar	2009	Resource Marine PTE Ltd. (part of the Macquarie group of companies)	May 2012	97% of BSI (4)

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Baltic Cougar	2009	AMN Bulkcarriers Inc.	August 2012	96% of BSI (6)
<i>Handysize Vessels</i>				
Baltic Wind	2009	Cargill International S.A.	May 2013	115% of BHSI (7)
Baltic Cove	2010	Cargill International S.A.	February 2014	115% of BHSI (7)
Baltic Breeze	2010	Cargill International S.A.	July 2014	115% of BHSI (7)

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

(2) We have agreed to terms on a spot market-related time charter with Swissmarine Services S.A. at a rate based on 101.5% of the Baltic Capesize Index (BCI). Hire is paid in arrears net of a 6.25% brokerage commission which includes the 1.25% commission payable to us. The duration is 10.5 to 13.5 months.

- (3) We have agreed to an extension with Cargill International S.A., on a spot market-related time charter based on 100% of the BCI, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 5.00% brokerage commission, which includes the 1.25% commission payable to us. The duration of the spot market-related time charter is 11 to 13.5 months.
- (4) We have reached an agreement with Resource Marine PTE Ltd. on two spot market-related time charters for 11 to 13.5 months based on 97% of the average of the daily rates of the Baltic Supramax Index (BSI), as reflected in daily reports. Hire is paid every 15 days in arrears net of a 6.25% brokerage commission, which includes the 1.25% commission payable to us.
- (5) We have reached an agreement with Klaveness Chartering on a spot market-related time charter based on 95% of the average of the daily rates of the BSI, as reflected in daily reports. The duration is 22.5 to 25.5 months with hire paid every 15 days in arrears net of a 6.25% brokerage commission, which includes the 1.25% commission payable to us.
- (6) We have agreed to an extension with AMN Bulkcarriers Inc., on a spot market-related time charter based on 96% of the average of the daily rates of the BSI, as reflected in daily reports. Hire is paid every 15 days in arrears net of a 5.00% brokerage commission, which includes the 1.25% commission payable to us. The duration of the spot market-related time charter is 11 to 13.5 months.
- (7) The rate for each of the spot market-related time charters is based on 115% of the average of the daily rates of the Baltic Handysize Index (BHSI), as reflected in daily reports. Hire is paid every 15 days in advance net of a 6.25% brokerage commission, which includes the 1.25% commission payable to us.

#### **CLASSIFICATION AND INSPECTION**

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

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

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

#### **CREWING AND EMPLOYEES**



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

As of February 22, 2012, we employed 34 shore-based personnel and approximately 1,400 seagoing personnel on our vessels, including Baltic Trading.

## **CUSTOMERS**

Our assessment of a charterer's financial condition and reliability is an important factor in negotiating employment for our vessels. We generally charter our vessels to major trading houses (including commodities traders), major producers and government-owned entities rather than to more speculative or undercapitalized entities. Our customers include national, regional and international companies, such as Lauritzen Bulk, Cargill, Pacbasin, Trafigura, Klaveness and Swissmarine. For the year ended December 31, 2011, two of our charterers, Swissmarine and Cargill, each accounted for more than 10% of our voyage revenue, or 42.2% in the aggregate.

## **COMPETITION**

Our business fluctuates in line with the main patterns of trade of the major drybulk cargoes and varies according to changes in the supply and demand for these items. We operate in markets that are highly competitive and based primarily on supply and demand. We compete for charters on the basis of price, vessel location and size, age and condition of the vessel, as well as on our reputation as an owner and operator. We compete with other owners of drybulk carriers in the Capesize, Panamax, Supramax, Handymax and Handysize class sectors, some of whom may also charter our vessels as customers. Ownership of drybulk carriers is highly fragmented and is divided among approximately 1,650 independent drybulk carrier owners.

## **PERMITS AND AUTHORIZATIONS**

We are required by various governmental and quasi-governmental agencies to obtain certain permits, li