GENCO SHIPPING & TRADING LTD
Form 10-Q
November 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

OR

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

For the transition period from to

Commission file number 000-51442

GENCO SHIPPING & TRADING LIMITED

(Exact name of registrant as specified in its charter)

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

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

(Address of principal executive offices) (Zip Code)

(646) 443-8550

(Registrant s telephone number, including area code)

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

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

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

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

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

The number of shares outstanding of each of the issuer s classes of common stock, as of November 9, 2012: Common stock, $0.01 per share 43,823,598 shares.

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Genco Shipping & Trading Limited

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Genco Shipping & Trading Limited

Condensed Consolidated Balance Sheets as of September 30, 2012 and December 31, 2011

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

(Unaudited)

	September 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 87,778	$ 227,968
Due from charterers, net of a reserve of $495 and $906, respectively	8,616	13,688
Prepaid expenses and other current assets	17,020	17,709
Total current assets	113,414	259,365
Noncurrent assets:		
Vessels, net of accumulated depreciation of $563,749 and $464,518, respectively	2,695,638	2,794,860
Deferred drydock, net of accumulated amortization of $6,675 and $11,111, respectively	13,723	6,934
Other assets, net of accumulated amortization of $11,304 and $7,749, respectively	31,907	17,795
Fixed assets, net of accumulated depreciation and amortization of $3,077 and $2,422, respectively	5,402	5,591
Other noncurrent assets	514	514
Restricted cash	10,150	9,750
Investments	23,825	24,468
Total noncurrent assets	2,781,159	2,859,912
Total assets	$ 2,894,573	$ 3,119,277
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 25,150	$ 30,712
Current portion of long-term debt		185,077
Deferred revenue	1,876	4,227
Current portion of lease obligations	642	
Fair value of derivative instruments	609	1,686
Total current liabilities	28,277	221,702
Noncurrent liabilities:		
Long-term lease obligations	2,056	1,823
Time charters acquired	606	1,164
Fair value of derivative instruments	18,261	23,654
Convertible senior note payable	109,726	106,381

Long-term interest payable		13,199		
Long-term debt		1,413,439		1,402,935
Total noncurrent liabilities		1,557,287		1,535,957
Total liabilities		1,585,564		1,757,659
Commitments and contingencies				
Equity:				
Genco Shipping & Trading Limited shareholders equity:				
Common stock, par value $0.01; 100,000,000 shares authorized; issued and outstanding 43,821,098 and 36,307,598 shares at September 30, 2012 and December 31, 2011, respectively		438		363
Additional paid-in capital		862,488		809,443
Accumulated other comprehensive loss		(11,798)		(17,549)
Retained earnings		260,031		359,349
Total Genco Shipping & Trading Limited shareholders equity		1,111,159		1,151,606
Noncontrolling interest		197,850		210,012
Total equity		1,309,009		1,361,618
Total liabilities and equity	$	2,894,573	$	3,119,277

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 Nine Months Ended September 30, 2012 and 2011

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

(Unaudited)

	For the Three Months Ended September 30, 2012	For the Three Months Ended September 30, 2011	For the Nine Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011
Revenues:				
Voyage revenues	$ 53,603	$ 93,484	$ 174,740	$ 292,614
Service revenues	828	828	2,466	2,457
Total revenues	54,431	94,312	177,206	295,071
Operating expenses:				
Voyage expenses	2,693	1,702	5,099	2,595
Vessel operating expenses	28,272	26,133	85,622	76,394
General, administrative, and management fees	8,622	8,759	25,680	25,908
Depreciation and amortization	35,038	34,378	103,954	101,484
Total operating expenses	74,625	70,972	220,355	206,381
Operating (loss) income	(20,194)	23,340	(43,149)	88,690
Other (expense) income:				
Other (expense) income	(43)	31	(40)	(80)
Interest income	49	167	352	503
Interest expense	(21,546)	(21,793)	(65,160)	(64,654)
Other expense	(21,540)	(21,595)	(64,848)	(64,231)
(Loss) income before income taxes	(41,734)	1,745	(107,997)	24,459
Income tax expense	(303)	(328)	(918)	(1,041)
Net (loss) income	(42,037)	1,417	(108,915)	23,418
Less: Net loss attributable to noncontrolling interest	(3,588)	(145)	(9,626)	(1,662)
Net (loss) income attributable to Genco Shipping & Trading Limited	$ (38,449)	$ 1,562	$ (99,289)	$ 25,080
Net (loss) income per share-basic	$ (0.90)	$ 0.04	$ (2.40)	$ 0.71
Net (loss) income per share-diluted	$ (0.90)	$ 0.04	$ (2.40)	$ 0.71
Weighted average common shares outstanding-basic	42,885,810	35,157,110	41,290,719	35,149,912
Weighted average common shares outstanding-diluted	42,885,810	35,212,840	41,290,719	35,212,041
Dividends declared per share	$	$	$	$

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Comprehensive (Loss) Income

For the Three and Nine Months Ended September 30, 2012 and 2011

(U.S. Dollars in Thousands)

(Unaudited)

	For the Three Months Ended September 30, 2012	For the Three Months Ended September 30, 2011	For the Nine Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011
Net (loss) income	$ (42,037)	$ 1,417	$ (108,915)	$ 23,418
Change in unrealized gain on investments	(3,561)	(14,602)	(643)	(26,866)
Unrealized gain on cash flow hedges, net	1,525	2,417	6,394	10,333
Other comprehensive (loss) income	(2,036)	(12,185)	5,751	(16,533)
Comprehensive (loss) income	(44,073)	(10,768)	(103,164)	6,885
Less: Comprehensive loss attributable to noncontrolling interest	(3,588)	(145)	(9,626)	(1,662)
Comprehensive (loss) income attributable to Genco Shipping & Trading Limited	$ (40,485)	$ (10,623)	$ (93,538)	$ 8,547

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Equity

For the Nine Months Ended September 30, 2012 and 2011

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

(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Genco Shipping & Trading Limited Shareholders Equity	Noncontrolling Interest	Total Equity
Balance January 1, 2012	$ 363	$ 809,443	$ (17,549)	$ 359,349	$ 1,151,606	$ 210,012	$ 1,361,618
Net loss				(99,289)	(99,289)	(9,626)	(108,915)
Change in unrealized gain on investments			(643)		(643)		(643)
Unrealized gain on cash flow hedges, net			6,394		6,394		6,394
Issuance of 7,500,000 shares of common stock	75	49,799			49,874		49,874
Issuance of 15,000 shares of nonvested stock, less forfeitures of 1,500 shares							
Nonvested stock amortization		3,214			3,214	1,377	4,591
Cash dividends paid by Baltic Trading Limited				(29)	(29)	(3,881)	(3,910)
Vesting of restricted shares issued by Baltic Trading Limited		32			32	(32)	
Balance September 30, 2012	$ 438	$ 862,488	$ (11,798)	$ 260,031	$ 1,111,159	$ 197,850	$ 1,309,009

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	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Genco Shipping & Trading Limited Shareholders Equity	Noncontrolling Interest	Total Equity
Balance January 1, 2011	$ 359	$ 803,778	$ (5,210)	$ 334,022	$ 1,132,949	$ 215,204	$ 1,348,153
Net income (loss)				25,080	25,080	(1,662)	23,418
Change in unrealized gain on investments			(26,866)		(26,866)		(26,866)
Unrealized gain on cash flow hedges, net			10,333		10,333		10,333
Issuance of 15,000 shares of nonvested stock, less forfeitures of 1,100 shares							
Nonvested stock amortization		4,443			4,443	2,174	6,617
Cash dividends paid by Baltic Trading Limited				(45)	(45)	(5,530)	(5,575)
Vesting of restricted shares issued by Baltic Trading Limited		37			37	(37)	
Balance September 30, 2011	$ 359	$ 808,258	$ (21,743)	$ 359,057	$ 1,145,931	$ 210,149	$ 1,356,080

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011

(U.S. Dollars in Thousands)

(Unaudited)

	For the Nine Months Ended September 30, 2012	2011
Cash flows from operating activities:		
Net (loss) income	$ (108,915)	$ 23,418
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	103,954	101,484
Amortization of deferred financing costs	3,555	2,368
Amortization of time charters acquired	(558)	(1,432)
Amortization of discount on Convertible Senior Notes	3,345	2,999
Unrealized gain on derivative instruments	(76)	(38)
Amortization of nonvested stock compensation expense	4,591	6,617
Change in assets and liabilities:		
Decrease (increase) in due from charterers	5,072	(2,275)
Decrease (increase) in prepaid expenses and other current assets	689	(2,073)
Increase in other noncurrent assets		(514)
Decrease in accounts payable and accrued expenses	(3,751)	(2,143)
Decrease in deferred revenue	(2,351)	(5,359)
Increase in lease obligations	875	953
Deferred drydock costs incurred	(10,442)	(2,669)
Net cash (used in) provided by operating activities	(4,012)	121,336
Cash flows from investing activities:		
Purchase of vessels	(894)	(98,860)
Deposits on vessels		(87)
Purchase of other fixed assets	(1,948)	(692)
Changes in deposits of restricted cash	(400)	(750)
Net cash used in investing activities	(3,242)	(100,389)
Cash flows from financing activities:		
Repayments on the 2007 Credit Facility	(118,588)	(37,500)
Proceeds from the $100 Million Term Loan Facility		40,000
Repayments on the $100 Million Term Loan Facility	(15,385)	(3,243)
Proceeds from the $253 Million Term Loan Facility		21,500
Repayments on the $253 Million Term Loan Facility	(40,600)	(14,841)
Proceeds from issuance of common stock	50,721	
Payment of common stock issuance costs	(847)	
Payment of Convertible Senior Notes issuance costs		(51)
Payment of dividend by subsidiary	(3,910)	(5,576)
Payment of deferred financing costs	(4,327)	(328)
Net cash used in financing activities	(132,936)	(39)
Net (decrease) increase in cash and cash equivalents	(140,190)	20,908

Cash and cash equivalents at beginning of period		227,968		270,877
Cash and cash equivalents at end of period	$	87,778	$	291,785

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

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

Notes to Condensed Consolidated Financial Statements (unaudited)

1 - GENERAL INFORMATION

The accompanying condensed consolidated financial statements include the accounts of Genco Shipping & Trading Limited (GS&T), its wholly-owned subsidiaries, and its subsidiary, Baltic Trading Limited (collectively, the Company). The Company is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels. GS&T is incorporated under the laws of the Marshall Islands and as of September 30, 2012, is the sole owner of all of the outstanding shares of the following subsidiaries: Genco Ship Management LLC; Genco Investments LLC; Genco Management (USA) Limited; and the ship-owning subsidiaries set forth below.

Below is the list of GS&T s wholly owned ship-owning subsidiaries as of September 30, 2012:

Wholly Owned Subsidiaries	Vessels Acquired	Dwt	Delivery Date	Year Built
Genco Reliance Limited	Genco Reliance	29,952	12/6/04	1999
Genco Vigour Limited	Genco Vigour	73,941	12/15/04	1999
Genco Explorer Limited	Genco Explorer	29,952	12/17/04	1999
Genco Carrier Limited	Genco Carrier	47,180	12/28/04	1998
Genco Sugar Limited	Genco Sugar	29,952	12/30/04	1998
Genco Pioneer Limited	Genco Pioneer	29,952	1/4/05	1999
Genco Progress Limited	Genco Progress	29,952	1/12/05	1999
Genco Wisdom Limited	Genco Wisdom	47,180	1/13/05	1997
Genco Success Limited	Genco Success	47,186	1/31/05	1997
Genco Beauty Limited	Genco Beauty	73,941	2/7/05	1999
Genco Knight Limited	Genco Knight	73,941	2/16/05	1999
Genco Leader Limited	Genco Leader	73,941	2/16/05	1999
Genco Marine Limited	Genco Marine	45,222	3/29/05	1996
Genco Prosperity Limited	Genco Prosperity	47,180	4/4/05	1997
Genco Muse Limited	Genco Muse	48,913	10/14/05	2001
Genco Acheron Limited	Genco Acheron	72,495	11/7/06	1999
Genco Surprise Limited	Genco Surprise	72,495	11/17/06	1998
Genco Augustus Limited	Genco Augustus	180,151	8/17/07	2007
Genco Tiberius Limited	Genco Tiberius	175,874	8/28/07	2007
Genco London Limited	Genco London	177,833	9/28/07	2007
Genco Titus Limited	Genco Titus	177,729	11/15/07	2007
Genco Challenger Limited	Genco Challenger	28,428	12/14/07	2003
Genco Charger Limited	Genco Charger	28,398	12/14/07	2005
Genco Warrior Limited	Genco Warrior	55,435	12/17/07	2005
Genco Predator Limited	Genco Predator	55,407	12/20/07	2005
Genco Hunter Limited	Genco Hunter	58,729	12/20/07	2007
Genco Champion Limited	Genco Champion	28,445	1/2/08	2006
Genco Constantine Limited	Genco Constantine	180,183	2/21/08	2008

Genco Raptor LLC	Genco Raptor	76,499	6/23/08	2007
Genco Cavalier LLC	Genco Cavalier	53,617	7/17/08	2007
Genco Thunder LLC	Genco Thunder	76,588	9/25/08	2007
Genco Hadrian Limited	Genco Hadrian	169,694	12/29/08	2008
Genco Commodus Limited	Genco Commodus	169,025	7/22/09	2009
Genco Maximus Limited	Genco Maximus	169,025	9/18/09	2009
Genco Claudius Limited	Genco Claudius	169,025	12/30/09	2010
Genco Bay Limited	Genco Bay	34,296	8/24/10	2010
Genco Ocean Limited	Genco Ocean	34,409	7/26/10	2010
Genco Avra Limited	Genco Avra	34,391	5/12/11	2011
Genco Mare Limited	Genco Mare	34,428	7/20/11	2011
Genco Spirit Limited	Genco Spirit	34,432	11/10/11	2011
Genco Aquitaine Limited	Genco Aquitaine	57,981	8/18/10	2009
Genco Ardennes Limited	Genco Ardennes	57,981	8/31/10	2009
Genco Auvergne Limited	Genco Auvergne	57,981	8/16/10	2009
Genco Bourgogne Limited	Genco Bourgogne	57,981	8/24/10	2010
Genco Brittany Limited	Genco Brittany	57,981	9/23/10	2010
Genco Languedoc Limited	Genco Languedoc	57,981	9/29/10	2010
Genco Loire Limited	Genco Loire	53,416	8/4/10	2009
Genco Lorraine Limited	Genco Lorraine	53,416	7/29/10	2009
Genco Normandy Limited	Genco Normandy	53,596	8/10/10	2007
Genco Picardy Limited	Genco Picardy	55,257	8/16/10	2005
Genco Provence Limited	Genco Provence	55,317	8/23/10	2004
Genco Pyrenees Limited	Genco Pyrenees	57,981	8/10/10	2010
Genco Rhone Limited	Genco Rhone	58,018	3/29/11	2011

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Baltic Trading Limited (Baltic Trading) was a wholly-owned indirect subsidiary of GS&T until Baltic Trading completed its initial public offering, or IPO, on March 15, 2010. As of September 30, 2012 and December 31, 2011, GS&T s wholly-owned subsidiary Genco Investments LLC owned 5,699,088 shares of Baltic Trading s Class B Stock, which represented a 25.09% and 25.11% ownership interest in Baltic Trading, respectively, and 83.40% and 83.41% of the aggregate voting power of Baltic Trading s outstanding shares of voting stock, respectively. Additionally, pursuant to the subscription agreement between Genco Investments LLC and Baltic Trading, for so long as GS&T directly or indirectly holds at least 10% of the aggregate number of outstanding shares of Baltic Trading s common stock and Class B stock, Genco Investments LLC will be entitled to receive an additional number of shares of Baltic Trading s Class B stock equal to 2% of the number of common shares issued in the future, other than shares issued under Baltic Trading s 2010 Equity Incentive Plan.

Below is the list of Baltic Trading s wholly owned ship-owning subsidiaries as of September 30, 2012:

Baltic Trading s Wholly Owned Subsidiaries	**Vessel**	**Dwt**	**Delivery Date**	**Year Built**
Baltic Leopard Limited	Baltic Leopard	53,447	4/8/10	2009
Baltic Panther Limited	Baltic Panther	53,351	4/29/10	2009
Baltic Cougar Limited	Baltic Cougar	53,432	5/28/10	2009
Baltic Jaguar Limited	Baltic Jaguar	53,474	5/14/10	2009
Baltic Bear Limited	Baltic Bear	177,717	5/14/10	2010
Baltic Wolf Limited	Baltic Wolf	177,752	10/14/10	2010
Baltic Wind Limited	Baltic Wind	34,409	8/4/10	2009
Baltic Cove Limited	Baltic Cove	34,403	8/23/10	2010
Baltic Breeze Limited	Baltic Breeze	34,386	10/12/10	2010

The Company provides technical services for drybulk vessels purchased by Maritime Equity Partners LLC (MEP), which is managed by a company owned by Peter C. Georgiopoulos, Chairman of the Board of Directors of GS&T. These services include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services are provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and will be provided for an initial term of one year. MEP has the right to cancel provision of services on 60 days notice with payment of a one-year termination fee upon a change in control of the Company. The Company may terminate provision of the services at any time on 60 days notice. Peter C. Georgiopoulos, the Company s Chairman of the Board, is a minority investor in MEP, and affiliates of Oaktree Capital Management, L.P., of which Stephen A. Kaplan, a director of the Company, is a principal, are majority investors in MEP.

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

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

Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and the rules and regulations of the Securities and Exchange Commission (the SEC). In the opinion of management of the Company, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and operating results have been included in the statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company s annual report on Form 10-K for the year ended December 31, 2011 (the 2011 10-K). The results of operations for the three and nine month period ended September 30, 2012 and 2011 are not necessarily indicative of the operating results for the full year.

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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 that is directly attributable to the acquisition of a vessel. Vessels are depreciated on a straight-line basis over their estimated useful lives, determined to be 25 years from the date of initial delivery from the shipyard. Depreciation expense for vessels for the three months ended September 30, 2012 and 2011 was $33,462 and $33,054, respectively. Depreciation expense for vessels for the nine months ended September 30, 2012 and 2011 was $99,646 and $96,773, respectively.

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

Deferred revenue

Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as revenue when earned. Additionally, deferred revenue includes estimated customer claims mainly due to time charter performance issues. As of September 30, 2012 and December 31, 2011, the Company had an accrual of $563 and $762, respectively, related to these estimated customer claims.

Voyage revenues

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

Voyage expense recognition

In time charters, spot market-related time charters and pool agreements, operating costs including crews, maintenance and insurance are typically paid by the owner of the vessel and specified voyage costs such as fuel and port charges are paid by the charterer. There are certain other non-specified voyage expenses such as commissions, which are typically borne by the Company. At the inception of a time charter, the Company records the difference between the cost of bunker fuel delivered by the terminating charterer and the bunker fuel sold to the new charterer as a gain or loss within voyage expenses. These differences in bunkers resulted in net gains of $242 and $666 during the three months ended September 30, 2012 and 2011, respectively, and $1,665 and $2,319 during the nine months ended September 30, 2012 and 2011, respectively. Additionally, voyage expenses include the cost of bunkers consumed during short-term time charters pursuant to the terms of the time charter agreement.

Noncontrolling interest

Net loss attributable to noncontrolling interest during the three and nine months ended September 30, 2012 and 2011 reflects the noncontrolling interest s share of the net loss of Baltic Trading, a subsidiary of the Company, which owns and employs drybulk vessels in the spot market or on spot market-related time charters. The spot market represents immediate chartering of a vessel, usually for single voyages. At September 30, 2012, the noncontrolling interest held a 74.91% economic interest in Baltic Trading while only holding 16.60% of voting power. At December 31, 2011, the noncontrolling interest held a 74.89% economic interest in Baltic Trading while only holding 16.59% of voting power.

Income taxes

Pursuant to certain agreements, GS&T technically and commercially manages vessels for Baltic Trading as well as provides technical management of vessels for MEP in exchange for specified fees for these services provided. These services are performed by Genco Management (USA) Limited (Genco (USA)), which has elected to be taxed as a corporation for United States federal income tax purposes. As such, Genco (USA) is subject to United States federal income tax on its worldwide net income, including the net

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income derived from providing these services. Genco (USA) has entered into a cost-sharing agreement with the Company and Genco Ship Management LLC, collectively Manco, pursuant to which Genco (USA) agrees to reimburse Manco for the costs incurred by Genco (USA) for the use of Manco s personnel and services in connection with the provision of the services for both Baltic Trading and MEP s vessels.

Total revenue earned for these services during the three months ended September 30, 2012 and 2011 was $1,530 and $1,588, respectively, of which $703 and $760, respectively, eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $664 associated with these activities for the three months ended September 30, 2012. This resulted in estimated tax expense of $299 for the three months ended September 30, 2012. After allocation of certain expenses, there was taxable income of $668 associated with these activities for the three months ended September 30, 2011. This resulted in income tax expense of $319 for the three months ended September 30, 2011.

Total revenue earned for these services during the nine months ended September 30, 2012 and 2011 was $4,575 and $4,689, respectively, of which $2,109 and $2,232, respectively, eliminated upon consolidation. After allocation of certain expenses, there was taxable income of $1,985 associated with these activities for the nine months ended September 30, 2012. This resulted in estimated tax expense of $892 for the nine months ended September 30, 2012. After allocation of certain expenses, there was taxable income of $2,113 associated with these activities for the nine months ended September 30, 2011. This resulted in income tax expense of $1,010 for the nine months ended September 30, 2011.

Baltic Trading is subject to income tax on its United States source income. During the three months ended September 30, 2012 and 2011, Baltic Trading had United States source income of $200 and $452, respectively. Baltic Trading s United States income tax expense for the three months ended September 30, 2012 and 2011 was $4 and $9, respectively.

During the nine months ended September 30, 2012 and 2011, Baltic Trading had United States source income of $1,321 and $2,909, respectively. Baltic Trading s United States income tax expense for the nine months ended September 30, 2012 and 2011 was $26 and $31, respectively.

Recent accounting pronouncements

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

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220), Presentation of Comprehensive Income (ASU 2011-05), to require an entity to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. The standard does not change the items that must be reported for other comprehensive income, how such items are measured or when they must be reclassified to net income. This standard was effective for interim and annual periods beginning after December 15, 2011 and was to be applied retrospectively. The FASB has deferred the requirement to present reclassification adjustments for each component of accumulate other comprehensive income in both net income and other comprehensive income. Companies are required to either present amounts reclassified out of other comprehensive income on the face of the financial statements or disclose those amounts in the notes to the financial statements. During the deferral period, there is no requirement to separately present or disclose the reclassification adjustments into net income. The effective date of this deferral will be consistent with the effective date of ASU 2011-05. The Company has adopted ASU 2011-05 and disclosed comprehensive income in our condensed consolidated statements of comprehensive (loss) income. This guidance only affects financial statement presentation and has no impact on the Company s consolidated results of operations, financial position and cash flows.

3 - SEGMENT INFORMATION

The Company determines its operating segments based on the information utilized by the chief operating decision maker to assess performance. Based on this information, the Company has two operating segments, GS&T and Baltic Trading. Both GS&T and Baltic Trading are engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of

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drybulk carrier vessels. GS&T seeks to deploy its vessels on time charters, spot market-related time charters or in vessel pools trading in the spot market and Baltic Trading seeks to deploy its vessel charters in the spot market, which represents immediate chartering of a vessel, usually for single voyages, or employing vessels on spot market-related time charters. Segment results are evaluated based on net income (loss). The accounting policies applied to the reportable segments are the same as those used in the preparation of the Company s condensed consolidated financial statements.

The following table presents a reconciliation of total voyage revenue from external (third party) customers for the Company s two operating segments to total consolidated voyage revenue from external customers for the Company for the three and nine months ended September 30, 2012 and 2011.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Voyage revenue from external customers				
GS&T	$ 47,312	$ 82,586	$ 154,552	$ 262,259
Baltic Trading	6,291	10,898	20,188	30,355
Total operating segments	53,603	93,484	174,740	292,614
Eliminating revenue				
Total consolidated voyage revenue from external customers	$ 53,603	$ 93,484	$ 174,740	$ 292,614

The following table presents a reconciliation of total intersegment revenue, which eliminates upon consolidation, for the Company s two operating segments for the three and nine months ended September 30, 2012 and 2011. The intersegment revenue noted in the following table represents revenue earned by GS&T pursuant to the management agreement entered into with Baltic Trading, which includes commercial service fees, technical service fees and sale and purchase fees, if any.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Intersegment revenue				
GS&T	$ 703	$ 760	$ 2,109	$ 2,232
Baltic Trading				
Total operating segments	703	760	2,109	2,232
Eliminating revenue	(703)	(760)	(2,109)	(2,232)
Total consolidated intersegment revenue	$	$	$	$

The following table presents a reconciliation of total net (loss) income for the Company s two operating segments to total consolidated net (loss) income for the three and nine months ended September 30, 2012 and 2011. The eliminating net loss noted in the following table consists of the elimination of intercompany transactions between GS&T and Baltic Trading, as well as dividends received by GS&T from Baltic Trading for its Class B shares of Baltic Trading.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011

Net (loss) income								
GS&T	$	(36,969)	$	2,144	$	(94,779)	$	27,422
Baltic Trading		(4,822)		(194)		(12,942)		(2,241)
Total operating segments		(41,791)		1,950		(107,721)		25,181
Eliminating net loss		(246)		(533)		(1,194)		(1,763)
Total consolidated net (loss) income	$	(42,037)	$	1,417	$	(108,915)	$	23,418

The following table presents a reconciliation of total assets for the Company s two operating segments to total consolidated assets as of September 30, 2012 and December 31, 2011. The eliminating assets noted in the following table consist of the elimination of intercompany transactions resulting from the capitalization of fees paid to GS&T by Baltic Trading as vessel assets, including related accumulated depreciation, as well as the outstanding receivable balance due to GS&T from Baltic Trading as of September 30, 2012 and December 31, 2011.

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		September 30, 2012		December 31, 2011
Total assets				
GS&T	$	2,529,964	$	2,737,988
Baltic Trading		368,127		384,955
Total operating segments		2,898,091		3,122,943
Eliminating assets		(3,518)		(3,666)
Total consolidated assets	$	2,894,573	$	3,119,277

4 - CASH FLOW INFORMATION

As of September 30, 2012 and December 31, 2011, the Company had five and eight interest rate swaps, respectively, which are described and discussed in Note 11 Interest Rate Swap Agreements. The fair value of all five of the swaps is in a liability position of $18,870, $609 of which was classified within current liabilities, as of September 30, 2012. At December 31, 2011, the eight swaps were in a liability position of $25,340, $1,686 of which was classified within current liabilities.

For the nine months ended September 30, 2012, 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 $31 for the purchase of vessels and $77 for the purchase of other fixed assets. Additionally, for the nine months ended September 30, 2012, the Company had non-cash financing activities not included in the Condensed Consolidated Statement of Cash Flows for items included in accounts payable and accrued expenses and long-term interest payable consisting of $246 and $13,199, respectively, associated with deferred financing fees.

For the nine months ended September 30, 2011, 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 $804 for the purchase of vessels, $26 associated with deposits on vessels and $1,305 for the purchase of other fixed assets. Additionally, for the nine months ended September 30, 2011, 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 as of September 30, 2011 consisting of $15 interest receivable associated with deposits on vessels.

For the nine months ended September 30, 2011, the Company made a reclassification of $10,354 from deposits on vessels to vessels, net of accumulated depreciation, due to the completion of the purchase of the Genco Rhone, Genco Avra and Genco Mare.

During the nine months ended September 30, 2012 and 2011, cash paid for interest, net of amounts capitalized and including bond coupon interest paid, was $61,632 and $61,642, respectively.

During the nine months ended September 30, 2012 and 2011, cash paid for estimated income taxes was $926 and $1,010, respectively.

On May 12, 2011, the Company made grants of nonvested common stock under the Genco Shipping & Trading Limited 2005 Equity Incentive Plan in the amount of 15,000 shares in the aggregate to directors of the Company. The fair value of such nonvested stock was $120. These shares vested on May 17, 2012. On May 12, 2011, Baltic Trading made grants of nonvested common stock in the amount of 12,500 shares to directors of Baltic Trading. The fair value of such nonvested stock was $87. These shares vested on May 17, 2012.

On May 17, 2012, the Company made grants of nonvested common stock under the Genco Shipping & Trading Limited 2005 Equity Incentive Plan in the amount of 15,000 shares in the aggregate to directors of the Company. The fair value of such nonvested stock was $53. On May 17, 2012, Baltic Trading made grants of nonvested common stock in the amount of 12,500 shares to directors of Baltic Trading. The fair value of such nonvested stock was $48.

5 - VESSEL ACQUISITIONS AND DISPOSITIONS

On March 29, 2011, GS&T took delivery of the Genco Rhone, a 58,000 dwt Supramax vessel, which was purchased from Bourbon S.A. (Bourbon) pursuant to the Master Agreement dated June 24, 2010 between GS&T and Bourbon. The Genco Rhone was the last of 13 vessels to be acquired and retained by GS&T under such agreements. GS&T paid a total purchase price of approximately $35.7 million for the Genco Rhone which was financed with available cash, including proceeds from its concurrent offerings of common stock and 5.00% Convertible Senior Notes due August 15, 2015, which were completed on July 27, 2010. The

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Company drew down from the $253 million term loan facility to refund $21.5 million associated with the purchase of the Genco Rhone on March 30, 2011.

On May 12, 2011, July 20, 2011 and November 10, 2011, GS&T took delivery of the Genco Avra, Genco Mare and Genco Spirit, respectively. These vessels are approximately 34,400 dwt Handysize newbuildings which were purchased from companies within the Metrostar group of companies pursuant to the agreement dated June 3, 2010 to acquire five Handysize vessels. These three vessels were the last vessels delivered pursuant to the aforementioned agreement. GS&T utilized available cash of $29.8 million, as well as $60.0 million under its $100 million term loan facility, to pay the remaining balance of $89.8 million.

Refer to Note 1 General Information for a listing of the vessel delivery dates for the vessel acquisitions discussed herein.

The Genco Avra and Genco Spirit had existing below market time charters at the time of acquisition. GS&T recorded a liability for time charters acquired of $372 during the second quarter of 2011 upon the delivery of the Genco Avra to its charterer and $205 during the fourth quarter of 2011 upon the delivery of the Genco Spirit to its charterer. Below market time charters, including those acquired during previous periods, were amortized as an increase to voyage revenue in the amount of $187 and $463 for the three months ended September 30, 2012 and 2011, respectively, and $558 and $1,432 for the nine months ended September 30, 2012 and 2011, respectively.

Capitalized interest associated with newbuilding contracts for the three months ended September 30, 2012 and 2011 was $0 and $33, respectively. Capitalized interest associated with newbuilding contracts for the nine months ended September 30, 2012 and 2011 was $0 and $165, respectively.

6 - INVESTMENTS

The Company holds 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. This investment is designated as Available For Sale (AFS) and is reported at fair value, with unrealized gains and losses recorded in shareholders equity as a component of accumulated other comprehensive loss (AOCI). At September 30, 2012 and December 31, 2011, the Company held 16,335,100 shares of Jinhui capital stock, which is recorded at its fair value of $23,825 and $24,468, respectively, based on the closing price on September 28, 2012 and December 30, 2011, respectively.

The Company reviews the investment in Jinhui for other than temporary impairment on a quarterly basis. There were no impairment charges recognized for the three and nine months ended September 30, 2012 and 2011.

The unrealized gain on the Jinhui capital stock remains a component of AOCI, since this investment is designated as an AFS security.

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

7 NET (LOSS) INCOME PER COMMON SHARE

The computation of basic net (loss) income per share is based on the weighted-average number of common shares outstanding during the year. The computation of diluted net loss (income) per share assumes the vesting of nonvested stock awards (refer to Note 20 Nonvested Stock Awards), for which the assumed proceeds upon vesting are deemed to be the amount of compensation cost attributable to future services and are not yet recognized using the treasury stock method, to the extent dilutive. Of the 935,287 nonvested shares outstanding at September 30, 2012 (refer to Note 20 Nonvested Stock Awards), all are anti-dilutive. The Company s diluted net (loss) income per share will also reflect the assumed conversion under the Company s convertible debt if the impact is dilutive under the if converted method. The impact of the shares convertible under the Company s convertible notes is excluded from the computation of diluted net (loss) income per share when interest expense per common share obtainable upon conversion is greater than basic earnings per share.

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

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Common shares outstanding, basic:				
Weighted-average common shares outstanding, basic	42,885,810	35,157,110	41,290,719	35,149,912
Common shares outstanding, diluted:				
Weighted-average common shares outstanding, basic	42,885,810	35,157,110	41,290,719	35,149,912
Dilutive effect of convertible notes				
Dilutive effect of restricted stock awards		55,730		62,129
Weighted-average common shares outstanding, diluted	42,855,810	35,212,840	41,290,719	35,212,041

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

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net (loss) income attributable to GS&T	$ (38,449)	$ 1,562	$ (99,289)	$ 25,080
Interest expense related to convertible notes, if dilutive				
Net (loss) income attributable to GS&T for the computation of diluted net (loss) income per share	$ (38,449)	$ 1,562	$ (99,289)	$ 25,080

8 - RELATED PARTY TRANSACTIONS

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

The Company makes available employees performing internal audit services to General Maritime Corporation (GMC), where the Company s Chairman, Peter C. Georgiopoulos, also serves as Chairman of the Board. For the nine months ended September 30, 2012 and 2011, the

Company invoiced $140 and $136, respectively, to GMC, which includes time associated with such internal audit services and other expenditures. Additionally, during the nine months ended September 30, 2012 and 2011, the Company incurred travel and other expenditures totaling $45 and $168, respectively, reimbursable to GMC or its service provider. At September 30, 2012, the amount due to the Company from GMC was $21. At December 31, 2011, the amount due to the Company from GMC was $114, of which $90 was reserved for pursuant to GMC s bankruptcy proceedings.

During the nine months ended September 30, 2012 and 2011, the Company incurred legal services (primarily in connection with vessel acquisitions) aggregating $16 and $38, respectively, from Constantine Georgiopoulos, the father of Peter C. Georgiopoulos, Chairman of the Board. At September 30, 2012 and December 31, 2011, $16 and $29, respectively, was outstanding to Constantine Georgiopoulos.

During the nine months ended September 30, 2012 and 2011, the Company utilized the services of North Star Maritime, Inc. (NSM) which is owned and operated by one of GS&T s directors, Rear Admiral Robert C. North, USCG (ret.). NSM, a marine industry consulting firm, specializes in international and domestic maritime safety, security and environmental protection issues. NSM billed $0 and $2 for services rendered during the nine months ended September 30, 2012 and 2011. There are no amounts due to NSM at September 30, 2012 and December 31, 2011.

GS&T and Baltic Trading have entered into agreements with Aegean Marine Petroleum Network, Inc. (Aegean) to purchase lubricating oils for certain vessels in their fleets. Peter C. Georgiopoulos, Chairman of the Board of the Company, is Chairman of the Board of Aegean. During the nine months ended September 30, 2012 and 2011, Aegean supplied lubricating oils to the Company s vessels aggregating $1,170 and $1,342, respectively. At September 30, 2012 and December 31, 2011, $98 and $408 remained outstanding, respectively.

During the nine months ended September 30, 2012 and 2011, the Company invoiced MEP for technical services provided and expenses paid on MEP s behalf aggregating $2,541 and $2,514, respectively. MEP is managed by a company owned by Peter C.

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Georgiopoulos, Chairman of the Board. At September 30, 2012 and December 31, 2011, $3 and $7, respectively, was due to the Company from MEP. Total service revenue earned by the Company for technical service provided to MEP for the nine months ended September 30, 2012 and 2011 was $2,466 and $2,457, respectively.

9 - LONG-TERM DEBT

Long-term debt consists of the following:

	September 30, 2012	December 31, 2011
2007 Credit Facility	$ 1,055,912	$ 1,174,500
$100 Million Term Loan Facility	75,484	90,869
$253 Million Term Loan Facility	180,793	221,393
2010 Baltic Trading Credit Facility	101,250	101,250
Less: Current portion		(185,077)
Long-term debt	$ 1,413,439	$ 1,402,935

August 2012 Credit Facility Agreements

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

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

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

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

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

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

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

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

- The Company agreed to grant additional security for its obligations under the 2007 Credit Facility, consisting of a pledge of the Class B Stock of Baltic Trading held by Genco Investments LLC and a second priority security interest in vessels

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pledged under its other two credit facilities or in connection with any new indebtedness (excluding in each case vessels owned by Baltic Trading and its subsidiaries).

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

As required under the August 2012 Agreements, the Company prepaid $57,893 under its 2007 Credit Facility, $30,450 under its $253 Million Term Loan Facility, and $11,538 under its $100 Million Term Loan Facility on August 1, 2012. The prepayment under the 2007 Credit Facility was applied to the final payment due under the facility. The prepayments under the other two facilities were applied in order of maturity and fulfilled all scheduled amortization payments through December 31, 2013 under these facilities. In addition, lenders under the 2007 Credit Facility will receive a fee equal to 1.25% of the principal amount outstanding following such prepayment, or $13,199, on the earlier date of the maturity date of this facility or the date on which all obligations under this facility have been paid in full. The $13,199 has been recorded in the condensed consolidated balance sheet at September 30, 2012 as Long-term interest payable. The agreements are subject to completion of certain post-closing actions, including effecting a second priority security interest in certain of the Company s vessels as described above.

2007 Credit Facility

On July 20, 2007, the Company entered into a credit facility with DnB NOR Bank ASA (as amended, the 2007 Credit Facility). The maximum amount that may be borrowed under the 2007 Credit Facility at September 30, 2012 is $1,055,912. As of September 30, 2012, the Company has utilized its maximum borrowing capacity under the 2007 Credit Facility.

The collateral maintenance financial covenant, maximum leverage ratio covenant and minimum permitted consolidated interest ratio covenants are currently waived for the periods ending on and including December 31, 2013 pursuant to the August 2012 Agreements and the Company s cash dividends and share repurchases have been suspended until the collateral maintenance financial covenant can be satisfied.

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

As of September 30, 2012, the Company believes it is in compliance with all of the financial covenants under its 2007 Credit Facility, as amended.

At September 30, 2012, there were no letters of credit issued under the 2007 Credit Facility.

$100 Million Term Loan Facility

On August 12, 2010, the Company entered into the $100,000 secured term loan facility ($100 Million Term Loan Facility). As of September 30, 2012, the Company has utilized its maximum borrowing capacity as $100,000 of drawdowns have been made. The Company has used the $100 Million Term Loan Facility to fund or refund the Company a portion of the purchase price of the acquisition of five vessels from companies within the Metrostar group of companies. As of September 30, 2012, there was no availability under the $100 Million Term Loan Facility.

Pursuant to the amendments to the $100 Million Term Loan Facility that were entered into on December 21, 2011 and August 1, 2012, the maximum leverage ratio covenant and the minimum permitted consolidated interest ratio covenant are currently waived for the periods ending on and including December 31, 2013.

As of September 30, 2012, the Company believes it is in compliance with all of the financial covenants under the $100 Million Term Loan Facility, as amended.

$253 Million Term Loan Facility

On August 20, 2010, the Company entered into the $253,000 senior secured term loan facility ($253 Million Term Loan Facility). As of September 30, 2012, the Company has utilized its maximum borrowing capacity as $253,000 of drawdowns have been made to fund or refund to the Company a portion of the purchase price of the 13 vessels purchased from Bourbon SA during the third quarter of 2010 and first quarter of 2011. As of September 30, 2012, there was no availability under the $253 Million Term Loan Facility.

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Pursuant to the amendments to the $253 Million Term Loan Facility that were entered into on December 21, 2011 and August 1, 2012, the maximum leverage ratio covenant and the minimum permitted consolidated interest ratio covenant are currently waived for the periods ending on and including December 31, 2013.

As of September 30, 2012, the Company believes it is in compliance with all of the financial covenants under the $253 Million Term Loan Facility, as amended.

2010 Baltic Trading Credit Facility

On April 16, 2010, Baltic Trading entered into a $100,000 senior secured revolving credit facility with Nordea Bank Finland plc, acting through its New York branch (as amended, the 2010 Baltic Trading Credit Facility). An amendment to the 2010 Baltic Trading Credit Facility was entered into by Baltic Trading effective November 30, 2010. Among other things, this amendment increased the commitment amount of the 2010 Baltic Trading Credit Facility from $100,000 to $150,000. As of September 30, 2012, total available working capital borrowings were $23,500 as $1,500 was drawn down during 2010 for working capital purposes. Pursuant to the amended 2010 Baltic Trading Credit Facility, the total commitment of $150,000 will be reduced in 11 consecutive semi-annual reductions of $5,000 which commenced on the six month anniversary of the effective date, or May 31, 2011. As of September 30, 2012, $33,750 remained available under the 2010 Credit Facility as the total commitment was reduced to $135,000 on May 31, 2012.

As of September 30, 2012, the Company believes Baltic Trading is in compliance with all of the financial covenants under the 2010 Baltic Trading Credit Facility.

Interest rates

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

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2012	**2011**	**2012**	**2011**
Effective Interest Rate	4.65%	4.36%	4.60%	4.41%
Range of Interest Rates (excluding impact of swaps and unused commitment fees)	3.22% to 4.50%	2.25% to 3.33%	3.22% to 4.63%	2.19% to 3.33%

10 CONVERTIBLE SENIOR NOTES

The Company issued $125,000 of 5.0% Convertible Senior Notes on July 27, 2010 (the 2010 Notes). The Indenture includes customary agreements and covenants by the Company, including with respect to events of default.

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

	September 30, 2012	December 31, 2011
Carrying amount of the equity component (additional paid-in capital)	$ 24,375	$ 24,375
Principal amount of the 2010 Notes	125,000	125,000
Unamortized discount of the liability component	15,274	18,619
Net carrying amount of the liability component	109,726	106,381

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Effective interest rate on liability component	10.0%	10.0%	10.0%	10.0%
Cash interest expense recognized	$ 1,580	$ 1,584	$ 4,696	$ 4,677
Non-cash interest expense recognized	1,158	1,046	3,345	2,999
Non-cash deferred financing amortization costs included in interest expense	181	181	540	538

The remaining period over which the unamortized discount will be recognized is 2.9 years. As of September 30, 2012, the if-converted value of the 2010 Notes does not exceed their principal amount.

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Due to the 2015 maturity of the 2010 Notes and the Company s intent to hold the 2010 Notes until maturity, the 2010 Notes have been classified as a noncurrent liability on the condensed consolidated balance sheets as of September 30, 2012 and December 31, 2011.

11 - INTEREST RATE SWAP AGREEMENTS

As of September 30, 2012 and December 31, 2011, the Company had five and eight interest rate swap agreements outstanding, respectively, with DnB NOR Bank ASA to manage interest costs and the risk associated with changing interest rates related to the Company s 2007 Credit Facility. The total notional principal amount of the swaps at September 30, 2012 and December 31, 2011 was $356,233 and $606,233, respectively, and the swaps have specified rates and durations.

The following table summarizes the interest rate swaps designated as cash flow hedges that were in place as of September 30, 2012 and December 31, 2011:

	Interest Rate Swap Detail				
Trade Date	Fixed Rate	Start Date of Swap	End Date of Swap	September 30, 2012 Notional Amount Outstanding	December 31, 2011 Notional Amount Outstanding
9/6/05	4.485%	9/14/05	7/29/15	$ 106,233	$ 106,233
3/29/06	5.25%	1/2/07	1/1/14	50,000	50,000
3/24/06	5.075%	1/2/08	1/2/13	50,000	50,000
8/9/07	5.07%	1/2/08	1/3/12		100,000
8/16/07	4.985%	3/31/08	3/31/12		50,000
8/16/07	5.04%	3/31/08	3/31/12		100,000
1/9/09	2.05%	1/22/09	1/22/14	100,000	100,000
2/11/09	2.45%	2/23/09	2/23/14	50,000	50,000
				$ 356,233	$ 606,233

The following table summarizes the derivative asset and liability balances at September 30, 2012 and December 31, 2011:

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	Fair Value September 30, 2012	Fair Value December 31, 2011	Balance Sheet Location	Fair Value September 30, 2012	Fair Value December 31, 2011
Derivatives designated as hedging instruments						
Interest rate contracts	Fair value of derivative instruments (Current Assets)	$	$	Fair value of derivative instruments (Current Liabilities)	$ 609	$ 1,686
Interest rate contracts	Fair value of derivative instruments			Fair value of derivative instruments	18,261	23,654

	(Noncurrent Assets)			(Noncurrent Liabilities)				
Total derivatives designated as hedging instruments						18,870		25,340
Total Derivatives		$	$		$	18,870	$	25,340

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

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

For the Three-Month Period Ended September 30, 2012

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2012	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2012	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2012
Interest rate contracts	$ (1,434)	Interest Expense	$ 2,959	Other Income (Expense)	$ 30

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

For the Three-Month Period Ended September 30, 2011

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2011	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2011	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2011
Interest rate contracts	$ (5,021)	Interest Expense	$ 7,438	Other Income (Expense)	$ 18

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

For the Nine-Month Period Ended September 30, 2012

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2012	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2012	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2012
Interest rate contracts	$ (3,999)	Interest Expense	$ 10,392	Other Income (Expense)	$ 76

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

For the Nine-Month Period Ended September 30, 2011

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion) 2011	Location of Gain (Loss) Reclassified from AOCI into income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into income (Effective Portion) 2011	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) 2011
Interest rate contracts	$ (11,705)	Interest Expense	$ 22,038	Other Income (Expense)	$ 38

At September 30, 2012, ($10,082) of AOCI is expected to be reclassified into interest expense over the next 12 months associated with interest rate derivatives.

The Company is required to provide collateral in the form of vessel assets to support the interest rate swap agreements, excluding vessel assets of Baltic Trading. At September 30, 2012, the Company s 35 vessels mortgaged under the 2007 Credit Facility served as collateral in the aggregate amount of $100,000.

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12 - ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of AOCI included in the accompanying condensed consolidated balance sheets consist of net unrealized gain (loss) on cash flow hedges and net unrealized gain from investments in Jinhui stock as of September 30, 2012 and December 31, 2011.

	Net Unrealized Gain (Loss) on Cash Flow Hedges	Unrealized Gain on Investments	AOCI
AOCI January 1, 2012	$ (25,245)	$ 7,696	$ (17,549)
Change in unrealized gain on investments		(643)	(643)
Unrealized gain on cash flow hedges	6,394		6,394
AOCI September 30, 2012	$ (18,851)	$ 7,053	$ (11,798)

13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values and carrying values of the Company s financial instruments at September 30, 2012 and December 31, 2011 which are required to be disclosed at fair value, but not recorded at fair value, are noted below.

	September 30, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 87,778	$ 87,778	$ 227,968	$ 227,968
Restricted cash	10,150	10,150	9,750	9,750
Floating rate debt	1,413,439	1,413,439	1,588,012	1,588,012
2010 Notes	109,726	48,750	106,381	80,000

The fair value of the floating rate debt under the 2007 Credit Facility, $100 Million Term Loan Facility, $253 Million Term Loan Facility and the 2010 Baltic Trading Credit Facility are based on management s estimate of rates the Company has recently obtained on August 1, 2012 when the Company entered into agreements to amend or waive certain provisions of the 2007 Credit Facility, $100 Million Term Loan Facility and the $253 Million Term Loan Facility. Additionally, the Company considers its creditworthiness in determining the fair value of floating rate debt under the credit facilities. The carrying value approximates the fair market value for these floating rate loans. The fair value of the convertible senior notes payable represents the market value based on recent transactions of the 2010 Notes at September 30, 2012 and December 31, 2011 without bifurcating the value of the conversion option. The fair value of the interest rate swaps is the estimated amount the Company would receive to terminate the swap agreements at the reporting date, taking into account current interest rates and the creditworthiness of both the swap counterparty and the Company. The carrying amounts of the Company s other financial instruments at September 30, 2012 and December 31, 2011 (principally Due from charterers and Accounts payable and accrued expenses), approximate fair values because of the relatively short maturity of these instruments.

Accounting Standards Codification 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 generally requires significant management judgment. The three levels are defined as follows:

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

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

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

As of September 30, 2012 and December 31, 2011, the fair values of the Company s financial assets and liabilities are categorized as follows:

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	September 30, 2012		
	Total	Quoted market prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$ 23,825	$ 23,825	$
Derivative instruments liability position	18,870		18,870

	December 31, 2011		
	Total	Quoted market prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments	$ 24,468	$ 24,468	$
Derivative instruments liability position	25,340		25,340

The Company holds an investment in the capital stock of Jinhui, which is classified as a long-term investment. The stock of Jinhui is publicly traded on the Oslo Stock Exchange and is considered a Level 1 item. The Company s interest rate derivative instruments are pay-fixed, receive-variable interest rate swaps based on LIBOR. The Company has elected to use the income approach to value the derivatives, using observable Level 2 market inputs at measurement date and standard valuation techniques to convert future amounts to a single present amount assuming that participants are motivated, but not compelled to transact. Level 2 inputs for the valuations are limited to quoted prices for similar assets or liabilities in active markets (specifically futures contracts on LIBOR for the first two years) and inputs other than quoted prices that are observable for the asset or liability (specifically LIBOR cash and swap rates and credit risk at commonly quoted intervals). Mid-market pricing is used as a practical expedient for fair value measurements. Refer to Note 11 Interest Rate Swap Agreements for further information regarding the Company s interest rate swap agreements. ASC 820-10 states that the fair value measurement of an asset or liability must reflect the nonperformance risk of the entity and the counterparty. Therefore, the impact of the counterparty s creditworthiness when in an asset position and the Company s creditworthiness when in a liability position has also been factored into the fair value measurement of the derivative instruments in an asset or liability position and did not have a material impact on the fair value of these derivative instruments. As of September 30, 2012, both the counterparty and the Company are expected to continue to perform under the contractual terms of the instruments. Cash and cash equivalents and restricted cash are considered Level 1 items as they represent liquid assets with short-term maturities. Floating rate debt is considered to be a Level 2 item as the Company considers the estimate of rates it could obtain for similar debt. The 2010 Notes are publicly traded in the over-the-counter market; however they are not considered to be actively traded. As such, the 2010 Notes are considered to be a Level 2 item.

14 - PREPAID EXPENSES AND OTHER CURRENT AND NONCURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	September 30, 2012	December 31, 2011
Lubricant inventory, fuel oil and diesel oil inventory and other stores	$ 10,321	$ 10,376
Prepaid items	4,621	5,514

Insurance receivable		860		1,025
Other		1,218		794
Total prepaid expenses and other current assets	$	17,020	$	17,709

Other noncurrent assets in the amount of $514 at September 30, 2012 and December 31, 2011 represent the security deposit related to the operating lease entered into effective April 4, 2011. Refer to Note 19 Commitments and Contingencies for further information related to the lease agreement.

15 - OTHER ASSETS, NET

Other assets consist of deferred financing costs, which include fees, commissions and legal expenses associated with securing loan facilities and other debt offerings and amending existing loan facilities. Total net deferred financing costs consist of the following as of September 30, 2012 and December 31, 2011:

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	September 30, 2012	December 31, 2011
2007 Credit Facility	$ 29,923	$ 13,189
$100 Million Term Loan Facility	1,822	1,578
$253 Million Term Loan Facility	4,802	4,113
2010 Notes	3,637	3,637
2010 Baltic Trading Credit Facility	3,027	3,027
Total deferred financing costs	43,211	25,544
Less: accumulated amortization	11,304	7,749
Total	$ 31,907	$ 17,795

Amortization expense for deferred financing costs for the three months ended September 30, 2012 and 2011 was $1,596 and $796, respectively. Amortization expense for deferred financing costs for the nine months ended September 30, 2012 and 2011 was $3,555 and $2,368, respectively. This amortization expense is recorded as a component of interest expense in the Condensed Consolidated Statements of Operations.

16 - FIXED ASSETS

Fixed assets consist of the following:

	September 30, 2012	December 31, 2011
Fixed assets, at cost:		
Vessel equipment	$ 2,973	$ 2,720
Leasehold improvements	3,823	3,664
Furniture and fixtures	997	997
Computer equipment	686	632
Total costs	8,479	8,013
Less: accumulated depreciation and amortization	3,077	2,422
Total	$ 5,402	$ 5,591

Depreciation and amortization expense for fixed assets for the three months ended September 30, 2012 and 2011 was $230 and $124, respectively. Depreciation and amortization expense for fixed assets for the nine months ended September 30, 2012 and 2011 was $655 and $372, respectively.

17 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	September 30, 2012	December 31, 2011
Accounts payable	$ 3,691	$ 5,047
Accrued general and administrative expenses	10,115	14,275
Accrued vessel operating expenses	11,344	11,390
Total	$ 25,150	$ 30,712

18 - REVENUE FROM TIME CHARTERS

Total voyage revenue earned on time charters, including revenue earned in vessel pools and spot market-related time charters, for the three months ended September 30, 2012 and 2011 was $53,603 and $93,484, respectively, and for the nine months ended September 30, 2012 and 2011 was $174,740 and $292,614, respectively. Included in revenues for the three months ended September 30, 2012 and 2011 was profit sharing revenue of $0 and $1, respectively. Additionally, included in revenues for the nine months ended September 30, 2012 and 2011 was profit sharing revenue of $0 and $121, respectively. Future minimum time charter revenue, based on vessels committed to noncancelable time charter contracts as of November 1, 2012 is expected to be $11,480 for the remainder of 2012, $15,405 during 2013 and $3,512 during 2014, assuming off-hire due to any scheduled drydocking and that no additional off-hire time is incurred. For most drydockings, the Company assumes twenty days of offhire. Future minimum revenue excludes revenue earned for the five vessels currently in pool arrangements, vessels that are currently on or will be on spot market-related time charters, as spot rates cannot be estimated, as well as profit sharing revenue.

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19 - COMMITMENTS AND CONTINGENCIES

In September 2005, the Company entered into a 15-year lease for office space in New York, New York for which there was a free rental period from September 1, 2005 to July 31, 2006. On January 6, 2012, the Company ceased the use of this space and as such has recorded, during the three and nine months ended September 30, 2012, net rent expense of $255 and $826, respectively, representing the present value of the Company s estimated remaining rent expense for the duration of the lease after taking into account estimated future sublease income and deferred rent on the facility. The current and long-term lease obligations related to this lease agreement are recorded in the condensed consolidated balance sheet at September 30, 2012 in Current portion of lease obligations and Long-term lease obligations, respectively. Rent expense under this lease for the three and nine months ended September 30, 2011 was $117 and $350, respectively.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $129 for the remainder of 2012, $518 annually for 2013 through 2015, $529 for 2016, and a total of $2,522 for the remaining term of the lease.

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 will be $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 is 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 of the entire lease from June 1, 2011 to September 30, 2025 will be $130. The Company had a long-term lease obligation at September 30, 2012 and December 31, 2011 of $1,649 and $1,217, respectively. Rent expense pertaining to this new lease for the three months ended September 30, 2012 and 2011 was $389 during both periods. Rent expense pertaining to this new lease for the nine months ended September 30, 2012 and 2011 was $1,168 and $519, respectively.

Future minimum rental payments on the above lease for the next five years and thereafter are as follows: $245 for the remainder of 2012, $982 annually for 2013 through 2014, $1,037 for 2015, $1,076 for 2016 and a total of $17,582 for the remaining term of the lease.

20 - NONVESTED STOCK AWARDS

The table below summarizes the Company s nonvested stock awards for the nine months ended September 30, 2012 under the Genco Shipping & Trading Limited 2005 Equity Incentive Plan (the GS&T Plan):

	Number of Shares	**Weighted Average Grant Date Price**

Outstanding at January 1, 2012	936,787	$	14.06
Granted	15,000		3.50
Vested	(15,000)		8.00
Forfeited	(1,500)		6.39
Outstanding at September 30, 2012	935,287	$	14.00

The total fair value of shares that vested under the GS&T Plan during the nine months ended September 30, 2012 and 2011 was $53 and $120, 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.

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For the three and nine months ended September 30, 2012 and 2011, the Company recognized nonvested stock amortization expense for the GS&T Plan, which is included in general, administrative and management fees, as follows:

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
General, administrative and management fees	$ 1,069	$ 1,472	$ 3,214	$ 4,443

The fair value of nonvested stock at the grant date is equal to the closing stock price on that date. The Company is amortizing these grants over the applicable vesting periods, net of anticipated forfeitures. As of September 30, 2012, unrecognized future compensation cost of $4,800 related to nonvested stock will be recognized over a weighted-average period of 2.93 years.

The following table presents a summary of Baltic Trading s nonvested stock awards for the nine months ended September 30, 2012 under the Baltic Trading Limited 2010 Equity Incentive Plan (the Baltic Trading Plan):

	Number of Baltic Trading Common Shares	Weighted Average Grant Date Price
Outstanding at January 1, 2012	545,750	$ 11.60
Granted	12,500	3.86
Vested	(129,000)	13.31
Forfeited		
Outstanding at September 30, 2012	429,250	$ 10.86

The total fair value of shares that vested under the Baltic Trading Plan during the nine months ended September 30, 2012 and 2011 was $505 and $1,131, respectively. The total fair value is calculated as the number of shares vested during the period multiplied by the fair value on the vesting date.

For the three and nine months ended September 30, 2012 and 2011, the Company recognized nonvested stock amortization expense for the Baltic Trading Plan, which is included in general, administrative and management fees, as follows:

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
General, administrative and management fees	$ 403	$ 623	$ 1,377	$ 2,174

The Company is amortizing Baltic Trading s grants over the applicable vesting periods, net of anticipated forfeitures. As of September 30, 2012, unrecognized future compensation cost of $1,434 related to nonvested stock will be recognized over a weighted-average period of 1.96 years.

21 - SHARE REPURCHASE PROGRAM

Since the inception of its share repurchase program through September 30, 2012, the Company has repurchased and retired 278,300 shares of its common stock for $11,500. Currently, the terms of the 2007 Credit Facility require the Company to suspend all share repurchases until the Company can represent that it is in a position to again satisfy the collateral maintenance covenant. No share repurchases were made during the three and nine months ended September 30, 2012 and 2011.

22 - LEGAL PROCEEDINGS

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.

23 - SUBSEQUENT EVENTS

On October 31, 2012, Baltic Trading declared a dividend of $0.01 per share to be paid on or about November 21, 2012 to shareholders of record as of November 14, 2012. The aggregate amount of the dividend is expected to be approximately $227, of which approximately $170 will be paid to minority shareholders, which Baltic Trading anticipates will be funded from cash on hand at the time payment is to be made.

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

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 a 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) declines in demand or rates in the drybulk shipping industry; (ii) prolonged weakness in drybulk shipping rates; (iii) changes in the supply of or demand for drybulk products, generally or in particular regions; (iv) changes in the supply of drybulk carriers including newbuilding of vessels or lower than anticipated scrapping of older vessels; (v) changes in rules and regulations applicable to the cargo industry, including, without limitation, legislation adopted by international organizations or by individual countries and actions taken by regulatory authorities; (vi) increases in costs and expenses including but not limited to: crew wages, insurance, provisions, lube oil, bunkers, repairs, maintenance and general, administrative and management fee expenses; (vii) whether our insurance arrangements are adequate; (viii) changes in general domestic and international political conditions; (ix) acts of war, terrorism, or piracy; (x) changes in the condition of our vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs) and unanticipated drydock expenditures; (xi) our acquisition or disposition of vessels; (xii) the amount of offhire time needed to complete repairs on vessels and the timing and amount of any reimbursement by our insurance carriers for insurance claims, including 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; 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, 2011 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. Excluding vessels of Baltic Trading Limited (Baltic Trading), as of November 9, 2012, our fleet consisted of nine Capesize, eight Panamax, 17 Supramax, six Handymax and 13 Handysize drybulk carriers, with an aggregate carrying capacity of approximately 3,810,000 dwt, and the average age of our fleet is approximately 7.5 years, as compared to the average age for the world fleet of approximately 10 years for the drybulk shipping segments in which we compete. We seek to deploy our vessels on time charters, spot market-related time charters or in vessel pools trading in the spot market, to reputable charterers, including Cargill International S.A., Pacific Basin Chartering Ltd., Trafigura Beheer B.V., Swissmarine Services S.A., Klaveness Chartering and LB/IVS Pool, in which Lauritzen Bulkers A/S acts as the pool manager. The majority of the vessels in our current fleet are presently engaged under time charter and spot market-related time charter contracts that expire (assuming the option periods in the time charters are not exercised) between November 2012 and May 2015.

In addition, as of November 9, 2012, Baltic Trading s fleet consisted of two Capesize, four Supramax and three Handysize drybulk carriers with an aggregate carrying capacity of approximately 672,000 dwt.

See pages 34 - 37 for a table of all vessels that have been delivered to us, including Baltic Trading s vessels.

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. 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.

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.

Baltic Trading, formerly a wholly-owned subsidiary of the Company, completed its IPO on March 15, 2010. As of September 30, 2012, the Company s wholly-owned subsidiary Genco Investments LLC owned 5,699,088 shares of Baltic Trading s Class B Stock, which represents a 25.09% ownership interest in Baltic Trading at September 30, 2012 and 83.40% of the aggregate voting power of Baltic Trading s outstanding shares of voting stock. Baltic Trading is consolidated with the Company, as we control a majority of the voting interest in Baltic Trading. Management s discussion and analysis of the Company s results of operations and financial condition in this section 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 Maritime Equity Partners LLC (MEP) under an agency agreement between us and MEP. These services include oversight of crew management, insurance, drydocking, ship operations and financial statement preparation, but do not include chartering services. The services are provided for a fee of $750 per ship per day plus reimbursement of out-of-pocket costs and will be provided for an initial term of one year. MEP has the right to cancel provision of services on 60 days notice with payment of a one-year termination fee upon a change of our control. We may terminate provision of the services at any time on 60 days notice. Peter C. Georgiopoulos, our Chairman of the Board of Directors, 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.

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. We estimate that we have a claim of approximately $0.8 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.

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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 nine months ended September 30, 2012 and 2011 on a consolidated basis, which includes the operations of Baltic Trading.

	For the Three Months Ended September 30, 2012	2011	Increase (Decrease)	% Change
Fleet Data:				
Ownership days (1)				
Capesize	1,012.0	1,012.0		
Panamax	736.0	736.0		
Supramax	1,932.0	1,932.0		
Handymax	552.0	552.0		
Handysize	1,472.0	1,360.7	111.3	8.2%
Total	5,704.0	5,592.7	111.3	2.0%
Available days (2)				
Capesize	999.2	1,000.9	(1.7)	(0.2)%
Panamax	699.0	736.0	(37.0)	(5.0)%
Supramax	1,874.7	1,932.0	(57.3)	(3.0)%
Handymax	538.2	552.0	(13.8)	(2.5)%
Handysize	1,472.0	1,359.7	112.3	8.3%
Total	5,583.1	5,580.6	2.5	0.0%
Operating days (3)				
Capesize	998.9	1,000.9	(2.0)	(0.2)%
Panamax	691.1	731.1	(40.0)	(5.5)%
Supramax	1,836.9	1,914.3	(77.4)	(4.0)%
Handymax	537.5	551.5	(14.0)	(2.5)%
Handysize	1,472.0	1,345.9	126.1	9.4%
Total	5,536.4	5,543.7	(7.3)	(0.1)%
Fleet utilization (4)				
Capesize	100.0%	100.0%		
Panamax	98.9%	99.3%	(0.4)%	(0.4)%
Supramax	98.0%	99.1%	(1.1)%	(1.1)%
Handymax	99.9%	99.9%		
Handysize	100.0%	99.0%	1.0%	1.0%
Fleet average	99.2%	99.3%	(0.1)%	(0.1)%

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	For the Three Months Ended September 30, 2012	2011	Increase (Decrease)	% Change
	(U.S. dollars)			
Average Daily Results:				
Time Charter Equivalent (5)				
Capesize	$ 12,261	$ 28,815	(16,554)	(57.4)%
Panamax	6,537	18,119	(11,582)	(63.9)%
Supramax	8,906	14,600	(5,694)	(39.0)%
Handymax	8,554	12,616	(4,062)	(32.2)%
Handysize	8,689	10,617	(1,928)	(18.2)%
Fleet average	9,119	16,447	(7,328)	(44.6)%
Daily vessel operating expenses (6)				
Capesize	$ 5,507	$ 5,528	$ (21)	(0.4)%
Panamax	5,813	4,972	841	16.9%
Supramax	4,778	4,491	287	6.4%
Handymax	4,808	4,209	599	14.2%
Handysize	4,440	4,321	119	2.8%
Fleet average	4,956	4,673	283	6.1%

	For the Nine Months Ended September 30, 2012	2011	Increase (Decrease)	% Change
Fleet Data:				
Ownership days (1)				
Capesize	3,014.0	3,003.0	11.0	0.4%
Panamax	2,192.0	2,184.0	8.0	0.4%
Supramax	5,754.0	5,645.6	108.4	1.9%
Handymax	1,644.0	1,638.0	6.0	0.4%
Handysize	4,384.0	3,763.3	620.7	16.5%
Total	16,988.0	16,233.9	754.1	4.6%
Available days (2)				
Capesize	2,983.9	2,991.9	(8.0)	(0.3)%
Panamax	2,064.4	2,165.7	(101.3)	(4.7)%
Supramax	5,610.1	5,643.7	(33.6)	(0.6)%
Handymax	1,560.5	1,608.3	(47.8)	(0.3)%
Handysize	4,384.0	3,760.8	623.2	16.6%
Total	16,602.9	16,170.4	432.5	2.7%
Operating days (3)				
Capesize	2,979.9	2,991.4	(11.5)	(0.4)%
Panamax	2,051.0	2,147.3	(96.3)	(4.5)%
Supramax	5,549.1	5,600.4	(51.3)	(0.9)%
Handymax	1,542.7	1,600.7	(58.0)	(3.6)%
Handysize	4,371.1	3,728.8	642.3	17.2%
Total	16,493.8	16,068.6	425.2	2.6%
Fleet utilization (4)				
Capesize	99.9%	100.0%	(0.1)%	(0.1)%
Panamax	99.3%	99.1%	0.2%	0.2%
Supramax	98.9%	99.2%	(0.3)%	(0.3)%

Handymax	98.9%	99.5%	(0.6)%	(0.6)%
Handysize	99.7%	99.2%	0.5%	0.5%
Fleet average	99.3%	99.4%	(0.1)%	(0.1)%

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	For the Nine Months Ended September 30, 2012	2011	Increase (Decrease)	% Change
	(U.S. dollars)			
Average Daily Results:				
Time Charter Equivalent (5)				
Capesize	$ 14,239	$ 27,804	$ (13,565)	(48.8)%
Panamax	9,894	22,374	(12,480)	(55.8)%
Supramax	10,002	15,675	(5,673)	(36.2)%
Handymax	8,367	16,793	(8,426)	(50.2)%
Handysize	8,567	11,409	(2,842)	(24.9)%
Fleet average	10,218	17,935	(7,717)	(43.0)%
Daily vessel operating expenses (6)				
Capesize	$ 5,403	$ 5,306	$ 97	1.8%
Panamax	5,480	4,821	659	13.7%
Supramax	4,835	4,538	297	6.5%
Handymax	5,626	4,731	895	18.9%
Handysize	4,621	4,401	220	5.0%
Fleet average	5,040	4,706	334	7.1%

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 September 30,		For the Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Voyage revenues (in thousands)	$ 53,603	$ 93,484	$ 174,740	$ 292,614
Voyage expenses (in thousands)	2,693	1,702	5,099	2,595
	$ 50,910	$ 91,782	169,641	$ 290,019
Total available days	5,583.1	5,580.6	16,602.9	16,170.4
Total TCE rate	$ 9,119	$ 16,447	$ 10,218	$ 17,935

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(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.

Operating Data

	For the Three Months Ended September 30, 2012	2011	Change	% Change
	(U.S. dollars in thousands, except for per share amounts)			
Revenue:				
Voyage revenues	$ 53,603	$ 93,484	$ (39,881)	(42.7)%
Service revenues	828	828		
Total revenues	54,431	94,312	(39,881)	(42.3)%
Operating Expenses:				
V				