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

FORM 10-K

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

For the Fiscal Year Ended December 31, 2018

OR

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

For the transition period from to

Commission File Number 001-33831

EAGLE BULK SHIPPING INC.
(Exact name of Registrant as specified in its charter)

Republic of the Marshall Islands	**98–0453513**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
300 First Stamford Place, 5th Floor	
Stamford, Connecticut	**06902**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (203) 276–8100

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

Common Stock, par value $0.01 per share
(Title of Class)

The Common Stock is registered on the Nasdaq Stock Market LLC
(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☐ Nox

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes☐ Nox

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. Yesx No☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yesx No☐

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

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

Large accelerated filer ☐	Accelerated filer x	Non-Accelerated filer ☐
Smaller reporting company x	Emerging growth company ☐	

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes☐ Nox

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on June 29, 2018, the last business day of the registrant's most recently completed second quarter, was approximately $195,812,577 based on the closing price of $5.44 per share on The Nasdaq Global Select Market on that date. (For this purpose, all outstanding shares of common stock have been considered held by non-affiliates, other than the shares beneficially owned by directors, officers and certain shareholders of the registrant holding above 10% of the outstanding shares of common stock; without conceding that any of the excluded parties are "affiliates" of the registrant for purposes of the federal securities laws.)

As of March 11, 2019, 73,185,184 shares of the registrant's common stock were outstanding.

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

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2019 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission within 120 days of December 31, 2018, are incorporated by reference into Part III of this Annual Report on Form 10-K for the registrant's fiscal year ended December 31, 2018.

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References in this Annual Report on Form 10-K (this “Form 10-K” or “Annual Report”) to “we,” “us,” “our,” “Eagle Bulk,” the “Company” and similar terms all refer to Eagle Bulk Shipping Inc. and its subsidiaries, unless otherwise stated or the context otherwise requires. References to "Predecessor" refer to the Company between period January 1, 2014 and October 15, 2014 and prior. References to "Successor" refer to the Company on or after October 16, 2014.

A glossary of shipping terms (the “Glossary”) that should be used as a reference when reading this Annual Report can be found immediately prior to Item 1A. Capitalized terms that are used in this Annual Report are either defined when they are first used or in the Glossary.

All dollar amounts are stated in United States (U.S.) dollars unless otherwise stated.

Forward-Looking Statements

This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbor provided for under these sections. These statements may include words such as “believe,” “estimate,” “project,” “intend,” “expect,” “plan,” “anticipate,” and similar expressions in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements reflect management's current expectations and observations with respect to future events and financial performance.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by those forward-looking statements. The principal factors that affect our financial position, results of operations and cash flows include, charter market rates, which have declined significantly from historic highs, periods of charter hire, vessel operating expenses and voyage costs, which are incurred primarily in U.S. dollars, depreciation expenses, which are a function of the cost of our vessels, significant vessel improvement costs and our vessels' estimated useful lives, and financing costs related to our indebtedness. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors which could include the following: (i) changes in demand in the drybulk market, including, without limitation, changes in production of, or demand for, commodities and bulk cargoes, generally or in particular regions; (ii) greater than anticipated levels of drybulk vessel newbuilding orders or lower than anticipated rates of drybulk vessel scrapping; (iii) changes in rules and regulations applicable to the drybulk industry, including, without limitation, legislation adopted by international bodies or organizations such as the International Maritime Organization and the European Union (the “EU”) or by individual countries; (iv) actions taken by regulatory authorities including without limitation the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”); (v) changes in trading patterns significantly impacting overall drybulk tonnage requirements; (vi) changes in the typical seasonal variations in drybulk charter rates; (vii) changes in the cost of other modes of bulk commodity transportation; (viii) changes in general domestic and international political conditions; (ix) changes in the condition of the Company's vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated dry docking costs); (x) significant deteriorations in charter hire rates from current levels or the inability of the Company to achieve its cost-cutting measures; and (xi) the outcome of legal proceeding in which we are involved; and other factors listed from time to time in our filings with the Securities and Exchange Commission (the “SEC”). This discussion also includes statistical data regarding world drybulk fleet and orderbook and fleet age. We generated some of this data internally, and some were obtained from independent industry publications and reports that we believe to be reliable sources. We have not independently verified this data nor sought the consent of any organizations to refer to their reports in this Annual Report. We disclaim any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

PART I
ITEM 1. BUSINESS

Overview and Recent Developments

We are Eagle Bulk Shipping Inc., a Marshall Islands corporation incorporated on March 23, 2005 and headquartered in Stamford, Connecticut. We own one of the largest fleets of Supramax/Ultramax drybulk vessels in the world. Supramax/Ultramax drybulk vessels are equipped with cargo-handling cranes and grabs and range in size from approximately 50,000 to 65,000 dwt. We perform all management services, including strategic, commercial, operational, technical, and administrative services to our own fleet. We provide transportation solutions to a diverse group of customers, including miners, producers, traders, and end users. Typical cargoes we transport include both major bulk cargoes, such as coal, grain, and iron ore, and minor bulk cargoes such as fertilizer, steel products, petcoke, cement, and forest products. Our owned fleet totals 47 vessels, with an aggregate carrying capacity of 2,705,764 dwt, had an average age of 9.0 years as of December 31, 2018.

As of the date hereof, after taking into account the purchase of one 2015 built Ultramax vessel and the sale of our two oldest Supramaxes, our owned fleet totals 46 vessels, with an aggregate carrying capacity of 2,668,879 dwt and an average age of 8.7 years.

Refinancing

On January 25, 2019, Eagle Bulk Ultraco LLC ("Ultraco"), a wholly-owned subsidiary of the Company, entered into a new senior secured credit facility (the "New Ultraco Debt Facility"), with the Company and certain of its indirect vessel-owning subsidiaries, as guarantors, the lenders party thereto, the swap banks party thereto, ABN AMRO Capital USA LLC (“ABN AMRO”), Credit Agricole Corporate and Investment Bank, Skandinaviska Enskilda Banken AB (PUBL) and DNB Markets Inc., as mandated lead arrangers and bookrunners, and ABN AMRO, as arranger, security trustee and facility agent. The New Ultraco Debt Facility provides for an aggregate principal amount of $208.4 million, which consists of (i) a term loan facility of $153.4 million and (ii) a revolving credit facility of $55.0 million. The proceeds from the New Ultraco Debt Facility were used to repay in full (i) the outstanding debt including accrued interest under (a) the credit agreement, dated June 28, 2017, made by, among others, Ultraco, as borrower, the banks and financial institutions party thereto and ABN AMRO, as securities trustee and facility agent, in the original principal amount of up to $61.2 million (the “Original Ultraco Debt Facility”) and (b) the credit agreement, dated December 8, 2017, made by, among others Eagle Shipping LLC, a wholly-owned subsidiary of the Company (“Eagle Shipping”), as borrower, the entities and financial institutions party thereto and ABN AMRO, as security trustee and facility agent, in the original principal amount of up to $65.0 million (the “New First Lien Facility”), and (ii) for general corporate purposes. Outstanding borrowings under the New Ultraco Debt Facility bear interest at LIBOR plus 2.50% per annum.

Vessel acquisitions and sales

On July 20, 2018, the Company, through Ultraco, signed a memorandum of agreement to acquire a 2014 built Ultramax vessel for $21.3 million. The Company took delivery of the vessel, Hamburg Eagle on October 22, 2018.

On December 21, 2018, the Company signed a memorandum of agreement to purchase a 2015 built Ultramax vessel for $20.4 million. As of December 31, 2018, the Company paid a deposit of $2.0 million. The Company took delivery of the vessel, Cape Town Eagle in January 2019.

For the year ended December 31, 2018, the Company sold two vessels (Avocet and Thrush) for total net proceeds of $20.5 million after brokerage commissions and associated selling expenses. The Company recorded a net gain of $0.3 million from the sale of the two vessels in its Consolidated Statement of Operations for the year ended December 31, 2018.

On December 13, 2018, the Company signed a memorandum of agreement to sell the vessel Condor for $6.5 million after brokerage commissions and associated selling expenses. The vessel was delivered to the new owners in the first quarter of 2019. The Company expects to recognize a gain of $2.2 million in the first quarter of 2019. The Company recorded the carrying amount of the vessel as vessels held for sale in its Consolidated Balance Sheet as of December 31, 2018.

On January 4, 2019, the Company signed a memorandum of agreement to sell the vessel Merlin for $6.1 million after brokerage commissions and associated selling expenses. The vessel was delivered to the new owners in January 2019. The Company expects to record a gain of approximately $1.9 million in the first quarter of 2019. The Company recorded the carrying amount of the vessel as vessels held for sale in its Consolidated Balance Sheet as of December 31, 2018.

Vessel upgrades - scrubbers and ballast water systems

On August 14, 2018, the Company entered into a contract for the installation of ballast water treatment systems ("BWTS") on our owned vessels. The projected costs, including installation, is approximately $0.5 million per BWTS. The Company intends to complete the installation during scheduled drydockings over the next three years. The Company recorded $1.0 million in Other assets in the Consolidated Balance Sheet as of December 31, 2018.

On September 4, 2018, the Company announced that it had entered into a series of agreements to purchase up to 37 exhaust gas cleaning systems ("Scrubbers") which are to be retrofitted on owned vessels. The Agreements are comprised of firm orders for 19 Scrubbers and up to an additional 18 units, at the Company's option. On November 20, 2018, the Company announced that it had exercised its option to purchase 15 of the 18 optional Scrubbers, and on January 23, 2019, the Company announced that it had exercised the remaining 3 options. The projected costs, including installation, is approximately $2.2 million per Scrubber. The Company recorded $16.9 million in Other assets in its Consolidated Balance Sheet as of December 31, 2018.

Business Strategy

Our vision is to be the leading integrated drybulk shipowner-operator through consistent outperformance and sustainable growth. We plan to achieve our vision by:

- Focusing on the most attractive drybulk vessel segment
  We focus on owning-operating vessels within the mid-size Supramax/Ultramax segment. We consider this vessel segment to be the most versatile amongst the various drybulk asset classes due to the size and specifications of Supramax/Ultramax ships. With a deadweight ("dwt") size ranging from 50,000 to 65,000 metric tons and a length of approximately 200 meters, Supramax/Ultramax vessels are able to accommodate large cargo quantities, but call on the majority of ports around the globe. In addition, these vessels are equipped with onboard cranes and grabs, giving them the capability to load and discharge cargoes without the need for shore-based port equipment/infrastructure. We believe the versatility and flexibility of Supramax/Ultramax vessels provide for improved risk-adjusted returns.

- Employing an active management strategy for fleet trading
  We employ an active management strategy for fleet employment with the objective of optimizing revenue performance and maximizing earnings on a risk managed basis. Through the execution of various commercial strategies employed across our global trading desks in the United States, Europe, and Asia, the Company has been able to achieve improved results and outperform the relevant market index on a consistent basis.

- Executing on fleet renewal and growth
  Since 2016, we have executed on a fleet renewal program with a total of 26 vessel sales and purchases. We have acquired14 modern Ultramaxes and sold 12 of our older and less efficient Supramaxes. We believe that these transactions have led to an improvement in the makeup and earnings generation ability of our fleet, as well as maintain our average age of our fleet.

- Performing technical management in-house
  We perform all technical management services relating to vessel maintenance, vessel repairs and crewing. We believe maintaining technical management in-house allows us to better optimize operating costs and vessel performance.

- Implementing a prudent approach to balance sheet management
  We believe the long-term success of our Company is contingent on maintaining a prudent approach to balance sheet management, including working capital optimization, moderate leverage, diversifying capital sources, lowering cost of capital, limiting interest rate exposure, and optimizing debt profile/tenor.

- Upholding strong corporate governance
  In order to ensure full alignment with our shareholders, we place a great deal of emphasis on maintaining strong corporate governance. Our corporate governance structure include having a board of directors, which is comprised of independent directors with the sole exception of our CEO, having an independent Chairman of the Board, and having a related person transaction approval policy. We believe good corporate governance encourages accountability and transparency, and promotes good decision-making. Our corporate governance has been recognized as one of the strongest in the industry.

- Enacting Corporate Social Responsibility ("CSR")

The business decisions we make daily onboard our ships and by our shoreside team are guided by our focus on the health and safety of our crew, our ships, and the environment. We are mindful to conduct ourselves as a responsible business, intent on encouraging accountability and transparency while promoting good decision-making.

- Abiding by our values
  - *PASSION for excellence drives us*
  - *EMPOWERMENT of our people leads to better results*
  - *INTEGRITY defines our culture*
  - *RESPONSIBILITY to safety underpins every decision*
  - *FORWARD THINKING takes us to a more successful tomorrow*

Our Fleet

The 47 vessels in our owned fleet as of December 31, 2018 are fitted with cargo cranes and cargo grabs that enable our vessels to load and unload cargo in ports that do not have shore-side cargo handling infrastructure in place. Our owned vessels are flagged in the Marshall Islands and are employed on time and voyage charters. Our owned fleet as of December 31, 2018 included the following vessels:

Vessel	Class	Dwt	Year Built
Bittern	Supramax	57,809	2009
Canary	Supramax	57,809	2009
Cardinal	Supramax	55,362	2004
Condor	Supramax	50,296	2001
Crane	Supramax	57,809	2010
Crested Eagle	Supramax	55,989	2009
Crowned Eagle	Supramax	55,940	2008
Egret Bulker	Supramax	57,809	2010
Fairfield Eagle	Ultramax	63,301	2013
Gannet Bulker	Supramax	57,809	2010
Golden Eagle	Supramax	55,989	2010
Goldeneye	Supramax	52,421	2002
Grebe Bulker	Supramax	57,809	2010
Greenwich Eagle	Ultramax	63,301	2013
Groton Eagle	Ultramax	63,301	2013

Hamburg Eagle	Ultramax	63,334	2014
Hawk I	Supramax	50,296	2001
Ibis Bulker	Supramax	57,809	2010
Imperial Eagle	Supramax	55,989	2010
Jaeger	Supramax	52,483	2004
Jay	Supramax	57,809	2010
Kestrel I	Supramax	50,351	2004
Kingfisher	Supramax	57,809	2010
Madison Eagle	Ultramax	63,301	2013
Martin	Supramax	57,809	2010
Merlin	Supramax	50,296	2001
Mystic Eagle	Ultramax	63,301	2013
New London Eagle	Ultramax	63,140	2015
Nighthawk	Supramax	57,809	2011
Oriole	Supramax	57,809	2011
Osprey I	Supramax	50,206	2002
Owl	Supramax	57,809	2011
Petrel Bulker	Supramax	57,809	2011
Puffin Bulker	Supramax	57,809	2011
Roadrunner Bulker	Supramax	57,809	2011
Rowayton Eagle	Ultramax	63,301	2013
Sandpiper Bulker	Supramax	57,809	2011
Shrike	Supramax	53,343	2003
Singapore Eagle	Ultramax	63,386	2017

Skua	Supramax	53,350	2003
Southport Eagle	Ultramax	63,301	2013
Stamford Eagle	Ultramax	61,530	2016
Stellar Eagle	Supramax	55,989	2009
Stonington Eagle	Ultramax	63,301	2012
Tern	Supramax	50,209	2003
Thrasher	Supramax	53,360	2010
Westport Eagle	Ultramax	63,344	2015

Nature of Business

The following is a brief description of some of the commercial strategies we use to employ our vessels:

1) Time charter-out

Time charter-out describes a contract for the use of a ship for an agreed period of time, at an agreed hire rate per day. Commercial control of the vessel becomes the responsibility of the time charterer who performs the voyage(s). The time charterer is responsible to pay the agreed hire and also purchase the fuel and port expenses. Time charters can range from as short as one voyage (approximately 20-40 days) to multiple years.

2) Voyage Chartering

Voyage Chartering involves the employment of a vessel between designated ports for the duration of the voyage only. Freight is earned on the volume of cargo carried. In contrast to the Time charter-out method, in a Voyage Charter, we maintain control of the commercial operation and are responsible for managing the voyage, including vessel scheduling and routing, as well as any related costs, such as fuel, port expenses and other expenses. Having the ability to control and manage the voyage, we are able to generate increased margin through operational efficiencies, business intelligence and scale. Additionally, contracting to carry cargoes on voyage terms often gives us the ability to utilize a wide range of vessels to perform the contract (as long as the vessel meets the contractual parameters), thereby giving significant operational flexibility to the fleet. Such vessels include not only ships we own, but also third-party ships which can be chartered-in on an opportunistic basis (the inverse of a Time charter-out strategy).

3) Vessel + Cargo Arbitrage

With this strategy, we contract to carry a cargo on voyage terms (as described above under the caption “Voyage Chartering”) with a specific ship earmarked to cover the commitment. As the date of cargo loading approaches, the market may have moved in such a way whereby we elect to substitute a different vessel to perform the voyage, while assigning a different piece of business to the original earmarked ship. Taken as a whole, this strategy can generate increased revenues, on a risk-managed basis, as compared to the original cargo-vessel pairing.

4) Time charter-in

This strategy involves us leasing a vessel from a third-party shipowner at a set U.S. dollar per day rate. As referenced above, vessels can be time-chartered in order to cover existing cargo commitments, resulting in a Vessel+Cargo Arbitrage. These ships may be chartered-in for periods longer than required for the initial cargo or arbitrage, and can also be chartered-in opportunistically in order to benefit from rate dislocations and to obtain risk-managed exposure to the market overall.

5) Hedging (FFAs)

Forward Freight Agreements (“FFAs”) are cleared financial instruments, which we can use to hedge market rate exposure by locking in a fixed rate against the eventual forward market. FFAs are an important tool to manage market risk associated with chartering-in of third-party vessels. FFAs can also be used to lock in revenue streams on owned vessels or against forward cargo commitments the Company may enter into.

6) Asymmetric Optionality

This is a blended strategy approach whereby we utilize time charters, cargo commitments and FFAs together to hedge away market exposure while maintaining upside optionality to positive market volatility. As a simplified example, a ship may be time chartered-in for one year with a further optional year. In such a scenario, and dependent on market conditions, we could sell an FFA for the firm 1-year period commitment, essentially eliminating exposure to the market, while maintaining full upside on rate developments for the optional year.

Charter Characteristics	**Voyage Charter**	**Time Charter**	**Index Charter**	**Commercial Pool (5)**
Typical contract length	Single voyage	One or multiple voyages	Six months or more	Varies
Hire rate basis (1)	Per MT of cargo loaded	Daily	Linked to BSI	Varies
Voyage expenses (2)	We pay	Customer pays	Customer pays	Pool pays
Vessel expenses for owned vessels (3)	We pay	We pay	We pay	We pay
Charter hire expense for vessels chartered-in	We pay	We pay	We pay	We pay
Off-hire (4)	Customer does not pay	Customer does not pay	Customer does not pay	Pool does not pay

(1) “Hire rate” refers to a sum of money paid to the vessel owner by a charterer under a time charter party for the use of a vessel. "Freight rate basis" means the sum of money paid to the vessel owner under a voyage charter or contract of affreightment (as defined below) based on the unit measurement of cargo loaded. “BSI” refers to “Baltic Supramax Index” and the daily hire rate varies based on the Index. The BSI is an index published by the Baltic Exchange which tracks the gross time charter spot value for Supramax.
(2) “Voyage expenses” include fuel, port charges, canal tolls, and brokerage commissions paid by the Company.
(3) “Vessel expenses” include crewing, repairs and maintenance, insurance, stores, lubes and communication expenses.
(4) “Off-hire” refers to the time a vessel is unavailable to perform the service either due to scheduled or unscheduled repairs.
(5) The Company does not presently employ vessels in a Commercial Pool.

The Company employs its fleet opportunistically in an effort to maximize earnings. The Company enters into charters and is continuously developing contractual relationships directly with cargo interests. These relationships and the related cargo contracts have the dual benefit of providing greater operational efficiencies and act as a balance to the Company’s naturally long position to the market. Notwithstanding the focus on voyage chartering, the Company consistently monitors the drybulk shipping market and, based on market conditions, will consider entering into long-term time charters when appropriate.

The following summary represents the number of our vessels performing the various types of employments as of December 31, 2018, 2017 and 2016.

	December 31, 2018	December 31, 2017	December 31, 2016
Time Charter	27	27	23
Voyage Charter	18	18	17
Index Charter	—	—	—
Commercial Pool	—	—	1
Drydock	2	2	1
Total	47	47	42

In connection with the charters of each of our vessels, unaffiliated third-party ship brokers earn commissions ranging from 1.25% to 5.00% of the total daily charter hire rate of each charter with the commission rate depending on the number of brokers involved with arranging the relevant charter.

Our vessels operate worldwide within the trading limits imposed by governmental economic sanctions regimes and insurance terms and do not operate in countries or territories that are subject to United States, EU, United Kingdom ("UK") or United Nations ("UN") comprehensive country-wide or territory-wide sanctions.

Our Customers

Our customers include some of the world's leading agricultural, mining, manufacturing and trading companies, as well as smaller , privately owned companies. Our assessment of customers' financial condition and reliability is an important factor in negotiating employment for our vessels. We evaluate the counterparty risk of potential customers based on our management's experience in the shipping industry combined with the additional input of an independent credit risk consultant. In 2018, 2017 and 2016, we did not have a customer who accounted for more than 10% of our revenue.

Operations

There are two central aspects to the operation of our fleet:

- Commercial operations, which involve chartering and operating a vessel; and
- Technical operations, which involve maintaining, crewing and repairing a vessel.

We carry out the commercial, technical and strategic management of our fleet through our indirectly wholly-owned subsidiary, Eagle Bulk Management LLC, a Marshall Islands limited liability company which maintains its principal executive offices in Stamford, Connecticut. We also have an office in Singapore which provides commercial and technical management services for our vessels. Additionally, our office in Hamburg, Germany provides commercial management services for our vessels. Our staff, through this subsidiary, provides the following services:

- Commercial operations and technical supervision;
- Vessel maintenance and repair;
- Vessel acquisition and sale;
- Legal, compliance and insurance services and
- Finance, accounting, treasury and information technology services.

We currently have an aggregate of approximately 92 shore-based personnel in our principal executive office in Stamford, Connecticut, as well as our offices in Hamburg and Singapore.

Each of the Company's vessels serve the same type of customer, have similar operation and maintenance requirements, operate in the same regulatory environment, and are subject to similar economic characteristics. Based on this, the Company has determined that it operates in one reportable segment which is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk vessels.

Commercial and Strategic Management

We perform the commercial and strategic management of our fleet including obtaining employment for our vessels and maintaining relationships with the charterers of our vessels. We have three offices across the globe including Hamburg, Singapore and Stamford and we effectively have twenty-four hour global market coverage. We believe that due to our management team's experience in operating drybulk vessels, we have access to a broad range of charterers and can employ our fleet efficiently in diverse market conditions and achieve high utilization rates.

Being an active owner-operator means effectively seeking to operate our own vessels when possible, as compared with time chartering them to other operators, all with a view toward achieving higher-than-market net charter hire income. In doing so, we believe we can take advantage of rapidly changing market conditions and obtain better operational efficiencies from our fleet. In addition, we constantly look to arbitrage cargo and vessel positions by taking in additional vessels on time charter, and/or reletting cargo commitments on a voyage basis. We also constantly monitor the drybulk shipping market, and opportunistically time-charter vessels in for a period of time, where we typically obtain some optionality on the duration of the period. We also buy and sell FFAs contracts and bunker swaps to hedge exposures of physical commitments in order to mitigate market risk.

Technical Management

We have established in-house technical management capabilities, through which we provide technical management services to all vessels in our fleet. Technical management includes managing day-to-day operation of the vessel and machinery, performing general maintenance, ensuring regulatory and classification society compliance, supervising the general efficiency of vessels, arranging the hire of qualified officers and crew, planning, arranging and supervising drydocking and repairs, purchasing supplies, spare parts, lubricants, and new equipment for vessels, appointing supervisors and technical consultants and providing technical support.

We currently crew our vessels primarily with officers and seamen from Ukraine, Russia, and other Eastern European countries who are hired through three third-party crew managers. As of December 31, 2018, we employed approximately 912 officers and seamen on the 47 vessels in our owned fleet. The third-party crew managers recruit seamen with training, licenses and experience appropriate for our vessels. On board, our crews perform most operational and maintenance work and assist in supervising work during cargo operations and at drydock facilities. We often man our vessels with more crew members than are required by the vessel's flag safe manning requirement in order to allow for the performance of routine maintenance duties. All of our crew members are subject to and are paid commensurate with international collective bargaining agreements and, therefore, we do not anticipate any labor disruptions. The international collective bargaining agreements, to which we are a party, are typically renewed for a two-year term.

Permits, Authorizations and Regulations

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our vessels. The kinds of permits, licenses and certificates required depend upon several factors, including the commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew and the age of a vessel. We expect to be able to obtain all permits, licenses and certificates currently required to permit our vessels to operate. Additional laws and regulations, environmental or otherwise, may be adopted which increase the cost of us doing business.

Our vessels operate worldwide within the trading limits imposed by our insurance terms and do not operate in countries or territories that are subject to United States, EU, UK or UN comprehensive country-wide or territory wide sanctions.

Environmental and Other Regulations

Government regulation significantly affects the trading locations and operation of our vessels. We are subject to international conventions and treaties, national, state and local laws and regulations in force in the countries in which our vessels may transit or operate relating to safety and health and environmental protection including the storage, handling, emission, transportation and discharge of hazardous and non-hazardous materials, and the remediation of contamination and liability for damage to natural resources. Compliance with such laws, regulations and other requirements entails significant expense, including required vessel modifications and implementation of certain operating procedures.

A variety of government and private entities subject our vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (including national Coast Guards, harbor masters and port state control authorities), classification societies; flag state administrations (country of vessel registry) as well as our charterers, and terminal operators. Certain of these entities require us to obtain permits, licenses and certificates for the operation of our vessels, many of which are provided after inspection to our insurers, flag state, and classification societies. Failure to maintain the necessary permits or approvals could result in substantial costs in fines and penalties, as well as operational delays.

We believe that the heightening levels of environmental and quality concerns among regulators, charterers and the insurance industry, is leading to greater inspection and safety requirements on all vessels which may accelerate the scrapping of older vessels throughout the shipping industry. Increasing environmental regulations have created a demand for vessels that conform to the most up-to-date environmental standards, whether through retrofitting or new design. As a result, we strive to maintain operating standards for all of our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and adherence to applicable international regulations. We believe that our vessels are in substantial compliance with environmental laws and regulations and that our vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations. However, because such laws and regulations are subject to change and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels.

International Maritime Organization

The UN's International Maritime Organization ("IMO") has adopted several international conventions, including the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto (referred to as "MARPOL"). MARPOL has been in effect since October 2, 1983 and has been adopted by over 150 nations, including many of the jurisdictions in which our vessels operate. MARPOL sets forth pollution-prevention requirements applicable to different types of vessels and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried in bulk, in liquid or packaged form, respectively; and Annexes IV and V relate to sewage and garbage management, respectively. Annex VI was separately adopted by the IMO in September of 1997, and relates to air emissions.

In 2013, the Marine Environmental Protection Committee ("MEPC") adopted by resolution amendments to MARPOL Annex I Conditional Assessment Scheme, or CAS. The amendments, which became effective on October 1, 2014, pertain to the inspections of bulk carriers and tankers after the 2011 Enhanced Survey Programme ("ESP") Code, which enhances the programs of inspections, became mandatory. We may need to make certain financial expenditures to comply with these amendments.

Air Emissions

Effective May 2005, Annex VI to MARPOL sets limits on nitrogen oxide emissions from ships whose diesel engines were constructed (or underwent major conversions) on or after January 1, 2000. Annex VI also includes a global cap on the sulphur content of fuel oil and allows for special areas to be established with more stringent controls of sulphur emissions known as "Emission Control Areas" ("ECAs").

MEPC adopted amendments to Annex VI on October 10, 2008, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulphur contained in any fuel oil used on board ships. As of January 1, 2012, the amended Annex VI requires that fuel oil contain no more than 3.50% sulphur. By January 1, 2020, sulphur content must not exceed 0.50%.

Sulphur content standards are stricter within certain ECAs. As of July 1, 2010, ships operating within an ECA may not use fuel with sulphur content in excess of 1.0% which was further reduced to 0.10% on January 1, 2015. Amended Annex VI establishes procedures for designating new ECAs. Currently, the Baltic Sea, the North Sea and certain coastal areas of North America have been designated as ECAs. Furthermore as of January 1, 2014 the applicable areas of the United States and the Caribbean Sea were designated as ECAs. Ocean-going vessels in these areas will be subject to stringent emissions controls which may cause us to incur additional costs to procure compliant fuel and/or install exhaust gas cleaning systems. If additional ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine engines or port operations by vessels are adopted by the states where our vessels operate, compliance with these regulations could entail significant capital expenditures, operational changes, or otherwise increase the costs of our operations.

Safety Management System Requirements

The IMO also adopted the Safety of Life at Sea ("SOLAS"), and the International Convention on Load Lines (the "LL Convention"), which impose a variety of standards that regulate the design and operational features of ships. The IMO periodically revises the SOLAS and LL Convention standards. The May 2012 SOLAS amendments entered into force on January 1, 2014. The Convention on Limitation of Liability for Maritime Claims was amended and the amendments went into effect on June 8, 2015. The amendments alter the limits of liability for loss of life or personal injury claim and property claims against ship-owners.

The operation of our ships is also affected by Chapter IX of SOLAS, which sets forth the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention (the "ISM Code"). The ISM Code requires ship owners and bare boat charterers to develop and maintain an extensive Safety Management System ("SMS") that includes among other things the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for emergency response. We rely upon the safety management system that we have developed for compliance with the ISM Code. The failure of a ship owner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. As of the date of this filing, all of the vessels in our owned fleet are ISM code-certified.

The ISM Code requires that vessel operators obtain a safety management certificate, or SMC, for each vessel they operate. This certificate evidences compliance by a vessel's operators with the ISM Code requirements for a safety management system, or SMS. No vessel can obtain an SMC under the ISM Code unless its manager has been awarded a document of compliance, or DOC, issued in most instances by the vessel's flag state. Our in-house technical managers have obtained documents of compliance with their offices and safety management certificates for all of our vessels for which the certificates are required by the IMO, which certificates are renewed as needed.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments in February 2004 (the "BWM Convention"). The BWM Convention's implementing regulations called for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. On September 8, 2016, the BWM Convention met the requirement to be adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping, becoming effective 12 months later on September 8, 2017. Many of the implementation dates originally written in the BWM Convention have already passed, so that once the BWM Convention enters into force, the period for installation of mandatory ballast water exchange requirements would be extremely short, with several thousand ships a year needing to install ballast water management systems ("BWMS"). For this reason, on December 4, 2013, the IMO Assembly passed a resolution revising the implementation dates of the BWM Convention so that they are triggered by the entry into force date and not the dates originally in the BWM Convention. This in effect makes all vessels constructed before the entry into force date "existing' vessels and allows for the installation of a BWMS on such vessels at the first renewal survey following entry into force. The mid-ocean ballast exchange or ballast water treatment requirements became mandatory. On March 23, 2012, the USCG issued amended regulations relating to ballast water management for vessels operating in United States waters.

Under relevant U.S. federal laws (the "BWMS Law"), USCG approved BWMS will be required to be installed in all vessels at the first out of water drydocking after January 1, 2016 if these vessels are to discharge ballast water inside 12 nautical miles of the coast of the United States. An Alternative Management System ("AMS") may be installed in lieu of a USCG approved BWMS. An AMS is valid for five years from the date of required compliance with ballast water discharge standards, by which time it must be replaced by an approved system unless the AMS itself achieves approval.

On August 14, 2018, the Company entered into a contract for installation of ballast water treatment systems ("BWTS") on our owned vessels. The projected costs, including installation, is approximately $0.5 million per BWTS. The Company intends to complete the installation during scheduled drydockings in the next three years. The Company recorded $1.0 million in Other assets in the Consolidated Balance Sheet as of December 31, 2018.

The IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage (the "Bunker Convention") to impose strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship's bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur. Our ships carry insurance in excess of the statutory requirements.

In March 2006, the IMO amended Annex I to MARPOL, including a regulation relating to oil fuel tank protection, which became effective August 1, 2007. The regulation applies to various ships delivered on or after August 1, 2010. The requirements it contains address issues such as fuel tanks, protected location accidental oil fuel outflow performance standards, a tank capacity limit and certain other maintenance, inspection and engineering standards.

IMO regulations also require owners and operators of certain vessels to adopt Ship Oil Pollution Emergency Plans. Periodic training and drills for response personnel and for vessels and their crews are required.

Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships (the "Anti-Fouling Convention"). The Anti-Fouling Convention prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. Vessels of over 400 gross tons engaged in international

voyages are required to undergo an initial survey before the vessel is put into service or before an International Anti-Fouling System Certificate is issued for the first time; and subsequent surveys when the anti-fouling systems are altered or replaced. We have obtained Anti-Fouling System Certificates for all of our vessels that are subject to the Anti-Fouling Convention.

Compliance Enforcement

The flag state, as defined by the UN Convention on the Law of the Sea, is responsible for implementing and enforcing a broad range of international maritime regulations with respect to all ships granted the right to fly its flag. The "Shipping Industry Guidelines on Flag State Performance" evaluates and reports on flag states based on factors such as sufficiency of infrastructure, ratification, implementation, and enforcement of principal international maritime treaties, supervision of statutory ship surveys, casualty investigations, and participation at IMO and International Labor Organization ("ILO") meetings. Our vessels are flagged in the Marshall Islands. Marshall Islands-flagged vessels have historically received a good assessment in the shipping industry. We recognize the importance of a credible flag state and do not intend to use flag states with poor performance indicators.

Noncompliance with the ISM Code or other IMO regulations may subject the ship owner or bareboat charterer to increased liability, lead to decreases in available insurance coverage for affected vessels or result in the denial of access to, or detention in some ports. As of the date of this report, each of our vessels is ISM Code certified and it is our intent to maintain ISM code certification. However, there can be no assurance that such certificates will be maintained in the future.

The IMO continues to introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations may have on our operations.

The U.S. Oil Pollution Act of 1990 and the Comprehensive Environmental Response, Compensation and Liability Act

The U.S. Oil Pollution Act of 1990 ("OPA") established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade with the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone around the United States. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), which applies to the discharge of hazardous substances other than oil, except in limited circumstances whether on land or at sea. OPA and CERCLA both define "owner and operator" "in the case of a vessel, as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact our operations.

Under OPA, vessel owners and operators are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels. OPA defines these other damages broadly to include:

- Injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;
- Injury to, or economic losses resulting from, the destruction of real and personal property;
- Net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;
- Loss of subsistence use of natural resources that are injured, destroyed, or lost;
- Lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and
- Net cost of increased of additional public services necessitated by removal activities following a discharge of oil such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective November 19, 2015, the USCG adjusted the limits of OPA liability for non-tank vessels (e.g. drybulk) to the greater of $1,000 per gross ton or $939,000 (subject to periodic adjustment for inflation). These limits of liability may not apply if an incident was proximately caused by the violation of an applicable United States federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly may not apply if the responsible party fails or refuses to (i) report the incident where the responsibility party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damage for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of $300 per gross ton or $5.0 million for vessels carrying a hazardous substance as cargo or residue and the greater of $300 per gross ton or $500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or gross negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA each preserve the right to recover damages under existing law, including maritime tort law.

OPA and CERCLA both require owners and operators of vessels to establish and maintain with the USCG evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee. We have complied with the regulations by providing a certificate of responsibility from third party entities that are acceptable to the USCG.

We currently maintain pollution liability coverage insurance in the amount of $1 billion per incident for each of our vessels. If the damages from a catastrophic spill were to exceed our insurance coverages, it could have an adverse effect on our business and results of operation.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states which have enacted such legislation have not yet issued implementing regulations defining vessel owners' responsibilities under these laws. We intend to comply with all applicable state regulations in the ports where our vessels call. We believe that we are in substantial compliance with all applicable existing state requirements. In addition, we intend to comply with all future applicable state regulations in the ports where our vessels call.

Other Environmental Initiatives

The United States Clean Water Act (the "CWA") prohibits the discharge of oil, hazardous substances and ballast water in United States navigable waters unless authorized by a duly-issued permit or exemption and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. Furthermore, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than United States federal law.

The EPA has enacted rules requiring a permit regulating ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters under the Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels ("the VGP"). For a new vessel delivered to an owner or operator after September 19, 2009 to be covered by the VGP, the owner must submit a Notice of Intent ("NOI") at least 30 days before the vessel operates in United States waters. On March 28, 2013, the EPA re-issued the VGP for another five years; this 2013 VGP took effect December 19, 2013. The 2013 VGP contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in United States waters, more stringent requirements for Scrubbers and the use of environmentally acceptable lubricants. We have submitted NOIs for our vessels where required and do not believe that the costs associated with obtaining and complying with the VGP may have a material impact on our operations.

In addition, under Section 401 of the CWA, the VGP must be certified by the state where the discharge is to take place. Certain states have enacted additional discharge standards as conditions to their certification of the VGP. These local standards bring the VGP into compliance with more stringent state requirements, such as those further restricting ballast water discharges and preventing the introduction of non-indigenous species considered to be invasive. The VGP and its state-specific regulations and any similar restrictions enacted in the future may increase the costs of operating in the relevant waters.

The U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990) (the “CAA”) requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. The CAA also requires states to draft State Implementation Plans (“SIPs”) designed to attain national health-based air quality standards in each state. Although state-specific, SIPs may include regulations concerning emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment.

As referenced above, the amended Annex VI to the IMO's MARPOL Convention, which addresses air pollution from ships, was ratified by the United States on October 8, 2008 and entered into force on January 1, 2010. The EPA and the state of California, however, have each proposed more stringent regulations of air emissions from ocean-going vessels. On July 24, 2008, the California Air Resources Board of the State of California (“CARB”), approved clean-fuel regulations applicable to all vessels sailing within 24 miles of the California coastline. The new CARB regulations require such vessels to use low sulphur marine fuels rather than bunker fuel. As of July 1, 2009, such vessels were required to switch either to marine gas oil with a sulphur content of no more than 1.5% or marine diesel oil with a sulphur content of no more than 0.5%. As of August 1, 2012, only marine gas oil with a sulphur content of no more than 1% or marine diesel oil with a sulphur content of no more than 0.5% is allowed. As of January 1, 2014, only marine gas oil and marine diesel oil fuels with 0.1% sulphur is allowed. These new regulations may increase our operating costs for port calls in California.

Our operations occasionally generate and require the transportation, treatment and disposal of both hazardous and non-hazardous solid wastes that are subject to the requirements of the U.S. Resource Conservation and Recovery Act (“RCRA,”) or comparable state, local or foreign requirements. The RCRA imposes significant record keeping and reporting requirements on transporters of hazardous waste. In addition, from time to time we arrange for the disposal of hazardous waste or hazardous substances at off-site disposal facilities. If such materials are improperly disposed of by third parties, we may still be held liable for cleanup costs under applicable laws.

In October 2009, the EU amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. Member States were required to enact laws or regulations to comply with the directive by the end of 2010. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or the safety of the ship is in danger.

Greenhouse Gas Regulation

As of January 1, 2019, owners and operators of ships above 5,000 gross tonnage are required to have a documented plan in place to monitor CO2 emissions to comply with the International Maritime Organization’s data collection system ("IMO DCS") requirement. The Company updated its existing Ship Energy Efficiency Management Plans ("SEEMP") in 2018 documenting the methodologies we decided to use for collecting and reporting the required data to flag state. Our updated SEEMPs have been verified by a recognized independent organization and we are collecting all relevant data in our onboard data collection system since the start of this year. Starting January 1, 2020 the recognized independent organization will review and certify the annual emission data submitted by each vessel and issue each vessel a Statement of Compliance. The independent organization will then submit the data to the IMO Ship Fuel Oil Consumption Database. IMO will be required to produce an annual report to the Marine Environmental Protection Committee (MEPC), summarizing the data collected.

The Company also established and received approval for its EU MRV (Monitoring, Reporting, Verification) monitoring plans from an independent verifier in 2017. The reporting requirements are similar to those under IMO DCS but only apply to ships calling at EU, Norway and Iceland ports. Data collection takes place on a per voyage basis and started January 1, 2018. The reported CO2 emissions, together with additional data, are independently verified before being sent to a central database managed by the European Maritime Safety Agency (EMSA). The aggregated ship emission and efficiency data will be published by the European Commission by June 30, 2019 and then every consecutive year. The Company, together with our independent verifier, has nearly completed the verification of our 2018 EU MRV data, well in advance of the April 30, 2019 submission deadline.

International Labor Organization

The International Labor Organization ("ILO") is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006 (the "MLC 2006"). A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance will be required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. All of our vessels are compliant with the MLC 2006 and we intend to maintain them accordingly.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001 in the United States, there have been a variety of initiatives intended to enhance vessel security such as the Maritime Transportation Security Act of 2002 ("MTSA"). To implement certain portions of the MTSA, in July 2003, the USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the EPA. We have implemented measures to comply with the requirements when calling at U.S. ports.

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter V became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, and mandates compliance with the International Ship and Port Facilities Security Code ("ISPS Code"). The ISPS Code is designed to enhance the security of ports and ships against terrorism. Amendments to SOLAS Chapter VII, made mandatory in 2004, apply to vessels transporting dangerous goods and require those vessels be in compliance with the International Maritime Dangerous Goods Code. To trade internationally, a vessel must attain an International Ship Security Certificate ("ISSC") from a recognized security organization approved by the vessel's flag state. Among the various requirements are:

- On-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status;
- On board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore; the development of vessel security plans;
- Ship identification number to be permanently marked on a vessel's hull;
- A continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- Compliance with flag state security certification requirements.

Ships operating without a valid certificate may be detained at port until it obtains an ISSC, or it may be expelled from port, or refused entry at port.

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us. The USCG regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. Our vessels have valid ISSC and it is our intent to maintain such certificates. We have implemented the various security measures addressed by the MTSA, SOLAS and the ISPS Code.

Financial Regulations

Our business operations in countries outside the United States are subject to a number of laws and regulations, including restrictions imposed by the U.S. Foreign Corrupt Practices Act ("FCPA"), as well as economic sanctions and trade embargoes administered by OFAC. The FCPA prohibits bribery of foreign officials and requires us to keep books and records that accurately and fairly reflect our transactions. OFAC administers and enforces economic sanctions and trade embargoes based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals.

In November 2015, the Company filed a voluntary self-disclosure report with OFAC regarding certain apparent violations of U.S. sanctions regulations in the provision of shipping services for third party charterers with respect to the transportation of cargo to or from Myanmar (formerly Burma). At the time of such apparent violations, the Company had a different senior operational management team. Notwithstanding the fact that the apparent violations took place under a different

senior operational management team and although the Company's new board and management have implemented robust remedial measures and significantly enhanced its compliance safeguards there can be no assurance that OFAC will not conclude that these past actions warrant the imposition of civil penalties and/or referral for further investigation by the U.S. Department of Justice. The report was provided to OFAC for the agency's review, consideration and determination regarding what action, if any, may be taken in resolution of this matter. The Company will continue to cooperate with the agency regarding this matter and cannot estimate when such review will be concluded. While the ultimate impact of these matters cannot be determined, there can be no assurance that the impact will not be material to the Company's financial condition or results of operations. See Note 10. Commitments and Contingencies – Legal Proceedings to the consolidated financial statements.

Inspection by Classification Societies

Every oceangoing vessel must be inspected and certified by a classification society. The classification society certifies that the vessel is "in class," signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

For maintenance of the class certification, regular and extraordinary surveys of hull, machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

- *Annual Surveys.* For seagoing ships, annual surveys are conducted for the hull and the machinery, including the electrical plant, and where applicable for special equipment classed, within three months before or after each anniversary date of the date of commencement of the class period indicated in the certificate.

- *Intermediate Surveys.* Extended annual surveys are referred to as intermediate surveys and typically are conducted two and one-half years after commissioning and each class renewal. Intermediate surveys are to be carried out at or between the second or third annual survey.

- *Class Renewal Surveys.* Class renewal surveys, also known as special surveys, are carried out for the ship's hull, machinery, including the electrical plant and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one year grace period for completion of the special survey. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey approximately every five years, depending on whether a grace period was granted, a ship owner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five year cycle. At an owner's application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal.

All areas subject to survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most vessels are also drydocked every 30 to 60 months for inspection of the underwater parts and for repairs related to inspections. If any defects are found, the classification surveyor will issue a "recommendation" which must be rectified by the ship owner within prescribed time limits.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as "in class" by a classification society which is a member of the International Association of Classification Societies (the "IACS"). In December 2013, the IACS adopted new harmonized Common Structure Rules, which apply to bulk carriers constructed on or after July 1, 2015. All our vessels that we have purchased and may agree to purchase in the future must be certified as being "in class" prior to their delivery under our standard purchase contracts and memorandum of agreement. If the vessel is not class certified

on the date of closing, we have no obligation to take delivery of the vessel. We have all of our vessels and intend to have all vessels that we acquire in the future, classed by IACS members.

Risk of Loss and Liability Insurance

General

The operation of any drybulk vessel includes risks such as mechanical failure, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, there is always an inherent possibility of a marine casualty, including oil spills (e.g. fuel oil) and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes liability upon owners, operators and demise charterers of vessels trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for ship owners and operators trading in the U.S. market.

While we maintain hull and machinery insurance, loss of hire insurance, war risks insurance, protection and indemnity cover and freight, demurrage and defense cover for our owned fleet in amounts that we believe to be prudent to cover normal risks in our operations, we may not be able to achieve or maintain this level of coverage throughout a vessel's useful life. Furthermore, while we believe that our current insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull & Machinery and War Risks Insurance

We maintain marine hull, machinery and war risks insurances, which cover the risk of damage or actual or constructive total loss for all of our vessels. Our vessels are each covered up to at least their fair market value with a deductible of $100,000 per vessel per incident.

Protection and Indemnity Insurance Coverage

Protection and Indemnity Insurance is a form of mutual indemnity insurance provided by protection and indemnity associations (“P&I Associations”), which insure our third-party liabilities in connection with our shipping activities. This includes third-party liability and other related expenses resulting from the injury, illness or death of crew, passengers and other third parties, the loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution, and other related costs, including wreck removal. Subject to the "capping" discussed below except for pollution is unlimited.

Our current Protection and Indemnity Insurance coverage for pollution is $1.0 billion per vessel per incident. The 13 P&I Associations that comprise the International Group of P & I Association insure approximately 90% of the world’s commercial tonnage and have entered into a pooling agreement to reinsure each association’s liabilities. As a member of two P&I Associations which are members of the International Group, we are subject to calls payable to the associations based on the Company's claim records as well as the claim records of all other members of the individual associations and members of the pool of P&I Associations comprising the International Group.

Competition

We compete with a large number of international drybulk owners. The international shipping industry is highly competitive with many market participants. As of December 31, 2018 there were approximately 11,352 drybulk ships totaling approximately 841 million dwt. The ownership of the world drybulk fleet is highly fragmented with no single owner accounting for more than 5% in terms of dwt carrying capacity. We compete with other (primarily private) shipowners and operators of drybulk vessels within the Handysize, Supramax/Ultramax, and Panamax asset classes.

Competition in the shipping industry varies according to the nature of the contractual relationship as well as the kind of commodity being shipped. Our business will fluctuate in line with the main patterns of trade of drybulk cargoes and varies according to changes in the supply and demand for these items. Competition in virtually all bulk trades is intense and based primarily on supply of ships and demand for our ocean transportation services. We compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as on our reputation as an owner and operator. Increasingly, major customers are demonstrating a preference for modern vessels based on concerns about the environmental and operational

risks associated with older vessels. Consequently, owners of large modern fleets have gained a competitive advantage over owners of older fleets.

Seasonality

Demand for vessel capacity has historically exhibited seasonal variations and, as a result, fluctuations in charter rates. This seasonality may result in quarter-to-quarter volatility in our operating results for our vessels trading in the spot market. The drybulk market is typically stronger in the fall (due to both increased North American grain shipments and higher coal purchases for heating fuel ahead of the cold winter months) and spring (due to increased South American grain shipments). In addition, unpredictable weather patterns may disrupt vessel scheduling and supplies of certain commodities. To the extent that we must enter into a new charter or renew an existing charter for a vessel in our fleet during a time when seasonal variations have reduced prevailing charter rates, our operating results may be adversely affected.

Value of Assets and Cash Requirements

The replacement costs of comparable new vessels may be above or below the book value of our fleet. The market value of our fleet may be below book value when market conditions are weak and exceed book value when markets are strong. In common with other ship owners, we may consider asset redeployment which at times may include the sale of vessels at less than their book value.

Exchange Controls

Under Marshall Islands law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of our common stock.

Tax Considerations

The following is a discussion of the material Marshall Islands and United States federal income tax considerations relevant to owning common stock by a United States Holder or a Non-United States Holder, (each as defined below). This discussion does not purport to deal with the tax consequences of owning the common stock to all categories of investors, some of which (such as financial institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, insurance companies, persons holding our common stock as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that have elected the mark-to-market method of accounting for their securities, persons liable for alternative minimum tax, persons who are investors in pass-through entities, dealers in securities or currencies, persons required to recognize income for U.S. federal income tax purposes no later than when such income is reported on an “applicable financial statement,” persons who own, directly or constructively, 10% or more of our common stock and investors whose functional currency is not the United States dollar) may be subject to special rules. This discussion deals only with holders who own the common stock as a capital asset. Shareholders are encouraged to consult their own tax advisors concerning the overall tax consequences arising in their own particular situation under United States federal, state, local or foreign law of the ownership of our common stock.

Marshall Islands Tax Considerations

In the opinion of Seward & Kissel LLP, the following are the material Marshall Islands tax consequences of our activities to us and shareholders of our common stock. We are incorporated in the Marshall Islands. Under current Marshall Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payments of dividends by us to our shareholders.

United States Federal Income Tax Considerations

In the opinion of Seward & Kissel LLP, our United States tax counsel, the following are the material United States federal income tax consequences to us of our activities and to United States Holders and to Non-United States Holders of our common stock. The following discussion of United States federal income tax matters is based on the Internal Revenue Code of 1986, as amended, or the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the United States Department of the Treasury, all of which are subject to change, possibly with retroactive effect. In addition, the discussion below is based, in part, on the description of our business as described in Item 1. Business in this Annual Report and assumes that we conduct our business as described in that section.

We have made, or will make, special United States federal income tax elections in respect of each of our ship owning or operating subsidiaries that is potentially subject to tax as a result of deriving income attributable to the transportation of cargoes to or from the United States. The effect of the special U.S. tax elections is to ignore or disregard the subsidiaries for which elections have been made as separate taxable entities and to treat them as part of their parent, the "Company." Therefore, for purposes of the following discussion, the Company, and not the subsidiaries subject to this special election, will be treated as the owner and operator of the vessels and as receiving the income therefrom.

United States Federal Income Taxation of Our Company

Taxation of Operating Income: In General

The Company currently earns, and anticipates that it will continue to earn, substantially all its income from the hiring or leasing of vessels for use on a time or voyage charter basis or from the performance of services directly related to those uses, all of which we refer to as "shipping income."

Unless exempt from United States federal income taxation under the rules of Section 883 of the Code (“Section 883”), as discussed below, a foreign corporation such as ourselves will be subject to United States federal income taxation on its "shipping income" that is treated as derived from sources within the United States, to which we refer as "United States source shipping income." For tax purposes, "United States source shipping income" includes 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States.

Shipping income attributable to transportation exclusively between non-United States ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax.

Shipping income attributable to transportation exclusively between United States ports is considered to be 100% derived from United States sources. However, the Company is not permitted by United States law to engage in the transportation of cargoes that produces 100% United States source income.

Unless exempt from tax under Section 883, the Company's gross United States source shipping income would be subject to a 4% tax imposed without allowance for deductions as described below.

Exemption of Operating Income from United States *Federal Income Taxation*

Under Section 883 and the regulations thereunder, a foreign corporation will be exempt from United States federal income taxation on its United States source shipping income if:

- it is organized in a qualified foreign country, which is one that grants an "equivalent exemption" from tax to corporations organized in the United States in respect of each category of shipping income for which exemption is being claimed under Section 883 and to which we refer as the "Country of Organization Test"; and

- one of the following tests is met:

    - more than 50% of the value of its shares is beneficially owned, directly or indirectly, by qualified shareholders, which as defined includes individuals who are "residents" of a qualified foreign country, to which we refer as the "50% Ownership Test";

    - subject to an exception for closely-held corporations, its shares are "primarily and regularly traded on an established securities market" in a qualified foreign country or in the United States, to which we refer as the "Publicly-Traded Test"; or

    - it is a "controlled foreign corporation" and satisfies an ownership test, to which, collectively, we refer to as the "CFC Test."

The Republic of the Marshall Islands, the jurisdiction where the Company is incorporated, has been officially recognized by the United States Internal Revenue Service (the “IRS”) as a qualified foreign country that grants the requisite "equivalent exemption" from tax in respect of each category of shipping income the Company earns and currently expects to earn in the future. Therefore, the Company will be exempt from United States federal income taxation with respect to its United States source shipping income if it satisfies any one of the 50% Ownership Test, the Publicly-Traded Test, or the CFC

Test.

For our 2018 taxable year, we believe that we satisfy the Publicly-Traded Test, as discussed in more detail below. The Company does not currently anticipate a circumstance under which it would be able to satisfy the 50% Ownership Test or the CFC Test.

Publicly-Traded Test

The regulations under Section 883 provide, in pertinent part, that shares of a foreign corporation will be considered to be "primarily traded" on an established securities market in a country if the number of shares of each class of shares that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. The Company's common stock, which is its sole class of issued and outstanding shares, are "primarily traded" on the Nasdaq Global Select Market.

Under the regulations, the Company's common stock will be considered to be "regularly traded" on an established securities market if one or more classes of its shares representing more than 50% of its outstanding shares, by both total combined voting power of all classes of shares entitled to vote and total value, are listed on such market, to which we refer as the "listing threshold." Since our common stock, which is our sole class of issued and outstanding shares, is listed on the Nasdaq Global Select Market, we believe that we satisfy the listing threshold.

It is further required that with respect to each class of shares relied upon to meet the listing threshold, (i) such class of shares is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one-sixth of the days in a short taxable year; and (ii) the aggregate number of shares of such class of shares traded on such market during the taxable year is at least 10% of the average number of shares of such class of shares outstanding during such year or as appropriately adjusted in the case of a short taxable year. We believe the Company will satisfy the trading frequency and trading volume tests. Even if this were not the case, the regulations provide that the trading frequency and trading volume tests will be deemed satisfied if, as is the case with the Company's common stock, such class of shares is traded on an established market in the United States and such shares are regularly quoted by dealers making a market in such shares.

Notwithstanding the foregoing, the regulations provide, in pertinent part, that a class of shares will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified share attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of outstanding shares, to which we refer as the "5 Percent Override Rule."

For purposes of being able to determine the persons who actually or constructively own 5% or more of the vote and value of the Company's common stock, or 5% Shareholders, the regulations permit the Company to rely on those persons that are identified on Schedule 13G and Schedule 13D filings with the SEC, as owning 5% or more of the Company's common stock. The regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

In the event the 5 Percent Override Rule is triggered, the regulations provide that the 5 Percent Override Rule will nevertheless not apply if the Company can establish that within the group of 5% Shareholders, there are sufficient qualified shareholders for purposes of Section 883 to preclude non-qualified shareholders in such group from owning 50% or more of the Company's common stock for more than half the number of days during the taxable year, which we refer to as the "5 Percent Override Exception."

Based on the ownership and trading of our stock in 2018, we believe that we satisfied the publicly traded test and qualified for the Section 883 exemption in 2018. Even if we do qualify for the Section 883 exemption in 2018, there can be no assurance that changes and shifts in the ownership of our stock by 5% shareholders will not preclude us from qualifying for the Section 883 exemption in future taxable years.

Taxation in Absence of Section 883 Exemption

If the benefits of Section 883 are unavailable, the Company's United States source shipping income would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, to the extent that such income is not considered to be "effectively connected" with the conduct of a United States trade or business, as described below. Since under the sourcing rules described above, no more than 50% of the Company's shipping income would be treated as being United States source shipping income, the maximum effective rate of United States federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime. Based on the current operation of our vessels, if we were subject to 4% gross basis tax, our United States federal income tax liability would be approximately $1.8 million and $1.7 million for the years ended December 31, 2018 and 2017 respectively. However, we can give no assurance that the operation of our vessels, which are under the control of third party charterers, will not change such that our United States federal income tax liability would be substantially higher.

To the extent the Company's United States source shipping income is considered to be "effectively connected" with the conduct of a United States trade or business, as described below, any such "effectively connected" United States source shipping income, net of applicable deductions, would be subject to United States federal income tax, currently imposed at a rate of 21%. In addition, the Company may be subject to the 30% "branch profits" tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of the Company's United States trade or business.

The Company's United States source shipping income would be considered "effectively connected" with the conduct of a United States trade or business only if:

- the Company has, or is considered to have, a fixed place of business in the United States involved in the earning of United States source shipping income; and

- substantially all of the Company's United States source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

United States Taxation of Gain on Sale of Vessels

Assuming that any decision on a vessel sale is made from and attributable to the United States office of the Company, as we believe likely to be the case as the Company is currently structured, then any gain derived from the sale of any such vessel will be treated as derived from United States sources and subject to United States federal income tax as "effectively connected" income (determined under rules different from those discussed above) under the above described net income tax regime. If the Company were to qualify for exemption from tax under Section 883 in respect of the shipping income derived from the international operation of its vessels, then gain from the sale of any such vessel should likewise be exempt from tax under Section 883.

United States Federal Income Taxation of United States Holders

As used herein, the term "United States Holder" means a beneficial owner of our common stock that is an individual United States citizen or resident, a United States corporation or other United States entity taxable as a corporation, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common stock, you are encouraged to consult your tax advisor.

Distributions

Subject to the discussion of passive foreign investment companies below, any distributions made by the Company with respect to its common stock to a United States Holder will generally constitute dividends to the extent of the Company's current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions in excess of such earnings and profits will be treated first as a nontaxable return of capital to the extent of the United States Holder's tax basis in his common stock on a dollar-for-dollar basis and thereafter as capital gain. Because the Company is not a United States corporation, United States Holders that are corporations will not be entitled to claim a dividend received deduction with respect to any distributions they receive from us. Dividends paid with respect to the Company's common stock will generally be treated as "passive category income" for purposes of computing allowable foreign tax credits for United States foreign tax credit purposes.

Dividends paid on the Company's common stock to a United States Holder who is an individual, trust or estate (a "United States Non-Corporate Holder") will generally be treated as "qualified dividend income" that is taxable to such United States Non-Corporate Holder at preferential tax rates provided that (1) the common stock is readily tradable on an established securities market in the United States (such as the Nasdaq Global Select Market on which the Company's common stock is traded); (2) the Company is not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we have been, are or will be); (3) the United States Non-Corporate Holder has owned the common stock for more than 60 days in the 121-day period beginning 60 days before the date on which the common stock becomes ex-dividend; and (4) the United States Non-Corporate Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property.

There is no assurance that any dividends paid on the Company's common stock will be eligible for these preferential rates in the hands of a United States Non-Corporate Holder, although we believe that they will be so eligible. Any dividends out of earnings, and profits the Company pays, which are not eligible for these preferential rates will be taxed as ordinary income to a United States Non-Corporate Holder.

Special rules may apply to any "extraordinary dividend"-generally, a dividend in an amount which is equal to or in excess of 10% of a shareholder's adjusted basis in a common share-paid by the Company. If the Company pays an "extraordinary dividend" on its common stock that is treated as "qualified dividend income," then any loss derived by a United States Non-Corporate Holder from the sale or exchange of such common stock will be treated as a long-term capital loss to the extent of such dividend.

Sale, Exchange or Other Disposition of Common Stock

Assuming the Company does not constitute a passive foreign investment company for any taxable year, a United States Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of the Company's common stock in an amount equal to the difference between the amount realized by the United States Holder from such sale, exchange or other disposition and the United States Holder's tax basis in such stock. Such gain or loss will be treated as long-term capital gain or loss if the United States Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as United States source income or loss, as applicable, for United States foreign tax credit purposes. Long-term capital gains of United States Non-Corporate Holders are currently eligible for reduced rates of taxation. A United States Holder's ability to deduct capital losses is subject to certain limitations.

Passive Foreign Investment Company Status and Significant Tax Consequences

Special United States federal income tax rules apply to a United States Holder that holds shares in a foreign corporation classified as a "passive foreign investment company" for United States federal income tax purposes. In general, the Company will be treated as a passive foreign investment company with respect to a United States Holder if, for any taxable year in which such holder holds the Company's common stock, either:

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or

- at least 50% of the average value of our assets during such taxable year produce, or are held for the production of, passive income

Income earned, or deemed earned, by the Company in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute "passive income" unless the Company was treated under specific rules as deriving its rental income in the active conduct of a trade or business.

Based on the Company's current operations and future projections, we do not believe that the Company has been or is, nor do we expect the Company to become, a passive foreign investment company with respect to any taxable year. Although there is no legal authority directly on point, our belief is based principally on the position that, for purposes of determining whether the Company is a passive foreign investment company, the gross income it derives from its time chartering and voyage chartering activities should constitute services income, rather than rental income. Accordingly, such income should not constitute passive income, and the assets that the Company owns and operates in connection with the production of such income, in particular, the vessels, should not constitute passive assets for purposes of determining whether the Company is a passive foreign investment company.

We believe there is substantial legal authority supporting our position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. In addition, we have obtained an opinion from our counsel, Seward & Kissel LLP, that, based upon the Company's operations as described herein, its income from time charters and voyage charters should not be treated as passive income for purposes of determining whether it is a passive foreign investment company. However, in the absence of any legal authority specifically relating to the statutory provisions governing passive foreign investment companies, the United States Internal Revenue Service, or the IRS or a court could disagree with our position. In addition, although the Company intends to conduct its affairs in a manner to avoid being classified as a passive foreign investment company with respect to any taxable year, we cannot assure you that the nature of its operations will not change in the future.

As discussed more fully below, if the Company were to be treated as a passive foreign investment company for any taxable year, a United States Holder would be subject to different taxation rules depending on whether the United States Holder makes an election to treat the Company as a "Qualified Electing Fund," which election we refer to as a "QEF election." As an alternative to making a QEF election, a United States Holder should be able to make a "mark-to-market" election with respect to the Company's common stock, as discussed below. In addition, if we were to be treated as a passive foreign investment company, a United States holder would be required to file an annual report with the IRS for that year with respect to such holder’s common stock.

Taxation of United States Holders Making a Timely QEF Election

If a United States Holder makes a timely QEF election, which United States Holder we refer to as an "Electing Holder," the Electing Holder must report for United States federal income tax purposes its pro rata share of the Company's ordinary earnings and net capital gain, if any, for each taxable year of the Company for which it is a passive foreign investment company that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from the Company by the Electing Holder. No portion of any such inclusions of ordinary earnings will be treated as "qualified dividend income." Net capital gain inclusions of United States Non-Corporate Holders would be eligible for preferential capital gains tax rates. The Electing Holder's adjusted tax basis in the common stock will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common stock and will not be taxed again once distributed. An Electing Holder would not, however, be entitled to a deduction for its pro rata share of any losses that the Company incurs with respect to any year. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of the Company's common stock. A United States Holder would make a timely QEF election for shares of the Company by filing one copy of IRS Form 8621 with his United States federal income tax return for the first year in which he held such shares when the Company was a passive foreign investment company. If the Company were to be treated as a passive foreign investment company for any taxable year, the Company would provide each United States Holder with all necessary information in order to make the QEF election described above.

Taxation of United States Holders Making a ''Mark-to-Market'' Election

Alternatively, if the Company were to be treated as a passive foreign investment company for any taxable year and, as we anticipate, its shares are treated as "marketable stock", a United States Holder would be allowed to make a "mark-to-market" election with respect to the Company's common stock, provided the United States Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury regulations. If that election is made, the United

States Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common stock at the end of the taxable year over such holder's adjusted tax basis in the common stock. The United States
Holder would also be permitted an ordinary loss in respect of the excess, if any, of the United States Holder's adjusted tax basis in the common stock over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A United States Holder's tax basis in his common stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of the Company's common stock would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the Company's common stock would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the United States Holder. No income inclusions under this election will be treated as "qualified dividend income."

Taxation of United States Holders Not Making a Timely QEF or Mark-to-Market Election

Finally, if the Company were to be treated as a passive foreign investment company for any taxable year, a United States Holder who does not make either a QEF election or a "mark-to-market" election for that year, whom we refer to as a "Non-Electing Holder," would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the common stock in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common stock), and (2) any gain realized on the sale, exchange or other disposition of the Company's common stock. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common stock;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company was a passive foreign investment company, would be taxed as ordinary income and would not be "qualified dividend income"; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These special rules would not apply to a qualified pension, profit sharing or other retirement trust or other tax-exempt organization that did not borrow money or otherwise utilize leverage in connection with its acquisition of the Company's common stock. If the Company is a passive foreign investment company and a Non-Electing Holder who is an individual dies while owning the Company's common stock, such holder's successor generally would not receive a step-up in tax basis with respect to such shares.

United States Federal Income Taxation of ''Non-United States Holders''

A beneficial owner of common stock (other than a partnership) that is not a United States Holder is referred to herein as a "Non-United States Holder".

If a partnership holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common stock, you are encouraged to consult your tax advisor.

Dividends on Common Stock

Non-United States Holders generally will not be subject to United States federal income tax or withholding tax on dividends received from the Company with respect to its common stock, unless that income is effectively connected with the Non-United States Holder's conduct of a trade or business in the United States. If the Non-United States Holder is entitled to the benefits of a United States income tax treaty with respect to those dividends, that income is taxable only if it is attributable to a permanent establishment maintained by the Non-United States Holder in the United States.

Sale, Exchange or Other Disposition of Common Stock

Non-United States Holders generally will not be subject to United States federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of the Company's common stock, unless:

- The gain is effectively connected with the Non-United States Holder’s conduct of a trade or business in the United States (and, if the Non-United States holder is entitled to the benefits of an income tax treaty with respect to that gain, that gain is attributable to a permanent establishment maintained by the Non-United States holder in the United States); or
- The Non-United States Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-United States Holder is engaged in a United States trade or business for United States federal income tax purposes, the income from the common stock, including dividends and the gain from the sale, exchange or other disposition of the shares, that is effectively connected with the conduct of that trade or business will generally be subject to regular United States federal income tax in the same manner as discussed in the previous section relating to the taxation of United States Holders. In addition, if you are a corporate Non-United States Holder, your earnings and profits that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, made within the United States to you will be subject to information reporting requirements if you are a non-corporate United States Holder. Such payments or distributions may also be subject to backup withholding tax if you are a non-corporate United States Holder and you:

- Fail to provide an accurate taxpayer identification number;
- Are notified by the IRS that you have failed to report all interest or dividends required to be shown on your federal income tax returns; or
- In certain circumstances, fail to comply with applicable certification requirements.

Non-United States Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on an appropriate IRS Form W-8.

If you are a Non-United States Holder and you sell your common stock to or through a United States office of a broker, the payment of the proceeds is subject to both United States backup withholding and information reporting unless you certify that you are a non-United States person, under penalties of perjury, or you otherwise establish an exemption. If you sell your common stock through a non-United States office of a non-United States broker and the sales proceeds are paid to you outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, United States information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to you outside the United States, if you sell your common stock through a non-United States office of a broker that is a United States person or has some other contacts with the United States. Such information reporting requirements will not apply, however, if the broker has documentary evidence in its records that you are a non-United States person and certain other conditions are met, or you otherwise establish an exemption.

Backup withholding tax is not an additional tax. Rather, you generally may obtain a refund of any amounts withheld under backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

Individuals who are United States Holders (and to the extent specified in applicable Treasury regulations, certain United States entities and Non-United States Holders) who hold “specified foreign financial assets” (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds $75,000 at any time during the taxable year or $50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury regulations). Specified foreign financial assets would include, among other assets, our common shares, unless the shares are held through an account maintained with a United States financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual United States Holder (and to the extent specified in applicable Treasury regulations, a United States entity and Non-United States Holders)

that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of United States federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. United States Holders (including United States entities) and Non-United States Holders are encouraged to consult their own tax advisors regarding their reporting obligations under this legislation.

Glossary of Shipping Terms

The following are definitions of shipping terms used in this Form 10-K.

Annual Survey— The inspection of a vessel by a classification society, on behalf of a flag state, that takes place every year.

Baltic Dry Index or BDI —The BDI is an index published by the Baltic Exchange which tracks worldwide international shipping prices of various drybulk cargoes. The index provides an assessment of the price for moving major raw materials by sea and is composed of 20 key shipping routes.

Baltic Exchange—Based in London, the Baltic Exchange is a market for the trading and settlement of shipping and freight contracts. The exchange publishes daily freight market prices and maritime shipping cost indices, including Baltic Dry Index (BDI), Baltic Supramax Index (BSI), Baltic Panamax Index (BPI), Baltic Capesize Index (BCI), Baltic Tanker Dirty Index (BDTI), and Baltic Tanker Clean Index (BCTI).

Baltic Supramax Index or BSI —The BSI is an index published by the Baltic Exchange which tracks the gross time charter spot value for a Supramax vessel.

Bareboat Charter—Also known as "demise charter." Contract or hire of a ship under which the ship owner is usually paid a fixed amount of charter hire rate for a certain period of time during which the charterer is responsible for the operating costs and voyage costs of the vessel as well as arranging for crewing. Such owner is known as the bareboat charterer or the demise charterer.

Bulk Vessels/Carriers—Vessels which are specially designed and built to carry large volumes of cargo in bulk cargo form.

Bunkers—Heavy fuel oil used to power a vessel's engines.

Capesize—A drybulk carrier in excess of 100,000 dwt.

Charter— The hire of a vessel for a specified period of time or to carry a cargo for a fixed fee from a loading port to a discharging port. The contract for a charter is called a charter party.

Charterer— The individual or company hiring a vessel.

Charter Hire Rate— A sum of money paid to the vessel owner by a charterer under a time charter party for the use of a vessel.

Classification Society—An independent organization which certifies that a vessel has been built and maintained in accordance with the rules of such organization and complies with the applicable rules and regulations of the country of such vessel and the international conventions of which that country is a member.

Contract of Affreightment or "COA"—An agreement providing for the transportation between specified points for a specific quantity of cargo over a specific time period but without designating specific vessels or voyage schedules, thereby allowing flexibility in scheduling since no vessel designation is required. COAs can either have a fixed rate or a market-related rate.

Deadweight Ton or "dwt"—A unit of a vessel's capacity for cargo, fuel oil, stores and crew, measured in metric tons of 1,000 kilograms. A vessel's DWT or total deadweight is the total weight the vessel can carry when loaded to a particular load line.

Demise Charter—See bareboat charter.

Demurrage—Additional revenue paid to the ship owner on its Voyage Charters for delays experienced in loading and/or unloading cargo that are not deemed to be the responsibility of the ship owner, calculated in accordance with specific Charter terms.

Despatch —The amount payable by the ship owner if the vessel completes loading or discharging before the laytime has expired, calculated in accordance with specific charter terms.

Draft—Vertical Distance between the waterline and the bottom of the vessel's keel.

Drybulk—Non-liquid cargoes of commodities shipped in an unpackaged state.

Drydocking—The removal of a vessel from the water for inspection and/or repair of submerged parts.

Gross Ton—Unit of 100 cubic feet or 2.831 cubic meters used in arriving at the calculation of gross tonnage.

Handysize—A drybulk carrier having a carrying capacity of up to approximately 39,000 dwt.

Hull—The shell or body of a vessel.

International Maritime Organization or "IMO"—A UN agency that issues international trade standards for shipping.

Intermediate Survey—The inspection of a vessel by a classification society surveyor which takes place between two and three years before and after each Special Survey for such vessel pursuant to the rules of international conventions and classification societies.

ISM Code—The International Management Code for the Safe Operation of Ships and for Pollution Prevention, as adopted by the IMO.

Metric Ton—A unit of measurement equal to 1,000 kilograms.

Light Weight Ton ("lwt") - The actual weight of the ship with no fuel, passengers, cargo, water or stores on board.

Newbuilding—A newly constructed vessel.

OPA—The United States Oil Pollution Act of 1990 (as amended).

Orderbook—A reference to currently placed orders for the construction of vessels (e.g., the Panamax orderbook).

Panamax—A drybulk carrier of approximately 65,000 to 100,000 dwt of maximum length, depth and draft capable of passing fully loaded through the Panama Canal.

Protection and Indemnity Insurance—Insurance obtained through a mutual association formed by ship owners to provide liability insurance protection from large financial loss to one member through contributions towards that loss by all members.

Scrapping—The disposal of old or damaged vessel tonnage by way of sale as scrap metal.

Short-Term Time Charter—A time charter which lasts less than approximately 12 months.

Sister Ships—Vessels of the same class and specification which were built by the same shipyard.

SOLAS—The International Convention for the Safety of Life at Sea 1974, as amended, adopted under the auspices of the IMO.

Special Survey—The inspection of a vessel by a classification society surveyor which takes place a minimum of every four years and a maximum of every five years.

Spot Market—The market for immediate chartering of a vessel usually for single voyages.

Strict Liability—Liability that is imposed without regard to fault.

Supramax—A drybulk carrier ranging in size from approximately 50,000 to 59,000 dwt.

Technical Management—The management of the operation of a vessel, including physically maintaining the vessel, maintaining necessary certifications, and supplying necessary stores, spares, and lubricating oils. Responsibilities also generally include selecting, engaging and training crew, and arranging necessary insurance coverage.

Time Charter—Contract for hire of a ship. A charter under which the ship-owner is paid charter hire rate on a per day basis for a certain period of time, the ship owner being responsible for providing the crew and paying operating costs while the charterer is responsible for paying the voyage costs. Any delays at port or during the voyages are the responsibility of the charterer, save for certain specific exceptions such as loss of time arising from vessel breakdown and routine maintenance.

Ton —A metric ton.

Ultramax- A drybulk carrier ranging in size from approximately 60,000 to 65,000 dwt.

Voyage Charter—Contract for hire of a vessel under which a ship owner is paid freight on the basis of moving cargo from a loading port to a discharge port. The ship owner is responsible for paying both operating costs and voyage costs. The charterer is typically responsible for any delay at the loading or discharging ports.

Voyage Expenses—Includes fuel, port charges, canal tolls, cargo handling operations and brokerage commissions paid by the Company under Voyage Charters. These expenses are subtracted from shipping revenues to calculate Time Charter Equivalent revenues for Voyage Charters.

Vessel expenses – Includes crewing, repairs and maintenance, insurance, stores, lubes, communication expenses.

Available Information

The Company makes available free of charge through its internet website, www.eagleships.com, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports including related exhibits and supplemental schedules, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. Our SEC filings are also available to the public at the SEC's web site at http://www.sec.gov. The information on our website is not incorporated by reference into this Annual Report.

We maintain our principal executive offices at 300 First Stamford Place 5th Floor, Stamford, Connecticut. Our telephone number at that address is (203) 276-8100. Our website address is www.eagleships.com. Information contained on our website does not constitute part of this Annual Report.

ITEM 1A. RISK FACTORS

We operate in a highly cyclical and competitive industry. Some of the risks relate principally to the industry in which we operate and our business in general. Other risks relate principally to the securities market, national and global economic conditions and the ownership of our common stock. The occurrence of certain geopolitical, macroeconomic, or industry-specific factors, including the risks outlined below, could adversely affect our business, operating results, cash flows and financial condition.

Industry Specific Risk Factors

The global economic environment may have a material adverse effect on our business.

Drybulk demand is highly correlated to the global macroeconomic landscape. Global GDP growth was recorded at 3.7% in 2018 as compared to 3.8% in 2017. If the current global economic environment weakens, we may be negatively affected in the following ways:

- Employing our fleet at charter hire rates below our breakeven levels which could negatively impact our ability to operate and generate a profit. Operating at below breakeven levels for a prolonged period of time may leave us with insufficient cash resources to meet certain obligations, including the payment of interest and principal on our debt, causing us to potentially breach financial covenants under our existing credit facilities and bond terms.
- Our charterers may fail to meet their obligations under existing time charter or voyage charter agreements.
- The market value of our fleet could decrease, causing us to potentially recognize losses if vessels are sold or if their values impaired. Additionally, a decline in the value of our fleet could cause us to breach certain covenants under our existing credit facilities and bond terms.

Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on our business.

China is a major source of demand for drybulk; a deterioration in the economic fundamentals for this nation, may materially impact drybulk demand, especially for cargoes such as iron ore and coal. Although state-owned enterprises still account for a substantial portion of the Chinese industrial output, in general, the Chinese government is reducing the level of direct control that it exercises over the economy through state plans and other measures. There is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a market economy and enterprise reform.

Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. If the Chinese government does not continue to pursue a policy of economic reform, the amount of its imports and exports could adversely be affected, which could have a material adverse effect on our business.

A decrease in the level of China's export of goods or an increase in trade protectionism could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our results of operations, financial condition and cash flows.

China exports considerably more goods than it imports. Our vessels may be deployed on routes involving trade in and out of emerging markets, and our charterers' shipping and business revenue may be derived from the shipment of goods from the Asia Pacific region to various overseas export markets including the United States and Europe. Any reduction in or hindrance to the output of China-based exporters could have a material adverse effect on the growth rate of China's exports and on our charterers' business. For instance, the government of China has recently implemented economic policies aimed at increasing domestic consumption of Chinese-made goods. This may have the effect of reducing the supply of goods available for export and may, in turn, result in a decrease of demand. Additionally, though in China there is an increasing level of autonomy and a gradual shift in emphasis to a "market economy" and enterprise reform, many of the reforms, particularly some limited price reforms that result in the prices for certain commodities being principally determined by market forces, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government.

Our operations expose us to the risk that increased trade protectionism will adversely affect our business. If the global economy is undermined by downside risks, governments may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing the demand for shipping. Specifically, increasing trade protectionism in the markets that our charterers serve may cause an increase in: (i) the cost of goods exported from China, (ii) the length of time required to deliver goods from China and (iii) the risks associated with exporting goods from China, as well as a decrease in the quantity of goods to be shipped.

Any increased trade barriers or restrictions on trade, especially trade with China, would have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our shareholders.

The state of the global financial markets may adversely impact our ability to obtain additional financing, including the refinancing of our existing credit facilities and bond terms, on acceptable terms, restricting us from being able to operate or expand our business.

Global financial markets are volatile with access to debt and equity capital being potentially expensive or restrictive. We cannot be certain that additional financing will be available if, and when, needed. We also cannot be certain that we will be able to refinance our existing credit facilities and bond terms, on acceptable terms or at all, prior to maturity. If additional financing is not available when needed, or is available only on unfavorable terms, we may not be able to meet our obligations as they come due, nor be able to grow our existing business through potential acquisitions or similar opportunities as they arise. For more information on our debt facilities, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation - Liquidity and Capital Resources, Note 8. Debt and Note 15. Subsequent Events of the consolidated financial statements.

Charter hire rates for drybulk vessels are volatile. If rates trend downward and/or remain subdued over a prolonged period of time, our financial results and liquidity may be adversely affected, impacting our ability to cover expenses and our ability to comply with debt covenants.

The drybulk shipping industry is highly cyclical and seasonal. In addition, due to the fast-changing short-term supply-demand dynamics, charter hire rates can be extremely volatile, leading to large potential swings in financial results and profitability. The degree of charter hire rate volatility tends to differ between the various asset classes with the largest ships (i.e. Capesize and Panamax) depicting the highest uncertainty.

Fluctuations in charter rates result from changes in the supply of, and demand for, vessel capacity and changes in the supply of, and demand for, drybulk commodities. Because the factors affecting supply-demand are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable. If charter rates remain low for any significant period of time, this will have an adverse effect on our revenues, profitability, cash flows, and our ability to comply with the financial covenants in our loan agreements.

Factors that influence demand for drybulk vessel capacity include:

- supply of and demand for energy resources, commodities, and industrial products;
- changes in the exploration or production of energy resources, commodities, consumer and industrial products;
- the location of regional and global exploration, production, and manufacturing facilities;
- the location of consuming regions for energy resources, commodities, semi-finished and finished consumer and industrial products;
- the globalization of production and manufacturing;
- global and regional economic and political conditions, including trade agreements among nations, armed conflicts and terrorist activities; embargoes and strikes;
- developments in international trade;
- changes in seaborne and other transportation patterns, including the distance cargo is transported by sea;
- environmental and other regulatory developments;
- currency exchange rates; and
- weather.

Factors that influence the supply of vessel capacity include:

- the number of newbuilding deliveries;
- port and canal congestion;
- the scrapping of older vessels;
- vessel casualties;
- weather;
- price of fuel;
- slow steaming;
- statutory and regulatory changes requiring the purchase and installation of new equipment to continue to trade; and
- the number of vessels that are out of service, namely those that are laid-up, drydocked awaiting repairs or otherwise not available for hire.

We anticipate that the future demand for our drybulk vessels will be dependent upon economic growth in the world's economies, including China and India, seasonal and regional changes in demand, changes in the capacity of the global drybulk fleet and the sources and supply of drybulk cargo to be transported by sea. Although the current newbuilding orderbook (as a percentage of the on-the-water fleet) is at a historically low level, a pickup in new ordering could increase global capacity and there can be no assurance that economic growth will continue in order to absorb this higher supply. Adverse economic, political, social or other developments could have a material adverse effect on our business and operating results.

Because we employ most of our vessels on short-term time charters and voyage charters, we are exposed to changes in the spot market and short-term time charter rates for drybulk carriers and such changes may affect our earnings and the value of our vessels at any given time. We cannot assure you that we will be able to successfully renew the charters for these vessels at rates sufficient to allow us to meet our obligations. If the charter rates drop in the future, it may have an adverse effect on our revenues, profitability, cash flows and our ability to comply with the financial covenants in our loan agreements.

Our operating results will be subject to seasonal fluctuations, which could affect our operating results.

Demand for vessel capacity has historically exhibited seasonal variations and, as a result, fluctuations in charter rates. This seasonality may result in quarter-to-quarter volatility in our operating results for our vessels trading in the spot market. The drybulk market is typically stronger in the fall (due to both increased North American grain shipments and higher coal purchases for heating fuel ahead of the cold winter months) and spring (due to increased South American grain shipments). In addition, unpredictable weather patterns may disrupt vessel scheduling and supplies of certain commodities. To the extent that we must

enter into a new charter or renew an existing charter for a vessel in our fleet during a time when seasonal variations have reduced prevailing charter rates, our operating results may be adversely affected.

An over-supply of drybulk carrier capacity across the industry may depress the charter rates, which may limit our ability to operate our drybulk carriers profitably.

The global drybulk fleet has increased significantly over the past 10 years as a result of the large number of newbuilding orders placed throughout this period. Scrapping of older ships has helped curtail some of this new supply growth, but it has not been enough to materially offset the large net growth in the fleet. Supply growth momentum has slowed down significantly in recent years as less and less newbuilding orders have been placed. During 2018, 293 newbuilding vessels were delivered to industry participants, representing a gross supply growth of 2.6% for the industry. Scrapping of older ships amounted to 57 vessels.

Although supply growth has been decreasing, the global fleet remains over-supplied. Assuming newbuilding ordering remains at current low levels, it may take some years until the excess supply ultimately gets absorbed by growing demand and natural attrition of the fleet as older vessels go to demolition.

The market values of our vessels are volatile and may decline which could limit the amount of funds that we can borrow or cause us to breach certain financial covenants under our credit facilities or bond terms.

The fair market values of our vessels have been very volatile. Although values for secondhand Supramax/Ultramax drybulk carriers have recovered significantly since 2016, they remain below historical averages and significantly under peak levels reached. The fair market value of our vessels may continue to fluctuate depending on a number of factors, including:

- prevailing level of charter rates;
- general economic and market conditions affecting the shipping industry;
- types, sizes, and ages of vessels;
- supply of and demand for vessels;
- other modes of transportation;
- cost of new buildings;
- governmental or other regulations;
- the need to upgrade secondhand and previously owned vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise; and
- technological advances.

Conversely, if vessel values are elevated at a time when we wish to acquire additional vessels, the cost of acquisition may increase and this could adversely affect our business, results of operations, cash flow and financial condition.

Declines in charter rates and vessel values could cause us to incur impairment charges.

We evaluate the carrying amounts of our vessels to determine if events have occurred that would require an impairment of their carrying amounts. The recoverable amount of vessels is reviewed based on events and changes in circumstances that would indicate that the carrying amount of the assets might not be recovered. The review for potential impairment indicators and projection of future cash flows related to the vessels is complex and requires us to make various estimates including future freight rates and earnings from the vessels. All of these items have been historically volatile.

If indicators of impairment are present, we perform an analysis of the undiscounted projected net operating cash flows for each vessel and compare it to the vessel’s carrying value. We record impairment charges if the projected net operating cash flows do not exceed the carrying value. The amount of impairment recorded is equal to the difference between the fair market value and the carrying value of each vessel.

The carrying values of our vessels may not represent their fair market value in the future because the new market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of new buildings. Any impairment charges incurred as a result of declines in charter rates could have a material adverse effect on our business, results of operations and our ability to meet the financial covenants in our loan agreements.

The instability of the euro or the inability of countries to refinance their debts could have a material adverse effect on our revenue, profitability and financial position.

As a result of the credit crisis in Europe, the European Commission created the European Financial Stability Facility (the "EFSF") and the European Financial Stability Mechanism (the "EFSM") to provide funding to Eurozone countries in financial difficulties that seek such support. In September 2012, the European Council established a permanent stability mechanism, the European Stability Mechanism, or the ESM, to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries. Despite these measures, concerns persist regarding the debt burden of some Eurozone countries, such as Greece, and their ability to meet future financial obligations and the overall stability of the euro. An extended period of adverse development in the outlook for European countries could reduce the overall demand for drybulk goods. These potential developments, or negative market perceptions, could affect our financial position, results of operations and cash flow.

Fuel cost, or bunker prices, may adversely affect profits.

While we generally do not bear the cost of fuel, or bunkers, for vessels operating on time charters, fuel is a significant factor in negotiating charter rates. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability at the time of charter negotiation. Fuel is also a significant, if not the largest, expense in our shipping operations when vessels are under voyage charter. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by the Organization of Petroleum Exporting Countries ("OPEC") and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel may become much more expensive in the future, which may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

New regulations restricting the use of high sulphur fuels effective January 1, 2020, may impact the availability and price of compliant fuel. We have purchased a number of Scrubbers to be installed on 37 of our vessels to allow our vessels to continue to consume high sulphur fuels thereby complying with regulations. The projected costs, including installation, is approximately $2.2 million per Scrubber. The Company intends to complete the retrofit of majority of the 37 vessels prior to the January 1, 2020 implementation date of the new sulphur emission cap regulation, as set forth by the IMO. If implementation or enforcement of the sulphur emissions regulations is delayed, or if the cost differential between the low sulphur fuel and high sulphur fuel is significantly lower than anticipated, we may not realize the economic benefits or recover the cost of the Scrubbers we plan to install.

Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect our business.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle under which the machinery would be surveyed periodically over a five-year period. Every vessel is also required to be drydocked every two and a half to five years for inspection, depending on its age, of its underwater parts.

Compliance with the above requirements may result in significant expense. If any vessel does not maintain its class or fails any annual, intermediate or special survey, the vessel will be unable to trade between ports and will be unemployable and uninsurable, which could negatively impact our results of operations and financial condition.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Our operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. These regulations include, but are not limited to, OPA, CERCLA, the CAA, the CWA, the MTSA, requirements of the USCG and the EPA, and regulations of the IMO, including MARPOL, as from time to time amended including designation of ECAs thereunder, SOLAS, as from time to time amended, the ISM Code, the International Convention on Load Lines of 1966, as from time to time amended, the IMO International Convention on Civil Liability for Oil Pollution Damage of 1969, as from time to time amended and replaced by the 1992 protocol, and generally referred to as CLC, the IMO International Convention on Civil Liability for Bunker Oil Pollution Damage of 2001, or the Bunker Convention, and EU regulations. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of our vessels. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating

to air emissions, the management of ballast and bilge waters, elimination of tin-based paint, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. These costs could have a material adverse effect on our business, results of operations, cash flows and financial condition. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Under OPA, for example, owners, operators and bareboat charterers are jointly and severally strictly liable for the discharge of oil within the 200-mile exclusive economic zone around the United States. An oil spill could result in significant liability, including fines, penalties and criminal liability and remediation costs for natural resource damages under other federal, state and local laws, as well as third-party damages. We are required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although we have arranged insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that any claims will not have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends, if any, in the future.

World events, including terrorist attacks and international hostilities could affect our results of operations and financial condition.

Terrorist attacks, the outbreak of war and the existence of international hostilities continue to cause uncertainty in the world's financial markets and may affect our business, operating results and financial condition. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political conflicts have also resulted in attacks on vessels. Mining of waterways and other efforts to disrupt international shipping also affect our business, operating results and financial condition. Acts of terrorism and piracy have also affected vessels and any of these occurrences could have a material adverse impact on our operating results, revenues and costs.

Acts of piracy on ocean-going vessels have had and may continue to have an adverse effect on our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and in the Gulf of Aden off the coast of Somalia. Although the frequency of sea piracy worldwide has decreased from 2014 to 2018, sea piracy incidents continue to occur increasingly in the Gulf of Guinea and the West Coast of Africa, with drybulk vessels and tankers particularly vulnerable to such attacks. If these piracy attacks occur in regions that are characterized as "war risk" zones, or Joint War Committee "war and strikes" listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs and costs in relation to the employment of onboard security guards, could increase in such circumstances. Furthermore, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not "on-hire" for a certain number of days and is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, any detention or hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability, of insurance for our vessels, could have a material adverse impact on our business, financial condition and results of operations.

If our vessels call on ports located in countries or territories that are subject to comprehensive sanctions imposed by the UN, the United States, the EU or other relevant authorities, or if we are found to be in violation of sanctions, there could be an adverse effect on our reputation, business position, financial condition or results of operations, or the market for our common shares

As a company maintaining its corporate office in the United States with an offices in Germany and Singapore, we are subject to U.S. and EU economic sanctions and trade embargo laws and regulations as well as equivalent economic sanctions laws of other relevant jurisdictions in connection with our activities. The laws and regulations of these different jurisdictions vary in their application and do not all apply to the same covered persons or proscribe the same activities. In addition, the sanctions and embargo laws and regulations of each jurisdiction may be amended to increase or reduce the restrictions they impose over time, and the lists of persons and entities designated under these laws and regulations are amended frequently. For example, on October 7, 2016, President Obama issued Executive Order 13742, which effectively eliminated sanctions against Myanmar and removed sanctions designations of formerly restricted parties under the Burma sanctions program. However, the termination of U.S. sanctions on Myanmar does not affect any potential violations that occurred prior to October 7, 2016, and the EU's restrictions concerning Myanmar remain in place. Additionally, the U.S. and EU have enacted sanctions programs in recent years, including Ukraine/Russia-related sanctions programs, sanctions imposed with respect to the territory of Crimea, and sanctions programs with respect to Venezuela.

In recent years, multilateral international sanctions targeting Iran have restricted and/or prohibited us and our charterers from engaging in Iran-related activities, including calling on ports in Iran. The United States continues to maintain comprehensive sanctions on Iran that generally prohibit persons and companies in the United States, as well as U.S. persons and persons owned or controlled by U.S. persons, wherever located, from engaging in nearly all Iran-related activity. In addition, following the U.S. withdrawal from the Joint Comprehensive Plan of Action (JCPOA), the U.S. has reimposed all of its previously-lifted sanctions that target non-U.S. companies for engaging in certain activities with Iran, including those related to Iran's energy, shipping, shipbuilding, and insurance sectors. On the other hand, the EU has stayed in the JCPOA and maintained the lifting of nearly all of its sanctions targeting Iran, except for targeted asset freezes and travel bans against certain Iranian individuals and entities and restrictions on activities related to the military, nuclear proliferation and human rights abuses. The EU and Germany also have blocking rules in place intended to protect the interests of EU persons against the extraterritorial application of U.S. sanctions against Iran and Cuba.

Although we intend to maintain compliance with all applicable economic sanctions and trade embargo laws and regulations, there can be no assurance that, notwithstanding our compliance safeguards, we will not be found in the future to have been in violation, particularly as the sanctions and embargo laws and regulations are amended, the scope of certain laws and regulations may be unclear, and laws and regulations are subject to strict liability and are subject to discretionary interpretations by regulators that may change over time. Any such violation could result in fines or other penalties and could severely impact our ability to access U.S. capital markets and conduct our business and could result in some investors and/or lenders deciding, or being required, to divest their interest, or not to invest, in us or lend to us. The determination by these investors and/or lenders not to invest in, or to divest from, our common shares may adversely affect the price at which our common shares trade.

Investor perception of the value of our common shares may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

In November 2015, the Company filed a voluntary self-disclosure report regarding certain apparent violations of U.S. sanctions regulations in the provision of shipping services for third party charterers with respect to the transportation of cargo to or from Myanmar (formerly Burma). At the time of such apparent violations, the Company had a different senior operational management team.

Notwithstanding the fact that the apparent violations took place under a different senior operational management team and although the Company's new board and management have implemented robust remedial measures and significantly enhanced its compliance safeguards there can be no assurance that OFAC will not conclude that these past actions warrant the imposition of civil penalties and/or referral for further investigation by the U.S. Department of Justice. The self-disclosure report was provided to OFAC for the agency's review, consideration and determination regarding what action, if any, may be taken in resolution of this matter. The Company will continue to cooperate with the agency regarding this matter and cannot estimate when such review will be concluded. While the ultimate impact of these matters cannot be determined, there can be no assurance that the impact will not be material to the Company's financial condition or results of operations.

If general economic conditions throughout the world deteriorate, it will impede our results of operations, financial condition and cash flows, and could impair our ability to access capital markets at a reasonable cost.

If the economic conditions in the world deteriorate, it could have a material adverse effect on our ability to implement our business strategy. We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. Major market disruptions and the current adverse changes in market conditions and regulatory climate in the United States and worldwide may adversely affect our business or impair our ability to borrow amounts under our credit facilities or any future financial arrangements and may cause the trading price of our common shares on the Nasdaq Global Select Market to decline.

A significant number of the port calls made by our vessels involve the loading or discharging of raw materials and semi-finished products in ports in the Asia Pacific region. As a result, a negative change in economic conditions in any Asia Pacific country, and particularly in China, India or Japan, could have an adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends. In particular, in recent years, China has been one of the world's fastest growing economies in terms of gross domestic product. China's gross domestic product grew by 6.6%, 6.9% and 6.7% in 2018, 2017 and 2016, respectively. We cannot assure you that the Chinese economy will not experience a significant contraction in the future. If the Chinese government does not continue to pursue a policy of economic growth and urbanization, the level of imports to and exports from China could be adversely affected by changes to these initiatives by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government, such as changes in laws, regulations or export and import restrictions. Notwithstanding economic reform, the Chinese government may adopt policies that

favor domestic drybulk shipping companies and may hinder our ability to compete with them effectively. Moreover, a significant or protracted slowdown in the economies of the United States, the EU or various Asian countries may adversely affect economic growth in China and elsewhere. Our business, results of operations, cash flows, financial condition and ability to pay dividends will likely be materially and adversely affected by an economic downturn in any of these countries.

We are subject to international safety regulations and the failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the ISM Code. The ISM Code requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a ship owner or bareboat charterer to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. Each of the vessels that has been delivered to us is ISM Code-certified and we expect that each other vessel that we have agreed to purchase will be ISM Code-certified when delivered to us. However, if we are subject to increased liability for non-compliance or if our insurance coverage is adversely impacted as a result of non-compliance, it may negatively affect our ability to pay dividends, if any, in the future. If any of our vessels are denied access to, or are detained in, certain ports, our revenues may be adversely impacted.

In addition, vessel classification societies also impose significant safety and other requirements on our vessels. In complying with current and future environmental requirements, vessel-owners and operators may also incur significant additional costs in meeting new maintenance and inspection requirements, in developing contingency arrangements for potential spills and in obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental requirements, can be expected to become stricter in the future and require us to incur significant capital expenditures on our vessels to keep them in compliance.

The operation of our vessels is also affected by other government regulation in the form of international conventions, national, state and local laws and regulations in force in the jurisdictions in which the vessels operate, as well as in the country or countries of their registration. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with such conventions, laws and regulations or the impact thereof on the resale prices or useful lives of our vessels. Additional conventions, laws and regulations may be adopted which could limit our ability to do business or increase the cost of our doing business and which may materially adversely affect our operations. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, certificates, and financial assurances with respect to our operations.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures may result in the seizure of contents of our vessels, delays in the loading, offloading, trans-shipment or delivery and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and results of operations.

Arrests of our vessels by maritime claimants could cause a significant loss of earnings for the related off-hire period.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by "arresting" or "attaching" a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could result in a significant loss of earnings for the related off-hire period. In addition, in jurisdictions where the "sister ship" theory of liability applies, a claimant may arrest the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. In countries with "sister ship" liability laws, claims might be asserted against us or any of our vessels for liabilities of other vessels that we own.

Risks associated with operating ocean going vessels could affect our business and reputation, which could adversely affect our revenues and stock price.

The operation of ocean going vessels carries inherent risks. These risks include the possibility of:

- marine disaster;
- environmental accidents;
- cargo and property losses or damage;
- business interruptions caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions; and
- piracy.

These hazards may result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates, damage to our customer relationships, delay or rerouting. If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and may be substantial. We may not have insurance that is sufficient to cover these costs or losses and may have to pay drydocking costs not covered by our insurance. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease our earnings and reduce the amount of cash that we have available for dividends. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility or our vessels may be forced to travel to a drydocking facility that is not conveniently located to our vessels' positions. Any of these circumstances or events could increase our costs or lower our revenues. The involvement of our vessels in an environmental disaster may harm our reputation as a safe and reliable vessel owner and operator.

Our business has inherent operational risks, which may not be adequately covered by insurance.

The operation of our company has certain unique risks. With a drybulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, drybulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, drybulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach to the sea. Hull breaches in drybulk carriers may lead to the flooding of the vessels' holds. If a drybulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads leading to the loss of a vessel. If we are unable to adequately maintain our vessels we may be unable to prevent these events. Any of these circumstances or events could negatively impact our business, financial condition, results of operations and ability to pay dividends, if any, in the future. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, human error, environmental accidents, war, terrorism, piracy and other circumstances or events. In addition, transporting cargoes across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts, the potential for changes in tax rates or policies, and the potential for government expropriation of our vessels. Any of these events may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

In the event of a casualty to a vessel or other catastrophic event, we will rely on our insurance to pay the insured value of the vessel or the damages incurred. We procure insurance for the vessels in our fleet employed against those risks that we believe the shipping industry commonly insures against. These insurances include marine hull and machinery insurance, Protection and Indemnity Insurance, which include pollution risks and crew insurances, and war risk insurance. Currently, the amount of coverage for liability for pollution, spillage and leakage available to us on commercially reasonable terms through P&I Associations and providers of excess coverage is $1 billion per vessel per occurrence.

We have procured hull and machinery insurance, Protection and Indemnity Insurance, pollution insurance coverage, and war risk insurance for our fleet. We have also purchased insurance against loss of hire, which covers business interruptions that result from the loss of use of a vessel. We may not be adequately insured against all risks. We may not be able to obtain adequate insurance coverage for our fleet in the future, and we may not be able to obtain certain insurance coverage, including insurance against charter party defaults, that we have obtained in the past on terms that are acceptable to us or at all. The insurers may not pay particular claims. Our insurance policies may contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenue. Moreover, insurers may default on claims they are required to pay.

We cannot assure you that we will be adequately insured against all risks or that we will be able to obtain adequate insurance coverage at reasonable rates for our vessels in the future. For example, in the past more stringent environmental regulations have led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of

environmental damage or pollution. Additionally, our insurers may refuse to pay particular claims. Any significant loss or liability for which we are not insured could have a material adverse effect on our financial condition.

Governments could requisition our vessels during a period of war or emergency, resulting in a loss of earnings.

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at unilateral charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of our vessels may negatively impact our revenues.

Failure to comply with the U.S. Foreign Corrupt Practices Act could result in fines, criminal penalties, and an adverse effect on our business.

We may operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted a code of business conduct and ethics which is consistent and in full compliance with the FCPA. We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of applicable anti-corruption laws, including the FCPA. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

Cyber-attacks or other security breaches involving our computer systems or the systems of one or more of our vendors could materially and adversely affect our business.

Our systems, are vulnerable to cyber security risks, and we are subject to potential disruption caused by such activities. Companies such as ours are subject to cyber attacks on their systems. Such attacks may have various goals, from seeking confidential information to causing operational disruption. Although to date such activities have not resulted in material disruptions to our operations or, to our knowledge, a material breach of any security or confidential information, no assurance can be provided that such disruptions or breach will not occur in the future. Additionally, any significant violations of data privacy could result in the loss of business, litigation, regulatory investigations, penalties, ongoing expenses related to client credit monitoring and support, and other expenses, any of which could damage our reputation and adversely affect the growth of our business. While we have deployed resources that are responsible for maintaining appropriate levels of cyber-security, and while we utilize third party technology products and services to help identify, protect, and remediate our information technology systems and infrastructure against security breaches and cyber-incidents, our responsive and precautionary measures may not be adequate or effective to prevent, identify, or mitigate attacks by hackers, foreign governments, or other actors or breaches caused by employee error, malfeasance, or other disruptions.

Company Specific Risk Factors

We are dependent on spot charters and any decrease in spot charter rates in the future may adversely affect our earnings, our ability to pay dividends or meet our financial covenants on our indebtedness.

As of December 31, 2018, we owned a fleet of 47 vessels, of which all but one are employed for less than one year as of December 31, 2018, exposing us to fluctuations in spot market charter rates. Historically, the drybulk market has been volatile as a result of the many conditions and factors that can affect the price, supply and demand for drybulk capacity. The continuing global economic crisis may further reduce demand for transportation of drybulk cargoes over longer distances and supply of drybulk vessels to carry such drybulk cargoes, which may materially affect our revenues, profitability and cash flows. The spot charter market may fluctuate significantly based upon supply of and demand for vessels and cargoes. The successful operation of our vessels in the competitive spot charter market depends upon, among other things, obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. The spot market is very volatile, and, in the past, there have been periods when spot rates have declined below the operating cost of vessels. If future spot charter rates decline, then we may be unable to operate our vessels trading in the spot market profitably, meet our obligations, including payments on indebtedness, or to pay dividends, if any, in the future. Furthermore, as charter rates for spot charters are

fixed for a single voyage, which may last up to several weeks, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases.

The laws of the Marshall Islands generally prohibit the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. We may not have sufficient surplus in the future to pay dividends and our subsidiaries may not have sufficient funds or surplus to make distributions to us. We can give no assurance that dividends will be paid at all.

In addition, the declaration and payment of dividends, if any, will always be subject to the discretion of the board of directors, restrictions contained in our existing debt agreements and the requirements of Marshall Islands law. The timing and amount of any dividends declared will depend on, among other things, the Company's earnings, financial condition and cash requirements and availability, the ability to obtain debt and equity financing on acceptable terms as contemplated by the Company's growth strategy, the terms of its outstanding indebtedness and the ability of the Company's subsidiaries to distribute funds to it. The Company does not currently expect to pay dividends in the near term. Please see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Dividends.

We have increased our indebtedness, and if we default under our loan agreements, our lenders may act to accelerate our outstanding indebtedness under our credit facilities, which would impact our ability to continue to conduct our business.

At December 31, 2018, the Company’s debt totaled $330.8 million of which $29.2 million is shown in the current portion of long-term debt and $301.6 million in noncurrent liabilities net of $7.8 million of debt discount and debt issuance costs. In addition, as of December 31, 2018, we had $20 million in undrawn revolver available under the Super Senior Facility and New First Lien Facility.

On January 25, 2019, Ultraco, entered into the New Ultraco Debt Facility, which provides for an aggregate principal amount of $208.4 million, consisting of (i) a term loan facility of $153.4 million and (ii) a revolving credit facility of $55.0 million. The proceeds from the New Ultraco Debt Facility were used to repay the outstanding debt including accrued interest under the Original Ultraco Debt Facility and the New First Lien Facility in full and for general corporate purposes. Outstanding borrowings under the New Ultraco Debt Facility bear interest at LIBOR plus 2.50% per annum.

As described under Note 8. Debt to the consolidated financial statements, the obligations under these agreements are secured by collateral, contain a number of operating restrictions, covenants and events of default, and a breach of any of the covenants could result in an event of default under one or more of these agreements, including as a result of cross default provisions, and subject to the terms of the inter creditor agreement and the loan agreements, the agents could proceed against the collateral granted to them to secure that indebtedness.

The failure of our charterers to meet their obligations under our charter agreements, on which we depend for substantially all of our revenues, could cause us to suffer losses or otherwise adversely affect our business and ability to comply with covenants in our credit facilities.

The ability and willingness of each of our counterparties to perform its obligations will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the drybulk shipping industry and the overall financial condition of the counterparties. Charterers are sensitive to the commodity markets and may be impacted by market forces affecting commodities, such as iron ore, coal, grain, and other minor bulks. In addition, in depressed market conditions, there have been reports of charterers, including some of our charter counterparties, defaulting on their obligations under charters, and our customers may fail to pay charter hire. Should a counterparty fail to honor its obligations under its charter with us, it may be difficult to secure substitute employment for such vessel at a similar charter rate. If our charterers fail to meet their obligations to us or attempt to renegotiate our charter agreements, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows, if any, in the future, and compliance with covenants in our credit facilities.

We may have difficulty managing our planned growth properly and integrating newly acquired vessels.

The management of the 47 vessels in our owned fleet, as of December 31, 2018, and additional drybulk vessels that we may acquire in the future impose significant responsibilities on our management and staff. The addition of vessels to our fleet may require us to increase the number of our personnel. Further, we are providing technical management services to all of our vessels in our fleet. We will also have to manage our customer base so that we can provide continued employment for our vessels upon the expiration of our existing charters.

We intend to continue to grow our business. Our future growth will primarily depend on:

- locating and acquiring suitable vessels;
- obtaining required financing on acceptable terms;
- identifying and consummating acquisitions or joint ventures;
- enhancing our customer base; and
- managing our expansion.

Growing any business by acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements will be unenforceable or insufficient to cover potential losses and difficulties associated with imposing common standards, controls, procedures and policies, obtaining additional qualified personnel, managing relationships with customers and integrating newly acquired assets and operations into existing infrastructure. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

Purchasing and operating secondhand vessels may result in increased operating costs and reduced fleet utilization.

While we have the right to inspect previously owned vessels prior to purchase, such an inspection does not provide us with the same knowledge about their condition that we would have if these vessels had been built for and operated exclusively by us. A secondhand vessel may have conditions or defects that we were not aware of when we bought the vessel and which may require us to incur costly repairs to the vessel. These repairs may require us to put a vessel into dry dock, which would reduce our fleet utilization. Furthermore, we usually do not receive the benefit of warranties on secondhand vessels.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business.

We have entered into and may enter into in the future, among other things, charter agreements with our customers. Such agreements subject us to counter party risks. The ability of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime industry, the overall financial condition of the counterparty, charter rates received for specific types of vessels, the supply and demand for commodities such as iron ore, coal, grain, and other minor bulks and various expenses. Should a counter party fail to honor its obligations under agreements with us, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The loss of one or more of our significant customers may affect our financial performance.

Some of our charterers are privately owned companies for which limited credit and financial information was available to us in making our assessment of counter party risk when we entered into our charter. In addition, the ability of each of our charterers to perform its obligations under a charter will depend on a number of factors that are beyond our control. These factors may include general economic conditions, the condition of the drybulk shipping industry, the charter rates received for specific types of vessels and various operating expenses. If one or more of these charterers terminates its charter or chooses not to re-charter our vessel or is unable to perform under its charter with us and we are not able to find a replacement charter, we could suffer a loss of revenues that could adversely affect our financial condition, results of operations and cash available for distribution as dividends to our shareholders. In addition, we may be required to change the flagging or registration of the related vessel and may incur additional costs, including maintenance and crew costs if a charterer were to default on its obligations. Our shareholders do not have any recourse against our charterers.

In the highly competitive international shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources, and as a result, we may be unable to employ our vessels profitably.

Our vessels are employed in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than we do. Competition for the transportation of drybulk cargo by sea is intense and depends on price, location, size, age, condition and the acceptability of the vessel and its operators to the charterers. Due in part to the highly fragmented market, competitors with greater resources could enter the drybulk shipping industry and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates and higher quality vessels than we are able to offer. If we are unable to successfully compete with other drybulk shipping companies, our results of operations would be adversely impacted.

We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively impact the effectiveness of our management and results of operations.

Our success depends to a significant extent upon the abilities and efforts of our management team. Our success will depend upon our ability to retain key members of our management team and to hire new members as may be desirable. The loss of any of these individuals could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining replacement personnel could have a similar effect. We do not maintain "key man" life insurance on any of our officers.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. Although the weighted average age of the 47 drybulk vessels in our owned fleet as of December 31, 2018 was approximately 9.0 years, as our fleet ages, we will incur increased costs. Older vessels are typically less fuel efficient and more expensive to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

Technological innovation could reduce our charter hire income and the value of our vessels.

The charter hire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new drybulk carriers are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charter hire payments we receive for our vessels once their initial charters expire and the resale value of our vessels could significantly decrease. As a result, our business, results of operations, cash flows and financial condition could be adversely affected.

We may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

We may be, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve them may have a material adverse effect on us. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent which may have a material adverse effect on our financial condition.

We may have to pay tax on United States source income, which will reduce our earnings.

Under the United States Internal Revenue Code of 1986, as amended, or the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as ourselves and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States is characterized as United States source shipping income and such income is subject to a 4% United States federal income tax without allowance for any deductions, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the Treasury regulations promulgated thereunder.

We believe that we qualify for this statutory tax exemption for our 2018 taxable year and we intend to take this position for U.S. federal income tax return reporting purposes. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption and thereby become subject to U.S. federal income tax on our U.S. source income. Therefore, we can give no assurances on our tax-exempt status. If we are not entitled to exemption under Section 883 of the Code for any taxable year, we could be subject for those years to an effective 2% U.S. federal income tax on the gross shipping income we derive during the year that are attributable to the transport of cargoes to or from the United States. The imposition of this tax would have a negative effect on our business and would result in decreased earnings and cash available to pay amounts due on the note or for distribution to our shareholders. For more information, see Item 1. Business - United States Federal Income Taxation of Our Company.

United States tax authorities could treat us as a "passive foreign investment company," which could have adverse United States federal income tax consequences to United States holders.

A foreign corporation will be treated as a "passive foreign investment company," or PFIC, for United States federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." United States shareholders of a PFIC are subject to a disadvantageous United States federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current method of operation, we do not believe that we have been, are or will be a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time and voyage chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time and voyage chartering activities does not constitute "passive income," and the assets that we own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing our method of operation and there is authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of our operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, our United States shareholders may face adverse United States tax consequences and information reporting obligations. Under the PFIC rules, unless those shareholders made an election available under the Code (which election could itself have adverse consequences for such shareholders), such shareholders would be liable to pay United States federal income tax upon excess distributions and upon any gain from the disposition of our common stock at the then prevailing income tax rates applicable to ordinary income plus interest as if the excess distribution or gain had been recognized ratably over the shareholder’s holding period of our common stock.

We may be subject to additional taxes, including as a result of challenges by tax authorities or changes in applicable law, which could adversely impact our business and financial results.

We are subject to tax in certain jurisdictions in which we are organized, own assets or have operations. In computing our tax obligations in these jurisdictions, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. We cannot assure you that, upon review of these positions, the applicable authorities will agree with our positions. A successful challenge by a tax authority, or a change in applicable law, could result in additional tax imposed on us, which could adversely impact our business and financial results.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations and to make dividend payments.

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to satisfy our financial obligations and to make dividend payments in the future depends on our subsidiaries and their ability to distribute funds to us. If we are unable to obtain funds from our subsidiaries, our board of directors may exercise its discretion not to declare or pay dividends. We do not intend to obtain funds from other sources to pay dividends. We do not currently expect to pay dividends in the near term.

As we expand our business, we may need to improve our operating and financial systems and will need to recruit suitable employees and crew for our vessels.

Our current operating and financial systems may not be adequate if we continue to expand the size of our fleet in the future, as we recently did in the second half of 2017 and our attempts to improve those systems may be ineffective. In addition, if we further expand our fleet, we will need to recruit suitable additional seafarers and shore side administrative and management personnel. We cannot guarantee that we will be able to hire suitable employees as we expand our fleet. If we or our crewing agent

encounters business or financial difficulties, we may not be able to adequately staff our vessels. If we are unable to grow our financial and operating systems or to recruit suitable employees as we expand our fleet, our financial performance may be adversely affected and, among other things, the amount of cash available for distribution as dividends to our shareholders may be reduced.

Utilizing derivative instruments, such as forward freight and swap agreements, could result in losses.

From time to time, we may take positions in derivative instruments, including FFAs and bunker swaps. FFAs and other derivative instruments may be used to hedge a vessel owner's exposure to the charter market by providing for the sale of a contracted charter rate along a specified route and period of time. Upon settlement, if the contracted charter rate is less than the average of the rates, as reported by an identified index, for the specified route and period, the seller of the FFA is required to pay the buyer an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. If we take positions in FFAs or other derivative instruments and do not correctly anticipate charter rate movements over the specified route and time period, we could suffer losses in the settling or termination of the FFA. This could adversely affect our results of operations and cash flows. During 2018, we recorded a net realized and unrealized gain of $0.1 million on FFAs and bunker swaps which was recorded in Other expense in the Consolidated Statement of Operations for the year ended December 31, 2018.

In addition, we may enter into interest rate swaps to effectively convert a portion of our debt from a floating to a fixed-rate basis. Under these swap contracts, exclusive of applicable margins, we pay fixed rate interest and receive floating-rate interest amounts based on three-month LIBOR settings. Our hedging strategies, however, may not be effective and we may incur substantial losses if interest rates move materially differently from our expectations. In addition, our financial condition could be materially adversely affected to the extent we do not hedge our exposure to interest rate fluctuations under our financing arrangements. Any hedging activities we engage in may not effectively manage our interest rate exposure or have the desired impact on our financial conditions or results of operations. At December 31, 2018, we had not entered into interest rate swaps.

If the increase in LIBOR continues, it could affect our profitability, earnings and cash flow.

If the spread between LIBOR and the prime lending rate widened it would affect the amount of interest payable on our debt, which in turn, could have an adverse effect on our profitability, earnings and cash flow.

In 2017, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. Upon determination by the facility agent that LIBOR shall no longer be available after a certain date, Ultraco and the facility agent may amend the New Ultraco Debt Facility to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein, a “LIBOR Successor Rate”). The LIBOR Successor Rate may be less favorable than the current interest rate for the New Ultraco Debt Facility.

We conduct business in China, where the legal system is not fully developed and has inherent uncertainties that could limit the legal protections available to us.

Some of our vessels may be chartered to Chinese customers or from time to time on our charterers’ instructions, our vessels may call on Chinese ports. Such charters and any additional charters that we enter into may be subject to new regulations in China that may require us to incur new or additional compliance or other administrative costs and may require that we pay to the Chinese government new taxes or other fees. Changes in laws and regulations, including with regards to tax matters, and their implementation by local authorities could affect our vessels chartered to Chinese customers as well as our vessels calling to Chinese ports and could have a material adverse impact on our business, financial condition and results of operations.

Risks Relating to Our Common Stock

We are incorporated in the Marshall Islands, which does not have a well-developed body of corporate law.

Our corporate affairs are governed by our Third Amended and Restated Articles of Incorporation (the “Charter”) and Second Amended and Restated By-laws (the “Bylaws”) and by the Marshall Islands Business Corporations Act (the “BCA”). The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the laws of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in the United States. The rights of shareholders of companies incorporated in the Marshall Islands may differ from the rights of shareholders of companies incorporated in the United States. While the BCA provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions,

there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as United States courts. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction which has developed a relatively more substantial body of case law.

The market price of our common shares has fluctuated and may continue to fluctuate in the future.

The market price of our common shares has fluctuated since we became a public company and may continue to do so as a result of many factors, including our actual results of operations and perceived prospects, the prospects of our competition and of the shipping industry in general and in particular the drybulk sector, differences between our actual financial and operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general valuations for companies in the shipping industry, particularly the drybulk sector, changes in general economic or market conditions and broad market fluctuations.

The public market for our common shares may not be active and liquid enough for you to resell our common shares in the future.

The stock market has experienced extreme price and volume fluctuations. If the volatility in the market continues or worsens, it could continue to have an adverse effect on the market price of our common shares and could impact a potential sale price if holders of our common stock decide to resell their shares.

The seaborne transportation industry has been highly unpredictable and volatile. The market for common shares in this industry may be equally volatile. The market price of our common shares may be influenced by many factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;
- announcements by us or our competitors of significant contracts, acquisitions or capital commitments;
- mergers and strategic alliances in the shipping industry;
- terrorist acts;
- future sales of our common shares or other securities;
- market conditions in the shipping industry;
- economic and regulatory trends;
- shortfalls in our operating results from levels forecast by securities analysts;
- announcements concerning us or our competitors;
- the general state of the securities market; and
- investors' perception of us and the drybulk shipping industry.

As a result of these and other factors, investors in our common stock may not be able to resell their shares at or above the price they paid for such shares. These broad market and industry factors may materially reduce the market price of our common shares, regardless of our operating performance.

Certain shareholders own large portions of our outstanding common stock, which may limit your ability to influence our actions.

Certain shareholders currently hold significant percentages of our common stock. To the extent a significant percentage of the ownership of our common stock is concentrated in a small number of holders, such holders will be able to influence the outcome of any shareholder vote, including the election of directors, the adoption or amendment of provisions in our articles of incorporation or by-laws and possible mergers, corporate control contests and other significant corporate transactions. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, merger, consolidation, takeover or other business combination involving us. This concentration of ownership could also discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which could in turn have an adverse effect on the market price of our common stock.

Future sales of our common stock could cause the market price of our common stock to decline and could dilute our shareholders' interests in the Company.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales could occur, may depress the market price for our common stock. These sales could also impair our ability to raise additional capital through the sale of our equity securities in the future. Our Charter authorizes us to issue 700,000,000 shares of common stock, of

which 72,553,280 and 73,185,184 shares were issued and outstanding as of December 31, 2018 and March 11, 2019, respectively. As we did in 2016 and the first quarter of 2017, we may issue additional shares of our common stock in the future. Our shareholders may incur dilution from any future equity offering and upon the issuance of additional shares of our common stock upon the exercise of options we have granted to certain of our executive officers or upon the issuance of additional shares of common stock pursuant to our equity incentive plan. In addition, we have a registration rights agreement in favor of certain of our shareholders. Sales of our common stock by one or more of those holders could lower the trading price of our shares.

Our shareholders are limited in their ability to elect or remove directors.

The Charter prohibits cumulative voting in the election of directors. The Bylaws require parties other than the board of directors to give advance written notice of nominations for the election of directors. The Charter also provides that directors may only be removed for cause upon the affirmative vote of a majority of the outstanding shares of capital stock entitled to vote for the election of directors. Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the board of directors for any reason may only be filled by a majority of the directors then in office, even if less than a quorum exists.

Our shareholders may take action only at Annual or Special Meetings.

The Charter and the Bylaws provide that any action required or permitted to be taken by shareholders must be effected at a duly called annual or special meeting of shareholders. Except as otherwise mandated by law, shareholders may not act by written consent.

Under the Bylaws, annual shareholder meetings will be held at a time and place selected by the board of directors. The meetings may be held in or outside of the Marshall Islands. These provisions may impede shareholders' ability to take actions with respect to the Company that they deem appropriate or advisable.

The Charter and the Bylaws provide that, except as otherwise required by law, special meetings of shareholders may be called at any time only by (i) the lead director (if any), (ii) the chairman of the board of directors, (iii) the board of directors pursuant to a resolution duly adopted by a majority of the board stating the purpose or purposes thereof, or (iv) any one or more shareholders who beneficially owns, in the aggregate, 15% or more of the aggregate voting power of all then-outstanding shares of Voting Stock. The notice of any such special meeting is to include the purpose or purposes thereof, and the business transacted at the special meeting is limited to the purpose or purposes stated in the notice (or any supplement thereto). These provisions may impede the ability of shareholders to bring matters before a special meeting of shareholders.

The board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the shareholders that will be eligible to receive notice and vote at the meeting.

Our shareholders are subject to advance notice requirements for shareholder proposals and director nominations

The Bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. To be timely, a shareholder's notice will have to be received at the Company's principal executive offices not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, such as is the case for the 2018 annual meeting, notice by the shareholder must be received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever occurs first, in order for such notice by a shareholder to be timely. The Bylaws also specify requirements as to the form and content of a shareholder's notice. These advance notice requirements, particularly the 60 to 90 day requirement, may impede shareholders' ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

Certain super majority provisions in our organizational documents may discourage, delay or prevent changes to such documents.

The Charter provides that a two-thirds vote is required to amend or repeal certain provisions of the Charter and Bylaws, including those provisions relating to: the number and election of directors; filling of board vacancies; resignations and removals of directors; director liability and indemnification of directors; the power of shareholders to call special meetings; advance notice of director nominations and shareholders proposals; and amendments to the Charter and Bylaws. These super majority provisions may discourage, delay or prevent changes to the Charter or Bylaws.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We do not own any real property. We lease office space at 300 First Stamford Place, Stamford CT 06902. In addition, we lease offices in Singapore and Hamburg, Germany. Our interests in our drybulk vessels are our only material properties. See Item 1. Business — Our Fleet.

ITEM 3. LEGAL PROCEEDINGS

See Note 10. Commitments and Contingencies to the Company's consolidated financial statements set forth in Item 8. Financial Statements and Supplementary Data of this Form 10-K, for information regarding legal proceedings in which we are involved.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

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

Common Stock

The trading market for shares of our common stock is the Nasdaq Global Select Market, on which our shares are quoted under the symbol "EGLE."

On March 12, 2019, the closing sale price of our common stock, as reported on the Nasdaq Global Select Market, was $4.75 per share.

The number of shareholders of record of our common stock was approximately 65 on March 12, 2019, which does not include beneficial owners whose shares are held by a clearing agency, such as a broker or a bank.

Payment of Dividends to Shareholders

The timing and amount of any dividends declared will depend on, among other things, the Company's earnings, financial condition and cash requirements and availability, the ability to obtain debt and equity financing on acceptable terms as contemplated by the Company's growth strategy, the terms of its outstanding indebtedness and the ability of the Company's subsidiaries to distribute funds to it. The Company does not currently expect to pay dividends in the near term. Please see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Dividends and Note 8. Debt to the consolidated financial statements.

Equity Compensation Plan Information

On October 15, 2014, the Company adopted the Management Incentive Program, which provided for the distribution of Company equity in the form of shares of Company common stock, and options, to the participating senior management and other employees of the reorganized Company (the “2014 Plan”). As of December 31, 2018, there were 50,625 unvested restricted shares issued and outstanding under this plan. The 2014 Plan was replaced by the 2016 Plan, as defined below.

On November 7, 2016, the Company granted 233,863 shares of restricted common stock and options to purchase 280,000 shares of the Company’s common stock in connection with the appointment of a new member to the senior management team. The restricted stock and option were not granted under, but are subject to, the terms of the Company’s 2014 Plan.

On December 15, 2016, the Company adopted the 2016 Equity Incentive Plan (the “2016 Plan”) which replaced the 2014 Plan. Outstanding awards under the 2014 Plan will continue to be governed by the terms of the 2014 Plan until exercised, expired or otherwise terminated or cancelled. Under the terms of the 2016 Plan, a maximum of 5,348,613 shares may be issued. Any director, officer, employee or consultant of the Company or any of its subsidiaries (including any prospective officer or employee) is eligible to be designated to participate in the 2016 Plan.

The following table sets forth certain information as of December 31, 2018 regarding the 2016 Plan. The 2016 Plan was approved by our shareholders on December 15, 2016.

Plan Category	Securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights	Remaining securities for future issuance under equity compensation plans (1)
Equity compensation plans approved by security holders	2,005,421	$ 4.85	1,471,709
Equity compensation plans not approved by security holders	—	—	N/A
Total	2,005,421	4.85	1,471,709

(1) The sum, combined with 1,871,483 restricted shares issued (net of forfeitures and cancellations) consists of 5,348,613 shares eligible to be granted under the 2016 Plan.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data presented below have been derived in part from, and should be read in conjunction with, the consolidated financial statements and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollar, Shares, and Weighted Average Shares Outstanding amounts in thousands except per Share amounts and Fleet Data)

	Successor					Predecessor
Income Statement Data (a)	2018	2017	2016	2015	Period from October 16, 2014 to December 31, 2014 (a)	Period from January 1, 2014 to October 15, 2014 (a)
Revenues, net	$ 310,094	$ 236,785	$ 124,493	$ 103,857	$ 31,090	$ 123,150
Voyage expenses	79,566	62,351	42,094	23,832	6,262	14,704
Vessel expenses	81,336	78,607	74,017	86,329	17,331	71,679
Charter hire expenses	38,046	31,284	12,845	4,126	1,043	188
Depreciation and Amortization	37,717	33,691	38,884	43,001	8,782	61,239
General and Administrative Expenses	36,157	33,126	22,906	25,537	5,933	18,679
Restructuring Charges	—	—	5,869	—	—	—
Vessel Impairment*	—	—	129,028	50,873	—	—
(Gain)/loss on Sale of Vessels	(335)	(2,135)	102	5,697	—	—
Total Operating Expenses	272,487	236,925	325,745	239,395	39,351	166,489
Interest expense	25,744	29,377	21,799	11,927	2,360	60,737
Interest income	(585)	(651)	(215)	(6)	(2)	(8)
Other (income)/expense	(126)	(38)	687	838	884	—
Reorganization expense	—	—	—	—	46	427,735
Loss on debt extinguishment **	—	14,969	—	—	—	—
Net income/(loss)	$ 12,575	$ 43,797	$ (223,523)	$ (148,297)	$ (11,549)	$ (531,803)
Share and Per Share Data						
Basic income/(loss) per share	$ 0.18	$ (0.63)	$ (10.87)	$ (78.88)	$ (6.16)	$ (29.78)
Diluted income/(loss) per share	$ 0.18	$ (0.63)	$ (10.87)	$ (78.88)	$ (6.16)	$ (29.78)
Weighted Average Shares Outstanding – Diluted	71,802	69,182	20,566	1,881	1,875	17,857
Consolidated Cash Flow Data						
Net cash provided by/(used in) operating activities	$ 45,470	$ (10,037)	$ (45,434)	$ (43,787)	$ (279)	$ (19,465)
Net cash (used in) / provided by investing activities	(31,014)	(155,250)	(9,347)	10,252	4,206	(491)
Net cash provided by /(used in) financing activities	7,381	145,022	106,335	18,456	—	(36,322)

* As of December 31, 2018, the Company evaluated if any impairment indicators existed as of December 31, 2018. Based on the evaluation, the Company determined that there were impairment indicators for 22 vessels in the Company's fleet for which the vessel prices based on vessel valuations received from third party brokers were lower than their carrying values. Based on our impairment analysis, we determined that as of December 31, 2018, the future cash flows expected to be earned by the 22 vessels on an undiscounted basis would exceed their carrying value and therefore no impairment charges were recorded in the consolidated financial statements. As of December 31, 2016, the Company intended to divest some of the older as well as less efficient vessels from its fleet to achieve operating cost savings as well as potentially acquiring newer and more efficient vessels. The anticipated sale of such vessels in the next two years reduced our estimated holding period of the vessels resulting in an impairment charge. As a result, we reduced the carrying value of each vessel to its fair market value as of December 31, 2016 and recorded an impairment charge of $122.9 million. In addition to the above, in 2015, we identified six vessels as probable sales, and recognized

an impairment charge in 2015 of $50.9 million. As the value of such vessels further declined in the first quarter of 2016, we recorded an additional impairment charge of $6.2 million in that quarter.

** On December 8, 2017, the Company repaid the amounts outstanding under the First Lien Facility and the Second Lien Facility by issuance of $200.0 million of the Norwegian Bond Debt and $65 million of the New First Lien Facility. As a result, the Company recognized a $15.0 million loss on debt extinguishment in the fourth quarter of 2017. See Note 8. Debt to the consolidated financial statements.

Consolidated Balance Sheet Data	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014 (a)
Current Assets	$ 118,474	$ 105,223	$ 104,265	$ 41,025	$ 76,591
Total Assets	846,209	808,350	686,382	786,603	913,877
Total Liabilities	366,603	347,185	285,899	268,259	249,786
Current Portion of Long-term Debt (b)	29,176	4,000	—	15,625	15,625
Long-term Debt	301,583	313,684	255,944	225,577	203,556
Stockholders' Equity (c)	479,606	461,165	400,483	518,344	664,091
Other Data					
Capital Expenditures:					
Vessels and vessel improvements	$ 43,444	$ 176,603	$ 21,787	$ 1,747	$ 486
Cash paid for scrubbers, ballast water systems and other	$ 12,342	$ —	$ —	$ —	$ —
Drydocking costs incurred	$ 8,323	$ 2,579	$ 3,689	$ 11,142	$ 5,764
Ratio of Total Debt to Total Capitalization (d)	40.8%	40.8%	39.0%	31.8%	24.8%
Fleet Data					
Number of Vessels in owned fleet	47	47	41	44	45
Average Age of Fleet	9.0	8.2	8.7	8.4	8.0
Fleet Ownership Days	17,213	16,293	15,408	16,186	16,425
Charter-in under operating lease Days	3,294	3,353	1,494	382	91
Fleet Available Days	20,083	19,245	16,695	16,151	16,325
Fleet Operating Days	19,921	19,140	16,485	15,766	15,988
Fleet Utilization	99.2%	99.5%	98.8%	97.6%	97.9%

(a) The consolidated and other financial data for the year ended December 31, 2014 presents the results of operations for the period from October 16, 2014 to December 31, 2014 (Successor) and the period from January 1, 2014 to October 15, 2014 (Predecessor). The period from October 16, 2014 to December 31, 2014 (Successor) and the period from January 1, 2014 to October 15, 2014 (Predecessor) are distinct reporting periods because of our emergence from bankruptcy on October 15, 2014. As result of the bankruptcy, our capital structure, our financial statements and share and per share amounts are not comparable between the Successor and Predecessor.

(b) The amount of $29.2 million is based on our existing debt as of December 31, 2018 - Norwegian Bond Debt, Original Ultraco Debt Facility and New First Lien Facility. The Original Ultraco Debt Facility and New First Lien Facility were refinanced on January 25, 2019 with the New Ultraco Debt Facility.

(c) Effective August 5, 2016, the Company completed a 1 for 20 reverse stock split of its issued and outstanding shares of common stock, par value $0.01 per share (the “Reverse Stock Split”), pursuant to which proportional adjustments were made to the Company’s issued and outstanding common stock and to its common stock underlying stock options and other common stock-based equity grants outstanding immediately prior to the effectiveness of the Reverse Stock Split as well as the applicable exercise price. In addition, proportional adjustments were made to the number of shares of common stock issuable upon exercise of outstanding warrants and to the exercise price of such warrants, pursuant to the terms thereof. No fractional shares were issued in connection with the Reverse Stock Split, and shareholders who would have received a fractional share of common stock in connection with the Reverse Stock Split instead received a cash payment in lieu of such fractional share. The Company also had 3,040,540 outstanding warrants convertible to 152,027 shares of the Company's common stock which will be recorded as equity upon exercise at an exercise price of $556.40 per share. The warrants have a 7 year term and will expire on October 15, 2021.

(d) Ratio of Total Debt to Total Capitalization was calculated as debt divided by capitalization (debt plus stockholders' equity).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes set forth in Item 8. Financial Statements and Supplementary Data, our consolidated financial data set forth in Item 6. Selected Financial Data and the risk factors identified in Item 1A. Risk Factors of this Annual Report.

General Overview

We are Eagle Bulk Shipping Inc., a Marshall Islands corporation incorporated on March 23, 2005 and headquartered in Stamford, Connecticut. We own one of the largest fleets of Supramax/Ultramax drybulk vessels in the world. Supramax dry bulk vessels range in size from approximately 50,000 to 59,000 dwt and Ultramax dry bulk vessels range in size from 60,000 to 65,000 dwt. Supramax and Ultramax vessels are equipped with cranes and grabs, which are used to load and discharge cargo. We provide all management services which includes strategic, commercial, operational, technical, and administrative services, to our owned fleet. We also provide transportation solutions to a diverse group of customers, including: miners, producers, traders, and end users. Typical cargoes we transport include both major bulk cargoes, such as coal, grain, and iron ore, and minor bulk cargoes such as fertilizer, steel products, petcoke, cement, and forest products. As of December 31, 2018, we owned and operated a modern fleet of 47 Supramax/Ultramax dry bulk vessels. We chartered-in three Ultramax vessels for a term ranging from one to three years. In addition, the Company charters-in third-party vessels on a short to medium term basis.

Our owned fleet totals 47 vessels, with an aggregate carrying capacity of 2,705,764 dwt, had an average age of 9.0 years as of December 31, 2018.

Refinancing

On January 25, 2019, Eagle Bulk Ultraco LLC ("Ultraco"), a wholly-owned subsidiary of the Company, entered into a new senior secured credit facility (the "New Ultraco Debt Facility"), with the Company and certain of its indirect vessel-owning subsidiaries, as guarantors, the lenders party thereto, the swap banks party thereto, ABN AMRO Capital USA LLC (“ABN AMRO”), Credit Agricole Corporate and Investment Bank, Skandinaviska Enskilda Banken AB (PUBL) and DNB Markets Inc., as mandated lead arrangers and bookrunners, and ABN AMRO, as arranger, security trustee and facility agent. The New Ultraco Debt Facility provides for an aggregate principal amount of $208.4 million, which consists of (i) a term loan facility of $153.4 million and (ii) a revolving credit facility of $55.0 million. The proceeds from the New Ultraco Debt Facility were used to repay in full (i) the outstanding debt including accrued interest under (a) the credit agreement, dated June 28, 2017, made by, among others, Ultraco, as borrower, the banks and financial institutions party thereto and ABN AMRO, as securities trustee and facility agent, in the original principal amount of up to $61.2 million (the “Original Ultraco Debt Facility”) and (b) the credit agreement, dated December 8, 2017, made by, among others Eagle Shipping LLC, a wholly-owned subsidiary of the Company (“Eagle Shipping”), as borrower, the entities and financial institutions party thereto and ABN AMRO, as security trustee and facility agent, in the original principal amount of up to $65.0 million (the “New First Lien Facility”), and (ii) for general corporate purposes. Outstanding borrowings under the New Ultraco Debt Facility bear interest at LIBOR plus 2.50% per annum.

The following are certain significant events with respect to our vessels that occurred during 2018:

- On April 17, 2018, the Company sold the vessel Avocet for $9.7 million, after brokerage commissions and associated selling expenses, and recorded a net gain of approximately $0.1 million in its Consolidated Statements of Operations for the year ended December 31, 2018.

- During 2018, the Company, through its subsidiary Ultraco, purchased two Ultramax vessels, New London Eagle and Hamburg Eagle for $21.3 million per vessel.

- On August 14, 2018, the Company entered into a contract for installation of BWTS on our owned vessels.The projected costs, including installation, is approximately $0.5 million per BWTS. The Company intends to complete the installation during scheduled drydockings in the next three years. The Company recorded $1.0 million in Other assets in the Consolidated Balance Sheet as of December 31, 2018.

- On September 4, 2018, the Company announced it had entered into a series of agreements to purchase up to 37 exhaust gas cleaning systems ("Scrubbers") which are to be retrofitted on owned vessels. The Agreements are comprised of firm orders for 19 Scrubbers and up to an additional 18 units, at the Company's option. On November 20, 2018, the Company announced that it had exercised its option to purchase 15 of the 18 optional Scrubbers, and on January 23, 2019, the Company announced that it had exercised the remaining 3 options. The projected costs, including installation, is approximately $2.2 million per Scrubber. The Company recorded $16.9 million in Other assets in its Consolidated Balance Sheet as of December 31, 2018. The Company intends to complete the retrofit of a majority of vessels prior to the January 1, 2020, which is the implementation date of the new sulphur emission cap as set forth by the IMO.

- On September 10, 2018, the Company sold the vessel Thrush for $10.8 million after brokerage commissions and associated selling expenses. The Company recorded a gain of $0.2 million in its Consolidated Statements of Operations for the year ended December 31, 2018.

- On December 13, 2018, the Company signed a memorandum of agreement to sell the vessel Condor for $6.5 million after brokerage commissions and associated selling expenses. The vessel was delivered to the buyers in January 2019. The Company expects to record a gain of approximately $2.2 million in the first quarter of 2019. The Company recorded the carrying amount of the vessel as vessels held for sale as of December 31, 2018.

- On December 21, 2018, the Company signed a memorandum of agreement to purchase a 2015 built Ultramax vessel for $20.4 million. As of December 31, 2018, the Company paid a deposit of $2.0 million. The Company took delivery of the vessel, Cape Town Eagle in January 2019.

- On January 4, 2019, the Company signed a memorandum of agreement to sell the vessel Merlin for $6.1 million after brokerage commissions and associated selling expenses. The vessel was delivered to the buyers in January 2019. The Company expects to record a gain of approximately $1.9 million in the first quarter of 2019. The Company recorded the carrying amount of the vessel as vessels held for sale as of December 31, 2018.

The following are certain significant events with respect to our vessels that occurred during 2016 and 2017:

- On April 26, 2016, the Company sold the vessel Peregrine for $2.6 million, after brokerage commissions and associated selling expenses, and recorded a net loss of approximately $0.1 million in the second quarter of 2016. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

- On June 16, 2016, the Company sold the vessel Falcon for $3.2 million, after brokerage commissions and associated selling expenses, and recorded a net loss of approximately $0.1 million in the second quarter of 2016. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

- On July 12, 2016, the Company sold the vessel Harrier for $3.2 million, after brokerage commissions, associated selling expenses, and recorded a loss of $0.1 million. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

- On September 6, 2016, the Company sold the vessel Kittiwake for $4.0 million, after brokerage commission, associated selling expenses, and recorded a net gain of $0.3 million in the third quarter of 2016. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

- On September 30, 2016, Eagle Bulk Shipco LLC ("Shipco") signed a memorandum of agreement to acquire a 2016 NACKS built Ultramax 61,000 dwt. vessel for $18.8 million. The Company took the delivery of the vessel, the Stamford Eagle, in the fourth quarter of 2016.

- On November 14, 2016, the Company, through its subsidiary Shipco, signed a memorandum of agreement to acquire a 2017 built 64,000 dwt SDARI-64 Ultramax drybulk vessel constructed at Chengxi Shipyard Co., Ltd for $17.9 million. The Company took delivery of the vessel, the Singapore Eagle, on January 11, 2017.

- On January 6, 2017, the Company sold the vessel Redwing for $5.8 million, after brokerage commissions and associated selling expenses, and recorded a net gain of $0.1 million. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

- On April 6, 2017, the Company sold the vessel Sparrow for $4.8 million after brokerage commissions and associated selling expenses, and recorded a net gain of $1.8 million. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

- On July 27, 2017, the Company sold the vessel Woodstar for $7.8 million after brokerage commissions and associated selling expenses and recorded a gain for $0.2 million. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

- On November 28, 2017, the Company sold the vessel Wren for $7.6 million after brokerage commissions and associated selling expenses and recorded a gain of $0.03 million. A portion of the proceeds was used towards repayment of the term loan under the First Lien Facility.

Business Strategy and Outlook:

We believe our strong balance sheet allows us the flexibility to opportunistically make investments in the drybulk segment that will drive shareholder growth. In order to accomplish this, we intend to:

- Maintain a highly efficient and quality fleet in the drybulk segment.
- Maintain a revenue strategy that takes advantage of a rising rate environment and at the same time mitigate risk in a declining rate environment.
- Maintain a cost structure that allow us to be competitive in all economic cycles without sacrificing safety and maintenance.
- Continue to grow our relationships with our charterers and vendors
- Continue to invest in our on-shore operations and development of processes.

Our financial performance is based on the following key elements of our business strategy:

(1) concentration in one vessel category: Supramax/Ultramax drybulk vessels, which we believe offer certain size, operational and geographical advantages relative to other classes of drybulk vessels, such as Handysize, Panamax and Capesize vessels,

(2) An active owner-operator model where we seek to operate our own fleet and develop contractual relationships directly with cargo interests. These relationships and the related cargo contracts have the dual benefit of providing greater operational efficiencies and act as a balance to the Company's naturally long position to the market. Notwithstanding the focus on voyage chartering, we consistently monitor the drybulk shipping market and, based on market conditions, will consider taking advantage of long-term time charters at higher rates when appropriate.

(3) Maintain high quality vessels and improve standards of operation through improved standards and procedures, crew training and repair and maintenance procedures.

We have employed all of our vessels on time and voyage charters. The following table represents certain information about our revenue earning charters on our owned fleet as of December 31, 2018:

Vessel	Year Built	Dwt	Charter Expiration	Daily Charter Hire Rate	
Bittern	2009	57,809	Jan 2019	$ 3,000	
Canary	2009	57,809	Feb 2019	Voyage	
Cardinal	2004	55,362	Jan 2019	$ 7,000	
Condor	2001	50,296	—	$ —	(1)
Crane	2010	57,809	—	$ —	(2)

Crested Eagle	2009	55,989	Jan 2019	$	25,000	
Crowned Eagle	2008	55,940	Jan 2019		Voyage	
Egret Bulker	2010	57,809	Jan 2019	$	12,000	
Fairfield Eagle	2013	63,301	Jan 2019	$	12,000	
Gannet Bulker	2010	57,809	Jan 2019	$	4,500	(3)
Golden Eagle	2010	55,989	Feb 2019		Voyage	
Goldeneye	2002	52,421	Feb 2019		Voyage	
Grebe Bulker	2010	57,809	Jan 2019	$	8,300	
Greenwich Eagle	2013	63,301	Jan 2019		Voyage	
Groton Eagle	2013	63,301	Jun 2019	$	10,250	(4)
Hamburg Eagle	2014	63,334	Feb 2019	$	2,707	(7)
Hawk I	2001	50,296	Feb 2019	$	14,650	
Ibis Bulker	2010	57,809	Feb 2019	$	15,000	
Imperial Eagle	2010	55,989	Jan 2019	$	21,500	
Jaeger	2004	52,483	Jan 2019		Voyage	
Jay	2010	57,809	Jan 2019	$	13,000	
Kestrel I	2004	50,351	Feb 2019	$	10,250	
Kingfisher	2010	57,809	Jan 2019	$	2,864	(5)
Madison Eagle	2013	63,301	Feb 2019		Voyage	
Martin	2010	57,809	Feb 2019		Voyage	
Merlin	2001	50,296	Jan 2019	$	12,000	(1)
Mystic Eagle	2013	63,301	Feb 2019	$	13,000	
New London Eagle	2015	63,140	Jan 2019	$	20,350	
Nighthawk	2011	57,809	Jan 2019		Voyage	

Oriole	2011	57,809	Jan 2019	$	6,000	(6)
Osprey I	2002	50,206	Jan 2019		Voyage	
Owl	2011	57,809	Jan 2019	$	12,950	
Petrel Bulker	2011	57,809	Jan 2019	$	2,750	
Puffin Bulker	2011	57,809	Jan 2019	$	16,000	
Roadrunner Bulker	2011	57,809	Jan 2019		Voyage	
Rowayton Eagle	2013	63,301	Feb 2019		Voyage	
Sandpiper Bulker	2011	57,809	Jan 2019	$	5,600	
Shrike	2003	53,343	Jan 2019		Voyage	
Singapore Eagle	2017	63,386	Feb 2019		Voyage	
Skua	2003	53,350	Jan 2019		Voyage	
Southport Eagle	2013	63,301	Jan 2019	$	13,000	
Stamford Eagle	2016	61,530	Jan 2019		Voyage	
Stellar Eagle	2009	55,989	Mar 2019	$	22,000	
Stonington Eagle	2012	63,301	Oct 2019	$	11,650	
Tern	2003	50,209	Nov 2019	$	12,000	
Thrasher	2010	53,360	Feb 2019		Voyage	
Westport Eagle	2015	63,344	Jan 2019		Voyage	

(1) The Company signed memorandum of agreements to sell vessels, Condor and Merlin for $6.5 million and $6.1 million, respectively, after brokerage commissions and associated selling expenses. The vessels were delivered to the buyers in January 2019.
(2) The vessel is undergoing repairs at a shipyard until end of February 2019.
(3) The vessel is contracted to continue the existing time charter at an increased charter rate of $12,000 after January 22, 2019.
(4) The vessel is contracted to continue the existing time charter at an increased charter rate of $14,000 after February 1, 2019.
(5) The vessel is contracted to continue the existing time charter at an increased charter rate of $12,800 after January 11, 2019.

(6) The vessel is contracted to continue the existing time charter at an increased charter rate of $12,000 after January 5, 2019.
(7) The vessel is contracted to continue the existing time charter at an increased charter rate of $13,500 after January 4, 2019.

Market Overview

The international shipping industry is highly competitive and fragmented with no single owner accounting for more than 5% of the on-the-water drybulk fleet. As of December 31, 2018, there are approximately 11,352 drybulk vessels over 10,000 dwt totaling 841 million dwt. We compete with other (primarily private) owners of drybulk vessels in the Handysize, Supramax/Ultramax, and Panamax asset classes.

Competition in the shipping industry varies according to the nature of the contractual relationship as well as the kind of commodity being shipped. Our business will fluctuate in line with the main patterns of trade of drybulk cargoes and varies according to changes in the supply and demand for these items. Competition in virtually all bulk trades is intense and based primarily on supply of ships and demand for our ocean transportation services. We compete for charters on the basis of price, vessel location, size, age, and condition of the vessel, as well as on our reputation as an owner and operator. Increasingly, major customers are demonstrating a preference for modern vessels based on concerns about the environmental and operational risks associated with older vessels. Consequently, owners of large modern fleets have gained a competitive advantage over owners of older fleets.

Our strategy is to focus on the Supramax/Ultramax asset class, defined as drybulk vessels that range in size from approximately 50,000 to 65,000 dwt. These vessels have the cargo loading and unloading flexibility offered by their on-board cranes, while the cargo carrying capacity approaches that of Panamax, which ranges in size between 65,000 and 100,000 dwt but which require onshore facilities to load and offload their cargoes. We believe that the cargo handling flexibility and cargo carrying capacity of the Supramax/Ultramax class makes it the preferred type of ship attractive to potential charterers. As of December 31, 2018, all 47 of our owned vessels range in size between 50,000 and 64,000 dwt.

The supply of drybulk vessels depends primarily on the size of the orderbook and the scrapping of older or less efficient vessels. Net fleet growth (newbuilding deliveries less scrapping) amounted to 2.6% for 2018 as compared to 3.0% for the year prior. During 2018, newbuilding deliveries totaled 293 vessels, a decrease of approximately 36% from 2017. Scrapping totaled 57 vessels in 2018 as compared to 219 vessels in 2017 and 409 in 2016.

The typical trading life of a Supramax/Ultramax vessel is approximately 25 years. As of December 2018, 10% of the world's drybulk fleet (by vessel count) was 20 years or older. The 47 vessels in our operating fleet had an average age of approximately 9.0 years as of December 31, 2018.

In 2018, drybulk demand increased by 2.3% compared to an increase of 4.0% in 2017. The demand growth in 2018 was primarily driven by an increase in the coal trade led by China and India, and an increase in the demand for minor bulks. The BSI, a drybulk index based on 52,000 dwt vessels, averaged $11,204 for 2018, compared to $9,168 for 2017.

Looking ahead, newbuilding deliveries for 2019 (and beyond) are expected to continue moderate levels, with the orderbook currently standing at approximately 11.0% of the existing fleet, with the newbuilding orderbook for Supramax/Ultramax at 7.0% of the Supramax/Ultramax on-the-water fleet. Drybulk trade, which tends to be correlated to global GDP, is expected to grow by approximately 2.2% in 2019, driven by increased trade in coal and grains and most minor bulk commodities led by bauxite in particular.

Critical Accounting Policies and Estimates

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

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our

most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For a description of all our accounting policies, see Note 3. Significant Accounting Policies to our consolidated financial statements included herein.

Revenue Recognition

Revenues are generated from time charters and voyage charters. Time charter revenues are recognized on a straight-line basis over the term of the respective time charter agreements as service is provided. Voyage revenues for cargo transportation are recognized ratably over the estimated relative transit time of each voyage. Voyage revenue is deemed to commence upon the commencement of loading of the charterer's cargo and is deemed to end upon the completion of discharge of the cargo, provided the charter rate is fixed and determinable, and collectability is reasonably assured. The costs incurred during the period prior to commencement of loading the cargo, primarily bunkers, are deferred as they represent setup costs and recorded as a current asset and are amortized on a straight-line basis as the related performance obligations are satisfied.

In May 2014, the FASB issued ASC 606, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle is that a company should recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASC 606 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. Under ASC 606, an entity is required to perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations of the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfied a performance obligation. Additionally, the guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized.

We adopted the provisions of ASC 606 on January 1, 2018 using the modified retrospective approach. As such, the comparative information has not been restated and continues to be reported under the accounting standards in effect for periods prior to January 1, 2018. Under the modified retrospective approach, the Company recognized the cumulative effect of adopting this standard as an adjustment amounting to $0.8 million to increase the opening balance of Accumulated Deficit as of January 1, 2018. The Company recognized (i) $0.8 million of deferred costs which represents the costs such as bunker expenses and charter hire expenses on chartered-in vessels, incurred prior to the commencement of loading are recorded in other current assets and (ii) $1.6 million of unearned charter hire revenue which represents the Company's obligation to satisfy performance obligations under the contract for which the Company has received consideration from the customer.

The adoption of ASC 606 impacted the timing of recognition of revenue for certain ongoing spot voyage charter contracts, related voyage expenses and charter hire expenses. Under ASC 606, revenue is recognized from when the vessel commences loading through the completion of discharge at the discharge port instead of recognizing revenue from the discharge of the previous voyage provided an agreed non-cancellable charter between the Company and the charterer is in existence, the charter rate is fixed and determinable, and collectability is reasonably assured. Any expenses incurred during the ballast portion of the voyage (time spent by the vessel traveling from discharge port of the previous voyage to the load port of the subsequent voyage) such as bunker expenses, canal tolls and charter hire expenses for chartered-in vessels are deferred and are recognized on a straight-line basis over the charter period as the Company satisfies the performance obligations under the contract.

Revenue is based on contracted charter parties, including spot-market related time charters for which rates fluctuate based on changes in the spot market. However, there is always the possibility of dispute over terms and payment of hires and freights. In particular, disagreements may arise as to the responsibility for third party costs incurred by the customer and revenue due to us as a result. Additionally, there are certain performance parameters included in contracted charter parties, which if not met, can result in customer claims. Accordingly, we periodically assess the recoverability of amounts outstanding and estimate a provision if there is a possibility of non-recoverability. At each balance sheet date, we provide a provision based on a review of all outstanding charter receivables. Although we believe our provisions to be reasonable at the time they are made, it is possible that an amount under dispute is not ultimately recovered and the estimated provision for doubtful accounts is inadequate.

Vessel Lives and Impairment

The Company estimates the useful life of the Company's vessels to be 25 years from the date of initial delivery from the shipyard to the original owner. In addition, the Company estimates the scrap rate to be $300 per lwt, to compute each vessel's residual value, which is below the 15-year average scrap value of steel.

The carrying values of the Company's vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of new buildings. Historically, both charter rates and vessel values tend to be cyclical. We evaluate the carrying amounts and periods over which long-lived assets are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, we review certain indicators of potential impairment, such as vessel sales and purchases, business plans and overall market conditions.

If indicators of impairment are present, we perform an analysis of the undiscounted projected net operating cash flows for each vessel and compare it to the vessel's carrying value. This assessment is made at the individual vessel level since we can separately identify cash flow information for each vessel. In developing estimates of future cash flows, the Company must make assumptions about future charter rates, ship-operating expenses, and the estimated remaining useful lives of the vessels. These assumptions are based on historical trends as well as future expectations. Specifically, we utilize the rates currently in effect for the duration of their current time charters, without assuming additional profit sharing. For periods of time where our vessels are not fixed on time charters, we utilize an estimated daily time charter equivalent for our vessels' unfixed days based on a historical average of the last twenty five years of one to three years' time charters. The undiscounted projected net operating cash flows are determined by considering the future charter revenues from existing time charters for the fixed fleet days and for the unfixed days, projected FFA rates up to 2020 and an estimated daily time charter equivalent over the estimated remaining life of the vessel, assumed to be 25 years from the delivery of the vessel from the shipyard, reduced by brokerage commissions, expected outflows for vessels' maintenance and vessel operating expenses (including planned drydocking and special survey expenditures) and capital expenditures.

The Company evaluated if any impairment indicators existed as of December 31, 2018. Based on the evaluation, the Company determined that there were impairment indicators for 22 Supramax vessels in the Company's fleet for which the average vessel prices based on vessel valuations received from third party brokers were lower than their carrying values. The Company considered this to be an impairment indicator and performed an impairment test on the 22 Supramax vessels.

Of the inputs that the Company uses for its impairment analysis, future time charter rates are the most significant and most volatile. We utilize historical averages as discussed above in our impairment tests due to the highly cyclical nature of the drybulk shipping industry. Our vessels range from very new to fifteen years old, and we believe that utilizing rates over a long period of time incorporates numerous shipping cycles and reflects our strategy of operating our vessels over a long time period, and in line with the overall useful economic life of our vessels. As disclosed elsewhere herein, we also consider whether utilizing ten or fifteen year averages would impact our impairment assessment. Our vessels remain fully utilized and have a relatively long average remaining useful life of approximately 16 years in which to provide sufficient cash flows on an undiscounted basis to recover their carrying values as of December 31, 2018. Management will continue to monitor developments in charter rates in our participatory markets with respect to the expectation of future rates over an extended period.

A comparison of the average estimated daily time charter equivalent rate used in our impairment analysis with the average break even rate at which the undiscounted cash flows for the 22 vessels for which impairment test was performed will be lower than their carrying value as of December 31, 2018 ("average break even rate") for our vessels is presented below:

Vessel Class	Average estimated daily time charter rate used	Percentage decline from average estimated daily time charter rate used in impairment test at which point impairment would be recorded
Supramax	$ 12,199	(30)%

For the purpose of presenting our investors with additional information to determine how the Company's future results of operations may be impacted in the event that daily time charter rates change from their current levels in future periods, we set forth in the table below analysis that shows the 1 year, 3 year, 5 year, 10 year and 15 year averages blended rates and the effect of the use of each of these rates would have on the Company's impairment analysis:

	Incremental number of vessels	Potential Incremental Impairment (in millions)
1 year historical average	—	—
3 year historical average	3	$ 14.7
5 year historical average	3	$ 14.7
10 year historical average	—	—
15 year historical average	—	—

Management does not believe that one year, three year, and five year historical average is reflective of the cyclical nature of shipping business, which tends to have cycles much longer than one, three or five years.

Based on our impairment analysis, we determined that as of December 31, 2018, the future cash flows expected to be earned by the 22 vessels on an undiscounted basis would exceed their carrying value and therefore no impairment charges were recorded in the consolidated financial statements.

As of December 31, 2016, as part of our fleet renewal program, management considered it probable that we would divest some of our older vessels as well as certain less efficient vessels from its fleet to achieve operating cost savings. The Company identified two groups of vessels. Group 1 vessels were selected based on the shipyard they were built and their technical specifications. The group consists of five sister ships constructed in the Dayang shipyard with 53,000 dwt. These vessels were identified by management as having poorer fuel efficiency, among other reasons, compared to their peers. The second group of 11 vessels are older than 13 years and less than 53,000 dwt. Based on our projected undiscounted cash flows prior to sale, factoring the probability of sale, such vessels were determined to be impaired, and written down to their current fair value as of December 31, 2016, which was determined by obtaining broker quotes from two unaffiliated ship brokers. As a result, we recorded an impairment charge of $122.9 million in the fourth quarter of 2016. The carrying value of these vessels prior to impairment was $234.9 million. In addition to the above, in 2015, we identified six vessels as probable sales, and recognized an impairment charge in 2015 of $50.9 million. As the value of such vessels further declined in the first quarter of 2016, we recorded an additional impairment charge of $6.2 million in that quarter. Out of the six vessels initially identified in 2015, all vessels have been sold as of December 31, 2017. Out of the sixteen vessels impaired in 2016, four vessels were sold during 2017 and 2018 and a memorandum of sale agreements were signed on an additional two vessels. The Company delivered the vessels to the buyers in the first quarter of 2019.

Although management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions are highly subjective. Charter rates may remain at depressed levels for some time, which could adversely affect our revenue and profitability, and future assessments of vessel impairment. In the event that any future impairment were to occur, we would determine the fair value of the related asset and record a charge to operations calculated by comparing the asset's carrying value to its estimated fair value. We estimate fair value primarily through the use of third party valuations performed on an individual vessel basis. Such valuations are not necessarily the same as the amount any vessel may bring upon sale, which may be more or less, and should not be relied upon as such.

The table set forth below indicates the carrying value of each of our vessels as of December 31, 2018 and 2017, which we believe, based on broker quotes recently obtained, have a basic charter free market value below its carrying value. Noted below the table is the aggregate difference between the carrying value and the basic market value, which represents the approximate amount by which we believe we would have to reduce our net income if we sold all of such vessels, excluding commissions, as of December 31, 2018, on industry standard terms, in cash transactions, and to a willing buyer where we are not under any compulsion to sell, and where the buyer is not under any compulsion to buy. Additionally, given the current dynamic in the drybulk market, were we to sell a vessel, we might not be able to realize proceeds consistent with the amounts disclosed below.

	Dwt	Year Purchased	Carrying Value* as of December 31, 2018	Carrying Value* as of December 31, 2017
Drybulk Vessels				
Bittern	57,809	2009	$16.3 million *	$17.2 million *
Canary	57,809	2009	$16.4 million *	$17.2 million *
Cardinal	55,362	2005	$6.7 million	$7.1 million
Crane	57,809	2010	$17.4 million *	$18.2 million *
Crested Eagle	55,989	2009	$19.4 million *	$20.5 million *
Crowned Eagle	55,940	2008	$18.2 million *	$19.2 million *
Egret Bulker	57,809	2010	$17.5 million *	$18.3 million *
Fairfield Eagle	63,301	2017	$16.5 million	$17.1 million
Gannett Bulker	57,809	2010	$17.4 million *	$18.1 million *
Golden Eagle	55,989	2010	$20.6 million *	$21.8 million *
Goldeneye	52,421	2008	$5.0 million	$5.3 million
Grebe Bulker	57,809	2010	$17.2 million *	$18.1 million *
Greenwich Eagle	63,301	2017	$16.3 million	$16.9 million
Groton Eagle	63,301	2017	$16.4 million	$16.9 million
Hamburg Eagle	63,334	2014	$21.2 million	—
Hawk I	50,296	2005	$4.2 million	$4.4 million
Ibis Bulker	57,809	2010	$17.2 million *	$18.1 million *
Imperial Eagle	55,989	2010	$20.7 million *	$21.8 million *
Jaeger	52,483	2006	$6.0 million	$6.3 million
Jay	57,809	2010	$17.3 million *	$18.1 million *
Kestrel I	50,351	2006	$6.1 million	$6.7 million
Kingfisher	57,809	2010	$17.3 million *	$18.1 million *
Madison Eagle	63,301	2017	$16.6 million	$17.2 million
Martin	57,809	2010	$17.3 million *	$18.1 million *
Mystic Eagle	63,301	2017	$16.4 million	$17.0 million
New London Eagle	63,140	2018	$20.9 million	—
Nighthawk	57,809	2012	$18.2 million *	$19.0 million *
Oriole	57,809	2012	$18.2 million *	$19.1 million *
Osprey I	50,206	2005	$4.9 million	$5.3 million
Owl	57,809	2012	$18.2 million *	$19.1 million *
Petrel Bulker	57,809	2012	$18.2 million *	$19.1 million *
Puffin Bulker	57,809	2012	$18.3 million *	$19.1 million *
Roadrunner Bulker	57,809	2012	$18.2 million *	$19.1 million *
Rowayton Eagle	63,301	2017	$16.4 million	$17.0 million
Sandpiper Bulker	57,809	2012	$18.3 million *	$19.1 million *
Shrike	53,343	2007	$6.1 million	$6.5 million
Singapore Eagle	63,386	2017	$17.8 million	$18.5 million
Skua	53,350	2007	$6.1 million	$6.5 million
Southport Eagle	63,301	2017	$16.3 million	$16.9 million
Stamford Eagle	61,530	2016	$17.6 million	$18.3 million
Stellar Eagle	55,989	2009	$19.5 million *	$20.6 million *
Stonington Eagle	63,301	2017	$16.3 million	$16.9 million
Tern	50,209	2006	$5.7 million	$6.0 million
Thrasher	53,360	2010	$8.9 million	$9.2 million
Westport Eagle	63,344	2017	$16.4 million	$17.0 million

*****Indicates drybulk carriers for which we believe, as of December 31, 2018 and 2017, the basic charter-free market value is lower than the vessel's carrying value. We believe that the aggregate carrying value of these vessels exceed their December 31, 2018 and 2017 aggregate basic charter-free market value by approximately $118.0 million and $122.0 million, respectively.

Deferred Drydock Cost

There are two methods that are used by the shipping industry to account for drydockings: (a) the deferral method where drydock costs are capitalized when incurred and amortized over the period to the next scheduled drydock; and (b) expensing drydocking costs in the period it is incurred. We use the deferral method of accounting for drydock expenses. Under the deferral method, drydock expenses are capitalized and amortized on a straight-line basis until the next drydock, which we estimate to be a period of two and a half to five years. We believe the deferral method better matches costs with revenue than expensing the costs as incurred. We use judgment when estimating the period between drydock performed, which can result in adjustments to the estimated amortization of drydock expense. If the vessel is disposed of before the next drydock, the remaining balance in deferred drydock is written-off to the gain or loss upon disposal of vessels in the period when contracted. We expect that our vessels will be required to be drydocked approximately every 30 months for vessels older than 15 years and 60 months for vessels younger than 15 years.

Costs deferred as part of the drydocking include direct costs that are incurred as part of the drydocking to meet regulatory requirements. During drydocking, we capitalize into the cost basis of the vessel any expenditures that add economic life to the vessel, increase the vessel's earnings capacity or improve the vessel's efficiency. Expenditures for normal maintenance and repairs, whether incurred as part of the drydocking or not, are expensed as incurred. Unamortized drydocking costs are written off as drydocking expense if the vessels are drydocked earlier than the applicable amortization period. Unamortized drydocking costs of vessels that are sold are written off and included in the calculation of the resulting gain or loss in the year of the vessels' sale.

Vessel acquisition

Where we identify any intangible assets or liabilities associated with the acquisition of a vessel, we record all identified tangible and intangible assets or liabilities at fair value. Fair value is determined by reference to market data and the amount of expected future cash flows. We value any asset or liability arising from the market value of the time charters assumed when an acquired vessel is delivered to us.

Where we have assumed an existing charter obligation or enter into a time charter with the existing charterer in connection with the purchase of a vessel at charter rates that are less than market charter rates, we record a liability in fair value below contract value of time charters acquired based on the difference between the assumed charter rate and the market charter rate for an equivalent vessel. Conversely, where we assume an existing charter obligation or enter into a time charter with the existing charterer in connection with the purchase of a vessel at charter rates that are above market charter rates, we record an asset in fair value above contract value of time charters acquired, based on the difference between the market charter rate and the contracted charter rate for an equivalent vessel. This determination is made at the time the vessel is delivered to us, and such assets and liabilities are amortized to revenue over the remaining period of the charter. The determination of the fair value of acquired assets and assumed liabilities requires us to make significant assumptions and estimates of many variables including market charter rates, expected future charter rates, future vessel operation expenses, the level of utilization of our vessels and our weighted average cost of capital. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on our financial position and results of operations. In the event that the market charter rates relating to the acquired vessels are lower than the contracted charter rates at the time of their respective deliveries to us, our net earnings for the remainder of the terms of the charters may be adversely affected although our cash flows will not be affected.

Results of operations for years ended December 31, 2018, 2017 and 2016

Factors Affecting our Results of Operations

The following tables represent the operating data and certain financial statement data for the years ended December 31, 2018, 2017 and 2016 on a consolidated basis.

We believe that the important measures for analyzing future trends in our results of operations consist of the following:

	For the Years Ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Ownership Days	17,213	16,293	15,408
Chartered-in Days	3,294	3,353	1,494
Available Days	20,083	19,245	16,695
Operating Days	19,921	19,140	16,485
Fleet Utilization	99.2%	99.5%	98.7%

- *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.

- *Chartered-in Days*: We define chartered-in days as the aggregate number of days in a period during which the Company chartered-in vessels.

- *Available days:* We define available days as the number of our ownership days and chartered-in days less the aggregate number of days that our vessels are off-hire due to vessel familiarization upon acquisition, repairs, vessel upgrades or special surveys. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues. We drydocked 11 vessels in 2018, three vessels in 2017 and nine vessels in 2016.

- *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 any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

- *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 amount 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. Our fleet continues to perform at very high utilization rates.

Time Charter and Voyage Revenue

Shipping revenues are highly sensitive to patterns of supply and demand for vessels of the size and design configurations owned and operated by a company and the trades in which those vessels operate. In the drybulk sector of the shipping industry, rates for the transportation of drybulk cargoes such as ores, grains, steel, fertilizers, and similar commodities, are determined by market forces such as the supply and demand for such commodities, the distance that cargoes must be transported, and the number of vessels available or expected to be available at the time such cargoes need to be transported. The demand for shipments is significantly affected by the state of the global economy and in discrete geographical areas. The number of vessels is affected by newbuilding deliveries and by the removal of existing vessels from service, principally due to scrapping.

The mix of charters between spot or voyage charters and mid-term time charters also affects revenues. Because the mix between voyage charters and time charters significantly affects shipping revenues and voyage expenses, vessel revenues are benchmarked based on net charter hire income. Net charter hire income comprises revenue from vessels operating on time charters, and voyage revenue less voyage expenses from vessels operating on voyage charters in the spot market and charter hire expenses. Net charter hire income serves as a measure of analyzing fluctuations between financial periods and as a method of equating revenue generated from a voyage charter to time charter revenue.

The following table represents the reconciliation of Net charter hire income for the years ended December 31, 2018, 2017, and 2016.

	For the Years Ended		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Revenues, net	$ 310,094,258	$ 236,784,625	$ 124,492,844
Voyage Expenses	79,566,452	62,351,252	42,093,714
Charter hire expenses	38,045,778	31,283,956	12,845,468
Net charter hire income	$ 192,482,028	$ 143,149,417	$ 69,553,662
% of Net charter hire from			
Time charter	64%	60%	64%
Voyage charter	36%	39%	35%
Commercial pool	—%	1%	1%

Our economic decisions are primarily based on anticipated Net charter hire rates and we evaluate financial performance based on Net charter rates achieved. Our revenues are driven primarily by the number of vessels in our fleet, the number of days during which our vessels operate and the net charter hire that our vessels earn under charters, which, in turn, are affected by a number of factors, including:

- the duration of our charters;
- our decisions relating to vessel acquisitions and disposals;
- the amount of time that we spend positioning our vessels;
- the amount of time that our vessels spend in drydock undergoing repairs;
- maintenance and upgrade work;
- the age, condition and specifications of our vessels;
- levels of supply and demand in the drybulk shipping industry; and
- other factors affecting spot market charter rates for drybulk carriers.

Our revenues for the years ended December 31, 2018, 2017 and 2016 were earned from time charters, voyage charters and commercial pools. We did not have any vessels employed in commercial pools for the year ended December 31, 2018. As is common in the shipping industry, we pay commissions ranging from 1.25% to 5.00% of the total daily charter hire rate of each charter to unaffiliated ship brokers and in-house brokers associated with the charterers, depending on the number of brokers involved with arranging the charter.

Revenues, net for the year ended December 31, 2018 were $310.1 million, an increase of 31% compared to the prior year ended December 31, 2017 primarily due to an increase in charter hire rates attributable to an improvement in the drybulk market and increase in available days. The increase in available days was due to the acquisition of 10 Ultramax vessels during 2017 and two Ultramax vessels during 2018 offset by the sale of two vessels in 2018. The chartered-in days for the year ended December 31, 2018 were 3,294 compared to 3,353 in the prior year.

Revenues, net for the years ended December 31, 2017 and 2016 were $236.8 million and $124.5 million, respectively. Net revenues for the year ended December 31, 2017 were 90% higher than net revenues for the year ended December 31, 2016, primarily due to an increase in charter hire rates attributable to an improvement in the drybulk market and increase in available days. The increase in available days was due to acquisition of 10 Ultramax vessels and an increase in chartered-in days offset by the sale of four vessels during 2017. The chartered-in days for the years ended December 31, 2017 and 2016 were 3,353 and 1,494, respectively.

Voyage Expenses

To the extent that we employ our vessels on voyage charters, we incur expenses that include but not limited to bunkers, port charges, canal tolls and brokerage commissions, as these expenses are borne by the vessel owner on voyage charters. Bunkers, port charges, and canal toll expenses primarily increase in periods during which vessels are employed on voyage charters.

Voyage expenses for the year ended December 31, 2018 were $79.6 million, compared with $62.4 million for the year ended December 31, 2017. Voyage expenses have primarily increased due to an increase in bunker prices in the current year compared to the prior year.

Voyage expenses for the year ended December 31, 2017 were $62.4 million, compared with $42.1 million for the year ended December 31, 2016. Voyage expenses have primarily increased due to an increase in bunker prices as well as an increased number of freight voyages performed in 2017 compared to 2016.

Vessel expenses

Vessel expenses include expenses relating to crewing costs, vessel operations, general vessel maintenance, regulatory and classification society compliance, repairs, stores, supplies, spare parts and technical consultants.

Vessel expenses for the year ended December 31, 2018 were $81.3 million, which represents an increase of $2.7 million, compared with $78.6 million for the year ended December 31, 2017. The increase in vessel expenses is attributable to the increase in the owned fleet due to the purchase of 10 Ultramax vessels in 2017 and two Ultramax vessels in 2018 offset by the sale of four vessels during 2017 and two vessels during 2018. The ownership days for the year ended December 31, 2018 were 17,213 compared to 16,293 for the prior year ended December 31, 2017.

Vessel expenses for the year ended December 31, 2017 were $78.6 million, which represents an increase of $4.6 million compared with $74.0 million for the year ended December 31, 2016. The increase in vessel expenses is attributable to the increase in the owned fleet due to the purchase of 10 Ultramax vessels offset by the sale of four vessels during 2017 and four vessels during 2016. The ownership days for the year ended December 31, 2017 were 16,293 compared to 15,408 for the prior year ended December 31, 2016.

We believe daily vessel expenses are a good measure for comparative purposes over a 12-month period in order to take into account all of the expenses that each vessel in our fleet will incur over a full year of operation.

Average daily vessel expenses for our fleet for the year ended December 31, 2018 were $4,725 compared to $4,825 for the year ended December 31, 2017.

Average daily vessel expenses for our fleet for the year ended December 31, 2017 were $4,825 as compared to $4,803 in 2016.

Insurance expense varies with overall insurance market conditions as well as the insured's loss record, level of insurance and desired coverage. The main insurance expenses include hull and machinery insurance (i.e. asset insurance) costs, loss of hire insurance, Protection, and Indemnity ("P&I") insurance (i.e. liability insurance) costs. Certain other insurances, such as basic war risk premiums based on voyages into designated war risk areas are often for the account of the charterers for time charter voyages and on owners' account for voyage charters.

Our vessel expenses, which generally represent costs under the vessel operating budgets, cost of insurance and vessel registry and other regulatory fees, will increase with the enlargement of our fleet. Other factors beyond our control, some of which may affect the shipping industry in general, may also cause these expenses to increase, including, for instance, developments relating to market prices for crew, insurance and petroleum-based lubricants and supplies.

Charter Hire Expense

The charter hire expenses for the year ended December 31, 2018 were $38.0 million compared to $31.3 million for the year ended December 31, 2017. The increase in charter hire expenses in 2018 compared with 2017 was mainly due to an increase in charter hire rates attributable to an improvement in the drybulk market. The chartered-in operating days for 2018 were 3,294 compared to 3,353 in 2017. The Company currently charters in three vessels on a long term basis.

The charter hire expenses for the year ended December 31, 2017 were $31.3 million compared to $12.8 million for the year ended December 31, 2016. The increase in charter hire expenses in 2017 compared with 2016 was mainly due to an increase in short term chartered-in vessels resulting from successful implementation of our business strategy. The chartered-in operating days for 2017 were 3,353 compared to 1,494 in 2016.

Depreciation and Amortization

We depreciate the cost of our vessels on a straight-line basis over the expected useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated residual value. We estimate the useful life of our vessels to be 25 years from the date of initial delivery from the shipyard to the original owner. We estimate the scrap rate to be $300/lwt to compute each vessel's residual value.

Depreciation and amortization expenses for the years ended December 31, 2018 and 2017 were $37.7 million and $33.7 million, respectively. The increase in depreciation expense is primarily due to an increase in the owned fleet due to the combined acquisition of 12 vessels in 2017 and 2018 offset by the sale of four vessels in 2017 and two vessels in 2018. Total depreciation and amortization expenses for the year ended December 31, 2018 includes $32.4 million of depreciation and $5.4 million of deferred drydocking amortization. Total depreciation and amortization expenses for the year ended December 31, 2017 includes $29.4 million of depreciation and $4.3 million of amortization of deferred drydocking costs.

Depreciation and amortization expenses for the year ended December 31, 2017 were $33.7 million, compared to $38.9 million for the year ended December 31, 2016. The decrease was primarily due to a lower depreciation base after the impairment write down of $122.0 million in the fourth quarter of 2016 and $6.1 million in the first quarter of 2016 and the sale of four vessels during 2017 and four vessels during 2016 offset by the purchase of 10 Ultramax vessels during 2017 and
one Ultramax vessel during the fourth quarter of 2016. Total depreciation and amortization expenses for the year ended December 31, 2017 includes $29.4 million of depreciation and $4.3 million of deferred drydocking amortization. Total depreciation and amortization expenses for the year ended December 31, 2016 includes $35.6 million of depreciation and $3.3 million of amortization of deferred drydocking costs.

Drydocking relates to our regularly scheduled maintenance program necessary to preserve the quality of our vessels as well as to comply with international shipping standards and environmental laws and regulations. Management anticipates that vessels are to be drydocked every two and a half years for vessels older than 15 years and every five years for vessels younger than 15 years, accordingly, these expenses are deferred and amortized over that period.

General and Administrative Expenses

Our general and administrative expenses include onshore vessel administration related expenses such as technical management, legal and professional expenses and recurring administrative and other expenses including payroll and expenses relating to our executive officers and office staff, office rent and expenses, directors fees, and directors and officers insurance. General and administrative expenses also include stock-based compensation expenses.

General and administrative expenses for the years ended December 31, 2018 and 2017 were $36.2 million and $33.1 million, respectively. The increase in general and administrative expenses in 2018 was primarily due to an increase in compensation expense due to increased head count and higher stock-based compensation expense in the current year compared to the prior year. The higher general and administrative expenses are reflective of the expansion of our operating platform.

General and administrative expenses for the years ended December 31, 2017 and 2016 were $33.1 million and $22.9 million, respectively. The increase in general and administrative expenses in 2017 was primarily due to an increase in stock-based compensation expenses due to additional stock grants in the fourth quarter of 2016 and first quarter of 2017 and compensation expense due to increased head count.

General and administrative expenses include stock-based compensation charges of $9.2 million and $8.7 million, respectively, for the years ended December 31, 2018 and 2017. These stock-based compensation charges relate to the stock options and restricted stock units granted to certain members of management, employees and certain directors of the Company under the 2016 Plan. Please see Note 12. Stock Incentive Plans to the consolidated financial statements.

Interest and Finance Costs

Interest expense consisted of:

	For the Years Ended		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
First Lien Facility / Exit Financing Facility Interest *	$ —	$ 10,305,275	$ 9,938,822
Amortization of debt discount and debt issuance costs	1,913,651	5,927,984	4,532,481
Payment-in-Kind interest on Second Lien Facility	—	10,098,401	7,327,843
Original Ultraco Debt Facility Interest	3,774,309	1,269,581	—
Norwegian Bond Debt interest	16,424,449	1,558,333	—
New First Lien Facility	3,509,790	209,420	—
Super Senior Revolving Credit Facility - commitment fees	121,332	8,000	—
Total Interest Expense	$ 25,743,531	$ 29,376,994	$ 21,799,146

* The Exit Financing Facility (as defined herein) was amended and restated on March 30, 2016 as a result of entering into the First Lien Facility.

For the year ended December 31, 2018, interest rates on the Norwegian Bond Debt was 8.25%. The weighted average effective interest rate including amortization of debt discount and debt issuance costs for the year was 8.91%. The interest rates on the Original Ultraco Debt Facility ranged from 4.64% to 5.76% including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate for the year was 5.58%. The interest rates on the New First Lien Facility ranged from 4.91% to 5.89% including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the revolver credit facility of the New First Lien Facility. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for the year was 6.12%.

For the year ended December 31, 2017, interest rates on our outstanding debt under First Lien Facility ranged from 4.77% to 5.35%, including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate was 6.18%. The interest rates on our outstanding debt under the Original Ultraco Debt Facility ranged from 4.19% to 4.28%, including a margin over LIBOR applicable under the terms of the Original Ultraco Debt Facility which was entered into on June 28, 2017. The weighted average effective interest rate was 4.71%. The Norwegian Bond debt carries an interest rate of 8.25%. The weighted average effective interest rate on the same was 8.84%. The interest rate on our outstanding debt under New First Lien Facility was 4.83% including a margin over LIBOR applicable under the terms of the New First Lien Facility which was entered into on December 8, 2017. The weighted average effective interest rate was 5.21%.

For 2016, interest rates on our outstanding debt ranged from 3.86% to 4.99%, including a margin over LIBOR applicable under the terms of the First Lien Facility/Exit Financing Facility. The weighted average effective interest rate including the amortization of debt discount for this period was 6.83%.

For 2017 and 2016, the payment-in-kind interest rate on our Second Lien Facility was 15% including a margin over LIBOR. The weighted average effective interest rate on our Second Lien Facility including the amortization of debt discount was 17.05%. In December 2017, the Company paid in full $17.4 million of payment-in-kind interest.

Forward freight agreements

The Company trades in FFAs and bunkers swaps, with the objective of utilizing this market as economic hedging instruments that reduce the risk of specific vessels to changes in the freight market. The Company’s FFAs and bunker swaps have not qualified for hedge accounting treatment. As such, unrealized and realized gains are recognized as a component of other expense in the Consolidated Statements of Operations.

The effect of non-designated derivative instruments on the Consolidated Statements of Operations is as follows:

Derivatives not designated as hedging instruments	Location of (gain)/loss recognized	For the Years Ended December 31, 2018	December 31, 2017	December 31, 2016
FFAs	Other (income)/expense	$ (471,679)	$ 375,672	$ 561,495
Bunker Swaps	Other (income)/expense	345,438	(413,577)	—
Total		$ (126,241)	$ (37,905)	$ 561,495

Derivatives not designated as hedging instruments	Balance Sheet location	For the Years Ended December 31, 2018	December 31, 2017
FFAs - Unrealized loss	Fair value of Derivatives	$ —	$ 73,170
Bunker Swaps - Unrealized loss	Fair value of Derivatives	929,313	—
FFAs - Unrealized gain	Other current assets	669,240	—
Bunker Swaps - Unrealized gain	Other current assets	—	128,845

Cash Collateral Disclosures

The Company does not offset fair value amounts recognized for derivatives by the right to reclaim cash collateral or the obligation to return cash collateral. The amount of collateral to be posted is defined in the terms of respective master agreement executed with counterparties or exchanges and is required when agreed upon threshold limits are exceeded. As of December 31, 2018 and December 31, 2017, the Company posted cash collateral related to derivative instruments under its collateral security arrangements of $0.8 million and $0.2 million, respectively, which is recorded within other current assets in the consolidated balance sheets.

Loss on extinguishment

On December 8, 2017, the Company paid outstanding debt of approximately $265.0 million under the First Lien Facility and the Second Lien Facility through the New First Lien Facility of $65.0 million and issuance of $200.0 million Senior Secured Bonds. As a result, the Company recognized a $15.0 million loss on debt extinguishment in the fourth quarter of 2017. Please see Note 8. Debt to the consolidated financial statements.

Effects of Inflation

The Company does not believe that inflation has had or is likely, in the near future, to have a significant impact on vessel operating expenses, drydocking expenses and general and administrative expenses.

Liquidity and Capital Resources

The following table presents the cash flow information for the years ended December 31, 2018, 2017 and 2016:

	For the Years Ended		
(in thousands of U.S. dollars)	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Net cash provided by/(used in) operating activities	$ 45,470	$ (10,037)	$ (45,434)
Net cash used in investing activities	(31,014)	(155,250)	(9,347)
Net cash provided by financing activities	7,381	145,022	106,335
Increase/(Decrease) in cash and cash equivalents	**21,838**	**(20,265)**	**51,554**
Cash, cash equivalents including restricted cash, beginning of year	56,326	76,591	25,037
Cash and cash equivalents including restricted cash, end of year	**$ 78,164**	**$ 56,326**	**$ 76,591**

Net cash provided by operating activities for the year ended December 31, 2018 was $45.5 million, compared with net cash used in operating activities of $10.0 million in 2017. The increase in cash flow provided by operations resulted from an increase in the charter hire rates achieved by the Company in the current year offset by higher drydocking expenditures in the current year compared to prior year. Additionally, the Company paid $17.4 million of payment-in-kind interest on the Second Lien Facility as part of the debt refinancing transaction in the fourth quarter of 2017.

Net cash used in operating activities for the year ended December 31, 2017 was $10.0 million, compared to $45.4 million in 2016. The increase in cash flow provided by operations resulted from an increase in the charter hire rates achieved by the Company coupled with an improving drybulk market offset by negative working capital changes as an increasing percentage of our revenue is earned on voyage charters as opposed to time charters. Additionally, the Company paid $17.4 million of payment-in-kind interest which represented payment-in-kind interest for the years ended December 31, 2017 and 2016 on the Second Lien Facility as part of the debt refinancing transaction in the fourth quarter of 2017.

Net cash used in investing activities for the year ended December 31, 2018 was $31.0 million, compared to $155.2 million in the prior year. During 2018, the Company purchased two Ultramax vessels for $41.4 million and paid an advance on one Ultramax vessel of $2.0 million offset by the proceeds from the sale of two vessels for $20.5 million. Additionally, the Company paid $12.3 million for purchase and installation of Scrubbers and ballast water treatment systems on our fleet, which are recorded in Other assets on our Consolidated Balance Sheet as of December 31, 2018.

During 2017, the Company purchased ten Ultramax vessels for $174.4 million and paid an advance on the purchase of one Ultramax vessel for $2.2 million partially offset by the proceeds from the sale of four vessels for $26.0 million. During 2017, the Company purchased a certificate of deposit maturing in one year of $4.5 million. During 2016, the Company purchased a 2016 built Ultramax for $18.9 million. In addition, the Company paid $1.9 million as an advance payment for the acquisition of a 2017 built Ultramax. The Company sold four vessels during 2016 for net proceeds of $13.0 million.

Net cash provided by financing activities for the year ended December 31, 2018 was $7.4 million, compared to $145.0 million in the prior year ended December 31, 2017. During 2018, the Company borrowed $21.4 million under the Original Ultraco Debt Facility in connection with the purchase of two Ultramax vessels offset by repayment of the revolver credit facility under New First Lien Facility of $5.0 million and repayment of outstanding bonds of $4.0 million. Additionally, the Company paid $2.2 million of debt issuance costs for the existing debt facilities and $2.6 million towards shares withheld for withholding taxes due to the vesting of restricted shares.

During 2017, the Company received net proceeds of $96.0 million in a private placement of approximately 22.2 million shares of the Company's common stock which closed on January 20, 2017 and repaid $13.0 million of its term loan under the First Lien Facility from the proceeds of the sale of the vessels Redwing, Sparrow, Woodstar and Wren. Additionally, the Company completed a refinancing of approximately $197.0 million under the First Lien Facility and $60.0 million under the Second Lien Facility through the New First Lien Facility of $65.0 million and issuance of $200.0 million Senior Secured Bonds issued at a discount of $1.9 million. The Company borrowed $61.2 million under the Original Ultraco Debt Facility

in the second quarter of 2017. The Company paid $5.9 million in debt issuance costs. Please see Note 8. Debt to the consolidated financial statements.

In 2016, the Company received net proceeds of $85.7 million from a private common stock placement, which closed on August 10, 2016, $60.0 million received from our Second Lien Loan Facility and $15.2 million from the revolver under the First Lien Facility offset by repayment of $51.5 million of our term loan and revolver each under the First Lien Facility. The Company also paid $3.1 million in deferred financing costs.

As of December 31, 2018, our cash and cash equivalents balance was $67.2 million compared to a cash and cash equivalents balance of $56.3 million at December 31, 2017. In addition, our restricted cash balance at December 31, 2018 was $11.0 million which includes $10.9 million proceeds from the sale of the vessel Thrush and $74,917 for collateralizing letters of credit relating to our office leases. As of December 31, 2017, our restricted cash balance was $74,917 for collateralizing letters of credit relating to our office leases.

At December 31, 2018, the Company’s debt net of $7.8 million debt discount and debt issuance costs totaled $330.8 million of which $29.2 million is shown in the current portion of long-term debt and $301.6 million in noncurrent liabilities. In addition, as of December 31, 2018, we had $20.0 million in undrawn revolver available under the Super Senior Facility and New First Lien Facility.

On January 25, 2019, Ultraco entered into the New Ultraco Debt Facility, which provides for an aggregate principal amount of $208.4 million, consisting of (i) a term loan facility of $153.4 million and (ii) a revolving credit facility of $55.0 million. The proceeds from the New Ultraco Debt Facility were used to repay the outstanding debt including accrued interest under the Original Ultraco Debt Facility and the New First Lien Facility in full and for general corporate purposes. Outstanding borrowings under the New Ultraco Debt Facility bear interest at LIBOR plus 2.50% per annum. Please see Note 8. Debt to the consolidated financial statements.

Our principal sources of funds are operating cash flows, long-term bank borrowings and borrowings under our revolving credit facility. Our principal use of funds is capital expenditures to establish and grow our fleet, maintain the quality of our vessels, comply with international shipping standards and environmental laws and regulations, fund working capital requirements and repayments of interest and principal on our outstanding loan facilities.

We believe that our current financial resources, together with the undrawn revolver under the Super Senior Facility and New First Lien Facility and cash generated from operations will be sufficient to meet our ongoing business needs and other obligations over the next twelve months. Our ability to generate sufficient cash depends on many factors beyond our control including, among other things, continuing to improve the profitability of its operations and future cash flows, which contemplates an improvement in charter rates.

Dividends

The Company did not make any dividend payments in 2018, 2017 and 2016. In the future, the declaration and payment of dividends, if any, will always be subject to the discretion of the board of directors, restrictions contained in the Company’s debt facilities, and the requirements of Marshall Islands law. The timing and amount of any dividends declared will depend on, among other things, the Company's earnings, financial condition and cash requirements and availability, the ability to obtain debt and equity financing on acceptable terms as contemplated by the Company's growth strategy, the terms of its outstanding indebtedness and the ability of the Company's subsidiaries to distribute funds to it. The Company does not currently expect to pay dividends in the near term.

Debt Agreements

Refer to Note 8. Debt to our consolidated financial statements above for a summary of our credit agreements.

Contractual Obligations

The following table sets forth our expected contractual obligations and their maturity dates as of December 31, 2018:

Contractual Obligation	**Payment Due by Period**				
(in thousands of dollars)	**2019**	**2020-2021**	**2022-2023**	**2024 +**	**Total**
Bank Loans(1)	$ 21,176	$ 33,882	$ 87,542	$ —	$ 142,600
Interest and borrowing fees(1)	24,828	44,757	19,673	—	89,258
Norwegian Bond Debt (1)	8,000	16,000	172,000	—	196,000
Chartering agreement (2,3)	13,965	17,462	—	—	31,427
Office lease	715	1,436	728	—	2,879
Vessel acquisition (4)	18,360	—	—	—	18,360
Vessel Improvements (5)	65,905	14,547	—	—	80,452
Total	$ 152,949	$ 128,084	$ 279,943	$ —	$ 560,976

(1) This table does not take into account obligations incurred under the New Ultraco Debt Facility and the refinancing of the Original Ultraco Debt Facility and the New First Lien Facility that occurred on January 25, 2019. See Note 8. Debt to our consolidated financial statements. Interest is based on LIBOR assumption of 3.21%.
(2) Does not include obligations of chartered-in vessels less than one year.
(3) Includes charter hire obligations on three chartered-in vessels with daily charter rates ranging between $12,800 to $15,250. Please see Note 10. Commitments and Contingencies to the consolidated financial statements.
(4) On December 21, 2018, the Company signed a memorandum of agreement to purchase a 2015 built Ultramax vessel for $20.4 million. As of December 31, 2018, the Company paid a deposit of $2.0 million. The Company took delivery of the vessel in the first quarter of 2019.
(5) This amount includes the Company's projected costs related to the ballast water treatment systems ("BWTS") and 34 Scrubbers. BWTS includes costs for 2 vessels sold in January 2019 and excludes the cost for the three scrubber options declared in January 2019 which amounted to $6.6 million.

Capital Expenditures

Our capital expenditures relate to the purchase of vessels and capital improvements to our vessels, which are expected to enhance the revenue earning capabilities and compliance with new regulations.

In addition to acquisitions that we may undertake in future periods, the Company's other major capital expenditures include funding the Company's program of regularly scheduled drydocking and vessel improvements necessary to comply with international shipping standards and environmental laws and regulations. Although the Company has some flexibility regarding the timing of its drydocking, the costs are relatively predictable. Management anticipates that vessels are to be drydocked every two and a half years for vessels older than 15 years and five years for vessels younger than 15 years. Funding of these requirements is anticipated to be met with cash from operations. We anticipate that the process of recertification will require us to reposition these vessels from a discharge port to shipyard facilities, which will reduce our available days and operating days during that period.

On August 14, 2018, the Company entered into a contract for installation of BWTS on our owned vessels. The projected costs, including installation, is approximately $0.5 million per BWTS. The Company intends to complete the installation during scheduled drydockings in the next three years. The Company recorded $1.0 million in Other assets in the Consolidated Balance Sheet as of December 31, 2018.

On September 4, 2018, the Company announced it had entered into a series of agreements to purchase up to 37 Scrubbers which are to be retrofitted on owned vessels. The Agreements are comprised of firm orders for 19 Scrubbers and up to an additional 18 units, at the Company’s option. On November 20, 2018, the Company announced that it had exercised its option to purchase 15 of the 18 optional Scrubbers, and on January 23, 2019, the Company announced that it had exercised the remaining 3 options. The projected costs, including installation, is approximately $2.2 million per Scrubber. The Company recorded $16.9 million in Other assets in its Consolidated Balance Sheet as of December 31, 2018. The Company intends to

complete the retrofit of a majority of vessels prior to the January 1, 2020, which is the implementation date of the new sulphur emission cap as set forth by the IMO.

Drydocking costs incurred are deferred and amortized to expense on a straight-line basis over the period through the date of the next scheduled drydocking for those vessels. In 2018, 11 of our vessels were drydocked and we incurred $8.3 million in drydock related costs. In 2017, three of our vessels were drydocked and we incurred $2.6 million in drydocking related costs.

The following table represents certain information about the estimated costs for anticipated vessel drydockings, BWTS, and scrubber installations in the next four quarters, along with the anticipated off-hire days:

		Projected Costs[2] (in millions)		
Quarter Ending	**Off-hire Days[1]**	**BWTS**	**Scrubbers**	**Drydocks**
March 31, 2019	87	$ 0.9	22.2	1.6
June 30, 2019	167	$ 2.5	15.4	1.8
September 30, 2019	192	$ 3.6	15.3	3.1
December 31, 2019	246	$ 2.8	13.7	5.1

(1) Actual duration of off-hire days will vary based on the age and condition of the vessel, yard schedules and other factors.

(2) Actual costs will vary based on various factors, including where the drydockings are actually performed.

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Other Contingencies

We refer you to Note 10. Commitment and Contingencies to our consolidated financial statements included in this Annual Report for a discussion of our contingencies related to claim litigation. The potential impact from legal proceedings on our business, liquidity, results of operations, financial position and cash flows, could change in the future.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

Interest Rate Risk

The Company is exposed to market risk from changes in interest rates, which could impact its results of operations and financial condition. The Company's objective is to manage the impact of interest rate changes on earnings and cash flows of its borrowings. The Company expects to manage this exposure to market risk through its regular operating and financing activities and, when deemed appropriate, using derivative financial instruments. The Company may use interest rate swaps to manage net exposure to interest rate changes related to its borrowings and to lower its overall borrowing costs.

At December 31, 2018, the Company's debt consisted of $196.0 million in senior secured bonds, net of $5.5 million debt discount and debt issuance costs under the Norwegian Bond Debt, $60.0 million in term loan and revolver, net of $1.0 million debt discount and debt issuance costs under the New First Lien Facility and $82.6 million, net of $1.2 million debt discount and debt issuance costs under the Original Ultraco Debt Facility. In addition, we have $20.0 million in undrawn revolver available under the Super Senior Facility and New First Lien Facility. The Norwegian Bond Debt carries a fixed interest rate of 8.25% and therefore does not carry any exposure to interest rate increases. Our outstanding debt under the New First Lien Facility and the Original Ultraco Debt Facility carries an interest of margin plus LIBOR and therefore exposed to interest rate fluctuations. Our total cash interest expense for the year ended December 31, 2018 on our outstanding debt facilities excluding the Norwegian Bond Debt was $7.4 million compared to $11.8 million, which also excludes Payment-in-Kind interest, for the year ended December 31, 2017. The table below provides sensitivity analysis of changes in interest rates for an increase or decrease of 100 basis points and an increase of 200 basis points and the increase in annual interest expense under each scenario. The below analysis excluded our Norwegian Bond Debt which is not subject to variable LIBOR.

	Incremental interest expense	
	For the year ended December 31, 2018	For the year ended December 31, 2017
+200 basis points	$ 2,852,000	$ 2,524,000
+100 basis points	1,426,000	1,262,000
-100 basis points	(1,426,000)	(1,262,000)

For the year ended December 31, 2018, interest rates on Norwegian Bond Debt was 8.25%. The weighted average effective interest rate including amortization of debt discount and debt issuance costs for the year was 8.91%. The interest rates on the Original Ultraco Debt Facility ranged from 4.64% to 5.76% including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate for the year was 5.58%. The interest rates on the New First Lien Facility ranged from 4.91% to 5.89% including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the revolver credit facility of the New First Lien Facility. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for the year was 6.12%.

For the year ended December 31, 2017, interest rates on our outstanding debt under First Lien Facility ranged from 4.77% to 5.35%, including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate was 6.18%. The interest rates on our outstanding debt under the Original Ultraco Debt Facility ranged from 4.19% to 4.28%, including a margin over LIBOR applicable under the terms of the Original Ultraco Debt Facility which was entered into on June 28, 2017. The weighted average effective interest rate was 4.71%. The Norwegian Bond debt carries an interest rate of 8.25%. The weighted average effective interest rate on the same was 8.84%. The interest rate on our outstanding debt under New First Lien Facility was 4.83% including a margin over LIBOR applicable under the terms of the New First Lien Facility which was entered into on December 8, 2017. The weighted average effective interest rate was 5.21%.

Foreign Currency and Exchange Rate Risk

The shipping industry in which the Company operates substantially transacts using the U.S. dollar. The Company generates all of its revenues in U.S. dollars and the Company's current exposure to currency fluctuations is not material. The majority of the Company's operating expenses and the entirety of its management expenses are in U.S. dollars. However, we incur some of our voyage expenses and vessel expenses in other currencies. The amount and frequency of some of these expenses may fluctuate from period to period. Depreciation in the value of the U.S. dollar relative to other currencies will increase the U.S. dollar cost to us of paying such expenses. There is currently no expectation that that there would be an increase in the business conducted in

foreign currencies. In the future if there is a substantial increase in our foreign currency transactions, our exposure could increase and we may seek to hedge against any currency fluctuation.

Item 8. ***Financial Statements and Supplementary Data***

The information required by this item is contained in the financial statements set forth in Item 15(a) under the caption "Consolidated Financial Statements" as part of this Annual Report on Form 10-K.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and our Chief Financial Officer, has conducted an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act as of the end of the period covered by this Annual Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2018. The Company’s disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on management’s assessment and those criteria, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2018.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the Company's assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2018 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included in Part IV. Item 15. Exhibits, Financial Statement Schedules under the heading, "Report of Independent Registered Public Accounting Firm".

Changes in Internal Control Over Financial Reporting

In addition, we evaluated our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act and there have been no changes in our internal control over financial reporting that occurred during the fourth quarter of 2018 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

None

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Information regarding our directors, executive officers and certain corporate governance items will be included in the proxy statement for the 2019 annual meeting of shareholders, to be filed within 120 days after December 31, 2018, and is incorporated by reference to this report.

Item 11. ***Executive Compensation***

Information regarding executive compensation will be included in the proxy statement for the 2019 annual meeting of shareholders, to be filed within 120 days after December 31, 2018, and is incorporated by reference to this report.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

On October 15, 2014, the Company adopted the post-bankruptcy emergence Management Incentive Program, which provided for the distribution of Company equity in the form of shares of Company common stock, and options, to the participating senior management and other employees of the reorganized Company (the "2014 Plan"). There are 513,863 shares of common stock to be issued upon exercise of outstanding options and vesting of restricted shares which were not granted under the 2014 Plan, but are subject to the terms of the 2014 Plan.

On December 15, 2016, the Company adopted the 2016 Equity Incentive Plan (the "2016 Plan") which replaced the 2014 Plan. Outstanding awards under the 2014 Plan will continue to be governed by the terms of the 2014 Plan until exercised, expired or otherwise terminated or cancelled. Under the terms of the 2016 Plan, a maximum of 5,348,613 shares may be issued. Any director, officer, employee or consultant of the Company or any of its subsidiaries (including any prospective officer or employee) is eligible to be designated to participate in the 2016 Plan.

The following table sets forth certain information as of December 31, 2018 regarding the 2016 Plan. The 2016 Plan was approved by our shareholders on December 15, 2016.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)*	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans(excluding securities reflected in column (a)) (c)*
Equity compensation plans approved by security holders	2,005,421	$ 4.85	1,471,709
Equity compensation plans not approved by security holders	—	—	N/A
Total	2,005,421	4.85	1,471,709

* Consists of 5,348,613 shares eligible to be granted under the 2016 Plan.

Information regarding beneficial ownership and management and related stockholder matters will be included in the proxy statement for the 2019 annual meeting of shareholders, to be filed within 120 days after December 31, 2018, and is incorporated by reference to this report.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Information regarding certain relationships and related transactions and director independence will be included in the proxy statement for the 2019 annual meeting of shareholders, to be filed within 120 days after December 31, 2018, and is incorporated by reference to this report.

Item 14. ***Principal Accountant Fees and Services***

Information regarding principal accounting fees and services will be included in the proxy statement for the 2019 annual meeting of shareholders, to be filed within 120 days after December 31, 2018, and is incorporated by reference to this report.

PART IV
Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed as part of this Annual Report on Form 10-K

1. Consolidated Financial Statements: See accompanying Index to Consolidated Financial Statements.

2. Consolidated Financial Statement Schedule: Financial statement schedules are omitted either due to the absence of conditions under which they are required or because the information required is included in the notes to the Company's consolidated financial statements.

(b) Exhibits

Number	Exhibit Title
3.1	Second Amended and Restated By-Laws of Eagle Bulk Shipping Inc., dated as of October 15, 2014, incorporated by reference to Exhibit 3.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014; File No. 001-33831.
3.2	Third Amended and Restated Articles of Incorporation of Eagle Bulk Shipping Inc., dated as of August 4, 2016, incorporated by reference to Exhibit 3.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on August 4, 2016; File No. 001-33831.
4.1	Form of Specimen Stock Certificate of Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014; File No. 001-33831.
4.2	Form of Specimen Warrant Certificate of Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 4.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014; File No. 001-33831.
4.3	Amended and Restated Registration Rights Agreement, dated as of May 13, 2016, by and between Eagle Bulk Shipping Inc. and the Holders party thereto, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on May 17, 2016; File No. 001-33831.
10.2	Loan Agreement, dated as of October 9, 2014, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014; File No. 001-33831.
10.3	Amendatory Agreement to the Loan Agreement, dated as of August 14, 2015, incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Eagle Bulk Shipping Inc., filed with the SEC on November 16, 2015; File No. 001-33831.
10.4	Warrant Agreement, dated as of October 15, 2014, by and among Eagle Bulk Shipping Inc., Computershare Inc., as Warrant Agent, and Computershare Trust Company N.A., as Warrant Agent, incorporated by reference to Exhibit 10.3 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014; File No. 001-33831.
10.7#	Employment Agreement, dated July 6, 2015, among Eagle Bulk Shipping Inc., Eagle Shipping International (USA) LLC and Gary Vogel, incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Eagle Bulk Shipping Inc., filed with the SEC on August 14, 2015; File No. 001-33831.
10.8#	Restricted Stock Award Agreement under the Eagle Bulk Shipping Inc. 2014 Equity Incentive Plan, by and between Eagle Bulk Shipping Inc. and Gary Vogel, dated as of September 29, 2015, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Eagle Bulk Shipping Inc., filed with the SEC on November 16, 2015; File No. 001-33831.
10.9#	Option Award Agreement under the Eagle Bulk Shipping Inc. 2014 Equity Incentive Plan, by and between Eagle Bulk Shipping Inc. and Gary Vogel, dated as of September 29, 2015, incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Eagle Bulk Shipping Inc., filed with the SEC on November 16, 2015; File No. 001-33831.
10.10	Forbearance and Standstill Agreement, dated as of January 15, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on January 19, 2016; File No. 001-33831.
10.11	Amendment No. 1 to Forbearance and Standstill Agreement, dated as of February 1, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on February 2, 2016; File No. 001-33831.

10.12	Limited Waiver to the Loan Agreement and Amendment No. 2 to Forbearance and Standstill Agreement, dated as of February 9, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on February 9, 2016; File No. 001-33831.
10.13	Limited Waiver to the Loan Agreement and Amendment No. 3 to Forbearance and Standstill Agreement, dated as of February 22, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on February 22, 2016; File No. 001-33831.
10.14	Second Limited Waiver to the Loan Agreement and Amendment No. 4 to Forbearance and Standstill Agreement, dated as of February 29, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 1, 2016; File No. 001-33831.
10.15	Amendment No. 5 to Forbearance and Standstill Agreement, dated as of March 6, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 7, 2016; File No. 001-33831.
10.16	Third Limited Waiver to the Loan Agreement and Amendment No. 6 to Forbearance and Standstill Agreement, dated as of March 8, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 9, 2016; File No. 001-33831.
10.17	Fourth Limited Waiver to the Loan Agreement, dated as of March 18, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 22, 2016; File No. 001-33831.
10.18	Amendment No. 7 to Forbearance and Standstill Agreement, dated as of March 22, 2016, incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 22, 2016; File No. 001-33831.
10.19	Amended and Restated First Lien Loan Agreement, dated as of March 30, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 30, 2016; File No. 001-33831.
10.20	Second Lien Loan Agreement, among Eagle Shipping LLC, as borrower, the guarantor subsidiaries party thereto, the lenders thereto from time to time, and Wilmington Savings Fund Society, FSB, as Second Lien Agent, dated as of March 30, 2016, incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 30, 2016; File No. 001-33831.
10.21	Nominating Agreement, dated as of March 30, 2016, by and between Eagle Bulk Shipping Inc. and GoldenTree Asset Management LP, incorporated by reference to Exhibit 10.3 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 30, 2016; File No. 001-33831.
10.22	First Amendment to Nominating Agreement, dated as of April 18, 2016, by and between Eagle Bulk Shipping Inc. and GoldenTree Asset Management LP, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on April 19, 2016; File No. 001-33831.
10.24	Stock Purchase Agreement, dated as of July 1, 2016, by and among Eagle Bulk Shipping Inc. and the Investors party thereto, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on July 5, 2016; File No. 001-33831.
10.25	Stock Purchase Agreement, dated as of July 10, 2016, by and among Eagle Bulk Shipping Inc. and the Investors party thereto, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on July 11, 2016; File No. 001-33831.
10.28#	Separation Agreement and General Release, dated September 29, 2016, between Eagle Bulk Shipping Inc. and Adir Katzav, incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of Eagle Bulk Shipping Inc., filed with the SEC on November 9, 2016; File No. 001-33831.
10.29#	Employment Agreement, dated September 3, 2016, among Eagle Bulk Shipping Inc., Eagle Shipping International (USA) LLC and Frank De Costanzo, incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q of Eagle Bulk Shipping Inc., filed with the SEC on November 9, 2016; File No. 001-33831.
10.30#	Option Award Agreement, dated November 7, 2016, between Frank De Costanzo and Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on November 9, 2016; File No. 001-33831.
10.31#	Restricted Stock Award Agreement, dated November 7, 2016, between Frank De Costanzo and Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on November 9, 2016; File No. 001-33831.

10.32	Stock Purchase Agreement, dated as of December 13, 2016, by and among Eagle Bulk Shipping Inc. and the Investors party thereto, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on December 13, 2016; File No. 001-33831.
10.33#	Eagle Bulk Shipping Inc. 2016 Equity Incentive Plan, incorporated by reference to Appendix A to the definitive proxy statement on Schedule 14A of Eagle Bulk Shipping Inc., filed with the SEC on November 4, 2016; File No. 001-33831.
10.34#	Restricted Stock Award Agreement, dated December 15, 2016, between Gary Vogel and Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K of Eagle Bulk Shipping Inc., filed with the SEC on March 31, 2017; File No. 001-33831.
10.35#	Option Award Agreement, dated December 15, 2016, between Gary Vogel and Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 10.38 to the Annual Report on Form 10-K of Eagle Bulk Shipping Inc., filed with the SEC on March 31, 2017; File No. 001-33831.
10.36#	Form of Restricted Stock Award Agreement under the Eagle Bulk Shipping Inc. 2016 Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 7, 2017; File No. 001-33831.
10.37#	Form of Option Award Agreement under the Eagle Bulk Shipping Inc. 2016 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 7, 2017; File No. 001-33831.
10.38	Framework Agreement, dated as of February 28, 2017, by and between Eagle Bulk Ultraco LLC and Greenship Bulk Manager Pte. Ltd., as Trustee-Manager of Greenship Bulk Trust, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Eagle Bulk Shipping Inc., filed with the SEC on May 9, 2017; File No. 001-33831.
10.39	Credit Agreement, dated as of June 28, 2017, by and among Eagle Bulk Ultraco LLC, the initial guarantors party thereto, the lenders party thereto, the swap banks party thereto, and ABN AMRO Capital USA LLC, as security trustee and facility agent, together with ABN AMRO Capital USA LLC, DVB Bank SE and Skandinaviska Enskilda Banken AB (publ), as mandated lead arrangers, and ABN AMRO Capital USA LLC, as arranger and bookrunner, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on July 5, 2017; File No. 001-33831.
10.40	Bond Terms, dated as of November 22, 2017, by and between Eagle Bulk Shipco LLC, a company existing under the laws of the Republic of the Marshall Islands, and Nordic Trustee AS, a company existing under the laws of Norway, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on December 4, 2017; File No. 001-33831.
10.41	Credit Agreement, dated as of December 8, 2017, by and among Eagle Shipping LLC, as borrower, certain wholly-owned vessel-owning subsidiaries of Eagle Shipping LLC, as guarantors, the lenders thereunder, the swap banks party thereto, ABN AMRO Capital USA LLC, as facility agent and security trustee for the Lenders, ABN AMRO Capital USA LLC, Credit Agricole Corporate and Investment Bank and Skandinaviska Enskilda Banken AB (publ), as mandated lead arrangers, and ABN AMRO Capital USA LLC, as arranger and bookrunner, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on December 12, 2017; File No. 001-33831.
10.42	Super Senior Revolving Facility Agreement, dated as of December 8, 2017, by and among Eagle Bulk Shipco LLC, as borrower, and ABN AMRO Capital USA LLC, as original lender, mandated lead arranger and agent, incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on December 12, 2017; File No. 001-33831.
10.43	First Amendment to that certain Credit Agreement, by and among Eagle Bulk Ultraco, LLC, as borrower, certain wholly-owned vessel-owning subsidiaries of Eagle Bulk Ultraco, LLC, as guarantors, the lenders thereunder, the swap banks party thereto, ABN AMRO Capital USA LLC, as facility agent and security trustee for the lenders, ABN AMRO Capital USA LLC, DVB Bank SE and Skandinaviska Enskilda Banken AB (publ), as mandated lead arrangers, and ABN AMRO Capital USA LLC, as arranger and bookrunner, incorporated by reference to Exhibit 10.43 to the Annual Report on Form 10-K of Eagle Bulk Shipping Inc., filed with the SEC on March 12, 2018; File No. 001-33831.
10.44*	Second Amendment to that certain Credit Agreement, dated as of October 17, 2018, by and among Eagle Bulk Ultraco, LLC, as borrower, certain wholly-owned vessel-owning subsidiaries of Eagle Bulk Ultraco, LLC, as guarantors, the lenders thereunder, the swap banks party thereto, ABN AMRO Capital USA LLC, as facility agent and security trustee for the lenders, ABN AMRO Capital USA LLC, DVB Bank SE and Skandinaviska Enskilda Banken AB (publ), as mandated lead arrangers, and ABN AMRO Capital USA LLC, as arranger and bookrunner.

10.45	Amendment Agreement to the Bond Terms between Eagle Bulk ShipCo LLC (Issuer) and Nordic Trustee AS (Bond Trustee) on behalf of the bondholders (Bondholders) in bond issue Eagle Bulk Shipco LLC 8.250% senior secured USD 200,000,000 bonds 2017/2022; incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc.; filed with the SEC on December 27, 2018; File No. 001-33831.
10.46*	Credit Agreement, dated January 25, 2019, made by and among Eagle Bulk Ultraco LLC, as borrower, the initial guarantors, as guarantors, Eagle Bulk Shipping Inc., as parent and guarantor, the lenders thereto, the swap banks party thereto, ABN AMRO Capital USA LLC, Credit Agricole Corporate and Investment Bank, Skandinaviska Enskilda Banken AB (PUBL) and DNB Markets Inc., as mandated lead arrangers and bookrunners, ABN AMRO Capital USA LLC, as arranger, ABN AMRO Capital USA LLC, as security trustee and ABN AMRO Capital USA LLC, as Facility Agent.
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of Independent Registered Public Accounting Firm.
23.2*	Consent of Seward & Kissel LLP.
31.1*	Rule 13a-14(d) / 15d-14(a) Certification of Principal Executive Officer.
31.2*	Rule 13a-14(d) / 15d-14(a) Certification of Principal Financial Officer.
32.1**	Section 1350 Certification of Principal Executive Officer.
32.2**	Section 1350 Certification of Principal Financial Officer.
101.INS*	XBRL Instance Document.
101.CAL*	XBRL Schema Document.
101.SCH*	XBRL Calculation Linkbase Document.
101.DEF*	XBRL Definition Linkbase Document.
101.LAB*	XBRL Labels Linkbase Document.
101.PRE*	XBRL Presentation Linkbase Document.

* Filed herewith.
** Furnished herewith.
# Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EAGLE BULK SHIPPING INC.

By: /s/ Gary Vogel

Name: Gary Vogel
Title: Chief Executive Officer

March 13, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 13, 2019.

Name	**Title**
/s/ Gary Vogel Gary Vogel	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Frank De Costanzo Frank De Costanzo	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Paul M. Leand, Jr. Paul M. Leand, Jr.	Chairman of the Board of Directors
/s/ Randee E. Day Randee E. Day	Director
/s/ Justin A. Knowles Justin A. Knowles	Director
/s/ Bart Veldhuizen Bart Veldhuizen	Director
/s/ Gary Weston Gary Weston	Director

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Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Eagle Bulk Shipping Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Eagle Bulk Shipping Inc. and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income/(loss), changes in stockholders' equity and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely

detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

New York, New York

March 13, 2019

We have served as the Company's auditor since 2015.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 67,209,753	$ 56,251,044
Accounts receivable, net of a reserve of $2,073,616 and $3,501,964, respectively	19,785,582	17,246,540
Prepaid expenses	4,635,879	3,010,766
Short-term investment	—	4,500,000
Inventories	16,137,785	14,113,079
Vessels held for sale	8,458,444	9,316,095
Other current assets	2,246,740	785,027
Total current assets	118,474,183	105,222,551
Noncurrent assets:		
Vessels and vessel improvements, at cost, net of accumulated depreciation of $124,907,998 and $99,910,416, respectively	682,944,936	690,236,419
Advance for vessel purchase	2,040,000	2,201,773
Other fixed assets, net of accumulated depreciation of $547,452 and $343,799, respectively	692,803	617,343
Restricted cash	10,953,885	74,917
Deferred financing costs - Super Senior Facility	285,342	190,000
Deferred drydock costs, net	12,186,356	9,749,751
Other assets	18,631,655	57,181
Total noncurrent assets	727,734,977	703,127,384
Total assets	**$ 846,209,160**	**$ 808,349,935**
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 14,161,169	$ 7,470,844
Accrued interest	1,735,631	1,790,315
Other accrued liabilities	10,064,017	11,810,366
Fair value of derivatives	929,313	73,170
Unearned charter hire revenue	6,926,839	5,678,673
Current portion of long-term debt	29,176,230	4,000,000
Total current liabilities	62,993,199	30,823,368
Noncurrent liabilities:		
Norwegian Bond Debt, net of debt discount and debt issuance costs	182,469,155	189,950,329
New First Lien Facility, net of debt discount and debt issuance costs	48,189,307	63,758,185
Original Ultraco Debt Facility, net of debt discount and debt issuance costs	70,924,885	59,975,162
Other liabilities	208,651	177,846
Fair value below contract value of time charters acquired	1,818,114	2,500,012
Total noncurrent liabilities	303,610,112	316,361,534
Total liabilities	366,603,311	347,184,902
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value, 25,000,000 shares authorized, none issued as of December 31, 2018 and 2017	—	—
Common stock, $.01 par value, 700,000,000 shares authorized, 71,055,400 and 70,394,307 shares issued and outstanding as of December 31, 2018 and 2017, respectively	710,555	703,944
Additional paid-in capital	894,272,533	887,625,902
Accumulated deficit	(415,377,239)	(427,164,813)
Total stockholders' equity	479,605,849	461,165,033
Total liabilities and stockholders' equity	**$ 846,209,160**	**$ 808,349,935**

The accompanying notes are an integral part of these Consolidated Financial Statements.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Revenues, net	$ 310,094,258	$ 236,784,625	$ 124,492,844
Voyage expenses	79,566,452	62,351,252	42,093,714
Vessel expenses	81,336,260	78,607,244	74,016,763
Charter hire expenses	38,045,778	31,283,956	12,845,468
Depreciation and amortization	37,717,462	33,690,686	38,884,322
General and administrative expenses	36,156,660	33,126,310	22,905,802
Restructuring charges	—	—	5,869,025
(Gain)/loss on sale of vessels	(335,160)	(2,134,767)	101,860
Vessel impairment	—	—	129,027,862
Total operating expenses	272,487,452	236,924,681	325,744,816
Operating income/(loss)	37,606,806	(140,056)	(201,251,972)
Interest expense	25,743,531	29,376,994	21,799,146
Interest income	(585,168)	(651,069)	(215,433)
Other (income)/expense	(126,241)	(37,905)	686,750
Loss on debt extinguishment	—	14,968,609	—
Total other expense, net	25,032,122	43,656,629	22,270,463
Net income/(loss)	$ 12,574,684	$ (43,796,685)	$ (223,522,435)
Weighted average shares outstanding:			
Basic	70,665,212	69,182,302	20,565,652
Diluted	71,802,173	69,182,302	20,565,652
Per share amounts:			
Basic net income/(loss)	$ 0.18	$ (0.63)	$ (10.87)
Diluted net income/(loss)	$ 0.18	$ (0.63)	$ (10.87)

The accompanying notes are an integral part of these Consolidated Financial Statements.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

	For the Years Ended		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Net income/(loss)	$ 12,574,684	$ (43,796,685)	$ (223,522,435)
Total other comprehensive income/(loss)	—	—	—
Comprehensive income/(loss)	$ 12,574,684	$ (43,796,685)	$ (223,522,435)

The accompanying notes are an integral part of these Consolidated Financial Statements.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Common Stock Amount	Additional paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at January 1, 2016	**1,883,303**	$ 18,833	**$ 678,171,322**	**$ (159,845,693)**	**$ 518,344,462**
Net loss	—	—	—	(223,522,435)	(223,522,435)
Issuance of shares in connection with Second Lien Loan Agreement	16,889,828	168,899	17,587,426	—	17,756,325
Issuance of shares for private placement, net of issuance costs	29,333,318	293,333	85,407,202	—	85,700,535
Reverse stock split adjustment *	(32)	—	—	—	—
Issuance of shares due to vesting of restricted shares	410	4	(4)	—	—
Cash used to settle net share equity awards	—	—	(2,938)	—	(2,938)
Stock-based compensation	—	—	2,206,690	—	2,206,690
Balance at December 31, 2016	**48,106,827**	**481,069**	**783,369,698**	**(383,368,128)**	**400,482,639**
Net loss	—	—	—	(43,796,685)	(43,796,685)
Issuance of shares for private placement, net of issuance costs	22,222,223	222,222	95,807,781	—	96,030,003
Issuance of shares due to vesting of restricted shares	65,257	653	(653)	—	—
Cash used to settle net share equity awards	—	—	(289,539)	—	(289,539)
Stock-based compensation	—	—	8,738,615	—	8,738,615
Balance at December 31, 2017	**70,394,307**	**703,944**	**887,625,902**	**(427,164,813)**	**461,165,033**
Net income	—	—	—	12,574,684	12,574,684
Cumulative effect of accounting change **	—	—	—	(787,110)	(787,110)
Issuance of shares due to vesting of restricted shares and exercise of options, net of cash received	661,093	6,611	(1,745)	—	4,866
Cash used to settle net share equity awards	—	—	(2,559,104)	—	(2,559,104)
Stock-based compensation	—	—	9,207,480	—	9,207,480
Balance at December 31, 2018	**71,055,400**	**$ 710,555**	**$ 894,272,533**	**$ (415,377,239)**	**$ 479,605,849**

* Effective August 5, 2016, the Company completed a 1 for 20 reverse stock split of its issued and outstanding shares of common stock, par value $0.01 per share (the "Reverse Stock Split"), pursuant to which proportional adjustments were made to the Company's issued and outstanding common stock and to its common stock underlying stock options and other common stock-based equity grants outstanding immediately prior to the effectiveness of the Reverse Stock Split as well as the applicable exercise price. In addition, proportional adjustments were made to the number of shares of common stock issuable upon exercise of outstanding warrants and to the exercise price of such warrants, pursuant to the terms thereof. No fractional shares were issued in connection with the Reverse Stock Split, and shareholders who would have received a fractional share of common stock in connection with the Reverse Stock Split instead received a cash payment in lieu of such fractional share. The Company also had 3,040,540 outstanding warrants convertible to 152,027 shares of the Company's common stock which will be recorded as equity upon exercise at an exercise price of $556.40 per share. The warrants have a 7 year term and will expire on October 15, 2021.

** The opening accumulated deficit has been adjusted on January 1, 2018 in connection with the adoption of Accounting Standards ASC 606. Please refer to Note 3. Significant Accounting Policies to the consolidated financial statements.

The accompanying notes are an integral part of these Consolidated Financial Statements.

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Cash flows from operating activities:			
Net income/(loss)	$ 12,574,684	$ (43,796,685)	$ (223,522,435)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:			
Depreciation	32,364,359	29,354,017	35,556,911
Amortization of deferred drydocking costs	5,353,102	4,336,669	3,327,411
Amortization of debt discount and debt issuance costs	1,913,651	5,927,984	4,532,481
Loss on debt extinguishment	—	14,968,609	—
Amortization of fair value below contract value of time charter acquired	(681,898)	(716,783)	(661,253)
Payment-in-kind interest on Second Lien Facility	—	10,098,401	7,327,843
Cash paid towards Payment-in-kind interest on Second Lien Facility	—	(17,426,244)	—
(Gain)/loss on sale of vessels, net	(335,160)	(2,134,767)	101,860
Vessel impairment	—	—	129,027,862
Net unrealized loss/(gain) on fair value of derivatives	315,748	(55,675)	—
Fees paid on termination of time charter contract	—	(1,500,000)	—
Stock-based compensation expense	9,207,480	8,738,615	2,206,690
Drydocking expenditures	(8,323,191)	(2,579,111)	(3,688,711)
Changes in operating assets and liabilities:			
Accounts receivable	(3,465,025)	(12,156,832)	1,986,820
Other current and non-current assets	(207,234)	(331,707)	(26,799)
Prepaid expenses	(1,625,113)	83,196	138,801
Inventories	(2,024,706)	(3,236,366)	(5,302,307)
Accounts payable	993,557	335,688	(1,081,317)
Accrued interest	(54,684)	1,761,443	(372,360)
Other accrued and non-current liabilities	(1,125,638)	(1,340,366)	528,563
Unearned revenue	590,531	(367,359)	4,485,630
Net cash provided by/(used in) operating activities	45,470,463	(10,037,273)	(45,434,310)
Cash flows from investing activities:			
Purchase of vessels and vessel improvements	(41,404,328)	(174,400,746)	(19,860,401)
Advance for vessel purchase	(2,040,000)	(2,201,773)	(1,926,886)
Cash paid for scrubbers, ballast water treatment systems and other assets	(12,342,317)	—	—
Proceeds/(purchase) of short-term investment	4,500,000	(4,500,000)	—
Proceeds from sale of vessels	20,545,202	26,042,000	13,001,000
Purchase of other fixed assets	(272,067)	(189,120)	(560,348)
Net cash used in investing activities	(31,013,510)	(155,249,639)	(9,346,635)
Cash flows from financing activities:			
Repayment of First Lien Facility	—	(184,099,000)	(21,276,000)
Repayment of revolver under the First Lien Facility	—	(25,000,000)	(30,158,500)
Repayment of Second Lien Facility	—	(60,000,000)	—
Proceeds from Revolver Loan facility	—	—	15,158,500
Proceeds from Second Lien Facility	—	—	60,000,000
Proceeds from common stock placement, net of issuance costs	—	96,030,003	85,700,535
Proceeds from the Norwegian Bond Debt, net of discount	—	198,092,000	—
Repayment of outstanding bonds under Norwegian Bond Debt	(4,000,000)	—	
Proceeds from the New First Lien Facility	—	65,000,000	
Repayment of revolver under New First Lien Facility	(5,000,000)	—	—
Proceeds from the Original Ultraco Debt Facility	21,400,000	61,200,000	—
Financing costs paid to lenders	—	(2,025,514)	—
Other financing costs	(2,465,037)	(3,886,104)	(3,086,947)
Cash received from exercise of stock options	4,865	—	—
Cash used to settle net share equity awards	(2,559,104)	(289,539)	(2,938)
Net cash provided by financing activities	7,380,724	145,021,846	106,334,650
Net increase/(decrease) in cash, cash equivalents and restricted cash	21,837,677	(20,265,066)	51,553,705

Cash, cash equivalents and restricted cash at beginning of year	56,325,961	76,591,027	25,037,322
Cash, cash equivalents and restricted cash at end of year	$ 78,163,638	$ 56,325,961	$ 76,591,027
Supplemental cash flow information:			
Non-cash accruals for Scrubbers and ballast water systems included in Accounts payable and Other accrued liabilities	$ 5,801,867	$ —	$ —
Cash paid during the period for interest excluding payment of accumulated payment-in-kind interest on the Second Lien Facility paid on December 8, 2017 of $17.7 million.	$ 23,884,565	$ 11,589,192	$ 10,257,766

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1. General Information:

The accompanying consolidated financial statements include the accounts of Eagle Bulk Shipping Inc. and its wholly-owned subsidiaries (collectively, the "Company," "we" or "our" or similar terms). The Company is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership, charter and operation of drybulk vessels. The Company's fleet is comprised of Supramax and Ultramax bulk carriers and the Company operates its business in one business segment.

Each of the Company's vessels serve the same type of customer, have similar operation and maintenance requirements, operate in the same regulatory environment, and are subject to similar economic characteristics. Based on this, the Company has determined that it operates in one reportable segment, which is engaged in the ocean transportation of drybulk cargoes worldwide through the ownership and operation of drybulk carrier vessels.

The Company is a holding company incorporated in 2005, under the laws of the Republic of the Marshall Islands and is the sole owner of all of the outstanding shares of its wholly-owned subsidiaries formed in the Republic of the Marshall Islands. The primary activity of each of the subsidiaries is the ownership of a vessel. The operations of the vessels are managed by an indirectly wholly-owned subsidiary of the Company, Eagle Bulk Management LLC, a Republic of the Marshall Islands limited liability company.

As of December 31, 2018, the Company owned and operated a modern fleet of 47 oceangoing vessels, including 34 Supramax and 13 Ultramax vessels, with a combined carrying capacity of 2,705,764 dwt and an average age of approximately 9.0 years. Additionally, the Company chartered in three Ultramax vessels for periods ranging between one to four years. Please see Note 10. Commitments and Contingencies to the consolidated financial statements. For the years ended December 31, 2018, 2017 and 2016, the Company had no charterers which individually accounted for more than 10% of the Company's gross charter revenue.

Note 2. Equity Offerings

On December 13, 2016, the Company entered into a Stock Purchase Agreement with certain investors (the "Investors"), pursuant to which the Company agreed to issue to the Investors in a private placement (the "December Private Placement") approximately 22.2 million shares of the Company's common stock, par value $0.01 per share, at an initial purchase price of $4.50 per share, for aggregate gross proceeds of $100.0 million. On January 20, 2017, the Company closed its previously announced December Private Placement for aggregate net proceeds of $96.0 million.

On July 1, 2016 and July 10, 2016, respectively, the Company entered into Common Stock Purchase Agreements (collectively, the "Common Stock Purchase Agreements"), with certain purchasers (the "Common Stock Purchasers"). The Common Stock Purchasers include certain of our existing shareholders, who held approximately 70% of our outstanding equity prior to entry into the Common Stock Purchase Agreements and prior to giving effect to the delivery of all of the shares of common stock issued in connection with the Second Lien Loan Agreement, as well as our Chairman and Chief Executive Officer. The Common Stock Purchase Agreements provided for the issuance and sale by the Company to the Common Stock Purchasers of an aggregate amount of $88.0 million of common stock, at an initial price per share of $3.00.

On August 10, 2016, the Company closed the transactions contemplated by the Common Stock Purchase Agreements for aggregate proceeds of $85.7 million net of fees and legal expenses. After giving effect to the Reverse Stock Split, the private placement included the issuance of 29,333,318 shares of the Company's common stock. The Company used the proceeds of the private placement for the acquisition of drybulk vessels and general corporate purposes.

The Company principally used the proceeds from both the private placements to partially finance the acquisition of 11 Ultramax vessels during 2017 and 2016.

In 2016, the Company issued 16,889,828 shares of common stock to the lenders of the Second Lien Facility (defined herein) pro rata based on their participation in the Second Lien Facility. The Company has proportionately allocated the proceeds from the Second Lien Loan Agreement based on the relative fair values of the Second Lien Facility and the common stock issued to the Second Lien Lenders. The difference between the $60.0 million principal value of the Second Lien Facility and its relative fair value, amounting to approximately $17.8 million, was allocated to the issued shares.

Note 3. Significant Accounting Policies:

(a) ***Principles of Consolidation:*** The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include the accounts of Eagle Bulk Shipping Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions were eliminated upon consolidation.

(b) ***Use of Estimates:*** The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include vessel valuations, residual value of vessels, the useful lives of vessels, the value of stock-based compensation and the fair value of derivatives. Actual results could differ from those estimates.

(c) ***Other Comprehensive income/(loss):*** The Company records the fair value of interest rate swaps and foreign currency swaps designated as hedges as an asset or liability on the balance sheet. The effective portion of the swap is recorded in accumulated other comprehensive loss. Historically, the Company also recorded the unrealized gains and losses on its available for sale investments in accumulated other comprehensive loss. The Company did not have any swaps or available for sale investments as of December 31, 2018 and 2017.

(d) ***Cash, Cash Equivalents and Restricted Cash:*** The Company considers liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less at the time of purchase to be cash equivalents. Restricted Cash as of December 31, 2018 was $11.0 million related to the proceeds from the sale of vessel Thrush, which were restricted pursuant to the terms under the Norwegian Bond Debt. Please see Note 8 Debt to the consolidated financial statements for additional information. Additionally, the Company also had restricted cash and cash equivalents of $74,917 for collateralizing a letter of credit as of December 31, 2018 and December 31, 2017, respectively.

(e) ***Accounts Receivable:*** Accounts receivable includes receivables from charterers for time and voyage charterers. At each balance sheet date, all potentially uncollectible accounts are assessed for purposes of determining the appropriate provision for doubtful accounts. The Company wrote off $1.4 million and $3.4 million for the years ended December 31, 2018 and 2017, respectively, related to previously reserved amounts in the allowance for doubtful accounts. The Company did not record any material provisions for doubtful accounts for the years ended December 31, 2018 and 2017.

(f) ***Insurance Claims:*** Insurance claims are recorded as incurred and represent the claimable expenses, net of deductibles, incurred through each balance sheet date, which are expected to be recovered from insurance companies.

(g) ***Inventories:*** Inventories, which consist of bunkers, are stated at cost which is determined on a first-in, first-out method. Lubes and spares are expensed as incurred.

(h) ***Short-term Investments:*** The Company considers liquid investments such as certificate of deposits with an original maturity of greater than three months as investments. As of December 31, 2017, the Company had $4.5 million in a certificate of deposit with an original maturity of one year. The certificate of deposit matured in the first quarter of 2018 and is included in cash and cash equivalents as of December 31, 2018.

(i) ***Vessels and vessel improvements, at cost:*** Vessels are stated at cost, which consists of the contract price, and other direct costs relating to acquiring and placing the vessels in service. Major vessel improvements are capitalized and depreciated over the remaining useful lives of the vessels. Depreciation is calculated on a straight-line basis over the estimated useful lives of the vessels based on the cost of the vessels reduced by the estimated scrap value of the vessels as discussed below.

(j) ***Vessel lives and Impairment of Long-Lived Assets:*** The Company estimates the useful life of the Company's vessels to be from the date of initial delivery from the shipyard to the original owner. The useful lives of the Company's vessels are evaluated to determine if events have occurred which would require modification to their useful lives. In addition, the Company estimates the scrap value of the vessels to be $300 per light weight ton ("lwt").

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asset is less than its carrying amount, the Company will evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset as provided by third parties. In this respect, management regularly reviews the carrying amount of the vessels in connection with the estimated recoverable amount for each of the Company's vessels. We did not recognize a vessel impairment charge for the years ended December 31, 2018 and 2017. For the year ended December 31, 2016 we recognized impairment charges of $129.0 million. Refer to Note 4 Vessels and vessel improvements for further discussion.

(k) ***Accounting for Drydocking Costs:*** The Company follows the deferral method of accounting for drydocking costs whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next drydocking is required to become due, generally 30 months if the vessels are 15 years old or more and 60 months for the vessels younger than 15 years. Costs deferred as part of the drydocking include direct costs that are incurred as part of the drydocking to meet regulatory requirements. Certain costs are capitalized during drydocking if they are expenditures that add economic life to the vessel, increase the vessel's earnings capacity or improve the vessel's efficiency. Direct costs that are deferred include the shipyard costs, parts, inspection fees, steel, blasting and painting. Expenditures for normal maintenance and repairs, whether incurred as part of the drydocking or not, are expensed as incurred. Unamortized drydocking costs of vessels that are sold are written off and included in the calculation of the resulting gain or loss in the year of the vessels' sale. Unamortized drydocking costs are written off as drydocking expense if the vessels are drydocked before the expiration of the applicable amortization period.

(l) ***Deferred Financing Costs:*** Fees incurred for obtaining new loans or refinancing existing ones are deferred and amortized to interest expense over the life of the related debt using the effective interest method. Unamortized deferred financing costs are written off when the related debt is repaid or refinanced and such amounts are expensed in the period the repayment or refinancing is made. Such amounts are classified as a reduction of the long-term debt balance on the consolidated balance sheets. For our Super Senior Revolver Facility, as no amounts have been drawn, deferred financing fees of $0.3 million and $0.2 million have been classified as a non-current asset on the Consolidated Balance Sheets as of December 31, 2018 and 2017, respectively.

(m) ***Other fixed assets:*** Other fixed assets are stated at cost less accumulated depreciation. Depreciation is based on a straight-line basis over the estimated useful life of the asset. Other fixed assets consist principally of leasehold improvements, computers and software and are depreciated over three years.

(n) ***Accounting for Revenues and Expenses***: Revenues generated from time charters and/or revenues generated from profit sharing arrangements are recognized on a straight-line basis over the term of the respective time charter agreements as service is provided and the profit sharing is fixed and determinable.

Under voyage charters, voyage revenues for cargo transportation are recognized ratably over the estimated relative transit time of each voyage. Voyage revenue is deemed to commence upon the loading of the charterer's cargo and is deemed to end upon the completion of discharge, provided an agreed non-cancellable charter between the Company and the charterer is in existence, the charter rate is fixed and determinable, and collectability is reasonably assured. Revenue under voyage charters will not be recognized until a charter has been agreed even if the vessel has discharged its previous cargo and is proceeding to an anticipated port of loading.

Under voyage charters, voyage expenses such as bunkers, port charges, canal tolls, cargo handling operations and brokerage commissions are paid by the Company whereas, under time charters, such voyage costs are paid by the Company's customers. Vessel operating costs include crewing, vessel maintenance and vessel insurance. All voyage and vessel operating expenses are expensed as incurred on an accrual basis, except for commissions. Commissions are recognized over the related time or voyage charter period since commissions are earned as the Company's revenues are earned. Probable losses on voyages are provided for in full at the time such loss can be estimated.

We adopted ASC 606 as of January 1, 2018 utilizing the modified retrospective method of transition. We recorded an adjustment of approximately $0.8 million to increase our opening accumulated deficit and increase our unearned revenue and other current assets on our Consolidated Balance Sheet on January 1, 2018.

(o) ***Unearned Charter Hire Revenue:*** Unearned charter hire revenue represents cash received from charterers prior to the time such amounts are earned. These amounts are recognized as revenue as services are provided in future periods.

(p) ***Repairs and Maintenance:*** All repair and maintenance expenses are expensed as incurred and are recorded in Vessel Expenses.

(q) ***Protection and Indemnity Insurance:*** The Company's Protection and Indemnity Insurance is subject to additional premiums referred to as "back calls" or "supplemental calls" which are accounted for on an accrual basis and are recorded in Vessel Expenses.

(r) ***Earnings Per Share:*** Basic earnings per share is computed by dividing the net income or loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the impact of stock options, warrants and restricted stock under the treasury stock method unless their impact is anti-dilutive.

(s) ***Interest Rate Risk Management:*** The Company is exposed to the impact of interest rate changes for outstanding debt under the New First Lien Facility and the Original Ultraco Debt Facility. The Company's objective is to manage the impact of interest rate changes on earnings and cash flows of its borrowings. The Company may use interest rate swaps to manage net exposure to interest rate changes related to its borrowings.

(t) ***Federal Taxes:*** The Company is a Republic of the Marshall Islands Corporation. For the years ended December 31, 2018 and 2017, the Company believes that its operations qualify for Internal Revenue Code Section 883 exemption and therefore are not subject to United States federal taxes on United States source shipping income. The Company recorded $0.6 million in such taxes as component of voyage expenses for the year ended December 31, 2016 which were reversed in the second quarter of 2017 upon the determination that the Company qualified for the Internal Revenue Code Section 883 exemption for 2016.

(u) ***Restructuring charges***: Restructuring charges consist of professional fees for advisors and attorneys who assisted the Company in the debt restructuring relative to the First Lien Facility in 2016.

(v) ***Stock-based compensation:*** The Company issues stock-based compensation utilizing both stock options and stock grants. Stock-based compensation is measured at the fair value of the award at the date of grant and recognized over the period of vesting on a straight-line basis using the graded vesting method. The grant-date fair value of stock options is estimated using the Black-Scholes option pricing model. Forfeitures are recognized as they occur.

Impact of Recently Adopted Accounting Standards

Revenue recognition

Time charters

Our shipping revenues are principally generated from time charters and voyage charters. In a time charter contract, the vessel is hired by the charterer for a specified period of time in exchange for consideration which is based on a daily hire rate. The charterer has the full discretion over the ports visited, shipping routes and vessel speed. The contract/charter party generally provides typical warranties regarding the speed and performance of the vessel. The charter party generally has some owner protective restrictions such that the vessel is sent only to safe ports by the charterer, subject always to compliance with applicable sanction laws, and carry only lawful or non hazardous cargo. In a time charter contract, the Company is responsible for all the costs incurred for running the vessel such as crew costs, vessel insurance, repairs and maintenance and lubes. The charterer bears the voyage related costs such as bunker expenses, port charges and canal tolls during the hire period. The performance obligations in a time charter contract are satisfied over the term of the contract beginning when the vessel is delivered to the charterer until it is redelivered back to the Company. The charterer generally pays the charter hire in advance of the upcoming contract period. The time charter contracts are considered operating leases and therefore do not fall under the scope of ASC 606 because (i) the vessel is an identifiable asset (ii) the Company does not have substantive substitution rights and (iii) the charterer has the right to control the use of the vessel during the term of the contract and derives the economic benefits from such use.

Voyage charters

In a voyage charter contract, the charterer hires the vessel to transport a specific agreed-upon cargo for a single voyage which may contain multiple load ports and discharge ports. The consideration in such a contract is determined on the basis of a freight rate per metric ton of cargo carried or occasionally on a lump sum basis. The charter party generally has a minimum amount of cargo. The charterer is liable for any short loading of cargo or "dead" freight. The voyage contract generally has standard payment terms of 95% freight paid within three days after completion of loading. The voyage charter party generally has a "demurrage" or "despatch" clause. As per this clause, the charterer reimburses the Company for any potential delays exceeding the allowed laytime

as per the charter party clause at the ports visited which is recorded as demurrage revenue. Conversely, the charterer is given credit if the loading/discharging activities happen within the allowed laytime known as despatch resulting in a reduction in revenue. In a voyage charter contract, the performance obligations begin to be satisfied once the vessel begins loading the cargo. The Company determined that its voyage charter contracts consist of a single performance obligation of transporting the cargo within a specified time period. Therefore, the performance obligation is met evenly as the voyage progresses. and the revenue is recognized on a straight line basis over the voyage days from the commencement of the loading of cargo to completion of discharge.

The voyage contracts are considered service contracts which fall under the provisions of ASC 606 because the Company as the shipowner retains the control over the operations of the vessel such as directing the routes taken or the vessel speed. The voyage contracts generally have variable consideration in the form of demurrage or despatch. The amount of revenue earned as demurrage or despatch paid by the Company for the year ended December 31, 2018 is not material.

The following table shows the revenues earned from time charters and voyage charters for the year ended December 31, 2018:

	For the year ended December 31, 2018	
Time charters	$	140,006,570
Voyage charters		170,087,688
	$	310,094,258

Contract costs

In a voyage charter contract, the Company bears all voyage related costs such as fuel costs, port charges and canal tolls. These costs are considered contract fulfillment costs because the costs are direct costs related to the performance of the contract and are expected to be recovered. The costs incurred during the period prior to commencement of loading the cargo, primarily bunkers, are deferred as they represent setup costs and recorded as a current asset and are amortized on a straight-line basis as the related performance obligations are satisfied.

We adopted the provisions of ASC 606 on January 1, 2018 using the modified retrospective approach. As such, the comparative information has not been restated and continues to be reported under the accounting standards in effect for periods prior to January 1, 2018. Under the modified retrospective approach, the Company recognized the cumulative effect of adopting this standard as an adjustment amounting to $0.8 million to increase the opening balance of Accumulated Deficit as of January 1, 2018. The Company recognized $0.8 million of deferred costs which represents the costs, such as bunker expenses and charter hire expenses on chartered-in vessels, incurred prior to commencement of loading which are recorded in other current assets and $1.6 million of unearned charter hire revenue which represents the Company's obligation to satisfy performance obligations under the contract for which the Company has received consideration from the customer.

The adoption of ASC 606 impacted the timing of recognition of revenue for certain ongoing spot voyage charter contracts, related voyage expenses and charter hire expenses. Under ASC 606, revenue is recognized from when the vessel commences loading through the completion of discharge at the discharge port instead of recognizing revenue from the discharge of the previous voyage provided an agreed non-cancellable charter between the Company and the charterer is in existence, the charter rate is fixed and determinable, and collectability is reasonably assured. Any expenses incurred during the ballast portion of the voyage (time spent by the vessel traveling from discharge port of the previous voyage to the load port of the subsequent voyage) such as bunker expenses, canal tolls and charter hire expenses for chartered-in vessels are deferred and are recognized on a straight-line basis over the charter period as the Company satisfies the performance obligations under the contract.

Further, the adoption of ASC 606 impacted the accounts receivable and unearned revenue on our Consolidated Balance Sheet as of December 31, 2018. Under ASC 606, receivables represent an entity's unconditional right to consideration, billed or unbilled. The Company determined that the performance obligations on its spot voyage charters do not begin to be satisfied unless the vessel arrives at the load port and commences loading the cargo. This impacted the amount of accounts receivable and unearned revenue recorded in our Consolidated Balance Sheet.

The following table presents the impact of the adoption of ASC 606 on our Consolidated Balance Sheet at December 31, 2018:

	As of December 31, 2018		
	As Reported	**Balance without adoption of ASC 606**	**Effect of change**
Assets			
Accounts receivable	$ 19,785,582	$ 20,771,299	$ (985,717)
Other current assets	2,246,740	1,478,450	768,290
Liabilities			
Unearned charter hire revenue	6,926,839	6,528,275	398,564

The following table presents the impact of the adoption of ASC 606 on our Consolidated Statement of Operations:

	For the year ended December 31, 2018		
	As Reported	**Balance without adoption of ASC 606**	**Effect of change**
Revenues, net	$ 310,094,258	$ 309,894,921	$ 199,337
Voyage expenses	79,566,452	79,292,962	273,490
Charter hire expenses	38,045,778	37,957,027	88,751
Net income	12,574,684	12,737,588	(162,904)
Basic income per share	$ 0.18	$ 0.18	$ —
Diluted income per share	$ 0.18	$ 0.18	$ —

The cumulative effect of changes made to our opening Consolidated Balance Sheet on January 1, 2018 for the adoption of ASC 606:

	December 31, 2017	Effect of adoption of ASC 606	January 1, 2018
Assets			
Accounts receivable	$ 17,246,540	$ (925,983)	$ 16,320,557
Other current assets [(1)]	785,027	796,508	1,581,535
Liabilities			
Unearned charter hire revenue (2)	5,678,673	657,635	6,336,308
Stockholders' equity			
Accumulated deficit	(427,164,813)	(787,110)	(427,951,923)

[(1)] Under ASC 606, the contract fulfillment costs are deferred as a current asset and amortized as the related performance obligations are satisfied. The adjustment to other current assets includes bunker expenses of $0.6 million incurred to arrive at the load port for the voyages in progress as of January 1, 2018 and $0.2 million of charter hire expenses on third party chartered-in vessels which were chartered-in to fulfill the performance obligations under the voyage contract.

[(2)] Under ASC 606, unearned charter hire revenue represents the consideration received for undelivered performance obligations. The Company recorded $0.7 million as unearned revenue on voyages in progress as of January 1, 2018. The Company recognized this revenue in the first quarter of 2018 as the performance obligations were met.

The adoption of ASC 606 had no impact on net cash provided by operating activities, investing activities and financing activities for the year ended December 31, 2018.

Cash, cash equivalents and restricted cash

In November 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-18. The amendments in Accounting Standard Update ("ASU") 2016-18 require that a statement of cash flows explain the change during the year in the total of cash, cash equivalents, and amounts described as restricted cash and restricted cash equivalents. Therefore, the restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-year and end-of-year total amounts shown on the statement of cash flows. We adopted this accounting standard as of January 1, 2018 and $11.0 million of restricted cash has been aggregated with the cash and cash equivalents as of December 31, 2018. Additionally, we retrospectively aggregated $74,917 of restricted cash with cash and cash equivalents in both the beginning-of-year and end-of-year line items at the bottom of the statements of cash flows for the years ended December 31, 2017 and 2016.

Statement of cash flows (Topic 230) - classification of certain cash receipts and cash payments

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, “Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments” ("ASU-2016-15"). The new guidance is intended to provide specific guidance on cash flow classification issues such as debt prepayment or debt extinguishment costs, settlement of zero coupon debt instruments or cases where the coupon interest rate is insignificant compared to the effective interest rate of the borrowing, contingent consideration payments in a business combination, proceeds from insurance claim settlements and distributions received by equity method investees. The standard is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. The amendment was applied retrospectively to each period presented and the Company reclassified $17.4 million of accumulated payment-in-kind interest paid upon the discharge of the Second Lien Facility (defined herein) in 2017 previously recorded as a use of cash from financing activities, as a use of cash from operating activities.

In May 2017, the FASB issued ASU No. 2017-09, Compensation-Stock Compensation ("ASU 2017-09"), which provides guidance about what changes to the terms and conditions of a stock award require an entity to apply modification accounting as per ASC 718. An entity should account for effects of modification unless (i) the fair value of the modified award is the same as the fair value of the original award (ii) the vesting conditions of the modified award are the same as the vesting conditions of the original award and (iii) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award. The standard is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2017. There was no impact on the Company's consolidated financial statements upon adoption of this accounting standard.

In January 2017, the FASB issued Accounting Standards Update No. 2017-1, “Business Combinations (Topic 805).” The amendments in this update are intended to clarify the definition of business. The current guidance specifies three elements of a business – inputs, processes, and outputs. The new guidance provides a screen to determine when a set (defined as an integrated set of assets and activities) is not a business. The ASU requires that, to be a business, the set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The screen requires that when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. The standard is effective to annual periods beginning after December 15, 2017, including interim periods within those periods. As of December 31, 2018, there was no impact on the Company's consolidated financial statements upon adoption of this accounting standard as the Company had no business combination transaction in 2018.

Accounting Standards issued but not yet adopted. The FASB has issued accounting standards that had not yet become effective as of December 31, 2018 and may impact the Company’s consolidated financial statements or related disclosures in future periods. Those standards and their potential impact are discussed below.

Accounting standards effective in 2019

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," as amended ("ASU No. 2016-02"), which revises the accounting for leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability for substantially all leases. The new guidance will continue to classify leases as either financing or operating, with classification affecting the pattern of expense recognition. The accounting applied by a lessor under the new guidance will be substantially equivalent to current lease accounting guidance. Entities have the option to adopt the new guidance using a modified retrospective approach through an adjustment to retained earnings applied either to the beginning of the earliest period presented or the beginning of the period of adoption. The new guidance was effective January 1, 2019 and will be applied using a modified retrospective approach through a cumulative effect adjustment to retained earnings as of January 1, 2019.

The most significant effects of adoption relate to the recognition of right-of-use assets and lease liabilities on our balance sheet for operating leases and providing new disclosures about our leasing activities. We currently expect the right-of-use assets and lease liabilities as of January 1, 2019 to range from $27.0 million to $35.0 million based on the present value of the Company’s remaining minimum lease payments, primarily due to the recognition of right of use assets and lease liabilities with respect to operating leases. We do not believe the adoption of ASC 842 will have a material effect on our consolidated results of operations or cash flows. The Company will provide the required disclosures under the standard in its Form 10-Q filing for the quarterly period ending March 31, 2019.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging ("ASU-2017-12"), which is intended to align the results of the cash flow and fair value hedge accounting with the risk management activities of an entity. The amendments expand the hedge accounting for both financial and non-financial risk components and they reduce the operational burden of applying hedge accounting. The amendment enables the financial statements to reflect accurately the intent and outcome of its hedging strategies. ASU 2017-12 requires a modified retrospective transition method in which the Company will recognize the cumulative effect of the change on the opening balance of each affected component of equity in the consolidated balance sheet as of the date of adoption. The Standard is effective for fiscal years beginning after December 15, 2018, and interim periods with those fiscal years. The Company currently is not expecting any material impact as a result of adoption of this accounting standard on its consolidated financial statements as we do not apply hedge accounting of our freight forward agreements and bunker swaps.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share, Distinguishing Liabilities from Equity, and Derivatives and Hedging" ("ASU No. 2017-11"), which changes the classification of certain equity-linked financial instruments with down round features. As a result, a free standing equity-linked financial instrument or an embedded conversion option would not be accounted for as a derivative liability at fair value as a result of existence of a down round feature. For freestanding equity classified financial instruments, the amendment requires the entities to recognize the effect of the down round feature when triggered in its earnings per share calculations. The standard is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2018. The Company is currently not expecting any material impact as a result of adoption of this accounting standard on its consolidated financial statements as we have not elected to apply hedge accounting related to our freight forward agreements and bunker swaps.

Accounting standards effective in 2020

In August 2018, the FASB issued ASU No. 2018-13, Fair value measurement ("ASU 2018-13"). ASU 2018-13 is intended to streamline the disclosures requirements on fair value measurements. Disclosures such as the amounts of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, and the valuation process for Level 3 fair value measurements were removed. Additional disclosures such as disclosure about changes in unrealized gains and losses included in the other comprehensive income for Level 3 fair value measurements, the range and weighted average of significant unobservable inputs used for Level 3 fair value measurements are required to be reported by the public entities. The amendment is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company is currently evaluating the impact of the adoption of the accounting standard on its consolidated financial statements.

Note 4. Vessels and vessel improvements

As of December 31, 2018, the Company’s owned fleet consisted of 47 drybulk vessels.

As of December 31, 2015, the Company identified six vessels which it was probable that the Company was going to sell, and recognized an impairment charge in 2015 of $50.9 million. The carrying value of these vessels prior to impairment in 2015 was $76.3 million. As the value of such vessels further declined in the first quarter of 2016, the Company recorded an additional impairment charge of $6.2 million in that quarter. Out of the six vessels initially identified in 2015, all vessels have been sold as of December 31, 2017.

As of December 31, 2016, as part of the Company's fleet renewal program, management considered it probable that we would divest of some of our older vessels as well as certain less efficient vessels from our fleet to achieve operating cost savings within two years. Management's strategy also entailed moving to larger Ultramax vessels as the Company renews its fleet. As a result, the Company recognized an additional impairment charge of $122.9 million in the fourth quarter of 2016. The carrying value of these vessels prior to impairment was $234.9 million. The Company sold four of the sixteen impaired vessels in 2017 and 2018 and signed memorandum of agreements for the sale of two additional vessels as of December 31, 2018. The two vessels were delivered to the buyers in January 2019.

For the year ended December 31, 2018, the Company purchased and took delivery of two modern Ultramax vessels for $21.3 million per vessel.

For the year ended December 31, 2018, the Company sold two vessels (Avocet, and Thrush) for total net proceeds of $20.5 million after brokerage commissions and associated selling expenses. The Company recorded a net gain of $0.3 million from the sale of the two vessels. The Company recorded the proceeds from the sale of the vessel Thrush as restricted cash at December 31, 2018 pursuant to the Bond Terms governing the Norwegian Bond Debt. Please refer to Note 8 Debt to the consolidated financial statements.

On December 13, 2018, the Company signed a memorandum of agreement to sell the vessel Condor for $6.5 million after brokerage commissions and associated selling expenses. The vessel was delivered to buyers in the first quarter of 2019. The Company expects to recognize a gain of $2.2 million. The Company recorded the carrying amount of the vessel as vessels held for sale in its Consolidated Balance Sheet as of December 31, 2018.

On December 21, 2018, the Company signed a memorandum of agreement to purchase a 2015 built Ultramax vessel for $20.4 million. As of December 31, 2018, the Company paid a deposit of $2.0 million. The Company took delivery of the vessel in the first quarter of 2019.

On January 4, 2019, the Company signed a memorandum of agreement to sell the vessel Merlin for $6.1 million after brokerage commissions and associated selling expenses. The vessel was delivered to the buyers in January 2019. The Company expects to record a gain of approximately $1.9 million in the first quarter of 2019. The Company recorded the carrying amount of the vessel as vessels held for sale in its Consolidated Balance Sheet as of December 31, 2018

On August 14, 2018, the Company entered into a contract for installation of ballast water treatment systems ("BWTS") on 47 of our owned vessels. The projected costs, including installation, is approximately $0.5 million per BWTS. The Company intends to complete the installation during scheduled drydockings. The Company recorded $1.0 million in Other assets as of December 31, 2018.

On September 4, 2018, the Company announced it had entered into a series of agreements to purchase up to 37 Scrubbers which are to be retrofitted on owned vessels. The Agreements are comprised of firm orders for 19 Scrubbers and up to an additional

18 units, at the Company's option. On November 20, 2018, the Company announced that it had exercised its option to purchase 15 of the 18 optional Scrubbers, and on January 23, 2019, the Company announced that it had exercised the remaining 3 options. The projected costs, including installation, is approximately $2.2 million per Scrubber. The Company recorded $16.9 million in Other assets in its Consolidated Balance Sheet as of December 31, 2018.

	2018	2017
Vessel and vessel improvements at the beginning of the year	$ 690,236,419	$ 567,592,950
Advance paid for vessel purchase	2,201,773	1,926,886
Purchase of Vessels and vessel improvements	41,487,795	174,400,746
Disposal of Vessels	(10,354,855)	(15,218,633)
Reclassification to vessels held for sale	(8,458,444)	(9,316,095)
Depreciation Expense	(32,167,752)	(29,149,435)
Vessels and Vessel Improvements	$ 682,944,936	$ 690,236,419

Note 5. Short-term investment

As of December 31, 2017, the Company held a certificate of deposit of $4.5 million, with an original maturity at the date of purchase of one year. It was classified as Level 2 security in the fair value hierarchy. The certificate of deposit matured in the first quarter of 2018.

Note 6. Deferred Drydock Costs

Drydocking activity is summarized as follows:

	December 31, 2018	December 31, 2017	December 31, 2016
Beginning Balance	$ 9,749,751	$ 11,507,309	$ 11,146,009
Drydocking costs	8,323,191	2,579,111	3,688,711
Drydock amortization	(5,353,102)	(4,336,669)	(3,327,411)
Write-off due to sale of vessels *	(533,484)	—	—
Ending Balance	$ 12,186,356	$ 9,749,751	$ 11,507,309

* The Company wrote off drydock expenses of $0.5 million relating to the sale of vessels Avocet and Thrush, which was recorded in (gain)/loss on sale of vessels in the Consolidated Statement of Operations for the year ended December 31, 2018.

Note 7. Other accrued liabilities

Other accrued liabilities consist of:

	December 31, 2018	December 31, 2017
Vessel and voyage expenses	$ 4,981,596	$ 5,373,389
General and administrative expenses	4,768,244	6,050,078
Other expenses	314,177	386,899
Balance	$ 10,064,017	$ 11,810,366

Note 8. Debt

Long-term debt consists of the following:

	December 31, 2018	December 31, 2017
Norwegian Bond Debt	$ 196,000,000	$ 200,000,000
Debt discount and debt issuance costs - Norwegian Bond Debt	(5,530,845)	(6,049,671)
Less: Current Portion - Norwegian Bond Debt	(8,000,000)	(4,000,000)
Norwegian Bond Debt, net of debt discount and debt issuance costs	182,469,155	189,950,329
New First Lien Facility *	60,000,000	65,000,000
Debt discount and debt issuance costs - New First Lien Facility	(1,060,693)	(1,241,815)
Less: Current Portion - New First Lien Facility	(10,750,000)	—
New First Lien Facility, net of debt discount and debt issuance costs	48,189,307	63,758,185
Original Ultraco Debt Facility	82,600,000	61,200,000
Debt discount and debt issuance costs - Original Ultraco Debt Facility	(1,248,885)	(1,224,838)
Less: Current Portion - Original Ultraco Debt Facility	(10,426,230)	—
Original Ultraco Debt Facility, net of debt discount and debt issuance costs	70,924,885	59,975,162
Total long-term debt	$ 301,583,347	$ 313,683,676

*Includes loan balances on term loan and revolver loan facility under the New First Lien Facility as of December 31, 2017. The revolver loan of $5.0 million was repaid during 2018.

Norwegian Bond Debt

On November 28, 2017, Eagle Bulk Shipco LLC, a wholly-owned subsidiary of the Company ("Shipco" or "Issuer") issued $200.0 million in aggregate principal amount of 8.250% Senior Secured Bonds (the "Bonds" or the "Norwegian Bond Debt"), pursuant to those certain bond terms (the "Bond Terms"), dated as of November 22, 2017, by and between the Issuer and Nordic Trustee AS, as the Bond Trustee. After giving effect to an original issue discount of approximately 1% and deducting offering expenses of $3.1 million, the net proceeds from the issuance of the Bonds are approximately $195.0 million. These net proceeds from the Bonds, together with the proceeds from the New First Lien Facility and cash on hand, were used to repay all amounts outstanding including accrued interest under various debt facilities outstanding at that time and to pay expenses associated with the refinancing transactions. Shipco incurred $1.3 million in other financing costs in connection with the transaction.

The Norwegian Bond Debt is guaranteed by the limited liability companies that are subsidiaries of the Issuer and the legal and beneficial owners of 27 security vessels (the "Shipco Vessels") in the Company's fleet, and will be secured by mortgages over such security vessels, a pledge granted by the Company over all of the shares of the Issuer, a pledge granted by the Issuer over all the shares in the Vessel Owners, certain charter contract assignments, certain assignments of earnings, a pledge over certain accounts, an assignment of insurances covering security vessels, and assignments of intra-group debt between the Company and the Issuer or its subsidiaries.

Pursuant to the Bond Terms, interest on the Bonds will accrue at a rate of 8.250% per annum on the nominal amount of each of the Bonds from November 28, 2017, payable semi-annually on May 29 and November 29 of each year (each, an "Interest Payment Date"), commencing May 29, 2018. The Bonds will mature on November 28, 2022. On each Interest Payment Date from and including November 29, 2018, the Issuer must repay an amount of $4.0 million, plus accrued interest thereon. Any outstanding Bonds must be repaid in full on the Maturity Date at a price equal to 100% of the nominal amount, plus accrued interest thereon.

The Issuer may redeem some or all of the outstanding Bonds at any time on or after the Interest Payment Date in May 2020 (the "First Call Date"), at the following redemption prices (expressed as a percentage of the nominal amount), plus accrued interest on the redeemed amount, on any business day from and including:

Period	Redemption Price
First Call Date to, but not including, the Interest Payment Date in November 2020	104.125%
Interest Payment Date in November 2020 to but not including, the Interest Payment Date in May 2021	103.3%
Interest Payment Date in May 2021 to, but not including, the Interest Payment Date in November 2021	102.475%
Interest Payment Date in November 2021 to, but not including, the Interest Payment Date in May 2022	101.65%
Interest Payment Date in May 2022 to, but not including, the Maturity Date	100%

Prior to the First Call Date, the Issuer may redeem some or all of the outstanding Bonds at a price equal to 100% of the nominal amount of the Bonds plus a "make-whole" premium and accrued and unpaid interest to the redemption date.

If the Company experiences a change of control, each holder of the Bonds will have the right to require that the Issuer purchase all or some of the Bonds held by such holder at a price equal to 101% of the nominal amount, plus accrued interest.

The Bond Terms contain certain financial covenants that the Issuer's leverage ratio defined as the ratio of outstanding bond amount and any drawn amounts under the Super Senior Facility less consolidated cash balance to the aggregate book value of the Shipco Vessels must not exceed 75% and its and its subsidiaries' free liquidity must at all times be at least $12.5 million. The Company is in compliance with its financial covenants as of December 31, 2018.

On March 23, 2018, the Company signed a memorandum of agreement to sell the vessel Thrush for $10.8 million after brokerage commissions and associated selling expenses. Pursuant to the Bond Terms governing the Norwegian Bond Debt, the proceeds from the sale of vessels are to be held in a restricted account to be used for the financing of the acquisition of additional vessels by Shipco. As a result, the Company recorded the proceeds of the sale of Thrush as restricted cash at December 31, 2018 in the consolidated financial statements.

On November 6, 2018, the Company received the approval for an amendment to the Bond Terms to allow for the proceeds from the sale of the Shipco vessels for partial financing of Scrubbers to be retrofitted to the Shipco vessels. As of December 31, 2018, the Company did not use any of the proceeds received from sale of Shipco vessels for financing of Scrubbers.

The Bond Terms also contain certain events of default customary for transactions of this type, including, but not limited to, those relating to: a failure to pay principal or interest; a breach of covenants, representation or warranty; a cross default to other indebtedness; the occurrence of certain bankruptcy and insolvency events; and the impossibility or unlawfulness of performance of the finance documents.

The Bond terms also contain certain exceptions and qualifications, among other things, limit the Company's and the Issuer's ability and the ability of the Issuer's subsidiaries to do the following: make distributions; carry out any merger, other business combination, demerger or corporate reorganization; make substantial changes to the general nature of their respective businesses; incur certain indebtedness; incur liens; make loans or guarantees; make certain investments; transact with affiliates; enter into sale and leaseback transactions; engage in certain chartering-in of vessels; dispose of shares of Vessel Owners; or acquire the Bonds.

The Bonds were listed for trading on the Oslo Stock Exchange on May 15, 2018.

New First Lien Facility

On December 8, 2017, Eagle Shipping entered into the New First Lien Facility, which provided for (i) a term loan facility in an aggregate principal amount of up to $60.0 million (the "Term Loan") and (ii) a revolving credit facility in an aggregate principal amount of up to $5.0 million (the "Revolving Loan"). Outstanding borrowings under the New First Lien Facility bore interest at LIBOR plus 3.50% per annum. Eagle Shipping paid $1.0 million to the lenders and incurred $0.4 million of other financing costs in connection with the transaction.

The New First Lien Facility had a maturity date on the earlier of (i) five years from the initial borrowing date under the Credit Agreement and (ii) December 8, 2022. With respect to the Term Loan, Eagle Shipping was required to make quarterly repayments of principal of $2.15 million beginning January 15, 2019, with a final balloon payment to be made at maturity. With respect to the Revolving Loan, Eagle Shipping was required to repay the aggregate principal amount of all borrowings outstanding on the maturity date. Accrued interest on amounts outstanding under the Term Loan and the Revolving Loan was required be paid on the last day of each applicable interest period. Interest periods were for three months, six months or any other period agreed between Eagle Shipping and the Lenders. Finally, Eagle Shipping was required to prepay certain specified amounts outstanding under the New First Lien Facility if an Eagle Shipping Vessel (as defined below) was sold or became a total loss or if there was a change of control with respect to the Company, Eagle Shipping or any Guarantor.

Eagle Shipping's obligations under the New First Lien Facility was secured by, among other items, a first priority mortgage on the nine vessels in Eagle Shipping's fleet as identified in the Credit Agreement and such other vessels that it may from time to time include with the approval of the Lenders (the "Eagle Shipping Vessels"), an assignment of certain accounts, an assignment of certain charters with terms that may exceed 12 months, an assignment of insurances, an assignment of certain master agreements, and a pledge of the membership interests of each of Eagle Shipping's vessel-owning subsidiaries. In the future, Eagle Shipping may grant additional security to the Lenders from time to time.

The New First Lien Facility contained financial covenants requiring Eagle Shipping to maintain minimum liquidity of $0.5 million in respect of each Eagle Shipping Vessel and to maintain a consolidated interest coverage ratio beginning for the fiscal quarter ending on September 30, 2019, of not less than a range varying from 1.50 to 1.00 to 2.50 to 1.00. In addition, the New First Lien Facility also imposed operating restrictions on Eagle Shipping and the Guarantors, including limiting Eagle Shipping's and the Guarantors' ability to, among other things: pay dividends; incur additional indebtedness; create liens on assets; sell assets; dissolve or liquidate; merge or consolidate with another person; make investments; engage in transactions with affiliates; and allow certain changes of control to occur. The Company was in compliance with its financial covenants as of December 31, 2018.

The New First Lien Facility also included customary events of default, including those relating to: a failure to pay principal or interest; a breach of covenant, representation or warranty; a cross-default to other indebtedness; the occurrence of certain bankruptcy and insolvency events; the occurrence of certain ERISA events; a judgment default; the cessation of business; the impossibility or unlawfulness of performance of the loan documents; the ineffectiveness of any material provision of any loan document; the occurrence of a material adverse effect; and the occurrence of certain swap terminations.

During the first quarter of 2018, Eagle Shipping repaid $5.0 million of the Revolving Loan.

As of December 31, 2018, the availability under the Revolving Loan was $5.0 million.

On January 25, 2019, the Company repaid the outstanding debt under the New First Lien Facility in full as part of the refinancing transaction as described below under "Refinancing."

Super Senior Facility

On December 8, 2017, Shipco entered into the Super Senior Facility, which provides for a revolving credit facility in an aggregate amount of up to $15.0 million. The proceeds of the Super Senior Facility, which are currently undrawn, are expected, pursuant to the terms of the Super Senior Facility, to be used (i) to acquire additional vessels or vessel owners and (ii) for general corporate and working capital purposes of Shipco and its subsidiaries. The Super Senior Facility matures on August 28, 2022. Shipco paid $0.3 million as other financing costs in connection with the transaction.

As of December 31, 2018, the availability under the Super Senior Facility is $15.0 million.

The outstanding borrowings under the Super Senior Facility will bear interest at LIBOR plus 2.00% per annum and commitment fees of 40% of the applicable margin on the undrawn portion of the facility. For each loan that is requested under the Super Senior Facility, Shipco must repay such loan along with accrued interest on the last day of each interest period relating to the loan. Interest periods are for three months, six months or any other period agreed between Shipco and the Super Senior Facility Agent. Additionally, subject to the other terms of the Super Senior Facility, amounts repaid on the last day of each interest period may be re-borrowed.

Shipco's obligations under the Super Senior Facility are guaranteed by the limited liability companies that are subsidiaries of Shipco and the legal and beneficial owners of 27 vessels in the Company's fleet (the "Eagle Shipco Vessel Owners"), and will be secured by mortgages over such vessels, a pledge granted by the Company over all of the shares of Shipco, a pledge granted by Shipco over all the shares in the Eagle Shipco Vessel Owners, certain charter contract assignments, certain assignments of earnings, a pledge over certain accounts, an assignment of insurances covering security vessels, and assignments of intra-group debt between the Company and Shipco or its subsidiaries. The Super Senior Facility ranks super senior to the Bonds with respect to any proceeds from any enforcement action relating to security or guarantees for both the Super Senior Facility and the Bonds.

The Super Senior Facility contains certain covenants that, subject to certain exceptions and qualifications, among other things, limit Shipco's and its subsidiaries' ability to do the following: make distributions; carry out any merger, other business combination, or corporate reorganization; make substantial changes to the general nature of their respective businesses; incur certain indebtedness; incur liens; make loans or guarantees; make certain investments; transact other than on arm's-length terms; enter into sale and leaseback transactions; engage in certain chartering-in of vessels; or dispose of shares of Eagle Shipco Vessel Owners. Additionally, Shipco's leverage ratio must not exceed 75% and its and its subsidiaries' free liquidity must at all times be at least $12.5 million. Also, the total commitments under the Super Senior Facility will be cancelled if (i) at any time the aggregate market value of the security vessels for the Super Senior Facility is less than 300% of the total commitments under the Super Senior Facility or (ii) if Shipco or any of its subsidiaries redeems or otherwise repays the Bonds so that less than $100.0 million is outstanding under the Bond Terms. The Company is in compliance with its financial covenants as of December 31, 2018.

The Super Senior Facility also contains certain events of default customary for transactions of this type, including, but not limited to, those relating to: a failure to pay principal or interest; a breach of covenants, representation or warranty; a cross default to other indebtedness; the occurrence of certain bankruptcy and insolvency events; the cessation of business; the impossibility or unlawfulness of performance of the finance documents for the Super Senior Facility; and the occurrence of a material adverse effect.

Original Ultraco Debt Facility

On June 28, 2017, Ultraco, a wholly-owned subsidiary of the Company, entered into a credit agreement (the "Original Ultraco Debt Facility"), by and among Ultraco, as borrower, certain wholly-owned vessel-owning subsidiaries of Ultraco, as guarantors (the "Ultraco Guarantors"). The Original Ultraco Debt Facility provided for a multi-draw senior secured term loan facility in an aggregate principal amount of up to the lesser of (i) $61.2 million and (ii) 40% of the lesser of (1) the purchase price of the nine Ultramax vessels to be acquired by Ultraco and the Ultraco Guarantors pursuant to a previously disclosed framework agreement, dated as of February 28, 2017, with Greenship Bulk Manager Pte. Ltd., as Trustee-Manager of Greenship Bulk Trust, and (2) the fair market value of the vessels. The proceeds of the Original Ultraco Debt Facility were used for the purpose of financing, refinancing or reimbursing a part of the acquisition cost of nine Ultramax vessels. The outstanding borrowings under the Original Ultraco Debt Facility bore interest at LIBOR plus 2.95% per annum. The Original Ultraco Debt Facility also provided for the payment of certain other fees and expenses by Ultraco. Ultraco paid $1.0 million to the lenders and $0.5 million as deferred financing costs in connection with the transaction.

On December 29, 2017, Ultraco entered into a First Amendment (the “First Amendment”) to the Original Ultraco Debt Facility to increase the commitments for the purpose of financing the acquisition of an additional vessel by New London Eagle LLC, a wholly owned subsidiary of Ultraco and additional guarantor under the Original Ultraco Debt Facility. The increase in the commitments was $8.6 million. Ultraco took delivery of the vessel in January 2018 and drew down $8.6 million. The Company paid $0.1 million as financing costs to the lender in connection with the transaction.

On October 17, 2018, Ultraco entered into a Second Amendment (the "Second Amendment") to the Original Ultraco Debt Facility to increase the commitments for the purpose of financing the acquisition of an additional vessel by Hamburg Eagle LLC, a wholly owned subsidiary of Ultraco and additional guarantor under the Original Ultraco Debt Facility. The increase in the commitments was $12.8 million. Ultraco took delivery of the vessel on October 22, 2018 and drew down $12.8 million. The Company paid $0.2 million as financing costs to the lender in connection with the transaction.

As of December 31, 2018, Ultraco has drawn $82.6 million of the credit facility relating to the acquisition of 11 Ultramax vessels.

The Original Ultraco Debt Facility was to mature on the earlier of (i) five years after the delivery of the last remaining Greenship Vessel to occur and (ii) October 31, 2022. There were no fixed repayments until January 2019 (the "First Repayment Date"). Ultraco was required to make quarterly repayments of principal in an amount of $2.1 million beginning in the first quarter of 2019 with a final balloon payment to be made at maturity. The Original Ultraco Debt Facility allowed for increased commitments, subject to the satisfaction of certain conditions and the obtaining of certain approvals, in an aggregate principal amount of up to the lesser of (i) $17.4 million and (ii) 40% of the aggregate fair market value of any additional vessels to be financed with such incremental commitment.

Ultraco’s obligations under the Original Ultraco Debt Facility were secured by, among other items, a first priority mortgage on each of the Greenship Vessels and such other vessels that it may from time to time include with the approval of the Ultraco Lenders, an assignment of earnings of the Greenship Vessels, an assignment of all charters with terms that may exceed 12 months, an assignment of insurances, an assignment of certain master agreements, and a pledge of the membership interests of each of Ultraco’s vessel-owning subsidiaries.

The Original Ultraco Debt Facility contained financial covenants requiring Ultraco, among other things: (1) to ensure that the aggregate market value of the Greenship Vessels (plus the value of certain additional collateral) was at all times not less than 150% of the aggregate principal amount of debt outstanding (subject to certain adjustments); (2) to maintain cash or cash equivalents not less than (a) a liquidity reserve of $0.6 million in respect of each Greenship Vessel and (b) a debt service reserve of $0.6 million in respect of each Greenship Vessel, a portion of which could have been utilized to satisfy the obligations under the Original Ultraco Debt Facility upon satisfaction of certain conditions; however, taking into account the requirements of 2(a) and 2(b), the cash or cash equivalents could not have been less than the greater of (i) $7.5 million or (ii) 12% of the consolidated total debt of Ultraco and its subsidiaries; (3) to maintain at all times a ratio of consolidated tangible net worth to consolidated total assets of not less than 0.35 to 1.00; (4) to maintain a consolidated interest coverage ratio beginning after the second anniversary of June 28, 2017, of not less than a range varying from 2.00 to 1.00 to 2.50 to 1.00; and (5) to maintain a ballast water treatment systems reserve of $4.6 million which may be released upon the satisfaction of certain conditions. In addition, the Original Ultraco Debt Facility also imposed operating restrictions on Ultraco and the Ultraco Guarantors, including limiting Ultraco’s and the Ultraco Guarantors’ ability to, among other things: pay dividends; incur additional indebtedness; create liens on assets; sell assets; dissolve or liquidate; merge or consolidate with another person; make investments; engage in transactions with affiliates; and allow certain changes of control to occur.

The Original Ultraco Debt Facility also included customary events of default, including those relating to: a failure to pay principal or interest; a breach of covenant, representation or warranty; a cross-default to other indebtedness; the occurrence of certain bankruptcy and insolvency events; the occurrence of certain ERISA events; a judgment default; the cessation of business; the impossibility or unlawfulness of performance of the loan documents; the ineffectiveness of any material provision of any loan document; the occurrence of a material adverse effect; and the occurrence of certain swap terminations.

On January 25, 2019, the Company repaid the outstanding debt under the Original Ultraco Debt Facility in full as part of the refinancing transaction as described below).

Interest rates

For the year ended December 31, 2018, interest rates on Norwegian Bond Debt was 8.25%. The weighted average effective interest rate including amortization of debt discount and debt issuance costs for the year was 8.91%. The interest rates on the

Original Ultraco Debt Facility ranged from 4.64% to 5.76% including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate for the year was 5.58%. The interest rates on the New First Lien Facility ranged from 4.91% to 5.89% including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the revolver credit facility of the New First Lien Facility. The weighted average effective interest rate including the amortization of debt discount and debt issuance costs for the year was 6.12%.

For the year ended December 31, 2017, interest rates on our outstanding debt under the First Lien Facility ranged from 4.77% to 5.35%, including a margin over LIBOR and commitment fees of 40% of the margin on the undrawn portion of the facility. The weighted average effective interest rate was 6.18%. The interest rates on our outstanding debt under the Original Ultraco Debt Facility ranged from 4.19% to 4.28%, including a margin over LIBOR applicable under the terms of the Original Ultraco Debt Facility which was entered into on June 28, 2017. The weighted average effective interest rate was 4.71%. The Norwegian Bond debt carries an interest rate of 8.25%. The weighted average effective interest rate on the same was 8.84%. The interest rate on our outstanding debt under the New First Lien Facility was 4.83% including a margin over LIBOR applicable under the terms of the New First Lien Facility which was entered into on December 8, 2017. The weighted average effective interest rate was 5.21%.

For 2016, interest rates on our outstanding debt ranged from 3.86% to 4.99%, including a margin over LIBOR applicable under the terms of the First Lien Facility/Exit Financing Facility. The weighted average effective interest rate including the amortization of debt discount for this period was 6.83%.

For 2017 and 2016, the payment-in-kind interest rate on our Second Lien Facility was 15% including a margin over LIBOR. The weighted average effective interest rate on our Second Lien Facility including the amortization of debt discount was 17.05%.

Interest Expense consisted of:

	For the Years Ended		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
First Lien Facility / Exit Financing Facility interest *	$ —	$ 10,305,275	$ 9,938,822
Amortization of debt discount and debt issuance costs	1,913,651	5,927,984	4,532,481
Payment in kind interest on Second Lien Facility	—	10,098,401	7,327,843
Original Ultraco Debt Facility interest	3,774,309	1,269,581	—
Norwegian Bond Debt interest	16,424,449	1,558,333	—
New First Lien Facility interest	3,509,790	209,420	—
Commitment fees - Super Senior Revolver Facility	121,332	8,000	—
Total Interest Expense	$ 25,743,531	$ 29,376,994	$ 21,799,146

* The Exit Financing Facility was amended and restated on March 30, 2016 as a result of entering into the First Lien Facility.

First Lien Facility

On March 30, 2016, Eagle Shipping as borrower, and certain of its subsidiaries that were guarantors of the Company's obligations under the Company's senior secured credit facility (the "Exit Financing Facility"), as guarantors, entered into the "First Lien Facility with the lenders thereunder (the "First Lien Lenders") and ABN AMRO Capital USA LLC, as agent and security trustee for the lenders. The First Lien Facility amended and restated the Exit Financing Facility in its entirety, provided for Eagle Shipping to be the borrower in the place of the Company, and further provided for a waiver of any and all events of default occurring as a result of the voluntary OFAC Disclosure referred to in Note 10. Commitments and Contingencies - Legal Proceedings to the consolidated financial statements. The First Lien Facility provided for a term loan in the amount of $201.5 million after giving effect to the entry into the First Lien Facility and the Second Lien Facility as well as a $50.0 million revolving credit facility (the "First Lien Facility"). The outstanding borrowings under the First Lien Facility bore interest at LIBOR plus 4.0% per annum.

Eagle Shipping prepaid $5.7 million of the term loan during the year ended December 31, 2016 and $13.0 million of the term loan for the year ended December 31, 2017 pursuant to the terms of the First Lien Facility relating to mandatory prepayments upon sales of vessels. Additionally, Eagle Shipping also repaid $5.0 million of the revolving credit facility in the third quarter of 2017. On December 8, 2017, Eagle Shipping repaid the outstanding balance of the term loan of $171.1 million and the outstanding

balance of the revolver loan of $20.0 million and discharged the debt under the First Lien Facility in full. As a result, Eagle Shipping recorded a loss, representing the difference between settlement price and the net carrying value of the debt amounting to $3.2 million which is included in loss on debt extinguishment in the Consolidated Statement of Operations for the year ended December 31, 2017.

Second Lien Facility

On March 30, 2016, Eagle Shipping, as borrower, and certain of its subsidiaries that were guarantors of the Company's obligations under the Exit Financing Facility, as guarantors, entered into a Second Lien Facility with certain lenders (the "Second Lien Lenders") and Wilmington Savings Fund Society, FSB as agent for the Second Lien Lenders (the "Second Lien Agent"). The Second Lien Facility provided for a term loan in the amount of $60.0 million (the "Second Lien Facility"), and scheduled to mature on January 14, 2020. The term loan under the Second Lien Facility bore interest at a rate of LIBOR plus 14.00% per annum with a 1.0% LIBOR floor paid in kind quarterly in arrears. The payment-in-kind interest represents a non-cash operating and financing activity on the consolidated statements of cash flows for the years ended December 31, 2017 and 2016.

The Company adopted ASU-2016-15 which provided specific guidance on cash flow classification issues such as debt prepayment or debt extinguishment costs, settlement of zero coupon debt instruments. The amendment was applied retrospectively to each period presented and the Company reclassified $17.4 million of accumulated payment-in-kind interest paid upon the discharge of the Second Lien Facility previously recorded as a use of cash from financing activities, as a use of cash from operating activities.

On December 8, 2017, in connection with the refinancing defined above, Eagle Shipping repaid the outstanding debt and accumulated payment-in-kind interest aggregating $77.4 million, and discharged the debt under the Second Lien Facility in full. Eagle Shipping recorded the difference between the settlement price and the net carrying value of the debt amounting to $11.8 million, as loss on debt extinguishment in the Consolidated Statement of Operations for the year ended December 31, 2017.

Exit Financing Facility

On October 9, 2014, the Company entered into the Exit Financing Facility with the Exit Lenders. The Exit Financing Facility was in the amount of $275.0 million, is including a $50.0 million revolving credit facility out of which $40.0 million was drawn as of December 31, 2015, and had a maturity date of on October 15, 2019. Amounts drawn under the Exit Financing Facility bore interest at a rate of LIBOR plus margin ranging between 3.50% and 4.00% per annum. The revolving credit facility was subject to an annual commitment fee of 40% of the margin.

The Exit Financing Facility was amended and restated in its entirety by Eagle Shipping on March 30, 2016 and succeeded by the First Lien Facility described above.

Scheduled Debt Maturities

The following table presents the scheduled maturities of principal amounts of our debt obligations for the next five years.

	Norwegian Bond Debt	New First Lien Facility *	Original Ultraco Debt Facility *	Total
2019	$ 8,000,000	$ 10,750,000	$ 10,426,230	$ 29,176,230
2020	8,000,000	8,600,000	8,340,984	24,940,984
2021	8,000,000	8,600,000	8,340,984	24,940,984
2022	172,000,000	32,050,000	55,491,802	259,541,802
	$ 196,000,000	**$ 60,000,000**	**$ 82,600,000**	**$ 338,600,000**

* The scheduled maturities exclude the impact of the refinancing of the New First Lien Facility and Original Ultraco Debt Facility on January 25, 2019.

Refinancing

On January 25, 2019, Ultraco entered into a new senior secured credit facility, as the borrower (the "New Ultraco Debt Facility"), with the Company and certain of its indirectly vessel-owning subsidiaries, as guarantors (the "Guarantors"), the lenders party thereto, the swap banks party thereto, ABN AMRO Capital USA LLC ("ABN AMRO"), Credit Agricole Corporate and Investment Bank, Skandinaviska Enskilda Banken AB (PUBL) and DNB Markets Inc., as mandated lead arrangers and bookrunners, and ABNAMRO, as arranger, security trustee and facility agent. The New Ultraco Debt Facility provides for an aggregate principal amount of $208.4 million, which consists of (i) a term loan facility of $153.4 million and (ii) a revolving credit facility of $55.0 million. The proceeds from the New Ultraco Debt Facility were used to repay the outstanding debt including accrued interest under the Original Ultraco Debt Facility and the New First Lien Facility in full and for general corporate purposes. Subject to certain conditions set forth in the credit agreement, Ultraco may request an increase of up to $60.0 million in the aggregate principal amount of the Term Facility Loan. Outstanding borrowings under the New Ultraco Debt Facility bear interest at LIBOR plus 2.50% per annum.

The New Ultraco Debt Facility matures on the earlier of (i) five years from the initial borrowing date and (ii) February 15, 2024 (the "Maturity Date"). Pursuant to the terms of the facility, Ultraco must repay the aggregate principal amount of $5.1 million in quarterly installments for the first year and $6.5 million in quarterly installments from the second year until the Maturity Date. Additionally, there is a semi-annual catch up amortization payments from excess cash flow with a maximum cumulative payable of $4.6 million, with a final balloon payment of all remaining outstanding debt to be made on the Maturity Date.

Accrued interest on amounts outstanding under the New Ultraco Debt Facility must be paid on the last day of each applicable interest period. Interest periods are for three months, six months or any other period agreed between Ultraco and the Lenders. Ultraco must prepay certain specified amounts outstanding under the credit agreement if an Ultraco Vessel (as defined below) is sold or becomes a total loss or if there is a change of control with respect to the Company, Ultraco or any Guarantor.

Ultraco's obligations under New Ultraco Debt Facility are secured by, among other items, a first priority mortgage on 21 vessels owned by the Guarantors as identified in the Credit Agreement and such other vessels that it may from time to time include with the approval of the Lenders (the "Ultraco Vessels"), an assignment of certain accounts, an assignment of certain charters with terms that exceeds 12 months, an assignment of insurances, an assignment of certain master agreements, and a pledge of the membership interests of Eagle Ultraco and each Guarantor. In the future, Ultraco or the Guarantors may grant additional security to the Lenders from time to time.

The New Ultraco Debt Facility contains financial covenants requiring the Company, on a consolidated basis excluding Shipco and any of Shipco's subsidiaries (each, a "Restricted Subsidiary") and any of the vessels owned by any Restricted Subsidiary to maintain a minimum amount of free cash or cash equivalents in an amount not less than the greater of (i) $0.6 million per owned vessel and (ii) 7.5% of the total consolidated debt of the Company and its subsidiaries, excluding any Restricted Subsidiary, which currently consists of amounts outstanding under the New Ultraco Debt Facility. The New Ultraco Debt Facility also requires the Company to maintain a liquidity reserve of $0.6 million per Ultraco Vessel in an unblocked account. Additionally, the credit agreement requires the Company, on a consolidated basis excluding any Restricted Subsidiary and the vessels owned by any Restricted Subsidiary, to maintain (i) a ratio of minimum value adjusted tangible equity to total assets ratio of not less than 0.30:1, (ii) a consolidated interest coverage ratio of not less than a range varying from 1.50 to 1.00 to 2.50 to 1.00, and (iii) a positive working capital. The credit agreement also imposes operating restrictions on Ultraco and the Guarantors, including limiting Ultraco's and the Guarantors' ability to, among other things: incur additional indebtedness; create liens on assets; sell assets; dissolve or liquidate; merge or consolidate with another person; make investments; engage in transactions with affiliates; and allow certain changes of control to occur. The credit agreement allows for the Company to pay dividends upon satisfaction of certain conditions set forth in the credit agreement.

Finally, the credit agreement includes customary events of default, including those relating to: a failure to pay principal or interest; a breach of covenant, representation or warranty; a cross-default to other indebtedness; the occurrence of certain bankruptcy and insolvency events; the occurrence of certain ERISA events; a judgment default; the cessation of business; the impossibility or unlawfulness of performance of the loan documents; the ineffectiveness of any material provision of any loan document; the occurrence of a material adverse effect; and the occurrence of certain swap terminations.

Note 9. Derivative Instruments and Fair Value Measurements

Forward freight agreements, bunker swaps and freight derivatives

The Company trades in forward freight agreements ("FFAs") and bunker swaps, with the objective of utilizing this market as economic hedging instruments that reduce the risk of specific vessels to changes in the freight market. The Company's FFAs

and bunker swaps have not qualified for hedge accounting treatment. As such, unrealized and realized gains are recognized as a component of other expense in the Consolidated Statement of Operations and Other current assets and Fair value of derivatives in the Consolidated Balance Sheets. Derivatives are considered to be Level 2 instruments in the fair value hierarchy.

The effect of non-designated derivative instruments on the Consolidated Statements of Operations:

		For the Years Ended		
Derivatives not designated as hedging instruments	**Location of (gain)/loss recognized**	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
FFAs	Other (income)/expense	$ (471,679)	$ 375,672	$ 561,495
Bunker swaps	Other (income)/expense	345,438	(413,577)	—
Total		$ (126,241)	$ (37,905)	$ 561,495

Derivatives not designated as hedging instruments	**Balance Sheet Location**	**Fair value of derivatives**	
		December 31, 2018	**December 31, 2017**
FFAs - Unrealized loss	Fair value of derivatives	$ —	$ 73,170
FFAs - Unrealized gain	Other current assets	669,240	—
Bunker Swaps - Unrealized loss	Fair value of derivatives	929,313	—
Bunker Swaps - Unrealized gain	Other current assets	—	128,845

Cash Collateral Disclosures

The Company does not offset fair value amounts recognized for derivatives by the right to reclaim cash collateral or the obligation to return cash collateral. The amount of collateral to be posted is defined in the terms of respective master agreement executed with counterparties or exchanges and is required when agreed upon threshold limits are exceeded. As of December 31, 2018 and December 31, 2017, the Company posted cash collateral related to derivative instruments under its collateral security arrangements of $0.8 million and $0.2 million, respectively, which is recorded within other current assets in the consolidated balance sheets.

Fair Value Measurements

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash, cash equivalents and restricted cash—the carrying amounts reported in the consolidated balance sheets for interest-bearing deposits approximate their fair value due to their short-term nature thereof.

Debt—the carrying amounts of borrowings under the Norwegian Bond Debt, New First Lien Facility and Original Ultraco Debt Facility (prior to application of the discount and debt issuance costs) including the revolving credit agreement approximate their fair value, due to the variable interest rate nature thereof.

The Company defines fair value, establishes a framework for measuring fair value and provides disclosures about fair value measurements. The fair value hierarchy for disclosure of fair value measurements is as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Our Level 1 non-derivatives include cash, money-market accounts, certain short-term investments and restricted cash accounts.

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable. Our Level 2 non-derivatives include our short-term investments and debt balances under the Norwegian Bond Debt, New First Lien Facility and Original Ultraco Debt Facility.

Level 3 – Inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

Assets and liabilities measured at fair value:

			Fair Value	
	Carrying Value		Level 1	Level 2
December 31, 2018				
Assets				
Cash and cash equivalents (1)	$	78,163,638	$ 78,163,638	$ —
Liabilities				
Norwegian Bond Debt *	$	190,469,155	$ —	$ 195,040,000
New First Lien Facility **	$	58,939,307	$ —	$ 60,000,000
Original Ultraco Debt Facility **	$	81,351,115	$ —	$ 82,600,000

			Fair Value	
	Carrying Value		Level 1	Level 2
December 31, 2017				
Assets				
Cash and cash equivalents (1)	$	56,325,961	$ 56,325,961	$ —
Short-term investment	$	4,500,000	$ —	$ 4,500,000
Liabilities				
Norwegian Bond Debt *	$	189,950,329	$ —	$ 200,990,000
New First Lien Facility **	$	63,758,185	$ —	$ 65,000,000
Original Ultraco Debt Facility **	$	59,975,162	$ —	$ 61,200,000

(1) Includes non-current restricted cash of $11.0 million at December 31, 2018 and $0.1 million at December 31, 2017.

* The fair value of the bonds is based on the last trade on December 21, 2018 and December 21, 2017 on Bloomberg.com.

** The fair value of the New First Lien Facility and the Original Ultraco Debt Facility is based on the required repayment to the lenders if the debt was discharged in full on December 31, 2018 and 2017. The New First Lien Facility and Original Ultraco Debt Facility were fully discharged as part of the refinancing transaction on January 25, 2019. Please see Note 8. Debt to the consolidated financial statements.

Note 10. Commitments and Contingencies

Operating Lease

On October 15, 2015, the Company entered into a new commercial lease agreement as a subtenant for office space in Stamford, Connecticut. The lease is effective from January 1, 2016 through June 29, 2023, with an average annual rent of $0.4 million. The lease is secured by a letter of credit backed by cash collateral of $74,917 which amount is recorded as restricted cash in the accompanying consolidated balance sheets. In November 2018, the Company entered into a lease office agreement in Singapore, which expires in October 2021, with an average annual rent of $0.3 million. Rent expense for all of our global locations recorded for the years ended December 31, 2018, 2017, and 2016 was $0.7 million, $0.7 million and $0.8 million, respectively.

The future minimum commitments under the leases for office space as of December 31, 2018 are as follows:

(In thousands of U.S. dollars)

2019	$	715
2020		728
2021		708
2022		483
2023		245
Thereafter		—
Total	$	2,879

Legal Proceedings

The Company is involved in legal proceedings and may become involved in other legal matters arising in the ordinary course of its business. The Company evaluates these legal matters on a case-by-case basis to make a determination as to the impact, if any, on its business, liquidity, results of operations, financial condition or cash flows.

In November 2015, the Company filed a voluntary self-disclosure report regarding certain apparent violations of U.S. sanctions regulations in the provision of shipping services for third party charterers with respect to the transportation of cargo to or from Myanmar. At the time of such apparent violations, the Company had a different senior operational management team. There can be no assurance that OFAC will not conclude that these past actions warrant the imposition of civil penalties and/or referral for further investigation by the U.S. Department of Justice. The report was provided to OFAC for the agency's review, consideration and determination regarding what action, if any, may be taken in resolution of this matter. The Company will continue to cooperate with the agency regarding this matter and cannot estimate when such review will be concluded. While the ultimate impact of these matters cannot be determined, there can be no assurance that the impact will not be material to the Company's financial condition or results of operations.

Other Commitments

On July 28, 2011, the Company entered into an agreement to charter in a 37,000 dwt newbuilding Japanese vessel that was delivered in October 2014 for seven years with an option for an additional one year. The hire rate for the first to seventh year is $13,500 per day and $13,750 per day for the eighth year option. On May 10, 2017, the Company signed an agreement to cancel this existing time charter contract. The Company agreed to pay a lump sum termination fee of $1.5 million relating to the cancellation. At the same time, the Company entered into an agreement with the same lessor, effective April 28, 2017 to charter in a 61,400 dwt, 2013 built Japanese vessel for approximately four years (having the same redelivery dates as the aforementioned cancelled charter) with options for two additional years. The hire rate for the first four years is $12,800 per day and the hire rate for the first optional year is $13,800 per day and $14,300 per day for the second optional year.

On May 4, 2018, the Company entered into an agreement to charter-in a 61,425 dwt 2013 built Ultramax vessel for three years with an option for an additional two years. The hire rate for the first three years is $12,700 per day and $13,750 per day for the 1st year option and $14,750 per day for the second year option. The Company took delivery of the vessel in the third quarter of 2018.

On December 9, 2018, the Company entered into an agreement to charter-in a 62,487 dwt 2016 built Ultramax vessel for two years. The hire rate for the vessel until March 2020 is $14,250 per day and $15,250 per day thereafter. The Company took delivery of the vessel in the fourth quarter of 2018.

On August 14, 2018, the Company entered into a contract for installation of ballast water treatment systems ("BWTS") on our owned vessels. The projected costs, including installation, is approximately $0.5 million per BWTS. The Company intends to complete the installation during scheduled drydockings. The Company recorded $1.0 million in Other assets in the Consolidated Balance Sheet as of December 31, 2018.

On September 4, 2018, the Company entered into a series of agreements to purchase up to 37 Scrubbers which are to be retrofitted on the vessels. The Agreements are comprised of firm orders for 19 Scrubbers and up to an additional 18 units, at the Company's option. On November 20, 2018 the Company announced that it has exercised its option to purchase 15 of the 18

Scrubbers, and on January 23, 2019 the Company announced that it has exercised the remaining 3 options. The projected costs, including installation, is approximately $2.2 million per Scrubber. The Company intends to complete the retrofit of all 37 vessels prior to the January 1, 2020 implementation date of the new sulphur emission cap regulation, as set forth by the IMO. The Company recorded $16.9 million of Scrubber costs and $1.0 million for ballast water treatment systems in Other assets in the Consolidated Balance Sheet as of December 31, 2018.

On December 21, 2018, the Company signed a memorandum of agreement to purchase a 2015 built Ultramax vessel for $20.4 million. As of December 31, 2018, the Company paid a deposit of $2.0 million. The Company took delivery of the vessel in the first quarter of 2019.

Note 11. Income/(Loss) per Common Share

The computation of basic net income/(loss) per share is based on the weighted average number of common shares outstanding for the years ended December 31, 2018, 2017 and 2016. As of December 31, 2018 and 2017, the Company had 3,040,540 outstanding warrants convertible to 152,027 shares of the Company's common stock with an exercise price of $556.40 per share. The warrants have a 7 year term and will expire on October 15, 2021. Diluted net income/(loss) per share gives effect to stock awards, stock options and restricted stock units using the treasury stock method, unless the impact is anti-dilutive.

Diluted net income per share for the year ended December 31, 2018 does not include 687 unvested stock awards, 348,625 stock options and outstanding warrants convertible to 152,027 shares of common stock as their effect was anti-dilutive.

Diluted net loss per share for the year ended December 31, 2017 does not include 1,716,928 unvested stock awards, 2,301,046 stock options and outstanding warrants convertible to 152,027 shares of common stock as their effect was anti-dilutive.

Diluted net loss per share for the year ended December 31, 2016 does not include 1,413,461 unvested stock awards, 1,942,909 stock options and outstanding warrants convertible into 152,027 shares of common stock as their effect was anti-dilutive.

	For the Years Ended		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Net income/(loss)	$ 12,574,684	$ (43,796,685)	$ (223,522,435)
Weighted Average Shares-Basic	70,665,212	69,182,302	20,565,652
Dilutive effect of stock options, warrants and restricted stock units	1,136,961	—	—
Weighted Average Shares - Diluted	71,802,173	69,182,302	20,565,652
Basic income/(loss) per share	$ 0.18	$ (0.63)	$ (10.87)
Diluted income/(loss) per share	$ 0.18	$ (0.63)	$ (10.87)

Note 12. Stock Incentive Plans

2014 Management Incentive Plan

On October 15, 2014, in accordance with the Plan of Reorganization, the Company adopted the post-emergence Management Incentive Program (the "2014 Plan"), which provided for the distribution of New Eagle MIP Primary Equity in the form of shares of New Eagle Common Stock, and New Eagle MIP Options, to the participating senior management and other employees of the reorganized Company with 2% of the New Eagle Common Stock (on a fully diluted basis) on the Effective Date, and two tiers of options to acquire 5.5% of the New Eagle Common Stock (on a fully diluted basis) with different strike prices based on the equity value for the reorganized Company and a premium to the equity value, each of the foregoing to vest generally over a four year schedule through 25% annual installments commencing on the first anniversary of the Effective Date. The New Eagle MIP Primary Equity is subject to vesting, but the holder thereof is entitled to receive all dividends paid with respect to such shares as if such New Eagle MIP Primary Equity had vested on the grant date (subject to forfeiture by the holder in the event that such grant is terminated prior to vesting unless the administrator of the 2014 Plan determines otherwise). The New Eagle MIP Options contain adjustment provisions to reflect any transaction involving shares of New Eagle Common Stock, including as a result of any dividend, recapitalization, or stock split, to prevent any diminution or enlargement of the holder's rights under the award.

During 2018, 1,432 restricted stock awards vested and 83 restricted stock awards were forfeited. There were 50,625 unvested restricted stock awards outstanding with an average share price on grant date of $5.90 as of December 31, 2018. The restricted stock awards are expected to vest fully during 2019. The amortization of these restricted shares was calculated using the cliff method of vesting and included in general and administrative expenses in the consolidated statement of operations for the years ended December 31, 2018, 2017 and 2016.

During 2017, 133,452 restricted stock awards vested and there were 52,140 restricted stock awards outstanding with an average share price on grant date of $42.19 as of December 31, 2017.

As of December 31, 2018, there were 12,875 options vested but unexercised with exercise prices ranging from $360 to $505 and there were no unvested MIP options. The fair value of the vested options is insignificant.

There were 9,960 options vested but not exercised as of December 31, 2017 and 2,915 options that were not vested but were expected to vest. The fair value of vested options is insignificant.

On November 7, 2016, the Company granted 233,863 shares of restricted common stock and options to purchase 280,000 shares of the Company's common stock in connection with the appointment of a new member to the senior management team. The restricted stock and option were not granted under, but are subject to, the terms of the Company's 2014 Plan. The details of the grant are below:

	Restricted shares *	Fair value on grant date	Aggregate fair value (in millions)	Vesting Terms
Granted on November 7, 2016	233,863	$ 4.24	$ 1.0	100% vesting on third anniversary date
Unvested restricted stock outstanding as of December 31, 2018 and 2017	233,863	$ 4.24	$ 1.0	

* Amortization of the above stock awards was calculated using the cliff method of vesting and included in general and administrative expenses.

	Options**	Weighted Average Exercise Price	Expiration(years)	Risk free interest rate	Volatility	Dividend %	Fair Value of Options on grant date	Aggregate fair value (in millions)	Expected Term and vesting conditions
Granted on November 7, 2016	280,000	$ 4.28	5	1.10%	61%	—%	$ 1.91	$ 0.53	3.75 years and 25% vesting annually over four year term
Vested during 2017	(70,000)							$ (0.13)	
Unvested options outstanding as of December 31, 2017	210,000	$ 4.28					$ 1.91	$ 0.40	
Vested during 2018	(70,000)							$ (0.13)	
Unvested options outstanding as of December 31, 2018	140,000	$ 4.28					$ 1.91	$ 0.27	

** The volatility was calculated by comparing the Company's share price movement since emergence from bankruptcy on October 14, 2014 and its peers' share price movement for the past five years. The amortization of these stock options was calculated using the graded method of vesting and included in general and administrative expenses.

There are 140,000 options vested but not exercised and 140,000 unvested options, all of which are expected to vest as of December 31, 2018. The vested but not exercised options expire at various dates beginning November 2022 until November 2023 at an exercise price of $4.28 per share.

There were 70,000 options vested but not exercised as of December 31, 2017 and 210,000 options expected to vest.

2016 Equity Compensation Plan

On December 15, 2016, the Company's shareholders approved the 2016 Equity Compensation Plan (the "2016 Plan") and the Company registered 5,348,613 shares of common stock which may be issued under the 2016 Plan. The 2016 Plan replaced the 2014 Plan and no other awards will be granted under the 2014 Plan. Outstanding awards under the 2014 Plan will continue to be governed by the terms of the 2014 Plan until exercised, expired, otherwise terminated, or canceled. Under the terms of the 2016 Plan, awards for up to a maximum of 3,000,000 shares may be granted under the 2016 Plan to any one employee of the Company and its subsidiaries during any one calendar year, and awards in the form of options and stock appreciation rights for up to a maximum of 3,000,000 shares may be granted under the 2016 Plan. The total number of shares of common stock with respect to which awards may be granted under the 2016 Plan to any non-employee director during any one calendar year shall not exceed 500,000, subject to adjustment as provided in the 2016 Plan. Any Director, officer, employee or consultant of the Company or any of its subsidiaries (including any prospective officer or employee) is eligible to be designated to participate in the 2016 Plan. The Company withheld shares related to restricted stock awards that vested in 2018 at the fair market value equivalent to the maximum statutory withholding obligation, and remitted that amount in cash to the appropriate taxation authorities.

The following schedule represents outstanding stock awards and options granted under the 2016 Plan as of December 31, 2018.

	Restricted shares	Weighted Average Fair value on grant date	Aggregate fair value (in millions)	Vesting Terms
Granted on December 15, 2016 *	760,056	$ 5.90	$ 4.40	100% on September 1, 2018
Granted on December 15, 2016 *	233,869	5.90	1.38	100% on October 14, 2018
Unvested restricted stock outstanding as of December 31, 2016	993,925	5.90	5.78	
Issued on March 1, 2017	429,750	5.47	2.35	33% vesting annually over three year term
Issued on June 1, 2017	18,000	4.64	0.08	100% vesting on third anniversary date
Forfeited during 2017	(10,750)	5.47	$ (0.06)	
Unvested restricted stock outstanding as of December 31, 2017	1,430,925	5.70	8.15	
Issued on January 4, 2018	948,500	4.71	4.47	33% vesting annually over three year term
Issued on January 10, 2018	30,000	4.81	0.10	
Vested on January 10, 2018	(30,000)	4.81	(0.10)	
Net shares vested on March 1, 2018	(90,711)	5.47	(0.50)	
Vested on September 1, 2018	(408,143)	5.90	(2.41)	
Vested on October 14, 2018	(130,164)	5.90	(0.77)	
Forfeitures and cancellations due to settlement of tax liability on vested shares during 2018	(537,942)	5.81	(3.13)	
Unvested restricted stock outstanding as of December 31, 2018	1,212,465	$ 4.79	$ 5.81	

*The above stock awards were issued concurrently with the cancellation of outstanding stock awards and options under the 2014 Plan. Therefore, the issuance was accounted for as a modification as per ASC 718 “Compensation-Stock Compensation.” The fair value is the incremental compensation cost, which was calculated as the excess of the fair value of the replacement award over the fair value of the cancelled award at the cancellation date. The amortization of the above stock awards was calculated using the graded method of vesting and included in general and administrative expenses.

	Options*	Weighted AverageExercise Price	Expiration (years)	Risk free interest rate	Volatility	Dividend %	Fair Value of Options on grant date	Aggregate fair value (in millions)	Expected Term and Vesting conditions
Granted on December 15, 2016 **	1,266,476	$ 4.28	5	1.79%	62%	—%	$ 3.12	$ 3.96	3.15 years and 25% vesting annually
Granted on December 15, 2016 **	389,695	$ 4.28	5	1.79%	62%	—%	$ 3.14	$ 1.21	3.15 years and 25% vesting annually
Unvested options outstanding as of December 31, 2016	1,656,171	$ 4.28						$ 5.17	
Issued on March 1, 2017	337,000	$ 5.56	5	1.72%	63.5%	—%	$ 2.60	$ 0.90	3.75 years and 25% vesting annually over four year term
Issued on June 1, 2017	18,000	$ 4.71	5	1.56%	64.7%	—%	$ 2.23	$ 0.04	3.75 years and 25% vesting annually over four year term
Vested during 2017	(828,085)	$ 4.28					$ 3.12	$ (2.60)	
Forfeitures during 2017	(3,000)	$ 5.56					$ 2.60	$ (0.08)	
Unvested options outstanding as of December 31, 2017	1,180,086	$ 4.65					$ 2.91	$ 3.43	
Vested and unexercised during 2018	(525,501)	$ 4.55					$ 3.01	$ (1.60)	
Forfeitures during 2018	(1,875)	$ 5.56					$ 2.60	$ (0.05)	
Exercised during 2018	(875)	$ 5.56					$ 2.60	$ (0.03)	
Unvested options outstanding as of December 31, 2018	651,835	$ 4.72						$ 3.01	

*The volatility was calculated by comparing the Company's share price movement since emergence from bankruptcy on October 14, 2014 and its peers' share price movement for the past five years.

**The above stock options were issued concurrently with cancellation of outstanding stock awards and options under the 2014 Equity Incentive Plan. Therefore, the transaction was accounted for as a modification as per ASC 718 "Compensation-Stock Compensation." The fair value is the incremental compensation cost, which was calculated as the excess of the fair value of the replacement award over the fair value of the cancelled award at the cancellation date. The amortization of the above stock options was included in general and administrative expenses.

There are 1,353,586 options vested but not exercised as of December 31, 2018 and 651,835 options expected to vest. The Company issues new shares upon exercise of any vested options. The vested but not exercised options expire at various dates beginning September 2022 until October 2023 at exercise prices ranging between $4.28 to $5.56 per share.

There were 828,085 options vested but not exercised as of December 31, 2017 and 1,180,086 options expected to vest.

The stock-based compensation expense for the above stock awards and options under the 2016 Plan and 2014 Plan included in General and administrative expenses:

	For the Years Ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Stock awards /stock option plans	$ 9,207,480	$ 8,738,615	$ 2,206,690
Total stock-based compensation expense	$ 9,207,480	$ 8,738,615	$ 2,206,690

The future compensation to be recognized for all the grants issued for the years ending December 31, 2019, 2020 and 2021 is estimated to be $4.7 million, $1.7 million and $0.5 million, respectively.

Note 13. Employee Benefit Plan

In October 2010, the Company established a safe harbor 401(k) plan, which is available to full-time office employees who meet the plan's eligibility requirements. The plan allows participants to contribute to the plan a percentage of pre-tax compensation, but not in excess of the maximum allowed under the Internal Revenue Code. The Company is matching contributions amounting to 100% of the first 3% and 50% of the next 2% of each employee's salary. The matching contribution vests immediately. The total matching contribution incurred by the Company and included in general and administrative expenses for the years ended December 31, 2018, 2017 and 2016 was $275,674, $240,888 and $167,778, respectively.

The Company has a discretionary profit sharing contribution program under which employees may receive profit sharing contributions based on the Company's annual operating performance. For the years ended December 31, 2018, 2017 and 2016, the Company did not make a profit sharing contribution.

The Company revised its matching contributions to 100% of the first 6% of each employee's salary beginning January 1, 2019.

Note 14. Quarterly Results of Operations (Unaudited)

We have presented the unaudited quarterly results of operations for the fiscal years ended December 31, 2018 and December 31, 2017.

Consolidated Statement of Operations

(Unaudited)

2018

	Three Months ended March 31	Three Months ended June 30	Three Months ended September 30	Three Months ended December 31
Revenues, net	$ 79,370,609	$ 74,938,700	$ 69,092,740	$ 86,692,209
Total Operating expenses	73,051,692	65,953,230	60,262,456	73,220,074
Operating income	6,318,917	8,985,470	8,830,284	13,472,135
Net income	52,745	3,450,767	2,584,822	6,486,350
Basic income Per Share	$ 0.00	$ 0.05	$ 0.04	$ 0.09
Diluted income Per Share	$ 0.00	$ 0.05	$ 0.04	$ 0.09

2017

	Three Months ended March 31	Three Months ended June 30	Three Months ended September 30	Three Months ended December 31,
Revenues, net	$ 45,855,057	$ 53,631,224	$ 62,710,903	$ 74,587,441
Total Operating expenses	50,361,713	53,938,837	64,624,733	67,999,398
Operating (loss)/income	(4,506,656)	(307,613)	(1,913,830)	6,588,043
Net loss *	(11,068,448)	(5,888,466)	(10,255,346)	(16,584,425)
Basic Loss Per Share	$ (0.17)	$ (0.08)	$ (0.15)	$ (0.24)
Diluted Loss Per Share	$ (0.17)	$ (0.08)	$ (0.15)	$ (0.24)

* Net loss for the three months ended December 31, 2017 includes $15.0 million of loss on debt extinguishment.

Note 15. Subsequent Events

On January 2, 2019, the Company granted 781,890 restricted shares as a company-wide grant under the 2016 Plan. The fair value of the grant based on the closing share price on December 31, 2018 was $3.7 million. The shares will vest in equal installments over a three year term.

During first quarter of 2019, the Company delivered the vessel Condor to its buyer pursuant to a memorandum of agreement, dated December 13, 2018 for net proceeds of $6.5 million. The Company expects to recognize a gain of $2.2 million.

On January 4, 2019, the Company signed a memorandum of agreement to sell the vessel Merlin for $6.1 million after brokerage commissions and associated selling expenses. The vessel was delivered to the buyers in January 2019. The Company will record a gain of approximately $1.9 million in the first quarter of 2019.

As discussed above in Note 8 Debt - Refinancing, on January 25, 2019, Ultraco entered into the New Ultraco Debt Facility, which provides for an aggregate principal amount of $208.4 million, consisting of (i) a term loan facility of $153.4 million and (ii) a revolving credit facility of $55.0 million The proceeds from the New Ultraco Debt Facility were used to repay the outstanding debt including accrued interest under the Original Ultraco Debt Facility and the New First Lien Facility in full and for general corporate purposes.

SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT to the Credit Agreement referred to below, dated as of October 17, 2018 (this "***Second Amendment***"), by and among EAGLE BULK ULTRACO LLC, a Marshall Islands limited liability company, as Borrower (the "***Borrower***"), the Initial Guarantors, the Additional Guarantors, including HAMBURG EAGLE LLC, a Marshall Islands limited liability company (the "***Additional Guarantor***"), the Lenders party hereto, ABN AMRO Capital USA LLC, as Facility Agent (in such capacity, the "***Facility Agent***") and ABN AMRO Capital USA LLC as Security Trustee (in such capacity, the "***Security Trustee***"). Capitalized terms used herein but not otherwise defined in this Second Amendment have the same meanings as specified in the Credit Agreement referenced below, as amended by this Second Amendment.

RECITALS

WHEREAS, the Borrower, the Guarantors from time to time party thereto, the Lenders from time to time party thereto, the Swap Banks from time to time party thereto, the Facility Agent, the Security Agent and the other parties thereto have entered into that certain Credit Agreement, dated as of June 28, 2017 (as amended by the First Amendment to Credit Agreement dated as of December 29, 2017 and as amended, restated, amended and restated, supplemented or otherwise modified prior to the date hereof, the "***Credit Agreement***");

WHEREAS, pursuant to Section 2.21 of the Credit Agreement as amended by this Second Amendment, the Borrower hereby requests (and this Second Amendment hereby constitutes a written notice to the Facility Agent pursuant to such Section 2.21 requesting) the Incremental Lenders to make available Incremental Commitments to finance the acquisition by the Additional Guarantor of the M/V BAO TONG (tbr M/V HAMBURG EAGLE) (the "***Additional Vessel***"), and to make Loans to the Borrower on the Second Amendment Effective Date (as defined below) in an aggregate principal amount equal to the lesser of (a) $12,800,000 and (b) 60% of the Fair Market Value of the Additional Vessel**,** and the Facility Agent, the Security Trustee, the Borrower, the Guarantors, the Lenders and each Incremental Lender have agreed, subject to the terms and conditions hereinafter set forth, to provide for such Incremental Commitments, which will be added to, and constitute part of, the Commitments and the Total Commitments; and

WHEREAS, the Borrower, the Guarantors, the Lenders, the Incremental Lenders, the Facility Agent and the Security Trustee have agreed to amend the Credit Agreement as hereinafter set forth to provide for such Incremental Commitments;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the Second Amendment Effective Date, and subject to the satisfaction of the conditions precedent set forth in Section 4 below, hereby amended as follows:

(a) Definitions. Section 1.01 of the Credit Agreement is hereby amended by:

(i) adding the following new definition thereto in the proper alphabetical order:

"**Second Amendment**" shall mean that certain Second Amendment to Credit Agreement, dated as of October 17, 2018, among the Borrower, the Guarantors, the Facility Agent, the Security Trustee and the Lenders party thereto.

(ii) amending the following definition thereto:

"Commitment Termination Date" means November 1, 2018 or such later date as may be agreed between the Borrower and the Facility Agent (except that, if such date is not a Business Day, the Commitment Termination Date shall be the next preceding Business Day).

(b) Section 2.01 of the Credit Agreement is amended by inserting ", except as otherwise expressly permitted under Section 2.21(a)," immediately before "no Borrowing shall exceed 40% of the lesser of (i) the Purchase Price of such Vessel and (ii) the Fair Market Value of such Vessel."

(c) Section 2.06(a) of the Credit Agreement is amended and restated as follows:

"(a) Amounts. The Borrower shall repay the principal amount of each Borrowing by:

(i) in the case of the first repayment installment relating to the Borrowing for the Vessel HAMBURG EAGLE, $211,679.11;

(ii) except as provided in subclause (a)(i) above, equal consecutive quarterly principal repayment installments each in the amount specified in the column of the table in Schedule IV set forth opposite the name of such Vessel and marked "Quarterly Installment Amount"; and

(iii) a final balloon payment (the "Balloon Installment") in an amount equal to the aggregate principal amount of such Borrowing outstanding on the Maturity Date;

provided that if any Borrowing is made for a Vessel in an amount less than the relevant Maximum Vessel Borrowing Amount, then the quarterly repayment installments (including, for the avoidance of doubt, the repayment installment specified in subclause (a)(i) above) and the Balloon Installment for such Borrowing specified in this Section 2.06(a) shall be reduced *pro rata* by the undrawn amount."

(d) Section 2.06(b) of the Credit Agreement is amended and restated as follows:

"(b) Repayment Dates. Each quarterly principal repayment installment in respect of each Borrowing including the repayment installment specified in Section 2.06(a)(i) shall be repaid commencing on the First Repayment Date, and thereafter on March 31, June 30, September 30 and December 31 of each calendar year, provided that the Balloon Installment in respect of each Borrowing shall be repaid on the Maturity Date."

(e) Section 2.21(a) of the Credit Agreement is amended and restated as follows:

"(a) Request for Increase. The Borrower may, by notice to the Facility Agent (who shall promptly notify the Lenders), request up to one increase in the Commitments to finance the acquisition of a vessel owned by an Additional Guarantor (such increase, an "Incremental Commitment"); provided that such increase shall be in an aggregate amount not exceeding an amount equal to the lesser of (i) $12,800,000 and

(ii) 60% of the Fair Market Value of such additional vessel to be financed by the Incremental Commitment; provided further that (A) any such request for an increase shall be subject to (x) the prior written consent of all the Lenders and (y) the entry into by the Borrower and the other Security Parties of documentation amending and/or supplementing this Agreement and the other Loan Documents as the Facility Agent may reasonably require, (B) Schedule IV shall be supplemented to provide for a Maximum Vessel Borrowing Amount and the quarterly principal installment amounts for such Vessel being financed, and (C) any such request may not be made on or after November 1, 2018."

(f) Schedule IV of the Credit Agreement is amended and restated in the form set out in Annex II attached hereto.

SECTION 2. Incremental Commitments.

(a) Each Incremental Lender on, and subject to the occurrence of, the Second Amendment Effective Date hereby severally agrees to make Loans to the Borrower in a single Borrowing in an aggregate principal amount not to exceed such Incremental Lender's Incremental Commitments as set forth opposite its name on Annex I attached hereto.

(b) The Incremental Lenders, the Lenders, the Facility Agent, the Security Trustee, the Borrower and the Guarantors agree that this Second Amendment effects the provisions of Section 2.21 of the Credit Agreement as amended by this Second Amendment with respect to such Incremental Commitments and shall constitute a Joinder Agreement pursuant to and in accordance with Section 2.21 of the Credit Agreement as amended by this Second Amendment.

(c) Upon the incurrence of a Loan pursuant to this Second Amendment, such Loan shall be subject to the interest rates (including the Margin) and terms, repayment, voluntary prepayment terms and mandatory prepayment terms applicable to the Loans as set forth in the Credit Agreement.

(d) On (and subject to the occurrence of) the Second Amendment Effective Date, each Incremental Lender party hereto to the extent provided in this Second Amendment and the Credit Agreement, shall have the rights and obligations of a Lender thereunder and under the other applicable Loan Documents.

(e) The Borrower and each Guarantor acknowledges and agrees that (i) the Borrower shall be liable for all Obligations with respect to all Loans made to the Borrower pursuant to this Second Amendment and (ii) all such Obligations (including all such Loans pursuant to this Second Amendment) shall constitute Guaranteed Obligations and shall be entitled to the benefits of the Security Documents and the Guarantees.

(f) The Incremental Commitment of each Incremental Lender shall automatically terminate upon the making of the Loans pursuant to this Second Amendment on the Second Amendment Effective Date.

(g) The proceeds of the Loans pursuant to this Second Amendment shall be used by the Borrower solely for the purposes set forth in the second recital of this Second Amendment and any amounts repaid, prepaid or cancelled may not be reborrowed.

SECTION 3. Representations and Warranties. In order to induce the Incremental Lenders party hereto to enter into this Second Amendment, to make the Loans pursuant hereto and to amend the Credit Agreement in the manner provided herein, each Security Party hereby represents and warrants that:

(a) the representations and warranties set forth in Article III of the Credit Agreement and in each other Loan Document shall be true and correct in all material respects (or true and correct in all respects in the case of representations and warranties qualified by materiality or Material Adverse Effect)f on and as of the Second Amendment Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects (or true and correct in all respects in the case of representations and warranties qualified by materiality or Material Adverse Effect) on and as of such earlier date).

(b) both before and after giving effect to this Second Amendment, no Default or Event of Default shall have occurred and be continuing; and

(c) this Second Amendment has been duly authorized, executed and delivered by each Security Party party hereto and each of this Second Amendment and the Credit Agreement, as amended hereby, constitutes a legal, valid and binding obligation, enforceable against each Security Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTIONConditions of Effectiveness. The effectiveness of this Second Amendment (including the amendments contained in Section 1 hereof
4. and agreements contained in Section 2 hereof) are subject to the satisfaction of the following conditions (the date of satisfaction of such conditions being referred to herein as the "***Second Amendment Effective Date***"):

(a) this Second Amendment shall have been duly executed by the Borrower, each Guarantor, the Lenders, the Incremental Lenders, the Facility Agent and the Security Trustee (which may include a copy transmitted by facsimile or PDF or other electronic method), and delivered to the Facility Agent;

(b) a duly executed original of a Guarantor Accession Agreement made between the Additional Guarantor and the Facility Agent;

(c) the Facility Agent shall have received a Borrowing Request in respect of the Loans under this Second Amendment by no later than the applicable time required pursuant to Section 2.3 of the Credit Agreement (or such shorter period as may be agreed by the Facility Agent);

(d) the Facility Agent shall have received (i) a certificate of an officer or an officer of the sole member, as the case may be, of each Security Party dated the Second Amendment Effective Date, certifying (A) either (i) that attached thereto is a true and complete copy of each Organizational Document of such Security Party, or (ii) that the copies of such Security Party's Organizational Documents as previously certified and delivered to the Facility Agent on the Closing Date (or, if later, the date of joinder of such Security Party as a Guarantor under the Loan Documents) remain in full force and effect on the Second Amendment Effective Date, without modification or amendment since such prior date of certification and delivery, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors or sole member of such Security Party authorizing the execution, delivery and performance of this Second Amendment and the other Loan Documents (including, if applicable, as amended by this Second Amendment) to which such Security Party is a party and, in the case of the Borrower, the borrowing of the Loans hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect and (C) as to the incumbency and specimen signature of each officer executing this Second Amendment and any Loan Document or any other document delivered in connection herewith or therewith on behalf of such Security Party, (ii) a certificate as to the goodstanding of each Security Party as of a date reasonably near to the Second

Amendment Effective Date certifying that each Security Party is duly formed and in goodstanding under the laws of its jurisdiction of incorporation and (iii) an original or certified copy power of attorney under which any Loan Document is executed on behalf of a Security Party;

(e) the Facility Agent shall have received, on behalf of itself and the other Finance Parties, a favorable written opinion of (i) Watson Farley & Williams LLP, counsel for the Facility Agent and the other Finance Parties, (ii) Reed Smith LLP, counsel for the Security Parties, and (iii) any other legal advisors on matters of the law of such jurisdiction as the Facility Agent may require, in each case (A) dated the Second Amendment Effective Date (or such other date agreed by the Facility Agent), (B) addressed to the Facility Agent and the other Finance Parties and (C) covering customary matters for incremental loan facilities relating to this Second Amendment and the other Loan Documents delivered in connection with this Second Amendment as the Facility Agent shall reasonably request;

(f) at least one Business Day (solely for purposes of this Section 4, to be defined as any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York is closed) prior to the Second Amendment Effective Date, each Security Party shall have provided to the Facility Agent the documentation and other information required by bank regulatory authorities under or in respect of applicable "know-your-customer" requirements, including the PATRIOT Act;

(g) on or prior to the Second Amendment Effective Date, the Borrower shall have paid to the Facility Agent for the account of each Incremental Lender with Incremental Commitments a fee equal to 1.25% of the aggregate amount of such Incremental Lender's Commitments in effect on the Second Amendment Effective Date;

(h) the Borrower shall have paid all other costs, fees, expenses and other amounts due and payable pursuant to the Loan Documents and in connection with this Second Amendment;

(i) a copy of the memorandum of agreement (together with all amendments and addenda thereto) for the Additional Vessel duly executed by the Additional Guarantor who will be the owner thereof, and the relevant seller, together with evidence of any address or similar commission arrangements, all of which shall be of terms acceptable to the Facility Agent (certified by an officer of the Borrower or such Additional Guarantor to be a true, correct and complete copy thereof);

(j) two valuations dated respectively September 30, 2018 and October 8, 2018, addressed to the Borrower or the Facility Agent (at the expense of the Borrower) by an Approved Broker indicating the Fair Market Value of the Additional Vessel;

(k) a duly executed original of (i) an amendment to the Membership Interest Pledge and (ii) an Account Pledge with respect to the Additional Guarantor who will be the owner of the Additional Vessel, and of any documents required to be delivered thereunder;

(l) upon the request of any Incremental Lender made through the Facility Agent, a promissory note executed and delivered to the order of such Incremental Lender in the form of Exhibit L attached to the Credit Agreement, or any other form approved by the Facility Agent;

(m) the conditions precedent set forth in Section 4.03 and Section 4.04 of the Credit Agreement in relation to the Additional Vessel and the Additional Guarantor who will be the owner thereof shall have been satisfied (or waived in writing by the Facility Agent with the consent of the Incremental Lenders);

(n) the Facility Agent shall have received in form approved by the Facility Agent an amendment to each Vessel Mortgage duly executed by the owner of the relevant Vessel reflecting this Second Amendment, and evidence that such amendment has been duly recorded in accordance with the Laws of the Approved Flag;

(o) evidence that the Additional Guarantor who will be the owner of the Additional Vessel has duly opened an Operating Account and has delivered to the Facility Agent all resolutions, signature cards and other documents or evidence required in connection with the opening, maintenance and operation of such accounts with the Account Bank;

(p) evidence that, if the tests set out in Article VII or Section 5.04 of the Credit Agreement were applied immediately following the making of the relevant Borrowing, the Borrower would not be obliged to provide additional security or repay part of the Borrowings as therein provided (determined on the basis of the most recent valuation for each Vessel delivered pursuant to Section 5.03 of the Credit Agreement); and

(q) (i) all representations and warranties set forth in Section 3 of this Second Amendment shall be true and correct in all material respects (or true and correct in all respects in the case of representations and warranties qualified by materiality or Material Adverse Effect) on and as of the Second Amendment Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects (or true and correct in all respects in the case of representations and warranties qualified by materiality or Material Adverse Effect) on and as of such earlier date) and (ii) no Default shall have occurred and be continuing or would occur after giving effect to the incurrence of the Loans pursuant to this Second Amendment and the application of the proceeds therefrom.

SECTION 5.Effects on Loan Documents.

(a) Except as specifically amended herein or contemplated hereby, all Loan Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(b) The execution, delivery and effectiveness of this Second Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Facility Agent or the Security Trustee under any of the Loan Documents, nor constitute a waiver of any provision of the Loan Documents or in any way limit, impair or otherwise affect the rights and remedies of the Lenders or the Facility Agent or the Security Trustee under the Loan Documents.

(c) (i) Each Security Party acknowledges and agrees that, on and after the Second Amendment Effective Date, this Second Amendment shall constitute a Loan Document for all purposes of the Credit Agreement (as amended by this Second Amendment) and (ii) each Security Party hereby (A) agrees that all Obligations shall be guaranteed pursuant to the Guarantees set forth in Article VIII of the Credit Agreement in accordance with the terms and provisions thereof and shall be secured pursuant to the Security Documents in accordance with the terms and provisions thereof, and that, notwithstanding the effectiveness of this Second Amendment, on and after the Second Amendment Effective Date, the Guarantees and the Liens created pursuant to the Security Documents for the benefit of the Secured Parties continue to be in full force and effect on a continuous basis and (B) affirms, acknowledges and confirms all of its obligations and liabilities under the Credit Agreement and each other Loan Document to which it is a party, in each case after giving effect to this Second Amendment, all as provided in such Loan Documents, and acknowledges and agrees that such obligations and liabilities continue in full force and effect on a continuous basis in

respect of, and to secure, the Obligations under the Credit Agreement and the other Loan Documents, in each case after giving effect to this Second Amendment.

(d) On and after the Second Amendment Effective Date, (i) each reference in the Credit Agreement (as amended by this Second Amendment) to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Second Amendment, and this Second Amendment and the Credit Agreement as amended by this Second Amendment shall be read together and construed as a single instrument, and (ii) the Incremental Commitments shall constitute part of the "Commitments" and "Total Commitments".

(e) Nothing herein shall be deemed to entitle the Borrower, nor the Guarantors to a further consent to, or a further waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement as amended by this Second Amendment or any other Loan Document in similar or different circumstances.

SECTION 6. Expense Reimbursement and Indemnification. The Borrower hereby confirms that the expense reimbursement and indemnification provisions set forth in Section 11.03 of the Credit Agreement as amended by this Second Amendment shall apply to this Second Amendment and the transactions contemplated hereby.

SECTION 7. Amendments; Severability.

(a) This Second Amendment, (i) prior to the Second Amendment Effective Date, may not be amended except by an instrument in writing signed by the Security Parties, the Facility Agent and the Lenders and (ii) after the Second Amendment Effective Date, may not be amended nor may any provision hereof be waived except in accordance with the provisions of Section 11.02(b) of the Credit Agreement.

(b) To the extent any provision of this Second Amendment is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Second Amendment in any jurisdiction.

SECTION 8. Governing Law; Waiver of Jury Trial; Jurisdiction. THIS SECOND AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS SECOND AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAW OF THE STATE OF NEW YORK (including Sections 5-1401 and 5-1402 of the General Obligations Law but otherwise excluding the laws applicable to conflicts or choice of law). The provisions of Sections 11.09(b), 11.09(c), 11.09(d) and 11.10 of the Credit Agreement as amended by this Second Amendment are incorporated herein by reference, *mutatis mutandis*.

SECTION 9. Headings. Section headings in this Second Amendment are included herein for convenience of reference only, are not part of this Second Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Second Amendment.

SECTION 10. Counterparts. This Second Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which

when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed and delivered by their respective proper and duly authorized officers or attorneys-in-fact, as the case may be, as of the day and year first above written.

BORROWER:

EAGLE BULK ULTRACO LLC

By: /s/ Frank De Costanzo
Name: Frank De Costanzo
Title: Chief Financial Officer

[Signature Page to Second Amendment to Credit Agreement]

INITIAL GUARANTORS:

FAIRFIELD EAGLE LLC
GREENWICH EAGLE LLC
GROTON EAGLE LLC
MADISON EAGLE LLC
MYSTIC EAGLE LLC
ROWAYTON EAGLE LLC
SOUTHPORT EAGLE LLC
STONINGTON EAGLE LLC
WESTPORT EAGLE LLC

By: /s/ Frank De Costanzo
Name: Frank De Costanzo
Title: Chief Financial Officer

ADDITIONAL GUARANTORS

NEW LONDON EAGLE LLC

By: /s/ Frank De Costanzo
Name: Frank De Costanzo
Title: Chief Financial Officer

HAMBURG EAGLE LLC

By: /s/ Frank De Costanzo
Name: Frank De Costanzo
Title: Chief Financial Officer

ABN AMRO CAPITAL USA LLC, as Facility Agent, Security Trustee and Lender

By: /s/ Christopher J. Chido
Name: Christopher J. Chido
Title: Attorney-in-fact

:

[Signature Page to Second Amendment to Credit Agreement]

DVB BANK SE, AMSTERDAM BRANCH, as Lender

By: /s/ Christopher J. Chido
Name: Christopher J. Chido
Title: Attorney-in-fact

[Signature Page to Second Amendment to Credit Agreement]

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), as Lender

By: /s/ Christopher J. Chido
Name: Christopher J. Chido
Title: Attorney-in-fact

[Signature Page to Second Amendment to Credit Agreement]

ANNEX I

INCREMENTAL COMMITMENTS

Incremental Lenders	Incremental Commitments
ABN AMRO CAPITAL USA LLC	$4,266,666.67
DVB BANK SE, AMSTERDAM BRANCH	$4,266,666.66
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)	$4,266,666.67

ANNEX II

Vessels

PART A

Delivered Vessels

Vessel	IMO Number	Build Year	Maximum Vessel Borrowing Amount	Quarterly Installment Amount
M/V Mystic Eagle	9575204	2013	$6,800,000.00	$185,611.73
M/V Southport Eagle	9575228	2013	$6,800,000.00	$180,640.47
M/V Stonington Eagle	9575151	2012	$6,000,000.00	$178,338.76
M/V Greenwich Eagle	9575266	2013	$6,800,000.00	$174,444.76
M/V Fairfield Eagle	9575230	2013	$6,800,000.00	$179,076.48
M/V Groton Eagle	9575242	2013	$6,800,000.00	$177,488.56

PART B

Remaining Vessels

Vessel	IMO Number	Build Year	Maximum Vessel Borrowing Amount	Quarterly Installment Amount
M/V Westport Eagle	9705988	2015	$7,600,000.00	$171,446.23
M/V Madison Eagle	9575278	2013	$6,800,000.00	$172,937.57
M/V Rowayton Eagle	9575216	2013	$6,800,000.00	$182,285.55

PART C

Additional Vessels

Vessel	IMO Number	Build Year	Maximum Vessel Borrowing Amount	Quarterly Installment Amount
M/V New London Eagle	9754991	2015	$8,600,000	$185,301.06
M/V Hamburg Eagle	9698587	2014	$12,800,000	$297,674.72

CREDIT AGREEMENT

dated as of

January 25, 2019

By and among

EAGLE BULK ULTRACO LLC
as Borrower,

the INITIAL GUARANTORS,
as Guarantors,

EAGLE BULK SHIPPING INC.,
as Parent and as Guarantor,

the LENDERS party hereto,

the SWAP BANKS party hereto,

and

ABN AMRO CAPITAL USA LLC,
as Security Trustee and Facility Agent

together with

ABN AMRO CAPITAL USA LLC,
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)
and
DNB MARKETS INC.,
as Mandated Lead Arrangers and Bookrunners
and

ABN AMRO CAPITAL USA LLC,
as Arranger

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This CREDIT AGREEMENT, dated as of January 25, 2019 (this "Agreement"), is by and among EAGLE BULK ULTRACO LLC as Borrower, the INITIAL GUARANTORS, as Guarantors, EAGLE BULK SHIPPING INC., as Parent and Guarantor, the LENDERS party hereto, the SWAP BANKS party hereto, ABN AMRO CAPITAL USA LLC, CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) and DNB MARKETS INC., as Mandated Lead Arrangers and Bookrunners, ABN AMRO CAPITAL USA LLC, as Arranger, ABN AMRO CAPITAL USA LLC, as Security Trustee and ABN AMRO CAPITAL USA LLC, as Facility Agent.

PRELIMINARY STATEMENTS:

1. The Lenders have agreed to make available to the Borrower senior secured credit facilities in an aggregate principal amount of up to the lesser of (a) $210,000,000 and (b) 60% of the Fair Market Value of the Vessels, as identified in Schedule IV, to consist of (i) the Term Facility, for the purposes of refinancing the Existing Facilities as well as for general corporate purposes and (ii) the Revolving Facility, for general corporate purposes.

2. As a condition to the obligation of the Lenders to make the credit facilities available to the Borrower hereunder, the Guarantors have agreed to guarantee, on the terms and conditions set forth herein, the obligations of the Borrower under this Agreement and any Secured Swap Contract.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Account Bank" means ABN AMRO Bank N.V., acting through its office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands or such other bank agreed to from time to time between the Facility Agent and the Borrower, with the consent of the Required Lenders (such consent not to be unreasonably withheld or delayed).

"Account Pledge" means any first priority pledge of any of the Upstream Guarantor Operating Accounts, the Borrower Operating Account and the Liquidity Account in the form of Exhibit A, or any other form approved by the Facility Agent, with the consent of the Required Lenders (such consent not to be unreasonably withheld or delayed), in writing.

"Acquisition" means, as to any Person, the purchase or other acquisition (in one transaction or a series of transactions, including through a merger) of all of the equity interests of another Person or all or substantially all of the property, assets or business of another Person or of the assets constituting a business unit, line of business or division of another Person.

"Additional Guarantor" means any Wholly-Owned Subsidiary of the Borrower that is acceptable to the Facility Agent that shall become a party hereto as an Upstream Guarantor by executing and delivering to the Facility Agent a Guarantor Accession Agreement, including (a) any such Person that is or shall be the owner of any Additional Vessel or Additional Young Vessel financed or to be financed by

any Incremental Commitment pursuant to Section 2.21(a), and (b) any such Person providing additional Collateral to secure the Obligations.

"Additional Vessels" means any supramax or ultramax bulk carriers (a) with an average age (in the aggregate) of no older than eight (8) years and (b) with respect to any individual Additional Vessel, with an age of no older than twelve (12) years in any case, to be owned by an Additional Guarantor and financed pursuant to any Incremental Commitments, and "Additional Vessel" means any of them.

"Additional Young Vessels" means any supramax or ultramax bulk carriers with an age of no older than five (5) years, to be owned by an Additional Guarantor and financed pursuant to any Incremental Commitments, and "Additional Young Vessel" means any of them.

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by the Facility Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent Parties" has the meaning specified in Section 11.01(d)(ii).

"Agreement" has the meaning specified in the introductory paragraph hereof.

"Alternate Base Rate" has the meaning specified in Section 2.17.

"Applicable Law" means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

"Applicable Percentage" means with respect to any Lender, the percentage of the Total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"Approved Broker" means (a) the Persons listed on Schedule III, and (b) any other Person proposed by the Borrower which the Facility Agent may, with the consent of the Required Lenders (such consent not to be unreasonably withheld, conditioned or delayed), approve from time to time.

"Approved Flag" means the flag of the Marshall Islands or such other flag as the Facility Agent may, with the consent of the Required Lenders (such consent not to be unreasonably withheld, conditioned or delayed), approve from time to time in writing as the flag on which a Vessel shall be registered.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Approved Manager" means (a) the Parent, (b) any of the Parent's Affiliates (other than the Restricted Subsidiary) including Eagle Bulk Management LLC and any of its Affiliates and (c) any other Person proposed by the Borrower which the Facility Agent may, with the consent of the Required

Lenders (such consent not to be unreasonably withheld, conditioned or delayed), approve from time to time as the technical and/or commercial manager of a Vessel.

"Approved Pooling Arrangement" means, in respect of a Vessel, any pool agreement proposed by the Borrower which the Facility Agent may, with the consent of the Required Lenders (such consent not to be unreasonably withheld, conditioned or delayed), approve from time to time.

"Arranger" means ABN AMRO Capital USA LLC in its capacity as arranger.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Facility Agent, in substantially the form of Exhibit B or any other form approved by the Facility Agent.

"Assignment of Earnings" means, in relation to a Vessel, an assignment of the Earnings and any Requisition Compensation of that Vessel, in substantially the form of Exhibit C, or any other form approved by the Facility Agent.

"Assignment of Insurances" means, in relation to a Vessel, an assignment of the Insurances of that Vessel, in substantially the form of Exhibit D, or any other form approved by the Facility Agent.

"Attributable Indebtedness" means, as of any date of determination, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP (as applicable on the date of this Agreement), and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP (as applicable on the date of this Agreement) if such lease were accounted for as a capital lease.

"Audited Financial Statements" means the audited consolidated balance sheet of the Parent and its Subsidiaries for the fiscal year ended December 31, 2017 and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year of the Parent.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Balloon Installment" has the meaning specified in Section 2.06.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Bookrunner" means ABN AMRO Capital USA LLC, Crédit Agricole Corporate and Investment Bank, Skandinaviska Enskilda Banken AB (publ) and DNB Markets Inc., each in its capacity as bookrunner.

"Borrower" means Eagle Bulk Ultraco LLC, a limited liability company formed and existing under the laws of the Republic of the Marshall Islands.

"Borrower Operating Account" means an account in the name of the Borrower with the Account Bank designated Eagle Bulk Ultraco LLC Borrower Operating Account", which shall not be a blocked account.

"Borrowing" means a borrowing consisting of simultaneous Loans made by the Lenders under this Agreement.

"Borrowing Request" means a request for a Borrowing which shall be in substantially the form of Exhibit E, or any other form approved by the Facility Agent.

"Business Day" means any day that is not a Saturday, Sunday or other day that is a legal holiday under the laws of The Netherlands, the State of New York, France, England, Norway, Denmark, Sweden or the Republic of the Marshall Islands or is a day on which banking institutions in such state are authorized or required by Law to close; provided that, when used in connection with LIBOR, the term "Business Day" means any such day that is also a day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

"Capital Expenditures" means, for any period (in each case based on the Parent on a consolidated basis excluding the Restricted Subsidiary), with respect to the Obligors, the aggregate of all expenditures made by the Obligors for the acquisition or leasing (pursuant to a Capitalized Lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) which are required to be capitalized under GAAP on a balance sheet of such person.

"Capitalized Lease" means each lease that has been or is required to be, in accordance with GAAP (as applicable on the date of this Agreement), recorded as a capitalized lease.

"Cash Equivalents" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000;

(c) marketable short-term money market and similar highly liquid funds having a rating of at least P-1 or A-1 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Credit Rating Agency);

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (b) above; and

(e) commercial paper rated at least P-1 by Moody's or at least A-1 by S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Credit Rating Agency) and in each case maturing within 12 months after the date of creation thereof.

"Casualty Event" means any involuntary loss of title to, damage to or any destruction of, or any condemnation or other taking (including by any governmental authority) of, any Collateral of any Obligor having a value greater than $1,500,000, including, without limitation, pursuant to any Total Loss.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means: (a) in respect of the Upstream Guarantors, the occurrence of any act, event or circumstance that without prior written consent of all Lenders results in the Borrower owning directly less than 100% of the issued and outstanding Equity Interests in an Upstream Guarantor (unless such Upstream Guarantor has been released as an Upstream Guarantor in accordance with the terms hereof); (b) in respect of the Borrower, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in the Parent owning directly less than 100% of the issued and outstanding Equity Interests in the Borrower; and (c) in respect of the Parent, (i) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act), other than Permitted Holders, becomes the ultimate "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act and including by reason of any change in the ultimate "beneficial ownership" of the Equity Interests of the Parent) of more than 35% of the total voting power of the voting stock of the Parent (calculated on a fully diluted basis); or (ii) any person, other than Permitted Holders, obtains the power (whether or not exercised) to elect a majority of the Board of Directors or equivalent governing body of the Parent.

"Charter Assignment" means, in relation to a Vessel, an assignment of any demise charter and any time or consecutive voyage charter for a term which exceeds twelve (12) months for the Vessel entered into by the Borrower or an Upstream Guarantor (other than a charter pursuant to an Approved Pooling Arrangement), in substantially the form of Exhibit F, or any other form approved by the Facility Agent.

"Classification Society" means, in relation to a Vessel, American Bureau of Shipping, DNV-GL, Lloyd's Register of Shipping or Nippon Kaiji Kyokai or such other first-class vessel classification society that is a member of IACS that the Facility Agent may, with the prior consent of the Required Lenders, approve from time to time in writing.

"Closing Date" means the date of this Agreement.

"Code" means the Internal Revenue Code of 1986.

"Collateral" means all property (whether real or personal, including, without limitation, any proceeds thereof) with respect to which any security interests have been granted (or purport to be granted) pursuant to any Security Document.

"Commitment" means a Revolving Facility Commitment or a Term Facility Commitment, as applicable.

"Commitment Termination Dates" means each of the Term Facility Commitment Termination Dates and the Revolving Facility Commitment Termination Date.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Communications" has the meaning specified in Section 11.01(d)(ii).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated Current Assets" means, at a particular date with respect to the Parent and all of its Subsidiaries, all amounts which would, in conformity with GAAP, be included under current assets on a consolidated balance sheet of the Parent and its consolidated Subsidiaries, excluding the Restricted Subsidiary, as at such date; provided, however, that such amounts shall not include (a) any amounts for any Indebtedness owing by an Affiliate of the Parent or its Subsidiaries, excluding the Restricted Subsidiary, unless such Indebtedness arose in connection with the sale of goods or other property in the ordinary course of business and would otherwise constitute current assets in conformity with GAAP, or (b) the cash surrender value of any life insurance policy.

"Consolidated Current Liabilities" means, at a particular date with respect to the Parent and all of its Subsidiaries, excluding the Restricted Subsidiary, all amounts which would, in conformity with GAAP, be included under current liabilities on a consolidated balance sheet of the Parent and its consolidated Subsidiaries, excluding the Restricted Subsidiary, as at such date but excluding, without duplication, the current portion of any long-term Indebtedness, the outstanding Revolving Facility Loan and any accrued interest related thereto, fair value of any acquired time charter and any intangible liabilities.

"Consolidated EBITDA" means, for any period (in each case based on the Parent on a consolidated basis excluding the Restricted Subsidiary), Consolidated Net Income for such period plus, without duplication and to the extent deducted in determining Consolidated Net Income for such period, the sum of (a) all federal, state, local and foreign income taxes and tax distributions; (b) Consolidated Interest Expense; (c) extraordinary and unusual items (in accordance with GAAP); (d) depreciation, depletion, amortization of intangibles and other non-cash charges or non-cash losses (including any drydocking expenses, non-cash transaction expenses and the amortization of debt discounts); (e) non-cash management and board of directors incentive compensation expenses; (f) any write-off for financing costs; (g) losses on sale of vessels; and (k) reasonable fees, costs and expenses, without duplication, incurred in connection with (i) this Agreement and the other Loan Documents, including any future amendment, restatement, supplement or other modification of this Agreement or any of the other Loan Documents, and (ii) the acquisition or disposition of Vessels (irrespective of whether such transaction is actually consummated), minus, to the extent included in determining Consolidated Net Income for such period, (a) any non-cash income or non-cash gains (including any unrealized gain/loss on freight forward agreements and bunker swaps); (b) any

extraordinary gains on asset sales not incurred in the ordinary course of business; and (c) gains on any sale of vessels.

"Consolidated Interest Coverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense.

"Consolidated Interest Expense" means, for any period, total interest expense net of total interest income of the Parent and its Subsidiaries, excluding the Restricted Subsidiary, determined on a consolidated basis in accordance with GAAP for such period with respect to all outstanding Indebtedness of the Parent and its Subsidiaries, excluding the Restricted Subsidiary, (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Swap Contracts in respect of interest rates to the extent that such net costs are allocable to such period).

"Consolidated Net Income" means, for any period, the consolidated net income (or loss) of the Parent and its Subsidiaries, excluding the Restricted Subsidiary, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Parent or is merged into or consolidated with the Parent or any of its Subsidiaries, excluding the Restricted Subsidiary, (b) the income (or deficit) of any Person (other than a Subsidiary of the Parent, excluding the Restricted Subsidiary) in which the Parent or any of its Subsidiaries, excluding the Restricted Subsidiary, has an ownership interest, except to the extent that any such income is actually received by the Parent or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Parent (other than an Obligor), excluding the Restricted Subsidiary, to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation (other than under any Loan Document) or requirement of Law applicable to such Subsidiary.

"Consolidated Total Assets" means, as of any date of determination, the aggregate stated balance sheet amount of all assets of the Parent and its Subsidiaries, excluding the Restricted Subsidiary determined on a consolidated basis in accordance with GAAP on such date;

"Consolidated Total Debt" means, as of any date of determination, the aggregate stated balance sheet amount of all Indebtedness of the Parent and its Subsidiaries, excluding the Restricted Subsidiary, (or, if higher, the par value or stated face amount of all such Indebtedness (other than zero coupon Indebtedness)) on a consolidated basis on such date (to the extent such Indebtedness would be included on a balance sheet prepared in accordance with GAAP).

"Contractual Obligation" means, as to any Person, any provision of any material agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Corresponding Liabilities" means all present and future liabilities and contractual and non-contractual obligations of an Obligor under or in connection with this Agreement, the other Loan Documents and any Secured Swap Contract, but excluding its Parallel Liability.

"Credit Rating Agency" means (a) Standard & Poor's Financial Services LLC ("S&P"), (b) Moody's Investors Service, Inc. ("Moody's"), (c) Fitch Ratings Inc., and (d) any other nationally recognized

credit rating agency that evaluates the financial condition of issuers of debt instruments and then assigns a rating that reflects its assessment of the issuer's ability to make debt payments, to the extent consented to by the Required Lenders (such consent not to be unreasonably withheld, conditioned or delayed).

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Debtor Relief Plan" means a plan of reorganization or plan of liquidation pursuant to any Debtor Relief Laws.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means an interest rate (before as well as after judgment) equal to the applicable interest rate plus 2.00% per annum.

"Defaulting Lender" means, subject to Section 2.20(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Facility Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Facility Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower or the Facility Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Facility Agent or the Borrower, to confirm in writing to the Facility Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Facility Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Facility Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.20(b)) upon delivery of written notice of such determination to the Borrower and each Lender.

"Delivered Vessels" means each of the Vessels identified in Schedule IV.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition of any property by any Person (including any sale and leaseback transaction and any issuance of Equity Interests by a Subsidiary of such Person), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Disqualified Equity Interest" means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one days after the Maturity Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of the Parent or any Subsidiary, excluding the Restricted Subsidiary, or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Parent or its Subsidiaries, excluding the Restricted Subsidiary, in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability.

"Dollar" and "$" mean lawful money of the United States.

"Early Termination Date" shall have the meaning given to that term in any relevant Master Agreement.

"Earnings" means, in relation to a Vessel, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Upstream Guarantor owning that Vessel or the Security Trustee and which arise out of the use or operation of that Vessel, including (but not limited to):

(a) except to the extent that they fall within paragraph (b) or are otherwise agreed with the prior written consent of the Facility Agent: (i) all freight, hire and passage moneys, (ii) compensation payable to the Upstream Guarantor owning that Vessel or the Security Trustee in the event of requisition of that Vessel for hire, (iii) remuneration for salvage and towage services, (iv) demurrage and detention moneys, (v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Vessel, and (vi) all moneys which are at any time payable under Insurances in respect of loss of hire; and

(b) if and whenever that Vessel is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Vessel.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary

of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 11.04(b)(i), (iii) and (iv) (subject to such consents, if any, as may be required under Section 11.04(b)(i)).

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, including all common law, relating to pollution or the protection of health, safety or the environment or the release of any materials into the environment, including those related to Hazardous Materials, air emissions, discharges to waste or public systems and health and safety matters.

"Environmental Liability" means any liability or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly, resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or permitting or arranging for the disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) the failure by the Borrower or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules or the filing of an application for the waiver of the minimum funding standards under the Pension Funding Rules; (c) the incurrence by the Borrower or any ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA or a cessation of operations with respect to a Pension Plan within the meaning of Section 4062(e) of ERISA; (d) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a

Multiemployer Plan or notification that a Multiemployer Plan is in reorganization or insolvent (within the meaning of Title IV of ERISA); (e) the filing of a notice of intent to terminate a Pension Plan under, or the treatment of a Pension Plan amendment as a termination under, Section 4041 of ERISA; (f) the institution by the PBGC of proceedings to terminate a Pension Plan; (g) any event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (h) the determination that any Pension Plan is in at-risk status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that a Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (i) the imposition or incurrence of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate; (j) the engagement by the Borrower or any ERISA Affiliate in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; (k) the imposition of a lien upon the Borrower pursuant to Section 430(k) of the Code or Section 303(k) of ERISA; or (l) the making of an amendment to a Pension Plan that coul result in the posting of bond or security under Section 436(f)(1) of the Code.

"Estate" has the meaning specified in Section 10.01(b).

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurodollar Rate" has the meaning specified in Section 2.17.

"Event of Default" has the meaning specified in Section 9.01.

"Excess Cash Flow" means, for any relevant accounting period (in each case based on the Parent on a consolidated basis excluding the Restricted Subsidiary):

(a) Consolidated EBITDA for such period,

(b) *plus*, the sum, without duplication of:

(i) the decrease (if any) in the amount of the excess of Consolidated Current Assets (excluding cash and Cash Equivalents) over Consolidated Current Liabilities (except non-cash current liabilities and accrued interest) at the end of such period compared to the amount of the excess of Consolidated Current Assets (excluding cash and Cash Equivalents) over Consolidated Current Liabilities (except non-cash current liabilities and accrued interest) at the end of the immediately preceding accounting period of the Parent,

(ii) the decrease (if any) in the amount of restricted cash at the end of such period compared to the amount of the restricted cash at the end of the immediately preceding accounting period of the Parent, and

(iii) the aggregate amount of any reserves created under clause (c)(v) below to the extent that any such amount was not used in the three fiscal quarter period after such reserve was created and such amount was not added to any previous calculation of Excess Cash Flow,

(c) *minus*, the sum, without duplication, of:

(i) the amount of (A) all regularly scheduled payments of principal of the Term Facility Loan actually made during such period, (B) any voluntary prepayment of principal of the Term Facility Loan made during such period and (C) any permanent reduction in the Revolving Facility Commitments made during such period to the extent that, before giving effect to such reduction, the average outstanding principal balance of the Revolving Facility Loans for the thirty (30) days prior to such reduction exceeds the aggregate Revolving Facility Commitments after giving effect to such reduction,

(ii) the amount of all interest payments actually made in cash during such period by the Parent and its consolidated Subsidiaries,

(iii) the amount of Capital Expenditures (other than Capital Expenditures in respect of Capitalized Leases and Capital Expenditures for which reserves have been created) actually made in cash during such period by the Security Parties to the extent permitted by Section 6.05 except to the extent financed with Net Cash Proceeds of a Total Loss or other Casualty Event, the proceeds of Indebtedness, the issuance of Equity Interests of any Security Party or other proceeds that are not included in the calculation of Consolidated EBITDA,

(iv) cash income taxes paid by Security Parties during such period,

(v) cash reserves created (without duplication) to fund in water surveys, drydocking expenses and Capital Expenditures (other than Capital Expenditures in respect of Capitalized Leases) to the extent permitted by Section 6.05 except to the extent financed with Net Cash Proceeds of a Total Loss or other Casualty Event, the proceeds of Indebtedness, the issuance of Equity Interests of any Security Party or other proceeds that are not included in the calculation of Consolidated EBITDA, in each case, to the extent that such in water surveys, drydocking expenses and Capital Expenditures (A) will be undertaken and paid for in the next three fiscal quarters after the conclusion of such accounting period and (B) have been approved by the Agent (such approval not to be unreasonably withheld, conditioned or delayed),

(vi) the increase (if any) in the amount of restricted cash at the end of such period compared to the amount of the restricted cash at the end of the immediately preceding accounting period of the Parent,

(vii) the increase in the amount of long term other assets at the end of such period compared to the long term other assets at the end of the immediately preceding accounting period of the Borrower, as a direct result of cash payments recorded on the balance sheet such as security bonds, cash deposit in escrow and long term prepayments,

(viii) to the extent included in the calculation of Consolidated EBITDA, any one-time, non-recurring extraordinary cash costs or cash expenses (including restructuring expenses),

(ix) all administrative fees, agency fees, legal fees and other amounts due and payable under the Loan Documents for such accounting period not otherwise categorized under clause (c)(i) and clause (c)(ii) above, and

(x) the increase (if any) in the amount of the excess of Consolidated Current Assets (excluding cash and Cash Equivalents) over Consolidated Current Liabilities

(excluding non-cash current liabilities and accrued interest) at the end of such period compared to the amount of the excess of Consolidated Current Assets (excluding cash and Cash Equivalents) over Consolidated Current Liabilities (excluding non-cash current liabilities and accrued interest) at the end of the immediately preceding accounting period of the Parent.

"Excluded Swap Obligations" means with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a Master Agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loans or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(g) and (d) any withholding Taxes imposed under FATCA.

"Existing Facilities" means, together, (i) the credit agreement, dated June 28, 2017, as amended, made by, among others, Eagle Bulk Ultraco LLC as borrower, the banks and financial institutions party thereto and ABN AMRO Capital USA LLC, as security trustee and facility agent, in the original principal amount of up to $61,200,000, and (ii) the credit agreement, dated December 8, 2017, made by, among others, Eagle Shipping LLC as borrower, the entities and financial institutions party thereto and ABN AMRO Capital USA LLC, as security trustee and facility agent, in the original principal amount of up to $65,000,000.

"Facility" means, collectively, the Term Facility and the Revolving Facility.

"Facility Agent" means ABN AMRO Capital USA LLC, in its capacity as facility agent under any of the Loan Documents, or any successor facility agent.

"Facility Period" means the period from and including the date of this Agreement to and including the date on which the Total Commitments have reduced to zero and all indebtedness of the Obligors under the Loan Documents has been fully paid and discharged.

"Facility Agent's Office" means the Facility Agent's address and, as appropriate, account as set forth in Section 11.01(a), or such other address or account as the Facility Agent may from time to time notify to the Borrower and the Lenders.

"Fair Market Value" means, in relation to a Vessel, the market value of such Vessel at any date that is shown by the average of two (2) valuations each prepared for and addressed to the Facility Agent at the cost of the Borrower: (a) as at a date not more than 30 days prior to the date such valuation is delivered to the Facility Agent; (b) by Approved Brokers selected by the Borrower; (c) on a "desk-top" basis without physical inspection of that Vessel; and (d) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment or encumbrances (and with no value to be given to any pooling arrangements); provided that (i) if a range of market values is provided in a particular appraisal, then the market value in such appraisal shall be deemed to be the mid-point within such range, and (ii) if there is a difference of, or in excess of, 10% between the two appraisals obtained, the Borrower may, at its sole expense, obtain a third appraisal from an Approved Broker appointed by the Facility Agent, with the value of such Vessel to be deemed the average of the three valuations obtained.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing.

"FCPA" has the meaning specified in Section 3.16(c).

"Federal Funds Rate" shall mean for any day the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day opposite the caption "OPEN" (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by the Facility Agent (an "Alternate Source") (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate reasonably determined by Facility Agent at such time (which determination shall be conclusive absent manifest error); provided however, that if such day is not a Business Day, the Federal Funds Rate for such day shall be the "open" rate on the immediately preceding Business Day.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States.

"Fee Letters" means, collectively, the Upfront Fee Letter and any other fee letters to be entered into in connection with this Agreement, and "Fee Letter" means any of them.

"Finance Party" means the Facility Agent, any Bookrunner, any Mandated Lead Arranger, the Security Trustee, any Lender and any Swap Bank, whether as at the date of this Agreement or at any later time.

"Financial Covenants" has the meaning specified in Section 7.01.

"Financial Officer" means, as to any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

"First Repayment Date" means the date which is ninety (90) days after the Initial Borrowing Date (except that if such date is not a Business Day, the First Repayment Date shall be the next proceeding Business Day).

"Foreign Lender" means any Lender that is organized under the Laws of a jurisdiction other than the United States (or, in the case of a Lender that is classified for U.S. federal income tax purposes as an entity that is disregarded from another Person, such Lender if such Person is organized under the Laws of a jurisdiction other than the United States). For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Plan" means any employee pension benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Borrower or any Subsidiary with respect to employees employed outside the United States (other than any governmental arrangement).

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

"GAAP" means, subject to Section 1.03, United States generally accepted accounting principles as in effect as of the date of determination thereof.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Green Passport" means a green passport statement of compliance issued by a classification society being a member of the International Association of Classification Societies ("IACS") which includes a list of any and all materials known to be potentially hazardous utilized in the construction of a vessel.

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount

equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guaranteed Obligations" has the meaning specified in Section 8.01.

"Guarantor Accession Agreement" means an agreement providing for the accession of a Person to this Agreement as a Guarantor in substantially the form of Exhibit G hereto, or in any other form approved by the Facility Agent;

"Guarantors" means, collectively, the Upstream Guarantors and the Parent.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and other substances or wastes of any nature regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

"Incremental Commitment" has the meaning specified in Section 2.21(a).

"Incremental Commitment Effective Date" has the meaning specified in Section 2.21(c).

"Incremental Lender" has the meaning specified in Section 2.21(b).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under (i) letters of credit (including standby and commercial), bankers' acceptances and bank guaranties and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness;

(g) all obligations of such Person in respect of Disqualified Equity Interests; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitee" has the meaning specified in Section 11.03(b).

"Information" has the meaning specified in Section 11.12.

"Initial Borrowing Date" means the date of the first Borrowing to occur, in any event, (a) with respect to the Term Facility Borrowing, prior to the Term Facility Commitment Termination Date and (b) with respect to a Revolving Facility Borrowing, prior to the Revolving Facility Commitment Termination Date.

"Initial Guarantors" means, collectively, the Persons listed on Schedule II.

"Insurances" means, in relation to a Vessel:

(a) all policies and contracts of insurance, including entries of that Vessel in any protection and indemnity or war risks association and excluding loss of hire, effected in respect of that Vessel, or otherwise in relation to that Vessel whether before, on or after the date of this Agreement; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

"Intangible Assets" means intangible assets under GAAP, including customer lists, goodwill, copyrights, trade names, trademarks, patents, franchises, licenses, unamortized deferred charges, unamortized debt discount and capitalized research and development costs.

"Interest Period" means a period determined in accordance with Section 2.05.

"Interpolated Screen Rate" shall mean, in relation to LIBOR for any Loan or any part of it, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the relevant Interest Period of that Loan or relevant part of it; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the relevant Interest Period of that Loan or relevant part of it,

each as of 11:00 a.m. London time on the Quotation Day for Dollars.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs Indebtedness of the type referred to in clause (h) of the definition of "Indebtedness" in respect of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any returns or distributions of capital or repayment of principal actually received in case by such Person with respect thereto.

"IOPPC" means a valid and current International Oil Pollution Prevention Certificate issued under MARPOL.

"IRS" means the United States Internal Revenue Service.

"ISM Code" means the International Safety Management Code (including the guidelines on its implementation), as adopted by the International Maritime Organization, as the same may be amended or supplemented from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

"ISM Code Documentation" includes, in respect of a Vessel:

(a) the Document of Compliance and Safety Management Certificate issued pursuant to the ISM Code in relation to that Vessel within the periods specified by the ISM Code;

(b) all other documents and data which are relevant to the safety management system and its implementation and verification which the Facility Agent may require; and

(c) any other documents which are prepared or which are otherwise relevant to establish and maintain that Vessel's compliance or the compliance of the Upstream Guarantor that owns that Vessel or the relevant Approved Manager of such Vessel with the ISM Code which the Facility Agent may require.

"ISPS Code" means the International Ship and Port Facility Security Code, as adopted by the International Maritime Organization, as the same may be amended or supplemented from time to time.

"ISPS Code Documentation" includes:

(a) the ISSC; and

(b) all other documents and data which are relevant to the ISPS Code and its implementation and verification which the Facility Agent may require.

"ISSC" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"Joinder Agreement" means a joinder or similar agreement entered into by any Person (including any Lender) under Section 2.21 pursuant to which such Person shall provide an Incremental Commitment hereunder and (if such Person is not then a Lender) shall become a Lender party hereto.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lenders" means the Persons listed on Schedule I, Part A, and any other Person that shall have become party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

"Letters of Undertaking" has the meaning specified in Section 5.10.

"LIBOR" means, in relation to a Loan or any part of it: (a) the applicable Screen Rate; (b) if no Screen Rate is available for the relevant currency or the relevant Interest Period of a Loan or relevant part of it the Interpolated Screen Rate for a Loan or relevant part of it; or (c) if: (i) no Screen Rate is available for the relevant currency of a Loan or relevant part of it; or (ii) no Screen Rate is available for the relevant Interest Period of a Loan or relevant part of it and it is not possible to calculate an Interpolated Screen Rate for a Loan or relevant part of it, the Reference Bank Rate, as of, in the case of paragraphs (a) and (c) above, 11:00 a.m. London time on the Quotation Day for a period equal in length to the Interest Period of a Loan or relevant part of it and, if that rate is less than zero, LIBOR shall be deemed to be zero.

"LIBOR Successor Rate" has the meaning specified in Section 2.17(c).

"LIBOR Successor Rate Conforming Changes" has the meaning specified in Section 2.17.

"Lien" means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Liquidity Account" means an account in the name of the Parent with the Account Bank designated "Eagle Bulk Shipping Inc. – Liquidity Account", which shall not be a blocked account.

"Loan" means any Revolving Facility Loan or any Term Facility Loan and, unless the context shall require otherwise, the term "Loan" shall also include any loans made pursuant to an Incremental Commitment.

"Loan Documents" means, collectively: (a) this Agreement, (b) any Notes, (c) any Security Document, (d) the Fee Letters, (e) any Guarantor Accession Agreement and (f) any other documents, certificates, instruments or agreements executed by or on behalf of a Security Party for the benefit of any Finance Party in connection herewith on or after the date hereof that are jointly designated by such Security Party and the Facility Agent as a "Loan Document". Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all

amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Manager's Undertaking" means, in relation to a Vessel, the letter executed and delivered by an Approved Manager, in substantially the form of Exhibit H, or any other form approved by the Facility Agent.

"Mandated Lead Arranger" means ABN AMRO Capital USA LLC, Credit Agricole Corporate and Investment Bank, Skandinaviska Enskilda Banken AB (publ) and DNB Markets Inc., each in its capacity as mandated lead arranger.

"Margin" means 2.50% per annum.

"Margin Stock" means margin stock within the meaning of Regulations T, U and X.

"MARPOL" means the International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978, as the same may be amended or supplemented from time to time.

"MARPOL Documentation" includes:

(a) the IOPPC; and

(b) all other documents and data which are relevant to MARPOL and its implementation and verification which the Facility Agent may require.

"Master Agreement" means the 2002 master agreement published by the International Swaps and Derivatives Association, Inc. or any other similar agreement used to evidence hedging agreements, together with any related schedules and confirmations.

"Master Agreement Assignment" means, in relation to each Master Agreement constituing Collateral, an assignment of such Master Agreement, in substantially the form of Exhibit I, or any other form approved by the Facility Agent.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Obligors taken as a whole (excluding the Restricted Subsidiary), or (b) a material adverse effect on (i) the ability of the Obligors taken as a whole to perform their Obligations, (ii) the legality, validity, binding effect or enforceability against any Obligor of any Loan Document to which it is a party or (iii) the rights, remedies and benefits available to, or conferred upon, any Finance Party under any Loan Documents.

"Maturity Date" means the date falling on the earlier of (i) five (5) years from the date of the Term Facility Borrowing and (ii) February 15, 2024.

"Maximum Rate" has the meaning specified in Section 11.14.

"Membership Interest Pledge" means a pledge of the membership interests of an Upstream Guarantor or of the Borrower, in substantially the form of Exhibit J, or any other form approved by the Facility Agent.

"Minimum Value Adjusted Tangible Equity" means, as of any date of determination, for the Parent and its Subsidiaries, excluding the Restricted Subsidiary, on a consolidated basis, Shareholders' Equity of the Parent and its Subsidiaries, excluding the Restricted Subsidiary, adjusted for the most recent Fair Market Values of the Vessels, on such date minus the Intangible Assets of the Parent and its Subsidiaries, excluding the Restricted Subsidiary, on such date.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, during the preceding five plan years has made or been obligated to make contributions, or has any liability.

"Multiple Employer Plan" means a Plan with respect to which the Borrower or any ERISA Affiliate is a contributing sponsor, and that has two or more contributing sponsors at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Net Cash Proceeds" means:

(a) with respect to any sale, transfer or disposition of any asset (including, without limitation, any issuance or sale of Equity Interests or any sale or other disposition of any Vessel), any cash proceeds for all such sales, transfers or dispositions, received by any Obligor (including cash proceeds subsequently received (as and when received by any Obligor) in respect of non-cash consideration initially received) net of (i) selling expenses (including reasonable brokers' or bankers' fees or commissions, legal, accounting and other professional and transactional fees, transfer and similar taxes and Obligor's good faith estimate of income taxes actually paid or payable in connection with such sale including any taxes payable upon the repatriation of any such proceeds); (ii) amounts provided as a reserve, in accordance with GAAP, against (x) any liabilities under any indemnification obligations or purchase price adjustments associated with such asset sale or (y) any other liabilities retained by any Obligor associated with the assets sold (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds); (iii) Obligor's good faith estimate of payments required to be made within one hundred eighty (180) days of such asset sale with respect to unassumed liabilities relating to the properties sold (provided that, to the extent such cash proceeds are not used to make payments in respect of such unassumed liabilities within one hundred eighty (180) days of such asset sale, such cash proceeds shall constitute Net Cash Proceeds at the time of the expiration of such 180-day period); and (iv) the principal amount, premium or penalty, if any, interest and other amounts on any indebtedness which is secured by a lien on the assets sold (so long as such lien was permitted to encumber such assets under the Loan Documents at the time of such sale) and which is repaid with such proceeds (other than any such indebtedness assumed by the purchaser of such properties); and

(b) with respect to any Casualty Event, any cash insurance proceeds, condemnation awards, Requisition Compensation and other compensation received by any Obligor in respect thereof, including but not limited to insurance proceeds, net of all costs and expenses incurred in connection with the collection of such proceeds, awards or other compensation in respect of such Casualty Event (including (i) any costs incurred in connection with the adjustment or settlement of any claims in respect thereof and (ii) costs incurred in connection with any sale of such assets, including amounts set forth in items (a)(i), (a)(ii), (a)(iii) and (a)(iv) above and income taxes payable as a result of any gain recognized in connection therewith).

"Newly Acquired Vessel" means the Delivered Vessel numbered 21 in Schedule IV.

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all or all affected Lenders in accordance with the terms of Section 11.02 and (b) has been approved by the Required Lenders.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Note" means a promissory note executed by the Borrower, to the order of a Lender in accordance with Section 2.11(b).

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower arising under any Loan Document or any Secured Swap Contract or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Borrower or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Borrower under any Loan Document, (b) the obligation of the Borrower to reimburse any amount in respect of any of the foregoing that the Facility Agent or any Lender, in each case in its sole discretion, may elect to pay or advance on behalf of the Borrower in accordance with this Agreement or any other Loan Document, and (c) obligations under a Secured Swap Contract.

"Obligor Materials" has the meaning specified in Section 11.01(e).

"Obligors" means, collectively, the Borrower and the Guarantors, and "Obligor" means any of them as the context may require.

"OFAC" has the meaning specified in Section 3.16(b).

"Operating Accounts" means, collectively, the Borrower Operating Account and each Upstream Guarantor Operating Account.

"Organizational Documents" means (a) as to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or having sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19(b)).

"Parallel Liability" means an Obligor's undertaking pursuant to Clause 8.12.

"Parent" means Eagle Bulk Shipping Inc., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands.

"Participant" has the meaning specified in Section 11.04(d).

"Participant Register" has the meaning specified in Section 11.04(d).

"PATRIOT Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Act" means the Pension Protection Act of 2006.

"Pension Funding Rules" means the rules of the Code and ERISA regarding minimum funding standards and minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (including a Multiple Employer Plan, but excluding a Multiemployer Plan) that is maintained or is contributed to by the Borrower or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"Permitted Holders" means each of the Persons owning more than fifteen percent (15%) of the voting stock of the Parent on the date hereof, in each case together with their Affiliates, investment advisory clients and manager accounts.

"Permitted Lien" has the meaning specified in Section 6.02.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Pertinent Jurisdiction" means, in relation to a Person:

(a) the jurisdiction under the laws of which the Person is incorporated or formed;

(b) a jurisdiction in which the Person has the center of its main interests or in which the Person's central management and control is or has recently been exercised;

(c) a jurisdiction in which the overall net income of the Person is subject to corporation tax, income tax or any similar tax;

(d) a jurisdiction in which assets of the Person (other than securities issued by, or loans to, related Persons) having a substantial value are situated, in which the Person maintains a branch or permanent place of business, or in which a Lien created by the Person must or should be registered in order to ensure its validity or priority; or

(e) a jurisdiction the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the Person whether as a main or territorial or ancillary proceeding or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (a) or (b) above.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of the Borrower or any Subsidiary, or any such plan to which the Borrower or any Subsidiary is required to contribute on behalf of any of its employees or with respect to which the Borrower has any liability.

"Platform" means Debt Domain, Intralinks, Syndtrak, DebtX or a substantially similar electronic transmission system.

"Prepayment Notice" means a notice by the Borrower to prepay Loans, which shall be in such form as the Facility Agent may approve.

"Prime Rate" has the meaning specified in Section 2.17.

"Prohibited Person" means any Person (whether designated by name or by reason of being included in a class of Persons) against whom Sanctions are directed.

"Public Lender" has the meaning specified in Section 11.01(e).

"Qualified ECP Guarantor" means, in respect of any Swap Obligation, each Guarantor that has total assets exceeding $10,000,000 at the time the relevant guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Quotation Day" shall mean, in relation to any period for which an interest rate is to be determined, two Business Days in New York, before the first day of that period.

"Recipient" means (a) the Facility Agent, or (b) any Lender, as applicable.

"Reference Bank Rate" shall mean the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Reference Banks in relation to LIBOR, as the rate at which the relevant Reference Bank could borrow funds in the London interbank eurodollar market, in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

"Reference Banks" shall mean, such money center banks that are not affiliated with the Facility Agent as are identified by the Facility Agent to the Borrower from time to time.

"Refinanced Vessels" means each of the Delivered Vessels numbered 1 through 20 in Schedule IV.

"Register" has the meaning specified in Section 11.04(c).

"Regulation T" means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation U" means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation X" means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors, insurers and representatives of such Person and of such Person's Affiliates.

"Relevant Amount" has the meaning specified in Section 2.07(b)(iv).

"Relevant Date" has the meaning specified in Section 2.07(b)(iii).

"Removal Effective Date" has the meaning specified in Section 10.06(b).

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"Required Lenders" means, at any time, Lenders having Total Credit Exposures representing at least 66 2/3% of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Requisition" means: (a) any expropriation, confiscation, requisition or acquisition of a Vessel, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding one year without any right to an extension) unless it is within 30 days redelivered to the full control of the Upstream Guarantor being the owner thereof; and (b) any arrest, capture or seizure of a Vessel (including any hijacking or theft) unless it is within 60 days redelivered to the full control of the Upstream Guarantor being the owner thereof.

"Requisition Compensation" includes all compensation or other moneys payable by reason of any Requisition.

"Resignation Effective Date" has the meaning specified in Section 10.06(a).

"Responsible Officer" means (a) the chief executive officer, president, executive vice president or a Financial Officer of the relevant Obligor, (b) solely for purposes of the delivery of incumbency

certificates and certified Organizational Documents and resolutions pursuant to Section 4.01, any officer of the relevant Borrower or the Parent and (c) solely for purposes of Borrowing Requests, prepayment notices and notices for Commitment terminations or reductions given pursuant to Article II, any other officer or employee of the relevant Borrower so designated from time to time by one of the officers described in clause (a) in a notice to the Facility Agent (together with evidence of the authority and capacity of each such Person to so act in form and substance satisfactory to the Facility Agent). Any document delivered hereunder that is signed by a Responsible Officer of an Obligor shall be conclusively presumed to have been authorized by all necessary corporate, partnership or other action on the part of such Obligor and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Obligor.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to such Person's shareholders, partners or members (or the equivalent Persons thereof).

"Restricted Subsidiary" means Eagle Bulk Shipco LLC and any of its Subsidiaries.

"Revolving Facility" means a revolving credit facility in an aggregate principal amount of up to $55,000,000.

"Revolving Facility Availability Period" means the period from and including the date of the Term Facility Borrowing to but excluding the Revolving Facility Commitment Termination Date.

"Revolving Facility Borrowing" means a borrowing consisting of a Revolving Facility Loan.

"Revolving Facility Commitment" means with respect to each Lender on any date, the commitment of such Lender to make a Revolving Facility Loan if such Revolving Facility Loan is required to be disbursed on such date, as such commitment may be reduced or increased from time to time pursuant to Section 11.04(b). The initial amount of such Lender's Revolving Facility Commitment is set forth on Schedule I or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Revolving Facility Commitment, as applicable.

"Revolving Facility Commitment Termination Date" means the date falling thirty (30) days prior to the Maturity Date.

"Revolving Facility Loan" means a loan made or to be made under the Revolving Facility or the principal amount outstanding for the time being of that loan.

"Sanctions" has the meaning specified in Section 3.16(b).

"Scheduled Unavailability Date" has the meaning specified in Section 2.17(c).

"Screen Rate" means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other Person which takes over the administration of that rate) for Dollars and the relevant period displayed (before any correction, recalculation or republication by the administrator) on pages LIBOR01 or LIBOR02 of Bloomberg or the Thomson Reuters screen (or any replacement page which displays that rate) or on the appropriate page of such other information service that publishes that page from time to time in place of such pages. If the agreed pages are replaced or service ceases to be

available, the Facility Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Lenders.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Secured Swap Contract" means a Swap Contract between the Borrower and a Swap Bank.

"Security Documents" means, collectively: (a) any Charter Assignment (as applicable), (b) any Account Pledge, (c) any Assignment of Earnings, (d) any Assignment of Insurances, (e) any Manager's Undertaking, (f) any Master Agreement Assignment, (g) any Membership Interest Pledge, (h) any Vessel Mortgage, (i) any Subordination Agreement (as applicable), and (j) and each other security document or pledge agreement delivered in accordance with applicable local Laws to grant a valid, enforceable, perfected security interest (with the priority required under the Loan Documents) in any property as Collateral for the Obligations, and all Uniform Commercial Code or other financing statements or instruments of perfection required with respect thereto.

"Security Party" means the Obligors and any other person (except a Finance Party and an Approved Manager which is unaffiliated with the Borrower or the Guarantors) who, as a surety, guarantor, mortgagor, assignor or pledgor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a Loan Document.

"Security Trustee" means ABN AMRO Capital USA LLC, in its capacity as security trustee pursuant to Section 10.01(b) and under any of the Loan Documents, or any successor security trustee.

"Semi-Annual Payment Date" means the last day of each fiscal quarter ending on June 30 or December 31 of each fiscal year and commencing with the fiscal quarter ending on June 30, 2020.

"Shareholders' Equity" means, as of any date of determination, consolidated shareholders' equity of the Parent and its Subsidiaries, excluding the Restricted Subsidiary, as of such date determined in accordance with GAAP.

"Shortfall Cash" has the meaning specified in Section 7.01(e)(ii).

"Shortfall Fiscal Quarter" has the meaning specified in Section 7.01(e)(ii).

"Solvent" means, as to any Person as of any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Loan Party" means any Security Party that is not then an "eligible contract participant" under the Commodity Exchange Act (determined prior to giving effect to Section 8.11).

"Subordination Agreement" has the meaning specified in Section 5.30.

"Subsidiary" of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Parent or of the Borrower.

"Swap Bank" means any Lender that elects to be a Swap Bank, including those initially listed in Schedule I, Part B, acting on behalf of itself and its Affiliates as a counterparty to a Secured Swap Contract with the Borrower.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any Master Agreement, including any such obligations or liabilities under any Master Agreement.

"Swap Obligation" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Swap Termination Value" means, as to any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined by the relevant Swap Bank in accordance with its customary practices.

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Facility" means a term loan facility in an aggregate principal amount of up to $155,000,000.

"Term Facility Availability Period" means the period from and including the Closing Date to but excluding the Term Facility Commitment Termination Date.

"Term Facility Borrowing" means a Borrowing consisting of a Term Facility Loan and in the aggregate not to exceed the sum of (i) the lower of (A) 60% of the Fair Market Value of the Refinanced Vessels on the date of such Borrowing less $55,000,000 (being the maximum aggregate principal amount of the Revolving Facility) and (B) $140,000,000 plus (ii) the lower of (X) 60% of the Fair Market Value of the Newly Acquired Vessel on the date of such Borrowing and (Y) $15,000,000.

"Term Facility Commitment" means with respect to each Lender on any date, the commitment of such Lender to make a Term Facility Loan if such Term Facility Loan is required to be disbursed on such date, as such commitment may be reduced or increased from time to time pursuant to Section 11.04(b). The initial amount of such Lender's Term Facility Commitment is set forth on Schedule I or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Term Facility Commitment, as applicable.

"Term Facility Commitment Termination Date" means the date falling ten (10) Business Days after the Closing Date, subject to extension as may be agreed between the Borrower and the Facility Agent acting on the instructions of the Lenders (except that, if such date is not a Business Day, the Term Facility Commitment Termination Date shall be the next proceeding Business Day).

"Term Facility Loan" means a loan made or to be made under the Term Facility or the principal amount outstanding for the time being of that loan.

"Term Facility Reference Payment" shall mean, with respect to a Semi-Annual Payment Date, the payment from Excess Cash Flow in the amount needed to harmonize the principal outstanding under the Term Facility with the amount set forth in the column "Term Facility Borrowing Outstanding" for the relevant fiscal quarter in the Term Facility Reference Profile.

"Term Facility Reference Profile" means the fifteen-year age-adjusted repayment profile of the Term Facility set forth in Schedule VII.

"Term Facility Scheduled Payment" has the meaning specified in Section 2.06(a)(i).

"Total Assets" means, at any time in respect of the Parent the amount of total assets of the Parent on a consolidated basis which would be included as total assets in a consolidated balance sheet of the Parent, in accordance with GAAP drawn up at such time (in any case, however, excluding the Restricted Subsidiary).

"Total Credit Exposure" means, as to any Lender at any time, the unused Commitments and the aggregate principal amount of the outstanding Loans of such Lender at such time.

"Total Commitments" means the aggregate of the Commitments, being a maximum amount of $210,000,000 on the Closing Date, as may be reduced in accordance with the Term Facility Borrowing.

"Total Loss" means: (a) actual, constructive, compromised, agreed or arranged total loss of a Vessel; or (b) any Requisition of a Vessel.

"Total Loss Date" means, in relation to the Total Loss of a Vessel: (a) in the case of an actual loss of a Vessel, the date on which it occurred or, if that is unknown, the date when that Vessel was last heard

of; (b) in the case of a constructive, compromised, agreed or arranged total loss of a Vessel, the earlier of: (i) the date on which a notice of abandonment is given to the insurers; and (ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower and/or the Upstream Guarantor who owns such Vessel with the Vessel's insurers in which the insurers agree to treat that Vessel as a total loss; and (c) in the case of any other type of Total Loss, the date (or the most likely date) on which it appears to the Facility Agent that the event constituting the total loss occurred.

"Treasury Transaction" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate.

"United States" and "U.S." mean the United States of America.

"Upfront Fee Letter" means the letter agreement, dated January 25, 2019, among the Borrower and the Facility Agent, as may be amended, restated, modified or supplemented from time to time, relating to upfront fees.

"Upstream Guarantors" means, collectively, the Initial Guarantors and any Additional Guarantors that become a party hereto.

"Upstream Guarantor Operating Account" means, in relation to a Vessel, an account in the name of the Upstream Guarantor owning that Vessel with the Account Bank designated "[Vessel Name] Upstream Guarantor Operating Account", which shall not be a blocked account.

"U.S. Borrower" means the Borrower if it is a U.S. Person.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 2.16(g).

"Vessel Mortgage" means, in relation to a Vessel, the first priority or first preferred mortgage on that Vessel, in substantially the form of Exhibit K, or any other form approved by the Facility Agent.

"Vessels" means, collectively, each of the Delivered Vessels, and, as the context may require, any Additional Vessel or Additional Young Vessel owned by an Additional Guarantor, and "Vessel" means any of them.

"Wholly-Owned" means, as to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (a) director's qualifying shares and (b) shares issued to foreign nationals to the extent required by Applicable Law) are owned by such Person and/or by one or more Wholly-Owned Subsidiaries of such Person.

"Withholding Agent" means the Borrower and the Facility Agent.

"Working Capital" means current assets less current liabilities which would be included as current assets (not including intangible assets) and current liabilities (not including (i) Indebtedness under the Loan Documents and (ii) intangible liabilities), in a consolidated balance sheet of the Parent in accordance with GAAP drawn up at such time (in any case, however, excluding the Restricted Subsidiary).

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.03 Accounting Terms; Changes in GAAP.

(a) Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by the Borrower to the Lenders pursuant to Sections 5.01(a) and 5.01(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrower, the Parent and their Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If the Borrower notifies the Facility Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Facility Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

1.04 Rates. The Facility Agent does not warrant, nor accept responsibility, nor shall the Facility Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of "LIBOR" or with respect to any comparable or successor rate thereto.

ARTICLE II

COMMITMENTS

2.01 Commitments.

(a) Subject to the terms and conditions set forth herein, each Lender severally agrees to make the Term Facility Loan to the Borrower in one (1) Borrowing on a Business Day during the Term Facility Availability Period in an aggregate principal amount not to exceed such Lender's Term Facility Commitment. Any amounts repaid, prepaid or cancelled under this Section 2.01(a) may not be reborrowed.

(b) Subject to the terms and conditions set forth herein, each Lender severally agrees to make Revolving Facility Loans to the Borrower from time to time on any Business Day during the Revolving Facility Availability Period in an aggregate principal amount not to exceed such Lender's Revolving Facility Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may from time to time borrow, prepay and reborrow Revolving Facility Loans, unless cancelled pursuant to Section 2.08.

(c) After giving effect to any Loan, the total amount of Loans made shall not exceed the Total Commitments.

2.02 Loans and Borrowings.

(a) Each Borrowing shall be applied as follows: (i) the Term Facility Borrowing shall be applied to refinance the Existing Facilities as well as for general corporate purposes and (ii) each Revolving Facility Borrowing shall be applied for general corporate purposes.

(b) The Term Facility Loan shall be made in one (1) Borrowing (as described in Section 2.01(a) above) ratably by the Lenders in accordance with their respective Term Facility Commitments.

(c) Each Revolving Facility Loan shall be made as a part of a Borrowing consisting of Revolving Facility Loans made by the Lenders ratably in accordance with their respective Revolving Facility Commitments.

(d) Each Revolving Facility Borrowing shall be in an aggregate amount of not less than $1,000,000. The Borrower shall make no more than three (3) Revolving Facility Borrowings in any fiscal quarter of the Borrower.

2.03 Borrowing Requests.

(a) Notice by Borrower. Each Borrowing shall be made upon the Borrower's irrevocable notice to the Facility Agent. Each such notice shall be in the form of a written Borrowing Request, appropriately completed and signed by a Responsible Officer of the Borrower and must be received by the Facility Agent not later than 11:00 a.m. (New York City time) three (3) Business Days prior to the date of the requested Borrowing.

(b) Content of Borrowing Requests. Each Borrowing Request for a Borrowing pursuant to this Section shall specify the following information: (i) the aggregate amount of the requested Borrowing; (ii) the date of such Borrowing (which shall be a Business Day); (iii) the Interest Period therefor; and (iv) the location and number of the Borrower's account, or such other account as the Borrower may specify in the relevant Borrowing Request, to which funds are to be disbursed.

(c) Notice by Facility Agent to Lenders. Promptly following receipt of a Borrowing Request, the Facility Agent shall advise each Lender of the details thereof and the amount of such Lender's

Loan to be made as part of the requested Borrowing (which shall be the Applicable Percentage of the amount specified in the Borrowing Request).

(d) Failure to Elect. If no Interest Period is specified with respect to any requested Borrowing, the Borrower shall be deemed to have selected an Interest Period of three months' duration.

2.04 Funding of Borrowings.

(a) Funding by Lenders. Each Lender shall make the amount of its Loan available to the Facility Agent in immediately available funds at the Facility Agent's Office not later than 1:00 p.m. (New York time) on the Business Day specified in the applicable Borrowing Request. Upon satisfaction of the applicable conditions set forth in Article IV, the Facility Agent shall make all funds so received available to the Borrower in like funds as received by the Facility Agent either by (i) crediting the Operating Account of the Borrower on the books of the Facility Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with the instructions provided to the Facility Agent by the Borrower.

(b) Presumption by Facility Agent. Unless the Facility Agent shall have received notice from a Lender, prior to the proposed date of any Borrowing that such Lender will not make available to the Facility Agent such Lender's share of such Borrowing, the Facility Agent may assume that such Lender has made such share available on such date in accordance with Section 2.04(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Facility Agent, then the applicable Lender and the Borrower severally agree to pay to the Facility Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Facility Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Facility Agent in accordance with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to the respective Borrowing, as determined pursuant to Section 2.09. If the Borrower and such Lender shall pay such interest to the Facility Agent for the same or an overlapping period, the Facility Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Facility Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Facility Agent.

(c) Disbursement of Borrowing to Third Party. To the extent requested in writing by the Borrower, the payment by the Facility Agent to a Person other than the Borrower shall constitute the making of the relevant Borrowing and the Borrower shall at that time become indebted, as principal and direct obligor, to each Lender in an amount equal to that Lender's participation in that Borrowing.

2.05 Interest Periods. The Loans comprising each Borrowing initially shall be specified in the applicable Borrowing Request and shall have the Interest Period specified in such Borrowing Request. The first Interest Period for a Borrowing shall commence on the date of such Borrowing and (a) in the case of the first Borrowing or Borrowings, shall end on the numerically corresponding day in the calendar month that is three or six months thereafter or any other period agreed between the Borrower and the Required Lenders, as specified in the applicable Borrowing Request, and (b) in the case of each subsequent Borrowing, shall end on the last day of the other then subsisting Interest Period. Thereafter, the duration of each Interest Period shall be three or six months as the Borrower may, upon notice received by the Facility Agent not later than 11:00 a.m. (New York City time) three Business Days prior to the first day of such Interest Period, select, or such other period as the Facility Agent may, with the authorization of the Required Lenders agree

with the Borrower, provided, however, (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period; (iii) any Interest Period commencing prior to the First Repayment Date shall end no later than the First Repayment Date; and (iv) any Interest Period selection made by the Borrower shall be irrevocable, and if the Borrower fails to select an Interest Period in accordance with this Section 2.05, then, subject to the above proviso, the Borrower shall be deemed to have selected an Interest Period of three months.

2.06 Repayment.

(a) Term Facility Amounts. The Borrower shall repay the aggregate principal amount of the Term Facility Borrowings on the basis of the Term Facility Reference Profile, with the first four (4) repayment installments reflecting reduced amortization, followed by additional semi-annual catch-up amortization payments from Excess Cash Flow and the remaining repayment installments reflecting regular amortization thereafter, in each case as follows:

(i) beginning on the First Repayment Date and occurring every ninety (90) days thereafter, twenty (20) consecutive quarterly principal repayment installments (each a "Term Facility Scheduled Payment") of an amount equal to (A) with respect to the first four (4) such installments, $5,100,000 and (B) with respect to the subsequent sixteen (16) such installments, $6,600,000, provided, however, that the amount of any Term Facility Scheduled Payment shall be reduced to the amount set forth in the column "Quarterly Repayment Installments" for the relevant fiscal quarter in the Term Facility Reference Profile if the principal outstanding under the Term Facility is equal to or less than the amount set forth in the column "Term Facility Borrowings Outstanding" for the relevant fiscal quarter in the Term Facility Reference Profile at the time when such Term Facility Scheduled Payment is due; provided further, that if the final aggregate amount borrowed under the Term Facility after the expiration of the Term Facility Availability Period is less than US$155,000,000, the amount of each such Term Facility Scheduled Payment (together with the corresponding amounts set forth in the column "Quarterly Repayment Installments" for the relevant fiscal quarter in the Term Facility Reference Profile) shall be reduced ratably across all quarterly installments (including the Balloon Installment (as hereinafter defined));

(ii) if the corresponding Term Facility Scheduled Payment has not been reduced to accord with the Term Facility Reference Profile in accordance with subparagraph (i) above, to the extent there is sufficient Excess Cash Flow, a Term Facility Reference Payment within ninety (90) days of each Semi-Annual Payment Date, provided, however that in no case shall such Term Facility Reference Payment exceed the amount set forth in the column "Max Cumulative Amount Payable Under Sweep" for the relevant fiscal quarter as set forth in Schedule VIII; provided, that if the final aggregate amount borrowed under the Term Facility after the expiration of the Term Facility Availability Period is less than US$155,000,000, the amount of each such Term Facility Reference Payment (together with the corresponding amounts set forth in the column "Max Cumulative Amount Payable Under Sweep" for the relevant fiscal quarter as set forth in Schedule VIII) shall be reduced ratably across all quarterly installments); and

(iii) a final balloon payment (the "Balloon Installment") in an amount equal to the aggregate principal amount of the Term Facility Borrowings outstanding on the Maturity Date.

(b) Term Facility Repayment Dates. Each quarterly principal repayment installment in respect of the aggregate Borrowings shall be repaid in twenty (20) consecutive quarterly instalments, commencing on the First Repayment Date, provided that the Balloon Installment in respect of the Borrowings shall be repaid on the Maturity Date.

(c) Revolving Facility. The Borrower shall repay to the Facility Agent for the ratable account of the Lenders on the Maturity Date the aggregate principal amount of all Revolving Facility Loans outstanding on such date.

(d) Maturity Date. On the Maturity Date, the Borrower shall additionally pay to the Facility Agent for the account of the Finance Parties all other sums then accrued and owing under any Loan Document and any Secured Swap Contract.

2.07 Prepayments.

(a) Optional Prepayments. The Borrower may, upon notice to the Facility Agent, at any time and from time to time, prepay any Borrowing in whole or in part, or cancel any unused Revolving Facility Commitments, without premium or penalty, subject to the requirements of this Section.

(i) Notices. Each such notice pursuant to this Section shall be in the form of a written Prepayment Notice, appropriately completed and signed by a Responsible Officer of the Borrower, and must be received by the Facility Agent not later than 11:00 a.m. (New York City time) three (3) Business Days before the date of prepayment. Each Prepayment Notice shall specify (x) the prepayment date and (y) the principal amount of each Borrowing or portion thereof to be prepaid. Promptly following receipt of any such notice relating to a Borrowing, the Facility Agent shall advise the applicable Lenders of the contents thereof. Each Prepayment Notice shall be irrevocable.

(ii) Amounts. Each partial prepayment shall be in the aggregate principal amount of at least $5,000,000 with respect to the Term Facility or at least $1,000,000 with respect to the Revolving Facility. Any amounts prepaid with respect to the Term Facility may not be reborrowed.

(b) Mandatory Prepayments.

(i) If a Vessel is sold or becomes a Total Loss, the Borrower shall on the Relevant Date prepay the Relevant Amount plus any additional amount required to comply with Section 5.04 immediately after giving effect to such prepayment (and, for the avoidance of doubt, if a Vessel becomes a Total Loss without any Borrowing having been made in respect of such Vessel, then a portion of the Lenders' Term Facility Commitments shall be cancelled in an amount equal to the Relevant Amount in respect of such Vessel if a Borrowing had been made in respect of such Vessel). At such Relevant Date, if the Revolving Facility Commitments are reduced such that the aggregate principal amount outstanding under the Revolving Facility exceeds the aggregate commitments thereunder, the Borrower shall prepay the Revolving Borrowings in an amount equal to such excess.

(ii) (A) If a Change of Control occurs in respect of the Borrower or the Parent, the Borrower shall on the Relevant Date prepay the aggregate principal amount at such time of its outstanding Loans in full; and (B) if, at any time from and including the Initial Borrowing Date, a Change of Control occurs in respect of an Upstream Guarantor, the Borrower shall on the Relevant Date prepay the Relevant Amount relating to the Vessel owned by such Upstream Guarantor as if a sale of such Vessel had been completed on the date such Change of Control occurred plus any

additional amount required to comply with Section 5.04 immediately after giving effect to such prepayment.

(iii) In this Section 2.07(b), "Relevant Date" means: (1) in the case of a sale of a Vessel, on the date on which the sale is completed by delivery of the relevant Vessel to its buyer, (2) in the case of a Total Loss of a Vessel, on the earlier of: (x) the date falling 180 days after the Total Loss Date, and (y) the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss, but in any case no later than the Maturity Date, and (3) in the case of a Change of Control, the date such Change of Control occurs.

(iv) In this section 2.07(b), "Relevant Amount" means, with respect to a Vessel, an amount equal to the product of (x) the sum of the total commitments under the Revolving Facility and the aggregate principal amount outstanding under the Term Facility, and (y) the fraction, the numerator of which is the Fair Market Value (as determined by the most recently obtained appraisals) of such Vessel and the denominator of which is the aggregate Fair Market Value (as determined by the most recently obtained appraisals) of the Vessels then securing the Facility. Should the Relevant Amount not satisfy Section 5.04, then such related sale or insurance proceeds, to the extent needed to satisfy Section 5.04, shall be applied to prepay the Term Facility and reduce commitments under the Revolving Facility on a pro-rata basis.

(c) Application.

(i) Each prepayment of a Borrowing pursuant to Section 2.07(a) shall be applied *pro rata* to the repayment installments (including the Balloon Installment) for such Borrowing specified in Section 2.06.

(ii) Each prepayment of a Borrowing pursuant to Section 2.07(b) shall be applied *pro rata* to the repayment installments (including the Balloon Installment) for such Borrowing specified in Section 2.06.

(iii) Each prepayment made to satisfy Section 5.04 shall be applied against the repayment installments specified in Section 2.06(a) in inverse order of maturity starting with the Balloon Installment.

(iv) Prepayments shall be accompanied by accrued interest to the extent required by Section 2.09, together with any additional amounts required pursuant to Section 2.14.

2.08 Cancellation of Commitments. The Borrower may, upon prior notice to the Facility Agent, cancel any unused portion of the Revolving Facility Commitments in an aggregate principal amount of at least $1,000,000; provided that each such notice shall be in writing and must be received by the Facility Agent at least three (3) Business Days prior to the effective date of such cancellation, and shall be irrevocable. Any amounts cancelled may not be reinstated.

2.09 Interest.

(a) Interest Rate. The Loans or any part of the Loans shall bear interest at a rate per annum equal to the sum of the aggregate of the Margin plus LIBOR for the relevant Interest Period as in effect from time to time.

(b) Default Interest. Notwithstanding the foregoing, (i) upon the occurrence and during the continuance of any Default under Section 9.01(a) or any Event of Default under Section 9.01(a), (b), (g)

or (h), each Loan shall bear interest, after as well as before judgment, at a rate per annum equal to the applicable Default Rate, and (ii) without duplication of any amounts payable pursuant to preceding clause (i), overdue principal and, to the extent permitted by applicable law, overdue interest, in respect of the Loans shall bear interest, after as well as before judgment, at a rate per annum equal to the applicable Default Rate from time to time.

(c) Payment Dates. Accrued interest on the Loans shall be payable on the last day of each Interest Period applicable thereto and at such other times as may be specified herein; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment. If an Interest Period is longer than three months, the Borrower shall also pay interest then accrued on the Loans or the relevant part of the Loans on the dates falling at three monthly intervals after the first day of the Interest Period.

(d) Interest Computation. All interest hereunder shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

2.10 Fees.

(a) Commitment Fees. The Borrower agrees to pay to the Facility Agent for the account of each Lender a commitment fee on the undrawn and un-cancelled amount of the Commitment of such Lender, which shall accrue at a rate per annum equal to 40% of the Margin during the period from and including the Closing Date up to but excluding the Commitment Termination Date. Accrued commitment fees shall be payable quarterly in arrears on the last day of each calendar quarter, commencing on the first such date to occur after the date hereof, and on the date of the last Borrowing to occur. Commitment fees on any cancelled portion of the Commitment of a Lender shall be paid on the date such cancellation is effective.

(b) Fee Letters. The Borrower agrees to pay to the Facility Agent fees as set forth in the Fee Letters, including but not limited to upfront fees to be distributed among the Lenders in accordance with the Upfront Fee Letter.

2.11 Evidence of Debt.

(a) Maintenance of Records. Each Lender shall maintain in accordance with its usual practice records evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender. The Facility Agent shall maintain the Register in accordance with Section 11.04(c). The entries made in the records maintained pursuant to this paragraph (a) shall be prima facie evidence absent manifest error of the existence and amounts of the obligations recorded therein. Any failure of any Lender or the Facility Agent to maintain such records or make any entry therein or any error therein shall not in any manner affect the obligations of the Borrower under this Agreement and the other Loan Documents. In the event of any conflict between the records maintained by any Lender and the records maintained by the Facility Agent in such matters, the records of the Facility Agent shall control in the absence of manifest error.

(b) Promissory Notes. Upon the request of any Lender made through the Facility Agent, the Borrower shall prepare, execute and deliver in favor of such Lender a promissory note of the Borrower payable to such Lender in the form of Exhibit L, or any other form approved by the Facility Agent, which shall evidence such Lender’s Loans in addition to such records required under Section 2.11(a).

2.12 Payments Generally; Several Obligations of Lenders and Swap Banks.

(a) Payments by Borrower. All payments to be made by the Borrower hereunder and the other Loan Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all such payments shall be made to the Facility Agent, for the account of the respective Lenders to which such payment is owed, at the Facility Agent's Office in immediately available funds not later than 12:00 noon (New York City time) on the date specified herein. All amounts received by the Facility Agent after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. The Facility Agent will promptly distribute to each Lender its ratable share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's applicable lending office (or otherwise distribute such payment in like funds as received to the Person or Persons entitled thereto as provided herein). If any payment to be made by the Borrower shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder or under any other Loan Document shall be made in Dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Facility Agent to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) Presumptions by Facility Agent. Unless the Facility Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Facility Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Facility Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders, as the case may be, severally agrees to repay to the Facility Agent forthwith on demand the amount so distributed to such Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Facility Agent, at the greater of the Federal Funds Rate and a rate determined by the Facility Agent in accordance with banking industry rules on interbank compensation.

(d) Deductions by Facility Agent. If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b), 2.13 or 11.03(c), then the Facility Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Facility Agent for the account of such Lender for the benefit of the Facility Agent, as applicable, to satisfy such Lender's obligations to the Facility Agent until all such unsatisfied obligations are fully paid or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Facility Agent in its discretion.

(e) Several Obligations of Lenders and Swap Banks. The obligations of the Lenders hereunder to make Loans, to fund participations in Loans and to make payments pursuant to Section 11.03(c) are several and not joint. The failure of any Lender to make any Loan or to fund any such participation or to make any such payment on any date required hereunder shall not relieve any other Lender of its

corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participations or to make its payment under Section 11.03(c). The obligations of the Swap Banks hereunder and under the Swap Contracts are several and not joint.

2.13 Sharing of Payments. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans or participations in Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Facility Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in Loans and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of Section 2.13 shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

2.14 Compensation for Losses. In the event of (a) the payment of any principal of the Loans other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the failure to borrow, continue or prepay on the date specified in any notice delivered pursuant hereto or (c) the assignment of the Loans or any part thereof other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19(b), then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the interest rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate that such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the London interbank eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

2.15 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or other Recipient, the Borrower will pay to such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

2.16 Taxes.

(a) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Facility Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Borrower. The Borrower shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Facility Agent), or by the Facility Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Facility Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Facility Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.04(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Facility Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Facility Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Facility Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Facility Agent to the Lender from any other source against any amount due to the Facility Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Facility Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Facility Agent.

(g) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Facility Agent, at the time or times reasonably requested by the Borrower or the Facility Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Facility Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Facility Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Facility Agent as will enable the Borrower or the Facility Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (g)(ii)(A), (ii)(B) and (ii)(D) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(i) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Borrower,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Facility Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Facility Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Facility Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Facility Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit M-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit M-2 or Exhibit M-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit M-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Facility Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Facility Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Facility Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Facility Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Facility Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Facility Agent as may be necessary for the Borrower and the Facility Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Facility Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be

required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 2.16 shall survive the resignation or replacement of the Facility Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

2.17 Inability to Determine Rates; LIBOR Replacement.

(a) If at the time that the Facility Agent shall seek to determine the Screen Rate on the Quotation Day for any Interest Period for a Borrowing, the Screen Rate shall not be available for such Interest Period with respect to such Borrowing for any reason, and the Facility Agent shall reasonably determine that it is not possible to determine the Interpolated Screen Rate (which conclusion shall be conclusive and binding absent manifest error), then the Reference Bank Rate shall be LIBOR for such Interest Period for such Borrowing; provided that if the Reference Bank Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, however, that if less than two Reference Banks shall supply a rate to the Facility Agent for purposes of determining LIBOR for such Borrowing, then such Borrowing shall be made as Borrowing at the Alternate Base Rate. It is hereby understood and agreed that, notwithstanding anything to the foregoing set forth in this Section 2.17(a), if at any time the conditions set forth in Section 2.17(c)(i) or (ii) are in effect, the provisions of this Section 2.17(a) shall no longer be applicable for any purpose of determining any alternative rate of interest under this Agreement and Section 2.17(c) shall instead by applicable for all purposes of determining any alternative rate of interest under this Agreement.

(b) If prior to the commencement of any Interest Period for a Borrowing:

(i) the Facility Agent determines (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining LIBOR, as applicable (including because the Screen Rate is not available or published on a current basis), for such Interest Period; or

(ii) the Facility Agent is advised by the Required Lenders that LIBOR, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing and such Interest Period;

then the Facility Agent shall give notice thereof to the Borrower and the Lenders by telephone, telecopy or electronic mail as promptly as practicable thereafter and, until the Facility Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, and if any Borrowing Request is made, then LIBOR for such Borrowing shall be the Alternate Base Rate.

(c) Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Facility Agent determines (which determination shall be conclusive absent manifest error), or the Borrower notifies or the Required Lenders notify the Facility Agent (with, in the case of the Required

Lenders, a copy to the Borrower) that the Borrower has or the Required Lenders have (as applicable) determined, that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period, including, without limitation, because the Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the administrator of the Screen Rate or a Governmental Authority having jurisdiction over the Facility Agent has made a public statement identifying a specific date after which LIBOR or the Screen Rate shall no longer be made available, or used for determining the interest rate of loans (such specific date, the "Scheduled Unavailability Date"), or

(iii) syndicated loans currently being executed, or other syndicated loans that include language similar to that contained in this Section 2.17, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR,

then, reasonably promptly after such determination by the Facility Agent or receipt by the Facility Agent of such notice, as applicable, the Facility Agent and the Borrower may amend this Agreement to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) (any such proposed rate, a "LIBOR Successor Rate"), together with any proposed LIBOR Successor Rate Conforming Changes (as defined below) and any such amendment shall become effective at 5:00 p.m. (New York time) on the fifth Business Day after the Facility Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Facility Agent written notice that such Required Lenders do not accept such amendment. If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Facility Agent will promptly so notify the Borrowers and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain LIBOR based Loans shall be suspended, (to the extent of the affected LIBOR based Loans or Interest Periods), and (y) the Eurodollar Rate component shall no longer be utilized in determining the Alternate Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of LIBOR based Loans (to the extent of the affected LIBOR based Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a borrowing of Alternate Base Rate based Loans (subject to the foregoing clause (y)) in the amount specified therein. Notwithstanding anything else herein, any amendment implementing a LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of this Agreement.

For the purposes of this Section 2.17:

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 1/2 of 1% and (c) the Eurodollar Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the Eurodollar Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate or the Eurodollar Rate, respectively. If the Facility Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Rate or the Eurodollar Rate for any reason, including the inability of the Facility Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), as applicable, above until the circumstances giving rise to such inability no longer exist; provided that at no time will the Alternate Base

Rate be deemed to be less than 0% per annum. Any change in the Alternate Base Rate due to a change in the Eurodollar Rate, the Federal Funds Rate or the Prime Rate shall be effective on the effective date of such change in the Eurodollar Rate, the Federal Funds Rate or the Prime Rate, respectively. For the avoidance of doubt, the Alternate Base Rate shall only be applicable in accordance with the terms of this Section 2.17.

"Eurodollar Rate" means, for any Interest Period, a fluctuating rate *per annum* equal to (x) the rate *per annum* determined by the Facility Agent at approximately 11:00 a.m. (London time) on the date that is two (2) Business Days prior to the beginning of such Interest Period to be the London interbank offered rate for such Interest Period, as currently published on the applicable Bloomberg screen page (or such other commercially available source providing such quotation of such rate as may be designated by the Facility Agent from time to time) for a period equal to such Interest Period, or (y) if the rate in clause (x) above does not appear on such page or service or if such page or service is not available, the rate per annum determined by the Facility Agent at approximately 11:00 a.m. (London time) on the date that is two (2) Business Days prior to the beginning of such Interest Period to be the offered rate for a period equal to such Interest Period on such other page or other service which displays an average London interbank offered rate; provided that at no time will the Eurodollar Rate be deemed to be less than 0% *per annum*.

"LIBOR Successor Rate Conforming Changes" means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Alternate Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of the Facility Agent (in consultation with the Borrower and the Required Lenders), to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Facility Agent in a manner substantially consistent with market practice (or, if the Facility Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Facility Agent determines in consultation with the Borrower and the Required Lenders).

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the United States or, if The Wall Street Journal ceases to quote such rate, the highest rate per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Facility Agent) or any similar release by the Federal Reserve Board (as determined by the Facility Agent).

2.18 Illegality. Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any Law or regulation makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful, for any Lender to perform its obligations hereunder to make the Loans or to fund or maintain the Loans or any portion thereof hereunder, then, upon written notice by the Facility Agent to the Borrower, the Facility Agent and the Borrower shall negotiate in good faith to agree on terms for that Lender to continue the Loans or any portion thereof on a basis which is not unlawful. If no agreement shall be reached between the Borrower and the Facility Agent within thirty (30) days, the Facility Agent shall be entitled to give notice to the Borrower that the obligation of that Lender to make or maintain the Loans or any portion thereof, as the case may be, shall be forthwith terminated and the amount of that Lender's Commitment shall be reduced accordingly, and thereupon the aggregate outstanding principal amount of the Loans or any relevant portion thereof, as the case may be, shall become due and payable in full, together with accrued interest thereon and other sums payable hereunder, and such amounts as the Borrower shall be obligated to reimburse that Lender pursuant to Section 11.03(b) if earlier prepayment is required by any Law, regulation and/or regulatory requirement; provided, however, that, before making any such demand, that Lender shall designate a different lending office for monitoring

the Loans if the making of such a designation would avoid the need for giving such notice and demand and would not, in the judgment of that Lender, be otherwise disadvantageous to that Lender.

2.19 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.15, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.16, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with paragraph (a) of this Section, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Facility Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.04), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.15 or Section 2.16) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Facility Agent the assignment fee (if any) specified in Section 11.04;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.14 and Section 11.03(a)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with Applicable Law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Notwithstanding anything in this Section to the contrary, (i) the Lender that acts as the Facility Agent may not be replaced hereunder except in accordance with the terms of Section 10.06.

2.20 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and Section 11.02(b).

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Facility Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article IX or otherwise) or received by the Facility Agent from a Defaulting Lender pursuant to Section 11.08 shall be applied at such time or times as may be determined by the Facility Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Facility Agent hereunder; *second*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Facility Agent; *third*, if so determined by the Facility Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to the Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of the Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the relevant conditions set forth in Article IV were satisfied or waived, such payment shall be applied solely to pay the Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Commitment Fees. No Defaulting Lender shall be entitled to receive any commitment fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(b) Defaulting Lender Cure. If the Borrower, the Facility Agent and each Lender agree in writing that a Lender is no longer a Defaulting Lender, the Facility Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other

Lenders or take such other actions as the Facility Agent may determine to be necessary to cause the Loans to be held pro rata by the Lenders in accordance with the Commitments, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) Termination of Defaulting Lender. The Borrower may terminate the unused amount of the Commitment of any Lender that is a Defaulting Lender upon not less than five Business Days' prior notice to the Facility Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 2.20(a)(ii) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that (i) no Event of Default shall have occurred and be continuing, and (ii) such termination shall not be deemed to be a waiver or release of any claim the Borrower, the Facility Agent or any Lender may have against such Defaulting Lender.

2.21 Increases in Term Facility Commitments.

(a) Request for Increase. The Borrower may, by notice to the Facility Agent (who shall promptly notify the Lenders), request up to one (1) increase in the Term Facility Commitments to finance the acquisition of one or more vessels owned by one or more Additional Guarantors (such increase, an "Incremental Commitment"); provided that such increase shall be in an aggregate amount not exceeding an amount equal to the lesser of (i) $60,000,000 and (ii) the sum of (x) 50% of the aggregate Fair Market Value of any Additional Vessels to be financed by the Incremental Commitment *plus* (y) 55% of the aggregate Fair Market Value of any Additional Young Vessels to be financed by the Incremental Commitment; provided further that (A) any such Incremental Commitments shall be uncommitted by the Lenders and subject to the approval of each Lender that agrees to provide an Incremental Commitment, (B) any such request for an increase shall be subject to (x) the prior written consent of the Incremental Lenders and (y) the entry into by the Borrower and the other Security Parties of documentation amending and/or supplementing this Agreement and the other Loan Documents as the Facility Agent may reasonably require, (C) Section 2.06 and Schedule VII shall be supplemented to provide for repayment of the Incremental Commitments on an approximate fifteen-year age-adjusted profile to 0 based on the average age (calculated based on the year and month of delivery) of the Additional Vessels and Additional Young Vessels being financed, (D) all Additional Vessels and Additional Young Vessels and related tangible and intangible property shall be pledged as Collateral to secure the Facility (as increased by the Incremental Commitments), (E) proposed Incremental Commitments shall be offered as a right of first refusal to the Lenders on a pro-rata basis, and (F) any such request may not be made on or after the date which is eighteen (18) months after the Closing Date.

(b) Incremental Lenders. An Incremental Commitment may be provided by any existing Lender or other Person, in each case, that is an Eligible Assignee (each such existing Lender or other Person that agrees to provide an Incremental Commitment, an "Incremental Lender"); provided that each Incremental Lender shall be subject to the consent (in each case, not to be unreasonably withheld or delayed) of the Facility Agent; provided further that, for the avoidance of doubt, no Incremental Commitment shall be subject to the consent of any Lenders who are not Incremental Lenders. Notwithstanding anything herein to the contrary, no Lender shall have any obligation to agree to increase its Commitment, or to provide a Commitment, pursuant to this Section and any election to do so shall be in the sole discretion of such Lender.

(c) Terms of Incremental Commitments. The Facility Agent and the Borrower shall determine the effective date for such increase pursuant to this Section (an "Incremental Commitment Effective Date") and, if applicable, the final allocation of such increase among the Persons providing such increase.

In order to effect such increase, the Borrower, the Guarantors, the applicable Incremental Lender(s) and the Facility Agent (but no other Lenders or Persons) shall enter into one or more Joinder Agreements and/or such other documents as the Facility Agent may reasonably require, each in form and substance reasonably satisfactory to the Facility Agent, pursuant to which the applicable Incremental Lender(s) will provide the Incremental Commitment(s).

Effective as of the applicable Incremental Commitment Effective Date, subject to the terms and conditions set forth in this Section, each Incremental Commitment shall be a Commitment (and not a separate facility hereunder), and each Incremental Lender providing such Incremental Commitment shall be, and have all the rights of, a Lender, for all purposes of this Agreement.

(d) Conditions to Effectiveness. Notwithstanding the foregoing, any increase in the Commitments pursuant to this Section shall not be effective with respect to any Incremental Lender unless:

(i) no Default or Event of Default shall have occurred and be continuing on the Incremental Commitment Effective Date and after giving effect to such increase;

(ii) two valuations, each dated no more than 30 days prior to the Incremental Commitment Effective Date, addressed to the Facility Agent (at the expense of the Borrower) by an Approved Broker indicating the Fair Market Value of each of the Delivered Vessels, and each of the Additional Vessels and Additional Young Vessels to be financed by the Incremental Commitment;

(iii) the Facility Agent shall have received the documents described in (c) above;

(iv) the Facility Agent shall have received such legal opinions and other documents reasonably requested by the Facility Agent in connection therewith; and

(v) all necessary "know your customer" requirements have been satisfied.

Without limiting the generality of this Section 2.21, for purposes of determining satisfaction of the conditions specified in this Section 2.21, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender or the Required Lenders unless the Facility Agent shall have received notice from such Lender prior to the proposed Incremental Commitment Effective Date specifying its objection thereto.

As of such Incremental Commitment Effective Date, upon the Facility Agent's receipt of the documents required by this paragraph (d), the Facility Agent shall record the information contained in the applicable Joinder Agreement(s) in the Register and give prompt notice of the increase in the Commitments to the Borrower and the Lenders (including each Incremental Lender).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make the Loans, each of the Obligors, jointly and severally, represents and warrants to each Finance Party as of the Closing Date and

on the date of each Borrowing Request (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date):

3.01 Existence, Qualification and Power. Each Obligor (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization (which jurisdiction is the Republic of the Marshall Islands or another jurisdiction acceptable to the Lenders), (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party or any of the transactions contemplated hereby and thereby, and (c) is duly qualified and in good standing as a foreign company in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed, except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

3.02 Authorization; No Contravention. The execution, delivery and performance by each Obligor of each Loan Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien (except Permitted Liens) under, or require any payment to be made under (i) any material Contractual Obligation to which such Obligor is a party or affecting such Obligor or the properties of such Obligor or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Obligor or property belonging thereto is subject or (c) violate any Law.

3.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Obligor of this Agreement or any other Loan Document, except for (a) the filing of Uniform Commercial Code financing statements or other similar filing or instruments under the laws of any applicable jurisdiction, (b) any Vessel Mortgage recording requirements under the relevant jurisdiction of such Vessel registration, and (c) such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and are in full force and effect.

3.04 Execution and Delivery; Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Obligor party thereto. Except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity, the Loan Documents to which each Obligor is a party, constitute or, as the case may be, will constitute upon execution and delivery (and, where applicable, registration as provided for in the Loan Documents), such Obligor's legal, valid and binding obligations enforceable against it in accordance with their respective terms.

3.05 Financial Statements; No Material Adverse Effect.

(a) Financial Statements. The Audited Financial Statement of the Parent and its Subsidiaries was prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Parent and its Subsidiaries, as of the date thereof and their results of operations and cash flows for the period covered thereby in accordance with GAAP consistently applied throughout the period

covered thereby, except as otherwise expressly noted therein. The unaudited consolidated balance sheet of the Parent and its Subsidiaries, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal quarter ended on September 30, 2018 were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Parent and its Subsidiaries, as of the date thereof and their results of operations and cash flows for the period covered thereby, subject to the absence of footnotes and to normal year-end audit adjustments

(b) No Material Adverse Change. Since December 31, 2018, there has been no event or circumstance that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

3.06 Litigation. There are no actions, suits, proceedings, claims, disputes or investigations pending or, to the knowledge of any Obligor, threatened, at Law, in equity, in arbitration or before any Governmental Authority, by or against any Obligor or any Subsidiary or against any of their properties or revenues that (a) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby.

3.07 No Material Adverse Effect; No Default. No Obligor nor any Subsidiary thereof is in default under or with respect to any Contractual Obligation that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. As of the Closing Date, no Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

3.08 Property.

(a) Ownership of Properties.

(i) No Obligor has created or is contractually bound to create any security interest on or with respect to any of its assets, properties, rights or revenues, in each case, constituting Collateral, except for Permitted Liens, and except as provided in this Agreement no Obligor is restricted by contract, applicable law or regulation or otherwise from creating security interests on any of its assets, properties, rights or revenues, in each case, constituting Collateral.

(ii) Each Guarantor has received all deeds, assignments, waivers, consents, non-disturbance and attornment or similar agreements, bills of sale and other documents, and has duly effected all recordings, filings and other actions, necessary to establish, protect and perfect such Guarantor's right, title and interest in and to any Vessel owned by it and other properties and assets owned by it, in each case, constituting Collateral (or arrangements for such recordings, filings and other actions acceptable to the Facility Agent shall have been made).

(iii) Without limiting the generality of Section 3.22 and paragraph (ii) of this Section, at the time of the execution and delivery of each Security Document: (a) the relevant Obligor will have the right to create all the security interests which that Security Document purports to create; and (b) no third party will have any Liens (except for Permitted Liens) or any other interest, right or claim over, in or in relation to any asset to which any such Lien, by its terms, relates.

(b) Intellectual Property. Except for those with respect to which the failure to own or license could not reasonably be expected to have a Material Adverse Effect, each Obligor owns or has the

right to use all patents, trademarks, permits, service marks, trade names, copyrights, franchises, formulas, licenses and other rights with respect thereto, and have obtained assignment of all licenses and other rights of whatsoever nature, that are material to its business as currently contemplated without any conflict with the rights of others.

3.09 Taxes.

(a) As of the Initial Borrowing Date and the date of each relevant Borrowing, all payments which any Obligor is liable to make under any Loan Documents to which it is a party can properly be made without deduction or withholding for or on account of any tax payable under any Laws of any Pertinent Jurisdiction.

(b) The Obligors have each filed all Federal, state and other tax returns and reports required to be filed, and have paid all Federal, state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) No material claim for any tax has been asserted against any Obligor by any taxing authority other than claims that are included in the liabilities for taxes in the most recent balance sheet of such person or disclosed in the notes thereto, if any.

(d) The execution, delivery, filing and registration or recording (if applicable) of the Loan Documents and the consummation of the transactions contemplated thereby will not cause any of the Finance Parties to be required to make any registration with, give any notice to, obtain any license, permit or other authorization from, or file any declaration, return, report or other document with any governmental authority in any Pertinent Jurisdiction.

(e) No taxes are required by any governmental authority in any relevant Pertinent Jurisdiction to be paid with respect to or in connection with the execution, delivery, filing, recording, performance or enforcement of any Loan Document other than (a) nominal documentary stamp taxes in connection with the submission of any Loan Document to a court in any Pertinent Jurisdiction, (b) court fees consequent upon litigation in any Pertinent Jurisdiction, and (c) any applicable mortgage recording fee in connection with the recording of the Vessel Mortgages in accordance with the relevant Pertinent Jurisdiction of such Vessel registration.

(f) It is not necessary for the legality, validity, enforceability or admissibility into evidence of this Agreement or any other Loan Document that any stamp, registration or similar taxes be paid on or in relation to this Agreement or any of the other Loan Documents other than (a) nominal documentary stamp taxes in connection with the submission of any Loan Document to a court in any Pertinent Jurisdiction, (b) court fees consequent upon litigation in any Pertinent Jurisdiction, and (c) any applicable mortgage recording fee in connection with the recording of the Vessel Mortgages in accordance with the relevant Pertinent Jurisdiction of such Vessel registration.

3.10 Disclosure. As of the Closing Date, each Obligor has disclosed to the Facility Agent all agreements, instruments and corporate or other restrictions to which such Obligor is subject, and all other matters known to it, that either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The reports, financial statements, certificates and other written information (other than projected or pro forma financial information) furnished by or on behalf of any Obligor to the Facility Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this

Agreement or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished), taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected or pro forma financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation and delivery (it being understood that such projected information may vary from actual results and that such variances may be material).

3.11 Compliance with Laws. Each of the Obligors is in compliance with the requirements of all applicable Laws (including Environmental Laws, Sanctions and anti-corruption laws) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

3.12 ERISA Compliance.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, (i) each Plan is in compliance with the applicable provisions of ERISA, the Code and other Federal or state Laws and (ii) each Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter or opinion letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from Federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS, and, to the knowledge of the Borrower, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of the Borrower, threatened or contemplated claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that, either individually or in the aggregate, or could reasonably be expected to have a Material Adverse Effect.

(c) No ERISA Event has occurred, and none of the Borrower nor any ERISA Affiliate is aware of any fact, event or circumstance that, either individually or in the aggregate, could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan.

(d) The present value of all accrued benefits under each Pension Plan (based on those assumptions used to fund such Pension Plan) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Pension Plan allocable to such accrued benefits by a material amount. As of the most recent valuation date for each Multiemployer Plan, the potential liability of the Borrower or any ERISA Affiliate for a complete withdrawal from such Multiemployer Plan (within the meaning of Section 4203 or Section 4205 of ERISA), when aggregated with such potential liability for a complete withdrawal from all Multiemployer Plans, is zero.

(e) To the extent applicable, each Foreign Plan has been maintained in compliance with its terms and with the requirements of any and all applicable requirements of Law and has been maintained, where required, in good standing with applicable regulatory authorities, except to the extent that the failure to so comply could not reasonably be expected, either individually or in the aggregate, to have a Material

Adverse Effect. None of the Borrower nor any Subsidiary has incurred a material obligation in connection with the termination of or withdrawal from any Foreign Plan. The present value of the accrued benefit liabilities (whether or not vested) under each Foreign Plan that is funded, determined as of the end of the most recently ended fiscal year of the Borrower or Subsidiary, as applicable, on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the property of such Foreign Plan by a material amount, and for each Foreign Plan that is not funded, the obligations of such Foreign Plan are properly accrued.

3.13 Environmental Matters. Except with respect to any matters that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, no Obligor (a) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (b) knows of any basis for any permit, license or other approval required under any Environmental Law to be revoked, canceled, limited, terminated, modified, appealed or otherwise challenged, (c) has or could reasonably be expected to become subject to any Environmental Liability, (d) has received notice of any claim, complaint, proceeding, investigation or inquiry with respect to any Environmental Liability (and no such claim, complaint, proceeding, investigation or inquiry is pending or, to the knowledge of any Obligor, is threatened or contemplated) or (e) knows of any facts, events or circumstances that could give rise to any basis for any Environmental Liability of any Obligor.

3.14 Margin Regulations. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of any Borrowing hereunder will be used to buy or carry any Margin Stock. Following the application of the proceeds of each Borrowing, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) will be Margin Stock.

3.15 Investment Company, Public Utility. None of the Obligors is (a) an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended; or (b) a "public utility" within the meaning of the United States Federal Power Act of 1920, as amended.

3.16 PATRIOT Act; Sanctions; Anti-Corruption; Anti-Money-Laundering.

(a) PATRIOT Act. To the extent applicable, each of the Obligors and their Subsidiaries is in compliance in all material respects with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended), and any other enabling legislation or executive order relating thereto, and (ii) the PATRIOT Act.

(b) Sanctioned Persons. None of the Obligors or any of their Subsidiaries or any director, officer, or to the knowledge of any Obligor, any employee or Affiliate of any Obligor or any of their Subsidiaries is a Person that is, or is owned fifty percent (50%) or more, individually or in the aggregate, directly or indirectly or controlled by one or more Persons that are the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, the United Nations Security Council, France, the European Union or Her Majesty's Treasury (collectively, "Sanctions"). None of the Obligors or any of their Subsidiaries is a Person that is, or is owned fifty percent (50%) or more, individually or in the aggregate, directly or indirectly or controlled by one or more Persons that are located, organized or resident in a country or territory that is, or whose government is, the subject of comprehensive Sanctions (currently, Crimea, Cuba, Iran, North Korea and Syria).

(c) Anti-Corruption Laws. The Obligors and their Subsidiaries and their respective directors, officers and, to the knowledge of the Obligors, employees of the Obligors and their Subsidiaries are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law, in each case, in all material respects. The Obligors and their Subsidiaries have instituted and maintain policies and procedures reasonably designed to ensure continued compliance therewith.

(d) Anti-Money-Laundering. In relation to any Borrowing, the performance and discharge of the Borrower's obligations and liabilities under the Loan Documents, and the transactions and other arrangements affected or contemplated by the Loan Documents to which the Borrower is a party, the Obligors confirm that:

(i) they are acting for their own account;

(ii) they will use the proceeds of such Borrowing for their own benefit or the benefit of their Affiliates, under their full responsibility and exclusively for the purposes specified in this Agreement; and

(iii) they will not use the proceeds of such Borrowing in contravention of any applicable law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council) and comparable United States federal and state laws, including without limitation the PATRIOT Act and the Bank Secrecy Act.

3.17 ISM Code, ISPS Code and MARPOL Compliance. Each Upstream Guarantor has obtained or will obtain or will cause to be obtained all necessary ISM Code Documentation, ISPS Code Documentation and MARPOL Documentation in connection with the Vessel owned or to be owned by it and such Vessel's operation and will be or will cause such Vessel and the Approved Manager to be in full compliance with the ISM Code, the ISPS Code and MARPOL.

3.18 Solvency. As of the Initial Borrowing Date and the date of each relevant Borrowing, after giving effect to the funding thereof, the Obligors taken as a whole are Solvent.

3.19 Place of Business.

(a) For the purposes of the Uniform Commercial Code only, the Borrower and the Parent have their chief executive office at 300 First Stamford Place, Stamford, CT 06902. None of the Upstream Guarantors has a place of business in the United States of America, the District of Columbia, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of United States of America.

(b) From the date of its incorporation or formation, as the case may be, until the date hereof, none of the Obligors has conducted any business other than in connection with, or related to, the acquisition and disposition, ownership, and operation of Vessels.

3.20 Ownership.

(a) All of the Equity Interests of the Borrower have been validly issued, are fully paid and non-assessable and free and clear of all security interests (other than Permitted Liens) and are owned, directly or indirectly, beneficially by the Parent. As of the Initial Borrowing Date, all of the Equity Interests

of each Upstream Guarantor have been validly issued, are fully paid, non-assessable and free and clear of all security interests (other than Permitted Liens) and are owned beneficially and of record by the Borrower.

(b) None of the Equity Interests of the Obligors (excluding the Parent) are subject to any existing option, warrant, call, right, commitment or other agreement of any character to which such Obligor is a party requiring, and there are no Equity Interests of any Obligor (excluding the Parent) outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional Equity Interests of such Obligor or other Equity Interests convertible into, exchangeable for or evidencing the right to subscribe for or purchase Equity Interests of such Obligor.

3.21 Vessels. As of the date of a Borrowing relating to a Vessel, such Vessel will be: (a) in the sole and absolute ownership of an Upstream Guarantor and duly registered in such Upstream Guarantor's name under the law of the Approved Flag, unencumbered save and except for the Vessel Mortgage thereon in favor of the Security Trustee registered against it and Permitted Liens; (b) seaworthy for hull and machinery insurance warranty purposes and in every way fit for its intended service; (c) insured in accordance with the provisions of this Agreement and the requirements hereof in respect of such insurances will have been complied with; (d) in class in accordance with the provisions of this Agreement and the requirements hereof in respect of such classification will have been complied with; and (e) managed by an Approved Manager pursuant to a technical or commercial management agreement.

3.22 The Security Documents.

(a) Subject to any applicable exceptions set forth herein, upon execution and delivery of each Security Document, there will be created in favor of the Facility Agent or, as the case may be, the Security Trustee, for the benefit of the Finance Parties, a legal, valid and enforceable Lien on, and security interest in, the Collateral described herein and therein and (i) when all financing statements or the other filings in appropriate form are filed and maintained in the appropriate offices as may be required under applicable Laws and (ii) upon the taking of possession or control by the Facility Agent or, as the case may be, the Security Trustee, of such Collateral with respect to which a security interest may be perfected only by possession or control (which such possession or control shall be given to the Facility Agent or, as the case may be, the Security Trustee, to the extent required by any Security Document), the Liens created under such Security Document will constitute a fully perfected Lien on all right, title and interest of the applicable Obligors as of the date of execution of said Security Document, in such Collateral, in each case prior and superior in right to any other Person, other than with respect to Permitted Liens.

(b) Each Vessel Mortgage, upon execution and delivery thereof, will be effective to create, in favor of the Security Trustee, for its benefit and the benefit of the Finance Parties, a legal, valid and enforceable first priority or first preferred ship mortgage Lien on the Vessel subject to such Vessel Mortgage and the proceeds thereof, subject only to Permitted Liens, and when the Vessel Mortgage is recorded or registered in accordance with the laws of the jurisdiction of the relevant Approved Flag, such Vessel Mortgage shall constitute a fully perfected first priority or first preferred ship mortgage Lien on the Vessel subject to such Vessel Mortgage, in each case, subject to no Liens other than Permitted Liens.

3.23 Use of Proceeds. Each Obligor will, and will cause each of its Subsidiaries to, use the proceeds of the Loans solely for purposes set forth in the Preliminary Statements hereof. No part of the proceeds of the Loans will be used, directly or, to the knowledge of the Obligors, indirectly, in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCPA or Sanctions or any other applicable anti-corruption law or applicable anti-money-laundering law.

3.24 Beneficial Ownership Certification. As of the Closing Date, the information included in any Beneficial Ownership Certification is true and correct in all respects.

3.25 No Immunity. The Borrower does not, nor does any other Security Party or any of their respective properties, have any right of immunity on the grounds of sovereignty.

ARTICLE IV

CONDITIONS OF LENDING

4.01 Conditions Precedent to the Closing Date. The obligation of each Lender to make any Loan is subject to the conditions precedent that, on or before the Closing Date, the Facility Agent shall have received, in form and substance satisfactory to the Facility Agent and each Lender (unless otherwise specified):

(a) certified copies of the resolutions of the member of the Borrower, of the sole member of each Upstream Guarantor and of the board of directors of the Parent approving each Loan Document and each other document contemplated thereby to which any Obligor is or is to be a party, and of all documents evidencing other necessary corporate or company action and governmental approvals of each Obligor, if any, with respect to such Loan Documents and other documents to which it is or is to be a party;

(b) a certificate of an officer of the Borrower, of an officer of each Upstream Guarantor and of an officer of the Parent certifying the names and true signatures of the respective officers and attorneys-in-fact of each Obligor authorized to sign each Loan Document and each other document contemplated thereby to which it is or is to be a party;

(c) a copy of the Organizational Documents of each Obligor and each amendment thereto, certified (as of a date reasonably near the Closing Date) by an officer of the Borrower, of each Upstream Guarantor and of the Parent as being a true and correct copy thereof;

(d) an original or a certified copy of any power of attorney under which any Loan Document is executed on behalf of a Obligor;

(e) a copy of a certificate of goodstanding of each Obligor dated as of a date reasonably near the Closing Date, certifying that such Obligor is duly formed and in good standing under the laws of its jurisdiction of formation;

(f) copies of all consents which an Obligor requires to enter into, or make any payment under any Loan Document, each certified as of a date reasonably near the Closing Date by an authorized person of such party as being a true and correct copy thereof, or certification by such authorized person that no such consents are required;

(g) such documentation and other evidence as is reasonably requested by the Facility Agent or a Lender in order for each to carry out and be satisfied with the results of all necessary “know your customer” or other checks which it is required to carry out in relation to the transactions contemplated by this Agreement and the other Loan Documents, including without limitation obtaining, verifying and recording certain information and documentation that will allow the Facility Agent and each of the Lenders to identify each Security Party in accordance with the requirements of the PATRIOT Act;

(h) evidence that the Borrower and each Upstream Guarantor has duly opened an Operating Account and the Parent has duly opened the Liquidity Account, as applicable, and has delivered

to the Facility Agent all resolutions, signature cards and other documents or evidence required in connection with the opening, maintenance and operation of such accounts with the Account Bank;

(i) a duly executed original of this Agreement;

(j) a duly executed original of each Loan Document not otherwise referred to in this Article IV in effect on the Closing Date, or any other document in effect on the Closing Date required to be delivered by any such Loan Document if not otherwise referred to in this Article IV;

(k) payment by the Borrower of the fees due and payable pursuant to Section 2.10 and any other fees, costs and expenses due and payable pursuant hereto;

(l) a satisfactory review by the Facility Agent's counsel of the equity structure of each Obligor;

(m) a copy of the annual budget of the Borrower;

(n) at least five (5) days prior to the Closing Date, a Beneficial Ownership Certification in relation to any Obligor that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation;

(o) a certificate (as of a date reasonably near the Closing Date) by an officer of the Borrower, of each Upstream Guarantor and of the Parent certifying that on and as of the Closing Date, no Default shall have occurred and be continuing;

(p) a certificate (as of a date reasonably near the Closing Date) by an officer of the Borrower, of each Upstream Guarantor and of the Parent certifying that the representations and warranties contained in Article III shall be true and correct in all material respects on and as of the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date; and

(q) such documents and evidence as any Lender or the Facility Agent shall reasonably require, based on Applicable Law and such Lender's or the Facility Agent's own internal guidelines, relating to such Lender's or the Facility Agent's knowledge of its customers.

Without limiting the generality of this Section 4.01, for purposes of determining satisfaction of the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender or the Required Lenders unless the Facility Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions Precedent to Each Borrowing. The obligation of each Lender to make each Loan, is subject to the following conditions precedent having been satisfied (or waived in writing by the Facility Agent with the written consent of the Required Lenders) on or prior to the date of the relevant Borrowing:

(a) the Facility Agent shall have received a Borrowing Request as required by Section 2.03;

(b) the Borrower shall have paid the fees due and payable pursuant to Section 2.10 and any other fees, costs and expenses due and payable pursuant hereto;

(c) the Facility Agent shall have received forecasts prepared by management of the Borrower pursuant to Section 5.01(c);

(d) evidence that, if the tests set out in Article VII or Section 5.04 were applied immediately following the making of the relevant Borrowing, the Borrower would not be obliged to provide additional security or repay part of the Borrowings as therein provided (determined on the basis of the most recent valuation for each Vessel delivered pursuant to Section 5.03);

(e) immediately after the making of the relevant Borrowing, no Default shall have occurred and be continuing;

(f) the Facility Agent shall have received a certificate of an officer of the Borrower (for itself and as sole member of each Upstream Guarantor, as the case may be) and of the Parent certifying that no Default shall have occurred and be continuing;

(g) the representations and warranties contained in Article III shall be true and correct in all material respects on and as of the date of such Borrowing, except to the extent that such representations and warranties specifically refer to an earlier date;

(h) the Facility Agent shall have received on or before such Borrowing, a certificate of an officer of the Borrower (for itself and as sole member of each Upstream Guarantor) and of the Parent, in form and substance reasonably satisfactory to the Facility Agent, dated as of the relevant Borrowing (the statements made in such certificate shall be true on and as of the date of such Borrowing), certifying copies of the resolutions of the Borrower as sole member of each Upstream Guarantor approving each Loan Document and each other document contemplated thereby to which any Obligor is or is to be a party, and certifying that each of the statements and confirmations made in the certificate(s) delivered pursuant to Section 4.01(a)-(d) remain true, complete and up-to-date, in full force and effect, and have not been amended, modified, suspended or revoked (other than with respect to the transfer of the sole membership of each Upstream Guarantor to the Borrower);

(i) the Facility Agent shall have received on or before such Borrowing, a certificate of an officer of the Borrower (for itself and as sole member of each Upstream Guarantor) and of the Parent, in form and substance reasonably satisfactory to the Facility Agent, dated as of the relevant Borrowing (the statements made in such certificate shall be true on and as of the date of such Borrowing), certifying that each document it is required to provide in connection with such Borrowing is in full force and effect as at the date of such Borrowing;

(j) the Facility Agent shall have received on or before such Borrowing, a copy of a certificate of goodstanding of each Obligor dated as of a date reasonably near the date of such Borrowing, certifying that such Obligor is duly formed and in good standing under the laws of its jurisdiction of formation;

(k) a favorable opinion of Reed Smith LLP, counsel for the Obligors, in respect of the Loan Documents (including, without limitation, the relevant Vessel Mortgage) executed in connection with the making of the relevant Borrowing and as to such other matters as the Facility Agent may reasonably request, and of any other counsel for the Facility Agent as reasonably required by the Facility Agent, addressed to the Facility Agent and all other Finance Parties in form and substance satisfactory to the Facility Agent; and

(l) to the extent required by any change in applicable law and regulation or any changes in any Lender’s own internal guidelines since the date on which the applicable documents and evidence were

delivered to the Facility Agent pursuant to Section 4.01(g), such further documents and evidence as the Facility Agent shall reasonably require relating to each Lender's knowledge of its customers.

The making of each Borrowing hereunder shall be deemed to be a representation and warranty by the Obligors on the date of such Borrowing as to the facts specified in clauses (d) and (e) of this Section 4.02.

Without limiting the generality of this Section 4.02, for purposes of determining satisfaction of the conditions specified in this Section 4.02, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender or the Required Lenders unless the Facility Agent shall have received notice from such Lender prior to the proposed date of the relevant Borrowing specifying its objection thereto.

4.03 Conditions Precedent to Each Borrowing for Each Vessel. Without prejudice to Sections 4.01 and 4.02, the obligation of each Lender to make a Loan in relation to any Vessel is subject to the following further conditions precedent having been satisfied (or waived in writing by the Facility Agent with the written consent of the Required Lenders) on or prior to the relevant Borrowing: the Facility Agent shall have received on or before the date of the relevant Borrowing the following, each dated as of the date of such Borrowing (unless otherwise specified), in form and substance reasonably satisfactory to the Lenders (unless otherwise specified):

(a) a Vessel Mortgage relating to the relevant Vessel, duly executed by the relevant Upstream Guarantor;

(b) an Assignment of Earnings relating to the relevant Vessel, duly executed by the relevant Upstream Guarantor;

(c) an Assignment of Insurances relating to the relevant Vessel, duly executed by the relevant Upstream Guarantor, together with a signed notice of assignment, substantially in the form attached thereto;

(d) a Membership Interest Pledge relating to the relevant Upstream Guarantor and the Borrower, duly executed by the Borrower or by the Parent as applicable;

(e) a Letter of Undertaking relating to the relevant Vessel, provided by the relevant approved broker and with such approved insurance companies and/or underwriters;

(f) a Manager's Undertaking relating to the relevant Vessel, duly executed by each Approved Manager of such Vessel;

(g) an Account Pledge, duly executed by the Parent with respect to the Liquidity Account, by the Borrower with respect to the Borrower's Operating Account and by the relevant Upstream Guarantor with respect to such Upstream Guarantor's Operating Account;

(h) evidence of insurance in respect of the relevant Vessel naming the Facility Agent as loss payee and, with respect to hull and machinery insurances, as co-assured with such responsible and reputable insurance companies or associations, and in such amounts and covering such risks, as is required pursuant to this Agreement and the relevant Vessel Mortgage;

(i) a favorable opinion from an independent insurance consultant reasonably acceptable to the Facility Agent on such matters relating to the insurances for the relevant Vessel as the Facility Agent may reasonably require;

(j) a Certificate of Ownership and Encumbrance (or equivalent) issued by the maritime administrator for the Marshall Islands (or other relevant authority) stating that the relevant Vessel is owned by the relevant Upstream Guarantor and that there are on record no Liens on such Vessel except the relevant Vessel Mortgage;

(k) evidence of the completion of all other recordings and filings of, or with respect to, the Security Documents executed in connection with the making of the relevant Borrowing that the Facility Agent may reasonably deem necessary or desirable in order to perfect and protect the Liens created thereby, including under the Uniform Commercial Code of New York or such other jurisdiction where the relevant Obligor and/or the relevant Collateral may be located;

(l) a copy of a certificate duly issued by the Classification Society, dated within seven (7) days of the relevant Borrowing, to the effect that the relevant Vessel has received the highest classification and rating for vessels of the same age and type, free of all overdue recommendations and overdue notations of the Classification Society affecting class;

(m) evidence that the relevant Vessel will, as from the date of the relevant Borrowing, be managed by an Approved Manager on terms reasonably acceptable to the Facility Agent, together with copies of the Document of Compliance and Safety Management Certificate issued pursuant to the ISM Code, the ISSC issued pursuant to the ISPS Code and the IOPPC issued pursuant to MARPOL in respect of such relevant Vessel;

(n) a copy of any charter for a term which exceeds, or by virtue of any optional extensions may exceed, twelve (12) months to which the relevant Vessel is subject as of the date of the relevant Borrowing;

(o) if applicable, a Charter Assignment relating to the relevant Vessel, duly executed by the relevant Upstream Guarantor, together with a signed notice of assignment, substantially in the form attached thereto;

(p) for all those Vessels for which a Green Passport is in place on the date of the first Borrowing Request, evidence that the Green Passport relating to the relevant Vessel is in place;

(q) two valuations of the Fair Market Value the relevant Vessel, paid for by the Borrower but addressed to the Facility Agent and dated not more than 30 days before service of the relevant Borrowing Request;

(r) if applicable, any Secured Swap Contracts and Master Agreement Assignments in relation thereto, duly executed by the Borrower; and

(s) such other documents and certificates relating to the relevant Vessel, or the operation thereof, as may be reasonably requested by the Facility Agent.

Without limiting the generality of this Section 4.03, for purposes of determining satisfaction of the conditions specified in this Section 4.03, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender or the Required Lenders

unless the Facility Agent shall have received notice from such Lender prior to the proposed date of the relevant Borrowing specifying its objection thereto.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full (other than contingent indemnification or reimbursement obligations), the Borrower and each of the Guarantors, as the case may be, covenants and agrees with each Finance Party that:

5.01 Financial Statements. The Borrower will furnish to the Facility Agent:

(a) as soon as available, and in any event within 120 days after the end of each fiscal year) (commencing with the fiscal year ending on December 31, 2018), a consolidated balance sheet (i) of the Parent and its Subsidiaries and (ii) of the Parent and its Subsidiaries excluding the Restricted Subsidiary, in each case as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited, or if audited form is not reasonably available in the case of the Parent and its Subsidiaries excluding the Restricted Subsidiary, then unaudited, and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards (and shall not be subject to any "going concern" or like qualification, exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows (i) of the Parent and its Subsidiaries and (ii) of the Parent and its Subsidiaries excluding the Restricted Subsidiary, on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available, but in any event within 90 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ending on March 31, 2019), a consolidated balance sheet (i) of the Parent and its Subsidiaries and (ii) of the Parent and its Subsidiaries excluding the Restricted Subsidiary as at the end of such fiscal quarter, the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Parent's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of the Parent as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows (i) of the Parent and its Subsidiaries and (ii) of the Parent and its Subsidiaries excluding the Restricted Subsidiary on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes;

(c) commencing with the 2020 fiscal year, as soon as available, but in any event prior to the beginning each fiscal year, forecasts prepared by management (i) of the Parent and its Subsidiaries and (ii) of the Parent and its Subsidiaries excluding the Restricted Subsidiary and a summary of material assumptions used to prepare such forecasts, in form satisfactory to the Facility Agent, including projected consolidated balance sheets and statements of income or operations and cash flows (including without limitation quarterly capital expenditures expected for upcoming scrubber payments) (i) of the Parent and its Subsidiaries and (ii) of the Parent and its Subsidiaries excluding the Restricted Subsidiary on a quarterly basis for such fiscal year.

5.02 Certificates; Other Information. The Borrower will deliver to the Facility Agent:

(a) [intentionally omitted];

(b) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (ii) setting forth reasonably detailed calculations demonstrating (i) at the end of each fiscal quarter, compliance with Article VII and (ii) at the end of the second and fourth fiscal quarters of each fiscal year only, compliance with Section 5.04;

(c) promptly after the furnishing thereof, copies of any material request or notice received by the Borrower or any Subsidiary, or any statement or report furnished by the Borrower or any Subsidiary to any holder of debt securities of the Borrower or any Subsidiary, pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished pursuant hereto;

(d) promptly after following request therefor, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of the Borrower by independent accountants in connection with the accounts or books of the Borrower or any Subsidiary, or any audit of any of them, as the Facility Agent or any Lender (through the Facility Agent) may from time to time reasonably request;

(e) promptly following any request by the Security Trustee therefor, any information which the Security Trustee (or any such designated person) reasonably requests for the purpose of: (i) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or (ii) effecting, maintaining or renewing any such insurances or dealing with or considering any matters relating to any such insurances;

(f) promptly following any request therefor, such other information regarding: (i) the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Parent, any other Obligors or any Subsidiary, (ii) any Vessel, its employment, position and engagements, Earnings, payments and amounts due to its master and crew, expenses incurred, towages and salvages, or its charter or management, or (iii) compliance with the terms of the Loan Documents, as the Facility Agent, Security Trustee, or any Lender (through the Facility Agent) may from time to time reasonably request;

(g) promptly following any request by the Security Trustee therefor, any information which the Security Trustee (or any such designated person) reasonably requests regarding: (i) the Collateral, (ii) any assets subject to security in favor of the Security Trustee or (iii) the compliance of any Obligor with any Security Document.

Documents required to be delivered pursuant to Section 5.01(a) or (b) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR); or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Facility Agent have access (whether a commercial, third-party website or whether sponsored by the Facility Agent). The Facility Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request by a Lender for delivery, and each Lender

shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such document to it and maintaining its copies of such documents.

5.03 Vessel Valuations. The Borrower, at its own expense, shall procure at least two written appraisal reports, to be made by an Approved Broker (i) each calendar year, dated no earlier than 30 days prior to its delivery to the Facility Agent, and (ii) during the occurrence and continuation of an Event of Default at such frequency as the Facility Agent requests, in each case indicating the Fair Market Value of: (a) all Vessels subject to a Vessel Mortgage, for inclusion with the certificate delivered with the first and third quarterly financial statements required to be delivered under Section 5.02(b); and (b) each Delivered Vessel on or before the giving of the first Borrowing Request; (c) all Vessels on or before the date on which the Borrower elects to increase the Commitments pursuant to Section 2.21(a); provided that, for the avoidance of doubt, the Facility Agent at all times may obtain additional such written appraisal reports at its own cost.

5.04 Vessel Value Maintenance. Each Obligor will ensure that the aggregate Fair Market Value of the Vessels subject to a Vessel Mortgage (plus the market value of any additional security for the time being actually provided to the Lenders pursuant to this Section 5.04) is at all times not less than one hundred forty percent (140%) of the aggregate outstanding principal amount of the Loans. If the Obligors at any time shall not be in compliance with the preceding sentence, and in any event within thirty (30) days of being notified by the Facility Agent of such noncompliance (which notification shall be conclusive and binding on the Obligors), the Obligors shall (a) prepay (subject to, and in accordance with Section 2.07) such part of the Loans as will ensure compliance with this Section 5.04; or (b) provide the Security Trustee with, or procure the provision to the Lenders of, such additional security as shall in the opinion of the Required Lenders be adequate to make up such deficiency, which additional security shall take such form, be constituted by such documentation and be entered into between such parties as the Required Lenders in their absolute discretion may approve or require, (and, if the Obligors do not make proposals satisfactory to the Required Lenders in relation to such additional security within five (5) days of the date of the Facility Agent's notification to the Obligors aforesaid, the Obligors shall be deemed to have elected to prepay in accordance with (a) above).

5.05 Notices. The Borrower will promptly notify the Facility Agent of:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Governmental Authority against or affecting the Parent, any Obligor, or any Affiliate thereof including pursuant to any applicable Sanctions or Environmental Laws, that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, either individually or together with any other ERISA Events, could reasonably be expected to result in a Material Adverse Effect;

(d) notice of any action arising under any Environmental Law or of any noncompliance by any Obligor with any Environmental Law or any permit, approval, license or other authorization required thereunder that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(e) any material change in accounting or financial reporting practices by the Borrower or any Subsidiary, other than (i) as permitted by Clause 1.03(b) and (ii) with respect to standards set by the Financial Accounting Standards Board as required by GAAP;

(f) any occurrence as a result of which any Vessel owned has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(g) any requirement or condition made by any insurer or classification society or by any competent authority which is not immediately complied with;

(h) any arrest or detention of any Vessel, any exercise or purported exercise of any security interest on that Vessel or the Earnings or any requisition of that Vessel for hire;

(i) any intended dry docking of any Vessel;

(j) any claim for breach of the ISM Code, the ISPS Code or MARPOL being made against any Obligor, the Approved Manager or otherwise in connection with any Vessel;

(k) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code, the ISPS Code or MARPOL not being complied with;

(l) any installation of a scrubber on any Vessel;

(m) any matter or development that has had or could reasonably be expected to have a Material Adverse Effect; and

(n) any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in sections (C) or (D) of such certification.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth the details of the occurrence requiring such notice and stating what action the Borrower has taken and proposes to take with respect thereto.

5.06 Preservation of Existence, Etc. Each Obligor will (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization (which jurisdiction shall be the Republic of the Marshall Islands or other jurisdiction acceptable to the Required Lenders); (b) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary or desirable for (i) such Obligor to perform its obligations under this Agreement and all other Loan Documents and (ii) the operation of the Vessels, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

5.07 [Intentionally Omitted].

5.08 Maintenance of Properties. Each Obligor will (a) maintain, preserve and protect all of its properties and equipment, other than Vessels, necessary in the operation of its business in good working order and condition (ordinary wear and tear excepted) and (b) make all necessary repairs thereto and renewals and replacements thereof, except to the extent, in either case, that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.09 Insurances. Each Obligor will:

(a) maintain (with financially sound, internationally recognized, creditworthy and reputable insurance companies, re-insurance companies or brokers) insurance with respect to any of its properties, other than the Vessels, and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such Persons;

(b) keep the Vessel owned by it insured (with financially sound, internationally recognized, creditworthy and reputable insurance companies, re-insurance companies or brokers) at its expense against: (i) fire and usual marine risks (including hull and machinery, hull interest/increased value, freight interest and excess risks); (ii) war risks (including terrorism, piracy, and confiscation); (iii) protection and indemnity risks (including maximum for pollution liabilities); and (iv) any other risks against which the Security Trustee considers, having regard to practices and other circumstances prevailing at the relevant time, it would in the opinion of the Security Trustee be reasonable for that Upstream Guarantor to insure and which are specified by the Security Trustee by notice to that Upstream Guarantor;

(c) affect such insurances in respect of the Vessel owned by it:

(i) (A) in Dollars; (B) in each case, in an amount on an agreed value basis at least 120% of the Loans; (C) in respect of any obligatory insurances for hull and machinery, in an amount on an agreed value basis at least the greater of: (1) the aggregate of the Loans and (2) 80% of the Fair Market Value of the Vessels, while the remaining cover may be taken out as hull interest and/or freight interest insurance; (D) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry and in the international marine insurance market; (E) in relation to protection and indemnity risks in respect of the full tonnage of the Vessel owned by it; (F) on approved terms; and (G) through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations that are members of the International Group of P&I Clubs, such approval not to be unreasonably withheld or delayed;

(ii) (A) subject always to paragraph (B), name that Upstream Guarantor as the sole named assured unless the interest of every other named assured is limited: (1) in respect of any obligatory insurances for hull and machinery and war risks; to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and (2) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it; and every other named assured has undertaken in writing to the Security Trustee (in such form as it requires) that any deductible shall be apportioned between that Upstream Guarantor and every other named assured in proportion to the aggregate claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances; (B) whenever the Security Trustee requires, name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Trustee, but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance; (C) name the Security Trustee as loss payee with such directions for payment as the Security Trustee may specify; (D) provide that all payments by or on behalf of the

insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever; (E) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Trustee or any other Finance Party; and (F) provide that the Security Trustee may make proof of loss if that Upstream Guarantor fails to do so;

(d) (i) at least 21 days before the expiry of any obligatory insurance: (A) notify the Security Trustee of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom that Upstream Guarantor proposes to renew that obligatory insurance and of the proposed terms of renewal; and (B) obtain the Security Trustee's approval to the matters referred to in paragraph (A); (ii) at least 14 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (i); and (iii) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal;

(e) ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect; and

(f) punctually pay all premiums or other sums payable in respect of the obligatory insurances and produce all relevant receipts when so required by the Security Trustee.

5.10 Insurance Documentation; Letters of Undertaking; Certificates. Each Obligor will:

(a) ensure that all approved brokers and with approved insurance companies and/or underwriters provide the Security Trustee with pro forma copies of all policies relating to the obligatory insurances which they are to affect or renew and of a letter or letters or undertaking in a form reasonably required by the Security Trustee and including undertakings by the approved brokers and with approved insurance companies and/or underwriters ("Letters of Undertaking") that: (i) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment in accordance with the requirements of the Assignment of Insurances for that Upstream Guarantor's Vessel; (ii) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause; (iii) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances or if they cease to act as brokers; (iv) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Upstream Guarantor or its agents; and (vi) they will not set off against any sum recoverable in respect of a claim relating to the Vessel owned by that Upstream Guarantor under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Vessel or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of nonpayment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Vessel forthwith upon being so requested by the Security Trustee;

(b) on the Initial Borrowing Date, and thereafter upon either (i) request by the Facility Agent or (ii) material change to the insurance terms, ensure that the Facility Agent is provided with a favorable opinion from an independent insurance consultant acceptable to the Facility Agent on such matters relating to the insurances for the relevant Vessel as the Lenders may require; and

(c) ensure that any protection and indemnity and/or war risks associations in which the Vessel owned by it is entered provides the Security Trustee with: (i) a certified copy of the certificate of entry for that Vessel; and (ii) a letter or letters of undertaking in the form customarily provided by the International Group of P&I Clubs.

5.11 Mortgagee's Insurance. The Security Trustee shall, to the extent commercially available, effect, maintain and renew (i) mortgagee's interest marine insurance, (ii) mortgagee's interest additional perils insurance and/or (iii) mortgagee's political risks/rights/war risks (including terrorism, piracy and confiscation) insurance in such amounts (not to exceed 120% of the Loans), on such terms, through such insurers and generally in such manner as the Security Trustee may from time to time consider necessary and the Obligors, jointly and severally, shall upon demand fully indemnify the Security Trustee in respect of all premiums and other reasonable expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

5.12 Maintenance of Security Interests. Each Obligor will: (a) at its own cost, do all that it reasonably can to ensure that any Security Document to which it is a party validly creates the obligations and the security interests which it purports to create; and (b) without limiting the generality of paragraph (a), at its own cost, promptly register, file, record or enroll any Security Document to which it is a party with any court or authority in all relevant jurisdictions, pay any stamp, registration or similar tax in all relevant jurisdictions in respect of any Security Document to which it is a party, give any notice or take any other step which, in the reasonable opinion of the Security Trustee, acting with the instruction of the Required Lenders, is or has become necessary for any Security Document to which it is a party to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any security interest which it creates.

5.13 Earnings Payments. The Borrower and each Upstream Guarantor shall deposit and cause to be deposited all of its Earnings into its Operating Account.

5.14 Payment of Obligations. Each Obligor will pay, discharge or otherwise satisfy as the same shall become due and payable, all of its material obligations and liabilities, including Tax liabilities, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by such Obligor, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.15 Vessel Registration. Each Upstream Guarantor shall: (a) keep the Vessel owned by it registered in its name under the law of an Approved Flag; (b) not do, omit to do or allow to be done anything as a result of which such registration might be cancelled or imperiled; and (c) not, without the prior written consent of the Facility Agent, change the name or, without the prior written consent of the Lenders, change the port of registry on which such Vessel was registered when it became subject to a Vessel Mortgage.

5.16 Vessel Repair. Each Upstream Guarantor shall keep the Vessel owned by it in a good and safe condition and state of repair: (a) consistent with first class ship ownership and management practice; (b) so as to maintain the highest class for that Vessel with the Classification Society, free of material overdue recommendations, adverse notations and conditions affecting that Vessel's class; and (c) so as to comply with all laws and regulations applicable to vessels registered under the law of the Approved Flag on which that Vessel is registered or to vessels trading to any jurisdiction to which that Vessel may trade from time to time, including but not limited to the ISM Code, the ISPS Code and MARPOL.

5.17 Classification Society Instructions and Undertakings. Each Upstream Guarantor shall instruct the Classification Society (and procure that the Classification Society undertakes with the

Security Trustee): (a) to send to the Security Trustee, following receipt of a written request from the Security Trustee, certified true copies of all original class records held by the Classification Society in relation to that Upstream Guarantor's Vessel; (b) to allow the Security Trustee (or its agents), at any time and from time to time, to inspect the original class and related records of that Upstream Guarantor and the Vessel owned by it either (i) electronically (through the Classification Society directly or by way of indirect access via the Borrower's account manager and designating the Security Trustee as a user or administrator of the system under its account) or (ii) in person at the offices of the Classification Society, and to take copies of them electronically or otherwise; (c) to notify the Security Trustee promptly in writing if the Classification Society: (i) receives notification from that Upstream Guarantor or any other person that that Vessel's Classification Society is to be changed; or (ii) becomes aware of any facts or matters which may result in or have resulted in a condition of class or a recommendation, or a change, suspension, discontinuance, withdrawal or expiry of that Vessel's class under the rules or terms and conditions of that Upstream Guarantor's or that Vessel's membership of the Classification Society; (d) following receipt of a written request from the Security Trustee: (i) to confirm that that Upstream Guarantor is not in default of any of its Contractual Obligations or liabilities to the Classification Society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the Classification Society; and (ii) if that Upstream Guarantor is in default of any of its Contractual Obligations or liabilities to the Classification Society, to specify to the Security Trustee in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Classification Society.

5.18 Charters; Charter Assignments; Assignments of Earnings. Each Upstream Guarantor shall: (a) furnish promptly to the Facility Agent a true and complete copy of any demise charter and any time or consecutive voyage charter for a term which exceeds twelve (12) months for the Vessel owned by it (other than a charter pursuant to an Approved Pooling Arrangement), all other documents related thereto and a true and complete copy of each material amendment or other modification thereof; and (b) in respect of any such charter, execute and deliver to the Facility Agent a Charter Assignment and use reasonable commercial efforts to cause the charterer to execute and deliver to the Facility Agent a consent and acknowledgement to such Charter Assignment in the form required thereby.

5.19 Compliance with Laws. Each Obligor will comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business generally or to the ownership, employment, operation and management of any Vessel, including but not limited to the ISM Code, the ISPS Code and MARPOL, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.20 [Intentionally Omitted].

5.21 Environmental Matters. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, each Obligor will (a) comply with all Environmental Laws, (b) obtain, maintain in full force and effect and comply with any permits, licenses or approvals required for the Vessel facilities or operations of any Obligor, and (c) conduct and complete any investigation, study, sampling or testing, and undertake any corrective, cleanup, removal, response, remedial or other action necessary to identify, report, remove and clean up all Hazardous Materials present or released at, on, in, under or from any of the Vessel facilities or real properties of any Obligor.

5.22 Books and Records. Each Obligor will maintain, and cause to be maintained, proper books of record and account, in which full, true and correct entries, in conformity with GAAP as in effect from time to time, consistently applied shall be made of all financial transactions and matters involving the assets and business of such Obligor.

5.23 Inspection Rights. Each Obligor will:

(a) permit representatives and independent contractors of the Facility Agent to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of such Obligor and at such reasonable times during normal business hours following 15 Business Days' prior notice by the Facility Agent (acting on instructions of the Required Lenders); and

(b) permit the Security Trustee (by surveyors or other persons appointed by it for that purpose at the cost of the Obligors) to board any Vessel, at all reasonable times with 15 Business Days' prior notice to the relevant Upstream Guarantor to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections, 1 such inspection per year to be at the reasonable expense of the Borrower, after which such additional inspections to be at the expense of the Lenders;

provided that, other than with respect to such visits and inspections during the occurrence and continuation of an Event of Default, the Facility Agent and the Lenders shall not exercise such rights more often than 1 time during any calendar year; provided, further, that when an Event of Default has occurred and is continuing the Facility Agent, the Security Trustee or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing under this Section at the expense of such Obligor and at any time during normal business hours with advance notice.

5.24 Surveys. Each Upstream Guarantor, at its sole expense, shall submit the Vessel owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Security Trustee, provide the Security Trustee, at that Upstream Guarantor's sole expense, with copies of all survey reports.

5.25 Notice of Mortgage. Each Upstream Guarantor shall keep the Vessel Mortgage recorded against the Vessel owned by it as a valid first priority or preferred mortgage, carry on board that Vessel a certified copy of the Vessel Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of that Vessel a framed printed notice stating that such Vessel is mortgaged by that Upstream Guarantor to the Security Trustee.

5.26 Green Passport. Each Upstream Guarantor will, after the next statutory dry docking of its Vessel after the date of the first Borrowing Request, procure that the Vessel owned by it maintains and carries on board a Green Passport, or equivalent document acceptable to the Facility Agent.

5.27 [Intentionally Omitted].

5.28 Prevention of and Release from Arrest. Each Upstream Guarantor shall promptly discharge: (a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Vessel owned by it, the Earnings or the Insurances; (b) all taxes, dues and other amounts charged in respect of the Vessel owned by it, the Earnings or the Insurances; and (c) all other accounts payable whatsoever in respect of the Vessel owned by it, the Earnings or the Insurances, and, forthwith upon receiving notice of the arrest of the Vessel owned by it, or of its detention in exercise or purported exercise of any lien or claim, that Upstream Guarantor shall procure its release by providing bail or otherwise as the circumstances may require within 45 days of such arrest or detention.

5.29 Use of Proceeds. Each Obligor will use the proceeds of the Loans only for the purposes set forth in Section 3.23.

5.30 Subordination of Loans. Each Obligor will cause all loans made to it by any Affiliate, and all sums and other obligations (financial or otherwise) owed by it to any Affiliate, to be fully subordinated to all Obligations pursuant to a subordination agreement in a form approved by the Facility Agent and the Required Lenders (such consent not to be unreasonably withheld or delayed) providing that such loans and other obligations shall be subject and subordinate to the prior payment in full of the Obligations (a "Subordination Agreement").

5.31 Anti-Corruption Laws. Each Obligor will maintain in effect policies and procedures reasonably designed to promote compliance by such Obligor, its Subsidiaries, and their respective directors, officers, employees, and agents with the FCPA and any other applicable anti-corruption laws.

5.32 "Know Your Customer" Documentation. Each Obligor will produce such documents and evidence as the Facility Agent and each Lender shall from time to time require, based on applicable law and regulations from time to time and the Lender's own internal guidelines from time to time relating to each Lender's knowledge of its customers.

5.33 Asset Control. Each Obligor shall ensure that: (a) it is not (i) 50% or more owned, directly or indirectly, by one or more Prohibited Persons in the aggregate, or (ii) controlled by a Prohibited Person, or (iii) acting directly on behalf of a Prohibited Person to the extent such action would be prohibited if the Obligor were resident or organized in the United States, the European Union or the United Kingdom; (b) it does not own or control a Prohibited Person; (c) to its knowledge, it is not acting indirectly for the benefit of a Prohibited Person to the extent that such action would be prohibited if the Obligor were resident or organized in the United States, the European Union or the United Kingdom; (d) no proceeds of any Borrowing (i) shall be made available directly to a Prohibited Person to the extent that such action would be prohibited if the Obligor were resident or organized in the United States, the European Union or the United Kingdom, or (ii) otherwise shall be directly applied in a manner or for a purpose prohibited by Sanctions; (e) to its knowledge, no proceeds of any Borrowing (i) shall be made available indirectly to or for the benefit of a Prohibited Person to the extent that such action would be prohibited if the Obligor were resident or organized in the United States, the European Union or the United Kingdom, or (ii) otherwise shall be indirectly applied in a manner or for the purpose prohibited by Sanctions; (f) it is not a Prohibited Person; and (g) to the best of its knowledge, none of its directors, officers, members, employees, agents or representatives is a Prohibited Person.

5.34 Scrapping. The Obligors shall develop and implement a policy that any scrapping of a Vessel is conducted in compliance (1) with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009, and with the guidelines issued by the International Maritime Organization in connection with such convention and (2) with Regulation (EU) No 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling and amending Regulation (EC) No 1013/2006 and Directive 2009/16/EC.

5.35 Sanctions. The Obligors has in effect policies and procedures reasonably designed to promote compliance by each Obligor, their Subsidiaries and their respective directors, officers, employees and agents with Sanctions.

5.36 Treasury Transactions.

(a) If, at any time during the Facility Period, the Borrower wishes to enter into any Treasury Transaction so as to hedge all or any part of its exposure under this Agreement to interest rate fluctuations, it shall advise the Facility Agent in writing.

(b) Any such Treasury Transaction for the purpose of hedging the Borrower's interest rate risk shall be concluded with a Swap Bank on the terms of the Master Agreement with that Swap Bank but (except with the approval of the Required Lenders) no such Treasury Transaction shall be concluded unless:

(i) its purpose is to hedge the Borrower's interest rate risk in relation to the Loans for a period expiring no later than the Maturity Date; and

(ii) its notional principal amount, when aggregated with the notional principal amount of any other continuing Secured Swap Contracts, does not and will not exceed the Loans as then scheduled to be repaid pursuant to Section 2.06.

(c) If and when any such Treasury Transaction has been concluded, it shall constitute a Secured Swap Contract for the purposes of this Agreement.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations have been paid in full (other than contingent indemnification or reimbursement obligations), the Obligors covenant and agree with the Finance Parties that:

6.01 Indebtedness. Neither the Borrower nor any of the Upstream Guarantors will create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness to any Obligor, subject to the provisions of Section 5.30;

(c) Guarantees of any Obligor in respect of Indebtedness otherwise permitted hereunder of any Guarantor;

(d) Indebtedness (i) resulting from a bank or other financial institution honoring a check, draft or similar instrument in the ordinary course of business or (ii) arising under or in connection with cash management services in the ordinary course of business; and

(e) Indebtedness owing to Affiliates provided that such Indebtedness is subordinated on terms and conditions acceptable to the Facility Agent and the Required Lenders (such consent not to be unreasonably withheld or delayed) and subject in right of payment to the prior payment in full of all amounts outstanding under this Agreement and the Notes.

6.02 Liens. No Upstream Guarantor will create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, including any Vessel, whether now owned or hereafter acquired, other than the following (each a "Permitted Lien"):

(a) Liens securing Indebtedness permitted under Section 6.01(a);

(b) Liens existing on the date hereof reasonably acceptable to the Facility Agent (acting on the instructions of the Lenders) and listed on Schedule V;

(c) Liens arising in the ordinary course of business securing Indebtedness and other obligations (i) not exceeding 30 days overdue, and (ii) in an aggregate amount not exceeding $1,500,000 per Vessel (plus up to an additional aggregate amount not exceeding $2,000,000 per Vessel relating to any amounts paid in relation to the purchase and installation of scrubber equipment) at any time outstanding;

(d) Liens in favor of the Account Bank in respect of its customary charges in maintaining the Operating Accounts or any of them or for reimbursement for reversal of any provisional credits granted by the Account Bank to any Operating Account, to the extent, in each case, that any of the Obligors have not separately paid or reimbursed the Account Bank therefor; and

(e) Liens imposed by law for Taxes that are not required to be paid pursuant to Section 5.14.

6.03 Fundamental Changes. None of the Obligors will, without the prior written approval of all Lenders, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) any of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom any Upstream Guarantor may sell the Vessel owned by it, and the Borrower may sell any Upstream Guarantor owned by it, pursuant to the terms of this Agreement and so long as the Obligors comply with the mandatory prepayment provisions of Section 2.07, upon which such Upstream Guarantor or Vessel, as applicable, shall be released hereunder.

6.04 Restricted Payments. The Parent will not, and will not permit any Obligor to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(a) each Obligor may make Restricted Payments to any Obligor including in accordance with Section 7.01;

(b) if the aggregate Fair Market Value of the Vessels is at least 200% of the Total Commitments, the Parent may dividend up to 100% of Consolidated Net Income (the calculation of which shall exclude the Restricted Subsidiary), calculated on a trailing twelve (12) month basis (less any dividends paid out during the same period); and

(c) if the aggregate Fair Market Value of the Vessels is not at least 200% of the Total Commitments, the Parent may dividend up to 50% of Consolidated Net Income (the calculation of which shall exclude the Restricted Subsidiary), calculated on a trailing twelve (12) month basis (less any dividends paid out during the same period),

provided that 100% of any distributions received by the Parent from the Restricted Subsidiary shall not be subject to the restrictions set forth in this Section 6.04.

6.05 Investments. No Borrower or Upstream Guarantor will make any Acquisition or Investment, except:

(a) Investments held by such Obligor in the form of Cash Equivalents;

(b) to the extent constituting an Investment, transactions otherwise permitted by Sections 6.01 or 6.06; and

(c) with respect to the Borrower only, the Acquisition of a Vessel and any Investments and transactions relating thereto.

6.06 Transactions with Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than: (a) in the ordinary course of business, on fair and reasonable terms substantially as favorable, taken as a whole, to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate, provided that any Indebtedness owing by any Borrower to any Guarantor shall be subordinated on terms and conditions acceptable to the Facility Agent and the Required Lenders (such consent not to be unreasonably withheld or delayed) and subject in right of payment to the prior payment in full of all amounts outstanding under this Agreement and the Notes; (b) transactions permitted pursuant to Section 6.01 through Section 6.05 above; (c) the transactions contemplated by the Loan Documents; (d) the payment or reimbursement of the Borrower's and its Subsidiaries' pro rata share of expenses for shared personnel, office facilities, and administrative overhead of the Parent and its subsidiaries, as fairly and reasonably allocated by the Parent; and (e) management services on economic terms at least as favorable to the Upstream Guarantors as those set forth on Schedule VI.

6.07 Changes in Fiscal Periods. The Borrower will not permit the last day of its fiscal year to end on a day other than December 31 or change its method of determining its fiscal quarters.

6.08 Changes in Nature of Business. No Obligor will, without the prior written consent of the Lenders, engage to any material extent in any business other than those businesses conducted by each Obligor on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

6.09 Changes in Name; Organizational Documents Amendments. No Obligor will permit any change to its entity name or any amendment of its Organizational Documents.

6.10 Place of Business. Except for as specified in Section 3.19, no Obligor will establish or change any place of business in the United States of America, the District of Columbia, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States of America unless thirty (30) days' prior written notice of such establishment is given to the Facility Agent.

6.11 Change of Control; Negative Pledge. No Obligor will permit any act, event or circumstance that would result in a Change of Control (provided that, with respect to a Change of Control in respect of any Upstream Guarantor, no Obligor will permit any act, event or circumstance that would result in a Change of Control in respect of any Upstream Guarantor at all times from and including the Initial Borrowing Date). At all times from and including the Initial Borrowing Date, the Borrower shall not permit any pledge or assignment of an Upstream Guarantor's Equity Interests, except in favor of the Security Trustee to secure the Obligations. The Parent shall not permit any pledge or assignment of the Borrower's Equity Interests, except in favor of the Security Trustee to secure the Obligations.

6.12 Restriction on Chartering. No Upstream Guarantor will, without the consent of the Required Lenders, which consent shall not unreasonably be withheld (i) let any Vessel on demise charter for any period; (ii) charter-in any Vessel (A) for a term which exceeds twelve (12) months, and (B) which would result in the chartering of a greater number of vessels than Vessels owned by the Upstream Guarantors at

the time; (iii) de-activate or lay up any Vessel; or (iv) put any Vessel into the possession of any Person for the purpose of work being done upon her in an amount exceeding or likely to exceed $1,500,000 (plus up to $2,000,000 relating to any amounts paid in relation to the purchase and installation of scrubber equipment) (or the equivalent in any other currency).

6.13 Lawful Use. No Upstream Guarantor will permit any Vessel to be employed: (a) in any way or in any activity which is unlawful under international law or the domestic laws of any relevant country; (b) in carrying illicit or prohibited goods; (c) in a way which may make it liable to be condemned by a prize court or destroyed, seized or confiscated; (d) in carrying contraband goods;; and the persons responsible for the operation of the Vessel shall take all necessary and proper precautions to ensure that this does not happen including participation in industry or other voluntary schemes available to the Vessel and in which leading operators of vessels operating under the same flag or engaged in similar trades generally participate at the relevant time.

6.14 Approved Manager. No Upstream Guarantor will employ a manager of a Vessel other than an Approved Manager, or change the terms and conditions of the management of such Vessel in any material respect other than upon such terms and conditions as the Required Lenders shall approve.

6.15 Insurances. No Upstream Guarantor will:

(a) agree to any amendment or supplement (other than related confirmations) to, or waive or fail to enforce, any obligatory insurance or material provisions thereof;

(b) do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular: (i) each Upstream Guarantor shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval; (ii) no Upstream Guarantor shall make any changes relating to the classification or classification society or manager or operator of the Vessel owned by it unless approved by the underwriters of the obligatory insurances; (iii) each Upstream Guarantor shall make (and promptly supply copies to the Facility Agent and/or Security Trustee of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Vessel owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and (iv) no Upstream Guarantor shall employ the Vessel owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify; or

(c) settle, compromise or abandon any claim under any obligatory insurance for Total Loss without the consent of the Security Trustee (not to be unreasonably withheld or delayed), and if so requested by the Security Trustee shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

6.16 Modification; Removal of Parts. No Upstream Guarantor will (a) make any modification or repairs to, or replacement of, the Vessel owned by it or equipment installed on that Vessel which would or is reasonably likely to materially alter the structure, type or performance characteristics of that Vessel or materially reduce its value, provided however, there shall be no restriction on the installation

of scrubber equipment on any Vessel; or (b) remove any material part of the Vessel owned by it, or any item of equipment installed on, that Vessel unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any security interest or any right in favor of any person other than the Security Trustee and becomes on installation on that Vessel, the property of that Upstream Guarantor and subject to the security constituted by the Vessel Mortgage, provided that an Upstream Guarantor may install and remove equipment owned by a third party if the equipment can be removed without any risk of damage to the Vessel owned by it.

6.17 Sanctions.

(a) No Obligor will, directly or, to its knowledge, indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person that is prohibited by Sanctions, or in any country or territory that is, or whose government is, at the time of such funding the subject of comprehensive Sanctions (as of the date hereof, Crimea, Cuba, Iran, North Korea and Syria), or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as underwriter, advisor, investor, or otherwise).

(b) Without limiting paragraph (a) above, no Obligor shall charter or, to its knowledge, permit the charter of a Vessel to a Prohibited Person to the extent that such charter would be prohibited if the Obligor were resident or organized in the United States, the European Union or the United Kingdom.

(c) No Obligor shall allow:

(i) that any Vessel be used in trading in violation of Sanctions; and

(ii) that any Vessel be traded in such manner which results in the sanctions limitation or exclusion clause in the Insurances in relation to the Vessel having been triggered by the insurer in a material amount.

(d) None of the Obligor's funds that are used to repay any obligation under this Agreement shall constitute property of, or shall be beneficially owned directly or indirectly by, any Prohibited Person to the extent that such would be prohibited if the Obligor were resident or organized in the United States, the European Union or the United Kingdom.

6.18 No Financial Support to the Restricted Subsidiary. Except (i) in accordance with paragraphs (b) and (c) of Section 6.04 (ii) as dividends paid by the Restricted Subsidiary to the Parent or (iii) from new equity injected into the Parent from external shareholders, none of the Obligors nor any of their Subsidiaries (other than the Restricted Subsidiary) shall provide any form of financial support whatsoever (including but not limited to payments or shareholder loans of any kind) to the Restricted Subsidiary.

ARTICLE VII

FINANCIAL COVENANTS

7.01 Financial Covenants. The covenants contained in this Article VII are financial covenants (together, the "Financial Covenants"), and all calculations in connection with this Article VII shall apply to the Parent on a consolidated basis excluding the Restricted Subsidiary and vessels owned by the Restricted Subsidiary.

(a) Minimum Consolidated Liquidity. The Parent shall, on a consolidated basis and excluding the Restricted Subsidiary, maintain, at all times, free cash or Cash Equivalents (including but not limited to availability longer than six (6) months under the Revolving Facility) held by the Parent and its Subsidiaries in an amount not less than the greater of (i) $600,000 per vessel owned directly or indirectly by the Parent and its Subsidiaries or (ii) 7.5% of Consolidated Total Debt of the Parent.

(b) Liquidity Reserve. An amount of $600,000 per Vessel subject to a Vessel Mortgage shall be held in the Liquidity Account, which shall not be a blocked account.

(c) Equity Ratio of Parent. The Parent shall, on a consolidated basis and excluding the Restricted Subsidiary, maintain, at all times, the ratio of its Minimum Value Adjusted Tangible Equity to Total Assets of not less than 0.30:1.

(d) Working Capital. The Parent shall, on a consolidated basis and excluding the Restricted Subsidiary, maintain, at all times, positive Working Capital.

(e) Consolidated Interest Coverage Ratio and Shortfall Fiscal Quarters.

(i) Consolidated Interest Coverage Ratio. The Parent shall, on a consolidated basis and excluding the Restricted Subsidiary, maintain a Consolidated Interest Coverage Ratio calculated on a trailing twelve (12) month basis:

(A) not less than 1.50 to 1.00 on the last day of each fiscal quarter from the first fiscal quarter ending after the Closing Date through the first fiscal quarter ending after the first anniversary of the Closing Date;

(B) not less than 2.00 to 1.00 on the last day of each of the second and third fiscal quarters ending after the first anniversary of the Closing Date; and

(C) not less than 2.50 to 1.00 on the last day of the fourth fiscal quarter ending after the first anniversary of the Closing Date and on the last day of each following fiscal quarter.

(ii) Shortfall Fiscal Quarters. In the event the Parent fails to maintain a Consolidated Interest Coverage Ratio as set forth in subparagraph (i) above as of the end of any fiscal quarter (a "Shortfall Fiscal Quarter"), the Parent shall immediately evidence that it holds at least $1,000,000 in cash per vessel owned directly or indirectly by the Parent and its Subsidiaries (for the avoidance of doubt, excluding the Restricted Subsidiary) (collectively, the "Shortfall Cash") at the end of such Shortfall Fiscal Quarter, such Shortfall Cash additionally to be evidenced as being held by the Parent in a duly completed certificate signed by a Responsible Officer of the Parent together with delivery of the financial statements set forth in Section 5.01(a) or 5.01(b), as applicable, provided that Shortfall Cash may not be held by the Restricted Subsidiary.

ARTICLE VIII

GUARANTY

8.01 Guaranty. The Guarantors hereby, jointly and severally, guarantee, as primary obligors and not as sureties, to each Finance Party and their respective successors and assigns, the prompt payment and performance in full when due (whether at stated maturity, by required prepayment, declaration, demand, by acceleration or otherwise) of the principal of, premium (if any) and interest (including any interest, fees, costs or charges that would accrue but for the provisions of the Bankruptcy Code after any bankruptcy or insolvency petition under Title 11 of the Bankruptcy Code) on the Loans made by the Lenders to, and the Notes, if any, held by each Lender of, the Borrower, and all other Obligations from time to time owing to the Finance Parties in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the "Guaranteed Obligations"). Notwithstanding the foregoing, "Guaranteed Obligations", with respect to any Guarantor, shall not include any Excluded Swap Obligations of such Guarantor. Each Guarantor hereby agrees that if the Borrower or other Guarantors shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, such Guarantor will promptly pay the same in cash, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

8.02 Obligations Unconditional. The obligations of the Guarantors under Section 8.01 shall constitute a guaranty of payment and performance and not of collection and, to the fullest extent permitted by applicable Laws, are absolute, irrevocable and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations under this Agreement, the Notes, if any, or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor (except for payment in full in cash of the Guaranteed Obligations). Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder which shall remain absolute, irrevocable and unconditional under any and all circumstances as described above: (a) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived; (b) any of the acts mentioned in any of the provisions of this Agreement, the other Loan Documents or the Notes, if any, or any other agreement or instrument referred to herein or therein shall be done or omitted; (c) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be amended in any respect, or any right under the Loan Documents or any other agreement or instrument referred to herein or therein shall be amended or waived in any respect or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with; or (d) any Lien or security interest granted to, or in favor of, any Finance Party as security for any of the Guaranteed Obligations shall fail to be valid, perfected or to have the priority required under the Loan Documents.

The Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that any Finance Party exhaust any right, power or remedy or proceed against any Obligor under this Agreement or the Notes, if any, or any other agreement or instrument referred to herein or therein, or against any other person under any other guarantee of, or security for, any of the Guaranteed Obligations. The Guarantors waive any and all notice of the creation, renewal, extension,

waiver, termination or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by any Finance Party upon the guarantee in this Article VIII or acceptance of such guarantee, and the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon such guarantee, and all dealings between the Borrower and the Finance Parties shall likewise be conclusively presumed to have been had or consummated in reliance upon such guarantee. The guarantee in this Article VIII shall be construed as a continuing, absolute, irrevocable and unconditional guarantee of payment and performance without regard to any right of offset with respect to the Guaranteed Obligations at any time or from time to time held by the Finance Parties, and the obligations and liabilities of the Guarantors hereunder shall not be conditioned or contingent upon the pursuit by the Finance Parties or any other person at any time of any right or remedy against the Borrower or against any other person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. The guarantee in this Article VIII shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and their respective successors and assigns, and shall inure to the benefit of the Finance Parties, and their respective successors and assigns, notwithstanding that from time to time during the term of this Agreement there may be no Guaranteed Obligations outstanding.

8.03 Reinstatement. The obligations of the Guarantors under this Article VIII shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower or other Security Party in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

8.04 Subrogation; Subordination. Each Guarantor hereby agrees that until the indefeasible payment and satisfaction in full in cash of all Guaranteed Obligations (other than contingent indemnification or reimbursement obligations) and the expiration and termination of the Commitments of the Lenders under this Agreement it shall waive any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Section 8.01, whether by subrogation or otherwise, against the Borrower or any other Guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

8.05 Remedies. The Guarantors jointly and severally agree that, as between the Guarantors and the Lenders, the obligations of the Borrower under this Agreement and other Loan Documents may be declared to be forthwith due and payable as provided in Article IX (and shall be deemed to have become automatically due and payable in the circumstances provided in Article IX) for purposes of Section 8.01, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Borrower) shall forthwith become due and payable by the Guarantors for purposes of Section 8.01.

8.06 Instrument for the Payment of Money. Each Guarantor hereby acknowledges that the guarantee in this Article VIII constitutes an instrument for the payment of money, and consents and agrees that any Lender or Facility Agent, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion-action under New York CPLR Section 3213.

8.07 Continuing Guarantee. The guarantee in this Article VIII is a continuing guarantee of payment and performance, and shall apply to all Guaranteed Obligations whenever arising.

8.08 General Limitation on Guarantee Obligations. In any action or proceeding involving any state corporate, limited partnership or limited liability company law, or any applicable state, federal or foreign bankruptcy, insolvency, reorganization or other Laws affecting the rights of creditors generally, if the obligations of any Guarantor under Section 8.01 would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 8.01, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by such Guarantor, any Security Party or any other person, be automatically limited and reduced to the highest amount (after giving effect to the rights of subrogation and contribution established in Sections 8.04 and 8.09, respectively) that is valid and enforceable, not void or voidable and not subordinated to the claims of other creditors as determined in such action or proceeding.

8.09 Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 8.04. The provisions of this Section 8.09 shall in no respect limit the obligations and liabilities of any Guarantor to any Finance Party, and each Guarantor shall remain liable to the Finance Parties for the full amount guaranteed by such Guarantor hereunder.

8.10 Set-off. If any of the Guarantors shall fail to pay any of its obligations hereunder when the same shall become due and payable, each Finance Party is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by each Finance Party to or for the Guarantor's credit or account against any and all of the Guaranteed Obligations, whether or not any Lender shall have made any demand under the guarantee in this Article VIII. Each Finance Party agrees promptly to notify the relevant Guarantor after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Finance Parties under this paragraph are in addition to any other rights and remedies (including, without limitation, other rights of set-off) which any Finance Party may have.

8.11 Keepwell. Each Obligor that is a Qualified ECP Guarantor at the time this Agreement or the grant of a Lien under the Loan Documents, in each case, by any Specified Loan Party becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Article VIII voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each Qualified ECP Guarantor under this Section shall remain in full force and effect until the Secured Obligations have been paid and performed in full. Each Loan Party intends this Section to constitute, and this Section shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act.

8.12 Parallel Liability.

(a) Each Obligor irrevocably and unconditionally undertakes to pay to the Security Trustee an amount equal to the aggregate amount of its Corresponding Liabilities (as these may exist from time to time).

(b) The parties hereto agree that:

(i) an Obligor's Parallel Liability is due and payable at the same time as, for the same amount of and in the same currency as its Corresponding Liabilities;

(ii) an Obligor's Parallel Liability is decreased to the extent that its Corresponding Liabilities have been irrevocably paid or discharged and its Corresponding Liabilities are decreased to the extent that its Parallel Liability has been irrevocably paid or discharged;

(iii) an Obligor's Parallel Liability is independent and separate from, and without prejudice to, its Corresponding Liabilities, and constitutes a single obligation of that Obligor to the Security Trustee (even though that Obligor may owe more than one Corresponding Liability to the Finance Parties under the Loan Documents) and an independent and separate claim of the Security Trustee to receive payment of that Parallel Liability (in its capacity as the independent and separate creditor of that Parallel Liability and not as a co-creditor in respect of the Corresponding Liabilities); and

(iv) for purposes of this Clause 8.12, the Security Trustee acts in its own name and not as agent, representative or trustee of the Finance Parties and accordingly holds neither its claim resulting from a Parallel Liability nor any security interest securing a Parallel Liability on trust.

ARTICLE IX

EVENTS OF DEFAULT

9.01 Events of Default. If any of the following events (each, an "Event of Default") shall occur and be continuing:

(a) the Borrower or any other Security Party fails to pay when due any sum payable under a Loan Document or under any document relating to a Loan Document or, only in the case of sums payable on demand, within five (5) Business Days after the date when first demanded, provided that if such failure to pay a sum when due is solely the result of an administrative or technical error, it shall not constitute an Event of Default unless such failure continues unremedied for more than three (3) Business Days from the occurrence thereof;

(b) Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any other Security Party in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect or misleading in any material respect (or, in the case of any such representation or warranty under this Agreement or any other Loan Document already qualified by materiality, such representation or warranty shall prove to have been incorrect or misleading) when made or deemed made;

(c) any Obligor shall fail to perform or observe any term, covenant or agreement contained in Articles VI and VII or in Sections 5.01, 5.04, 5.09, 5.10, 5.31 or 5.33 to be observed by it;

(d) any Obligor shall fail to perform or observe any term, covenant or agreement contained in this Agreement or any other Loan Document on its part to be performed or observed (other than those specified in paragraphs (a) through (c) above) if such failure shall remain unremedied (A) beyond the expiration of any applicable notice and/or grace period or (B) if there is no applicable notice and/or grace period, for ten (10) days after written notice thereof shall have been given to the Borrower by the Facility Agent;

(e) (i) any Obligor shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness under the Loan Documents) having an aggregate principal amount of more than $2,000,000, in each case beyond the applicable grace period with respect thereto, if any; or (ii) any Obligor shall fail to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity;

(f) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Obligor or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Obligor or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(g) any Obligor shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Obligor or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(h) any Obligor shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(i) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of any Obligor under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount that could reasonably be expected to have a Material Adverse Effect;

(j) there is entered against any Obligor (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and order) exceeding $2,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or

order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(k) any Obligor ceases or suspends or threatens to cease or suspend the carrying on of its business, or a part of its business which, in the opinion of the Required Lenders, is material in the context of this Agreement, except in the case of a sale or a proposed sale of any Vessel;

(l) it becomes impossible or unlawful for any Obligor to fulfill any of the covenants and obligations required to be fulfilled as contained in any Loan Document or any of the instruments granting or creating rights in any of the Collateral, in each case in any material respect, or for any Finance Party to exercise any of the rights or remedies vested in it under any Loan Document, any of the Collateral or any of such instruments in any material respect;

(m) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any Obligor contests in writing the validity or enforceability of any provision of any Loan Document; or any Obligor denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind any Loan Document;

(n) there occurs or develops a Material Adverse Effect;

(o) there occurs under any Secured Swap Contract an Early Termination Date (as defined in such Secured Swap Contract) resulting from (A) any event of default under such Secured Swap Contract as to which the Borrower is the Defaulting Party or similar term (as defined in such Secured Swap Contract) or (B) any Termination Event or similar term (as so defined) under such Secured Swap Contract as to which the Borrower is an Affected Party or similar term (as so defined);

(p) any litigation, alternative dispute resolution, arbitration or administrative proceeding is taking place or, to any Obligor's knowledge, likely to be commenced or taken against any Obligor (including, without limitation, investigative proceedings) or any of its assets, rights or revenues which, if adversely determined, is reasonably likely to result in a Material Adverse Effect;

(q) except with approval, the registration of any Vessel subject to a Vessel Mortgage under the laws and flag of its Flag State is cancelled or terminated or, where applicable, not renewed or, if such Vessel is only provisionally registered on the date of its Vessel Mortgage, such Vessel is not permanently registered under such laws within the sooner of (i) the expiry of its provisional registration or (ii) thirty (30) days from the date of the Borrowing relating to such Vessel; or

(r) any Vessel Mortgage is not permanently registered within thirty (30) days from the date of the Borrowing relating to such Vessel Mortgage;

(s) there occurs a breach by any Obligor of any applicable laws, rules, sanctions regimes or regulations;

then, and in any such event, with the consent of the Required Lenders (such consent not to be unreasonably withheld or delayed), the Facility Agent may, or upon the reasonable request of the Required Lenders, the Facility Agent shall, by notice to the Borrower, (i) declare the Commitments terminated, whereupon the

same shall forthwith terminate, (ii) declare the principal of and accrued interest on the Loans, the Notes, and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; (iii) exercise any and all of its other rights and remedies under applicable Laws, hereunder and under the other Loan Documents, provided that, in any event described in clauses (f) and (g) above, (A) the Commitments shall automatically be terminated and (B) principal of and accrued interest on the Loans, the Notes, and all other amounts payable under this Agreement shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Obligors.

9.02 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Facility Agent by the Borrower or the Required Lenders, all payments received on account of the Obligations shall, subject to Section 2.20, shall be applied by the Facility Agent as follows:

(i) first, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees and disbursements and other charges of counsel payable under Section 11.03) payable to the Facility Agent in its capacity as such;

(ii) second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest payable to the Lenders) (including fees and disbursements and other charges of counsel payable under Section 11.03) arising under the Loan Documents, ratably among them in proportion to the respective amounts described in this clause (ii) payable to them;

(iii) third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans ratably among the Lenders in proportion to the respective amounts described in this clause (iii) payable to them;

(iv) fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans ratably among the Lenders in proportion to the respective amounts described in this clause (iv) payable to them;

(v) fifth, to the payment in full of all other Obligations (except Obligations in respect of a Secured Swap Contract and Obligations referenced under paragraphs (vi) and (vii) below), in each case ratably among the Facility Agent and the Lenders based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable;

(vi) sixth, in or towards satisfaction of the Obligations constituting of any amounts then due and payable under any Secured Swap Contracts in the following order and proportions: (A) first, in or towards satisfaction pro rata of all amounts then due and payable to the Swap Banks under the Secured Swap Contracts other than those amounts referred to at paragraphs (B) and (C); (B) secondly, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Swap Banks under the Secured Swap Contracts (and, for this purpose, the expression "interest" shall include any net amount which the Borrower shall have become liable to pay or deliver under Section 2(e) (Obligations) of a Master Agreement but shall have failed to pay or deliver to the relevant Swap Bank (or any of them) at the time of application or distribution under this Section 9.02); and (C) thirdly, in or towards satisfaction pro rata of the aggregate Swap Termination Value (calculated as at the actual Early Termination Date applying to the Secured Swap

Contracts (or any of them), or if no such Early Termination Date shall have occurred, calculated as if an Early Termination Date occurred on the date of application or distribution hereunder and pro rata as between them);

(vii) seventh, to the payment in full of all other Obligations, in each case ratably among the Swap Banks based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and

(viii) finally, the balance, if any, after all Obligations have been paid in full, to the Borrower or as otherwise required by Law.

(ix) Notwithstanding the foregoing, no amount received from any Guarantor in respect of its Guaranteed Obligations shall be applied to any Excluded Swap Obligations.

ARTICLE X

AGENCY

10.01 Appointment and Authority.

(a) The Facility Agent. Each Lender and each Swap Bank hereby irrevocably appoints the Facility Agent to act as its agent on its behalf hereunder and under the other Loan Documents and authorizes the Facility Agent, in such capacity, to take such actions on its behalf and to exercise such powers as are delegated to the Facility Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Except as otherwise provided in Section 10.06, the provisions of this Article are solely for the benefit of the Facility Agent, the Security Trustee, the Lenders and the Swap Banks, and the Borrower shall not have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Facility Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(b) The Security Trustee.

(i) Each Lender, each Swap Bank and the Facility Agent appoints and authorizes (with a right of revocation) the Security Trustee to act as security trustee hereunder and under the other Loan Documents (other than the Notes) with such powers as are specifically delegated to the Security Trustee by the terms of this Agreement and such other Loan Documents, together with such other powers as are reasonably incidental thereto.

(ii) To secure the payment of all sums of money from time to time owing to each Lender and each Swap Bank under the Loan Documents, and the performance of the covenants of the Borrower and any other Security Party herein and therein contained, and in consideration of the premises and of the covenants herein contained and of the extensions of credit by the Lenders, the Security Trustee does hereby declare that it will hold as such trustee in trust for the benefit of each Lender, each Swap Bank and the Facility Agent, from and after the execution and delivery thereof, all of its right, title and interest as mortgagee in, to and under the Vessel Mortgages and its right, title and interest as assignee and secured party under the other Security Documents (the right, title and interest of the Security Trustee in and to the property, rights and privileges described above,

from and after the execution and delivery thereof, and all property hereafter specifically subjected to the security interest of the indenture created hereby and by the Security Documents by any amendment hereto or thereto are herein collectively called the "Estate"); TO HAVE AND TO HOLD the Estate unto the Security Trustee and its successors and assigns forever, BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of each Lender, each Swap Bank and the Facility Agent and their respective successors and assigns without any priority of any one over any other, UPON THE CONDITION that, unless and until an Event of Default under this Agreement shall have occurred and be continuing, the relevant Security Party shall be permitted, to the exclusion of the Security Trustee, to possess and use the Vessels. IT IS HEREBY COVENANTED, DECLARED AND AGREED that all property subject or to become subject hereto is to be held, subject to the further covenants, conditions, uses and trusts hereinafter set forth, and each Security Party, for itself and its respective successors and assigns, hereby covenants and agrees to and with the Security Trustee and its successors in said trust, for the equal and proportionate benefit and security of the each Lender, each Swap Bank and the Facility Agent as hereinafter set forth.

(iii) The Security Trustee hereby accepts the trusts imposed upon it as Security Trustee by this Agreement, and the Security Trustee covenants and agrees to perform the same as herein expressed and agrees to receive and disburse all monies constituting part of the Estate in accordance with the terms hereof.

(c) Except as otherwise provided in Section 10.03 and 10.06, the provisions of this Article are solely for the benefit of the Facility Agent, Security Trustee, the Lenders and the other Finance Parties under the Loan Documents, and neither the Borrower nor any Guarantor shall have rights as a third-party beneficiary of any of such provisions.

10.02 Rights as a Lender. The Person serving as the Facility Agent or Security Trustee hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Facility Agent or Security Trustee, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Facility Agent or Security Trustee hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Facility Agent or Security Trustee hereunder and without any duty to account therefor to the Lenders.

10.03 Exculpatory Provisions.

(a) Neither the Facility Agent nor the Security Trustee shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and their duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, neither the Facility Agent nor the Security Trustee:

(i) shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Facility Agent or Security Trustee is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as

shall be expressly provided for herein or in the other Loan Documents); provided that neither the Facility Agent nor the Security Trustee shall be required to take any action that, in its opinion or the opinion of its counsel, may expose such Facility Agent or Security Trustee to liability or that is contrary to any Loan Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and neither the Facility Agent nor the Security Trustee shall be liable for the failure to disclose, any information relating to the Borrower, any Guarantor, or any of their Affiliates that is communicated to or obtained by the Person serving as the Facility Agent, Security Trustee, or any of their Affiliates in any capacity.

(b) Neither the Facility Agent nor the Security Trustee shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Facility Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 9.01 and 11.02), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Facility Agent or Security Trustee shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to either (as applicable) in writing by the Borrower, any Guarantor, or a Lender.

(c) Neither the Facility Agent nor the Security Trustee shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Facility Agent or Security Trustee.

10.04 Reliance by Agent. Each of the Facility Agent and Security Trustee shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) reasonably believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Each of the Facility Agent and the Security Trustee may also rely upon any statement made to it orally or by telephone and reasonably believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, each of the Facility Agent and the Security Trustee may presume that such condition is satisfactory to each Lender unless the Facility Agent or the Security Trustee shall have received notice to the contrary from such Lender prior to the making of such Loan. Each of the Facility Agent and the Security Trustee may consult with legal counsel (who may be counsel for the Borrower or Guarantors), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in good faith in accordance with the advice of any such counsel, accountants or experts.

10.05 Delegation of Duties. Each of the Facility Agent and the Security Trustee may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan

Document by or through any one or more sub-agents appointed by the Facility Agent or the Security Trustee (as the case may be). Each of the Facility Agent, the Security Trustee and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Facility Agent, Security Trustee and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Commitments as well as activities as Facility Agent or the Security Trustee (as the case may be). Neither the Facility Agent nor the Security Trustee shall be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Facility Agent or Security Trustee acted with gross negligence or willful misconduct in the selection of such sub-agents.

10.06 Resignation of Agent.

(a) Each of the Facility Agent or the Security Trustee may at any time give notice of its resignation to the Lenders, the Borrower, and the Guarantors. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower and Guarantors, to appoint a successor, which shall be a bank with an office in New York, or an Affiliate of any such bank with an office in New York. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Facility Agent or Security Trustee gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Facility Agent or Security Trustee may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Facility Agent or Security Trustee (as applicable) meeting the qualifications set forth above; provided that in no event shall any such successor be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Facility Agent or Security Trustee is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by Applicable Law, by notice in writing to the Borrower, the Guarantors and such Person remove such Person as Facility Agent or Security Trustee and, in consultation with the Borrower and Guarantors, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Facility Agent or Security Trustee shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments owed to the retiring or removed Facility Agent or Security Trustee, all payments, communications and determinations provided to be made by, to or through the Facility Agent or Security Trustee shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Facility Agent or Security Trustee as provided for above. Upon the acceptance of a successor's appointment as Facility Agent or Security Trustee hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Facility Agent (other than any rights to indemnity payments owed to the retiring or removed Facility Agent) or Security Trustee (other than any rights to indemnity payments owed to the retiring or removed Security Trustee), and the retiring or removed Facility Agent or Security Trustee shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrower or Guarantor to a successor Facility Agent or Security Trustee shall be the same as those payable to its predecessor unless otherwise agreed

between the Borrower, the Guarantors and such successor. After the retiring or removed Facility Agent or Security Trustee's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 11.03 shall continue in effect for the benefit of such retiring or removed Facility Agent, Security Trustee, their sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Facility Agent was acting as Facility Agent or while the retiring or removed Security Trustee was acting as Security Trustee (as the case may be).

10.07 Non-Reliance on Agents and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Facility Agent, the Security Trustee or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Facility Agent, the Security Trustee or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.08 No Other Duties. Anything herein to the contrary notwithstanding, none of the Bookrunners or Mandated Lead Arrangers listed on the cover page hereof shall (a) have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Facility Agent, the Security Trustee, or a Lender, and (b) none are required to execute any Loan Document or any amendment thereto, including this Agreement.

10.09 Facility Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to the Borrower or any Guarantor, the Facility Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Facility Agent shall have made any demand on the Borrower or applicable Guarantor) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Facility Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Security Trustee and the Facility Agent and their respective agents and counsel and all other amounts due the Lenders, the Security Trustee and the Facility Agent under Section 11.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Facility Agent and, in the event that the Facility Agent shall consent to the making of such payments directly to the Lenders, to pay to the Facility Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Facility Agent and its agents and counsel, and any other amounts due the Facility Agent under Section 11.03.

10.10 Collateral and Guaranty Matters. The Lenders irrevocably authorize each of the Facility Agent and the Security Trustee, at its option and in its discretion:

(a) to release any Lien on any property granted to or held by the Facility Agent or the Security Trustee under any Loan Document (i) upon termination of the Commitments and payment in full of all Obligations (other than contingent indemnification obligations), (ii) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document, or (iii) subject to Section 11.02, if approved, authorized or ratified in writing by the Required Lenders; and

(b) to release any Guarantor from its obligations under the Loan Document if (i) such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents or (ii) any Vessel owned by such Person is sold, assigned or otherwise transferred as a result of a transaction permitted under the Loan Documents (after any required prepayment is made with respect thereto).

Upon request by the Facility Agent at any time, the Required Lenders will confirm in writing to the Facility Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Loan Documents pursuant to this Section 10.10. The Facility Agent and the Security Trustee shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Facility Agent's or the Security Trustee's Lien thereon, or any certificate prepared by any Obligor in connection therewith, nor shall the Facility Agent or the Security Trustee be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

ARTICLE XI

MISCELLANEOUS

11.01 Notices; Public Information.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email as follows:

(i) if to any Obligor:

c/o Eagle Shipping International (USA) LLC
300 First Stamford Place
Stamford, CT 06902
Email: fdecostanzo@eagleships.com

(ii) if to a Lender:

At the address below its name in Schedule I

(iii) if to the Facility Agent or Security Trustee:

ABN AMRO Capital USA LLC
100 Park Avenue, 17th floor
New York, NY 10017
Attention: Wudasse Zaudou
Facsimile: 917-284-6697

Email:wudasse.zaudou@abnamro.com; AABUS_NY_Agency@abnamro.com

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Facility Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Facility Agent that it is incapable of receiving notices under such Article by electronic communication. The Facility Agent or any Obligor may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Facility Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) The Obligors agree that the Facility Agent may, but shall not be obligated to, make the Communications (as defined below) available to the other Lenders by posting the Communications on the Platform.

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Facility Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Guarantor, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Obligor's or the Facility Agent's transmission of communications through the Platform. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Obligor pursuant to any

Loan Document or the transactions contemplated therein which is distributed to the Facility Agent or any Lender by means of electronic communications pursuant to this Section, including through the Platform.

(e) Public Information. The Borrower hereby acknowledges that certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to any Obligor or their Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Each Obligor hereby agrees that it will use commercially reasonable efforts to identify that portion of the materials and information provided by or on behalf of any Obligor hereunder and under the other Loan Documents (collectively, "Obligor Materials") that may be distributed to the Public Lenders and that (1) all such Obligor Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (2) by marking Obligor Materials "PUBLIC," such Obligor shall be deemed to have authorized the Facility Agent and the Lenders to treat such Obligor Materials as not containing any material non-public information with respect to such Obligor or its securities for purposes of U.S. Federal and state securities Laws (provided, however, that to the extent that such Obligor Materials constitute Information, they shall be subject to Section 11.12); (3) all Obligor Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (4) the Facility Agent shall be entitled to treat any Obligor Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information". Each Public Lender will designate one or more representatives that shall be permitted to receive information that is not designated as being available for Public Lenders.

11.02 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Facility Agent, the Security Trustee or any Lender in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right, remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges of the Facility Agent, the Security Trustee and the Lenders hereunder and under the Loan Documents are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Agreement, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Obligor therefrom, shall be effective unless in writing executed by the Obligors and the Required Lenders, and acknowledged by the Facility Agent, or by the Obligors and the Facility Agent with the consent of the Required Lenders, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, waiver or consent shall:

(i) extend or increase any Commitment of any Lender without the written consent of such Lender (it being understood that a waiver of any condition precedent set forth in Article IV or the waiver of any Default shall not constitute an extension or increase of any Commitment of any Lender);

(ii) reduce the principal of, or rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly and adversely affected thereby (provided that only the consent of

the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive the obligation of the Borrower to pay interest at the Default Rate);

(iii) postpone any date scheduled for any payment of principal of, or interest on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender directly and adversely affected thereby;

(iv) change Section 2.12(b) or Section 2.13 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly and adversely affected thereby;

(v) release any of the Guarantors from their respective Guarantees, or limit their liability in respect of such Guarantees, without the written consent of each Lender, except to the extent the release of any Guarantor is in connection with a disposition permitted pursuant to Section 6.03 (in which case such release may be made by the Facility Agent acting alone);

(vi) except as expressly permitted in this Agreement or any Security Document, release any of the Collateral from the Liens of the Security Documents or alter the relative priorities of the Obligations entitled to the Liens of the Security Documents (except in connection with securing additional Obligations equally and ratably with the other Obligations), in each case without the written consent of each Lender;

(vii) waive any conditions set forth in Article IV, without the written consent of each Lender;

(viii) change any provision of this Section or the percentage in the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; or

(ix) waive any provisions of Section 5.04 or Section 7.01 without the written consent of each Lender;

provided, further, that no such amendment, waiver or consent shall amend, modify or otherwise affect the rights or duties hereunder or under any other Loan Document of (A) the Facility Agent, unless in writing executed by the Facility Agent, and (B) the Security Trustee, unless in writing executed by the Security Trustee, in each case in addition to the Obligors and the Lenders required above.

Notwithstanding anything herein to the contrary, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent that by its terms requires the consent of all the Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders, except that (x) the Commitment of any Defaulting Lender may not be increased or extended, or the maturity of any of its Loan may not be extended, the rate of interest on any of its Loans may not be reduced and the principal amount of any of its Loans may not be forgiven, in each case without the consent of such Defaulting Lender and (y) any amendment, waiver or consent requiring the consent of all the Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than the other affected Lenders shall require the consent of such Defaulting Lender).

Notwithstanding anything to the contrary in this Agreement, Incremental Commitments may be effected in accordance with Section 2.21 without the consent of any Person other than as specified in Section 2.21.

In addition, notwithstanding anything in this Section to the contrary, if the Facility Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical nature, in each case, in any provision of the Loan Documents, then the Facility Agent and the Borrower shall be permitted to amend such provision, and, in each case, such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders to the Facility Agent within ten (10) Business Days following receipt of notice thereof.

11.03 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. Each Obligor shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Facility Agent, the Security Trustee and any Affiliates thereof (including the reasonable and documented fees, charges and disbursements of any counsel for the Facility Agent or the Security Trustee), in connection with the syndication of the facility, preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all reasonable and documented out-of-pocket expenses incurred by the Facility Agent, any Lender (including the reasonable and documented fees, charges and disbursements of any counsel for the Facility Agent, the Security Trustee or any Lender), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such reasonable and documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Indemnification by the Obligors. Each Obligor shall indemnify the Facility Agent (and any sub-agent thereof), the Security Trustee (and any sub-agent thereof), each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable and documented out-of-pocket fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by any Obligor or any Subsidiaries thereof, or any Environmental Liability related in any way to any Obligor or any Subsidiaries thereof, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Obligor, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by any Obligor against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if such Obligor has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent

jurisdiction or (z) result from a claim not involving an act or omission of such Obligor and that is brought by an Indemnitee against another Indemnitee (other than against the Arranger or the Facility Agent in their capacities as such). Paragraph (b) of this Section shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that any Obligor for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Facility Agent (or any sub-agent thereof), the Security Trustee (and any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Facility Agent (or any such sub-agent), the Security Trustee (and any sub-agent thereof) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's Applicable Percentage at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Facility Agent (or any such sub-agent), the Security Trustee (and any sub-agent thereof) or against any Related Party of any of the foregoing acting for the Facility Agent (or any such sub-agent), the Security Trustee (and any sub-agent thereof), in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.12(e).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, each Obligor shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than ten (10) days after demand therefor.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

11.04 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that each Obligor may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Finance Parties, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Facility Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Required Consents. No consent shall be required for any assignment except:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Facility Agent within five (5) Business Days after having received notice thereof and provided, further, that the Borrower's consent shall not be required during the primary syndication of the Commitments; and

(B) the consent of the Facility Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments to a Person in respect of which the Facility Agent cannot, in its sole discretion, complete a satisfactory "know-your-customer" or onboarding process.

(ii) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Facility Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; provided that the Facility Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Facility Agent an Administrative Questionnaire.

(iii) No Assignment to Certain Persons. No such assignment shall be made to (A) any Obligor or any Obligors' Affiliates or Subsidiaries or (B) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender or a Subsidiary thereof.

(iv) No Assignment to Natural Persons. No such assignment shall be made to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person).

(v) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Facility Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Facility Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Facility Agent, the Security Trustee and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this paragraph, then the

assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Facility Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 11.03 (subject in each case to the requirements and limitations therein) with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Facility Agent, acting solely for this purpose as an agent of each Obligor, shall maintain at its office in New York, New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Obligors, the Facility Agent, the Security Trustee and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Obligor, the Security Trustee and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, any Obligor or the Facility Agent, sell participations to any Person (other than a natural Person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person, or each Obligor or any of the Obligors' Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) each Obligor, the Facility Agent, the Security Trustee and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.03(c) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Sections 11.02(b)(i) through (vii) that affects such Participant. Each Obligor agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 (subject to the requirements and limitations therein, including the requirements under Section 2.16(g) (it being understood that the documentation required under Section 2.16(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to

paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.15 or 2.16, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of each Obligor, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Facility Agent (in its capacity as Facility Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

11.05 Survival. All covenants, agreements, representations and warranties made by each Obligor herein and in any Loan Document or other documents delivered in connection herewith or therewith or pursuant hereto or thereto shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery hereof and thereof and the making of the Borrowings hereunder, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Facility Agent, the Security Trustee or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied and so long as the Commitments have not expired or been terminated. The provisions of Sections 2.14, 2.15, 11.03, 11.15 and Article X shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment in full of the Obligations, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

11.06 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Facility Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and

all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Facility Agent and when the Facility Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

11.07 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section, if and to the extent that the enforceability of any provision of this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Facility Agent, as applicable, then such provision shall be deemed to be in effect only to the extent not so limited.

11.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender, or any such Affiliate, to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or their respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Facility Agent for further application in accordance with the provisions of Section 2.20 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Facility Agent, the Security Trustee and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Facility Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or their respective Affiliates may have. Each Lender agrees to notify the Borrower and the Facility Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

11.09 Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York (including Sections 5-1401 and 5-1402 of the General Obligations Law but otherwise excluding the laws applicable to conflicts or choice of law).

(b) Jurisdiction. Each Obligor irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Facility Agent, the Security Trustee, any Lender, or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Facility Agent, the Security Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Obligor or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each Obligor irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

11.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

11.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

11.12 Treatment of Certain Information; Confidentiality. Each of the Facility Agent, the Security Trustee, the Lenders and the Swap Banks agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and agree to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, but solely to the extent required in connection therewith; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to any Obligor and its obligations, this Agreement or payments hereunder; (g) on a confidential basis to any rating agency in connection with rating any Obligor or its Subsidiaries; (h) with the consent of the Borrower; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Facility Agent, the Security Trustee, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower. In addition, the Facility Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Facility Agent or any Lender in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

For purposes of this Section, "Information" means all information received from any Obligor or any of the Subsidiaries thereof relating to any Obligor or any of the Subsidiaries thereof or any of their respective businesses, other than any such information that is available to the Facility Agent or any Lender on a nonconfidential basis prior to disclosure by any Obligor or any of the Subsidiaries thereof; provided that, in the case of information received from any Obligor or any of the Subsidiaries thereof after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

11.13 PATRIOT Act. Each Lender subject to the PATRIOT Act hereby notifies each Obligor that pursuant to the requirements of the PATRIOT Act, it may be required to obtain, verify and record information that identifies any Obligor, which information includes the name and address of each Obligor and other information that will allow such Lender to identify each Obligor in accordance with the PATRIOT Act.

11.14 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under Applicable Law (collectively, "charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with Applicable Law, the rate of interest payable in respect of such Loan

hereunder, together with all charges payable in respect thereof, shall be limited to the Maximum Rate. To the extent lawful, the interest and charges that would have been paid in respect of such Loan but were not paid as a result of the operation of this Section shall be cumulated and the interest and charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the amount collectible at the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate for each day to the date of repayment, shall have been received by such Lender. Otherwise, any amount collected by such Lender that exceeds the maximum amount collectible at the Maximum Rate shall be applied to the reduction of the principal balance of such Loan or refunded to the Borrower so that at no time shall the interest and charges paid or payable in respect of such Loan exceed the maximum amount collectible at the Maximum Rate.

11.15 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Facility Agent or any Lender, or the Facility Agent, or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Facility Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Facility Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Facility Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect.

11.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Obligor acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) no fiduciary, advisory or agency relationship between any Obligor and Subsidiaries and the Arranger, the Facility Agent, the Security Trustee or any Lender is intended to be or has been created in respect of the transactions contemplated hereby or by the other Loan Documents, irrespective of whether the Arranger, the Facility Agent, the Security Trustee or any Lender has advised or is advising any Obligor or any Subsidiary thereof on other matters, (ii) the arranging and other services regarding this Agreement provided by the Arranger, the Facility Agent, the Security Trustee and the Lenders are arm's-length commercial transactions between each Obligor and its Affiliates, on the one hand, and the Arranger, the Facility Agent, the Security Trustee and the Lenders, on the other hand, (iii) each Obligor has consulted its own legal, accounting, regulatory and tax advisors to the extent that it has deemed appropriate and (iv) each Obligor is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; and (b) (i) the Arranger, the Facility Agent, the Security Trustee, and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any Obligor or any of their Affiliates, or any other Person; (ii) none of the Arranger, the Facility Agent, the Security Trustee and the Lenders has any obligation to any Obligor or any of their Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Arranger, the Facility Agent, the Security Trustee and the Lenders and their respective Affiliates may be engaged, for their own accounts or the accounts of customers, in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and none of the Arranger, the Facility Agent, the Security Trustee and the Lenders has any obligation to disclose any of such interests to any Obligor or its Affiliates. To the fullest extent permitted by Law, each Guarantor hereby waives and releases any claims that it may have against any of the Arranger,

the Facility Agent, the Security Trustee and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

11.17 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

EAGLE BULK ULTRACO LLC,
as Borrower

By /s/ Gary Vogel
Name: Gary Vogel
Title: Chief Executive Officer

EAGLE BULK SHIPPING INC.,
as Parent and as Guarantor

By /s/ Gary Vogel
Name: Gary Vogel
Title: Chief Executive Officer

INITIAL GUARANTORS

GANNET SHIPPING LLC,JAY SHIPPING LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

GOLDEN EAGLE SHIPPING LLC,KINGFISHER SHIPPING LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

GREBE SHIPPING LLC,MARTIN SHIPPING LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

IBIS SHIPPING LLC,NIGHTHAWK SHIPPING LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

IMPERIAL EAGLE SHIPPING LLC,CAPE TOWN EAGLE LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

INITIAL GUARANTORS, continued

FAIRFIELD EAGLE LLC,ROWAYTON EAGLE LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

MYSTIC EAGLE LLC,MADISON EAGLE LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

SOUTHPORT EAGLE LLC,WESTPORT EAGLE LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

STONINGTON EAGLE LLC,GREENWICH EAGLE LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

GROTON EAGLE LLC,NEW LONDON EAGLE LLC,
as Guarantoras Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

INITIAL GUARANTORS, continued

HAMBURG EAGLE LLC,
as Guarantor

By /s/ Andrea Jansz
Name: Andrea Jansz
Title: Attorney-in-Fact

LENDERS

ABN AMRO CAPITAL USA LLC,
as Lender

By /s/ Nicholas Santangelo
Name: Nicholas Santangelo
Title: Attorney-in-Fact

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as Lender

By /s/ Manon Didler
Name:Manon Didler
Title: Senior Associate

By /s/ Alexander Foley
Name:Alexander Foley
Title: Senior Associate

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL),
as Lender

By /s/ Per Barre
Name:Per Barre
Title: Vice President

By /s/ Tom Racanell
Name: Tom Racanell
Title: SVP

DNB CAPITAL LLC,
as Lender

By /s/ Michael Markowitz
Name: Michael Markowitz
Title: First Vice President & Assistant General Counsel

By /s/ Alexander Bolann

Name: Alexander Bolann
Title: First Vice President

LENDERS, continued

DANISH SHIP FINANCE A/S,
as Lender

By /s/ Nicholas Santangelo
Name: Nicholas Santangelo
Title: Attorney-in-Fact

NORDEA BANK ABP, NEW YORK BRANCH,
as Lender

By/s/ Nicholas Santangelo
Name: Nicholas Santangelo
Title: Attorney-in-Fact

SWAP BANKS

ABN AMRO BANK N.V.,
as Swap Bank

By /s/ J.C. Lommers
Name: J.C. Lommers
Title:

By /s/ R. Weil
Name: R. Weil
Title:

NORDEA BANK ABP,
as Swap Bank

By /s/ Nicholas Santangelo
Name: Nicholas Santangelo
Title: Attorney-in-Fact

DNB BANK ASA, NEW YORK BRANCH
as Swap Bank

By /s/ Michael Markowitz
Name: Michael Markowitz
Title: First Vice President & Assistant General Counsel

By /s/ Alexander Bolann
Name: Alexander Bolann
Title: First Vice President

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as Swap Bank

By /s/ Manon Didler
Name: Manon Didler
Title: Senior Associate

By /s/ Alexander Foley
Name: Alexander Foley
Title: Senior Associate

SWAP BANKS, continued

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL),
as Swap Bank

By /s/ Per Barre
Name:Per Barre
Title: Vice President

By /s/ Tom Racanell
Name: Tom Racanell
Title: SVP

BOOKRUNNERS and MANDATED LEAD ARRANGERS

ABN AMRO CAPITAL USA LLC,
as Bookrunner and Mandated Lead Arranger

By /s/ Nicholas Santangelo
Name: Nicholas Santangelo
Title: Attorney-in-Fact

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as Bookrunner and Mandated Lead Arranger

By /s/ Manon Didler
Name: Manon Didler
Title: Senior Associate

By /s/ Alexander Foley
Name: Alexander Foley
Title: Senior Associate

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL),
as Bookrunner and Mandated Lead Arranger

By /s/ Per Barre
Name:Per Barre
Title: Vice President

By /s/ Tom Racanell
Name: Tom Racanell
Title: SVP

DNB MARKETS INC.
as Bookrunner and Mandated Lead Arranger

By /s/ Tor Ivar Hanson
Name: Tor Ivar Hanson
Title: Managing Director

By /s/ Emilio Fabbrizzi

Name: Emilio Fabbrizzi

Title: Managing Director

ABN AMRO CAPITAL USA LLC,
as Security Trustee

By /s/ Nicholas Santangelo
Name:Nicholas Santangelo
Title: Attorney-in-Fact

ABN AMRO CAPITAL USA LLC,
as Arranger

By /s/ Nicholas Santangelo
Name: Nicholas Santangelo
Title: Attorney-in-Fact

ABN AMRO CAPITAL USA LLC,
as Facility Agent

By /s/ Nicholas Santangelo
Name: Nicholas Santangelo
Title: Attorney-in-Fact

Schedule I

PART A

Lenders and Commitments

LENDERS	TERM FACILITY COMMITMENTS	REVOLVING FACILITY COMMITMENTS
ABN AMRO CAPITAL USA LLC Address for Notices: ABN AMRO Capital USA LLC 100 Park Avenue, 17th floor New York, NY 10017 with a copy to: Wudasse Zaudou ABN AMRO Capital USA LLC 100 Park Avenue, 17th floor New York, NY 10017 Telephone: +917-284-6697 Email: wudasse.zaudou@abnamro.com Lending Office: ABN AMRO Capital USA LLC 100 Park Avenue, 17th floor New York, NY 10017	$29,523,809.52	$10,476,190.48

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK Address for Notices: Asset Finance Groups – Ship Finance 12 Place des Etats-Unis CS 70052 92547 Montrouge Cedex, France Attn : Agency and Middle-Office for Shipping Telephone: +33 1 41892079 / +33 1 41898696 Email: clementine.costil@ca-cib.com / rosine.serra-joannides@ca-cib.com Crédit Agricole Corporate and Investment Bank 1301 Avenue of the Americas New York, New York 10019 United States Attn: Jerome Duval / Manon Didier Telephone: +1 212 261 4039 / +1 212 261 7363 Email: Jerome.duval@ca-cib.com / manon.didier@ca-cib.com / NYShipFinance@ca-cib.com Lending Office: Asset Finance Groups – Ship Finance 12 Place des Etats-Unis CS 70052 92547 Montrouge Cedex, France	$29,523,809.52	$10,476,190.48
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) Address for Notices: Skandinaviska Enskilda Banken AB (publ) Structured Credit Operations Rissneleden 110 SE-106 40 Stockholm Sweden Lending Office: Skandinaviska Enskilda Banken AB (publ) Structured Credit Operations Rissneleden 110 SE-106 40 Stockholm Sweden	$29,523,809.52	$10,476,190.48

DNB CAPITAL LLC Address for Notices: DNB Bank ASA 200 Park Avenue | 31st Floor | New York | NY 10166 with a copy to: Sybille Andaur / Samantha Stone / Michael Davidowsky DNB Bank ASA 200 Park Avenue | 31st Floor | New York | NY 10166 Sybille Andaur (Sybille.andaur@dnb.no) / Samantha Stone (samantha.stone@dnb.no & agencyny@dnb.no) / Michael Davidowsky Lending Office: DNB Bank ASA 200 Park Avenue | 31st Floor | New York | NY 10166	$29,523,809.52	$10,476,190.48
DANISH SHIP FINANCE A/S Address for Notices: Sankt Annae Plads 3, DK-1250 Copenhagen K with a copy to: Ole Staergaard Senior Relationship Manager Loan Administration Sankt Annae Plads 3, DK-1250 Copenhagen K Telephone no.: +45 33 33 93 33 Facsimile no.: +45 33 33 96 66 E-mail address: Loanadmin@skibskredit.dk & Ols@skibskredit.dk Lending Office: Sankt Annae Plads 3, DK-1250 Copenhagen K	$18,452,380.96	$6,547,619.04

NORDEA BANK ABP, NEW YORK BRANCH Address for Notices: 1211 Avenue of the Americas, New York, NY 10036 Henning Lyche Christiansen +1 212 318 9632 henning.christiansen@nordea.com Lending Office: 1211 Avenue of the Americas, New York, NY 10036 Henning Lyche Christiansen +1 212 318 9632 henning.christiansen@nordea.com	$18,452,380.96	$6,547,619.04
TOTAL	$155,000,000	$55,000,000

PART B

Swap Banks

ABN AMRO BANK N.V. Address for Notices: ABN AMRO Bank N.V. Daalsesingel 71 3511 SW Utrecht The Netherlands with a copy to: Wudasse Zaudou ABN AMRO Capital USA LLC 100 Park Avenue, 17th floor New York, NY 10017 Telephone: +917-284-6697 Email: wudasse.zaudou@abnamro.com
NORDEA BANK ABP Address for Notices: c/o Nordea Danmark, filial af Nordea Bank Abp, Finland 7288 Derivatives Services Postbox 850 DK-0900 Copenhagen K, Denmark
DNB BANK ASA, NEW YORK BRANCH Address for Notices: Address for Notices: DNB Bank ASA 200 Park Avenue | 31st Floor | New York | NY 10166 with a copy to: Sybille Andaur / Samantha Stone / Michael Davidowsky DNB Bank ASA 200 Park Avenue | 31st Floor | New York | NY 10166 Sybille Andaur (Sybille.andaur@dnb.no) / Samantha Stone (samantha.stone@dnb.no & agencyny@dnb.no) / Michael Davidowsky

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

Address for Notices:

1301 Avenue of the Americas
New York, NY, 10019
USA

Tel: +1 212.261.7562
Fax: +1 212.261.3699
Attn: Daniel Hansen - Corporate Derivative Solutions
Email: daniel.hansen@ca-cib.com / jeffrey.kim@ca-cib.com

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)

Address for Notices:

Skandinaviska Enskilda Banken AB (publ)
Structured Credit Operations
Rissneleden 110
SE-106 40 Stockholm
Sweden

Schedule II

Initial Guarantors

Guarantor	Jurisdiction of Formation	Registration Number (or equivalent, if any)	Registered Office
GANNET SHIPPING LLC	The Republic of the Marshall Islands	961584	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
GOLDEN EAGLE SHIPPING LLC	The Republic of the Marshall Islands	960908	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
GREBE SHIPPING LLC	The Republic of the Marshall Islands	961585	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
IBIS SHIPPING LLC	The Republic of the Marshall Islands	961586	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
IMPERIAL EAGLE SHIPPING LLC	The Republic of the Marshall Islands	960909	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
JAY SHIPPING LLC	The Republic of the Marshall Islands	961654	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
KINGFISHER SHIPPING LLC	The Republic of the Marshall Islands	961655	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
MARTIN SHIPPING LLC	The Republic of the Marshall Islands	961656	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
NIGHTHAWK SHIPPING LLC	The Republic of the Marshall Islands	961842	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
CAPE TOWN EAGLE LLC	The Republic of the Marshall Islands	964456	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960

FAIRFIELD EAGLE LLC	The Republic of the Marshall Islands	963789	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
MYSTIC EAGLE LLC	The Republic of the Marshall Islands	963790	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
SOUTHPORT EAGLE LLC	The Republic of the Marshall Islands	963786	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
STONINGTON EAGLE LLC	The Republic of the Marshall Islands	963825	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
GROTON EAGLE LLC	The Republic of the Marshall Islands	963826	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
ROWAYTON EAGLE LLC	The Republic of the Marshall Islands	963788	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
MADISON EAGLE LLC	The Republic of the Marshall Islands	963791	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
WESTPORT EAGLE LLC	The Republic of the Marshall Islands	963827	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
GREENWICH EAGLE LLC	The Republic of the Marshall Islands	963787	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
NEW LONDON EAGLE LLC	The Republic of the Marshall Islands	964089	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
HAMBURG EAGLE LLC	The Republic of the Marshall Islands	964288	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960

Approved Brokers

Clarksons

Fearnleys

Braemar

Howe Robinson

Simpson Spence Young

Arrow

Schedule IV

Vessels

Delivered Vessels

Vessel	Official Number	IMO Number	Build Year	Owner
1. GANNET BULKER	3902	9441300	2010	Gannet Shipping LLC
2. GOLDEN EAGLE	3794	9418731	2010	Golden Eagle Shipping LLC
3. GREBE BULKER	3905	9441312	2010	Grebe Shipping LLC
4. IBIS BULKER	3946	9441324	2010	Ibis Shipping LLC
5. IMPERIAL EAGLE	3820	9478511	2010	Imperial Eagle Shipping LLC
6. JAY	3972	9441336	2010	Jay Shipping LLC
7. KINGFISHER	3974	9441348	2010	Kingfisher Shipping LLC
8. MARTIN	3973	9441350	2010	Martin Shipping LLC
9. NIGHTHAWK	4193	9441362	2011	Nighthawk Shipping LLC
10. WESTPORT EAGLE	7507	9705988	2015	Westport Eagle LLC
11. FAIRFIELD EAGLE	7510	9575230	2013	Fairfield Eagle LLC
12. GREENWICH EAGLE	7449	9575266	2013	Greenwich Eagle LLC
13. MADISON EAGLE	7509	9575278	2013	Madison Eagle LLC
14. MYSTIC EAGLE	7405	9575204	2013	Mystic Eagle LLC
15. ROWAYTON EAGLE	7454	9575216	2013	Rowayton Eagle LLC
16. SOUTHPORT EAGLE	7406	9575228	2013	Southport Eagle LLC
17. GROTON EAGLE	7505	9575242	2013	Groton Eagle LLC
18. NEW LONDON EAGLE	7824	9754991	2015	New London Eagle LLC
19. STONINGTON EAGLE	7450	9575151	2012	Stonington Eagle LLC
20. HAMBURG EAGLE	8164	9698587	2014	Hamburg Eagle LLC
21. CAPE TOWN EAGLE	8273	9700134	2015	Cape Town Eagle LLC

Liens

None

Schedule VI

Pre-Approved Vessel Management Terms

1. $150,000 per Vessel per annum for commercial management services inclusive of operations in the first year following the Closing Date, subject to annual increases thereafter, as fairly and reasonably determined by the relevant Upstream Guarantor, at arm's length and in line with market standards.
2. $135,000 per Vessel per annum for technical management in the first year following the Closing Date, subject to annual increases thereafter, as fairly and reasonably determined by the relevant Upstream Guarantor at arm's length and in line with market standards.
3. 1.0% fee for any vessel purchase or subsequent sale.

Schedule VII

Term Facility Reference Profile

Fiscal Quarter After Initial Borrowing Date	Term Facility Borrowing Outstanding	Quarterly Repayment Installment
0	$155,000,000	
1	$148,700,000	$6,300,000
2	$142,400,000	$6,300,000
3	$136,100,000	$6,300,000
4	$129,800,000	$6,300,000
5	$123,500,000	$6,300,000
6	$117,200,000	$6,300,000
7	$110,900,000	$6,300,000
8	$104,600,000	$6,300,000
9	$98,300,000	$6,300,000
10	$92,000,000	$6,300,000
11	$85,700,000	$6,300,000
12	$79,400,000	$6,300,000
13	$73,100,000	$6,300,000
14	$66,800,000	$6,300,000
15	$60,500,000	$6,300,000
16	$54,200,000	$6,300,000
17	$47,900,000	$6,300,000
18	$41,600,000	$6,300,000
19	$35,300,000	$6,300,000
20	$29,000,000	$6,300,000

Max Cumulative Cash Flow Sweep Amount

Fiscal Quarter After Initial Borrowing Date	Max Cumulative Amount Payable Under Sweep
0	
1	$1,200,000
2	$2,400,000
3	$3,600,000
4	$4,800,000 max
5	$4,500,000
6	$4,200,000
7	$3,900,000
8	$3,600,000
9	$3,300,000
10	$3,000,000
11	$2,700,000
12	$2,400,000
13	$2,100,000
14	$1,800,000
15	$1,500,000
16	$1,200,000
17	$900,000
18	$600,000
19	$300,000
20	

EXHIBIT 21.1

The following is a list of the subsidiaries of Eagle Bulk Shipping Inc. as of March 13, 2019.

Name of Significant Subsidiary	Jurisdiction of Incorporation
Eagle Shipping LLC	Marshall Islands
Eagle Bulk Management LLC	Marshall Islands
Eagle Shipping International (USA) LLC	Marshall Islands
Eagle Ship Management LLC	Delaware
Eagle Management Consultants LLC	Delaware
Eagle Bulk Pte. Ltd.	Singapore
Eagle Bulk Holdco LLC	Marshall Islands
Eagle Bulk Shipco LLC	Marshall Islands
Eagle Bulk Ultraco LLC	Marshall Islands
Eagle Bulk Delaware LLC	Delaware
Eagle Bulk Dynaco LLC	Marshall Island
Eagle Bulk Europe GmbH	Germany
Avocet Shipping LLC	Marshall Islands
Bittern Shipping LLC	Marshall Islands
Canary Shipping LLC	Marshall Islands
Cape Town Eagle LLC	Marshall Islands
Cardinal Shipping LLC	Marshall Islands
Condor Shipping LLC	Marshall Islands
Crane Shipping LLC	Marshall Islands
Crested Eagle Shipping LLC	Marshall Islands
Crowned Eagle Shipping LLC	Marshall Islands
Egret Shipping LLC	Marshall Islands
Fairfield Eagle LLC	Marshall Islands
Gannet Shipping LLC	Marshall Islands
Greenwich Eagle LLC	Marshall Islands
Golden Eagle Shipping LLC	Marshall Islands
Goldeneye Shipping LLC	Marshall Islands
Grebe Shipping LLC	Marshall Islands
Groton Eagle LLC	Marshall Islands
Hawk Shipping LLC	Marshall Islands
Hamburg Eagle LLC	Marshall Islands
Ibis Shipping LLC	Marshall Islands
Imperial Eagle Shipping LLC	Marshall Islands
Jaeger Shipping LLC	Marshall Islands
Jay Shipping LLC	Marshall Islands
Kestrel Shipping LLC	Marshall Islands
Kingfisher Shipping LLC	Marshall Islands
Kittiwake Shipping LLC	Marshall Islands
Madison Eagle LLC	Marshall Islands
Martin Shipping LLC	Marshall Islands
Merlin Shipping LLC	Marshall Islands
Mystic Eagle LLC	Marshall Islands
New London Eagle LLC	Marshall Islands
Nighthawk Shipping LLC	Marshall Islands

EXHIBIT 21.1

Oriole Shipping LLC	Marshall Islands
Osprey Shipping LLC	Marshall Islands
Owl Shipping LLC	Marshall Islands
Petrel Shipping LLC	Marshall Islands
Puffin Shipping LLC	Marshall Islands
Roadrunner Shipping LLC	Marshall Islands
Rowayton Eagle LLC	Marshall Islands
Sandpiper Shipping LLC	Marshall Islands
Singapore Eagle LLC	Marshall Islands
Shrike Shipping LLC	Marshall Islands
Skua Shipping LLC	Marshall Islands
Southport Eagle LLC	Marshall Islands
Sparrow Shipping LLC	Marshall Islands
Stamford Eagle LLC	Marshall Islands
Stellar Eagle Shipping LLC	Marshall Islands
Stonington Eagle LLC	Marshall Islands
Tern Shipping LLC	Marshall Islands
Thrasher Shipping LLC	Marshall Islands
Thrush Shipping LLC	Marshall Islands
Woodstar Shipping LLC	Marshall Islands
Wren Shipping LLC	Marshall Islands
Westport Eagle LLC	Marshall Islands

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-217180 on Form S-3 and Registration Statement No. 333-215118 on Form S-8 of our report dated March 13, 2019, relating to the consolidated financial statements of Eagle Bulk Shipping Inc. and subsidiaries and the effectiveness of Eagle Bulk Shipping Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Eagle Bulk Shipping Inc. for the year ended December 31, 2018.

/s/ DELOITTE & TOUCHE LLP

New York, New York

March 13, 2019

Exhibit 23.2

Consent of Counsel

Reference is made to the annual report on Form 10-K of Eagle Bulk Shipping Inc. (the "Company") for the year ended December 31, 2018 (the "Annual Report") and the registration statements on Form S-8 (Registration No. 333-215118) and Form S-3 (Registration No. 333-217180) of the Company, including the prospectuses contained therein (the "Registration Statements"). We hereby consent to (i) the filing of this letter as an exhibit to the Annual Report, which is incorporated by reference into the Registration Statements and (ii) each reference to us and the discussions of advice provided by us in the Annual Report under the section "Item 1. Business-Tax Considerations" and to the incorporation by reference of the same in the Registration Statements, in each case, without admitting we are "experts" within the meaning of the Securities Act of 1933, as amended, or the rules and regulations of the U.S. Securities and Exchange Commission promulgated thereunder with respect to any part of the Registration Statements.

/s/ Seward & Kissel LLP
New York, New York
March 13, 2019

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Gary Vogel, certify that:

1. I have reviewed this annual report on Form 10-K of Eagle Bulk Shipping Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2019

/s/ Gary Vogel
Gary Vogel
Chief Executive Officer
(Principal executive officer of the registrant)

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Frank De Costanzo, certify that:

1. I have reviewed this annual report on Form 10-K of Eagle Bulk Shipping Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2019

/s/ Frank De Costanzo
Frank De Costanzo
Chief Financial Officer
(Principal financial officer of the registrant)

Exhibit 32.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the annual report of Eagle Bulk Shipping Inc. (the "Company") on Form 10-K for the year ending December 31, 2018, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Gary Vogel, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: March 13, 2019

/s/ Gary Vogel
Gary Vogel
Chief Executive Officer
(Principal executive officer of the registrant)

Exhibit 32.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the annual report of Eagle Bulk Shipping Inc. (the "Company") on Form 10-K for the year ending December 31, 2018, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Frank De Costanzo, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: March 13, 2019

/s/ Frank De Costanzo
Frank De Costanzo
Chief Financial Officer
(Principal financial officer of the registrant)